

# FUND EVALUATION REPORT

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## San Jose Federated City Employees' Retirement System

Quarterly Review  
September 30, 2015



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ITEM #3 FED IC 12-15-2015 MTG

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**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.**

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**Executive Summary  
As of September 30, 2015**

The value of the San Jose Federated City Employees' Retirement System assets was \$1.97 billion on September 30, 2015, a decrease of approximately \$26.5 million from the end of the second calendar quarter. The decrease was due to negative investment performance, offset by \$71.8 million in net inflows.

- During the third quarter, the Retirement System's net-of-fees performance, including the overlay, was -4.6%. The Retirement System's net-of-fees performance was -3.5% for the calendar year-to-date period.
- During the third quarter, the Retirement System, including the overlay, outperformed both the Policy Benchmark and the Custom Benchmark on a net-of-fees basis, by approximately 20 basis points and 30 basis points, respectively. For the calendar year-to-date period, the Retirement System, including the overlay, outperformed both the Policy Benchmark and the Custom Benchmark on a net-of-fees basis by approximately 0.7% and 1.0%, respectively.
  - Most asset classes either matched or outperformed their respective benchmarks for the third quarter. Global Macro generated the most alpha, returning +3.9% for the quarter, and outperforming the HFRI Macro: Discretionary Thematic Index, which returned -1.4%. Global Equity also significantly outperformed the MSCI ACWI IMI Index during the third quarter, with a return of -7.7%, compared to -9.6% for the index. The greatest relative underperformance was driven by Private Equity, which returned +3.0% on a time-weighted basis, underperforming the Cambridge Associates Private Equity Composite, which returned +5.1% over the same period.
- The Retirement System outperformed the peer Public Plans > \$1 billion universe median by 90 basis points during the third quarter, and the System's return ranked within the top quartile of the peer group. Outperformance relative to peers is due primarily to the System's conscious decision to underweight equities relative to peers.

### Artisan Global Value

- Artisan Global Value returned -7.4% net-of-fees for the third quarter, significantly outperforming the MSCI ACWI Value benchmark, which returned -10.3%. The fund's sector underweights in Energy and Basic Materials helped relative performance, as did an overweight in Information Technology, which was one of the better performing sectors. Kia Motors and Arch Capital were the best performing positions, while Joy Global and Telefonica Brasil, both of which suffered from the end of the China-led commodity "super cycle", detracted from performance.

### Vontobel Emerging Markets

- Vontobel Emerging Markets Equity was down -10.6% for the third quarter, but significantly outperformed the MSCI Emerging Markets index, which returned -17.9% over the same time period. Vontobel is significant overweight in Consumer Staples, which makes up 33.4% of the fund, returned -4.1% over the quarter. The index has an 8.5% allocation to the sector, and the index sector returned -11.4% for the quarter.

### Amici Offshore

- Amici Offshore returned -12.3% for the third quarter, significantly underperforming the HFRI Equity Hedge benchmark, which returned -5.8% over the same period. Amici was hurt by concentrated exposure to a number of crowded positions, including United Therapeutics, Platform Specialty Products and Dynavax.

### Davidson Kempner

- Davidson Kempner returned -0.4% for the third quarter, outperforming the HFRI Event Driven Index, which returned -5.5% over the same period. A number of subsectors were profitable for the quarter including Merger Arbitrage, which makes up 31% of the fund, Long/Short Equities, which make up 9% of the fund, and Convertible Arbitrage. The largest positive impact for the quarter came from a position in DirecTV, which was successfully acquired by AT&T.

Investment Manager	Asset Class	Changes/ Announcements	Performance Concerns	Meketa Recommendation <sup>1</sup>	Comments
Artisan Global Value	Global Equity	Yes	---	Hold	New funds, opening/closing of strategies
Vontobel EM Equity	Emerging Markets Equity	---	---	---	---
Cove Street Small Cap Value	Small Cap Equity	---	---	---	---
Aberdeen Frontier Markets Equity	Frontier Markets Equity	Yes	---	Hold	Multiple acquisitions
Sandler Plus	Long-Short Equity	Yes	---	Hold	New consumer analyst
Senator Global Opportunity	Long-Short Equity	---	---	---	---
Marshall Wace Eureka	Long-Short Equity	Yes	---	Hold	Partial sale of business to KKR
Horizon Portfolio I	Long-Short Equity	---	---	---	---
Amici Offshore	Long-Short Equity	---	Yes	Sell	Potential Style Drift
Voya Securitized Credit	Global Credit	---	---	---	---
BlueBay EM Select Debt	Global Credit	---	---	---	---
Credit Suisse Risk Parity	Commodities	Yes	---	Hold	DOL QPAM Exemption
First Quadrant Balanced Risk	Commodities	---	---	---	---
Davidson Kempner Inst.	Long-Short Credit	---	---	---	---

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



**Artisan**

- Effective October 1, 2015, Artisan Partners will reopen the Artisan Global Value strategy across all pooled vehicles, including Artisan Global Value Fund. The strategy will remain closed to most new separate accounts. The strategy is managed by the Artisan Partners Global Value Team, led by portfolio managers Dan O'Keefe and David Samra.

**Aberdeen**

- In May 2015, Aberdeen agreed to acquire FLAG Capital Management, a manager of private equity and real asset solutions with offices in Stamford, Boston and Hong Kong. The acquisition closed on September 1, 2015.
- In August 2015, Aberdeen agreed to acquire Arden Asset Management LLC, a hedge fund solutions provider with offices in New York and London. The acquisition is subject to approval by regulatory authorities, the Board of Trustees and shareholders of certain mutual funds. The transaction is being targeted to close during 4Q15.
- In September 2015, Aberdeen agreed to acquire Advance Emerging Capital (AEC), a London, U.K. based specialist fund of fund investment manager. Acquisition is subject to regulatory approval.
- In September 2015, Aberdeen agreed to acquire Parmenion, a Bristol, UK based financial technology company. Acquisition is subject to regulatory approval.

**Sandler Plus**

- Benjamin Rowbotham joined Sandler Capital in September as a research analyst with a focus on the consumer sector. Prior to joining Sandler Capital, he was a senior analyst at Charter Bridge Capital Management, a consumer focused hedge fund. Prior to that, he worked within the Equity Research Department at Goldman Sachs covering broadline retailers and apparel vendors. Mr. Rowbotham has a B.A. in International Economics from The American University of Paris and an M.A. in Economics and International Finance from Brandeis University.



### Marshall Wace

- On September 9, 2015, MW announced a transaction with KKR. Under the terms of the agreement, KKR will acquire a 24.9% interest in MW through a combination of cash and KKR stock. Additionally KKR has the option to increase their ownership interest to 39.9%. There were no financial terms of the transaction released by either firm. The Meketa research team does not favor the sale of any employee-owned firm to a publicly traded entity. However, KKR has a long-standing history of managing capital in alternative assets, and has shown strength in the buyout world as one of the pre-eminent organizations. Additionally, the structure around the sale will help keep the equity partners at Marshall Wace for at least three more years.

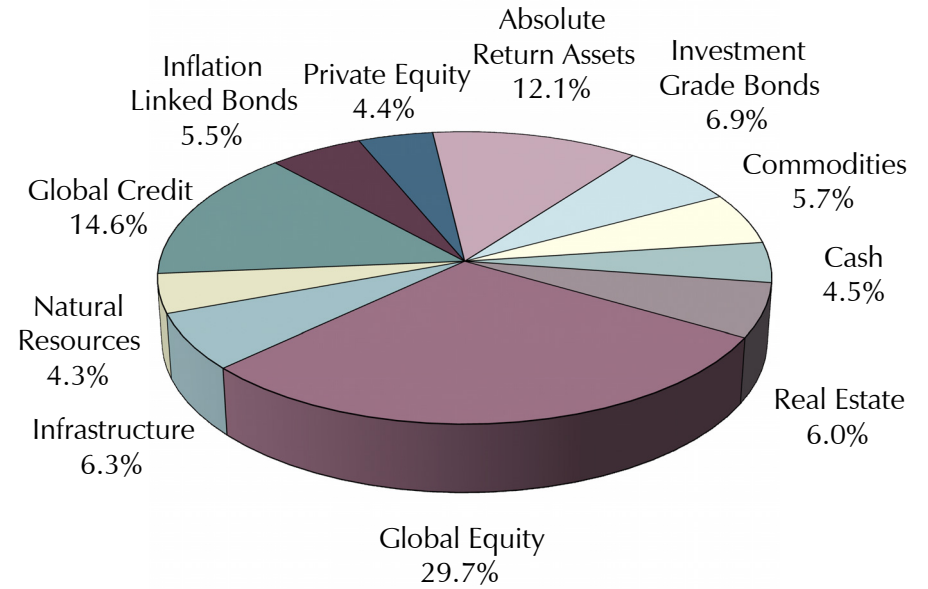
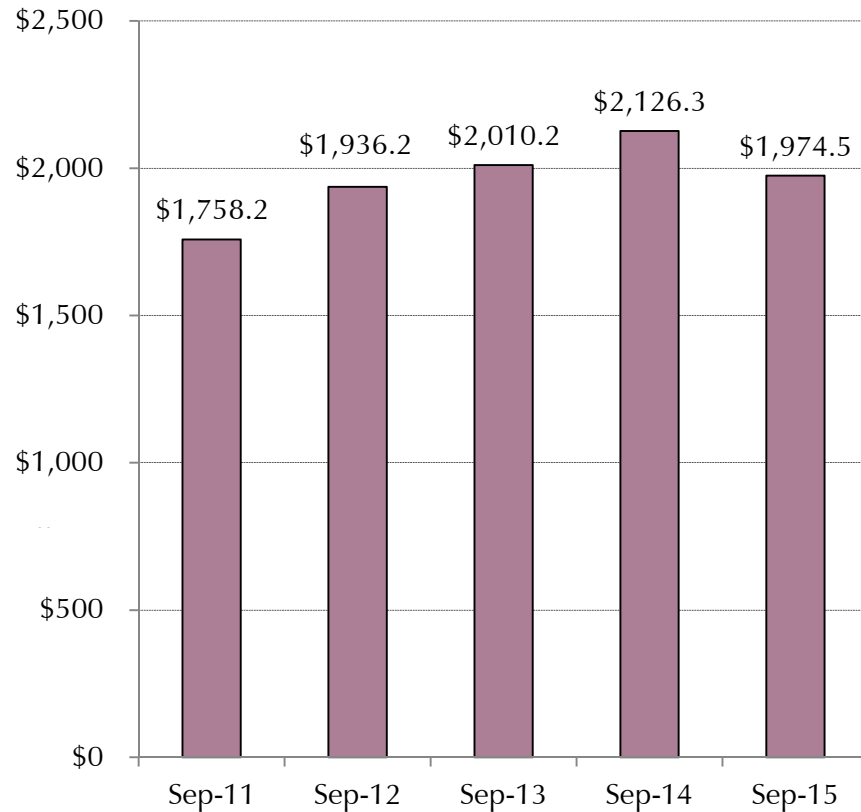
### Amici Offshore

- Amici was recently terminated due to a combination of poor performance and potential strategy style drift. Amici Offshore was down -6.9% in September, due to a number of concentrated positions; this brought third quarter performance to -12.3%, and year-to-date performance down to -8.4%. Amici has traditionally been more diversified than the current portfolio, with a number of additional smaller positions that could have historically muted market volatility.

### Credit Suisse

- On October 2, 2015, the U.S. Department of Labor granted Credit Suisse and its affiliates a five-year exemption to enable them 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.

**Plan Summary**  
**As of September 30, 2015**



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

	Market Value 9/30/15 (\$ mm)	% of Retirement System	Russell Overlay Net Position <sup>1</sup> (%)	Target Allocation (%)	Target Range (%)	Market Value 6/30/15 (\$ mm)
<b>Total Fund Aggregate</b>	<b>1,974.5</b>	<b>100.0</b>	<b>100.0</b>	<b>NA</b>	<b>NA</b>	<b>2,001.0</b>
<b>Equity Assets</b>	<b>673.1</b>	<b>34.1</b>	<b>36.2</b>	<b>37</b>	<b>30-44</b>	<b>705.9</b>
Global Equity <sup>2</sup>	586.5	29.7	31.8	28	20-36	616.1
<i>Long-Short Equity</i>	114.7	5.8	5.8	6	3-9	118.2
Private Equity <sup>3</sup>	86.6	4.4	4.4	9	4-14	89.7
<b>Fixed Income Assets</b>	<b>533.0</b>	<b>27.0</b>	<b>25.0</b>	<b>24</b>	<b>14-34</b>	<b>483.5</b>
Investment Grade Bonds	136.3	6.9	4.9	5	4-8	184.9
Inflation Linked Bonds	108.6	5.5	5.5	5	4-8	109.4
Global Credit	288.1	14.6	14.6	14	6-22	189.2
<i>Long-Short Credit</i>	75.9	3.8	3.8	4	0-6	76.2
<i>Private Debt</i> <sup>3</sup>	109.8	5.6	5.6	5	0-10	113.0
<b>Real Assets</b>	<b>441.1</b>	<b>22.3</b>	<b>22.3</b>	<b>23</b>	<b>15-30</b>	<b>492.0</b>
Real Estate	118.5	6.0	6.0	7	4-10	114.2
Natural Resources	85.5	4.3	4.3	5	2-8	111.2
Infrastructure	124.3	6.3	6.3	5	2-8	135.6
Commodities	112.9	5.7	5.7	6	2-10	131.0
<b>Absolute Return Assets<sup>4</sup></b>	<b>239.3</b>	<b>12.1</b>	<b>12.1</b>	<b>11</b>	<b>6-16</b>	<b>208.4</b>
<b>GTAA/Oppportunistic</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>5</b>	<b>0-7</b>	<b>0.0</b>
<b>Cash<sup>5</sup></b>	<b>87.9</b>	<b>4.5</b>	<b>4.4</b>	<b>0</b>	<b>0-5</b>	<b>111.3</b>

<sup>1</sup> Data in the column titled "Russell Overlay Net Position" is based on physical exposures, adjusted for synthetic positions provided by Russell Investments.

<sup>2</sup> Global Equity includes <\$0.1 million of residuals from terminated managers or previous transitions.

<sup>3</sup> Fair values are based on reported value as of 6/30/15, adjusted for cash flows through 9/30/15.

<sup>4</sup> Final NAV and performance provided by Albourne.

<sup>5</sup> Cash includes the cash account, cash equitized in the Russell Investments Overlay program, cash from private manager distributions, and residuals from the Terminated Manager Account.

## San Jose Federated City Employees' Retirement System

## Aggregate Assets Portfolio Roster as of 9/30/15

	Market Value 9/30/15 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 6/30/15 (\$ mm)
<b>Total Fund Aggregate</b>	<b>1,974.5</b>	<b>NA</b>	<b>100.0</b>	<b>NA</b>	<b>NA</b>	<b>2,001.0</b>
<b>Equity Assets</b>	<b>673.1</b>	<b>100.0</b>	<b>34.1</b>	<b>37</b>	<b>30-44</b>	<b>705.9</b>
<b>Global Equity<sup>1</sup></b>	<b>586.5</b>	<b>100.0</b>	<b>29.7</b>	<b>28</b>	<b>20-36</b>	<b>616.1</b>
Artisan Global Value	159.3	27.2	8.1			171.8
Northern Trust MSCI EAFE Index-NL	126.3	21.5	6.4			111.0
Vontobel Emerging Markets Equity	64.8	11.1	3.3			72.5
Northern Trust Russell 3000 Index	51.4	8.8	2.6			66.4
Cove Street Small Cap Value	28.5	4.9	1.4			31.9
Northern Trust EAFE Small Cap-NL	23.2	4.0	1.2			24.9
Aberdeen Frontier Markets Equity	17.8	3.0	0.9			19.4
Russell Currency Hedge <sup>2</sup>	0.4	< 0.1	< 0.1			0.0
<b>Long-Short Equity</b>	<b>114.7</b>	<b>19.6</b>	<b>5.8</b>	<b>6</b>	<b>3-9</b>	<b>118.2</b>
Sandler Plus Offshore Fund	24.4	4.2	1.2			23.7
Senator Global Opportunity Offshore Fund	24.0	4.1	1.2			26.1
Marshall Wace MW Eureka Fund	23.9	4.1	1.2			23.5
Horizon Portfolio I	23.8	4.1	1.2			23.5
Amici Offshore	18.7	3.2	0.9			21.3

<sup>1</sup> Global Equity includes <\$0.1 million of residuals from terminated managers or previous transactions.

<sup>2</sup> The Plan initiated a partial currency hedge on August 21, 2015 of the following currencies: Australian Dollar, Canadian Dollar, Swiss Franc, Euro, British Pound Sterling, and Japanese Yen. As of the date of this report, the unrealized profit or loss was \$0.4 mm and the total net exposure of the hedge was \$23.7 mm.



	Market Value 9/30/15 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 6/30/15 (\$ mm)
<b>Equity Assets (continued)</b>						
<b>Private Equity<sup>1</sup></b>	<b>86.6</b>	<b>100.0</b>	<b>4.4</b>	<b>9</b>	<b>4-14</b>	<b>89.7</b>
Pantheon USA Fund VII	32.0	36.9	1.6			32.6
Pathway Private Equity Fund VIII <sup>2</sup>	15.8	18.2	0.8			17.3
Partners Group Secondary 2011	14.6	16.8	0.7			14.1
Pantheon Global Secondary Fund III 'B'	14.0	16.2	0.7			14.7
Partners Group Secondary 2008	6.3	7.3	0.3			6.8
Great Hill Equity Partners IV	4.0	4.6	0.2			4.1
<b>Fixed Income Assets</b>						
<b>Investment Grade Bonds</b>	<b>136.3</b>	<b>100.0</b>	<b>6.9</b>	<b>5</b>	<b>4-8</b>	<b>184.9</b>
Northern Trust 1-10 Year Intermediate Gov't Bond Index	136.3	100.0	6.9			184.9
<b>Inflation Linked Bonds</b>	<b>108.6</b>	<b>100.0</b>	<b>5.5</b>	<b>5</b>	<b>4-8</b>	<b>109.4</b>
Northern Trust 0-5 Year TIPS	108.6	100.0	5.5			109.4
<b>Global Credit</b>	<b>288.1</b>	<b>100.0</b>	<b>14.6</b>	<b>14</b>	<b>6-22</b>	<b>189.2</b>
Voya Securitized Credit	55.8	19.4	2.8			0.0
BlueBay Emerging Markets Select Debt	46.5	16.2	2.4			0.0

<sup>1</sup> Fair values are based on reported value as of 6/30/15, adjusted for cash flows through 9/30/15.

<sup>2</sup> Preliminary 6/30/15 NAV provided by manager and adjusted for cash flows through 9/30/15.

	Market Value 9/30/15 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 6/30/15 (\$ mm)
<b>Fixed Income Assets (continued)</b>						
<b>Long-Short Credit</b>	<b>75.9</b>	<b>26.4</b>	<b>3.8</b>	<b>4</b>	<b>0-6</b>	<b>76.2</b>
Claren Road Credit Fund	41.6	14.5	2.1			41.8
Davidson Kempner Institutional Partners	34.3	11.9	1.7			34.4
<b>Private Debt<sup>1</sup></b>	<b>109.8</b>	<b>38.2</b>	<b>5.6</b>	<b>5</b>	<b>0-10</b>	<b>113.0</b>
Medley Opportunity Fund II	55.0	19.1	2.8			53.9
White Oak Direct Lending Account	34.7	12.1	1.8			38.8
GSO Direct Lending Account	20.1	7.0	1.0			20.3
<b>Real Assets</b>	<b>441.1</b>	<b>100.0</b>	<b>22.3</b>	<b>23</b>	<b>15-30</b>	<b>492.0</b>
<b>Real Estate</b>	<b>118.5</b>	<b>100.0</b>	<b>6.0</b>	<b>7</b>	<b>4-10</b>	<b>114.2</b>
<b>Core Real Estate</b>	<b>84.9</b>	<b>71.6</b>	<b>4.3</b>			<b>81.7</b>
PRISA I	43.7	36.9	2.2			41.7
American Core Realty Fund, LLC	41.2	34.8	2.1			40.0
<b>Private Real Estate<sup>1</sup></b>	<b>33.6</b>	<b>28.4</b>	<b>1.7</b>			<b>32.5</b>
DRA Growth and Income Fund VII	14.3	12.1	0.7			15.0
DRA Growth and Income Fund V	5.9	5.0	0.3			5.5
DRA Growth & Income Fund VIII	5.4	4.5	0.3			3.2

<sup>1</sup> Fair values are based on reported value as of 6/30/15, adjusted for cash flows through 9/30/15.



	Market Value 9/30/15 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 6/30/15 (\$ mm)
<b>Real Assets (continued)</b>						
<b>Private Real Estate<sup>1</sup> (continued)</b>						
Fidelity Real Estate Growth Fund III	3.2	2.7	0.2			4.2
DRA Growth and Income Fund VI	3.2	2.7	0.2			3.0
GEAM Value Add Realty Partners	1.7	1.4	< 0.1			1.5
<b>Natural Resources</b>	<b>85.5</b>	<b>100.0</b>	<b>4.3</b>	<b>5</b>	<b>2-8</b>	<b>111.2</b>
Rhumblin S&P Global Large MidCap Commodity & NR	85.3	99.8	4.3			110.9
Northern Trust Global LargeMid NR	0.1	0.2	< 0.1			0.3
<b>Infrastructure</b>	<b>124.3</b>	<b>100.0</b>	<b>6.3</b>	<b>5</b>	<b>2-8</b>	<b>135.6</b>
Rhumblin DJ Brookfield Global Infrastructure	124.3	100.0	6.3			135.5
SSgA DJ Brookfield Infrastructure Index	0.0	< 0.1	< 0.1			0.2
<b>Commodities</b>	<b>112.9</b>	<b>100.0</b>	<b>5.7</b>	<b>6</b>	<b>2-10</b>	<b>131.0</b>
First Quadrant Balanced Risk Parity Commodity Fund	57.8	51.2	2.9			68.3
Credit Suisse Risk Parity Commodity Fund	55.1	48.8	2.8			62.8

<sup>1</sup> Fair values are based on reported value as of 6/30/15, adjusted for cash flows through 9/30/15.





## San Jose Federated City Employees' Retirement System

## Aggregate Assets Portfolio Roster as of 9/30/15

	Market Value 9/30/15 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 6/30/15 (\$ mm)
<b>Absolute Return Assets<sup>1</sup></b>	<b>239.3</b>	<b>100.0</b>	<b>12.1</b>	<b>11</b>	<b>6-16</b>	<b>208.4</b>
<b>Relative Value</b>	<b>141.8</b>	<b>59.3</b>	<b>7.2</b>			<b>143.8</b>
DE Shaw	41.4	17.3	2.1			40.8
Arrowgrass International Fund	35.9	15.0	1.8			36.2
Pine River Fund	34.0	14.2	1.7			36.0
Hudson Bay Fund	30.6	12.8	1.6			30.9
<b>Global Macro</b>	<b>97.5</b>	<b>40.7</b>	<b>4.9</b>			<b>64.6</b>
Brevan Howard Multi-Strategy Fund	31.1	13.0	1.6			31.3
BlueTrend	20.1	8.4	1.0			18.4
Dymon Asia Macro	20.0	8.3	1.0			0.0
Kepos Alpha Fund	19.4	8.1	1.0			14.8
MKP Opportunity Offshore, L.P.	6.9	2.9	0.3			0.0
<b>Cash<sup>2</sup></b>	<b>87.9</b>	<b>100.0</b>	<b>4.4</b>	<b>0</b>	<b>0-5</b>	<b>111.3</b>

<sup>1</sup> Final NAV and performance provided by Albourne.

<sup>2</sup> Cash includes the cash account, cash equitized in the Russell Investments Overlay program, cash from private manager distributions, and residuals from the Terminated Manager Account.



	Fiscal YTD <sup>1</sup> / 3Q15 (%)	Cal YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
<b>Total Fund Aggregate<sup>2</sup></b>	<b>-4.6</b>	<b>-3.4</b>	<b>-4.1</b>	<b>3.6</b>	<b>4.5</b>	<b>4.3</b>	<b>1/1/94</b>	<b>7.0</b>
<b>Net of Fees<sup>3</sup></b>	<b>-4.6</b>	<b>-3.5</b>	<b>-4.2</b>	<b>3.5</b>	<b>4.4</b>	<b>4.1</b>		<b>6.7</b>
<b>Total Fund Aggregate ex Overlay</b>	<b>-4.4</b>	<b>-3.3</b>	<b>-3.9</b>	<b>3.5</b>	<b>4.5</b>	<b>4.3</b>		<b>7.0</b>
<b>Net of Fees ex Overlay</b>	<b>-4.5</b>	<b>-3.4</b>	<b>-4.0</b>	<b>3.4</b>	<b>4.4</b>	<b>4.1</b>		<b>6.7</b>
<i>CPI (inflation)</i>	-0.3	1.3	0.0	0.9	1.7	1.8		2.3
<i>San Jose FCERS Policy Benchmark<sup>4</sup></i>	-4.8	-4.2	-5.2	3.8	4.8	4.5		6.9
<i>San Jose FCERS Custom Benchmark<sup>5</sup></i>	-4.9	-4.5	-5.7	3.1	4.1	NA		NA
<i>Public Plans &gt; \$1 Billion Universe (Median)<sup>6</sup></i>	-5.5	-2.8	-1.4	6.5	7.3	5.3		NA

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

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

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

<sup>4</sup> Please see the appendix for composition of the San Jose FCERS Policy Benchmark.

<sup>5</sup> San Jose FCERS Custom Benchmark consists of the individual benchmarks that comprise the San Jose FCERS Policy Benchmark weighted accordingly to actual allocations and re-adjusted monthly.

<sup>6</sup> Universe data provide by InvestorForce. Returns are net of fees.



	Fiscal YTD <sup>1</sup> / 3Q15 (%)	Cal YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
<b>Total Fund Aggregate</b>								
<b>Equity Assets</b>	<b>-6.4</b>	<b>-3.7</b>	<b>-2.9</b>	<b>8.9</b>	<b>NA</b>	<b>NA</b>	<b>1/1/12</b>	<b>10.0</b>
Global Equity	-7.7	-5.3	-4.7	8.0	7.7	NA	5/1/10	7.2
<i>MSCI ACWI IMI</i>	-9.6	-6.8	-6.2	7.2	7.0	4.8		6.5
Long-Short Equity	-2.9	1.9	6.2	NA	NA	NA	10/1/14	6.2
<i>HFRI Equity Hedge (Long/Short Equity)</i>	-5.8	-2.2	-2.2	5.0	3.6	3.6		-2.2
Private Equity <sup>2</sup>	3.0	9.1	10.4	15.5	14.4	NA	1/1/06	7.0
<i>Cambridge Associates Private Equity Composite<sup>3</sup></i>	5.1	7.6	7.8	14.5	14.3	11.5		11.1
<b>Fixed Income</b>	<b>0.2</b>	<b>0.9</b>	<b>0.0</b>	<b>1.6</b>	<b>NA</b>	<b>NA</b>	<b>1/1/12</b>	<b>2.8</b>
<i>Barclays Global Aggregate</i>	0.9	-2.3	-3.3	-1.6	0.8	3.7		0.0
Investment Grade Bonds	1.2	2.0	3.0	NA	NA	NA	10/1/14	3.0
<i>Barclays Intermediate Gov't Bond Index</i>	1.2	2.0	3.0	1.1	1.9	3.9		3.0
Inflation Linked Bonds	-0.7	0.2	-1.2	NA	NA	NA	10/1/14	-1.2
<i>Barclays U.S. TIPS 0-5 Years</i>	-0.6	0.3	-1.2	-0.7	1.0	2.8		-1.2
Global Credit	0.2	0.5	-1.3	NA	NA	NA	10/1/14	-1.3
Long-Short Credit	-0.4	-2.5	-9.3	NA	NA	NA	10/1/14	-9.3
<i>HFRX Fixed Income - Credit Index</i>	-3.0	-1.9	-5.2	1.9	1.8	6.1		-5.2
Private Debt <sup>2</sup>	3.3	5.3	7.5	8.6	NA	NA	12/1/10	7.3
<i>3 Month Libor + 5%</i>	1.4	4.0	5.4	5.3	5.3	6.9		5.4

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

<sup>2</sup> All manager returns are time-weighted and presented one quarter lagged. Meketa Investment Group recommends that the Trustees use dollar-weighted (IRR) returns as shown in the quarterly Private Markets report in order to evaluate private markets managers.

<sup>3</sup> Cambridge Associates Private Equity Composite (40% Secondary and 60% Fund of Funds) used since 1Q14. Data for the Venture Economics Private Equity Index was used through 4Q13, but the index was discontinued in early 2014.

	Fiscal YTD <sup>1/</sup> 3Q15 (%)	Cal YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
<b>Total Fund Aggregate (continued)</b>								
<b>Real Assets</b>	<b>-10.1</b>	<b>-11.2</b>	<b>-13.9</b>	<b>-7.0</b>	<b>-2.9</b>	<b>NA</b>	<b>5/1/10</b>	<b>-2.0</b>
Real Estate <sup>2</sup>	4.6	12.3	23.3	15.8	14.9	5.9	1/1/94	9.2
Core Real Estate	3.9	11.2	14.0	12.5	13.3	NA	7/1/09	9.7
<i>NCREIF ODCE Equal Weighted (net)</i>	3.4	10.6	13.8	12.2	12.9	5.5		9.5
Private Real Estate	6.4	15.3	48.4	24.0	19.2	NA	7/1/09	7.8
<i>NCREIF Property</i>	3.1	10.1	13.5	11.9	12.6	8.0		10.4
Natural Resources	-23.0	-25.7	-32.6	NA	NA	NA	11/1/12	-13.0
<i>S&amp;P Global Natural Resources</i>	-22.5	-24.4	-30.8	-11.1	-6.0	0.3		-11.2
Infrastructure	-8.3	-11.0	-9.5	NA	NA	NA	3/1/14	0.4
<i>DJ Brookfield Global Infrastructure Index</i>	-8.5	-11.8	-10.5	6.9	10.4	8.9		-0.6
Commodities	-13.8	-17.7	-26.5	-13.7	-7.0	NA	5/1/10	-5.8
<i>Bloomberg Commodity Index</i>	-14.5	-15.8	-26.0	-16.0	-8.9	-5.7		-7.5
<b>Absolute Return Assets<sup>3</sup></b>	<b>0.5</b>	<b>2.3</b>	<b>4.0</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>11/1/12</b>	<b>4.7</b>
<i>HFRI Macro Index</i>	-0.3	-0.6	1.6	1.2	0.9	3.8		1.8
Relative Value	-1.4	3.4	3.9	NA	NA	NA	10/1/14	3.9
<i>HFRI Relative Value Index</i>	-2.5	0.0	-0.9	4.5	4.9	5.9		-0.9
Global Macro	3.9	-0.6	3.5	NA	NA	NA	10/1/14	3.5
<i>HFRI Macro: Discretionary Thematic Index</i>	-1.4	0.5	-0.8	0.2	0.0	NA		-0.8
<b>Russell Investments Overlay<sup>4</sup></b>	<b>-0.2</b>	<b>-0.1</b>	<b>-0.2</b>	<b>0.0</b>	<b>NA</b>	<b>NA</b>	<b>11/1/11</b>	<b>0.0</b>

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

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

<sup>3</sup> Final NAV and performance provided by Albourne.

<sup>4</sup> Overlay returns provided by Russell Investments.

	Fiscal YTD <sup>1</sup> / 3Q15 (%)	Cal YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
<b>Equity Assets</b>	<b>-6.4</b>	<b>-3.7</b>	<b>-2.9</b>	<b>8.9</b>	<b>NA</b>	<b>NA</b>	<b>1/1/12</b>	<b>10.0</b>
<b>Global Equity</b>	<b>-7.7</b>	<b>-5.3</b>	<b>-4.7</b>	<b>8.0</b>	<b>7.7</b>	<b>NA</b>	<b>5/1/10</b>	<b>7.2</b>
Artisan Global Value	-7.3	-6.0	-3.2	11.6	NA	NA	3/1/11	10.9
Net of Fees	-7.4	-6.4	-3.8	11.0	NA	NA		10.3
<i>MSCI ACWI Value</i>	-10.3	-9.9	-10.8	5.5	5.5	3.6		3.0
Northern Trust MSCI EAFE Index-NL	-10.2	-5.0	-8.4	NA	NA	NA	11/1/12	5.8
Net of Fees	-10.2	-5.0	-8.4	NA	NA	NA		5.8
<i>MSCI EAFE</i>	-10.2	-5.3	-8.7	5.6	4.0	3.0		5.5
Vontobel Emerging Markets Equity	-10.4	-9.7	-11.8	NA	NA	NA	7/1/13	-1.8
Net of Fees	-10.6	-10.2	-12.6	NA	NA	NA		-2.7
<i>MSCI Emerging Markets</i>	-17.9	-15.5	-19.3	-5.3	-3.6	4.3		-5.0
Northern Trust Russell 3000 Index	-7.2	-5.4	-0.4	12.6	13.4	7.0	9/1/99	5.0
Net of Fees	-7.3	-5.4	-0.4	12.6	13.3	7.0		5.0
<i>Russell 3000</i>	-7.2	-5.4	-0.5	12.5	13.3	6.9		4.9
Cove Street Small Cap Value	-10.6	-5.7	-5.2	NA	NA	NA	5/1/14	-3.5
Net of Fees	-10.8	-6.3	-6.0	NA	NA	NA		-4.1
<i>Russell 2000 Value</i>	-10.7	-10.1	-1.6	9.2	10.2	5.3		-3.9
Northern Trust EAFE Small Cap-NL	-6.9	2.6	0.5	NA	NA	NA	11/1/12	10.3
Net of Fees	-6.9	2.5	0.5	NA	NA	NA		10.3
<i>MSCI EAFE Small Cap</i>	-6.8	2.6	0.3	10.2	7.3	4.7		10.2

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



	Fiscal YTD <sup>1</sup> / 3Q15 (%)	Cal YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
<b>Equity Assets (continued)</b>								
Aberdeen Frontier Markets Equity	-8.1	-9.0	-15.8	NA	NA	NA	12/1/13	-5.8
Net of Fees	-8.5	-10.0	-17.1	NA	NA	NA		-7.2
<i>MSCI Frontier Markets</i>	-10.6	-13.4	-24.2	6.3	2.2	-2.1		-3.0
<i>MSCI Frontier Markets ex GCC</i>	-7.9	-12.1	-22.3	3.9	-0.1	2.8		-8.4
<b>Russell Currency Hedge<sup>2</sup></b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>9/1/15</b>	<b>NA</b>
<b>Long-Short Equity</b>	<b>-2.9</b>	<b>1.9</b>	<b>6.2</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>10/1/14</b>	<b>6.2</b>
Sandler Plus Offshore Fund	2.8	8.7	17.5	NA	NA	NA	5/1/13	8.5
<i>HFRI Equity Hedge (Long/Short Equity)</i>	-5.8	-2.2	-2.2	5.0	3.6	3.6		3.2
Senator Global Opportunity Offshore Fund	-7.9	-3.3	0.0	NA	NA	NA	4/1/13	7.6
<i>HFRI Event Driven Index</i>	-5.5	-3.2	-4.6	4.4	4.0	4.6		2.4
Marshall Wace MW Eureka Fund	1.4	9.6	13.9	NA	NA	NA	4/1/14	11.6
<i>HFRI Equity Hedge (Long/Short Equity)</i>	-5.8	-2.2	-2.2	5.0	3.6	3.6		-1.0
Horizon Portfolio I	1.1	2.6	5.0	NA	NA	NA	7/1/13	8.0
<i>HFRI Equity Hedge (Long/Short Equity)</i>	-5.8	-2.2	-2.2	5.0	3.6	3.6		3.7
Amici Offshore	-12.3	-8.4	-6.3	NA	NA	NA	3/1/13	-2.6
<i>HFRI Equity Hedge (Long/Short Equity)</i>	-5.8	-2.2	-2.2	5.0	3.6	3.6		3.7

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

<sup>2</sup> The Plan initiated a partial currency hedge on August 21, 2015 of the following currencies: Australian Dollar, Canadian Dollar, Swiss Franc, Euro, British Pound Sterling, and Japanese Yen. As of the date of this report, the unrealized profit or loss was \$0.4 mm and the total net exposure of the hedge was \$23.7 mm.

	Fiscal YTD <sup>1</sup> / 3Q15 (%)	Cal YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
<b>Equity Assets (continued)</b>								
<b>Private Equity<sup>2</sup></b>	<b>3.0</b>	<b>9.1</b>	<b>10.4</b>	<b>15.5</b>	<b>14.4</b>	<b>NA</b>	<b>1/1/06</b>	<b>7.0</b>
Pantheon USA Fund VII	4.0	11.2	13.7	17.5	15.4	NA	1/1/07	NA
<i>Cambridge Associates Private Equity Composite<sup>3</sup></i>	5.1	7.6	7.8	14.5	14.3	11.5		10.3
Pathway Private Equity Fund VIII	1.4	8.6	11.0	16.9	16.2	NA	8/1/04	NA
<i>Cambridge Associates Private Equity Composite<sup>3</sup></i>	5.1	7.6	7.8	14.5	14.3	11.5		12.8
Partners Group Secondary 2011	3.2	10.5	14.4	NA	NA	NA	11/1/12	33.9
<i>Cambridge Associates Private Equity Composite<sup>3</sup></i>	5.1	7.6	7.8	14.5	14.3	11.5		15.0
Pantheon Global Secondary Fund III 'B'	1.9	3.7	-1.5	4.4	5.6	NA	1/1/07	NA
<i>Cambridge Associates Private Equity Composite<sup>3</sup></i>	5.1	7.6	7.8	14.5	14.3	11.5		10.3
Partners Group Secondary 2008	2.8	1.3	-1.5	11.9	14.9	NA	12/1/08	NA
<i>Cambridge Associates Private Equity Composite<sup>3</sup></i>	5.1	7.6	7.8	14.5	14.3	11.5		9.5
Great Hill Equity Partners IV	6.1	25.9	46.2	35.4	30.6	NA	10/1/08	NA
<i>Cambridge Associates Private Equity Composite<sup>3</sup></i>	5.1	7.6	7.8	14.5	14.3	11.5		9.3

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

<sup>2</sup> All manager returns are time-weighted and presented one quarter lagged. Meketa Investment Group recommends that the Trustees use dollar-weighted (IRR) returns as shown in the quarterly Private Markets report in order to evaluate private markets managers.

<sup>3</sup> Cambridge Associates Private Equity Composite (40% Secondary and 60% Fund of Funds) used since 1Q14. Data for the Venture Economics Private Equity Index was used through 4Q13, but the index was discontinued in early 2014.

	Fiscal YTD <sup>1</sup> / 3Q15 (%)	Cal YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
<b>Fixed Income Assets</b>	<b>0.2</b>	<b>0.9</b>	<b>0.0</b>	<b>1.6</b>	<b>NA</b>	<b>NA</b>	<b>1/1/12</b>	<b>2.8</b>
<b>Investment Grade Bonds</b>	<b>1.2</b>	<b>2.0</b>	<b>3.0</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>10/1/14</b>	<b>3.0</b>
Northern Trust Intermediate Gov't 1-10 Year Bond Index	1.2	2.0	3.0	1.1	NA	NA	10/1/12	1.1
Net of Fees	1.2	2.0	2.9	1.0	NA	NA		1.0
<i>Barclays Intermediate Gov't Bond Index</i>	1.2	2.0	3.0	1.1	1.9	3.9		1.1
<b>Inflation Linked Bonds</b>	<b>-0.7</b>	<b>0.2</b>	<b>-1.2</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>10/1/14</b>	<b>-1.2</b>
Northern Trust 0-5 Year TIPS	-0.7	0.2	-1.2	NA	NA	NA	7/1/14	-2.1
Net of Fees	-0.7	0.2	-1.2	NA	NA	NA		-2.1
<i>Barclays U.S. TIPS 0-5 Years</i>	-0.6	0.3	-1.2	-0.7	1.0	2.8		-2.0
<b>Global Credit</b>	<b>0.2</b>	<b>0.5</b>	<b>-1.3</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>10/1/14</b>	<b>-1.3</b>
Voya Securitized Credit	NA	NA	NA	NA	NA	NA	8/1/15	1.6
Net of Fees	NA	NA	NA	NA	NA	NA		1.6
<i>Barclays U.S. Securitized</i>	1.3	1.7	3.4	2.0	3.1	4.6		0.7
BlueBay Emerging Markets Select Debt	NA	NA	NA	NA	NA	NA	8/1/15	-5.3
Net of Fees	NA	NA	NA	NA	NA	NA		-5.4
<i>50% JPM EMBI GD/50% JPM GBI-EM</i>	-5.8	-6.4	-10.5	-3.1	1.2	NA		-5.2

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





	Fiscal YTD <sup>1</sup> / 3Q15 (%)	Cal YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
<b>Fixed Income Assets (continued)</b>								
<b>Long-Short Credit</b>	<b>-0.4</b>	<b>-2.5</b>	<b>-9.3</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>10/1/14</b>	<b>-9.3</b>
Claren Road Credit Fund, Ltd.	-0.5	-5.3	-15.7	NA	NA	NA	7/1/13	-7.6
<i>HFRI RV Fixed Income-Corporate Index</i>	-2.8	-0.9	-3.2	2.9	4.0	3.8		2.0
Davidson Kempner Institutional Partners	-0.4	1.3	-0.1	NA	NA	NA	2/1/13	5.1
<i>HFRI Event Driven Index</i>	-5.5	-3.2	-4.6	4.4	4.0	4.6		2.8
<b>Private Debt<sup>2</sup></b>	<b>3.3</b>	<b>5.3</b>	<b>7.5</b>	<b>8.6</b>	<b>NA</b>	<b>NA</b>	<b>12/1/10</b>	<b>7.3</b>
Medley Opportunity Fund II, L.P.	1.9	5.6	7.9	8.9	NA	NA	6/1/11	7.9
<i>3 Month Libor + 5%</i>	1.4	4.0	5.4	5.3	5.3	6.9		5.4
White Oak Direct Lending	6.2	6.2	8.6	9.5	NA	NA	2/1/11	5.5
<i>3 Month Libor + 5%</i>	1.4	4.0	5.4	5.3	5.3	6.9		5.4
GSO Direct Lending	-0.1	0.1	1.5	6.5	NA	NA	3/1/11	11.5
<i>3 Month Libor + 5%</i>	1.4	4.0	5.4	5.3	5.3	6.9		5.4

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

<sup>2</sup> All manager returns are presented one quarter lagged. Meketa Investment Group recommends that the Trustees use dollar-weighted (IRR) returns as shown in the quarterly Private Markets report in order to evaluate private markets managers.

