



NEPC, LLC

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## **City of San Jose Police and Fire Department Retirement Plan**

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### **Investment Performance Analysis For the period ending September 30, 2015**

November 24, 2015

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# Market Environment Update and Outlook