	Fiscal YTD <sup>1</sup> / 3Q15 (%)	Cal YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
<b>Real Assets</b>	<b>-10.1</b>	<b>-11.2</b>	<b>-13.9</b>	<b>-7.0</b>	<b>-2.9</b>	<b>NA</b>	<b>5/1/10</b>	<b>-2.0</b>
<b>Real Estate<sup>2</sup></b>	<b>4.6</b>	<b>12.3</b>	<b>23.3</b>	<b>15.8</b>	<b>14.9</b>	<b>5.9</b>	<b>1/1/94</b>	<b>9.2</b>
<b>Core Real Estate</b>	<b>3.9</b>	<b>11.2</b>	<b>14.0</b>	<b>12.5</b>	<b>13.3</b>	<b>NA</b>	<b>7/1/09</b>	<b>9.7</b>
PRISA I	4.9	11.8	16.1	14.0	15.1	6.4	7/1/04	7.7
Net of Fees	4.7	11.1	15.2	13.0	14.1	5.4		6.7
<i>NCREIF ODCE Equal Weighted (net)</i>	3.4	10.6	13.8	12.2	12.9	5.5		6.6
American Core Realty Fund, LLC	3.3	12.0	14.0	12.9	13.3	NA	1/1/07	5.2
Net of Fees	3.1	11.2	12.9	11.8	12.2	NA		4.1
<i>NCREIF ODCE Equal Weighted (net)</i>	3.4	10.6	13.8	12.2	12.9	5.5		4.1
<b>Private Real Estate<sup>3,4,5</sup></b>	<b>6.4</b>	<b>15.3</b>	<b>48.4</b>	<b>24.0</b>	<b>19.2</b>	<b>NA</b>	<b>7/1/09</b>	<b>7.8</b>
DRA Growth and Income Fund VII	2.2	9.6	13.8	15.1	NA	NA	4/1/12	15.3
<i>NCREIF Property</i>	3.1	10.1	13.5	11.9	12.6	8.0		11.7
DRA Growth and Income Fund V	9.1	12.2	35.1	15.3	11.7	NA	1/1/06	5.2
<i>NCREIF Property</i>	3.1	10.1	13.5	11.9	12.6	8.0		7.7
DRA Growth & Income Fund VIII	3.7	8.6	NA	NA	NA	NA	1/1/15	8.6
<i>NCREIF Property</i>	3.1	10.1	13.5	11.9	12.6	8.0		10.1

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

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

<sup>3</sup> Performance is net of fees.

<sup>4</sup> All manager returns are time-weighted and presented one quarter lagged. Meketa Investment Group recommends that the Trustees use dollar-weighted (IRR) returns as shown in the quarterly Private Markets report in order to evaluate private markets managers.

<sup>5</sup> DRA trailing period returns provided by manager.



	Fiscal YTD <sup>1</sup> / 3Q15 (%)	Cal YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
<b>Real Assets (continued)</b>								
<b>Private Real Estate<sup>2,3,4</sup> (continued)</b>								
Fidelity Real Estate Growth Fund III	11.2	34.0	48.5	27.2	23.3	NA	1/1/08	-8.0
<i>NCREIF Property</i>	3.1	10.1	13.5	11.9	12.6	8.0		5.5
DRA Growth and Income Fund VI	4.8	7.4	39.6	20.4	19.3	NA	1/1/08	9.6
<i>NCREIF Property</i>	3.1	10.1	13.5	11.9	12.6	8.0		5.5
GEAM Value Add Realty Partners <sup>5</sup>	0.0	28.4	34.6	29.2	24.4	NA	1/1/07	-3.3
<i>NCREIF Property</i>	3.1	10.1	13.5	11.9	12.6	8.0		6.7
<b>Natural Resources</b>	<b>-23.0</b>	<b>-25.7</b>	<b>-32.6</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>11/1/12</b>	<b>-13.0</b>
Rhumblin S&P Global Large MidCap Commodity & NR <sup>6</sup>	-23.1	NA	NA	NA	NA	NA	6/1/15	-27.0
Net of Fees	-23.1	NA	NA	NA	NA	NA		-27.0
<i>S&amp;P Global Large MidCap Commodity and Resources</i>	-23.1	-25.9	-32.9	-13.2	-6.5	2.7		-27.1
<i>S&amp;P Global Natural Resources</i>	-22.5	-24.4	-30.8	-11.1	-6.0	0.3		-26.3
<b>Infrastructure</b>	<b>-8.3</b>	<b>-11.0</b>	<b>-9.5</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>3/1/14</b>	<b>0.4</b>
Rhumblin DJ Brookfield Global Infrastructure <sup>6</sup>	-8.3	NA	NA	NA	NA	NA	6/1/15	-11.9
Net of Fees	-8.3	NA	NA	NA	NA	NA		-11.9
<i>DJ Brookfield Global Infrastructure Index</i>	-8.5	-11.8	-10.5	6.9	10.4	8.9		-12.2

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

<sup>2</sup> Performance is net of fees.

<sup>3</sup> All manager returns are time-weighted and presented one quarter lagged. Meketa Investment Group recommends that the Trustees use dollar-weighted (IRR) returns as shown in the quarterly Private Markets report in order to evaluate private markets managers.

<sup>4</sup> DRA trailing period returns provided by manager.

<sup>5</sup> Returns provided by manager. The most recent return has not been received at the time of this report.

<sup>6</sup> Tracking error due to a cash position resulting from a delay in the ability to invest in certain markets.

	Fiscal YTD <sup>1</sup> / 3Q15 (%)	Cal YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
<b>Real Assets (continued)</b>								
<b>Commodities</b>	<b>-13.8</b>	<b>-17.7</b>	<b>-26.5</b>	<b>-13.7</b>	<b>-7.0</b>	<b>NA</b>	<b>5/1/10</b>	<b>-5.8</b>
First Quadrant Balanced Risk Commodity Fund <sup>2</sup>	-15.3	-20.7	-28.3	-15.6	NA	NA	4/1/11	-13.1
<i>Custom Risk Parity Commodity Benchmark<sup>3</sup></i>	-12.0	-14.1	-24.3	-11.6	NA	NA		-9.6
<i>Bloomberg Commodity Index</i>	-14.5	-15.8	-26.0	-16.0	-8.9	-5.7		-13.6
Credit Suisse Risk Parity Commodity Fund <sup>2</sup>	-12.3	-14.3	-24.4	-11.6	NA	NA	4/1/11	-9.6
<i>Custom Risk Parity Commodity Benchmark<sup>3</sup></i>	-12.0	-14.1	-24.3	-11.6	NA	NA		-9.6
<i>Bloomberg Commodity Index</i>	-14.5	-15.8	-26.0	-16.0	-8.9	-5.7		-13.6
<b>Absolute Return Assets<sup>4</sup></b>								
<b>Relative Value</b>	<b>-1.4</b>	<b>3.4</b>	<b>3.9</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>10/1/14</b>	<b>3.9</b>
DE Shaw	1.5	12.3	15.1	NA	NA	NA	4/1/13	14.6
<i>HFRI Fund Weighted Composite Index</i>	-3.8	-1.4	-1.2	4.0	3.3	4.3		2.7
Arrowgrass International Fund	-1.0	4.1	6.2	NA	NA	NA	11/1/12	6.3
<i>HFRI Relative Value Index</i>	-2.5	0.0	-0.9	4.5	4.9	5.9		4.4
Pine River Fund	-5.6	-1.6	-1.1	NA	NA	NA	1/1/13	4.7
<i>HFRI Relative Value Index</i>	-2.5	0.0	-0.9	4.5	4.9	5.9		4.0
Hudson Bay Fund	-0.8	0.0	-3.5	NA	NA	NA	8/1/13	1.0
<i>HFRI Relative Value Index</i>	-2.5	0.0	-0.9	4.5	4.9	5.9		3.4

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

<sup>2</sup> Performance is net of fees.

<sup>3</sup> Custom Risk Parity Commodity Benchmark returns provided by Credit Suisse.

<sup>4</sup> Final NAV and performance provided by Albourne.

	Fiscal YTD <sup>1</sup> / 3Q15 (%)	Cal YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Performance Inception Date	Since Inception (%)
<b>Absolute Return Assets<sup>2</sup> (continued)</b>								
<b>Global Macro</b>	<b>3.9</b>	<b>-0.6</b>	<b>3.5</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>10/1/14</b>	<b>3.5</b>
Brevan Howard Multi-Strategy Fund	-1.9	-0.6	-0.3	NA	NA	NA	12/1/12	1.3
<i>HFRI Macro Index</i>	-0.3	-0.6	1.6	1.2	0.9	3.8		1.9
BlueTrend	9.2	5.9	12.6	NA	NA	NA	4/1/13	0.2
<i>Barclay BTOP50 Index</i>	2.3	-1.0	6.6	3.3	1.8	3.4		3.9
Dymon Asia Macro	NA	NA	NA	NA	NA	NA	9/1/15	-0.2
<i>HFRI Macro Index</i>	-0.3	-0.6	1.6	1.2	0.9	3.8		0.0
Kepos Alpha Fund	9.0	-6.4	2.3	NA	NA	NA	3/1/13	2.9
<i>HFRI Macro Systematic Diversified</i>	0.7	-0.9	4.7	2.0	1.5	5.7		3.1
MKP Opportunity Offshore, L.P.	NA	NA	NA	NA	NA	NA	8/1/15	-2.4
<i>HFRI Macro: Discretionary Thematic Index</i>	-1.4	0.5	-0.8	0.2	0.0	NA		-2.2

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

<sup>2</sup> Final NAV and performance provided by Albourne.



## San Jose Federated City Employees' Retirement System

## Aggregate Assets Calendar Year Performance

	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)
<b>Total Fund Aggregate<sup>1</sup></b>	<b>4.2</b>	<b>8.7</b>	<b>9.7</b>	<b>-1.5</b>	<b>13.0</b>	<b>19.4</b>	<b>-23.8</b>	<b>8.8</b>	<b>13.0</b>	<b>6.7</b>
<b>Net of Fees<sup>2</sup></b>	<b>4.1</b>	<b>8.5</b>	<b>9.6</b>	<b>-1.6</b>	<b>12.8</b>	<b>19.1</b>	<b>-24.0</b>	<b>8.5</b>	<b>12.7</b>	<b>6.4</b>
<b>Total Fund Aggregate ex Overlay</b>	<b>4.3</b>	<b>8.4</b>	<b>9.7</b>	<b>-1.4</b>	<b>13.0</b>	<b>19.4</b>	<b>-23.8</b>	<b>8.8</b>	<b>13.0</b>	<b>6.7</b>
<b>Net of Fees ex Overlay</b>	<b>4.2</b>	<b>8.3</b>	<b>9.6</b>	<b>-1.6</b>	<b>12.8</b>	<b>19.1</b>	<b>-24.0</b>	<b>8.5</b>	<b>12.7</b>	<b>6.4</b>
<i>CPI (inflation)</i>	0.8	1.5	1.7	3.0	1.5	2.7	0.1	4.1	2.5	3.4
<i>San Jose FCERS Policy Benchmark<sup>3</sup></i>	3.4	11.2	9.4	-1.7	14.4	19.0	-22.8	8.2	13.5	6.7
<i>San Jose FCERS Custom Benchmark<sup>4</sup></i>	3.0	9.8	10.2	-2.6	NA	NA	NA	NA	NA	NA
<i>Public Plans &gt; \$1 Billion Universe (Median)<sup>5</sup></i>	5.1	15.2	13.4	0.7	12.5	19.4	-24.2	7.9	NA	NA

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

<sup>2</sup> Beginning in July 2012, fees are accounted for on a cash basis. Previously, fees were accounted for on an accrual basis.

<sup>3</sup> Please see the Appendix for composition of the San Jose FCERS Policy Benchmark.

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

<sup>5</sup> Universe data provide by InvestorForce. Returns are net of fees. Prior to 2014, calendar year returns provided by InvestMetrics.



## San Jose Federated City Employees' Retirement System

## Aggregate Assets Calendar Year Performance

	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)
<b>Total Fund Aggregate</b>	<b>4.2</b>	<b>8.7</b>	<b>9.7</b>	<b>-1.5</b>	<b>13.0</b>	<b>19.4</b>	<b>-23.8</b>	<b>8.8</b>	<b>13.0</b>	<b>6.7</b>
<b>Equity Assets</b>	<b>7.6</b>	<b>20.3</b>	<b>14.8</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Global Equity	5.3	22.1	16.0	-6.9	NA	NA	NA	NA	NA	NA
<i>MSCI ACWI IMI</i>	3.8	23.6	16.4	-7.9	14.3	36.4	-42.3	11.2	20.9	11.5
Long-Short Equity	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRJ Equity Hedge (Long/Short Equity)</i>	1.8	14.3	7.4	-8.4	10.5	24.6	-26.6	10.5	11.7	10.6
Private Equity <sup>1</sup>	18.7	14.6	9.5	15.6	10.9	-13.5	-4.0	15.5	-3.5	NA
<i>Cambridge Associates Private Equity Composite<sup>2</sup></i>	13.9	18.1	14.5	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4
<b>Fixed Income Assets</b>	<b>1.3</b>	<b>1.4</b>	<b>7.1</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<i>Barclays Global Aggregate</i>	0.6	-2.6	4.3	5.6	5.5	6.9	4.8	9.5	6.6	-4.5
Investment Grade Bonds	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Barclays Intermediate Gov't Bond Index</i>	2.5	-1.2	1.7	6.1	5.0	-0.3	10.4	8.5	3.8	1.7
Inflation Linked Bonds	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Barclays U.S. TIPS 0-5 Years</i>	-1.1	-1.6	2.4	4.5	3.3	10.7	-2.0	9.8	2.6	1.6
Global Credit	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Long-Short Credit	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRX Fixed Income - Credit Index</i>	-1.8	6.9	7.7	-3.6	10.2	38.9	-14.6	9.2	14.5	10.4
Private Debt <sup>3</sup>	7.0	9.2	10.8	2.8	NA	NA	NA	NA	NA	NA
<i>3 Month Libor + 5%</i>	5.3	5.3	5.5	5.3	5.3	5.9	8.7	10.7	10.5	8.5

<sup>1</sup> Returns are time-weighted and are shown beginning in July 2009. Meketa Investment Group recommends that the Trustees use dollar-weighted (IRR) returns as shown in the quarterly Private Markets report in order to evaluate private markets managers.

<sup>2</sup> Cambridge Associates Private Equity Composite (40% Secondary and 60% Fund of Funds) used since 1Q14. Data for the Venture Economics Private Equity Index was used through 4Q13, but the index was discontinued in early 2014.

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



## San Jose Federated City Employees' Retirement System

## Aggregate Assets Calendar Year Performance

	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)
<b>Total Fund Aggregate (continued)</b>										
<b>Real Assets</b>	<b>2.2</b>	<b>-8.1</b>	<b>0.2</b>	<b>-6.5</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Real Estate <sup>1</sup>	21.1	12.3	8.9	14.9	7.7	-37.7	-5.4	23.4	13.2	22.9
Core Real Estate	11.5	12.6	9.3	16.3	14.2	NA	NA	NA	NA	NA
<i>NCREIF ODCE Equal Weighted (net)</i>	11.4	12.4	9.9	15.0	15.1	-31.3	-11.1	15.0	15.1	19.0
Private Real Estate	45.2	12.2	8.6	13.7	1.8	NA	NA	NA	NA	NA
<i>NCREIF Property</i>	11.8	11.0	10.7	14.3	13.1	-17.0	-6.5	15.8	16.8	20.2
Natural Resources	-9.2	-2.4	NA	NA	NA	NA	NA	NA	NA	NA
<i>S&amp;P Global Natural Resources</i>	-9.7	1.5	7.2	-14.9	11.0	36.1	-38.3	41.7	29.8	26.8
Infrastructure	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>DJ Brookfield Global Infrastructure Index</i>	16.3	15.9	16.0	13.7	12.5	34.2	-36.4	16.3	36.7	11.0
Commodities	-8.5	-11.2	-1.3	-9.0	NA	NA	NA	NA	NA	NA
<i>Bloomberg Commodity Index</i>	-17.0	-9.5	-1.1	-13.3	16.8	18.9	-35.6	16.2	2.1	21.4
<b>Absolute Return Assets<sup>2</sup></b>	<b>4.8</b>	<b>5.0</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<i>HFRI Macro Index</i>	5.6	-0.4	-0.1	-4.1	8.1	4.3	4.8	11.1	8.2	6.8
Relative Value	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Relative Value Index</i>	4.0	7.1	10.6	0.2	11.4	25.8	-18.0	8.9	12.3	6.0
Global Macro	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Macro: Discretionary Thematic Index</i>	-1.5	0.8	3.4	-6.4	5.5	14.5	-12.1	NA	NA	NA
<b>Russell Investments Overlay<sup>3</sup></b>	<b>-0.1</b>	<b>0.2</b>	<b>0.1</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

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

<sup>2</sup> Final NAV Provided by Albourne.

<sup>3</sup> Overlay returns provided by Russell Investments.





## San Jose Federated City Employees' Retirement System

## Aggregate Assets Calendar Year Performance

	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)
<b>Equity Assets</b>	<b>7.6</b>	<b>20.3</b>	<b>14.8</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Global Equity</b>	<b>5.3</b>	<b>22.1</b>	<b>16.0</b>	<b>-6.9</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Artisan Global Value	6.1	33.6	20.8	NA	NA	NA	NA	NA	NA	NA
Net of Fees	5.5	32.8	20.2	NA	NA	NA	NA	NA	NA	NA
<i>MSCI ACWI Value</i>	2.9	22.4	15.6	-7.3	10.2	31.7	-41.5	6.7	25.6	10.8
Northern Trust MSCI EAFE Index-NL	-4.6	23.2	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	-4.7	23.1	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI EAFE</i>	-4.9	22.8	17.3	-12.1	7.7	31.8	-43.4	11.2	26.3	13.5
Vontobel Emerging Markets Equity	6.6	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	5.7	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI Emerging Markets</i>	-2.2	-2.6	18.2	-18.4	18.9	78.5	-53.3	39.4	32.2	34.0
Northern Trust Russell 3000 Index	12.7	33.6	16.5	1.1	17.2	28.9	-37.3	5.3	15.8	6.2
Net of Fees	12.6	33.6	16.5	1.1	17.2	28.9	-37.3	5.2	15.8	6.2
<i>Russell 3000</i>	12.6	33.6	16.4	1.0	16.9	28.3	-37.3	5.1	15.7	6.1
Cove Street Small Cap Value	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Russell 2000 Value</i>	4.2	34.5	18.1	-5.5	24.5	20.6	-28.9	-9.8	23.5	4.7
Northern Trust EAFE Small Cap	-4.6	29.5	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	-4.7	29.4	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI EAFE Small Cap</i>	-4.9	29.3	20.0	-15.9	22.0	46.8	-47.0	1.4	19.3	26.2
Aberdeen Frontier Markets Equity	-2.3	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	-3.8	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI Frontier Markets</i>	6.8	25.9	8.9	-18.7	23.8	11.6	-54.1	41.9	-8.9	72.7
<i>MSCI Frontier Markets ex GCC</i>	-3.3	23.6	16.6	-26.1	16.9	22.3	-56.6	35.0	62.2	20.2



	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)
<b>Equity Assets (continued)</b>										
<b>Long-Short Equity</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Sandler Plus Offshore Fund	5.7	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Equity Hedge (Long/Short Equity)</i>	1.8	14.3	7.4	-8.4	10.5	24.6	-26.6	10.5	11.7	10.6
Senator Global Opportunity Offshore Fund	7.6	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Event Driven Index</i>	1.1	12.5	8.9	-3.3	11.9	25.1	-21.8	6.6	15.3	7.3
Marshall Wace MW Eureka Fund	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Equity Hedge (Long/Short Equity)</i>	1.8	14.3	7.4	-8.4	10.5	24.6	-26.6	10.5	11.7	10.6
Horizon Portfolio I	9.3	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Equity Hedge (Long/Short Equity)</i>	1.8	14.3	7.4	-8.4	10.5	24.6	-26.6	10.5	11.7	10.6
Amici Offshore	-0.2	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Equity Hedge (Long/Short Equity)</i>	1.8	14.3	7.4	-8.4	10.5	24.6	-26.6	10.5	11.7	10.6

## San Jose Federated City Employees' Retirement System

## Aggregate Assets Calendar Year Performance

	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)
<b>Equity Assets (continued)</b>										
<b>Private Equity<sup>1</sup></b>	<b>18.7</b>	<b>14.6</b>	<b>9.5</b>	<b>15.6</b>	<b>10.9</b>	<b>-13.5</b>	<b>-4.0</b>	<b>15.5</b>	<b>-3.5</b>	<b>NA</b>
Pantheon USA Fund VII	21.7	16.9	11.1	14.5	7.1	NA	NA	NA	NA	NA
<i>Cambridge Associates Private Equity Composite<sup>2</sup></i>	13.9	18.1	14.5	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4
Pathway Private Equity Fund VIII	20.5	19.1	12.0	15.8	16.8	NA	NA	NA	NA	NA
<i>Cambridge Associates Private Equity Composite<sup>2</sup></i>	13.9	18.1	14.5	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4
Partners Group Secondary 2011	28.1	16.0	NA	NA	NA	NA	NA	NA	NA	NA
<i>Cambridge Associates Private Equity Composite<sup>2</sup></i>	13.9	18.1	14.5	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4
Pantheon Global Secondary Fund III	4.5	4.3	0.9	11.6	5.4	NA	NA	NA	NA	NA
<i>Cambridge Associates Private Equity Composite<sup>2</sup></i>	13.9	18.1	14.5	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4
Partners Group Secondary 2008	13.0	15.1	6.1	24.5	20.1	NA	NA	NA	NA	NA
<i>Cambridge Associates Private Equity Composite<sup>2</sup></i>	13.9	18.1	14.5	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4
Great Hill Equity Partners IV	39.5	29.6	17.8	43.3	7.4	NA	NA	NA	NA	NA
<i>Cambridge Associates Private Equity Composite<sup>2</sup></i>	13.9	18.1	14.5	12.0	15.7	-6.6	-7.1	26.6	18.6	30.4

<sup>1</sup> Returns are time-weighted and are shown beginning in July 2009. Meketa Investment Group recommends that the Trustees use dollar-weighted (IRR) returns as shown in the quarterly Private Markets report in order to evaluate private markets managers.

<sup>2</sup> Cambridge Associates Private Equity Composite (40% Secondary and 60% Fund of Funds) used since 1Q14. Data for the Venture Economics Private Equity Index was used through 4Q13, but the index was discontinued in early 2014.



## San Jose Federated City Employees' Retirement System

## Aggregate Assets Calendar Year Performance

	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)
<b>Fixed Income Assets</b>	<b>1.3</b>	<b>1.4</b>	<b>7.1</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Investment Grade Bonds</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Northern Trust Intermediate Gov't 1-10 Year Bond Index	2.5	-1.3	NA	NA	NA	NA	NA	NA	NA	NA
Barclays Intermediate Gov't Bond Index	2.5	-1.2	1.7	6.1	5.0	-0.3	10.4	8.5	3.8	1.7
<b>Inflation Linked Bonds</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Northern Trust 0-5 Year TIPS	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Barclays U.S. TIPS 0-5 Years	-1.1	-1.6	2.4	4.5	3.3	10.7	-2.0	9.8	2.6	1.6
<b>Global Credit</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Voya Securitized Credit	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Barclays U.S. Securitized	5.9	-1.3	3.0	6.2	6.5	7.8	4.6	6.6	5.2	2.5
BlueBay Emerging Markets Select Debt	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
50% JPM EMBI GD 50% JPM GBI-EM	-0.5	-5.8	19.6	2.2	12.9	25.2	-8.3	NA	NA	NA
<b>Long-Short Credit</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Claren Road Credit Fund, Ltd.	-10.3	NA	NA	NA	NA	NA	NA	NA	NA	NA
HFRI RV Fixed Income-Corporate Index	1.2	5.7	11.0	0.8	11.8	30.7	-24.2	-0.7	10.8	5.3
Davidson Kempner Institutional Partners	4.5	NA	NA	NA	NA	NA	NA	NA	NA	NA
HFRI Event Driven Index	1.1	12.5	8.9	-3.3	11.9	25.1	-21.8	6.6	15.3	7.3



## San Jose Federated City Employees' Retirement System

## Aggregate Assets Calendar Year Performance

	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)
<b>Fixed Income (continued)</b>										
<b>Private Debt<sup>1</sup></b>	<b>7.0</b>	<b>9.2</b>	<b>10.8</b>	<b>2.8</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Medley Opportunity Fund II, L.P.	9.5	8.8	11.0	NA	NA	NA	NA	NA	NA	NA
3 Month Libor + 5%	5.3	5.3	5.5	5.3	5.3	5.9	8.7	10.7	10.5	8.5
White Oak Direct Lending	5.0	9.4	2.7	NA	NA	NA	NA	NA	NA	NA
3 Month Libor + 5%	5.3	5.3	5.5	5.3	5.3	5.9	8.7	10.7	10.5	8.5
GSO Direct Lending	6.7	8.4	16.2	NA	NA	NA	NA	NA	NA	NA
3 Month Libor + 5%	5.3	5.3	5.5	5.3	5.3	5.9	8.7	10.7	10.5	8.5
<b>Real Assets</b>	<b>2.2</b>	<b>-8.1</b>	<b>0.2</b>	<b>-6.5</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Real Estate<sup>2</sup></b>	<b>21.1</b>	<b>12.3</b>	<b>8.9</b>	<b>14.9</b>	<b>7.7</b>	<b>-37.7</b>	<b>-5.4</b>	<b>23.4</b>	<b>13.2</b>	<b>22.9</b>
<b>Core Real Estate</b>	<b>11.5</b>	<b>12.6</b>	<b>9.3</b>	<b>16.3</b>	<b>14.2</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
PRISA I	13.3	14.7	9.7	19.1	18.4	-34.2	-13.0	17.5	16.2	23.3
Net of Fees	12.4	13.7	8.7	17.9	17.0	-34.9	-13.7	16.5	15.1	22.1
NCREIF ODCE Equal Weighted (net)	11.4	12.4	9.9	15.0	15.1	-31.3	-11.1	15.0	15.1	19.0
American Core Realty Fund, LLC	11.6	12.4	11.3	15.1	11.2	-30.0	-5.3	17.3	NA	NA
Net of Fees	10.6	11.3	10.2	13.8	10.1	-30.7	-6.3	16.2	NA	NA
NCREIF ODCE Equal Weighted (net)	11.4	12.4	9.9	15.0	15.1	-31.3	-11.1	15.0	15.1	19.0

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

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



## San Jose Federated City Employees' Retirement System

## Aggregate Assets Calendar Year Performance

	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)
<b>Real Assets (continued)</b>										
<b>Private Real Estate<sup>1,2</sup></b>	<b>45.2</b>	<b>12.2</b>	<b>8.6</b>	<b>13.7</b>	<b>1.8</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
DRA Growth and Income Fund VII	17.9	14.4	NA	NA	NA	NA	NA	NA	NA	NA
<i>NCREIF Property</i>	11.8	11.0	10.7	14.3	13.1	-17.0	-6.5	15.8	16.8	20.2
DRA Growth and Income Fund V	28.5	5.4	4.8	7.2	-1.0	-24.3	2.8	18.7	5.3	NA
<i>NCREIF Property</i>	11.8	11.0	10.7	14.3	13.1	-17.0	-6.5	15.8	16.8	20.2
DRA Growth & Income Fund VIII	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>NCREIF Property</i>	11.8	11.0	10.7	14.3	13.1	-17.0	-6.5	15.8	16.8	20.2
Fidelity Real Estate Growth Fund III	26.8	16.5	14.7	9.6	38.3	-77.5	-32.6	NA	NA	NA
<i>NCREIF Property</i>	11.8	11.0	10.7	14.3	13.1	-17.0	-6.5	15.8	16.8	20.2
DRA Growth and Income Fund VI	45.8	11.3	3.2	29.8	-0.1	-19.8	9.0	NA	NA	NA
<i>NCREIF Property</i>	11.8	11.0	10.7	14.3	13.1	-17.0	-6.5	15.8	16.8	20.2
GEAM Value Add Realty Partners	35.4	23.9	15.2	10.6	5.0	-66.3	-22.2	-1.6	NA	NA
<i>NCREIF Property</i>	11.8	11.0	10.7	14.3	13.1	-17.0	-6.5	15.8	16.8	20.2
<b>Natural Resources</b>	<b>-9.2</b>	<b>-2.4</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Rhumblin S&P Global Large MidCap Commodity & NR	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>S&amp;P Global Large MidCap Commodity and Resources</i>	-9.5	-2.6	7.1	-12.9	19.5	57.8	-46.1	59.3	30.5	29.1
<i>S&amp;P Global Natural Resources</i>	-9.7	1.5	7.2	-14.9	11.0	36.1	-38.3	41.7	29.8	26.8

<sup>1</sup> Performance is net of fees.

<sup>2</sup> All manager returns are time-weighted and presented one quarter lagged. Meketa Investment Group recommends that the Trustees use dollar-weighted (IRR) returns as shown in the quarterly Private Markets report in order to evaluate private markets managers.



	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)
<b>Real Assets (continued)</b>										
<b>Infrastructure</b>	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Rhumbline DJ Brookfield Global Infrastructure	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>DJ Brookfield Global Infrastructure Index</i>	16.3	15.9	16.0	13.7	12.5	34.2	-36.4	16.3	36.7	11.0
<b>Commodities</b>	-8.5	-11.2	-1.3	-9.0	NA	NA	NA	NA	NA	NA
First Quadrant Balanced Risk Commodity <sup>1</sup>	-7.7	-13.6	-4.7	NA	NA	NA	NA	NA	NA	NA
<i>Custom Risk Parity Commodity Benchmark<sup>2</sup></i>	-8.7	-9.2	1.3	NA	NA	NA	NA	NA	NA	NA
<i>Bloomberg Commodity Index</i>	-17.0	-9.5	-1.1	-13.3	16.8	18.9	-35.6	16.2	2.1	21.4
Credit Suisse Risk Parity Commodity <sup>1</sup>	-8.9	-8.8	1.6	NA	NA	NA	NA	NA	NA	NA
<i>Custom Risk Parity Commodity Benchmark<sup>2</sup></i>	-8.7	-9.2	1.3	NA	NA	NA	NA	NA	NA	NA
<i>Bloomberg Commodity Index</i>	-17.0	-9.5	-1.1	-13.3	16.8	18.9	-35.6	16.2	2.1	21.4
<b>Absolute Return Assets<sup>3</sup></b>										
<b>Relative Value</b>	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
DE Shaw	16.2	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Fund Weighted Composite Index</i>	3.0	9.1	6.4	-5.2	10.2	20.0	-19.0	10.0	12.9	9.3
Arrowgrass International Fund	3.4	9.0	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Relative Value Index</i>	4.0	7.1	10.6	0.2	11.4	25.8	-18.0	8.9	12.3	6.0
Pine River Fund	4.8	10.1	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Relative Value Index</i>	4.0	7.1	10.6	0.2	11.4	25.8	-18.0	8.9	12.3	6.0

<sup>1</sup> Performance is net of fees.

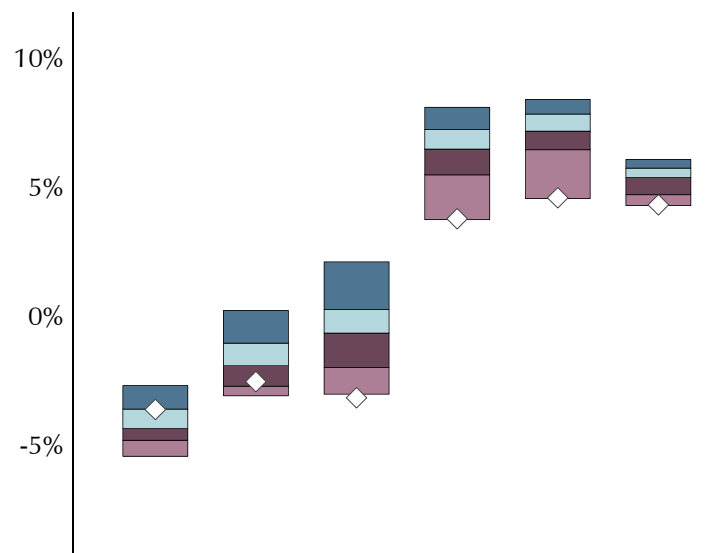
<sup>2</sup> Custom Risk Parity Commodity Benchmark returns provided by Credit Suisse.

<sup>3</sup> Final NAV and performance provided by Albourne.

	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)
<b>Absolute Return Assets (continued)</b>										
Hudson Bay Fund	-2.1	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Relative Value Index</i>	4.0	7.1	10.6	0.2	11.4	25.8	-18.0	8.9	12.3	6.0
<b>Global Macro</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Brevan Howard Multi-Strategy Fund	1.5	1.4	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Macro Index</i>	5.6	-0.4	-0.1	-4.1	8.1	4.3	4.8	11.1	8.2	6.8
BlueTrend	12.7	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Barclay BTOP50 Index</i>	12.3	0.8	-1.8	-4.2	6.4	-4.8	13.6	7.6	5.6	2.8
Dymon Asia Macro	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Macro Index</i>	5.6	-0.4	-0.1	-4.1	8.1	4.3	4.8	11.1	8.2	6.8
Kepos Alpha Fund	22.3	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Macro Systematic Diversified</i>	10.7	-0.9	-2.5	-3.5	9.8	-1.7	18.1	10.4	16.9	14.4
MKP Opportunity Offshore, L.P.	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Macro: Discretionary Thematic Index</i>	-1.5	0.8	3.4	-6.4	5.5	14.5	-12.1	NA	NA	NA



Total Fund Aggregate vs Public Plans > \$1 Billion Universe<sup>1</sup>



	Fiscal YTD <sup>2</sup> / 3Q15 (%)	Cal YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
<b>Total Fund Aggregate<sup>3</sup></b>	<b>-4.6</b>	<b>-3.5</b>	<b>-4.2</b>	<b>3.5</b>	<b>4.4</b>	<b>4.1</b>
25th Percentile	-4.7	-1.8	-0.4	7.3	8.0	5.7
Median	-5.5	-2.8	-1.4	6.5	7.3	5.3
75th Percentile	-6.0	-3.7	-2.9	5.4	6.5	4.5
Total Fund Standard Deviation	3.8	4.9	4.2	4.9	7.5	9.4
Peer Median Standard Deviation	6.9	6.5	5.8	6.0	7.4	9.8
Population	41	41	41	41	41	39

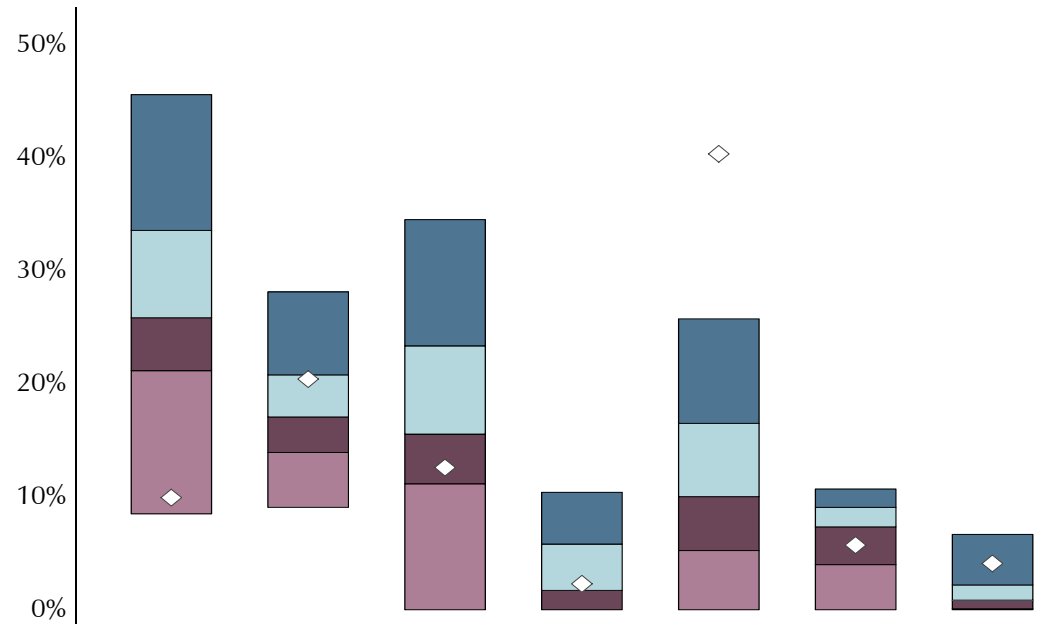
<sup>1</sup> Final universe data provided by InvestorForce. Returns are net of fees.

<sup>2</sup> Fiscal Year begins July 1.

<sup>3</sup> Net of Fees.



Total Fund Aggregate vs Public Plans > \$1 Billion Universe<sup>1</sup>



	US Equity	Intl. Equity	US Fixed Income	Intl. Fixed Income	Alternative Inv.	Real Estate	Cash
San Jose Allocation (Russell Overlay Net Position) <sup>2</sup>	10.4	21.4	13.2	2.4	42.3	6.0	4.3
25th Percentile	35.2	21.8	24.5	6.1	17.3	9.5	2.3
Median	27.1	17.9	16.3	1.8	10.5	7.7	0.9
75th Percentile	22.2	14.6	11.7	0.0	5.5	4.2	0.1
Population	38	38	38	38	38	38	38

<sup>1</sup> Final universe data provided by InvestorForce.

<sup>2</sup> Based on 9/30/15 physical exposures, adjusted for synthetic positions provided by Russell Investments.



## San Jose Federated City Employees' Retirement System

## Policy Benchmark Description as of 9/30/15

Time Period	%	Composition
10/1/2014-Present	28	MSCI ACWI IMI
	9	Cambridge Associates Private Equity Composite <sup>1</sup>
	24	Barclays Global Aggregate
	7	NCREIF Property
	6	Bloomberg Commodity Index
	5	DJ Brookfield Global Infrastructure Index
	5	S&P Global Natural Resources
	11	HFRI Macro Index <sup>2</sup>
	5	60% MSCI ACWI IMI/40% Barclays Global Aggregate <sup>3</sup>
1/1/2012-9/30/2014	31	MSCI ACWI IMI
	9	Venture Economics Private Equity <sup>1</sup>
	5	NCREIF Property
	2.5	Barclays Intermediate Government
	1.25	Barclays U.S. TIPS
	1.25	Barclays U.S. TIPS 0-5 Years <sup>4</sup>
	5	3-Month LIBOR + 5%
	10	Risk Parity Commodities
	10	CPI-U + 5%
	25	HFRI Fund of Funds Composite
4/1/2011-12/31/2011	16	MSCI ACWI
	9	MSCI ACWI Value
	5	MSCI Emerging Markets
	5	MSCI EAFE Small Cap
	3	MSCI EAFE Growth
	3	Russell 3000
	2.5	Russell 2000 Growth
	2.5	Russell 2000 Value
	7.5	Russell Investments Barclays U.S. TIPS
	5	Barclays Intermediate Government
	2.5	Barclays Long U.S. Credit
	2.5	Merrill Lynch High Yield BB/B
	2.5	CSFB Leveraged Loan
	3	ML 300 Global Convertibles
	5	HFRI Weighted Composite
	5	NCREIF Property
6	Venture Economics Private Equity <sup>1</sup>	

Time Period	%	Composition
4/1/2011-12/31/2011 (continued)	8	Custom Risk Parity Benchmark
	2	S&P Global Infrastructure
	5	3-Month LIBOR + 5%
4/1/2010-3/31/2011	16	MSCI ACWI
	9	MSCI ACWI Value
	5	MSCI Emerging Markets
	5	MSCI EAFE Small Cap
	3	MSCI EAFE Growth
	2.5	Russell 2000 Growth
	2.5	Russell 2000 Value
	7.5	Russell Investments Barclays U.S. TIPS
	5	Barclays Intermediate Government
	2.5	Barclays Long U.S. Credit
	2.5	Merrill Lynch High Yield BB/B
	2.5	CSFB Leveraged Loan
	3	ML 300 Global Convertibles
	5	HFRI Weighted Composite
5	NCREIF Property	
7/1/09 – 3/31/2010	8	Dow-Jones UBS Commodities
	2	S&P Global Infrastructure
	5	3-Month LIBOR + 5%
	34	Russell 1000
	9	Russell 2000
29	Barclays Aggregate	
7	S&P Citigroup WGBI	
15	MSCI ACWI ex U.S.	
6	NCREIF Property	

<sup>1</sup> Cambridge Associates Private Equity Composite (40% Secondary and 60% Fund of Funds) used since 1Q14. Data for the Venture Economics Private Equity Index was used through 4Q13, but the index was discontinued in early 2014.

<sup>2</sup> HFRI Macro Discretionary Thematic through 6/30/2015, HFRI Macro Index thereafter.

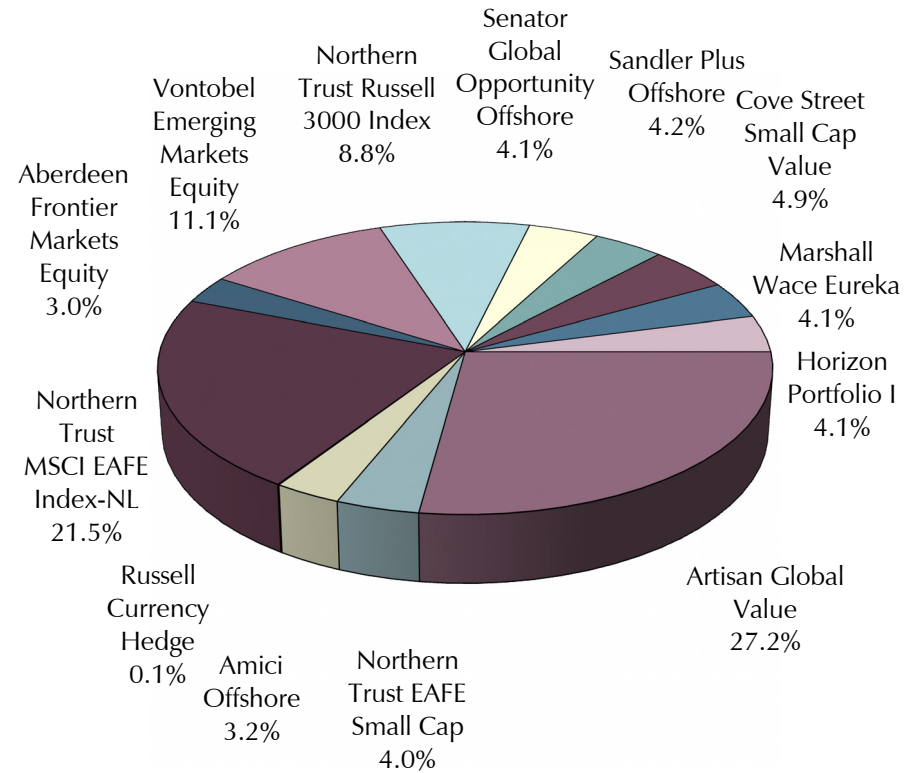
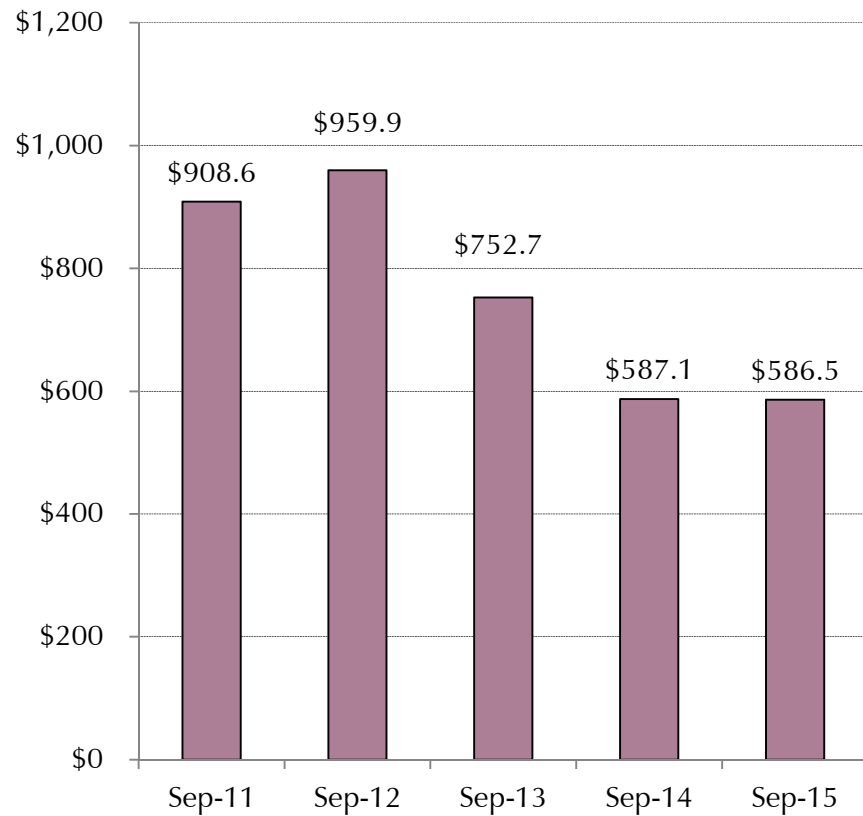
<sup>3</sup> Policy Benchmark from 10/1/14 through 5/31/15, 60% MSCI ACWI IMI/40% Barclays Global Aggregate thereafter.

<sup>4</sup> Barclays U.S. TIPS 1-5 Years through 6/30/14, Barclays U.S. TIPS 0-5 Years thereafter.



## Plan Detail

**Global Equity Assets  
As of September 30, 2015**



Risk: (sixty months)	Aggregate Global Equity <sup>1</sup> 9/30/15	MSCI ACWI IMI 9/30/15
Annualized Return (%)	7.7	7.0
Standard Deviation (%)	13.3	14.2
Best Monthly Return (%)	10.5	10.8
Worst Monthly Return (%)	-9.4	-9.8
Beta	0.92	1.00
Correlation to Index	0.99	1.00
Correlation to Total Fund Return	0.96	NA
Sharpe Measure (risk-adjusted return)	0.57	0.49
Information Ratio	0.31	NA

<sup>1</sup> Excludes Long-Short Equity prior to 10/1/14.



	Aggregate Global Equity <sup>1</sup> 9/30/15	MSCI ACWI IMI 9/30/15	Aggregate Global Equity <sup>1</sup> 6/30/15
<b>Capitalization Structure:</b>			
Weighted Average Market Cap. (US\$ billion)	56.2	71.4	62.4
Median Market Cap. (US\$ billion)	1.6	1.3	1.9
Large (% over US\$20 billion)	58	59	60
Medium (% US\$3 billion to US\$20 billion)	29	30	27
Small (% under US\$3 billion)	13	10	13
<b>Fundamental Structure:</b>			
Price-Earnings Ratio	17	17	19
Price-Book Value Ratio	2.3	1.7	2.6
Dividend Yield (%)	2.5	2.6	2.1
Historical Earnings Growth Rate (%)	9	9	10
Projected Earnings Growth Rate (%)	10	11	11

<sup>1</sup> Excludes Long-Short Equity.



	Aggregate Global Equity <sup>1</sup> 9/30/15	MSCI ACWI IMI 9/30/15	Aggregate Global Equity <sup>1</sup> 6/30/15
<b>Diversification:</b>			
Number of Holdings	5,844	8,570	5,744
% in 5 largest holdings	8	5	8
% in 10 largest holdings	14	7	13
<b>Largest Five Holdings:</b>			
	<b>% of Portfolio</b>	<b>Economic Sector</b>	
Oracle	1.7	Software & Services	
Bank of New York Mellon	1.5	Diversified Financials	
Royal Bank of Scotland	1.4	Banks	
Microsoft	1.4	Software & Services	
Arch Capital	1.4	Insurance	

<sup>1</sup> Excludes Long-Short Equity.



Sector Allocation (%):	Aggregate Global Equity <sup>1</sup> 9/30/15	MSCI ACWI IMI 9/30/15	Aggregate Global Equity <sup>1</sup> 6/30/15
Financials	29	22	29
Consumer Staples	14	10	13
Information Technology	15	14	17
Telecommunication Services	4	3	3
Utilities	2	3	2
Industrials	10	11	9
Materials	3	5	3
Energy	4	6	4
Consumer Discretionary	11	13	11
Health Care	9	12	9

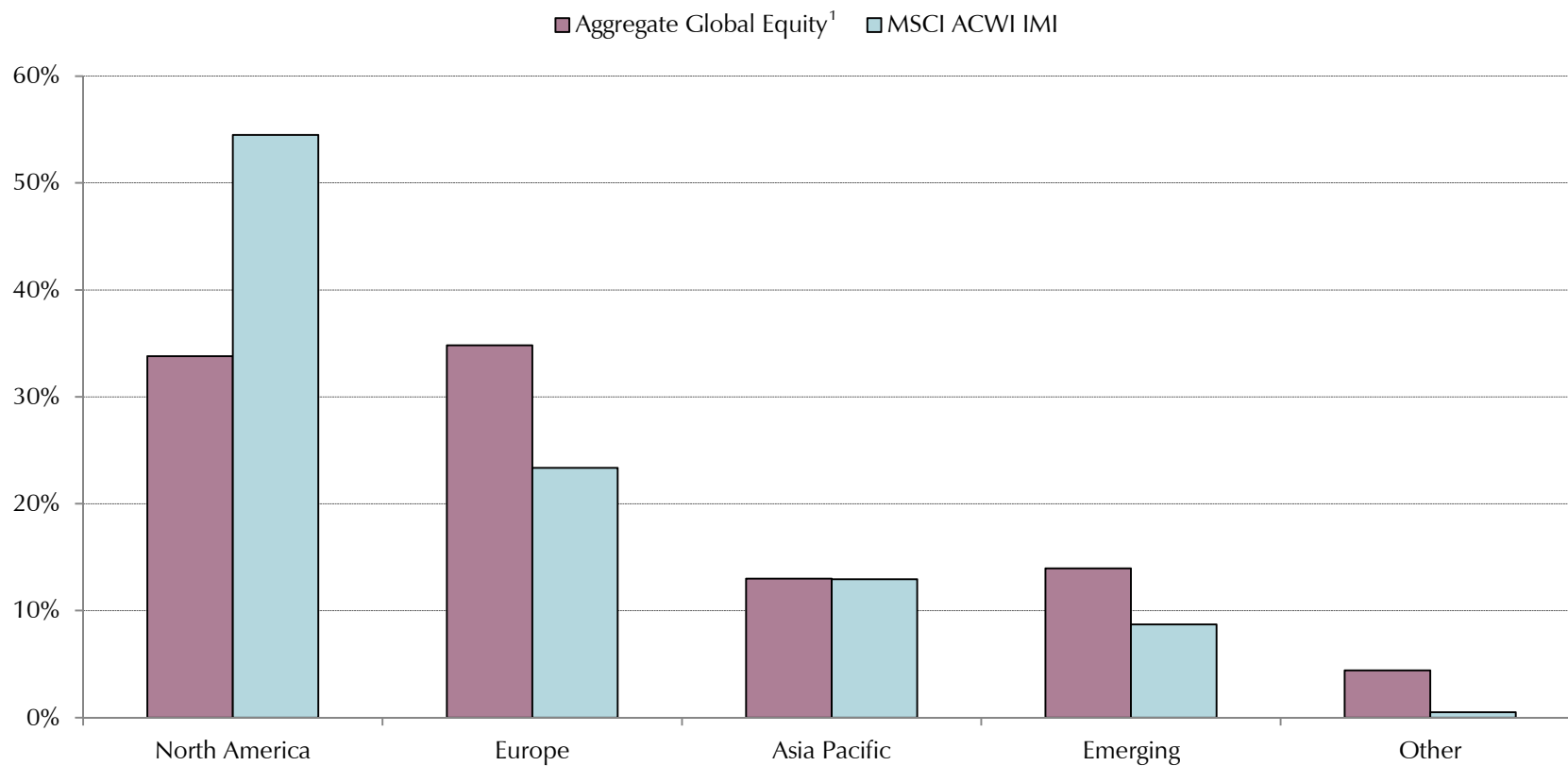
<sup>1</sup> Excludes Long-Short Equity.



	Aggregate Global Equity <sup>1</sup> 9/30/15 (%)	MSCI ACWI IMI 9/30/15 (%)		Aggregate Global Equity <sup>1</sup> 9/30/15 (%)	MSCI ACWI IMI 9/30/15 (%)
<b>North America</b>	<b>33.8</b>	<b>54.5</b>	<b>Asia Pacific</b>	<b>13.0</b>	<b>12.9</b>
United States of America	33.1	51.4	Hong Kong	2.2	2.1
<b>Europe</b>	<b>34.8</b>	<b>23.4</b>	Australia	2.1	2.2
United Kingdom	13.2	6.6	Japan	7.8	8.1
Switzerland	6.0	3.4	<b>Emerging</b>	<b>14.0</b>	<b>8.7</b>
Denmark	2.1	0.6	India	4.3	0.9
Netherlands	2.2	1.5	Brazil	2.0	0.5
Belgium	1.0	0.5	Mexico	1.1	0.4
Spain	1.1	1.1	South Korea	2.2	1.6
Sweden	1.0	1.1	South Africa	1.0	0.7
Germany	2.8	2.9	<b>Other</b>	<b>4.4</b>	<b>0.5</b>
France	2.8	3.1	Bermuda	1.5	0.2

<sup>1</sup> Excludes Long-Short Equity.

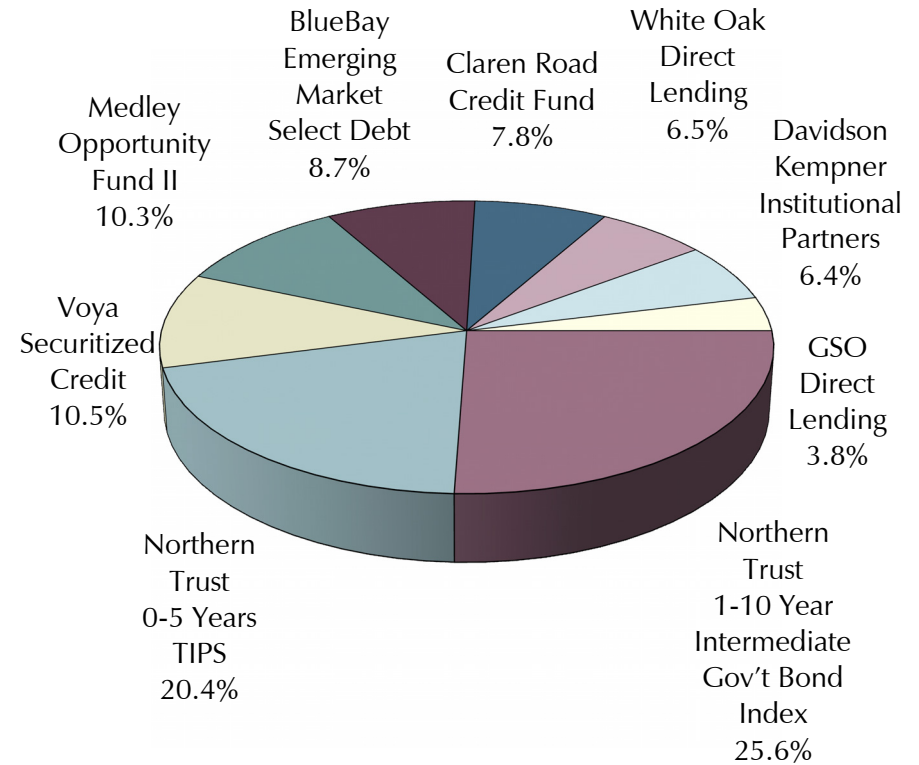
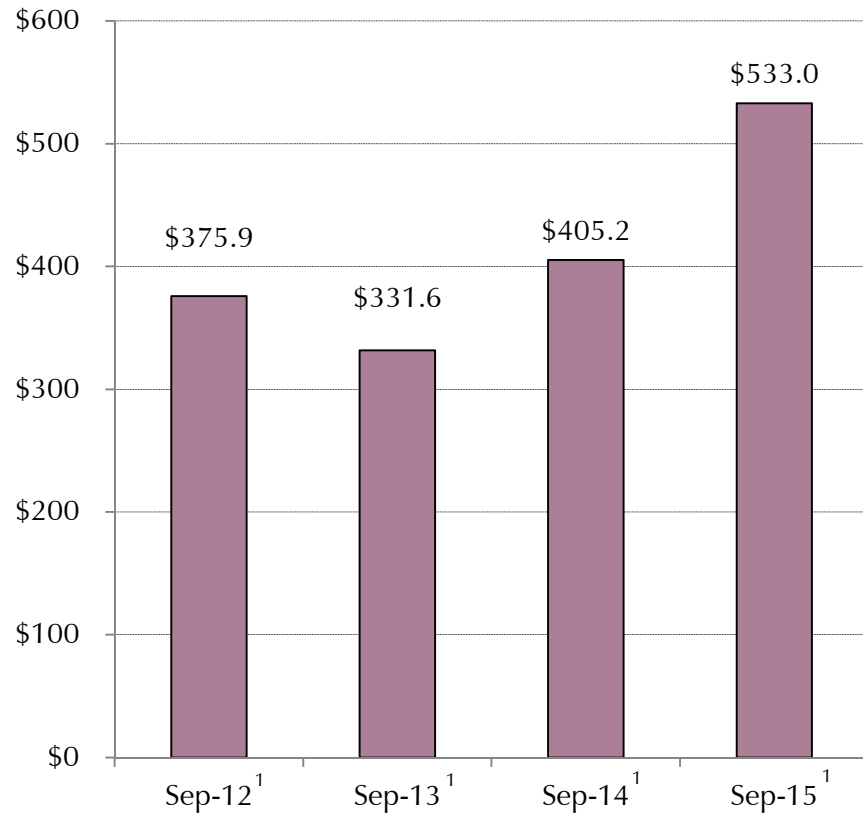




<sup>1</sup> Excludes Long-Short Equity.



**Fixed Income Assets  
As of September 30, 2015**



<sup>1</sup> Growth chart is representative of Public Fixed Income and Private Debt prior to 10/1/14, and all Fixed Income Assets thereafter. Reports prior to Q4 2014 only included Public Fixed Income in the charts, resulting in differences in total reported market values.

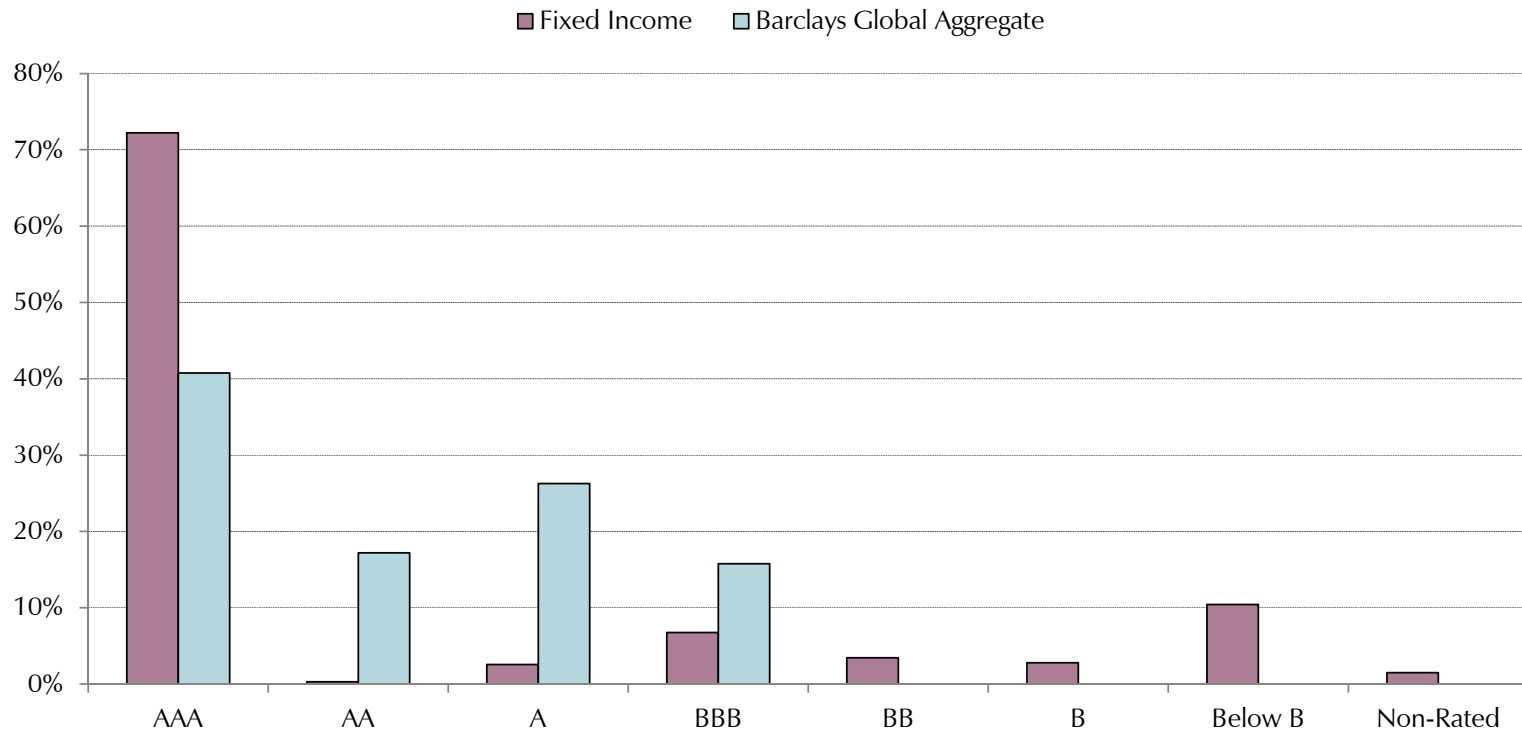


	Aggregate Fixed Income <sup>1</sup> 9/30/15	Barclays Global Aggregate 9/30/15
<b>Risk: (forty-five months)</b>		
Annualized Return (%)	2.8	0.0
Standard Deviation (%)	1.9	3.8
Best Monthly Return (%)	1.3	2.1
Worst Monthly Return (%)	-0.9	-3.0
Beta	0.27	1.00
Correlation to Index	0.56	1.00
Correlation to Total Fund Return	0.50	NA
Sharpe Measure (risk-adjusted return) <sup>2</sup>	1.47	Neg.
Information Ratio	0.88	NA

<sup>1</sup> Excludes Global Credit prior to 10/1/14.

<sup>2</sup> A negative Sharpe ratio indicates that the portfolio underperformed the risk-free rate during the sample period.

Duration & Yield:	Aggregate Fixed Income <sup>1</sup> 9/30/15	Barclays Global Aggregate 9/30/15	Aggregate Fixed Income <sup>1</sup> 6/30/15
Average Effective Duration (years)	2.9	6.6	2.9
Yield to Maturity (%)	2.4	1.7	1.1



<sup>1</sup> Excludes Private Debt and Long-Short Credit.





	Aggregate Fixed Income <sup>1</sup> 9/30/15	Barclays Global Aggregate 9/30/15	Aggregate Fixed Income <sup>1</sup> 6/30/15
<b>Market Allocation (%):</b>			
United States	87	39	100
Foreign (developed markets)	0	56	0
Foreign (emerging markets)	13	6	0
<b>Currency Allocation (%):</b>			
Non-U.S. Dollar Exposure	6	55	0
<b>Sector Allocation (%):</b>			
U.S. Treasury-Nominal	36	15	57
U.S. Treasury-TIPS	31	0	37
U.S. Agency	3	1	5
Mortgage Backed	6	12	0
Corporate	1	18	0
Bank Loans	0	0	0
Local & Provincial Government	0	3	0
Sovereign & Supranational	11	47	0
Commercial Mortgage Backed	6	1	0
Asset Backed	3	0	0
Cash Equivalent	3	0	0
Other	0	3	0

<sup>1</sup> Excludes Private Debt and Long-Short Credit.

**Portfolio Reviews  
As of September 30, 2015**

**Global Equity Portfolio Reviews  
As of September 30, 2015**

# San Jose Federated City Employees' Retirement System

# Artisan Global Value Portfolio Detail as of 9/30/15

**Mandate:** Global Equities  
**Active/Passive:** Active  
**Market Value:** \$159.3 million  
**Portfolio Manager:** David Samra  
 Daniel J. O'Keefe  
**Location:** San Francisco, California  
**Inception Date:** 3/1/2011  
**Account Type:** Separately Managed

	Value	Core	Growth
Large			
Medium			
Small			

### Fee Schedule:

0.80% on first \$50 mm; 0.60% on next \$50 mm; 0.50% thereafter

### Liquidity Constraints:

Daily

### Strategy:

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

### Guidelines:

Benchmark = MSCI ACWI; Max. % per country other than U.S. = 35%; Max. % per industry = 25%; Max. % in debt securities = 10%; Max % outside developed markets = 10% above benchmark weighting

Performance (%):	Fiscal			Since 3/1/11
	YTD <sup>1</sup> / 3Q15	1 YR	3 YR	
<b>Artisan Global Value</b>	<b>-7.3</b>	<b>-3.2</b>	<b>11.6</b>	<b>10.9</b>
<b>Net of Fees</b>	<b>-7.4</b>	<b>-3.8</b>	<b>11.0</b>	<b>10.3</b>
MSCI ACWI Value	-10.3	-10.8	5.5	3.0
Peer Global Equity	-8.7	-3.0	9.6	7.2
Peer Ranking (percentile)	21	53	25	8

Risk: (fifty-five months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
<b>Artisan Global Value</b>	<b>12.8%</b>	<b>0.83</b>	<b>0.85</b>	<b>1.71</b>	<b>0.95</b>
MSCI ACWI Value	13.7	1.00	0.22	NA	1.00

Capitalization Structure:	9/30/15		6/30/15	
	Artisan Global Value	MSCI ACWI Value	Artisan Global Value	MSCI ACWI Value
Weighted Average Market Cap. (US\$ billion)	78.1	84.1	85.3	89.2
Median Market Cap. (US\$ billion)	26.7	7.2	32.8	8.2
Large (% over US\$20 billion)	74	72	78	75
Medium (% US\$3 billion to US\$20 billion)	25	26	22	24
Small (% under US\$3 billion)	1	2	0	1

### Fundamental Structure:

Price-Earnings Ratio	14	14	16	15
Price-Book Value Ratio	2.1	1.3	2.3	1.5
Dividend Yield (%)	2.4	3.7	1.8	3.3
Historical Earnings Growth Rate (%)	7	4	8	4
Projected Earnings Growth Rate (%)	8	6	10	6

### Sector Allocation (%):

Information Technology	24	9	29	9
Financials	42	31	39	31
Industrials	8	8	8	8
Health Care	9	9	8	9
Consumer Staples	8	9	8	8
Consumer Discretionary	4	6	4	7
Telecommunication Services	2	6	0	5
Materials	0	5	0	6
Utilities	0	6	0	5
Energy	3	10	3	11

### Diversification:

Number of Holdings	43	1,310	45	1,318
% in 5 largest holdings	23	8	22	8
% in 10 largest holdings	41	14	40	14

### Region Allocation (%):

North America	52	55	52	53
Europe	35	23	38	23
Asia Pacific	1	13	1	13
Emerging	8	9	5	10
Other	5	0	4	0

### Largest Five Holdings:

		Industry
Oracle	5.4	Software & Services
Bank of New York Mellon	4.8	Diversified Financials
Arch Capital	4.5	Insurance
Royal Bank of Scotland	4.5	Banks
Citigroup	4.1	Banks

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



## San Jose Federated City Employees' Retirement System

## Northern Trust MSCI EAFE Index-NL Portfolio Detail as of 9/30/15

**Mandate:** International Equities,  
Developed Markets

**Active/Passive:** Passive

**Market Value:** \$126.3 million

**Portfolio Manager:** Team

**Location:** Chicago, Illinois

**Inception Date:** 11/1/2012

**Account Type:** Commingled

	Value	Core	Growth
Large			
Medium			
Small			

### Fee Schedule:

0.05% on all assets

### Liquidity Constraints:

Daily

### Strategy:

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

	Fiscal YTD <sup>1</sup> / 3Q15	1 YR	Since 11/1/12
<b>Performance (%):</b>			
<b>Northern Trust MSCI EAFE Index-NL</b>	<b>-10.2</b>	<b>-8.4</b>	<b>5.8</b>
<b>Net of Fees</b>	<b>-10.2</b>	<b>-8.4</b>	<b>5.8</b>
MSCI EAFE	-10.2	-8.7	5.5

	9/30/15		6/30/15	
	Northern Trust MSCI EAFE Index-NL	MSCI EAFE	Northern Trust MSCI EAFE Index-NL	MSCI EAFE
<b>Capitalization Structure:</b>				
Weighted Average Market Cap. (US\$ billion)	53.0	52.8	57.8	57.7
Median Market Cap. (US\$ billion)	8.0	8.1	8.9	9.1
Large (% over US\$20 billion)	64	64	67	67
Medium (% US\$3 billion to US\$20 billion)	34	34	32	32
Small (% under US\$3 billion)	1	1	1	1
<b>Fundamental Structure:</b>				
Price-Earnings Ratio	16	16	18	18
Price-Book Value Ratio	1.5	1.5	1.8	1.8
Dividend Yield (%)	3.3	3.3	3.0	3.0
Historical Earnings Growth Rate (%)	7	7	7	7
Projected Earnings Growth Rate (%)	9	9	9	9
<b>Sector Allocation (%):</b>				
Consumer Staples	12	12	11	11
Health Care	12	12	11	11
Utilities	4	4	4	4
Materials	7	7	7	7
Energy	5	5	5	5
Telecommunication Services	5	5	5	5
Consumer Discretionary	13	13	13	13
Information Technology	5	5	5	5
Industrials	12	12	13	13
Financials	26	26	26	26
<b>Diversification:</b>				
Number of Holdings	938	910	938	908
% in 5 largest holdings	8	8	8	8
% in 10 largest holdings	13	13	12	12
<b>Region Allocation (%):</b>				
North America	0	0	0	0
Europe	66	66	65	65
Asia Pacific	33	33	35	35
Emerging	0	0	0	0
Other	1	1	1	1
<b>Largest Five Holdings:</b>				
			<b>Industry</b>	
Nestle	2.1		Food, Beverage & Tobacco	
Novartis	1.8		Pharmaceuticals & Biotech.	
Roche	1.6		Pharmaceuticals & Biotech.	
Toyota Motor	1.4		Automobiles & Components	
HSBC	1.3		Banks	

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



# San Jose Federated City Employees' Retirement System

## Vontobel Emerging Markets Equity Portfolio Detail as of 9/30/15

**Mandate:** International Equities,  
Emerging Markets

**Active/Passive:** Active

**Market Value:** \$64.8 million

**Portfolio Manager:** Rajiv Jain

**Location:** New York, New York

**Inception Date:** 7/1/2013

**Account Type:** Commingled

	Value	Core	Growth
Large			
Medium			
Small			

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

**Liquidity Constraints:**  
Daily

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

	Fiscal YTD <sup>1</sup> / 3Q15	1 YR	Since 7/1/13
<b>Performance (%):</b>			
<b>Vontobel Emerging Markets Equity</b>	<b>-10.4</b>	<b>-11.8</b>	<b>-1.8</b>
<b>Net of Fees</b>	<b>-10.6</b>	<b>-12.6</b>	<b>-2.7</b>
MSCI Emerging Markets	-17.9	-19.3	-5.0
Peer Emerging Markets	-16.0	-17.6	-4.1
Peer Ranking (percentile)	5	13	28

	9/30/15		6/30/15	
	Vontobel Emerging Markets	MSCI Emerging Markets	Vontobel Emerging Markets	MSCI Emerging Markets
<b>Capitalization Structure:</b>				
Weighted Average Market Cap. (US\$ billion)	39.5	33.4	44.4	39.7
Median Market Cap. (US\$ billion)	15.8	4.2	19.2	5.0
Large (% over US\$20 billion)	61	35	67	44
Medium (% US\$3 billion to US\$20 billion)	38	55	32	49
Small (% under US\$3 billion)	2	10	1	7
<b>Fundamental Structure:</b>				
Price-Earnings Ratio	22	13	24	15
Price-Book Value Ratio	4.2	1.3	4.7	1.6
Dividend Yield (%)	2.3	2.7	2.2	2.7
Historical Earnings Growth Rate (%)	19	10	20	10
Projected Earnings Growth Rate (%)	13	12	15	13
<b>Sector Allocation (%):</b>				
Consumer Staples	39	9	34	8
Health Care	4	3	3	2
Utilities	4	3	3	3
Telecommunication Services	5	7	5	7
Consumer Discretionary	7	9	8	9
Information Technology	14	18	17	18
Materials	2	7	2	7
Financials	24	29	27	30
Energy	1	8	1	8
Industrials	0	7	0	7
<b>Diversification:</b>				
Number of Holdings	71	836	73	836
% in 5 largest holdings	27	13	23	12
% in 10 largest holdings	42	19	37	19
<b>Region Allocation (%):</b>				
Asia Pacific	62	69	61	69
Latin America	17	13	19	14
Europe/MidEast/Africa	6	17	5	17
Frontier	1	0	1	0
Other	15	0	14	0
<b>Largest Five Holdings:</b>				
			<b>Industry</b>	
British American Tobacco	6.9		Food, Beverage & Tobacco	
Housing Development Financial	5.7		Banks	
HDFC Bank	5.0		Banks	
ITC	4.8		Food, Beverage & Tobacco	
SABMiller	4.2		Food, Beverage & Tobacco	

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



## San Jose Federated City Employees' Retirement System

## Northern Trust Russell 3000 Index Portfolio Detail as of 9/30/15

**Mandate:** Domestic Equities  
**Active/Passive:** Passive  
**Market Value:** \$51.4 million  
**Portfolio Manager:** Brent D. Reeder  
**Location:** Chicago, Illinois  
**Inception Date:** 9/1/1999  
**Account Type:** Commingled

	Value	Core	Growth
Large			
Medium			
Small			

### Fee Schedule:

0.03% on all assets

### Liquidity Constraints:

Daily

### Strategy:

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

Performance (%):	Fiscal YTD/ 3Q15	1 YR	3 YR	5 YR	Since 9/1/99
<b>Northern Trust Russell 3000 Index</b>	-7.2	-0.4	12.6	13.4	5.0
<b>Net of Fees</b>	-7.3	-0.4	12.6	13.3	5.0
Russell 3000	-7.2	-0.5	12.5	13.3	4.9

Capitalization Structure:	9/30/15		6/30/15	
	Northern Trust Russell 3000 Index	Russell 3000	Northern Trust Russell 3000 Index	Russell 3000
Weighted Average Market Cap. (US\$ billion)	97.4	97.4	103.6	103.2
Median Market Cap. (US\$ billion)	1.7	1.4	2.2	1.6
Large (% over US\$20 billion)	67	67	68	68
Medium (% US\$3 billion to US\$20 billion)	25	25	25	25
Small (% under US\$3 billion)	8	8	7	8

### Fundamental Structure:

Price-Earnings Ratio	19	19	20	20
Price-Book Value Ratio	2.3	2.3	2.5	2.5
Dividend Yield (%)	2.1	2.1	1.9	1.9
Historical Earnings Growth Rate (%)	11	11	12	12
Projected Earnings Growth Rate (%)	11	11	11	11

### Sector Allocation (%):

Consumer Discretionary	14	14	13	13
Energy	6	6	7	7
Utilities	3	3	3	3
Financials	18	18	18	18
Consumer Staples	9	9	8	8
Telecommunication Services	2	2	2	2
Materials	3	3	4	3
Information Technology	20	20	19	19
Industrials	11	11	11	11
Health Care	14	14	15	15

### Diversification:

Number of Holdings	2,660	2,979	2,538	3,003
% in 5 largest holdings	9	9	9	9
% in 10 largest holdings	14	14	14	14

### Largest Ten Holdings:

		Industry
Apple	3.0	Technology Equipment
Microsoft	1.7	Software & Services
ExxonMobil	1.5	Energy
Johnson & Johnson	1.2	Pharmaceuticals & Biotech.
General Electric	1.2	Capital Goods
Berkshire Hathaway	1.2	Diversified Financials
Wells Fargo & Company	1.1	Banks
JP Morgan Chase	1.1	Banks
AT&T	0.9	Telecom Services
Amazon.com	0.9	Retailing

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



# San Jose Federated City Employees' Retirement System

# Cove Street Small Cap Value Portfolio Detail as of 9/30/15

**Mandate:** Domestic Equities  
**Active/Passive:** Active  
**Market Value:** \$28.5 million  
**Portfolio Manager:** Jeffrey Bronchick  
**Location:** El Segundo, California  
**Inception Date:** 5/1/2014  
**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, preferred stock, illiquids, convertibles or other equity equivalents; Maximum of 15% in single issuer, 30% in any single industry; Maximum cash balance of 15%.

	Fiscal YTD <sup>1</sup> / 3Q15	1 YR	Since 5/1/14
<b>Performance (%):</b>			
<b>Cove Street Small Cap Value</b>	<b>-10.6</b>	<b>-5.2</b>	<b>-3.5</b>
<b>Net of Fees</b>	<b>-10.8</b>	<b>-6.0</b>	<b>-4.1</b>
Russell 2000 Value	-10.7	-1.6	-3.9
Peer Small Cap Value	-9.6	-0.1	-1.3
Peer Ranking (percentile)	69	81	68

	9/30/15		6/30/15	
	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)	1.2	1.6	1.4	1.7
Median Market Cap. (US\$ million)	517.7	586.2	570.6	697.1
Large (% over US\$20 billion)	0	0	0	0
Medium (% US\$3 billion to US\$20 billion)	13	11	10	12
Small (% under US\$3 billion)	87	89	90	88
<b>Fundamental Structure:</b>				
Price-Earnings Ratio	31	17	32	18
Price-Book Value Ratio	2.0	1.5	1.9	1.6
Dividend Yield (%)	0.5	2.3	0.4	2.1
Historical Earnings Growth Rate (%)	1	8	-3	10
Projected Earnings Growth Rate (%)	13	10	13	10
<b>Sector Allocation (%):</b>				
Consumer Discretionary	34	10	34	11
Information Technology	21	11	20	10
Industrials	14	12	10	12
Materials	5	3	5	4
Health Care	5	4	5	4
Consumer Staples	3	3	3	3
Telecommunication Services	0	1	0	1
Energy	3	5	6	6
Utilities	0	7	0	6
Financials	15	44	18	42
<b>Diversification:</b>				
Number of Holdings	35	1,304	32	1,319
% in 5 largest holdings	27	2	26	2
% in 10 largest holdings	45	4	47	4
<b>Largest Ten Holdings:</b>				
			<b>Industry</b>	
Carrols Restaurant Group, Inc.	6.6		Consumer Services	
ViaSat	6.0		Technology Equipment	
Forestar Group	5.4		Real Estate	
Belmond 'A'	4.7		Consumer Services	
Xura	4.3		Software & Services	
Hallmark Finl. Services	3.7		Insurance	
Avid Technology	3.6		Technology Equipment	
Heritage-Crystal Clean	3.6		Commercial Services	
GP Strategies	3.4		Commercial Services	
Francesca's Holdings	3.2		Retailing	

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





## San Jose Federated City Employees' Retirement System

## Northern Trust EAFE Small Cap-NL Portfolio Detail as of 9/30/15

**Mandate:** International Equities,  
Developed Markets

**Active/Passive:** Passive

**Market Value:** \$23.2 million

**Portfolio Manager:** Team

**Location:** Chicago, Illinois

**Inception Date:** 11/1/2012

**Account Type:** Commingled

	Value	Core	Growth
Large			
Medium			
Small			

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

**Liquidity Constraints:**  
Daily

**Strategy:**

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

Performance (%):	Fiscal YTD <sup>1</sup> / 3Q15	1 YR	Since 11/1/12
Northern Trust EAFE Small Cap-NL	-6.9	0.5	10.3
Net of Fees	-6.9	0.5	10.3
MSCI EAFE Small Cap	-6.8	0.3	10.2

	9/30/15		6/30/15	
	Northern Trust EAFE Small Cap-NL	MSCI EAFE Small Cap	Northern Trust EAFE Small Cap-NL	MSCI EAFE Small Cap
<b>Capitalization Structure:</b>				
Weighted Average Market Cap. (US\$ billion)	2.2	2.2	2.3	2.4
Median Market Cap. (US\$ million)	872.5	877.5	975.7	983.6
Large (% over US\$20 billion)	0	0	0	0
Medium (% US\$3 billion to US\$20 billion)	25	25	28	28
Small (% under US\$3 billion)	75	76	72	72
<b>Fundamental Structure:</b>				
Price-Earnings Ratio	16	16	18	18
Price-Book Value Ratio	1.3	1.3	1.5	1.5
Dividend Yield (%)	2.4	2.4	2.2	2.2
Historical Earnings Growth Rate (%)	11	11	11	11
Projected Earnings Growth Rate (%)	13	13	13	13
<b>Sector Allocation (%):</b>				
Financials	23	23	23	23
Materials	8	8	9	9
Industrials	22	22	23	23
Telecommunication Services	1	1	1	2
Energy	2	2	2	2
Information Technology	9	9	10	10
Utilities	2	2	2	2
Consumer Discretionary	18	18	18	18
Consumer Staples	6	6	6	6
Health Care	8	8	7	7
<b>Diversification:</b>				
Number of Holdings	2,146	2,134	2,168	2,159
% in 5 largest holdings	2	2	2	2
% in 10 largest holdings	3	3	3	3
<b>Region Allocation (%):</b>				
North America	0	0	0	0
Europe	58	58	56	57
Asia Pacific	40	40	42	42
Emerging	0	0	0	0
Other	1	1	1	1
<b>Largest Five Holdings:</b>				
Provident Financial	0.4		Diversified Financials	
DCC	0.4		Capital Goods	
Berkeley Group	0.4		Consumer Durables	
Smurfit Kappa Group	0.3		Materials	
Galenica 'R'	0.3		Pharmaceuticals & Biotech.	

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



## San Jose Federated City Employees' Retirement System

## Aberdeen Frontier Markets Equity Portfolio Detail as of 9/30/15

**Mandate:** International Equities,  
Frontier Markets

**Active/Passive:** Active

**Market Value:** \$17.8 million

**Portfolio Manager:** Devan Kaloo

**Location:** London, United Kingdom

**Inception Date:** 12/1/2013

**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.

	Fiscal YTD <sup>1</sup> / 3Q15	1 YR	Since 12/1/13
<b>Performance (%):</b>			
<b>Aberdeen Frontier Markets Equity</b>	<b>-8.1</b>	<b>-15.8</b>	<b>-5.8</b>
<b>Net of Fees</b>	<b>-8.5</b>	<b>-17.1</b>	<b>-7.2</b>
MSCI Frontier Markets	-10.6	-24.2	-3.0
MSCI Frontier Markets ex GCC	-7.9	-22.3	-8.4
Peer Frontier Markets	-7.8	-13.4	0.0
Peer Ranking (percentile)	55	61	88

	9/30/15		6/30/15	
	Aberdeen Frontier Markets	MSCI Frontier Markets	Aberdeen Frontier Markets	MSCI Frontier Markets
<b>Capitalization Structure:</b>				
Weighted Average Market Cap. (US\$ billion)	3.9	4.2	4.9	4.7
Median Market Cap. (US\$ billion)	1.9	1.4	2.4	1.5
Large (% over US\$20 billion)	4	0	5	0
Medium (% US\$3 billion to US\$20 billion)	39	42	46	49
Small (% under US\$3 billion)	57	58	49	51
<b>Fundamental Structure:</b>				
Price-Earnings Ratio	18	11	18	12
Price-Book Value Ratio	3.4	1.5	3.7	1.7
Dividend Yield (%)	3.3	4.0	3.2	3.8
Historical Earnings Growth Rate (%)	11	10	11	10
Projected Earnings Growth Rate (%)	13	12	11	12
<b>Sector Allocation (%):</b>				
Consumer Staples	31	9	29	8
Information Technology	5	0	5	0
Health Care	8	3	8	3
Industrials	8	3	9	3
Consumer Discretionary	2	0	2	0
Utilities	0	1	0	1
Telecommunication Services	12	14	12	14
Energy	6	9	6	12
Materials	1	8	1	7
Financials	27	53	27	51
<b>Diversification:</b>				
Number of Holdings	46	122	45	124
% in 5 largest holdings	23	23	24	23
% in 10 largest holdings	42	32	42	33
<b>Region Allocation (%):</b>				
Asia	21	17	21	17
Europe & CIS	7	10	7	10
Americas	0	9	0	11
Africa	30	30	28	29
Middle East	7	33	7	32
Emerging	15	0	16	0
Other	20	0	22	0
<b>Largest Five Holdings:</b>				
		<b>Industry</b>		
Epam Systems	5.2	Software & Services		
Safaricom	5.0	Telecom Services		
John Keells Holdings	4.8	Capital Goods		
Vietnam Dairy Products	4.2	Food, Beverage & Tobacco		
East African Breweries	4.2	Food, Beverage & Tobacco		

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



**Long-Short Equity Portfolio Reviews  
As of September 30, 2015**

## San Jose Federated City Employees' Retirement System

## Sandler Plus Offshore Fund, Ltd. Portfolio Detail as of 9/30/15

**Mandate:** Hedge Fund  
Long/Short Equity

**Market Value:** \$24.4 million

**Portfolio Manager:** Team

**Location:** New York, New York

**Inception Date:** 5/1/2013

**Account Type:** Limited Partnership

**# of Investments:** 197

**Fee Schedule:**  
2.0% management fee, 20% performance fee with a high water mark

**Liquidity Constraints:**  
Quarterly with 30 days' notice

**Strategy:**  
Sandler uses fundamental analysis to expose investors to changes in secular growth through a business cycle. The firm will seek specific themes that drive a sector or industry toward or away from growth. The portfolio will have a high level of turnover as market and technical features are evaluated for entry or exit points for securities.

Performance (%):	Fiscal	1 YR	Since 5/1/13
	YTD <sup>1</sup> / 3Q15		
<b>Sandler Plus Offshore Fund, Ltd.</b>	<b>2.8</b>	<b>17.5</b>	<b>8.5</b>
HFRI Equity Hedge (Long/Short Equity)	-5.8	-2.2	3.2

Geographic Exposure (%):	9/30/2015		6/30/2015	
	Gross	Net	Gross	Net
North America	163.0	7.0	191.0	45.0
Developed Europe	9.0	-1.0	20.0	14.0
Developed Asia	0.0	0.0	3.0	-1.0
Emerging Markets	0.0	0.0	1.0	-1.0

Sector Gross Exposure (%):	9/30/2015	6/30/2015	3/31/2015	12/31/2014
Consumer	42	47	79	74
Energy	6	10	22	18
Financials	23	27	36	42
Health Care	19	31	42	51
Industrials	27	35	53	44
Materials	8	14	8	8
Staples	13	10	19	14
Technology	30	36	62	54
Telecom	2	4	4	6
Utilities	1	1	0	1

Market Capitalization Gross Exposure (%):	9/30/2015	6/30/2015	3/31/2015	12/31/2014
Large Cap	89	109	151	153
Mid Cap	78	101	167	147
Small Cap	5	5	6	11

Top 5 Holdings (%):	
Sandler Momentum	-8
Spdr S&P 500 ETF Trust	7
Facebook Inc	6
Powershares QQQ Nasdaq 100	6
Thomson Reuters Corp	-5

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



**Mandate:** Hedge Fund  
Event Driven

**Market Value:** \$24.0 million

**Portfolio Manager:** Team

**Location:** New York, New York

**Inception Date:** 4/1/2013

**Account Type:** Limited Partnership

**# of Investments:** Not Provided

**Fee Schedule:**  
2.0% management fee and 20% performance fee with a high water mark

**Liquidity Constraints:**  
Quarterly with 60 days' notice

**Strategy:**  
Senator will migrate their portfolio across capital markets as an economic cycle takes shape. The firm tends to focus on high quality franchise assets they can purchase below their intrinsic value. A catalyst to change the value of the security is essential for Senator.

Performance (%):	Fiscal YTD <sup>1</sup> / 3Q15	1 YR	Since 4/1/13
Senator Global Opportunity Offshore Fund, Ltd. <sup>2</sup>	-7.9	0.0	7.6
HFRI Event Driven Index	-5.4	-4.5	2.5

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

<sup>2</sup> Senator maintains a policy to not providing details in a requested template or format. Regional, sector, security type and holdings did not populate due to lack of detail from the manager.



## San Jose Federated City Employees' Retirement System

## Marshall Wace MW Eureka Portfolio Detail as of 9/30/15

**Mandate:** Hedge Fund  
Long/Short Equity

**Market Value:** \$23.9 million

**Portfolio Manager:** Team

**Location:** New York, New York

**Inception Date:** 4/1/2014

**Account Type:** Limited Partnership

**# of Investments:** 4287

**Fee Schedule:**

2.0% management fee and 20% performance fee with a high water mark

**Liquidity Constraints:**

Monthly with 90 days' notice

**Strategy:**

The Eureka fund processes opportunities from two sources, internally managed offerings at Marshall Wace and the firm's TOPS program. TOPS is a methodology that analyzes information submitted by sell-side research personnel and compiles a portfolio of ideas for the fund.

Performance (%):	Fiscal YTD <sup>1</sup> / 3Q15	1 YR	Since 4/1/14
<b>Marshall Wace MW Eureka</b>	<b>1.4</b>	<b>13.9</b>	<b>11.6</b>
HFRI Equity Hedge (Long/Short Equity)	-5.8	-2.2	-1.0

Geographic Exposure (%):	9/30/2015		6/30/2015	
	Gross	Net	Gross	Net
North America	70	-4	75	-6
Developed Europe	40	5	50	25
Developed Asia	78	22	80	6
Emerging Markets	33	-2	44	9

Market Capitalization Gross Exposure (%):	9/30/2015	6/30/2015	3/30/2015	12/30/2014
Large Cap	22	28	29	21
Mid Cap	184	206	228	230
Small Cap	12	15	17	18

Sector Gross Exposure (%):	9/30/15	6/30/15	3/31/15	12/31/14
Financials	48	60	63	62
Industrials	25	29	34	34
Information Technology	19	22	26	28
Consumer Discretionary	36	40	41	40
Utilities	6	6	7	6
Materials	17	17	22	22
Energy	8	9	11	11
Health Care	26	28	28	25
Consumer Staples	18	18	19	20
Telecom	18	17	20	20

Top 5 Holdings (%):	
Zoetis Inc	2
SABMiller PLC	2
Bayer AG	2
Vodafone Group	2
Deutsche Telekom	2

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



## San Jose Federated City Employees' Retirement System

## Horizon Portfolio I Portfolio Detail as of 9/30/15

**Mandate:** Hedge Fund  
Long/Short Equity

**Market Value:** \$23.8 million

**Portfolio Manager:** Team

**Location:** Tokyo, Japan

**Inception Date:** 7/1/2013

**Account Type:** Limited Partnership

**# of Investments:** 2121

**Fee Schedule:**  
2.0% management fee and 20% performance fee with a high water mark

**Liquidity Constraints:**  
1 year soft lock, quarterly with 45 days' notice thereafter

**Strategy:**  
Horizon is a Japan-focused investment manager. The firm engages three distinct teams to manage the portfolio; Fundamental, Flow and Asia ex-Japan. The majority of exposure will be invested in Japanese equities with near 0% net exposure, ranging between +/-10%. Turnover in the portfolio is around once per month, and risk is focused to limit the impact of any single position to less than 0.25% of fund NAV.

	Fiscal YTD <sup>1</sup> / 3Q15	1 YR	Since 7/1/13
<b>Performance (%):</b>			
<b>Horizon Portfolio I</b>	<b>1.1</b>	<b>5.0</b>	<b>8.0</b>
HFRI Equity Hedge (Long/Short Equity)	-5.8	-2.2	3.7

	9/30/2015		6/30/2015	
<b>Geographic Exposure (%):</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
North America	3.2	-0.2	3.5	-0.2
Developed Europe	11.0	0.7	16.3	0.2
Developed Asia	128.8	10.7	137.8	11.9
Emerging Markets	0.0	0.0	0.0	0.0
<b>Sector Gross Exposure (%):</b>	<b>9/30/2015</b>	<b>6/30/2015</b>	<b>3/31/2015</b>	<b>12/31/2014</b>
Consumer	27	29	31	36
Energy	6	7	8	6
Financials	28	30	25	24
Health Care	8	8	7	8
Industrials	26	31	28	33
Materials	12	14	12	15
Staples	12	13	11	12
Technology	18	20	21	23
Telecom	3	3	2	2
Utilities	2	3	4	2
<b>Market Capitalization Gross Exposure (%):</b>	<b>9/30/2015</b>	<b>6/30/2015</b>	<b>3/31/2015</b>	<b>12/31/2014</b>
Large Cap	102	117	109	117
Mid Cap	32	32	32	36
Small Cap	9	8	10	11
<b>Top 5 Holdings (%):</b>				
Hotel & Resort REITs	1			
Industrial REITs	1			
Industrial REITs	1			
Diversified REITs	1			
Diversified REITs	1			

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



## San Jose Federated City Employees' Retirement System

## Amici Offshore Portfolio Detail as of 9/30/15

**Mandate:** Hedge Fund  
Long/Short Equity

**Market Value:** \$18.7 million

**Portfolio Manager:** Team

**Location:** New York, New York

**Inception Date:** 3/1/2013

**Account Type:** Limited Partnership

**# of Investments:** 110

**Fee Schedule:**  
1.5% management fee and 20% performance fee

**Liquidity Constraints:**  
1 year soft lock up, quarterly with 45 days' notice

**Strategy:**  
The firm seeks long term fundamentally sound or broken companies. The firm's process tends to generate long positions in strong cash flow-generating companies while short positions tend to be more opportunistic or outright hedges. The portfolio can range in net exposure from 0% to upwards of 90%, with near 50% in the top 10 securities.

Performance (%):	Fiscal YTD <sup>1</sup>		Since 3/1/13
	3Q15	1 YR	
<b>Amici Offshore</b>	<b>-12.3</b>	<b>-6.3</b>	<b>-2.6</b>
HFRI Equity Hedge (Long/Short Equity)	-5.8	-2.2	3.7

Geographic Exposure (%):	9/30/2015		6/30/2015	
	Gross	Net	Gross	Net
North America	144.7	30.9	174.0	62.0
Developed Europe	8.2	-1.1	13.8	-3.1
Developed Asia	10.7	-1.1	8.0	0.2
Emerging Markets	7.4	3.9	8.7	5.7

Sector Gross Exposure (%):	9/30/2015	6/30/2015	3/31/2015	12/31/2014
Consumer	33	46	35	18
Energy	13	17	12	7
Financials	36	38	37	24
Health Care	24	24	22	14
Industrials	21	14	20	10
Materials	8	10	11	9
Staples	7	5	2	3
Technology	23	26	20	20
Telecom	3	5	2	1
Utilities	0	<1	1	1

Market Capitalization Gross Exposure (%):	9/30/2015	6/30/2015	3/31/2015	12/31/2014
Large Cap	77	98	79	44
Mid Cap	72	83	77	49
Small Cap	22	23	22	14

Top 5 Holdings (%):	
Seacor Holdings Inc	7
United Therapeutics Corp	6
Industrials	-5
Asbury Automotive Group Inc	5
AIA Group Ltd	4

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





**Fixed Income Portfolio Reviews  
As of September 30, 2015**

**Investment Grade Bonds Portfolio Review  
As of September 30, 2015**

## San Jose Federated City Employees' Retirement System

## Northern Trust 1-10 Year Intermediate Gov't Bond Index Portfolio Detail as of 9/30/15

**Mandate:** Investment Grade Bonds  
**Active/Passive:** Passive  
**Market Value:** \$136.3 million  
**Portfolio Manager:** Team  
**Location:** Chicago, Illinois  
**Inception Date:** 10/1/2012  
**Account Type:** Commingled

	Short	Int.	Long
High			
Medium			
Low			

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

**Liquidity Constraints:**  
Daily

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

	Fiscal YTD/ 3Q15	1 YR	3 YR	Since 10/1/12
<b>Performance (%):</b>				
<b>Northern Trust 1-10 YR Intermediate Gov't Bond Index</b>	<b>1.2</b>	<b>3.0</b>	<b>1.1</b>	<b>1.1</b>
<b>Net of Fees</b>	<b>1.2</b>	<b>2.9</b>	<b>1.0</b>	<b>1.0</b>
Barclays Intermediate Gov't Bond Index	1.2	3.0	1.1	1.1

	9/30/15		6/30/15	
	Northern Trust 1-10 Year Intermediate Gov't	Barclays Intermediate Gov't Bond Index	Northern Trust 1-10 Year Intermediate Gov't	Barclays Intermediate Gov't Bond Index
<b>Duration &amp; Yield:</b>				
Average Effective Duration (years)	3.7	3.8	3.7	3.7
Yield to Maturity (%)	1.1	1.1	1.2	1.2
<b>Quality Structure (%):</b>				
Average Quality	AAA	AAA	AAA	AAA
AAA (includes Treasuries and Agencies)	100	97	100	97
AA	0	3	0	3
A	0	0	0	0
BBB	0	0	0	0
BB	0	0	0	0
B	0	0	0	0
Below B	0	0	0	0
Non-Rated	0	0	0	0
<b>Sector Allocation (%):</b>				
U.S. Treasury-Nominal	92	92	91	92
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	8	8	8	8
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.



**Inflation Linked Bonds Portfolio Review  
As of September 30, 2015**

## San Jose Federated City Employees' Retirement System

## Northern Trust 0-5 Year TIPS Portfolio Detail as of 9/30/15

**Mandate:** TIPS  
**Active/Passive:** Passive  
**Market Value:** \$108.6 million  
**Portfolio Manager:** Team  
**Location:** Chicago, Illinois  
**Inception Date:** 7/1/2014  
**Account Type:** Separately Managed

	Short	Int.	Long
High			
Medium			
Low			

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

**Liquidity Constraints:**  
 Daily

**Strategy:**  
 The Northern Trust TIPS index strategy seeks to track the risk and return characteristics of the Barclays U.S. 0-5 Year TIPS Index. The Index represents the Treasury Inflation-Protected Securities segment of the U.S. fixed income market. The strategy provides the desired exposure using quantitative techniques to maintain neutrality relative to index exposures while avoiding excessive transactions costs.

**Guidelines:**  
 The portfolio will have a weighted average duration that will approximate the duration of the Barclays U.S. 0-5 Year TIPS Index.

	Fiscal YTD <sup>1</sup> / 3Q15	1 YR	Since 7/1/14
<b>Performance (%):</b>			
<b>Northern Trust 0-5 Year TIPS</b>	<b>-0.7</b>	<b>-1.2</b>	<b>-2.1</b>
<b>Net of Fees</b>	<b>-0.7</b>	<b>-1.2</b>	<b>-2.1</b>
Barclays U.S. TIPS 0-5 Years	-0.6	-1.2	-2.0

	9/30/15		6/30/15	
	Northern Trust 0-5 Year TIPS	Barclays U.S. TIPS 0-5 Years	Northern Trust 0-5 Year TIPS	Barclays U.S. TIPS 0-5 Years
<b>Duration &amp; Yield:</b>				
Average Effective Duration (years)	1.4	1.3	1.7	1.5
Yield to Maturity (%) <sup>1</sup>	1.1	1.2	0.8	0.9
<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.



**Global Credit Portfolio Reviews  
As of September 30, 2015**

## San Jose Federated City Employees' Retirement System

**Mandate:** Securitized Credit  
**Active/Passive:** Active  
**Market Value:** \$55.8 million  
**Portfolio Manager:** Team  
**Location:** Atlanta, Georgia  
**Inception Date:** 8/1/2015  
**Account Type:** Separately Managed

	Short	Int.	Long
High			
Medium			
Low			

### Fee Schedule:

0.45% on all assets

### Liquidity Constraints:

Daily

### Strategy:

Voya's Securitized Credit strategy combines a top down and bottom up approach to identify undervalued securitized assets. Permissible securitized assets include agency and non-agency mortgages and MBS, ABS, CLOs, and CMBS. Voya leverages the breadth of a large securitized investment team, macroeconomic research team, as well as proprietary security analysis and tracking tools to manage the portfolio. In addition to the core securitized credit strategy, the custom portfolio can also allocate up to 25% of its market value to Voya's Mortgage Derivative strategy, a strategy that focuses on the mortgage derivatives market and finds inefficiently priced securities within it. This strategy generally focuses in principal only, interest-only, and inverse interest-only derivatives.

### Guidelines:

No more than 10% in a single issuer or specific investments listed as permissible; no more than 20% in assets defined as 'less liquid. No more than 2% in a single security. Borrowing limited to no more than 20% of portfolio NAV.

### Performance (%):

	Fiscal YTD <sup>1</sup> / 3Q15	Since 8/1/15
<b>Voya Securitized Credit</b>	<b>NA</b>	<b>1.6</b>
<b>Net of Fees</b>	<b>NA</b>	<b>1.6</b>
Barclays U.S. Securitized	1.3	0.7

## Voya Securitized Credit Portfolio Detail as of 9/30/15

	9/30/15	
	Voya Securitized Credit	Barclays U.S. Securitized
<b>Duration &amp; Yield:</b>		
Average Effective Duration (years)	1.4	4.2
Yield to Maturity (%)	4.7	2.6
<b>Quality Structure (%):</b>		
Average Quality	B	AAA
AAA (includes Treasuries and Agencies)	11	99
AA	2	1
A	2	0
BBB	8	0
BB	5	0
B	11	0
Below B	60	0
Non-Rated	0	0
<b>Sector Allocation (%):</b>		
U.S. Treasury-Nominal	0	0
U.S. Treasury-TIPS	0	0
U.S. Agency	0	0
Mortgage Backed	36	92
Corporate	0	0
Bank Loans	0	0
Local & Provincial Government	0	0
Sovereign & Supranational	0	0
Commercial Mortgage Backed	38	6
Asset Backed	16	2
Cash Equivalent	11	0
Other	0	0
<b>Market Allocation (%):</b>		
United States	100	100
Foreign (developed markets)	0	0
Foreign (emerging markets)	0	0
<b>Currency Allocation (%):</b>		
Non-U.S. Dollar Exposure	0	0

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



## San Jose Federated City Employees' Retirement System

## BlueBay Emerging Markets Select Debt Portfolio Detail as of 9/30/15

**Mandate:** Emerging Market Debt  
**Active/Passive:** Active  
**Market Value:** \$46.5 million  
**Portfolio Manager:** Team  
**Location:** London, United Kingdom  
**Inception Date:** 8/1/2015  
**Account Type:** Commingled

	Short	Int.	Long
High			
Medium			
Low			

**Fee Schedule:**  
0.55% on all assets

**Liquidity Constraints:**  
Daily

**Strategy:**  
BlueBay invests opportunistically in emerging markets hard currency sovereign debt, local currency debt and corporate debt (up to a maximum of 20%). BlueBay's approach for investing in emerging markets debt reflects their belief that the asset class continues to be inefficient, with the underlying sovereigns generally improving relative to developed markets. They believe that local markets are at an earlier stage of development relative to hard currency/developed bond markets, resulting in higher pricing volatility and real interest rate premia.

Performance (%):	Fiscal YTD <sup>1</sup> / 3Q15	Since 8/1/15
<b>BlueBay Emerging Markets Select Debt</b>	NA	-5.3
<b>Net of Fees</b>	NA	-5.4
50% JPM EMBI GD/50% JPM GBI-EM	-5.8	-5.2
Peer Emerging Market Debt	-4.8	-4.3
Peer Ranking (percentile)	NA	63

	9/30/15	
	BlueBay Emerging Markets Select Debt	50% JPM EMBI GD 50% JPM GBI-EM

### Duration & Yield:

Average Effective Duration (years)	5.7	5.7
Yield to Maturity (%)	6.6	6.7

### Quality Structure (%):

Average Quality	BB+	BBB-
AAA (includes Treasuries and Agencies)	0	0
AA	0	3
A	17	24
BBB	40	42
BB	19	19
B	7	8
Below B	5	3
Non-Rated	11	1

### Sector Allocation (%):

U.S. Treasury-Nominal	0	0
U.S. Treasury-TIPS	0	0
U.S. Agency	0	0
Mortgage Backed	0	0
Corporate	7	0
Bank Loans	0	0
Local & Provincial Government	0	0
Sovereign & Supranational	84	100
Commercial Mortgage Backed	0	0
Asset Backed	0	0
Cash Equivalent	10	0
Other	0	0

### Market Allocation (%):

United States	0	0
Foreign (developed markets)	0	0
Foreign (emerging markets)	100	100

### Currency Allocation (%):

Non-U.S. Dollar Exposure	47	50
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<sup>1</sup> Fiscal Year begins July 1.





**Long-Short Credit Portfolio Reviews  
As of September 30, 2015**

**Mandate:** Hedge Fund, Relative Value  
**Market Value:** \$41.6 million  
**Portfolio Manager:** Team  
**Location:** New York, New York  
**Inception Date:** 7/1/2013  
**Account Type:** Limited Partnership  
**# of Investments:** 813

**Fee Schedule:**  
 2.0% management fee and 20% management fee with a high water mark

**Liquidity Constraints:**  
 Quarterly with 45 days' notice. Monthly with 45 days' notice 4.5% fee

**Strategy:**  
 Claren Road focus on lower quality fixed income instruments, mainly within high yield, distressed, municipal, and sovereign securities. Claren Road seeks to "pay away" return, approximately 2% to 4% per annum, so that the portfolio profits in times of high volatility. Securities are held for one to three months and tend to be limited to +/-3.0% risk. Position limits are set at 10% of net asset value.

Performance (%):	Fiscal YTD <sup>1</sup> / 3Q15	1 YR	Since 7/1/13
<b>Claren Road Credit Fund, Ltd.</b>	<b>-0.5</b>	<b>-15.7</b>	<b>-7.6</b>
HFRI RV Fixed Income-Corporate Index	-2.8	-3.2	2.0

Geographic Exposure (%):	9/30/2015		6/30/2015	
	Gross	Net	Gross	Net
North America	135.0	-59.0	139.0	-5.0
Developed Europe	96.0	-56.0	104.0	-58.0
Developed Asia	51.0	-51.0	82.0	-82.0
Emerging Markets	66.0	-56.0	65.0	-49.0

Security Type Exposure (%):	9/30/2015		6/30/2015	
	Long	Short	Long	Short
Derivative	3	220	7	237
Equity	10	1	14	2
Fixed Income	50	64	77	53

Sector Gross Exposure (%):	9/30/2015	6/30/2015	3/31/2015	12/31/2014
	Consumer	23	10	15
Energy	29	30	30	17
Financials	61	58	62	46
Health Care	1	1	6	2
Industrials	6	6	6	2
Materials	21	24	24	18
Staples	10	7	9	10
Technology	1	3	5	4
Telecom	15	14	12	7
Utilities	11	7	6	4
Corporate Credit	28	49	30	24
Developed Sovereign	65	108	104	107
Emerging Sovereign	50	43	44	41
Mortgage Backed (non-agency)	0	0	0	2
Other Securitized Assets	1	1	2	2
U.S. Government (including agency)	26	29	27	20

Top 3 Holdings (%):
Not Reported

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



**Mandate:** Hedge Fund  
Event Driven

**Market Value:** \$34.3 million

**Portfolio Manager:** Team

**Location:** New York, New York

**Inception Date:** 2/1/2013

**Account Type:** Limited Partnership

**# of Investments:** Not Provided

**Fee Schedule:**  
1.5% management fee, 20% performance fee

**Liquidity Constraints:**  
Quarterly with 60 days' notice or Monthly with 60 days' notice and a 1.5% fee

**Strategy:**  
The firm will invest across four major event focused disciplines: distressed securities, merger arbitrage, convertible bonds and volatility, and long-short equity. This multi-strategy event fund seeks low volatility and a consistent return for clients. The firm seeks to minimize loss to 1.0% of the portfolio, thus limiting most positions to less than 8%.

Performance (%):	Fiscal	1 YR	Since 2/1/13
	YTD <sup>2</sup> / 3Q15		
<b>Davidson Kempner Institutional Partners</b>	<b>-0.4</b>	<b>-0.1</b>	<b>5.1</b>
HFRI Event Driven Index	-5.5	-4.6	2.8

<sup>1</sup> Davidson Kempner maintains a policy to not provide details in a requested template or format. Regional, sector, security type, and holdings are not shown due to lack of detail from manager.

<sup>2</sup> Fiscal Year begins July 1.



**Real Assets Portfolio Reviews  
As of September 30, 2015**

**Commodities Portfolio Reviews  
As of September 30, 2015**

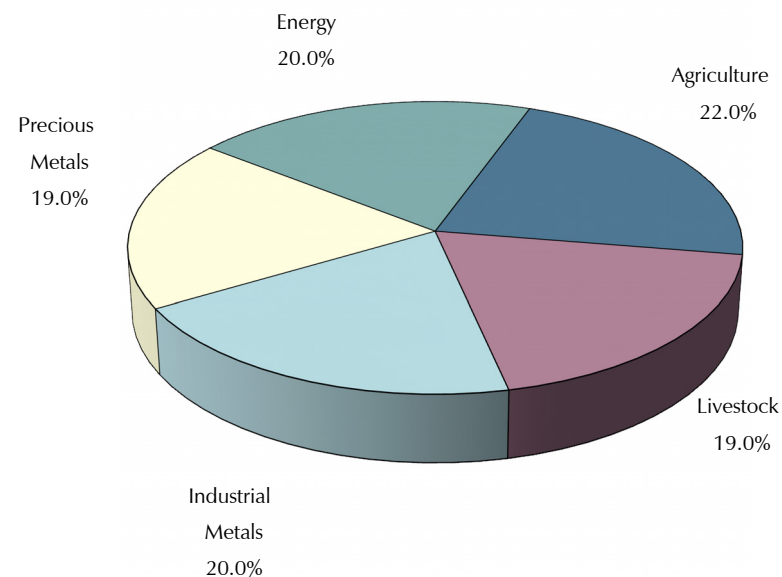
**Mandate:** Commodity  
**Active/Passive:** Active  
**Market Value:** \$57.8 million  
**Portfolio Manager:** Team  
**Location:** Pasadena, California  
**Inception Date:** 4/1/2011  
**Account Type:** Commingled

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

**Liquidity Constraints:**  
 Daily

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

**Current Allocation:**



Performance (%):	Fiscal YTD <sup>1</sup> / 3Q15	1 YR	3 YR	Since 4/1/11
<b>First Quadrant Balanced Risk Parity Commodity Fund</b>	<b>-15.3</b>	<b>-28.3</b>	<b>-15.6</b>	<b>-13.1</b>
Custom Risk Parity Commodity Benchmark <sup>2</sup>	-12.0	-24.3	-11.6	-9.6
Bloomberg Commodity Index	-14.5	-26.0	-16.0	-13.6
Peer Commodities	-14.3	-26.4	-16.4	-13.7
Peer Ranking (percentile)	70	65	21	26

Risk: (fifty-four months)	Standard Deviation	Beta	Sharpe Measure <sup>3</sup>	Info. Ratio	Correlation to Index
<b>First Quadrant Balanced Risk Parity Commodity Fund</b>	<b>12.0%</b>	<b>1.11</b>	<b>Neg.</b>	<b>Neg.</b>	<b>0.96</b>
Custom Risk Parity Commodity Benchmark <sup>2</sup>	10.7	1.00	Neg.	NA	1.00

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

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

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



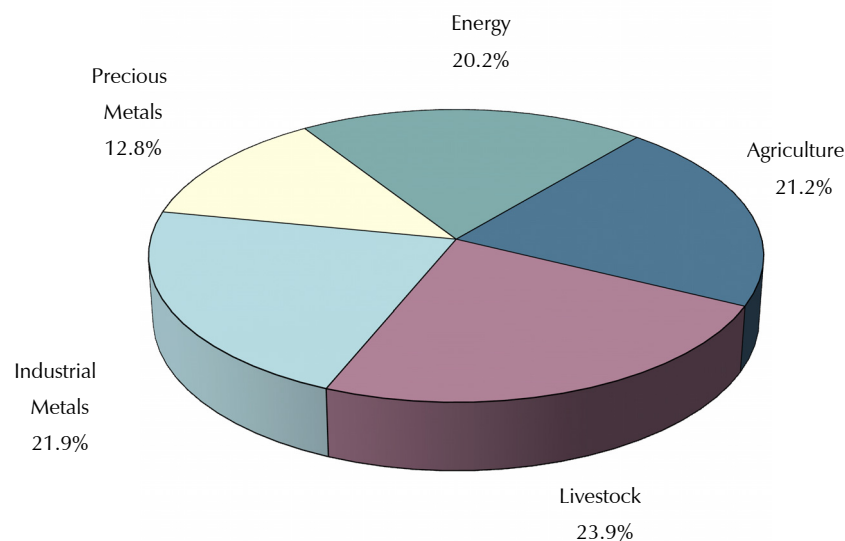
**Mandate:** Commodity  
**Active/Passive:** Active  
**Market Value:** \$55.1 million  
**Portfolio Manager:** Christopher A. Burton  
**Location:** New York, New York  
**Inception Date:** 4/1/2011  
**Account Type:** Commingled

**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.

**Current Allocation:**



Performance (%):	Fiscal YTD <sup>1</sup> /3Q15	1 YR	3 YR	Since 4/1/11
<b>Credit Suisse Risk Parity Commodity Fund</b>	<b>-12.3</b>	<b>-24.4</b>	<b>-11.6</b>	<b>-9.6</b>
Custom Risk Parity Commodity Benchmark <sup>2</sup>	-12.0	-24.3	-11.6	-9.6
Bloomberg Commodity Index	-14.5	-26.0	-16.0	-13.6
Peer Commodities	-14.3	-26.4	-16.4	-13.7
Peer Ranking (percentile)	25	15	8	1

Risk: (fifty-four months)	Standard Deviation	Beta	Sharpe Measure <sup>3</sup>	Info. Ratio	Correlation to Index
<b>Credit Suisse Risk Parity Commodity Fund</b>	<b>10.6%</b>	<b>0.99</b>	<b>Neg.</b>	<b>0.04</b>	<b>1.00</b>
Custom Risk Parity Commodity Benchmark <sup>2</sup>	10.7	1.00	Neg.	NA	1.00

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

<sup>2</sup> Custom Risk Parity Benchmark 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 June 30, 2015**



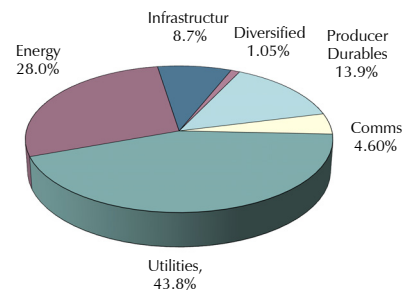
**Mandate:** Infrastructure  
**Active/Passive:** Active  
**Market Value:** \$124.3 million  
**Portfolio Manager:** Team  
**Location:** Boston, Massachusetts  
**Inception Date:** 6/1/2015  
**Account Type:** Separately Managed

**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 (%):	Fiscal YTD <sup>1</sup> /3Q15	Since 6/1/15
<b>Rhumblin DJ Brookfield Global Infrastructure<sup>2</sup></b>	<b>-8.3</b>	<b>-11.9</b>
<b>Net of Fees</b>	<b>-8.3</b>	<b>-11.9</b>
DJ Brookfield Global Infrastructure Index	-8.5	-12.2



### Country Allocation:

	Portfolio Allocation (%)
<b>United States</b>	<b>48.7</b>
<b>International Developed Markets</b>	<b>47.2</b>
Canada	11.5
United Kingdom	10.9
Hong Kong	2.3
Spain	5.4
Australia	4.3
Italy	4.2
Japan	2.4
France	2.2
Luxembourg	1.9
Singapore	0.4
Netherlands	0.4
New Zealand	0.4
Switzerland	0.4
Germany	0.4
Belgium	0.2
<b>Emerging Markets</b>	<b>4.1</b>
Mexico	0.9
China	3.0
Brazil	0.2

<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.



**Natural Resources Portfolio Review**  
**As of September 30, 2015**

**Mandate:** Natural Resources  
**Active/Passive:** Passive  
**Market Value:** \$85.3 million  
**Portfolio Manager:** Team  
**Location:** Boston, Massachusetts  
**Inception Date:** 6/1/2015  
**Account Type:** Separately Managed

**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.

	Fiscal YTD <sup>1</sup> / 3Q15	Since 6/1/15
<b>Performance (%):</b>		
<b>Rhumbline S&amp;P Global Large MidCap Commodity &amp; NR<sup>2</sup></b>	<b>-23.1</b>	<b>-27.0</b>
<b>Net of Fees</b>	<b>-23.1</b>	<b>-27.0</b>
S&P Global Large MidCap Commodity and Resources	-23.1	-27.1
S&P Global Natural Resources	-22.5	-26.3

	9/30/15		6/30/15	
	Rhumbline S&P Global Large MidCap Commodity & NR	S&P Global Large MidCap Commodity and Resources	Rhumbline 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)	51.4	51.8	57.8	57.7
Median Market Cap. (US\$ billion)	6.6	6.1	7.4	7.4
Large (% over US\$20 billion)	56	55	64	64
Medium (% US\$3 billion to US\$20 billion)	39	39	31	32
Small (% under US\$3 billion)	5	5	4	4
<b>Fundamental Structure:</b>				
Price-Earnings Ratio	14	14	16	16
Price-Book Value Ratio	1.3	1.3	1.5	1.5
Dividend Yield (%)	4.2	4.2	3.3	3.3
Historical Earnings Growth Rate (%)	-5	-5	-1	-1
Projected Earnings Growth Rate (%)	2	2	4	4
<b>Sector Allocation (%):</b>				
Consumer Staples	9	8	9	9
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
Energy	35	35	34	34
Materials	56	57	58	58
<b>Diversification:</b>				
Number of Holdings	184	181	218	220
% in 5 largest holdings	27	27	26	26
% in 10 largest holdings	43	42	42	42
<b>Region Allocation (%):</b>				
North America	50	49	51	50
Europe	28	28	28	28
Asia Pacific	11	11	11	11
Emerging	11	11	10	10
Other	1	1	1	1
<b>Largest Five Holdings:</b>				
		<b>Industry</b>		
Monsanto	6.8	Materials		
ExxonMobil	6.6	Energy		
Syngenta	5.0	Materials		
BHP Billiton	4.9	Materials		
Archer-Daniels	4.2	Food, Beverage & Tobacco		

<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.



# Global Macroeconomic Outlook September 2015

### Global Economic Outlook<sup>1</sup>

**In the first half of 2015, global growth slowed, leading to further reductions in projections for the year.**

- The IMF updated their projection for 2015 global growth to 3.1%, 0.2% lower than the prior estimate.
- As compared to 2014, growth is projected to be slightly higher in 2015 in advanced economies with further improvements in 2016. In the U.S., consumer spending, a strengthening labor market, and accommodative monetary policy helped bolster growth. In Europe, falling energy prices and a weaker euro helped growth to pick-up.
- Growth in emerging economies is projected to be lower in 2015 than in 2014, given lower commodity prices, and expectations of an interest rate increase in the U.S. China is projected to grow at a 6.8% rate in 2015, 0.5% lower than the prior year, with a further 0.5% decline in 2016.
- Excluding Japan, near-term global inflation is forecasted to trail the ten-year averages, with the recent decline in oil prices exerting further downward pressure on inflation.

	Real GDP (%)			Inflation (%)		
	IMF 2015 Forecast	IMF 2016 Forecast	Actual 10 Year Average	IMF 2015 Forecast	IMF 2016 Forecast	Actual 10 Year Average
World	3.1	3.6	3.9	3.3	3.4	4.2
U.S.	2.6	2.8	1.5	0.1	1.1	2.3
European Union	1.9	1.9	1.1	0.1	1.1	1.5
Japan	0.6	1.0	0.6	0.7	0.4	0.2
China	6.8	6.3	10.0	1.5	1.8	2.9
Emerging Markets (ex. China)	2.5	3.4	4.9	7.8	7.2	7.5

<sup>1</sup> Source: IMF. World Economic Outlook, October 2015. "Actual 10 Year Average" represents data from 2005 to 2014. Data for 2014 is an estimate.

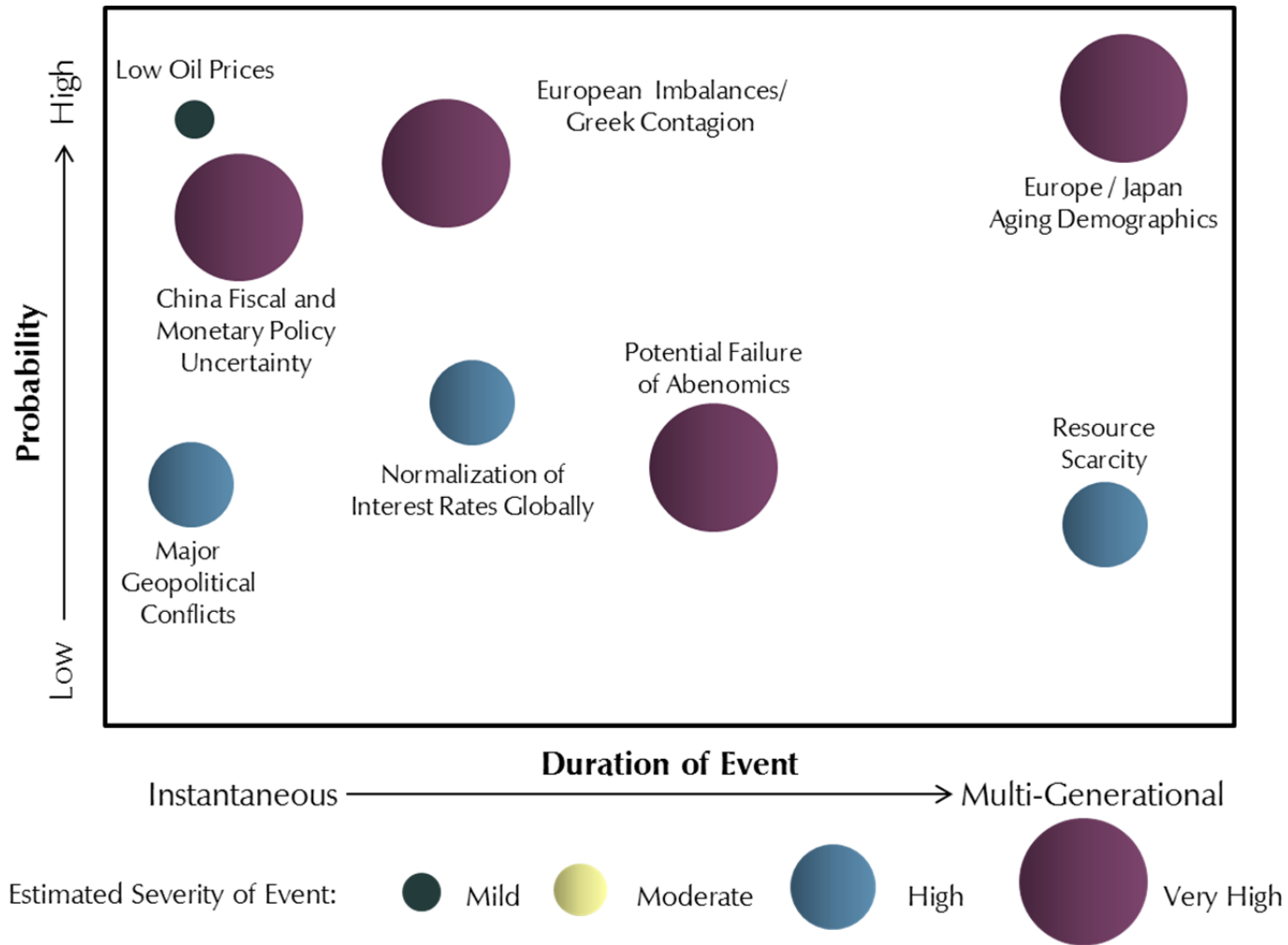
### Global Economic Outlook, Continued

**In Europe, Japan, and China, additional monetary stimulus is likely, while in the U.S. expectations are for a rate increase later this year or early next year.**

- The Federal Reserve voted to maintain interest rates at their September meeting citing, for the first time, conditions outside the U.S. It is largely anticipated that the Fed will increase rates later this year or early next year. The timing and pace of rate increases is complicated by the fact that, despite improvements in the labor market, inflation remains low.
- The European Central Bank (ECB) continues their bond-purchase program, while maintaining interest rates at close to 0%. With inflation remaining low, it is likely that the ECB will further ease monetary policy, probably in the form of extending its existing quantitative easing. In England, it is projected that policy makers will raise interest rates in the short-term, but will likely wait for the Fed to act first.
- Given continued low inflation and weak growth, we expect that the Bank of Japan will further expand its already aggressive monetary policy.
- After policy makers in China responded to recent market declines with unprecedented measures, they further surprised markets in August with devaluing their currency. The reason offered for the devaluation was to allow it to float more freely, but it caused speculation that the true reason could be the economy was growing more slowly than previously thought.

**Several issues are of primary concern: 1) declining growth in China along with uncertain fiscal and monetary policies; 2) continued economic sluggishness and financial risk in Europe; 3) diminishing effectiveness of monetary policy globally; 4) divergent growth in emerging economies.**

Macroeconomic Risk Matrix



### Macroeconomic Risk Overviews

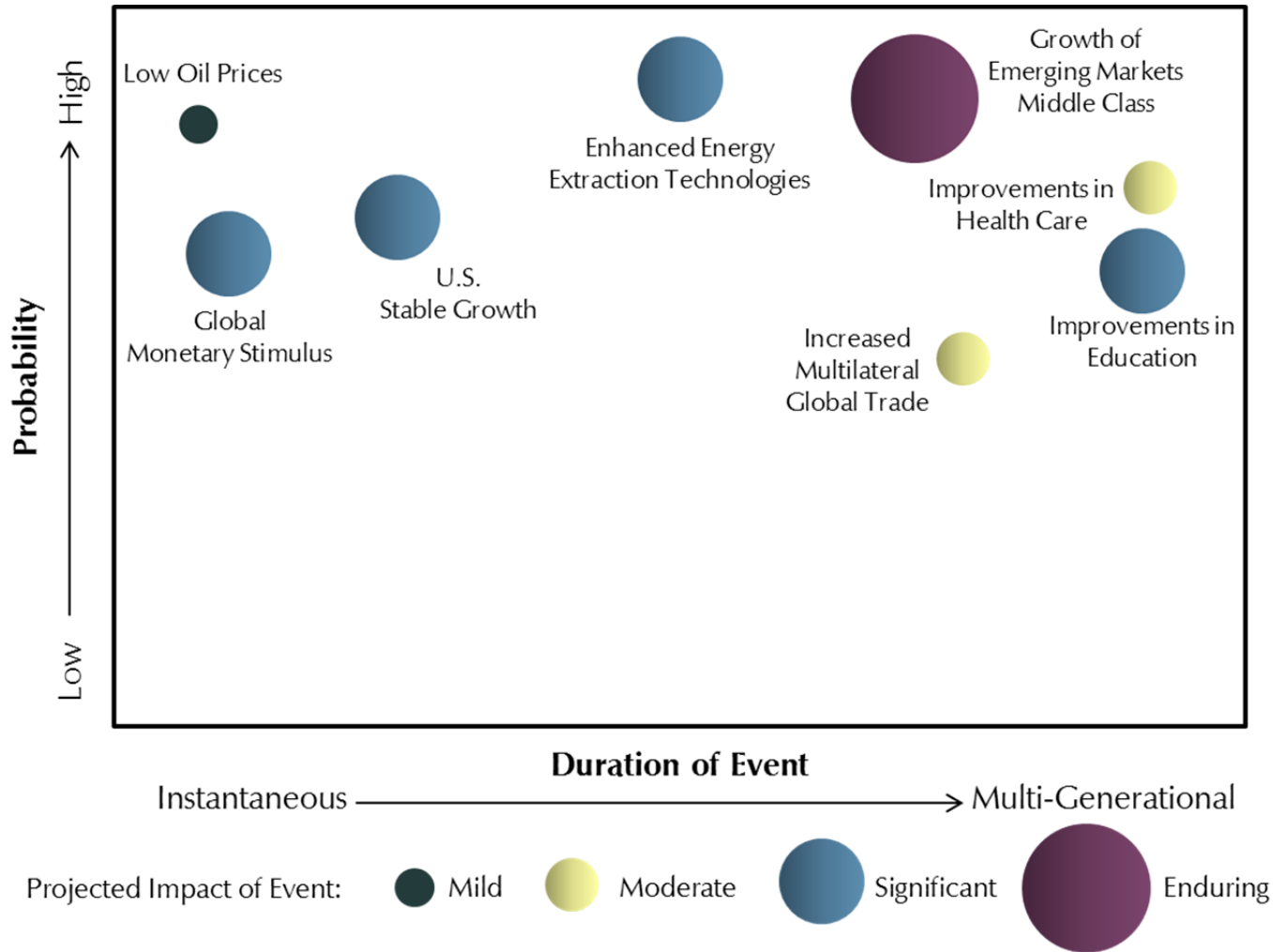
<b>Low Oil Prices</b>	<p>An extended period of low oil prices will particularly hurt countries such as Iran, Russia, and Venezuela that depend heavily on oil export revenues. Low prices will likely continue to hurt oil exploration and production (E&amp;P) companies, and companies that support the oil industry. Recently, the stress of low oil prices has particularly affected E&amp;P companies, with defaults ticking-up. The risk of increased geopolitical tensions also exists with depressed oil prices.</p>
<b>European Imbalances/ Greek Contagion</b>	<p>The crisis is rooted in structural issues in the Eurozone related to the combination of a single currency combined with 17 fiscal authorities. The events in Greece related to their third bailout highlighted the continued tensions in Europe. Allowing countries to leave the Eurozone could set a dangerous precedent, especially if they ultimately begin to experience growth due to a depressed currency. Alternatively, providing debt forgiveness for some countries could lead to others looking for similar treatment. The massive influx of refugees into Europe from the Middle East and North Africa exacerbate these economic stresses.</p>
<b>Potential Failure of Abenomics</b>	<p>Japan is engaged in a historic stimulus program, referred to as “Abenomics” to fight its decades of deflation. The plan includes monetary, fiscal, and structural components. If Japan overshoots with its policies, or dramatically changes them unexpectedly, it could prove disruptive to markets and growth.</p>
<b>Europe/Japan Aging Demographics</b>	<p>In Japan and Europe, birth rates have declined, resulting in populations becoming older and smaller relative to the rest of the world. These demographic trends will have a negative long-term impact on GDP growth and fiscal budgets, amplifying debt problems.</p>
<b>Major Geopolitical Conflicts</b>	<p>Russia recently started providing Syria military support, insisting first it was to fight ISIS. It quickly became clear that Russia was also targeting groups opposed to president Assad, a Russian ally. The presence of Russia in the region is complicated by the ongoing U.S. led attacks against ISIS. Other unresolved geopolitical issues remain, including the recent nuclear deal with Iran and the ongoing tensions between Russia and Ukraine.</p>



**Macroeconomic Risk Overviews, Continued**

<p><b>China Fiscal and Monetary Policy Uncertainty</b></p>	<p>China's recent policies, first to support its equity markets and then devaluing its currency, created heightened volatility in global markets. The process of transitioning from a model of growth based on fixed asset investment by the government to a model of consumption-based growth will be a delicate one. Going forward, similar measures in response to slowing growth, or to support stock prices, could prove disruptive and decrease confidence in China's government.</p>
<p><b>Normalization of Interest Rates Globally</b></p>	<p>After the Global Financial Crisis, the developed world, particularly the U.S., injected massive amounts of liquidity into the financial system in an effort to prevent depression-like declines in economic activity. Additionally, the world's central banks reduced short-term interest rates to record lows. Once monetary stimulus is withdrawn, it is likely that interest rates will normalize and weigh on growth globally, particularly in emerging markets.</p>
<p><b>Resource Scarcity</b></p>	<p>The increasing world population, urbanization, and a growing middle class, particularly in emerging economies, could all lead to a scarcity of resources, including food, water, land, energy, and minerals. As demand continues to grow and supply declines, certain commodity prices may skyrocket, hurting the living standards of many and increasing the risk of geopolitical conflicts.</p>

Positive Macroeconomic Trends Matrix



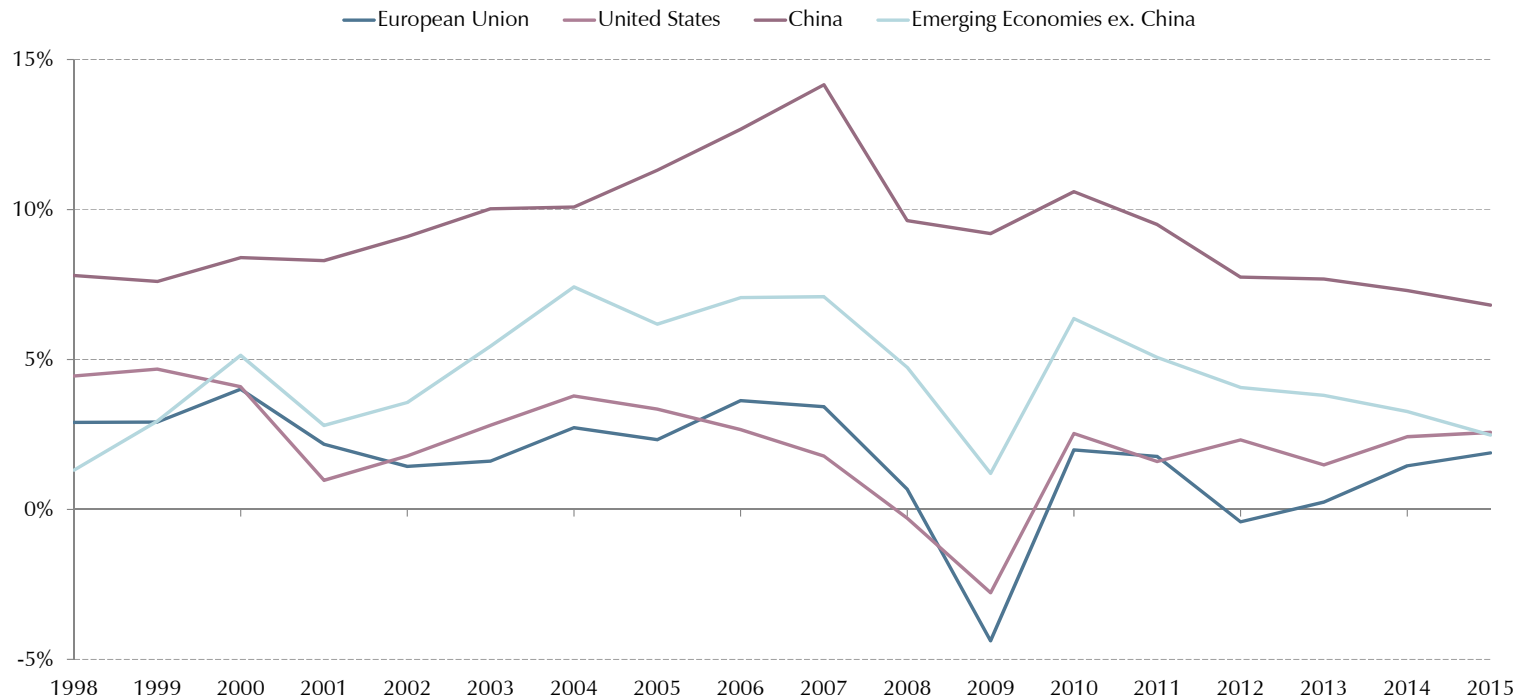
**Positive Macroeconomic Trends Overviews**

<p><b>Low Oil Prices</b></p>	<p>Low oil prices will likely have a positive impact on global growth, particularly for energy importers like China, Japan, and India. Consumers should also benefit from falling oil prices in the form of lower prices for gasoline and heating oil.</p>
<p><b>U.S. Stable Growth</b></p>	<p>The U.S. economy has largely stabilized, with GDP growth improving and unemployment declining. Continued stabilization in the world's largest economy should improve employment and growth domestically, and increase demand for goods and services from abroad.</p>
<p><b>Growth of Emerging Markets Middle Class</b></p>	<p>In emerging economies, the size of the middle class is projected to grow significantly over the next twenty years. The growing middle class in the emerging economies should increase consumption globally, which in turn will drive GDP growth and create jobs.</p>
<p><b>Increased Multilateral Global Trade</b></p>	<p>The pace of globalization has accelerated, particularly in emerging economies. Increased trade and investment, and access to foreign capital and export markets for corporations, should lead to higher efficiencies and greater global growth.</p>
<p><b>Improvements in Education/Healthcare</b></p>	<p>Literacy rates and average life spans have increased globally, particularly in the emerging economies. Higher literacy rates will drive future growth, helping people learn new skills and improve existing skills. When people live longer, it increases incentives to make long-term investments in human capital (i.e., education and training), resulting in a more productive work force and ultimately more growth.</p>

**Positive Macroeconomic Trends Overviews, Continued**

<p><b>Enhanced Energy Extraction Technologies</b></p>	<p>Hydraulic fracturing (i.e., fracking) technologies allowed large new supplies of natural gas and oil to be extracted from shale rocks, mainly in the U.S. The increased supply of oil and gas through fracking contributed to falling energy prices. It is likely that other countries will work to improve their fracking technologies, further increasing the supply of oil and gas globally.</p>
<p><b>Global Monetary Stimulus</b></p>	<p>Developed market central banks embarked on a massive monetary stimulus campaign in the aftermath of the Global Financial Crisis. The U.S., European, and Japanese central banks continue to maintain interest rates at record lows. Japan has embarked on an unprecedented asset purchase program (quantitative easing), while the European Central Bank recently began its own program. In contrast, the U.S. ended its bond buying last year. Additionally, emerging market central banks including Russia, India, and China, reduced interest rates to stimulate slowing growth. If central banks continue to provide liquidity and keep interest rates low, this should stimulate growth.</p>

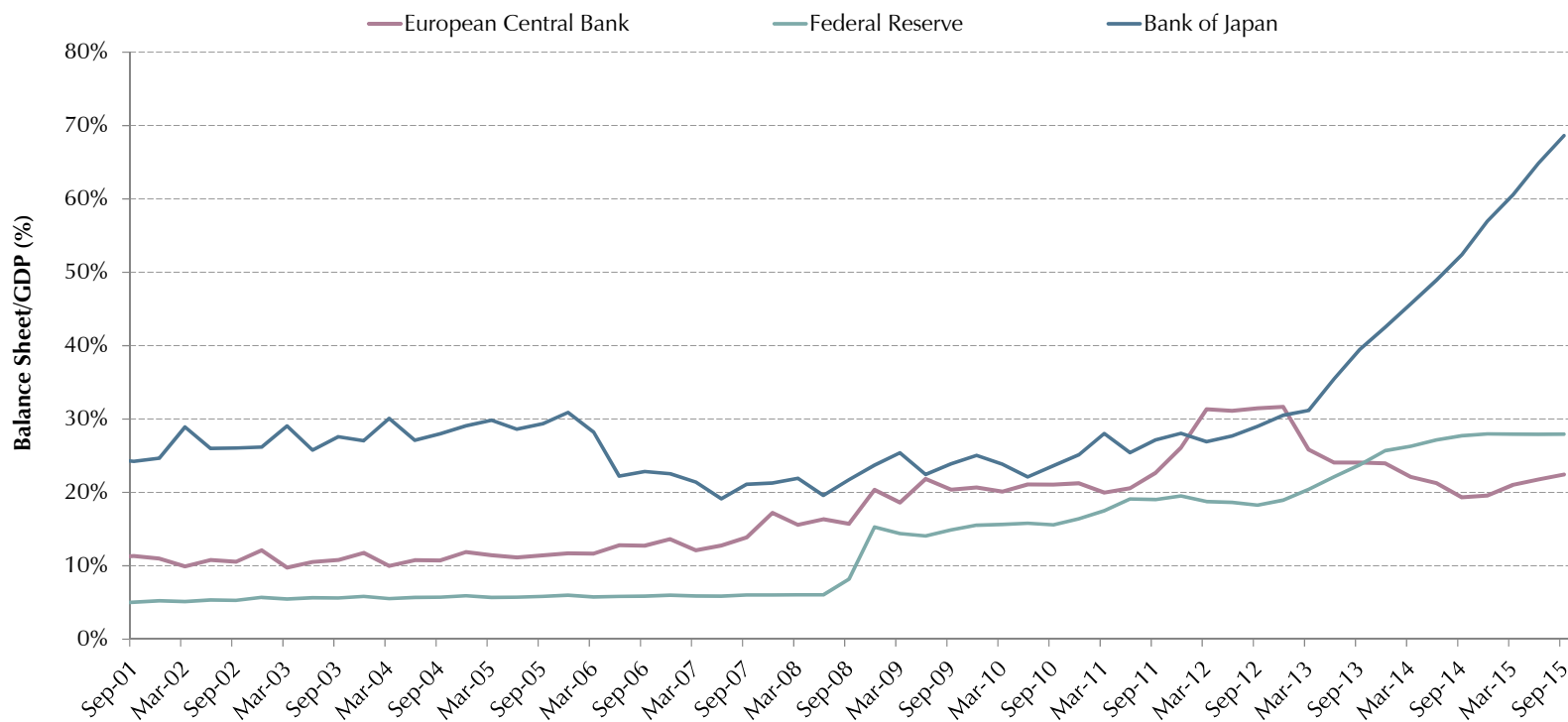
Global Real Gross Domestic Product (GDP) Growth<sup>1</sup>



- Global growth levels remain lower than levels prior to the Global Financial Crisis<sup>1</sup> for many countries.
- Emerging economies continue to grow more rapidly than developed economies, but results are varied, with commodity exporters generally experiencing lower growth. China’s growth remains above other emerging economies, despite its recent decline.

<sup>1</sup> Source: IMF. World Economic Outlook, October 2015. GDP data for 2014 and 2015 are IMF estimates.

Central Bank Balance Sheets as a Percentage of GDP<sup>1</sup>

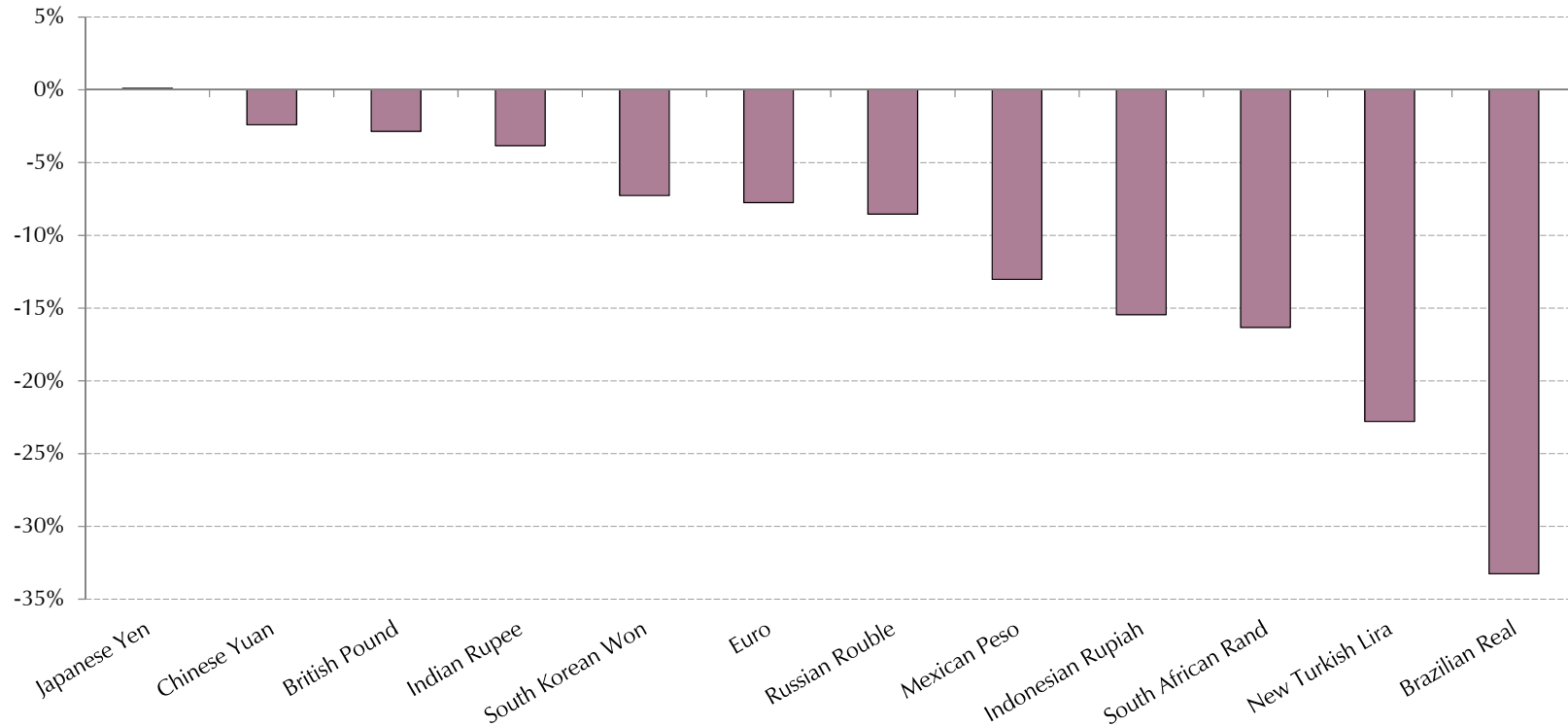


- The world’s major central banks are in different points of quantitative easing, with Japan and Europe actively expanding their balance sheets and the U.S. ending its program last year.
- We expect that Japan and Europe will extend their purchase programs and increase their scale given slow growth and low price pressures.

<sup>1</sup> Source: Bloomberg. IMF World Economic Outlook, October 2015. Balance sheet data is as of September 30, 2015. GDP data for 2014 and 2015 are IMF estimates.



Major Currency Values versus the U.S. Dollar<sup>1</sup>



- The U.S. dollar recently strengthened against most major currencies, particularly emerging markets, due in part to expectations that the Federal Reserve will soon increase interest rates.
- Continued U.S. dollar strength should weigh on U.S. exporters and foreign companies with dollar debt, while benefiting domestic importers.

<sup>1</sup> Source: Thompson Reuters. Represents depreciation against the U.S. dollar for the year-to-date period through September 30, 2015.



Federal Funds Rate<sup>1</sup>

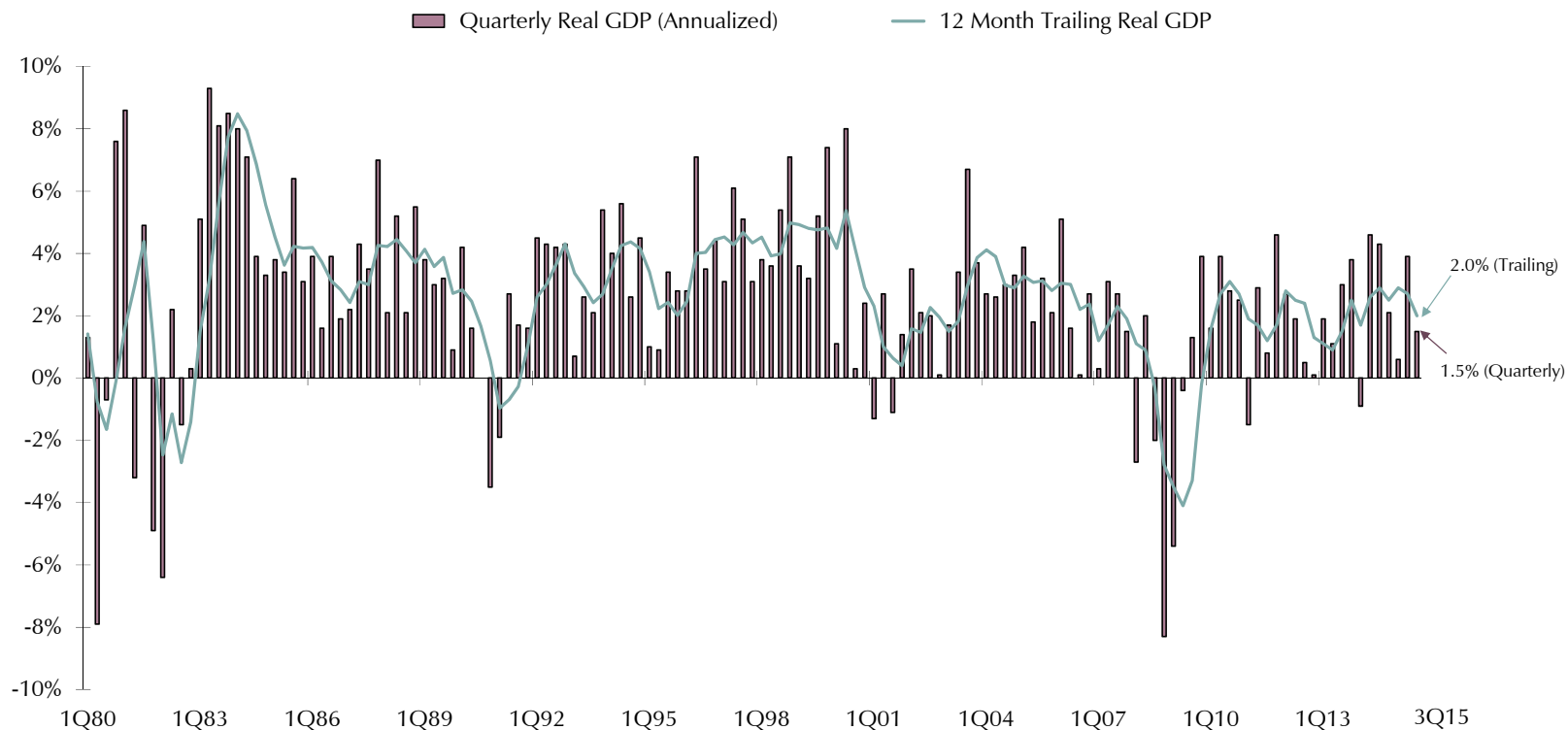


- At its September meeting, the Federal Reserve decided not to increase interest rates, in part citing “recent global economic and financial developments” for the delay.
- The Fed will likely raise rates in the short-term, but the pace and trajectory of the increases remain uncertain.

<sup>1</sup> Source: Bloomberg. Federal Reserve September Economic Projections. The FOMC Year-End Estimates are the median estimates of the forecasts of the federal funds rate by the 17 FOMC participants at the end of the specified calendar year or over the long run. Data is as of September 30, 2015 for market expectations that represents the fed funds future rate at the end of the specified calendar year.



U.S. Real Gross Domestic Product (GDP) Growth<sup>1</sup>

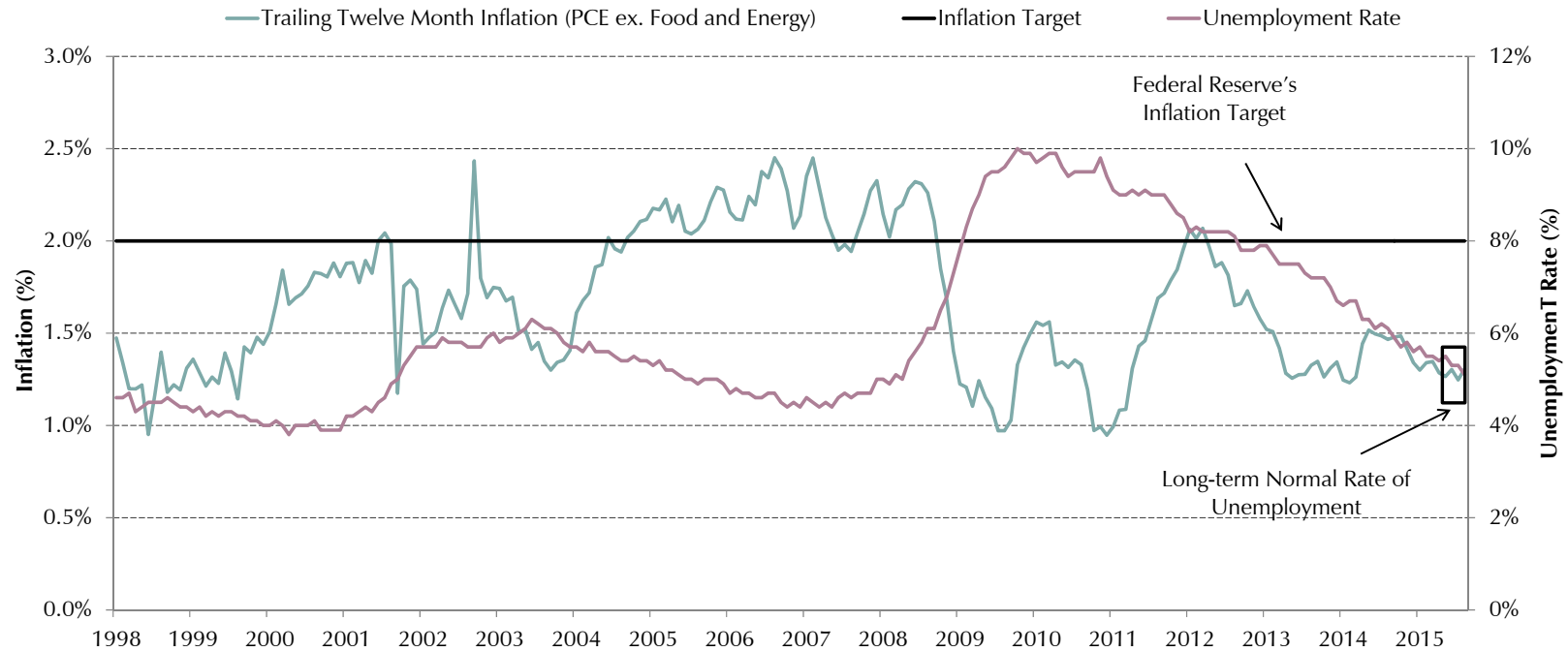


- In the third quarter, U.S. GDP grew at an annual rate of 1.5%, down from the 3.9% level of the prior quarter, due in part to lower business inventory purchases.
- Consumer spending remained strong during the quarter, helped by the improving labor market.

<sup>1</sup> Source: U.S. Bureau of Economic Analysis. Data is as of the third quarter of 2015.



U.S. Inflation & Employment<sup>1</sup>

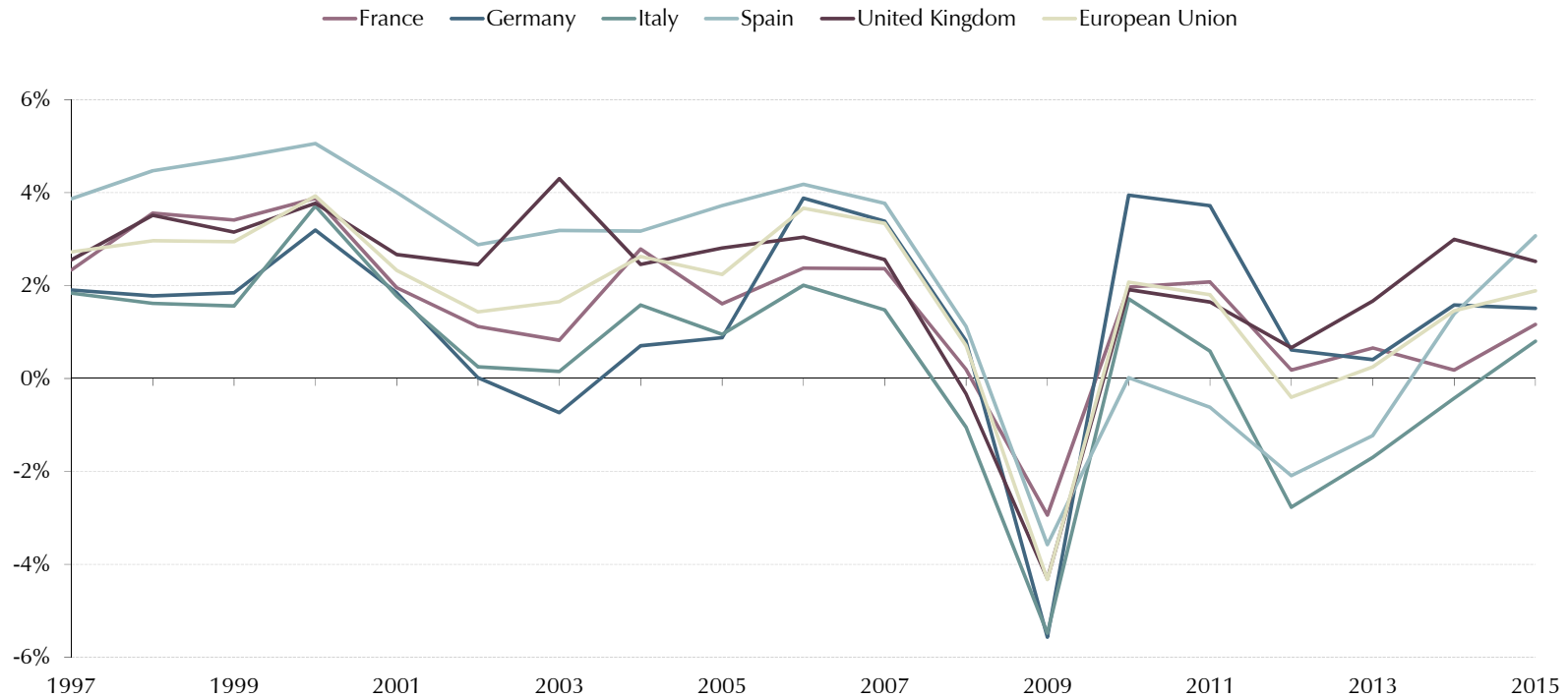


- The U.S. Federal Reserve has a dual mandate of maintaining stable prices and maximum employment.
- Complicating the decision to increase rates is the fact that the Fed's preferred measure of inflation (PCE ex. food and energy) remains below target, despite recent improvements in employment.

<sup>1</sup> Source: Bureau of Labor Statistics. Data is as of September 30, 2015. Federal Open Market Committee (FOMC) participants' recent estimates of long-term normal unemployment had a median value of 4.9% and a range of 4.7% to 5.8%.



European Annual Gross Domestic Product (GDP) Growth <sup>1</sup>

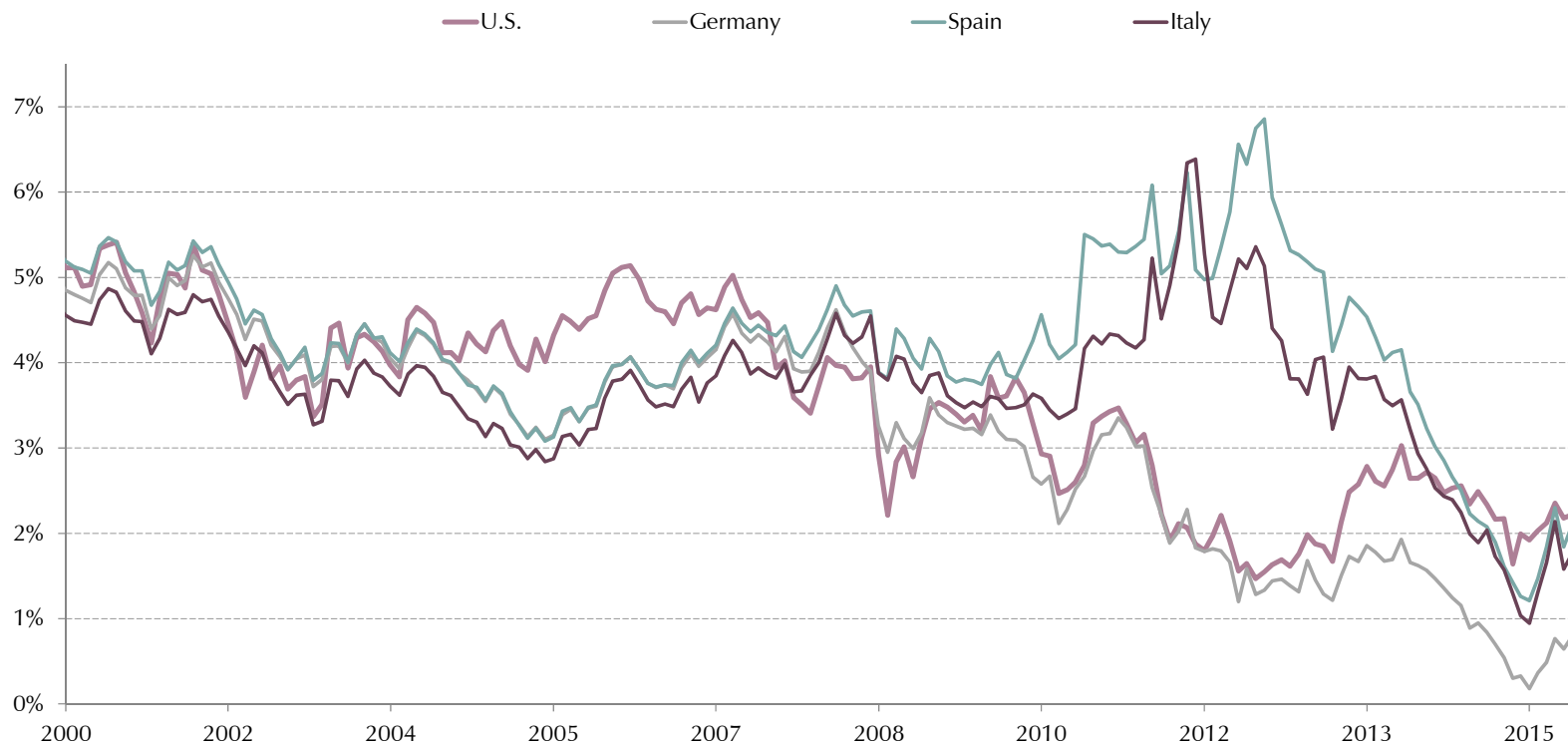


- Growth remains weak in Europe, but has shown signs of improvement recently, helped by the weaker euro and declining energy prices.
- Improving demand has helped growth in peripheral countries like Spain and Italy, offsetting weaker than expected growth in Germany.

<sup>1</sup> Source: IMF. World Economic Outlook, October 2015. GDP data for 2014 and 2015 are IMF estimates.



10-Year Government Bond Yields<sup>1</sup>

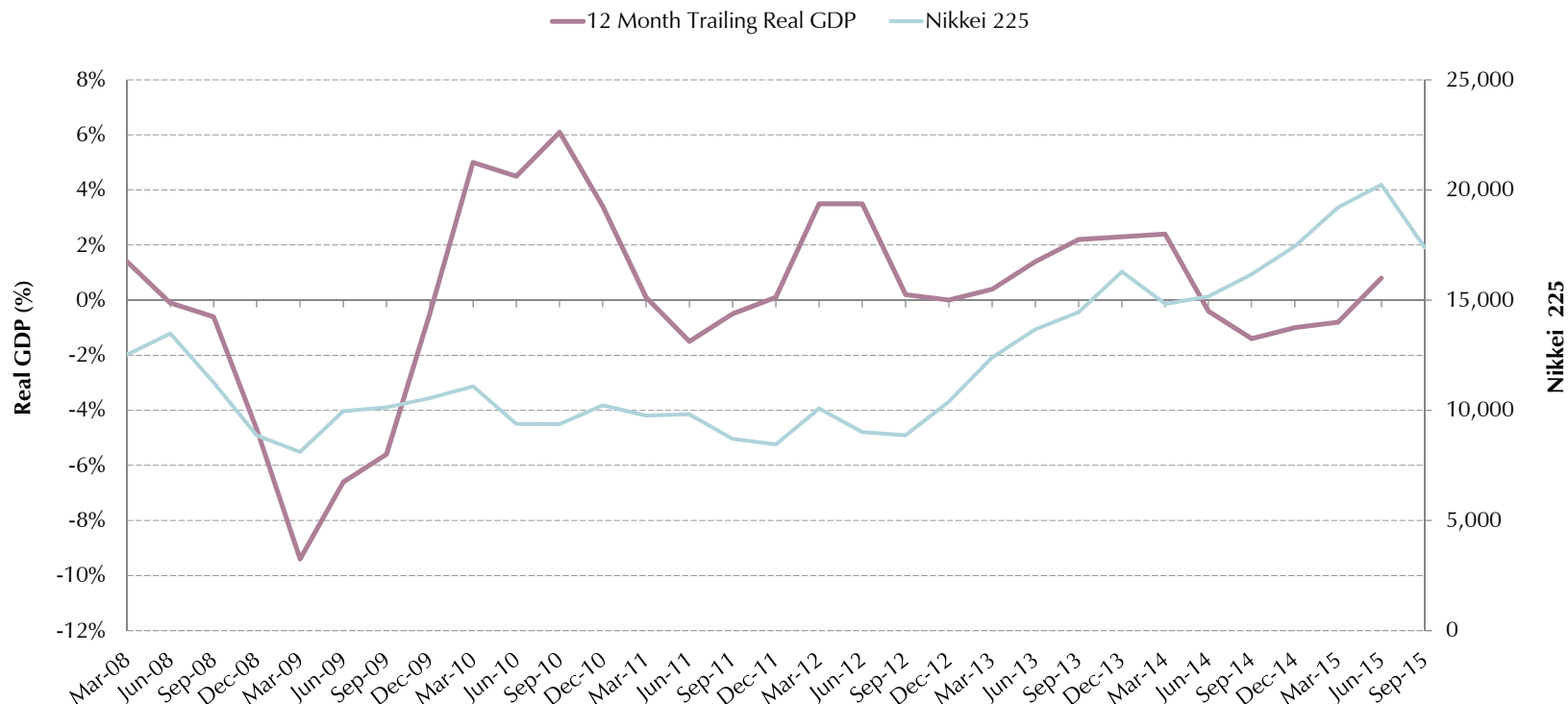


- In the third quarter, bond yields declined, driven by concerns over slowing growth in China.
- The 10-year U.S. Treasury yield finished the quarter at 2.0%, down 0.3% for the quarter, and yields in Germany fell 0.2% to 0.6%. Low inflation and monetary easing have kept bond yields on peripheral European countries like Ireland, Spain, and Italy below the U.S., despite higher financial risk.

<sup>1</sup> Source: Bloomberg. Data is as of September 30, 2015.



### Japan Economic Conditions<sup>1</sup>



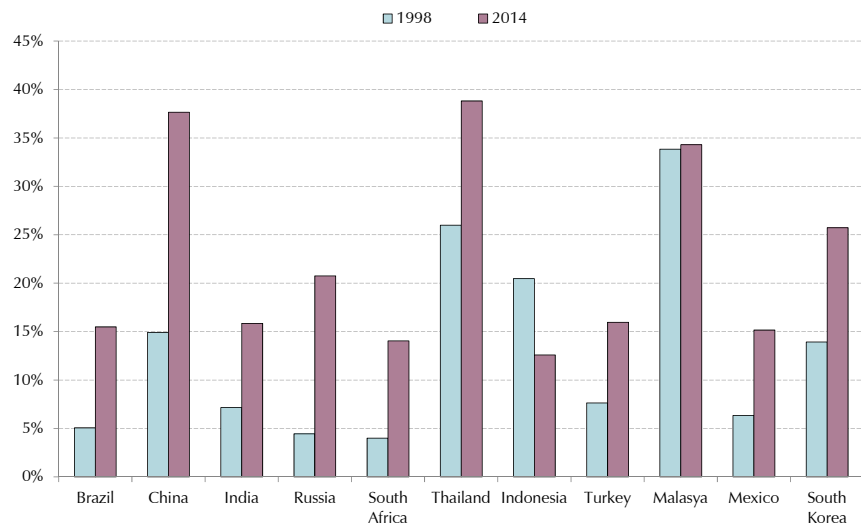
- After its strong advance since 2012, Japan's stock market declined (-14%) in the third quarter along with other major markets.
- The Japanese economy declined 1.2% on an annualized basis in the last quarter due to falling exports and consumer spending. Over the past year, the economy grew by 0.8%.

<sup>1</sup> Source: Bloomberg, Cabinet Office Japan. Data is as of September 30, 2015 for the Nikkei 225 and Q2 2015 for real GDP.

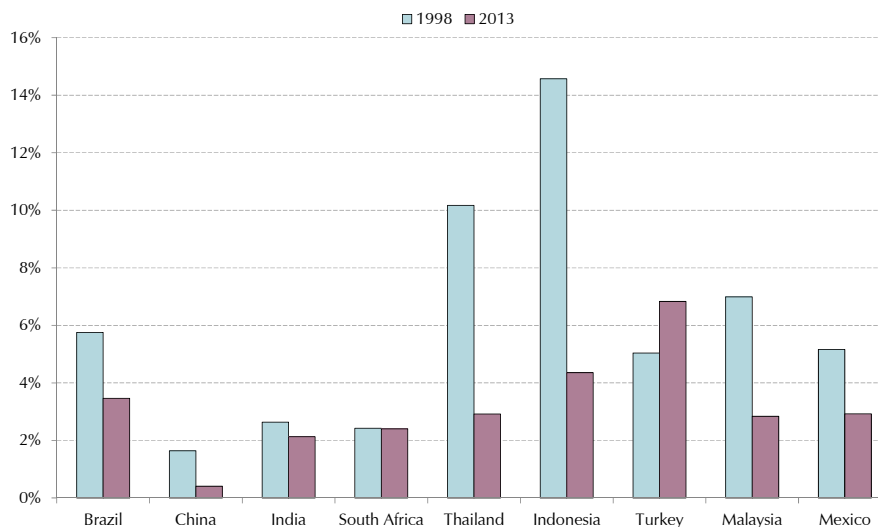


### Emerging Market Conditions<sup>1</sup>

Central Bank Reserves as Percentage of GDP



External Debt Service as Percentage of GDP



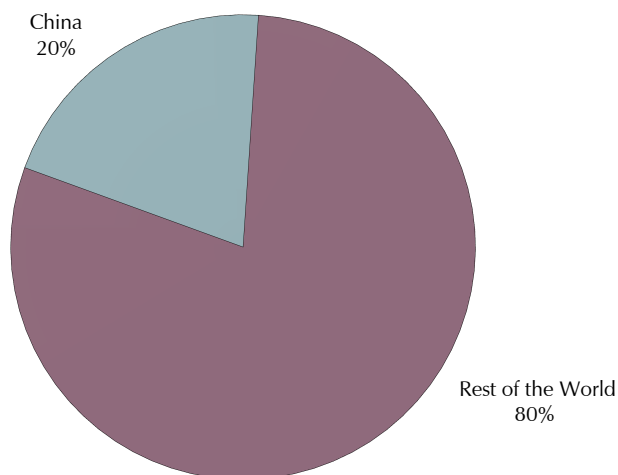
- Emerging markets have recently experienced lower investment returns, due in part to slowing growth in China, declining commodity prices, and a stronger U.S. dollar. Despite recent weakness, the long-term growth thesis remains in place for emerging markets.
- Contrasting current conditions with those during the Asian Financial Crisis in 1998, emerging economies generally have higher cash reserves and lower debt burdens, as well as less debt denominated in foreign currencies, making them better equipped to cope with currency fluctuations.

<sup>1</sup> Source: IMF, World Bank, and Research Affiliates. Estimates start after 2013.

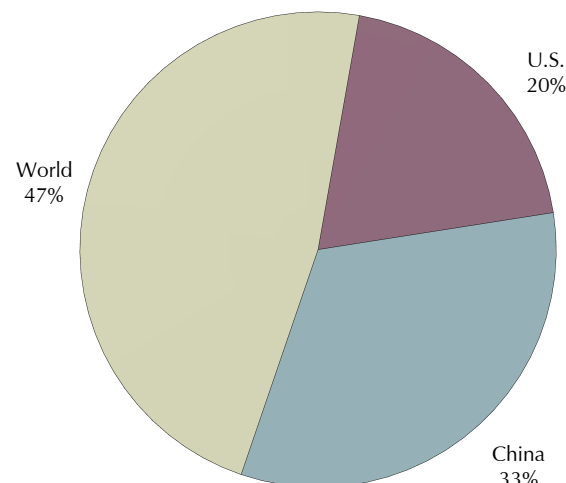


China, the U.S., and World GDP<sup>1</sup>

Percentage of 2015e World GDP



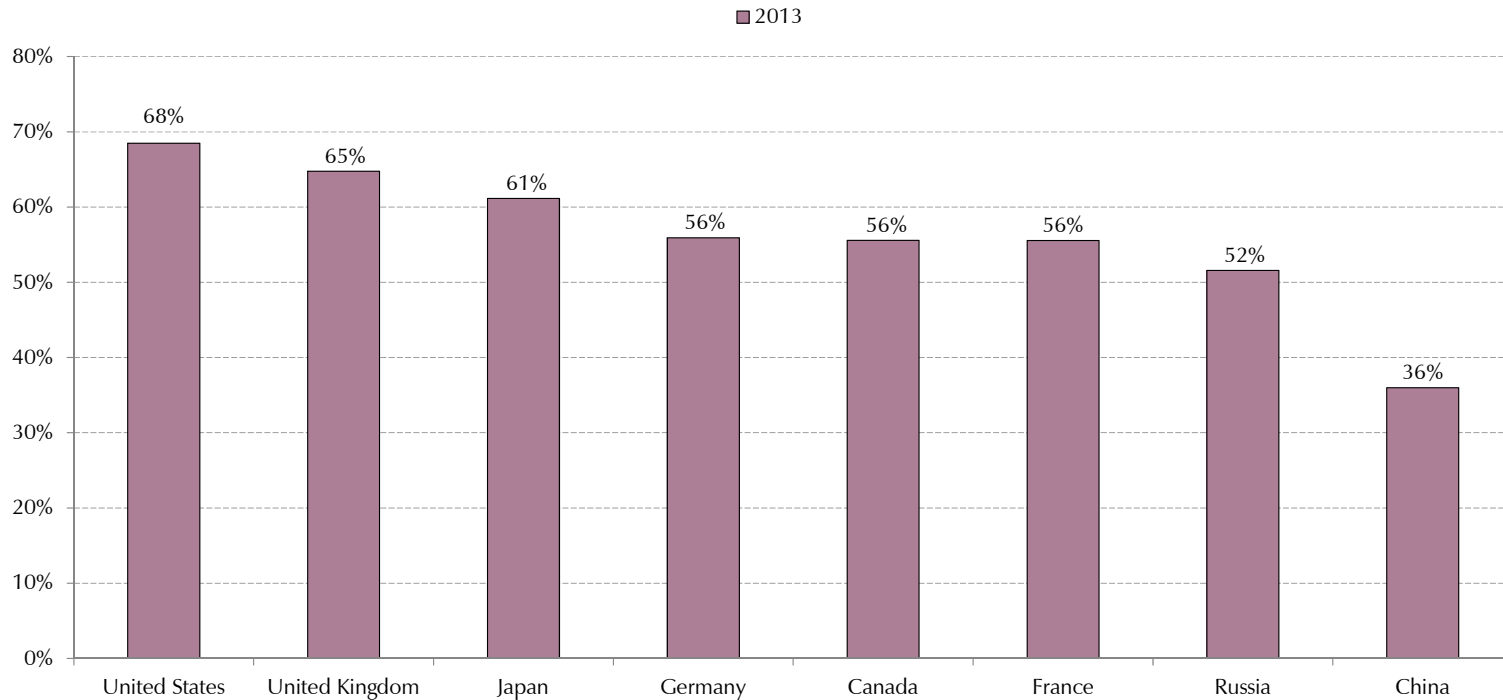
Percentage of 2015e GDP Growth



- Following China's recent equity market declines and unprecedented policy response, the government further surprised markets by devaluing their currency in the third quarter.
- China's economy continues to slow as it transitions from an investment-based model to a consumption-based model. The unexpected currency devaluation raised fears that the economy was slowing more than previously expected.
- The impact of a meaningful slowdown in China's economy would be far reaching, as it is the second largest economy in the world, but more importantly, it is the dominate contributor to global growth.

<sup>1</sup> Source: International Monetary Fund, World Economic Outlook Database, October 2015.

Consumption as a Percentage of GDP<sup>1</sup>



- China's growth has largely been driven by government spending on fixed investments, a model that is not sustainable in the long-term.
- China is in the process of moving toward a consumption driven economy, but repositioning such a large economy will be a delicate process.

<sup>1</sup> Source: World Bank, World Development Indicators, October 2015.





## Summary

**Four primary concerns face the global economy in 2015: 1) declining growth in China along with uncertain fiscal and monetary policies; 2) continued economic sluggishness and financial risk in Europe; 3) diminishing effectiveness of monetary policy globally; 4) divergent growth in emerging economies.**

- Continued shifting fiscal and monetary policy by China could lead to further volatility in markets. The recent devaluation of the yuan could lower demand for goods elsewhere, particularly commodities, and hurt exports of China's competitors. A prolonged slowdown in China's economy could have a meaningful impact given the economy's size and contribution to global growth.
- Although there have been recent improvements in Europe's growth and prices, both remain weak. The recent Greek bailout negotiations are a reminder of the Eurozone's structural issues related to having one currency and many fiscal authorities. A prolonged slowdown, or further issues with the solidarity of the euro, could weigh heavily on global demand and be disruptive to markets and growth.
- The world's major central banks continue to keep interest rates close to 0%. In the U.S., the Federal Reserve ended bond purchases in 2014, while Japan's central bank continues to aggressively expand its balance sheet and Europe recently began its own purchase program. Additionally, several emerging economies recently began cutting interest rates. If another major decline in growth occurs, central banks would have few tools available to stimulate growth.
- Growth in emerging market economies could be uneven going forward, with commodity export-dependent economies particularly hurt by a sustained slowdown in global growth and prices. The future of China's economy is a key consideration in emerging markets.

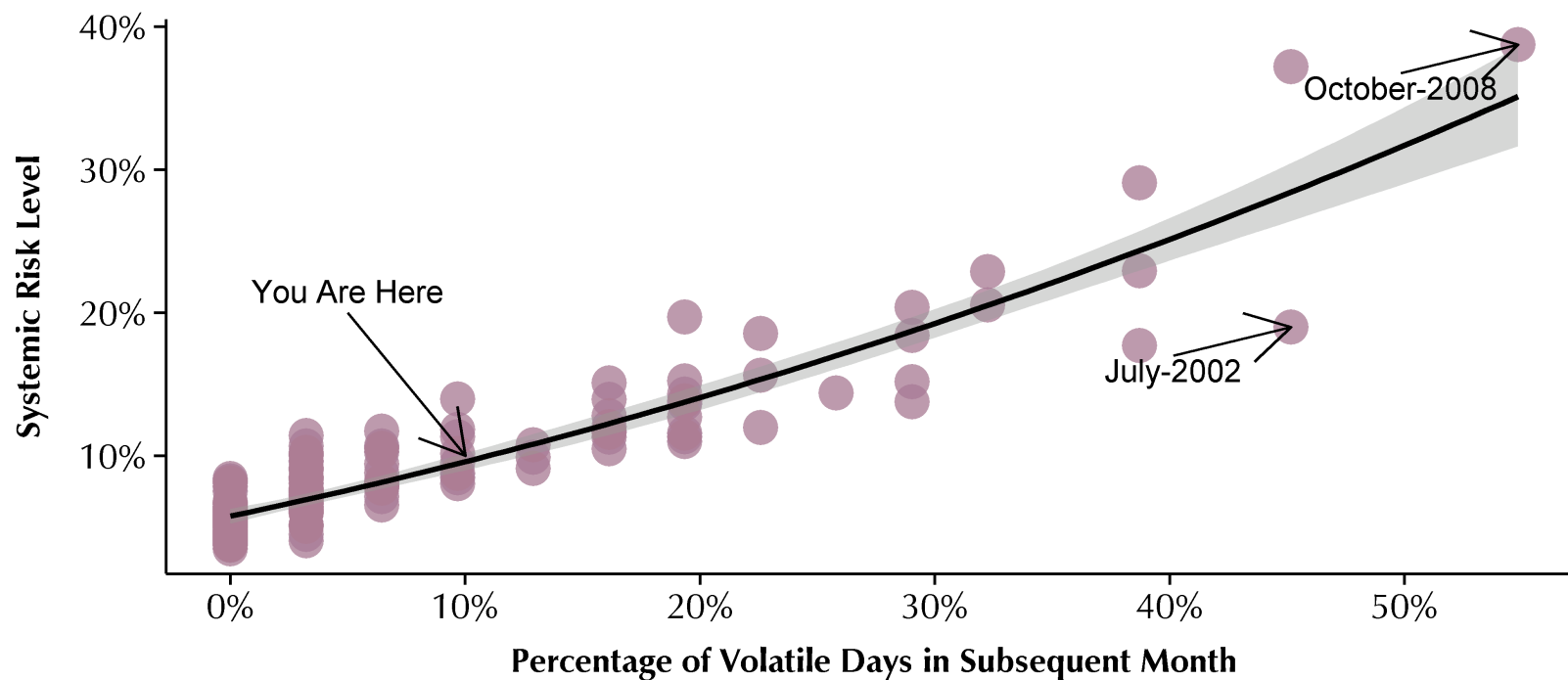
# Capital Markets Outlook

### Capital Markets Outlook<sup>1</sup>

- Investors are faced with four primary issues in the near-term: 1) historically low bond yields, 2) the potential for a transition into a rising rate environment, 3) the potential for deteriorating corporate earnings, and 4) the possibility of much lower energy prices for a sustained period.
  - The price of the U.S. stock market relative to ten-year average earnings has trended up after the financial crisis and it remains above its historical average (26.9x versus 21.7x).
    - Small cap domestic stocks' valuations remain expensive relative to large cap stocks.
  - Developed international and emerging market stocks are trading at lower valuations than U.S. stocks.
    - Sovereign debt issues and weak economic growth in Europe, and a cyclical slowdown in emerging economies, are weighing down valuations.
  - Risk across markets measured by our Systemic Risk metric has increased substantially, briefly surpassing our 'critical' threshold before retreating.
    - However, monetary policy changes by central banks and political upheaval will continue to have a meaningful impact.
  - At the end of September, spreads for high yield corporate and investment grade bonds (6.3% and 1.7% respectively) were just above their long-term averages.
  - At 2.1%, the yield on the ten-year Treasury remained far below its post-WWII average of 5.6%.
  - Crude Oil prices continue on a steep decline which has had wide ranging effects across several markets.

<sup>1</sup> Sources: Thomson Reuters, U.S. Treasury, and Standard & Poor's. Data is as of September 30, 2015.

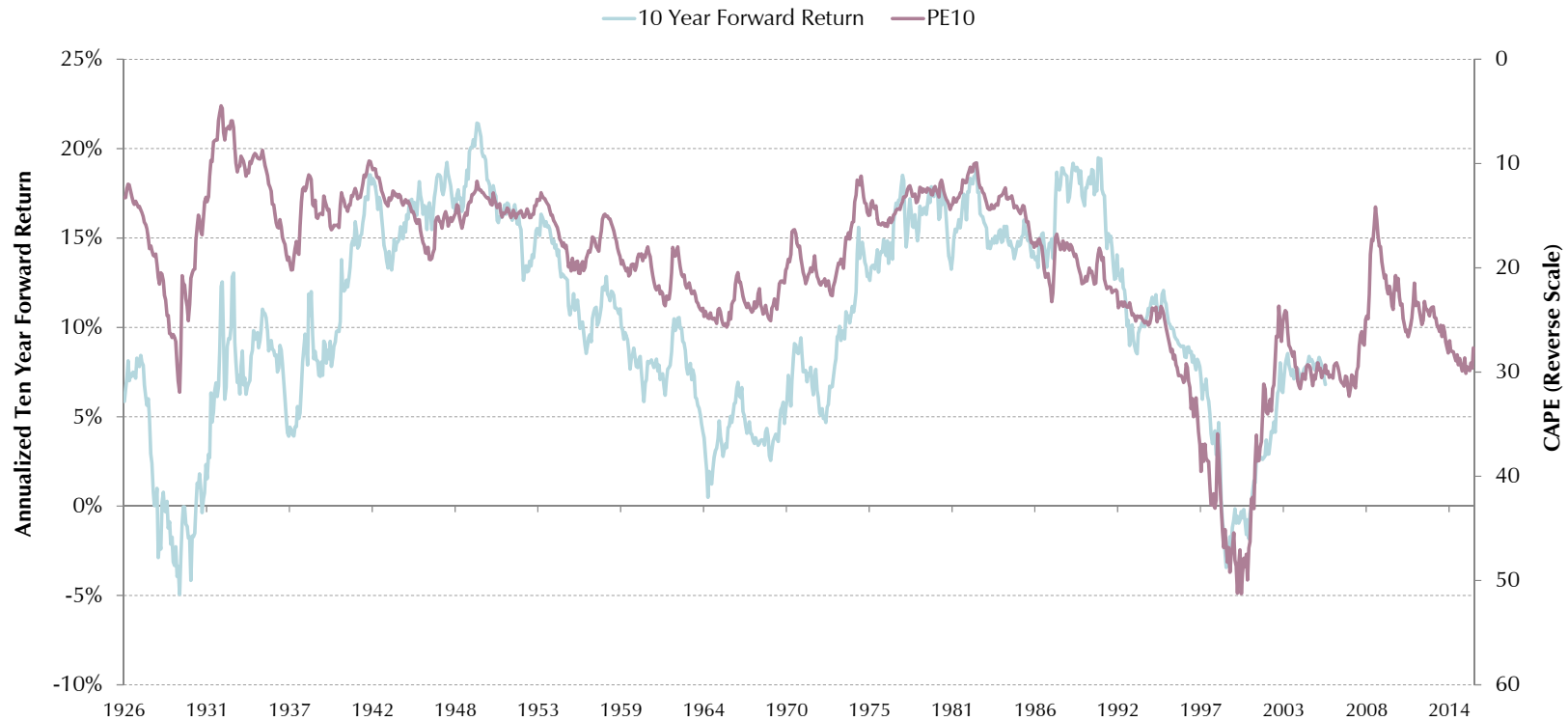
**Systemic Risk and Volatile Market Days<sup>1</sup>**



- Systemic Risk which measures risk across markets is important because the more contagion of risk that exists between assets the more likely it is that markets will experience volatile periods.
- Despite a serious recent increase even briefly surpassing the level we deem 'critical' Systemic Risk has begun to subside.

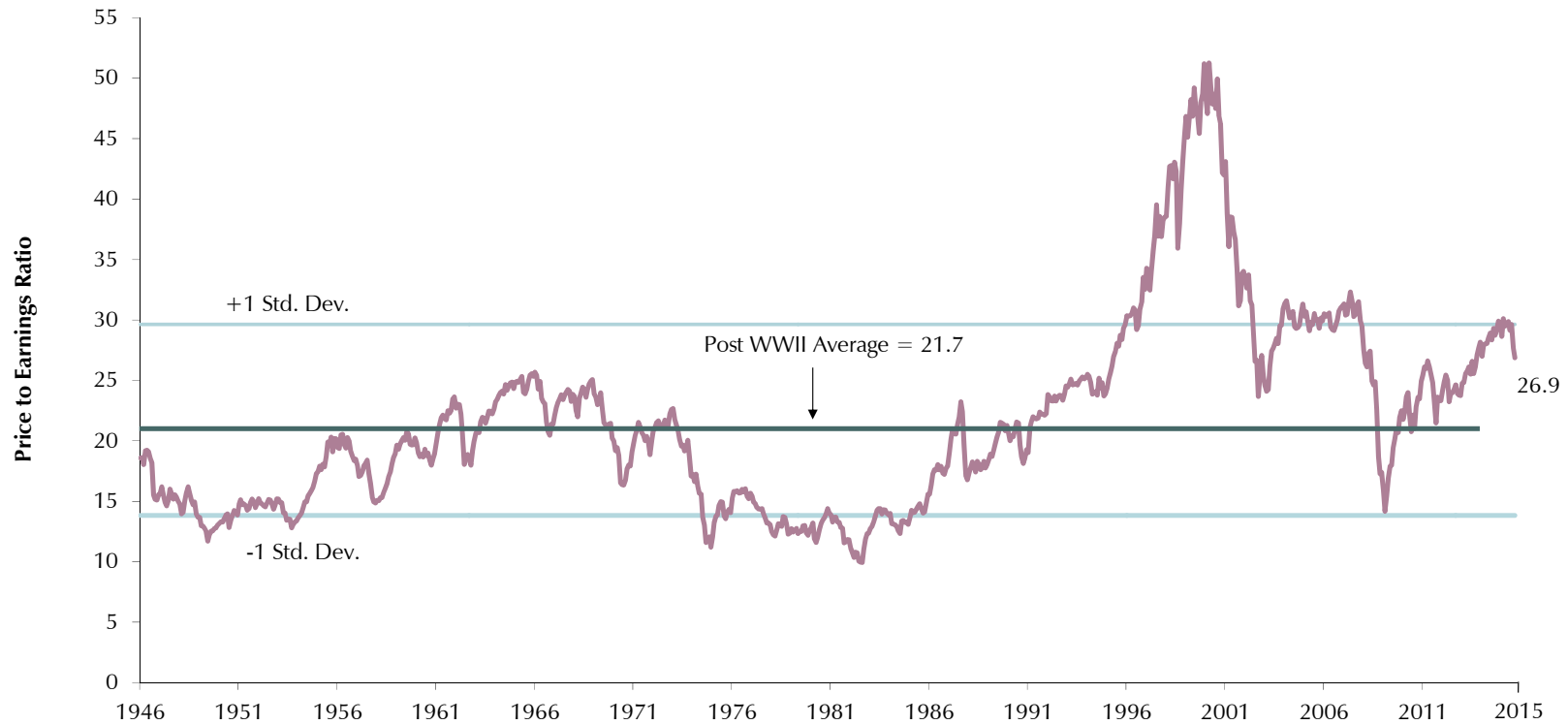
<sup>1</sup> Source: Meketa Investment Group, as of October 13, 2015. Volatile days are defined as the top 10 percent of realized turbulence which is a multivariate distance between asset returns.

## The U.S. Cyclically Adjusted P/E<sup>1</sup> and Long-Term Equity Returns



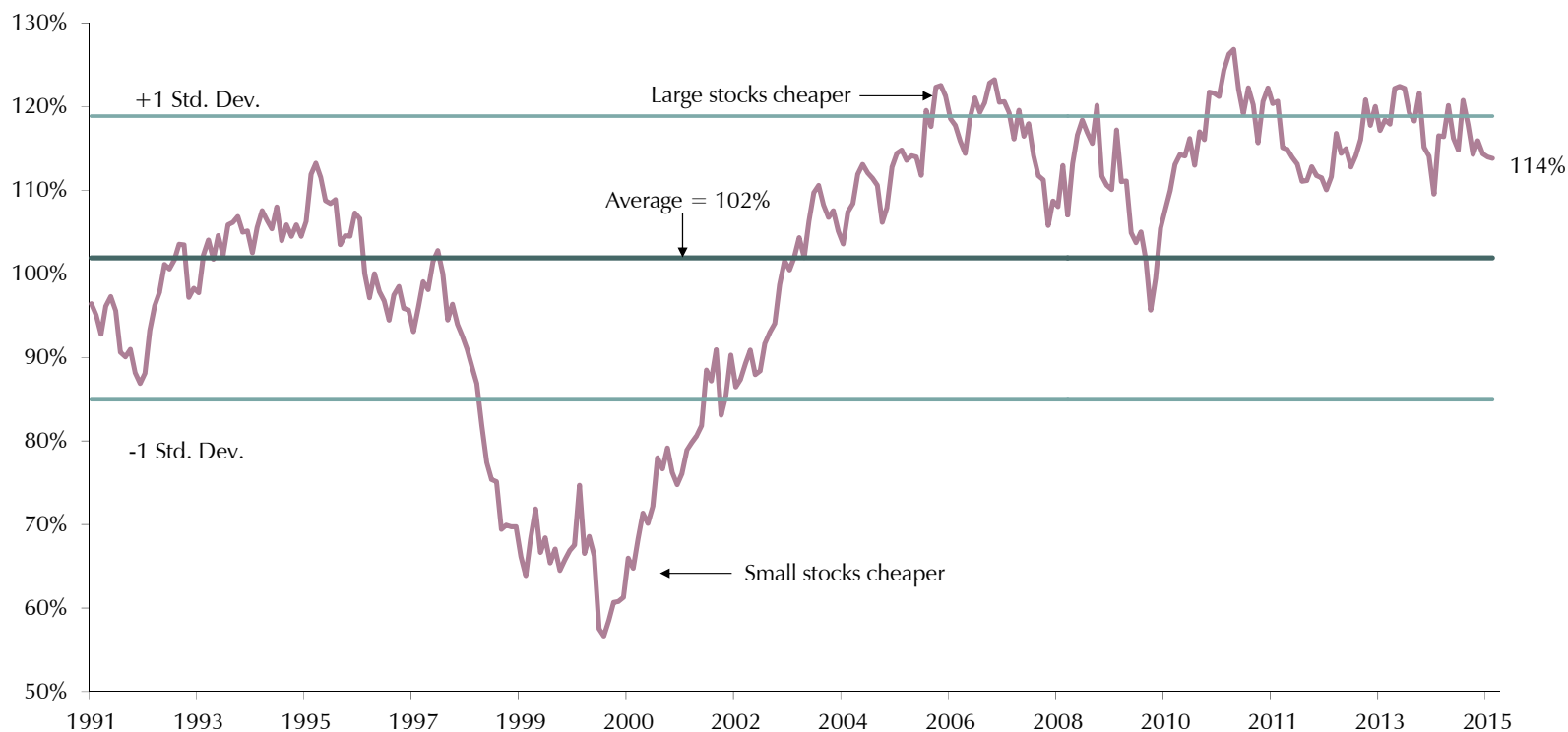
- One of the most powerful predictors of long-term equity returns has been the Cyclically Adjusted Price to Earnings Ratio (CAPE).
- This fundamentally driven measure is highly correlated with future returns which are shown in the chart above using the CAPE metric on a reverse scale.

<sup>1</sup> Source: PE data are from Robert Shiller's website from 1926 - 1946; S&P and Thomson Reuters 1946 - present. S&P 500 equity returns are from Morningstar Direct for the entire period. Data is from January 31, 1926 to September 30, 2015.

U.S. Equity Cyclically Adjusted P/E<sup>1</sup>

- The cyclically adjusted P/E ratio for the S&P 500 finished September at 26.9x, above its post-WWII average of 21.7x.
- Due to the recent pullback in equity markets this metric has fallen below the positive standard deviation threshold. Historically, a P/E ratio at this level has led to roughly average future returns over a 10 year horizon.

<sup>1</sup> Source: Standard & Poor's. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years. Data is from January 31, 1946 to September 30, 2015.

Small Cap P/E vs. Large Cap P/E<sup>1</sup>

- The P/E ratio of small cap stocks (Russell 2000) relative to large cap stocks (Russell 1000) points to comparatively expensive small cap stocks.
- This relative valuation metric has remained largely range bound since 2010.

<sup>1</sup> Source: Russell Investments. Earnings figures represent 12-month "as reported" earnings. Data is as of September 30, 2015.

Growth P/E vs. Value P/E<sup>1</sup>



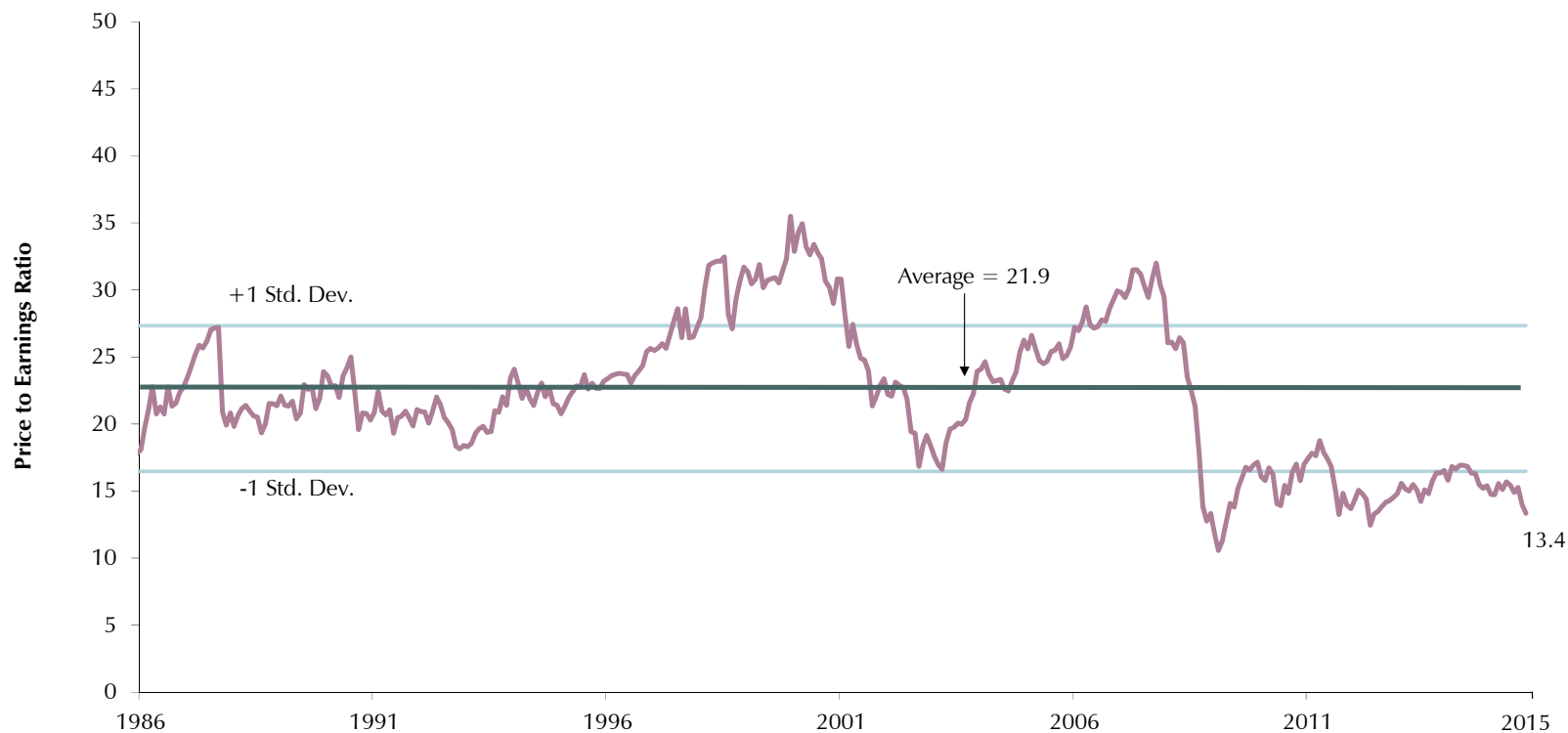
- The P/E ratio of growth stocks (Russell 3000 Growth) relative to value stocks (Russell 3000 Value) finished September at 137%, well above its level four years prior, but still below its long-term average.
- Of note, the long-term average was sharply influenced by the technology bubble of the late 1990s.

<sup>1</sup> Source: Russell Investments. Earnings figures represent 12-month "as reported" earnings. Data is as of September 30, 2015.





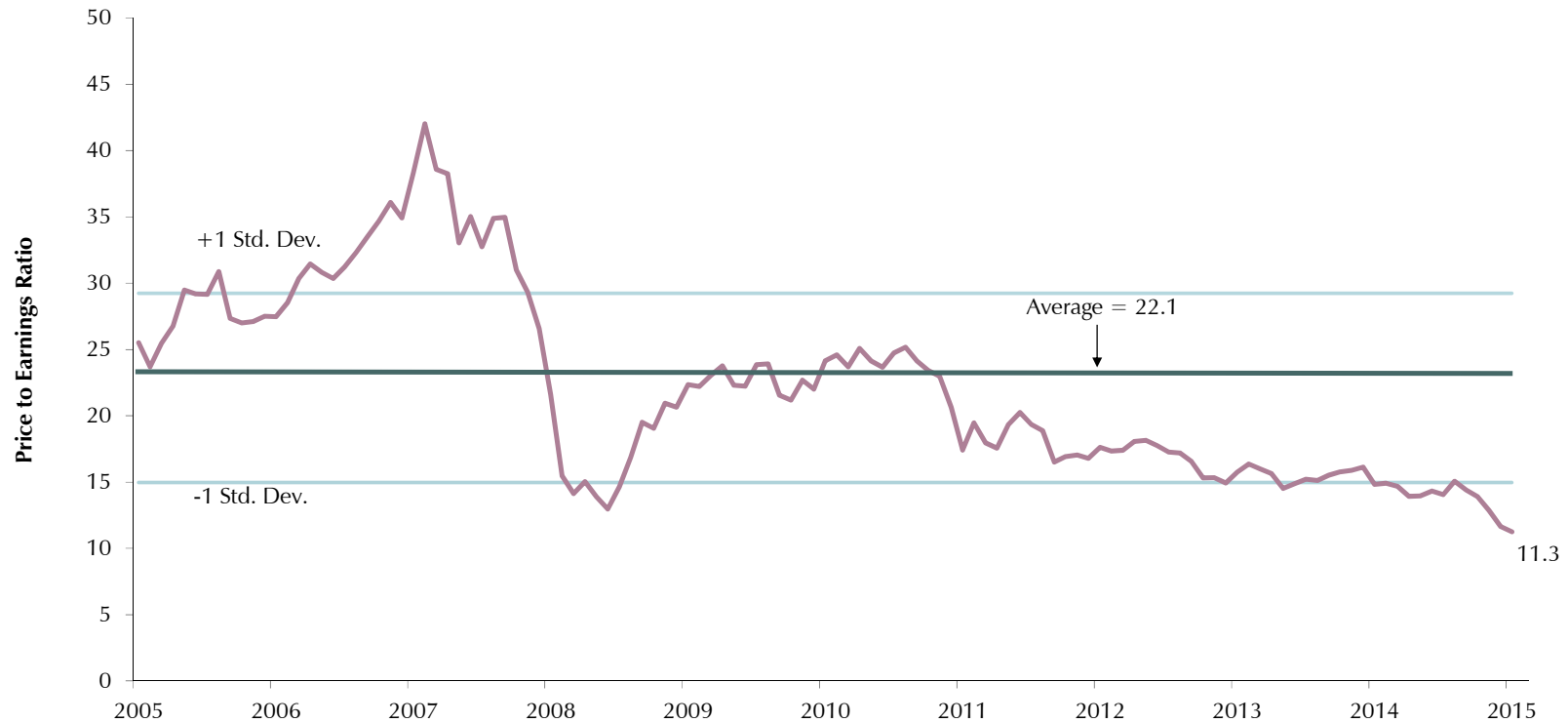
Developed International Equity Cyclically Adjusted P/E<sup>1</sup>



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

<sup>1</sup> Source: MSCI and Thomson Reuters. Earnings figures represent the average of monthly “as reported” earnings over the previous ten years. Data is as of September 30, 2015.



Emerging Market Equity Cyclically Adjusted P/E<sup>1</sup>

- Emerging market equities (MSCI Emerging Markets) are priced more than one standard deviation below their (brief) historical average.
- By this metric, emerging market equities are trading at a much lower valuation than U.S. equities, and at a slightly lower valuation than non-U.S. developed market equities.

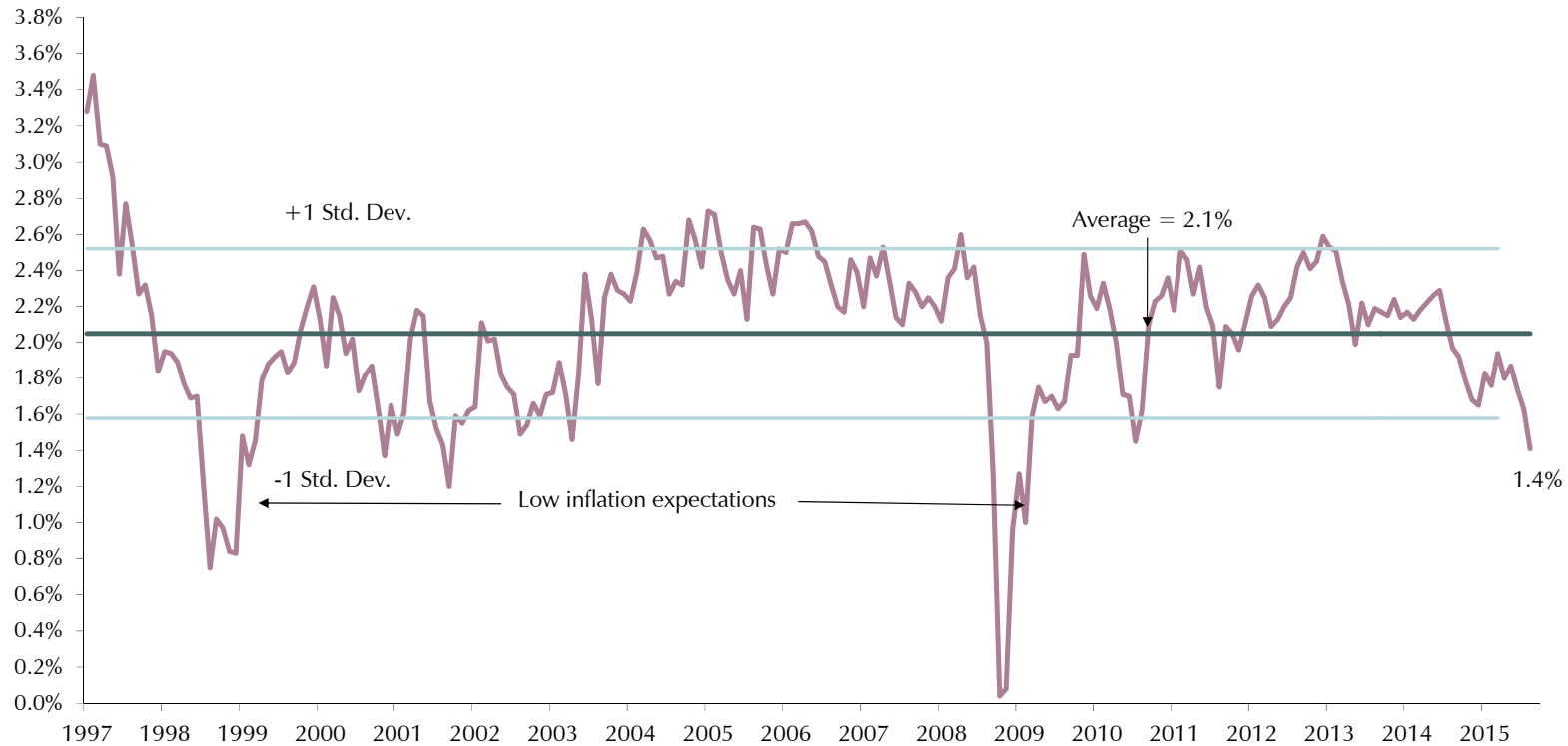
<sup>1</sup> Source: MSCI and Thomson Reuters. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years. Data is as of September 30, 2015.

Ten-Year Treasury Yields<sup>1</sup>

- Ten-year Treasury yields finished September at 2.1%, well below both their post-WWII average and the levels of one year ago.
- Markets have begun to focus on when the central bank will begin to raise interest rates, which will likely happen this year or early next year.

<sup>1</sup> Source: U.S. Treasury. Data is as of September 30, 2015.

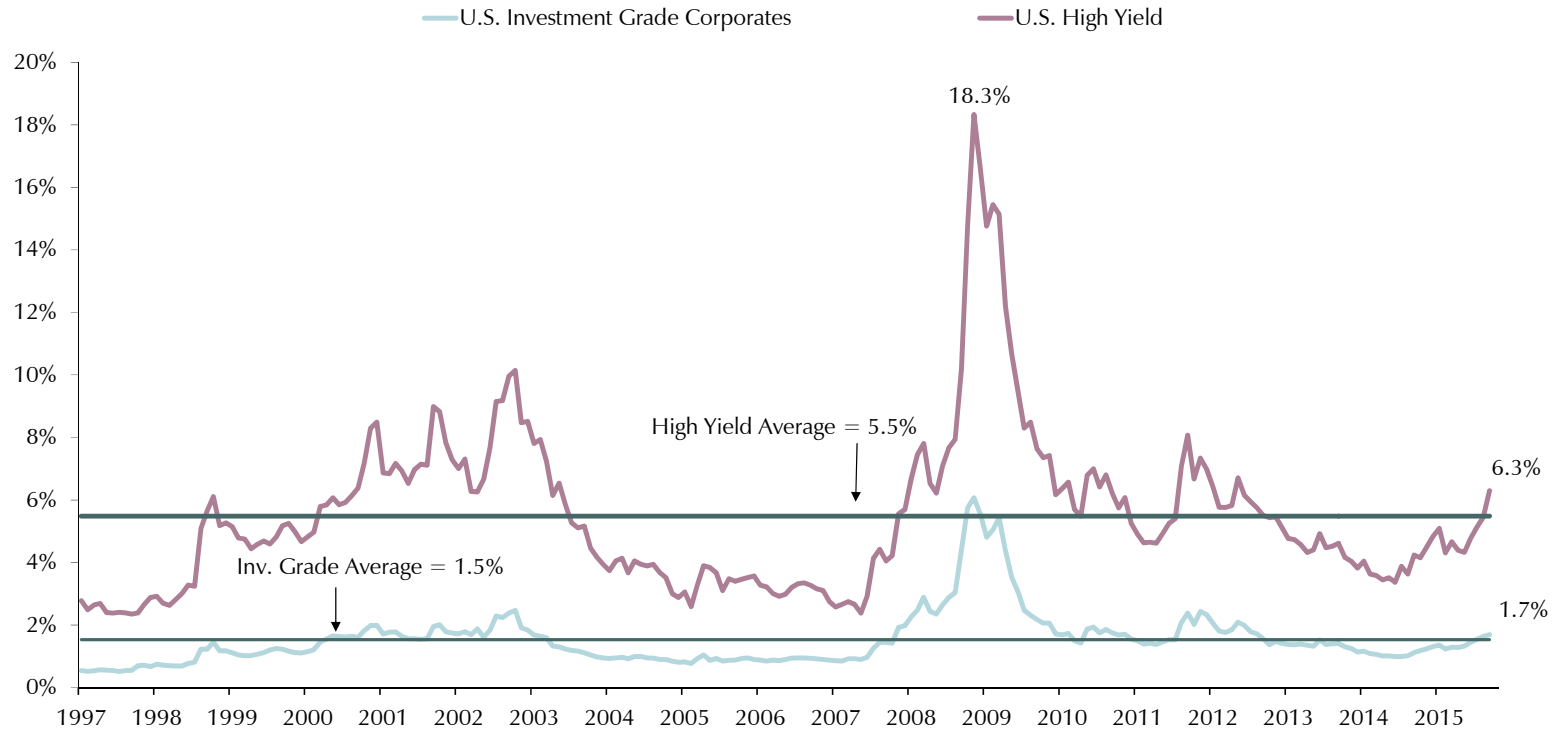
### Ten-Year Breakeven Inflation<sup>1</sup>



- Breakeven (or expected) inflation, the difference between the nominal yield on a ten-year Treasury and the real yield on a ten-year TIPS, has fallen well below its long-term average.
- Sharp falls in commodity prices have put pressure on inflation this year. The most recent Year over Year (YoY) inflation rate was only 0% and deflation occurred between August and September.

<sup>1</sup> Source: U.S. Treasury and Federal Reserve. Data is as of September 30, 2015 for TIPS and Treasuries. Inflation is measured by the Consumer Price Index (CPI-U NSA) for which the most recent data point is from September 30, 2015.

### Credit Spreads<sup>1</sup>

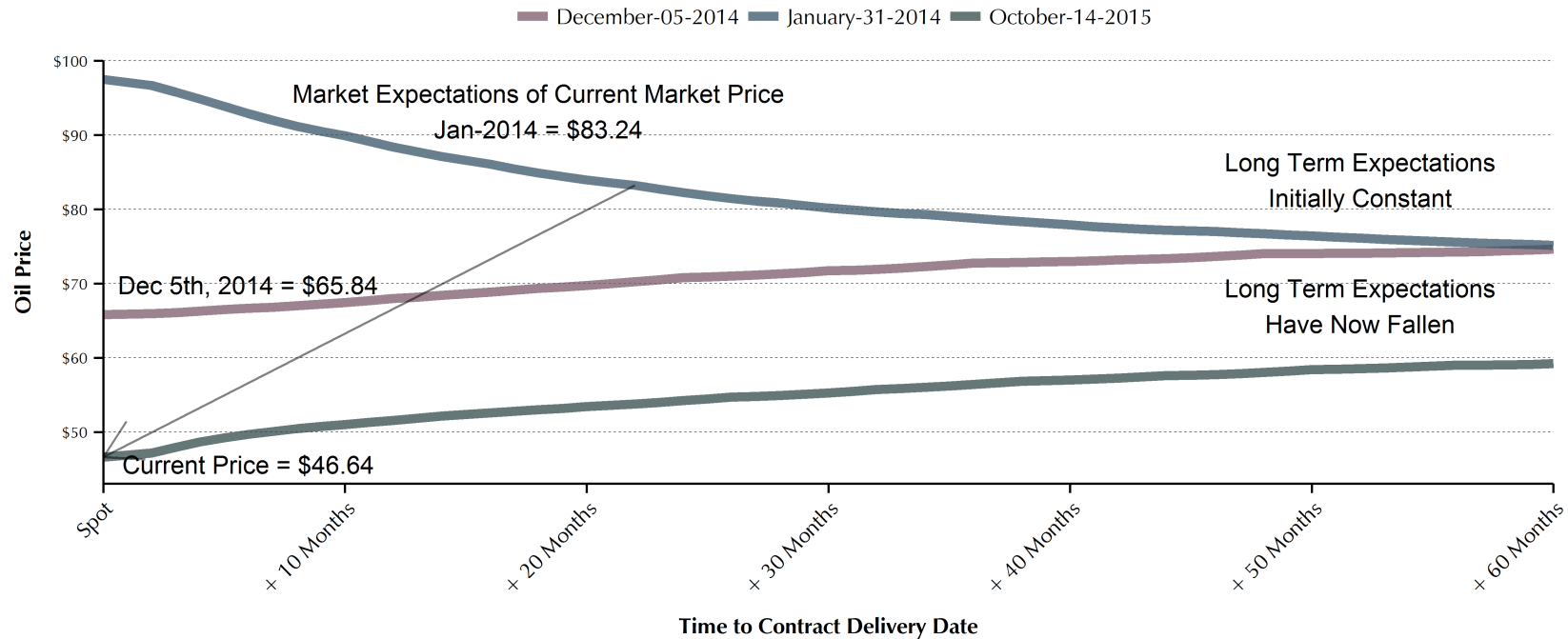


- Credit spreads (versus U.S. Treasury bonds) for both high yield and investment grade corporate bonds finished September close to and slightly above their respective historical averages.
- The recent jump in market risk caused a widening in spreads, especially within high yield which was affected by oil price declines.

<sup>1</sup> Source: Barclays Capital. High Yield is proxied by the Barclays High Yield index and Investment Grade Corporates are proxied by the Barclays U.S. Corporate Investment Grade index. Data is as of September 30, 2015.



### Oil Price Futures Curves<sup>1</sup>



- The chart above shows the WTI Crude Oil futures prices as of January and December of last year and October of this year. This highlights how large the recent price fall has been, especially relative to expectations last year.
- Looking further out on the curve we can see that initially long-term price expectations remained the same. As the oil price has continued to fall, long-term expectations have begun to decline as well.

<sup>1</sup> Source: WTI Crude Oil Futures Price via Bloomberg. Data is as of October 14, 2015.

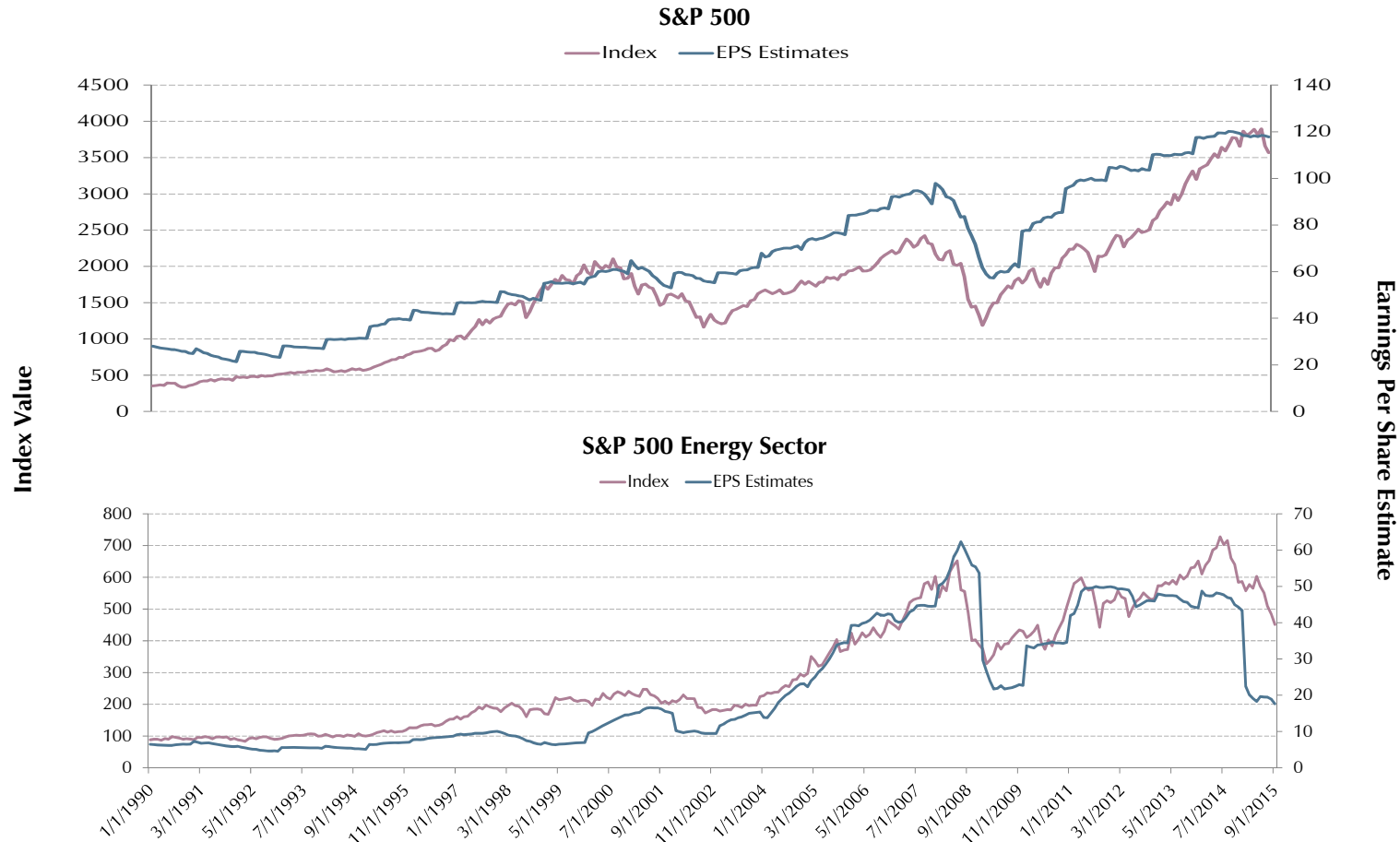


U.S. High Yield Sectors<sup>1</sup>

- The oil price decline has been a major contributing factor for the recent widening of spreads within U.S. High Yield.
- The energy sector represents roughly 15% of the index and as illustrated above, most of widening of spreads has come from the energy sector.

<sup>1</sup> Source: Barclays and Thompson Reuters. Data is as of October 14, 2015.

### U.S. Corporate Earnings<sup>1</sup>



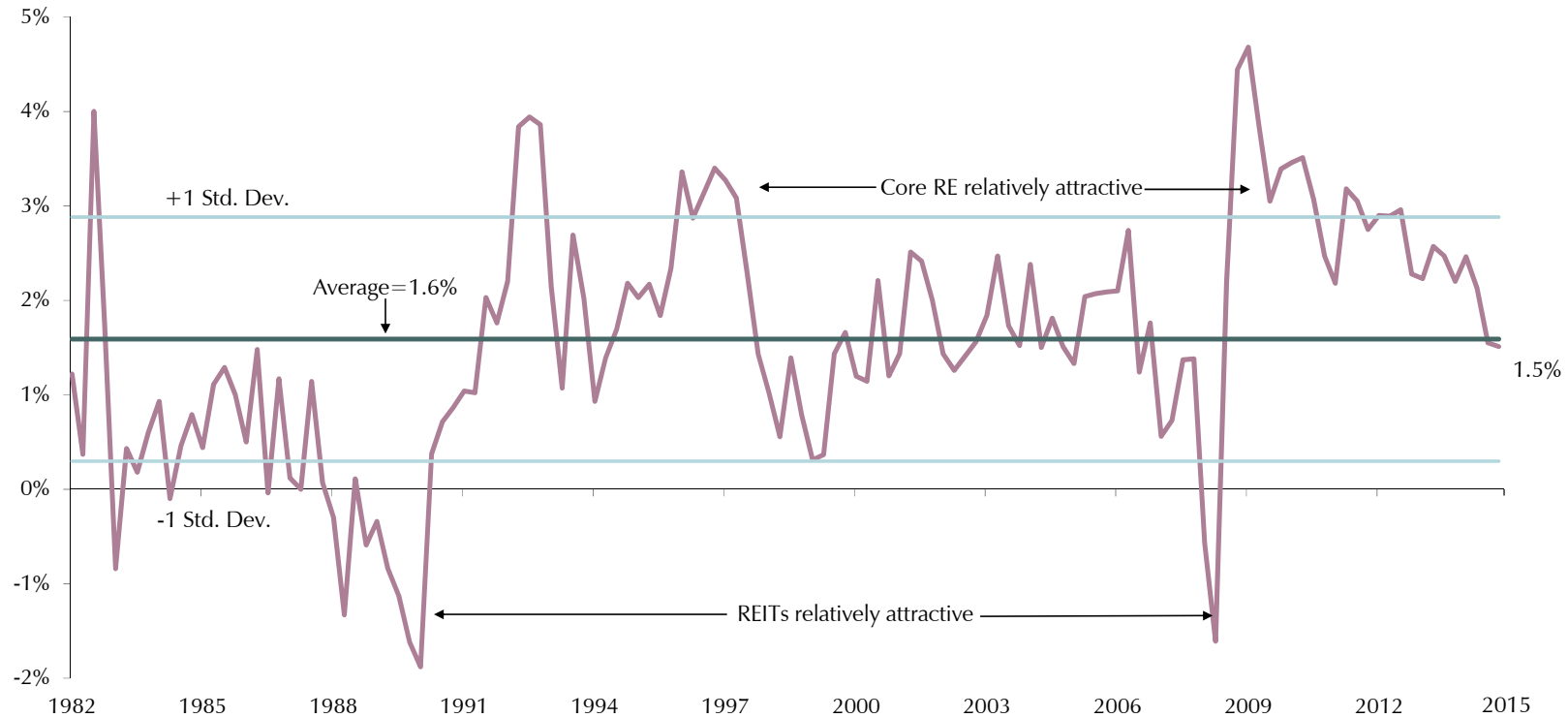
- The oil price decline has also had a major effect on U.S. earnings expectations. Earnings have fallen recently in that sector but much less than estimates. Aggregating all sectors, estimates have recently fallen slightly.

<sup>1</sup> Source: Bloomberg. Earnings Per Share Estimates are the average current quarter estimates of market analyst. Data is as of September 30, 2015.





**Core Real Estate vs. REITs<sup>1</sup>**

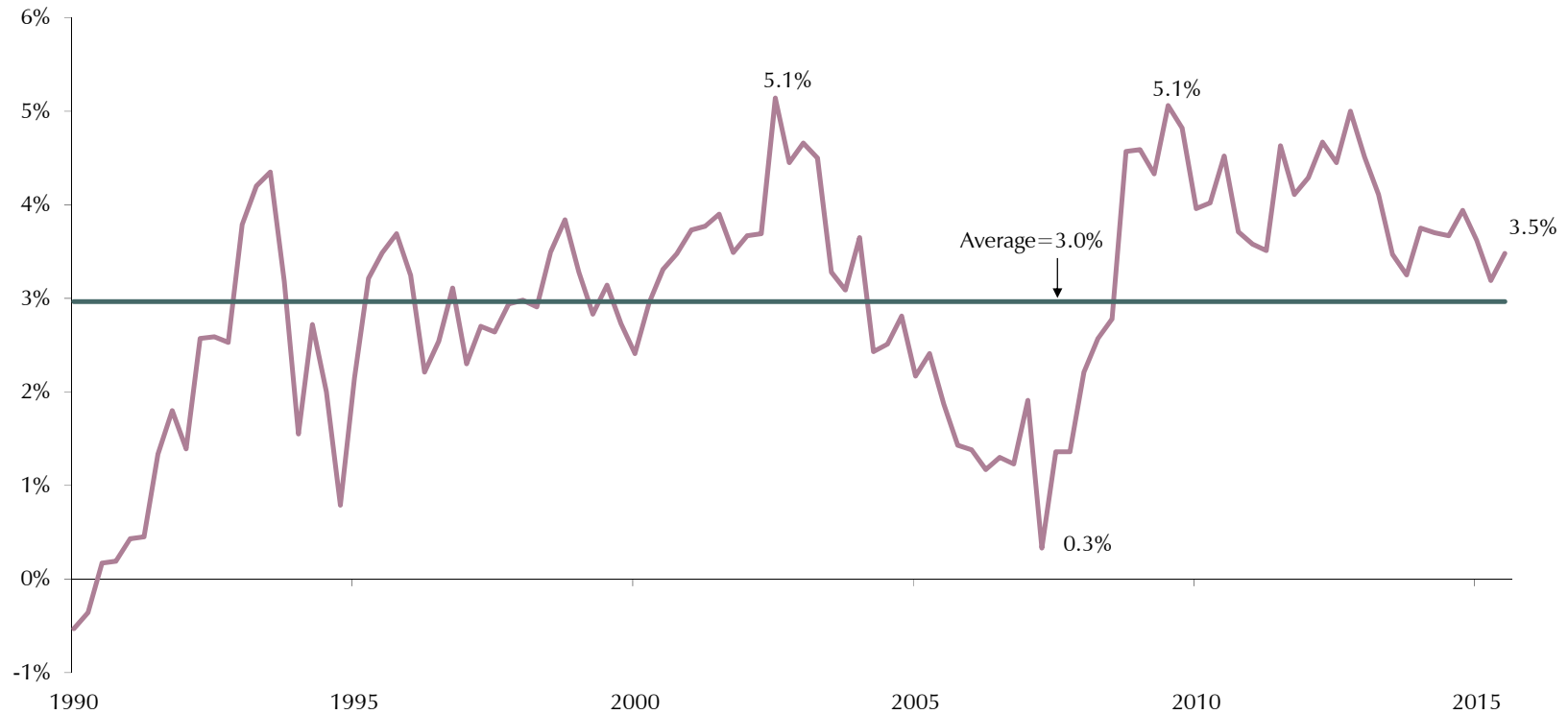


- At the end of September, the spread between core real estate cap rates and REIT yields was 1.5%, reaching just below the long term historical average level.
- REITs were yielding 4.0%, well below the 10.1% level of early 2009.

<sup>1</sup> Sources: Thomson Reuters and NCREIF. Core Real Estate is proxied by the transaction-based cap rate for the NCREIF NPI index and REITs are proxied by the yield for the NAREIT Equity index. NPI transactional capitalization rates are calculated on a quarterly basis and lagged in their release. Data is as of June 30, 2015 for the NCREIF NPI and September 30, 2015 for the NAREIT Equity index.



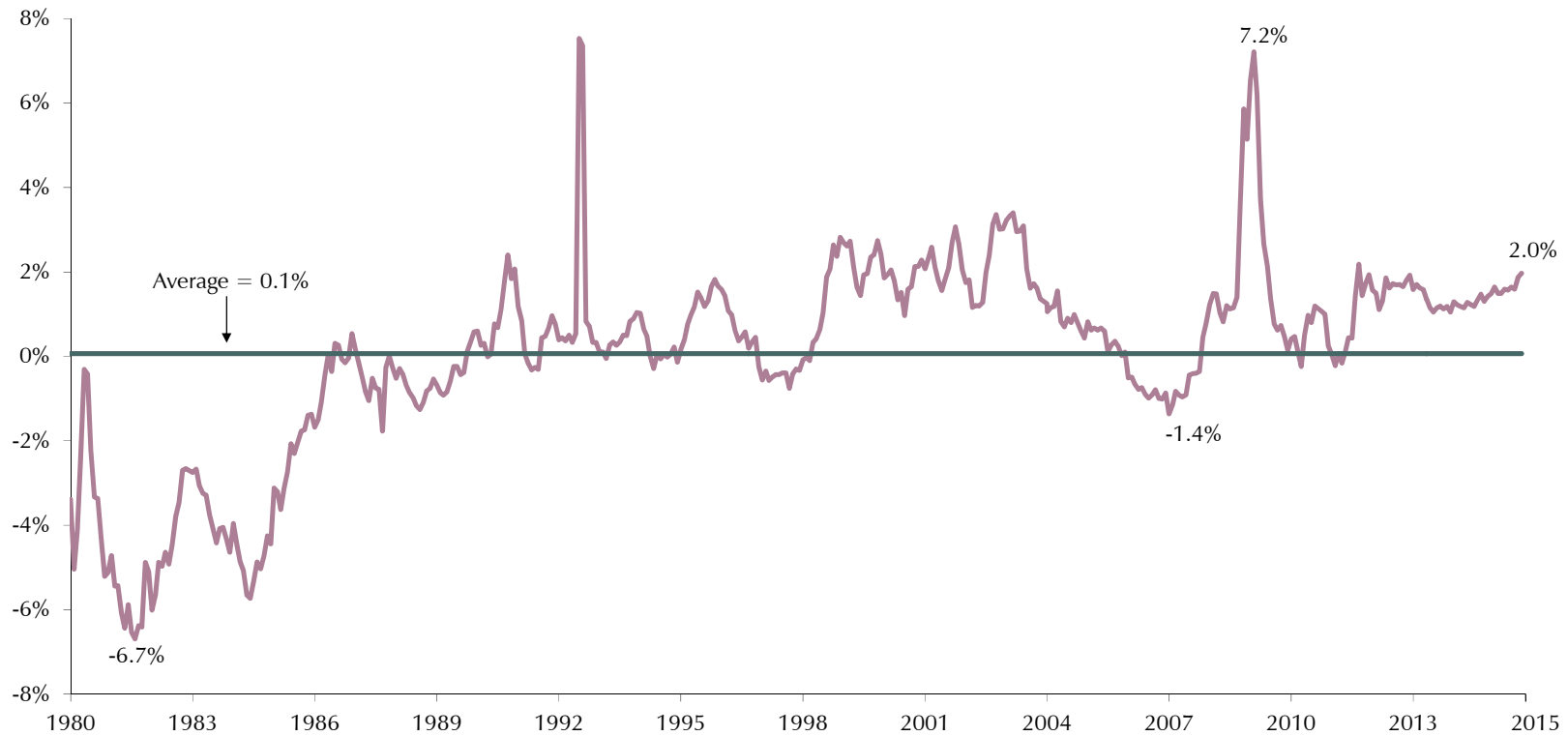
Core Real Estate Spread vs. Ten-Year Treasury<sup>1</sup>



- At 3.5%, the difference between the 5.5% cap rate for core real estate and the 2.1% yield for the ten-year Treasury has come back towards its historical average.
- Still, the absolute level of core real estate cap rates is near a historical low.

<sup>1</sup> Source: NCREIF, U.S. Treasury. NPI transactional capitalization rates are calculated on a quarterly basis. Data is as of June 30, 2015 for the NCREIF NPI and September 30, 2015 for the ten-year Treasury.

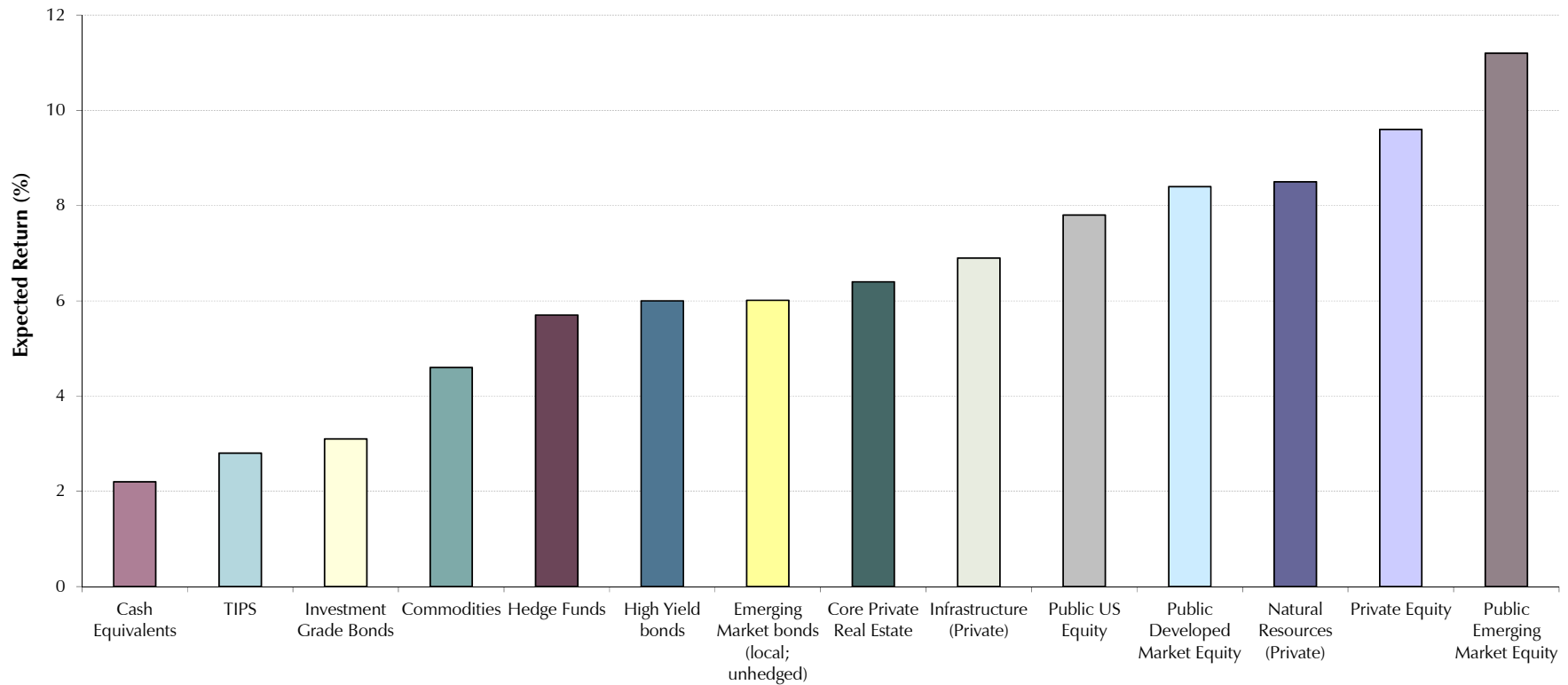


REITs Dividend Yield Spread vs. Ten-Year Treasury<sup>1</sup>

- REIT yield spreads were 2.0% at the end of September. This spread gradually increased last year despite strong REIT performance.
- As with core real estate, the absolute level of REIT dividend yields is near a historical low.

<sup>1</sup> Source: NAREIT, U.S. Treasury. REITs are proxied by the yield for the NAREIT Equity index. Data is as of September 30, 2015.

Long-Term Outlook<sup>1</sup>



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

<sup>1</sup> Twenty-year expected returns based upon Meketa Investment Group's 2015 Annual Asset Study.



**Total Return Comparison of Barclays U.S. Aggregate Minus Barclays U.S. TIPS<sup>1</sup>**

		Changes In Rates (bps)				
		-100	-50	0	50	100
Inflation Rate Scenarios	4.0%	-5.77%	-4.06%	-2.59%	-1.35%	-0.35%
	3.0%	-4.77%	-3.06%	-1.59%	-0.35%	0.65%
	2.0%	-3.77%	-2.06%	-0.59%	0.65%	1.65%
	1.0%	-2.77%	-1.06%	0.41%	1.65%	2.65%
	0.0%	-1.77%	-0.06%	1.41%	2.65%	3.65%

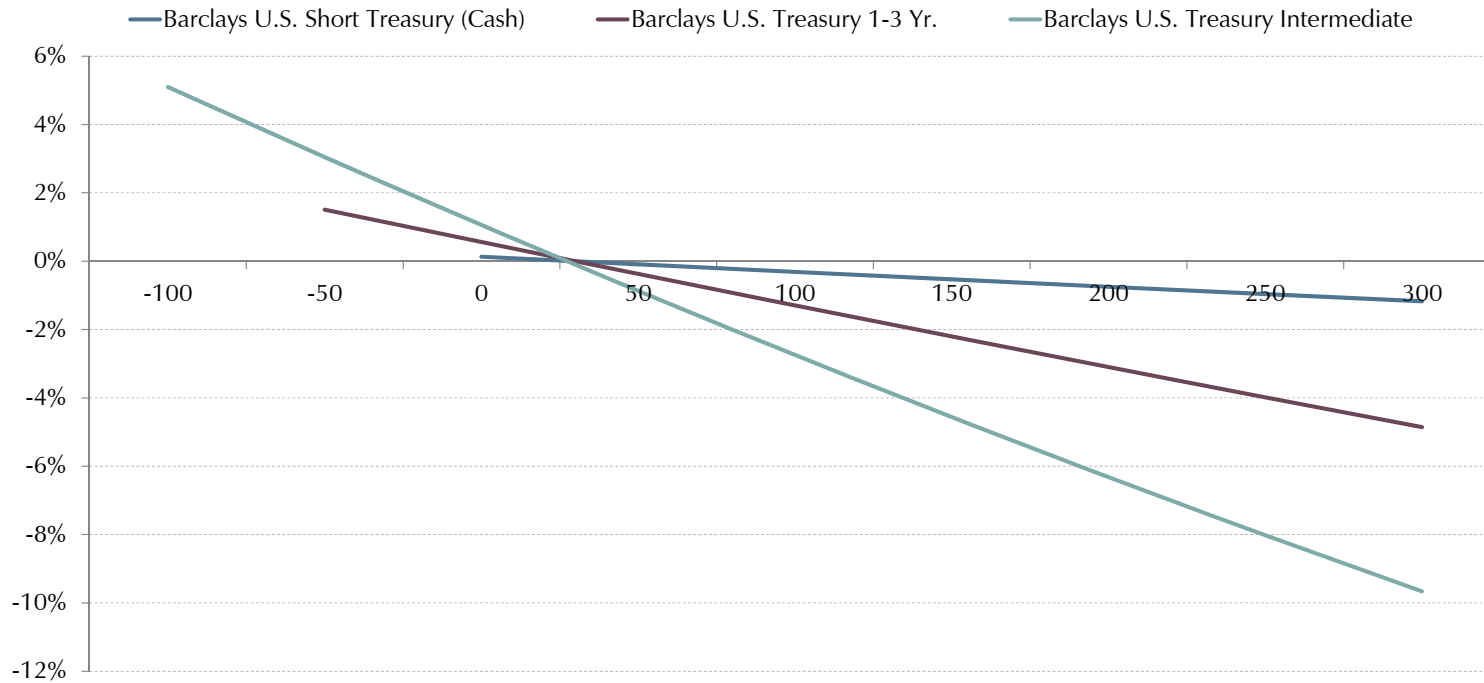
**Total Return Scenario: 100 bps Rate Increase and 2% Inflation**

Total Return Over Longer Holding Periods	1 Year	3 Year	5 Year	7 Year	10 Year
Barclays U.S. Aggregate	-3.41%	0.86%	1.74%	2.11%	2.40%
Barclays U.S. Treasury U.S. TIPS	-5.05%	0.78%	1.99%	2.51%	2.90%

<sup>1</sup> Data is as of September 30, 2015 via Barclays, Bloomberg, and Thomson Reuters. Scenario assumes that the rate increase happens over one year.



**Total Return Given Changes in Interest Rates (bps)<sup>1</sup>**



	Total Return for Given Changes in Interest Rates (bps)									Statistics	
	-100	-50	0	50	100	150	200	250	300	Duration	YTW
Barclays U.S. Short Treasury (Cash)			0.1%	-0.1%	-0.3%	-0.5%	-0.8%	-1.0%	-1.2%	0.45	0.13%
Barclays U.S. Treasury 1-3 Yr.		1.5%	0.6%	-0.4%	-1.3%	-2.2%	-3.1%	-4.0%	-4.9%	1.88	0.56%
Barclays U.S. Treasury Intermediate	5.1%	3.0%	1.1%	-0.9%	-2.7%	-4.6%	-6.3%	-8.0%	-9.7%	3.92	1.06%
Barclays U.S. Treasury Long	22.4%	12.0%	2.7%	-5.6%	-12.8%	-19.1%	-24.3%	-28.4%	-31.6%	17.6	2.70%

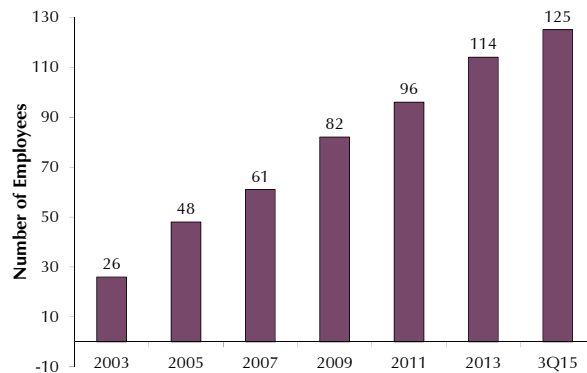
<sup>1</sup> Data represents the expected total return from a given change in interest rates (shown in basis points) over a 12-month period assuming a parallel shift in rates. Data is as of September 30, 2015 via Barclays and Thomson Reuters.



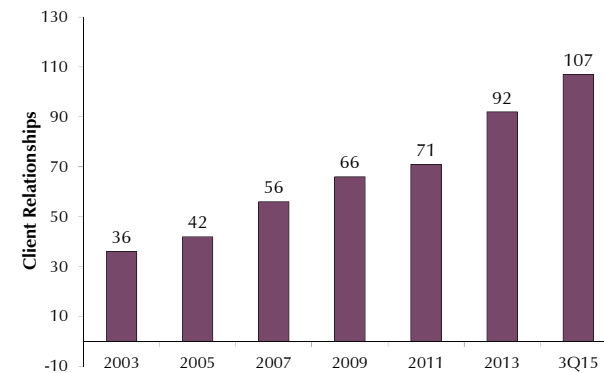
# **Meketa Investment Group Corporate Update**

- Staff of 125, including 75 investment professionals and 24 CFA Charterholders
- 107 clients, with over 180 funds throughout the United States
- Significant investment in staff and resources
- Offices in Boston, Miami, Portland (OR), San Diego, and London
- Clients have aggregate assets of over \$800 billion
  - Over \$20 billion in assets committed to alternative investments
    - Private Equity
    - Infrastructure
    - Natural Resources
    - Real Estate
    - Hedge Funds
    - Commodities

**Employee Growth**



**Client Growth**



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





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

Domestic Equities	International Equities	Private Equity	Real Assets	Fixed Income	Hedge Funds
<ul style="list-style-type: none"> <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>

## The Case for Diversification

Periodic Table of Returns<sup>1</sup>

- Even a naively diversified portfolio (U.S. 60/40) achieves a much more stable return stream than its components: U.S. Equity and Core Bonds.

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Long Term Bonds 20.3%	US Core Bonds 8.4%	Long Term Bonds 16.8%	US Equity 31.1%	Global 60/40 12.5%	Long Term Bonds 9.6%	US Equity 15.7%	Long Term Bonds 9.8%	Long Term Bonds 24.0%	US Equity 28.3%	US Equity 16.9%	Long Term Bonds 29.9%	US Equity 16.4%	US Equity 33.6%	Long Term Bonds 25.1%
US Core Bonds 11.6%	Long Term Bonds 4.2%	US Core Bonds 10.3%	Global 60/40 24.9%	US Equity 11.9%	US Equity 6.1%	Global 60/40 14.7%	Global 60/40 9.2%	US Core Bonds 5.2%	Global 60/40 20.8%	US 60/40 12.8%	US Core Bonds 7.8%	US 60/40 11.5%	US 60/40 19.3%	US Equity 12.6%
US 60/40 0.2%	US 60/40 -3.5%	Global 60/40 -5.3%	US 60/40 20.3%	US 60/40 8.9%	US 60/40 4.6%	US 60/40 11.2%	US Core Bonds 7.0%	US 60/40 -20.3%	US 60/40 19.4%	Long Term Bonds 9.4%	US 60/40 3.8%	Global 60/40 11.2%	Global 60/40 15.0%	US 60/40 9.9%
Global 60/40 -6.6%	Global 60/40 -9.5%	US 60/40 -8.8%	US Core Bonds 4.1%	Long Term Bonds 7.7%	Global 60/40 3.9%	US Core Bonds 4.3%	US 60/40 5.9%	Global 60/40 -22.5%	US Core Bonds 5.9%	Global 60/40 9.3%	US Equity 1.0%	US Core Bonds 4.2%	US Core Bonds -2.0%	US Core Bonds 6.0%
US Equity -7.5%	US Equity -11.5%	US Equity -21.5%	Long Term Bonds 2.5%	US Core Bonds 4.3%	US Core Bonds 2.4%	Long Term Bonds 1.9%	US Equity 5.1%	US Equity -37.3%	Long Term Bonds -12.9%	US Core Bonds 6.5%	Global 60/40 -1.1%	Long Term Bonds 3.6%	Long Term Bonds -12.7%	Global 60/40 3.2%

<sup>1</sup> U.S. Equity represented by Russell 3000 Index, Long Term Bonds represented by Barclays Long Term Treasury, Core Bonds represented by Barclay's Aggregate, US 60/40 invests 60% in Russell 3000 and 40% in Barclays Aggregate, Global 60/40 invests 60% in MSCI World and 40% in Barclays Global Aggregate.

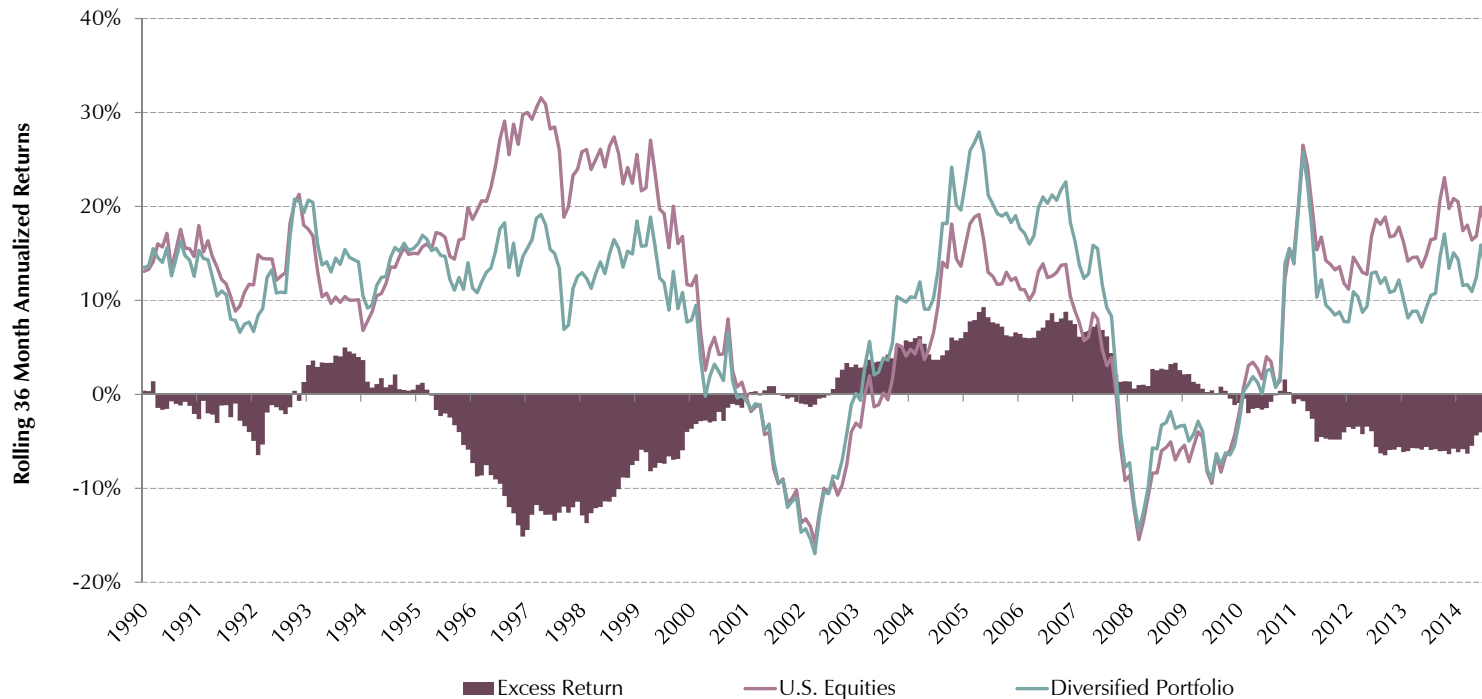


Returns are Cyclical

- U.S. Equities outperformed a diversified portfolio by 7.4% and 5.3% per annum during the 1995-2001 and 2010-2015 periods, respectively. However, U.S. Equities trailed by 8.7% and 6.5% annually during the 1993-1994 and 2002-2007 periods, respectively.

Rolling 36-month Annualized Returns of U.S. Equities vs Diversified Equities Portfolio<sup>1</sup>

January 2001 – August 2015



<sup>1</sup> U.S. Equities represented by Russell 3000 Index. Diversified Equities Portfolio composition: 50% Russell 3000, 30% MSCI EAFE Index and 20% MSCI EM Index.



### Performance Chasing Detracts Value<sup>1</sup>

- Investors' performance lags actual fund performance due to performance chasing, a practice that effectively translates into buying high and selling low.

Asset-Weighted and Average Total and Investor Returns: Trailing Through Dec. 31, 2013			
	Average 10 Year Total Return (%)	Asset-Weighted 10 Year Investor Return (%)	Returns Gap (%)
US Equity	8.18	6.52	-1.66
Sector Equity	9.46	6.32	-3.14
Balanced	6.93	4.81	-2.12
International Equity	8.77	5.76	-3.01
Taxable Bond	5.39	3.15	-2.24
Municipal	3.53	1.65	-1.88
Alternative	0.96	-1.15	-2.11
All Funds	7.30	4.81	-2.49

Source: Morningstar.

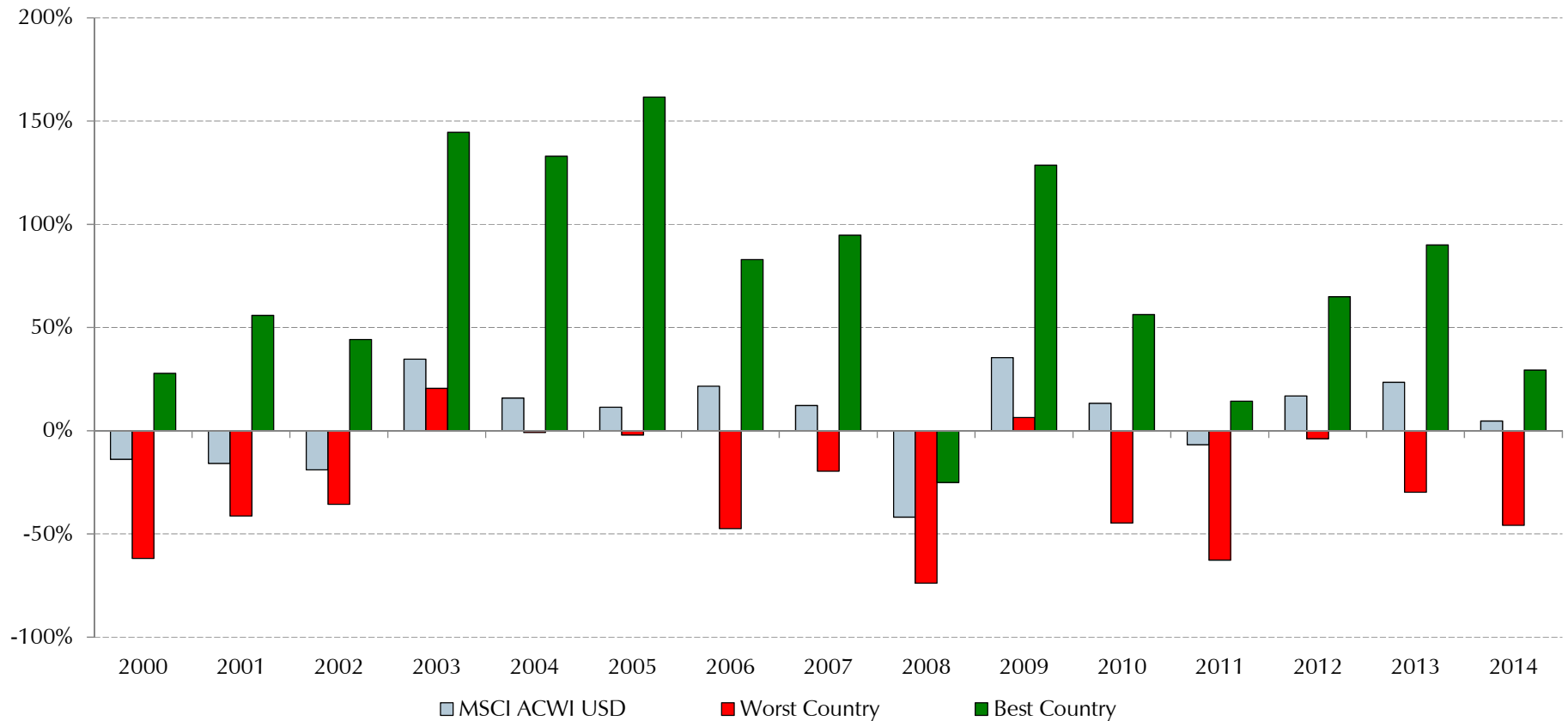
<sup>1</sup> Source: Morningstar. Kinnel, Russel. "Mind the Gap 2014". February 27<sup>th</sup>, 2014. <http://news.morningstar.com/articlenet/article.aspx?id=637022>

**Diversification reduces Volatility**

- Taken together, the MSCI ACWI index is far less volatile than its constituents.

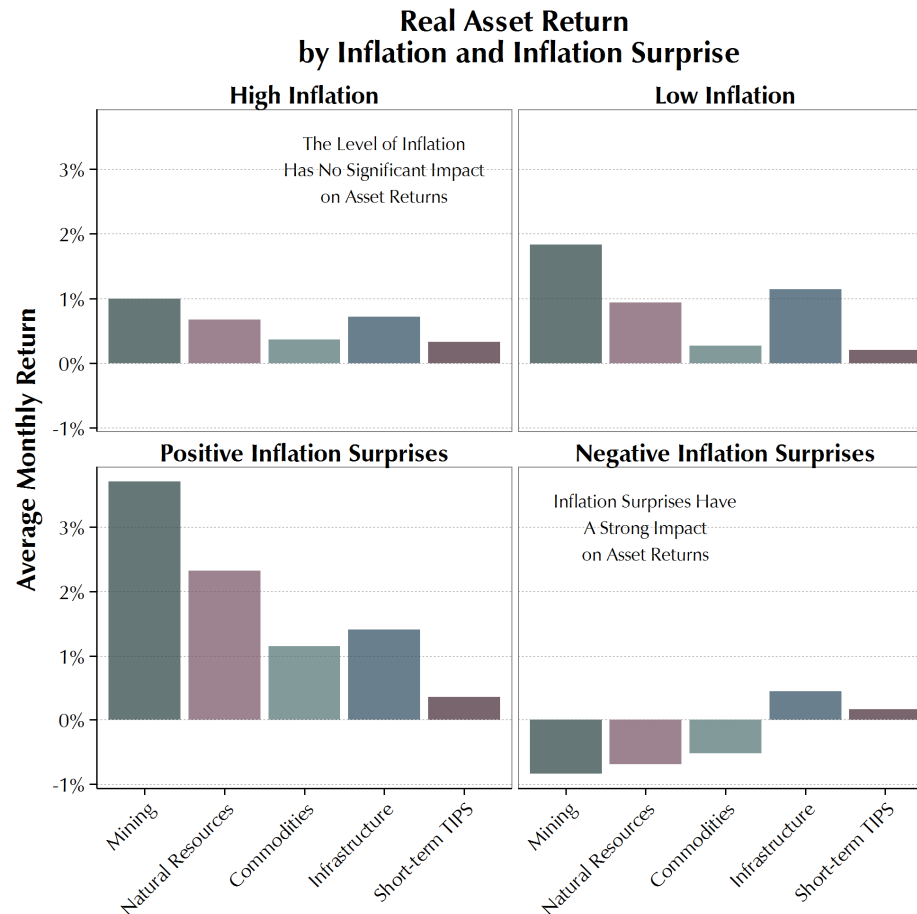
**MSCI ACWI**

January 1995 – December 2014



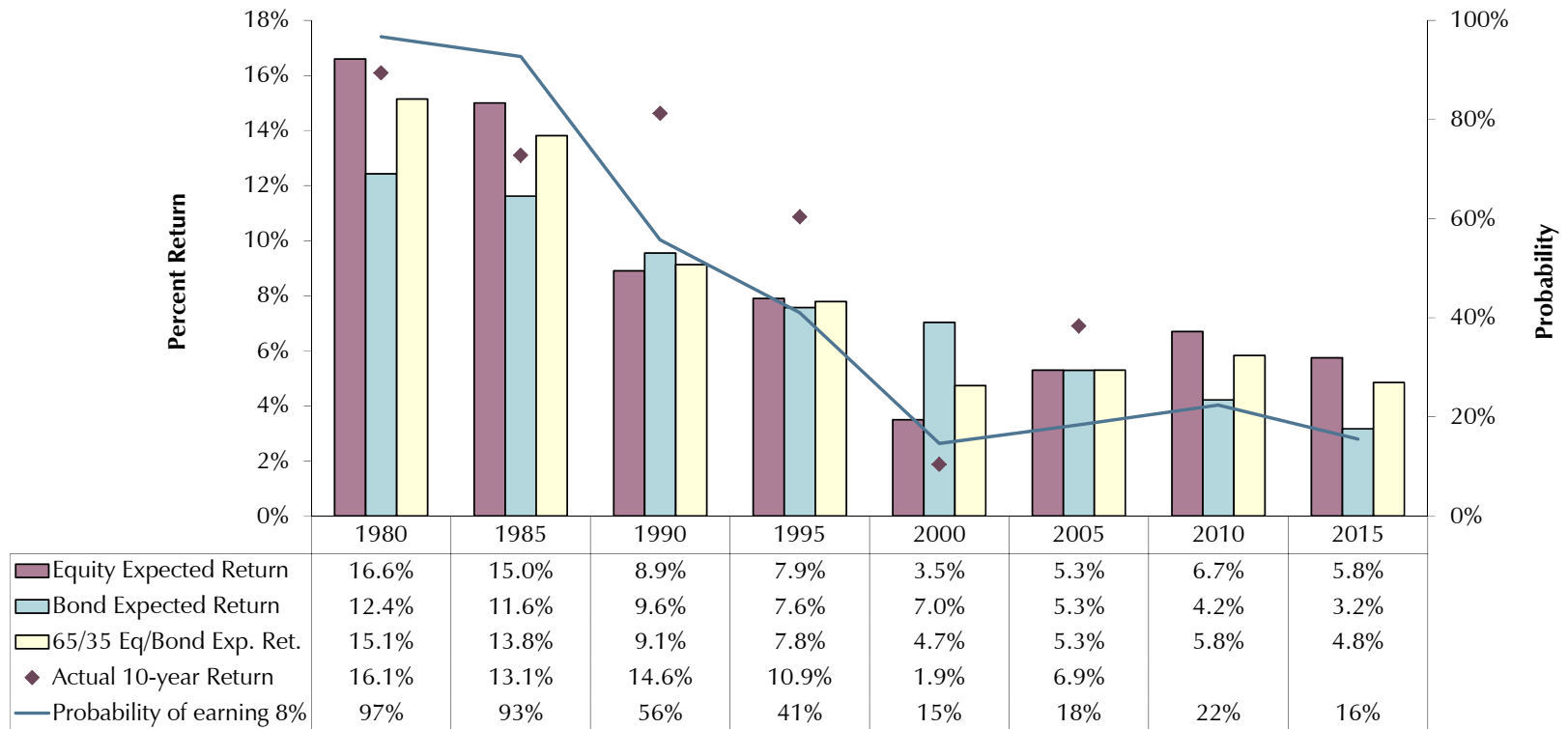
**The Value of Inflation When There Is No Inflation**

- Markets factor inflation into asset prices. When inflation is much higher (or lower) than what is expected, asset prices react strongly to these “surprises.”



### The Secular Decline in Investment Returns<sup>1</sup>

- A portfolio composed of 65% domestic stocks and 35% investment grade bonds has produced diminishing expected returns as well as actual returns over the past thirty years.



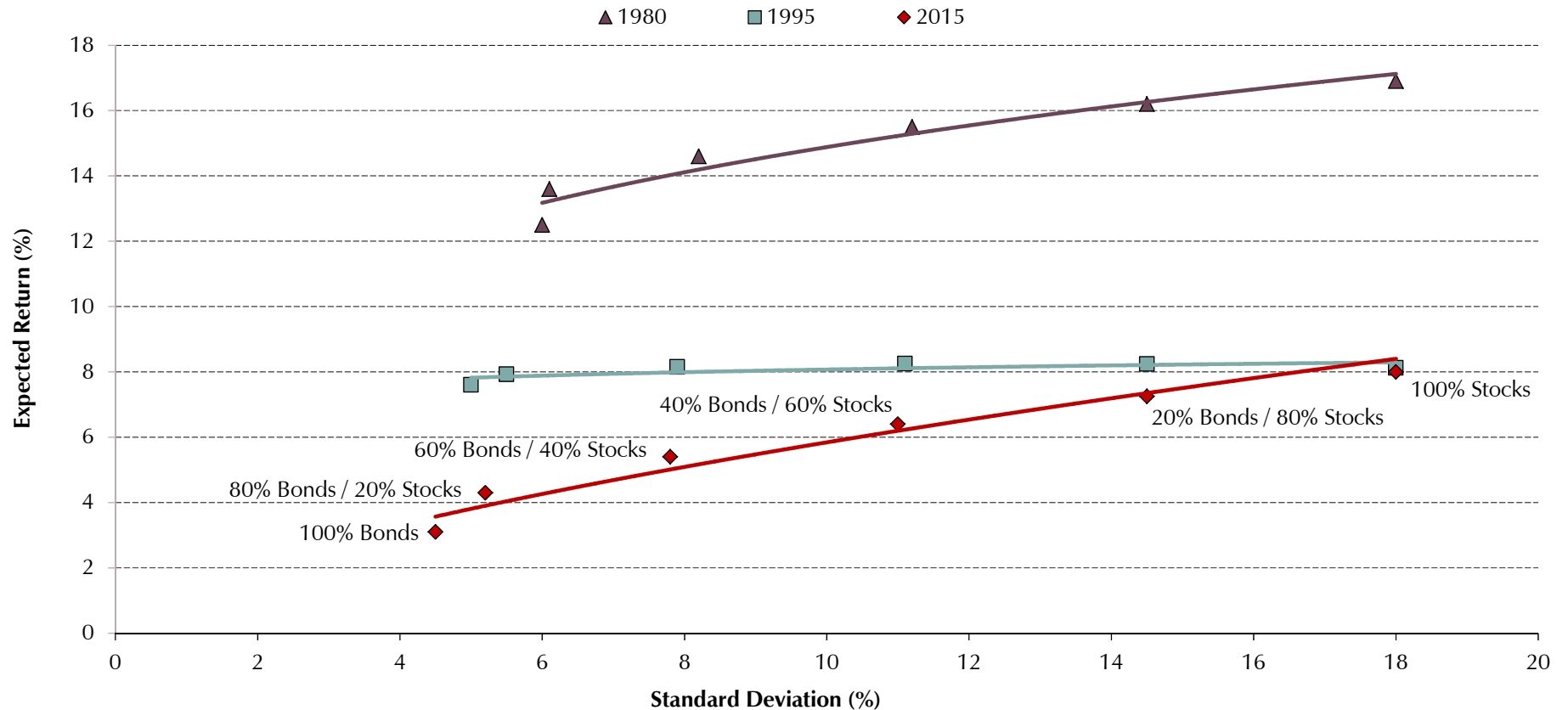
<sup>1</sup> Expected return assumptions for 1) Bonds equals the yield of the ten-year Treasury plus 100 basis points, and 2) Equities equals the dividend yield plus the earnings yield of the S&P 500 index (using the inflation-adjusted trailing 10-year earnings). Probability calculation is for the subsequent ten years.





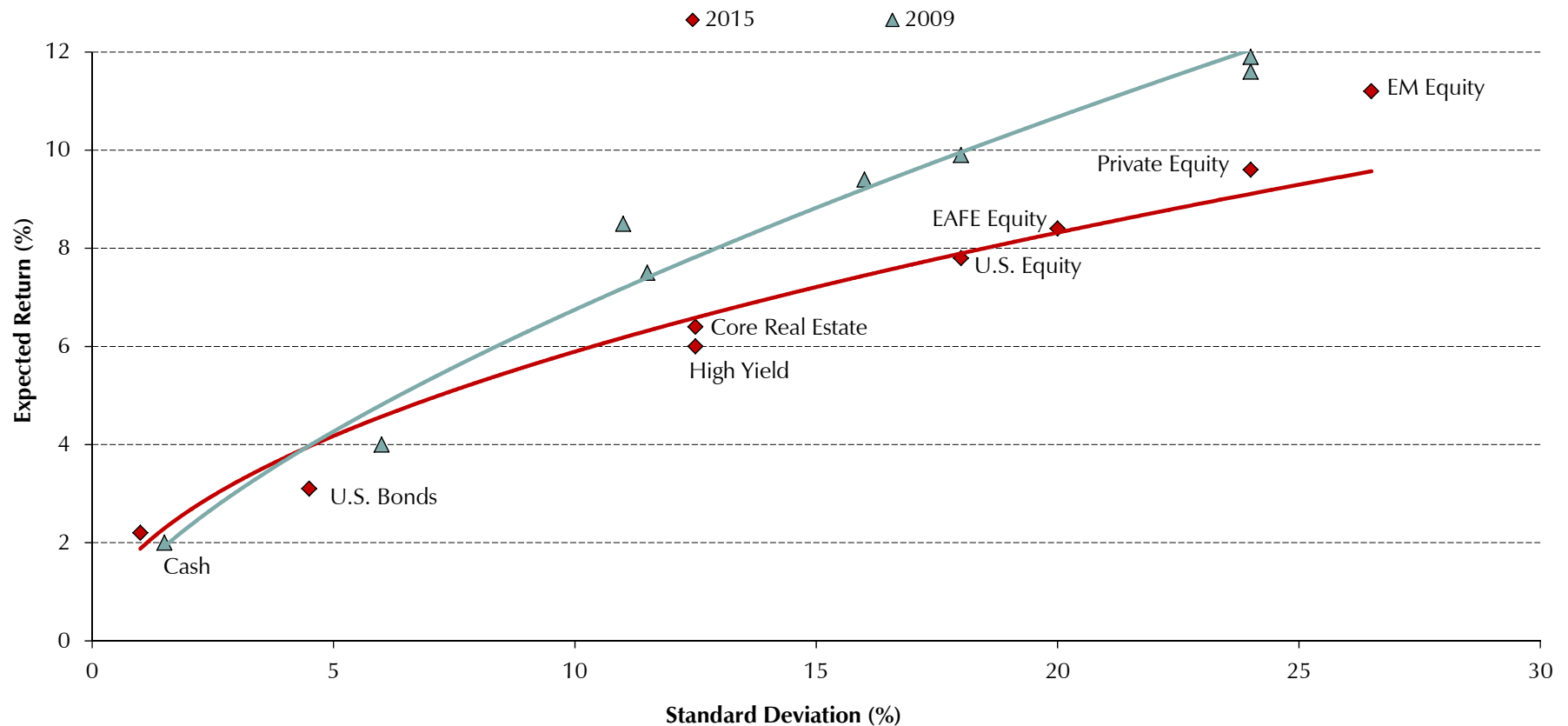
**The Long View: Less Return for the Risk**

- As return expectations have declined, the efficient frontier has shifted down. Hence investors need to accept considerably more risk to target the same returns they could have achieved historically.



**Less Return for the Same or More Risk**

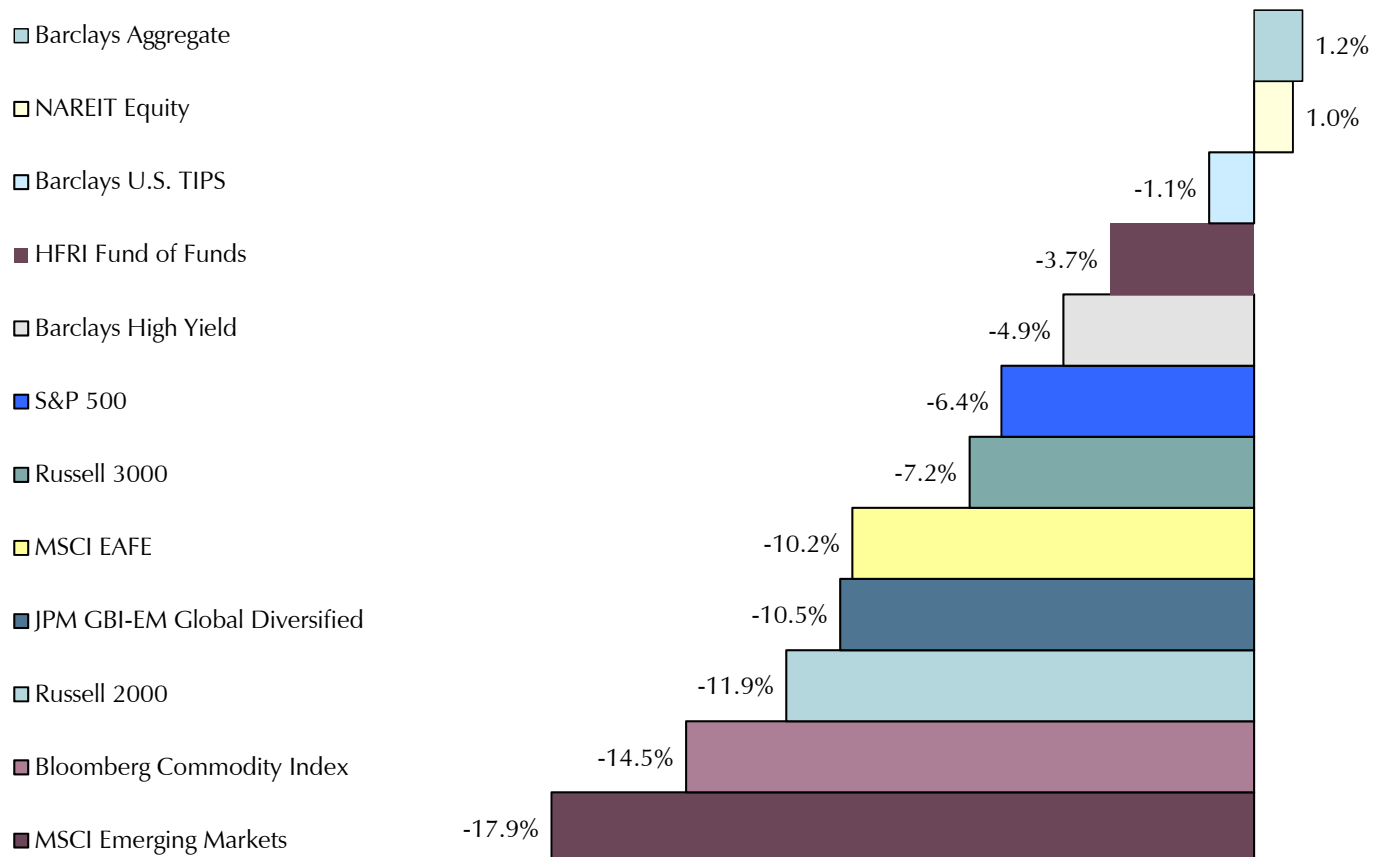
- Expected Returns for most major asset classes have continued to decline. Hence investors need to accept greater risk to target the same returns they could have achieved historically for less risk.



# Appendices

**The World Markets  
Third Quarter of 2015**

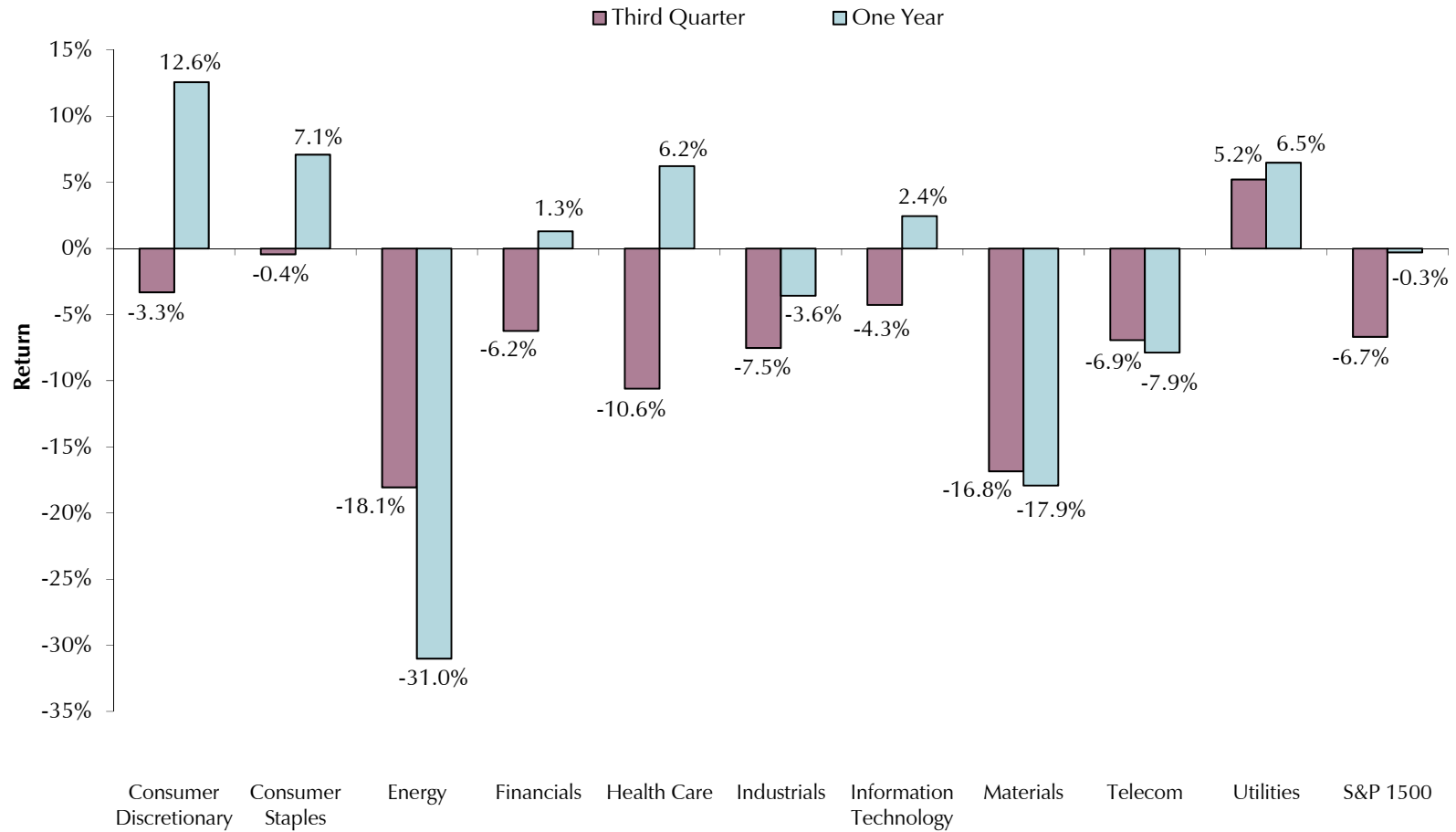
The World Markets  
Third Quarter of 2015



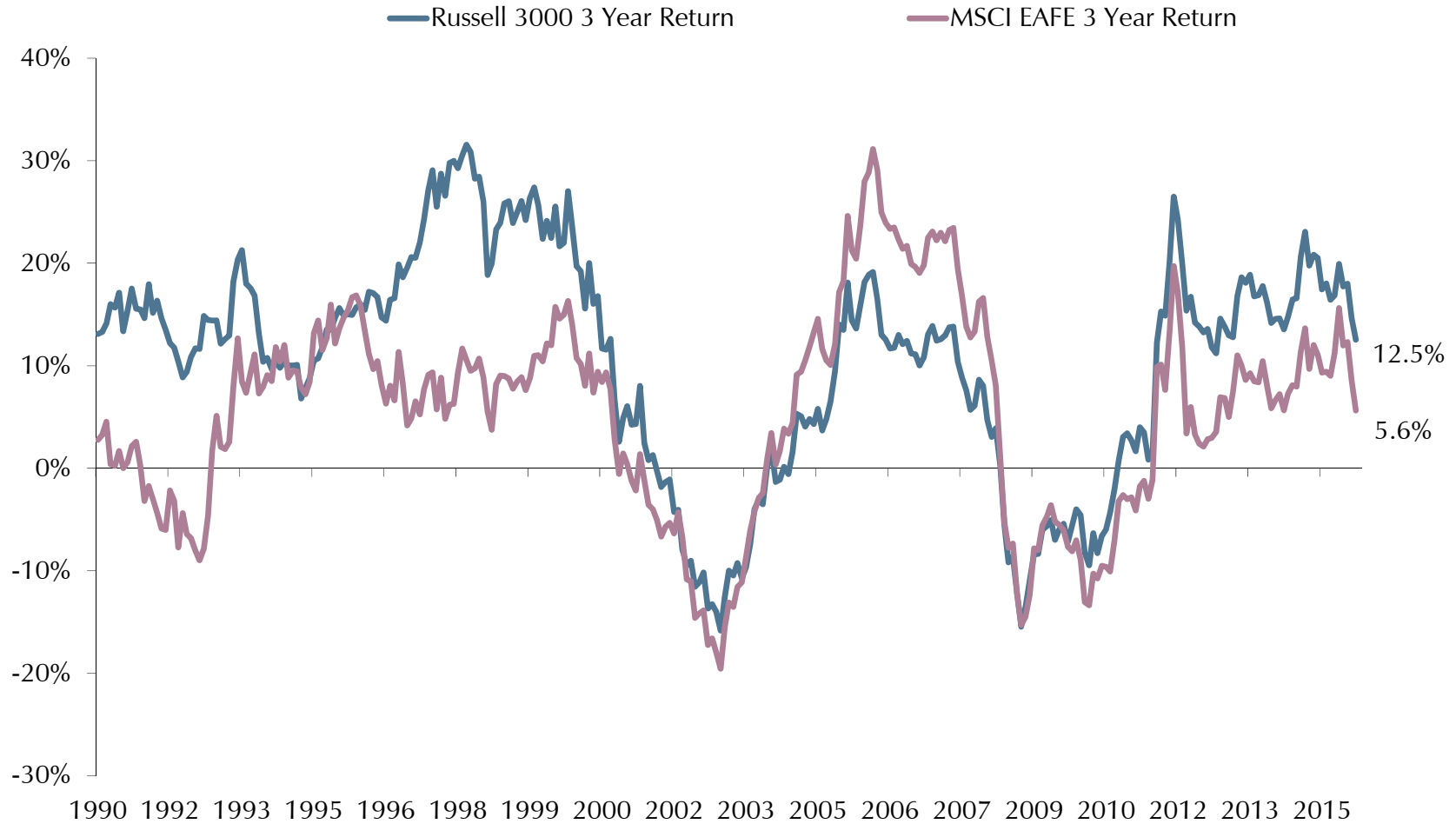
## Index Returns

	3Q15 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
<b>Domestic Equity</b>						
Russell 3000	-7.2	-5.4	-0.5	12.5	13.3	6.9
Russell 1000	-6.8	-5.2	-0.6	12.7	13.4	7.0
Russell 1000 Growth	-5.3	-1.5	3.2	13.6	14.5	8.1
Russell 1000 Value	-8.4	-9.0	-4.4	11.6	12.3	5.7
Russell MidCap	-8.0	-5.8	-0.2	13.9	13.4	7.9
Russell MidCap Growth	-8.0	-4.1	1.4	14.0	13.6	8.1
Russell MidCap Value	-8.0	-7.7	-2.1	13.7	13.2	7.4
Russell 2000	-11.9	-7.7	1.2	11.0	11.7	6.5
Russell 2000 Growth	-13.1	-5.5	4.0	12.8	13.3	7.7
Russell 2000 Value	-10.7	-10.1	-1.6	9.2	10.2	5.3
<b>Foreign Equity</b>						
MSCI ACWI (ex. U.S.)	-12.2	-8.6	-12.2	2.3	1.8	3.0
MSCI EAFE	-10.2	-5.3	-8.7	5.6	4.0	3.0
MSCI EAFE (local currency)	-9.0	-0.9	0.8	12.7	7.7	3.3
MSCI EAFE Small Cap	-6.8	2.6	0.3	10.2	7.3	4.7
MSCI Emerging Markets	-17.9	-15.5	-19.3	-5.3	-3.6	4.3
MSCI Emerging Markets (local currency)	-12.1	-7.1	-7.1	2.1	1.7	6.6
<b>Fixed Income</b>						
Barclays Universal	0.7	1.0	2.3	1.9	3.4	4.8
Barclays Aggregate	1.2	1.1	2.9	1.7	3.1	4.6
Barclays U.S. TIPS	-1.1	-0.8	-0.8	-1.8	2.5	4.0
Barclays High Yield	-4.9	-2.5	-3.4	3.5	6.1	7.3
JPMorgan GBI-EM Global Diversified	-10.5	-14.9	-19.8	-8.7	-3.6	4.5
<b>Other</b>						
NAREIT Equity	1.0	-4.5	7.8	9.0	11.9	6.8
Bloomberg Commodity Index	-14.5	-15.8	-26.0	-16.0	-8.9	-5.7
HFRI Fund of Funds	-3.7	-1.1	-0.1	4.1	2.7	2.4

S&P Sector Returns

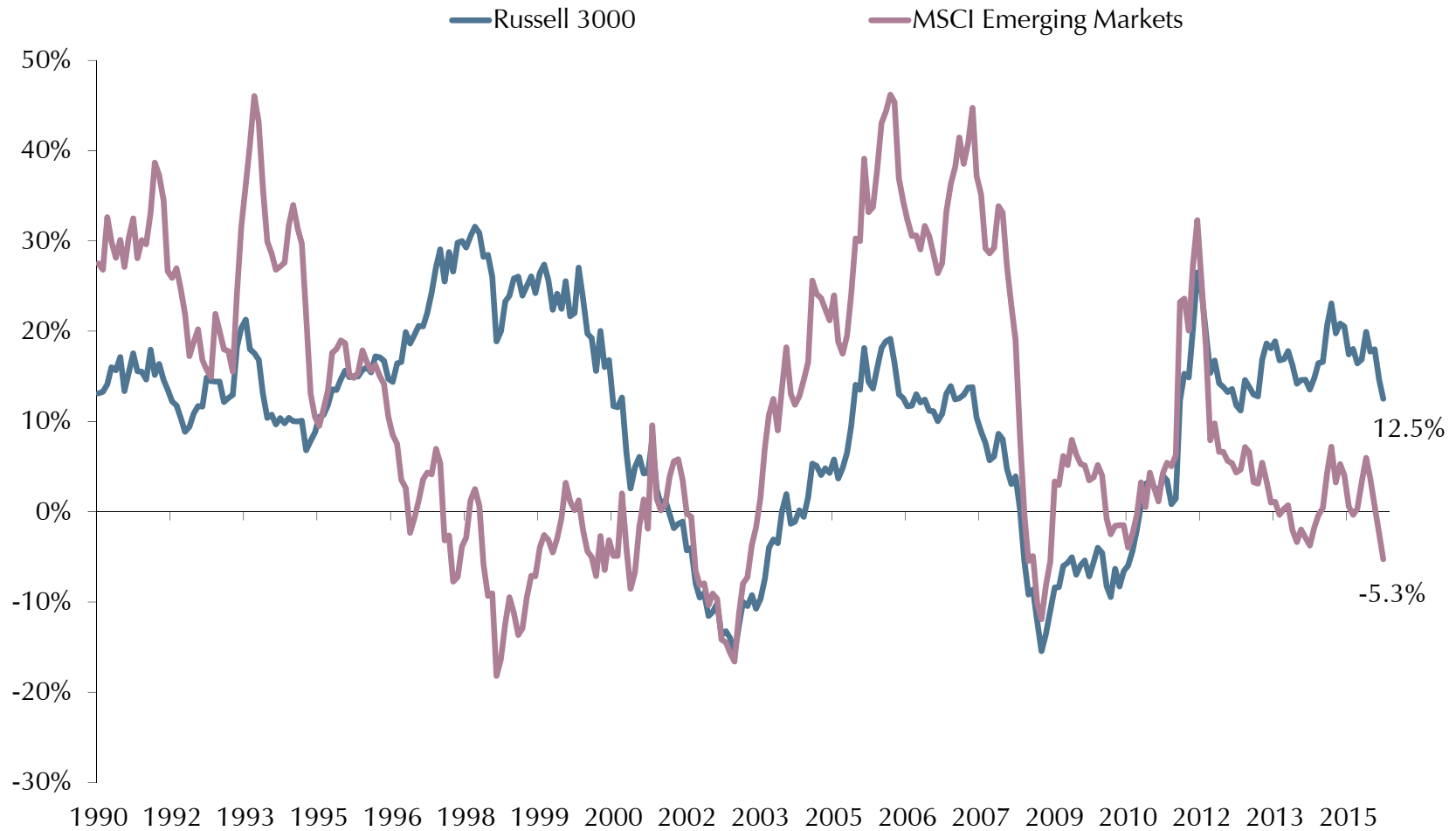


### U.S. and Developed Market Foreign Equity Rolling Three Year Returns



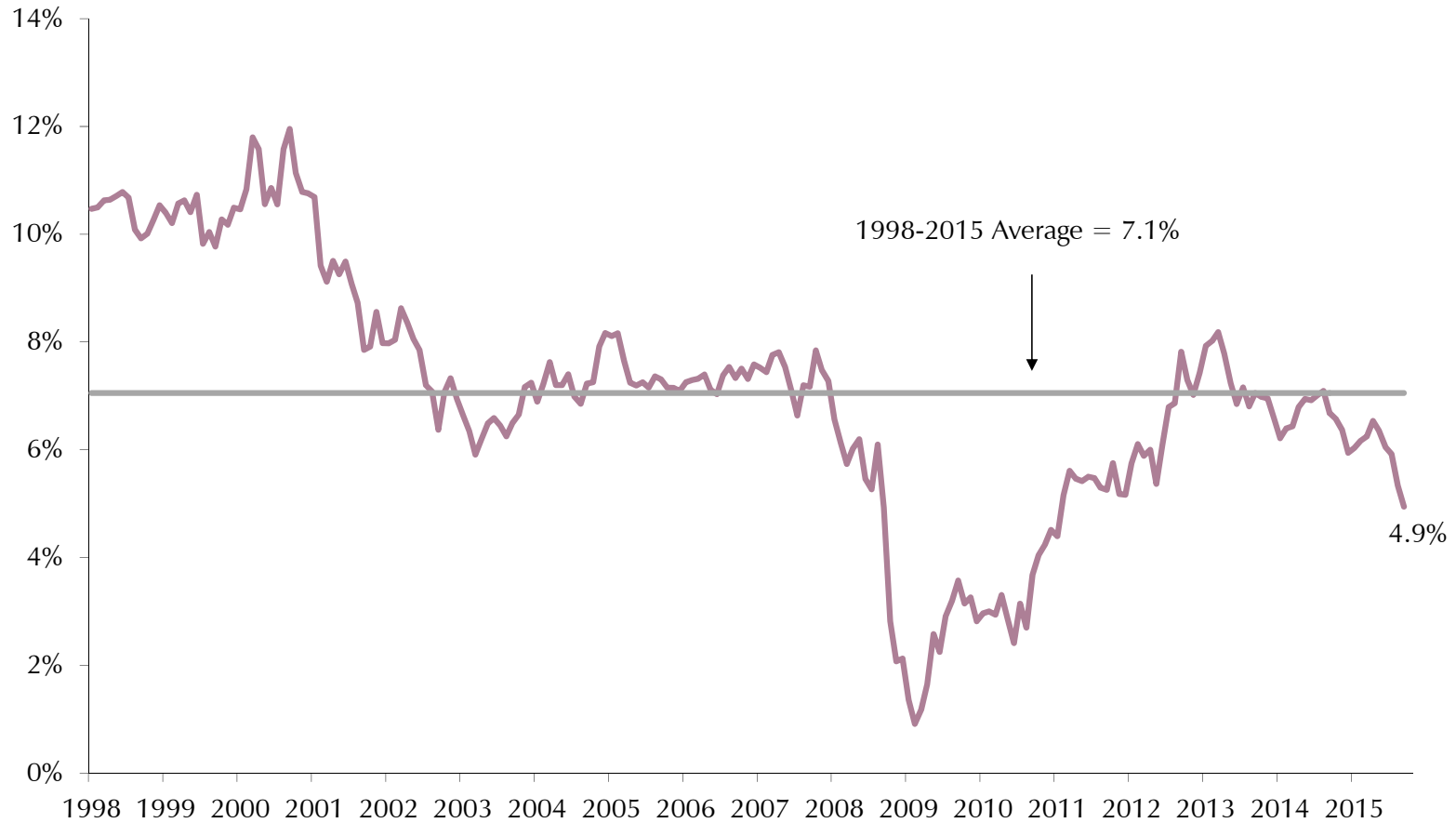


### U.S. and Emerging Market Equity Rolling Three Year Returns

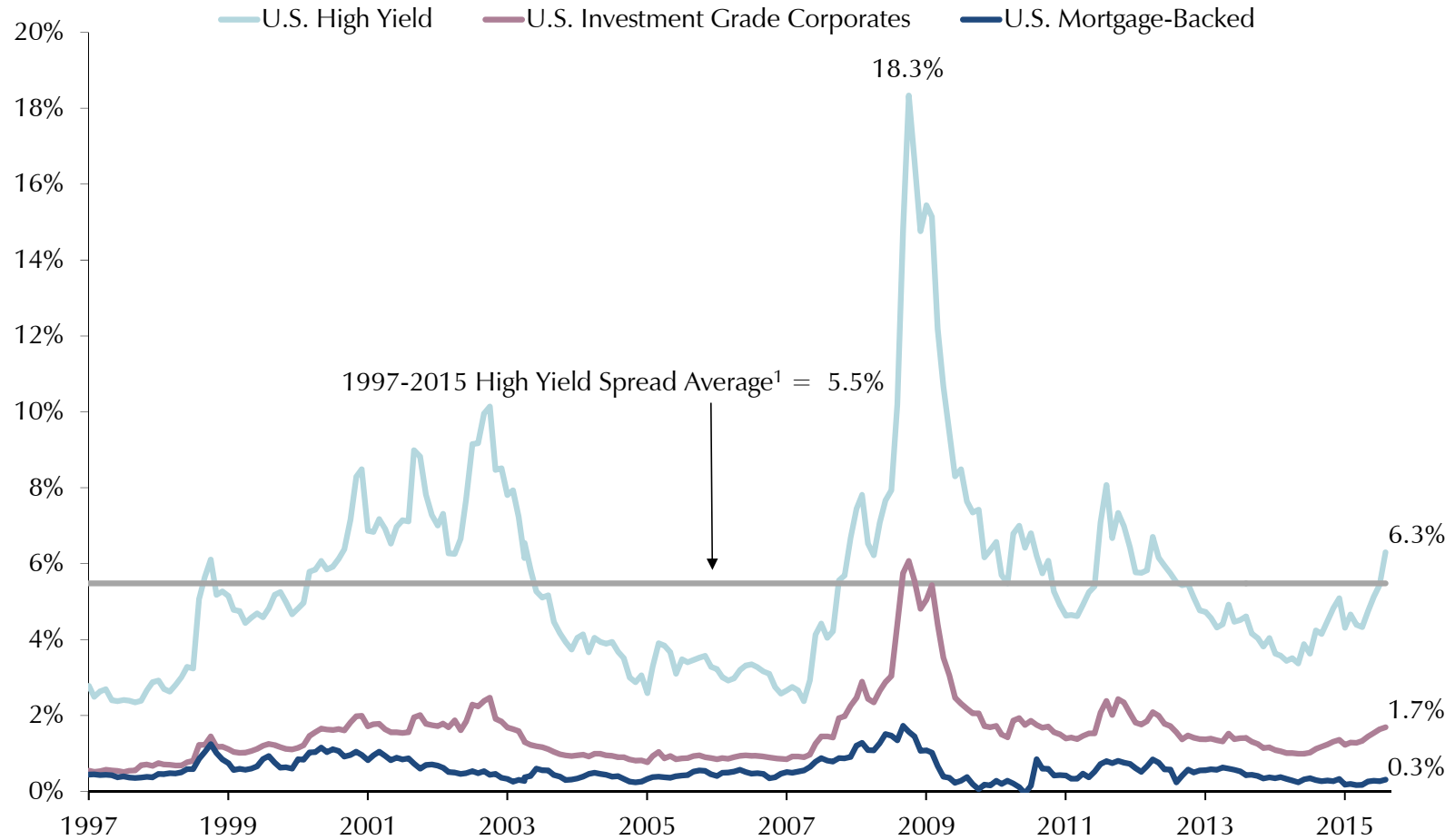


**Rolling Ten-Year Returns: 65% Stocks and 35% Bonds**

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



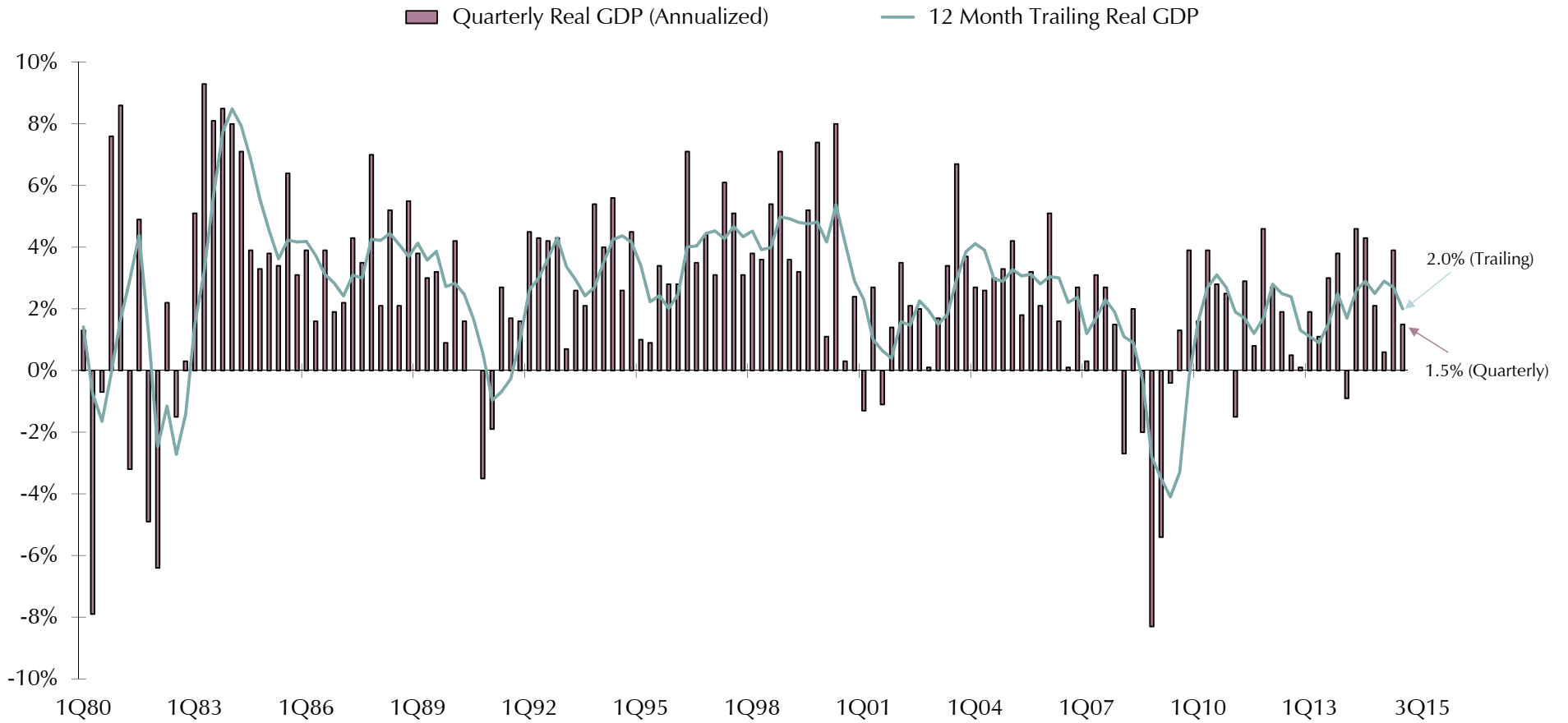
Credit Spreads vs. U.S. Treasury Bonds



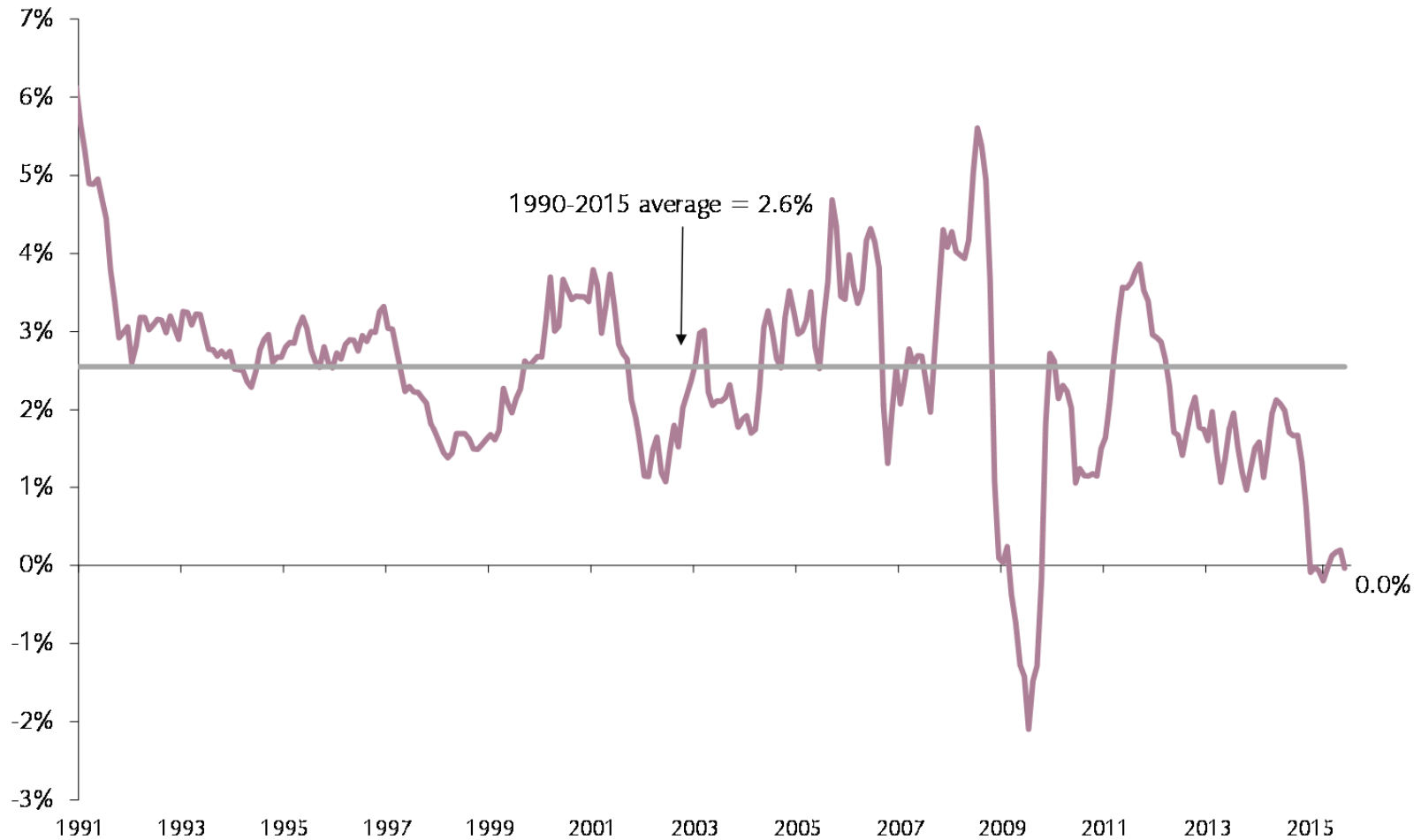
<sup>1</sup> Median high yield spread average was 5.0% from 1997-2015.



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



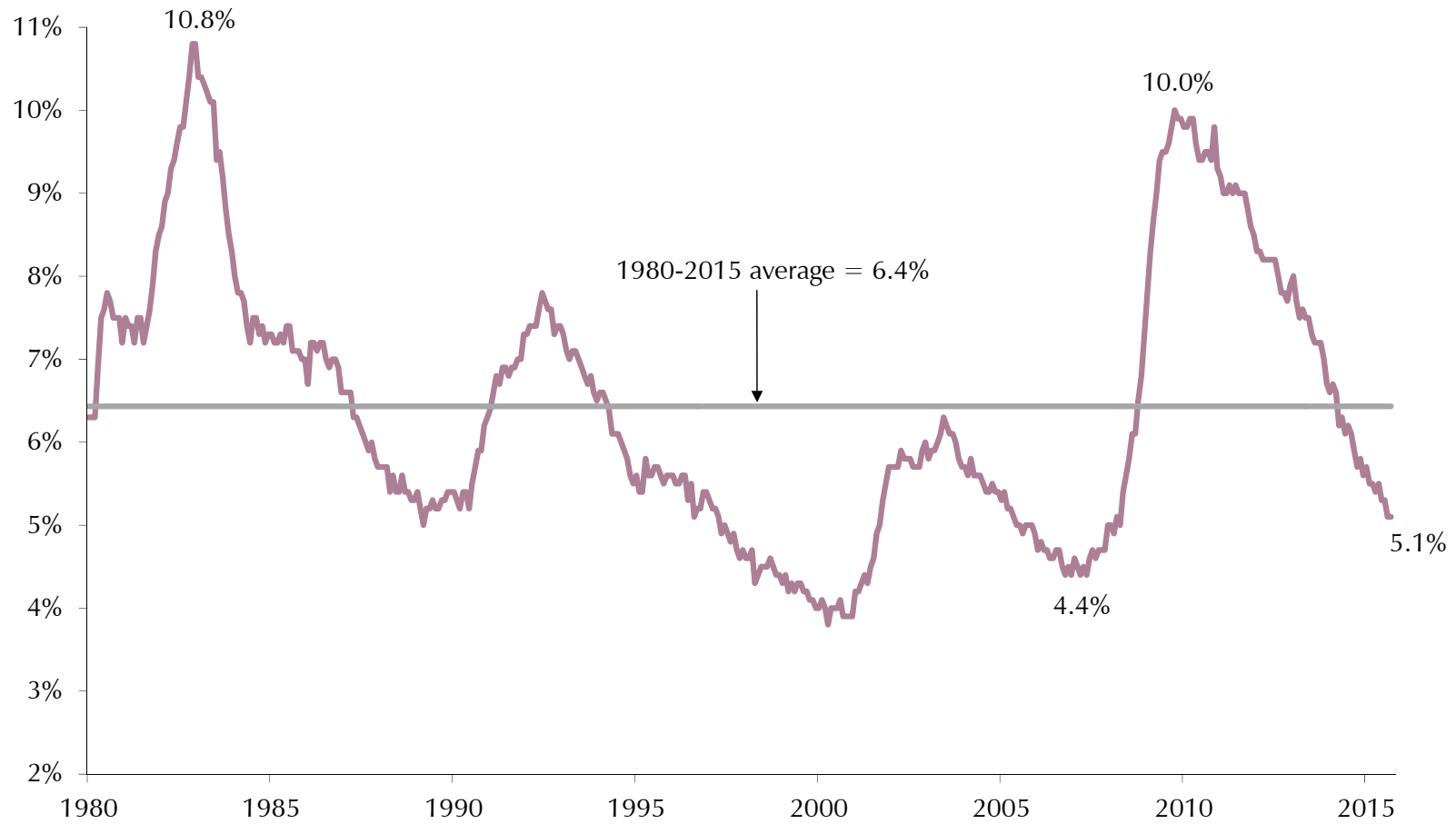
**U.S. Inflation (CPI)  
Trailing Twelve Months<sup>1</sup>**



<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 September 30, 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.

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

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

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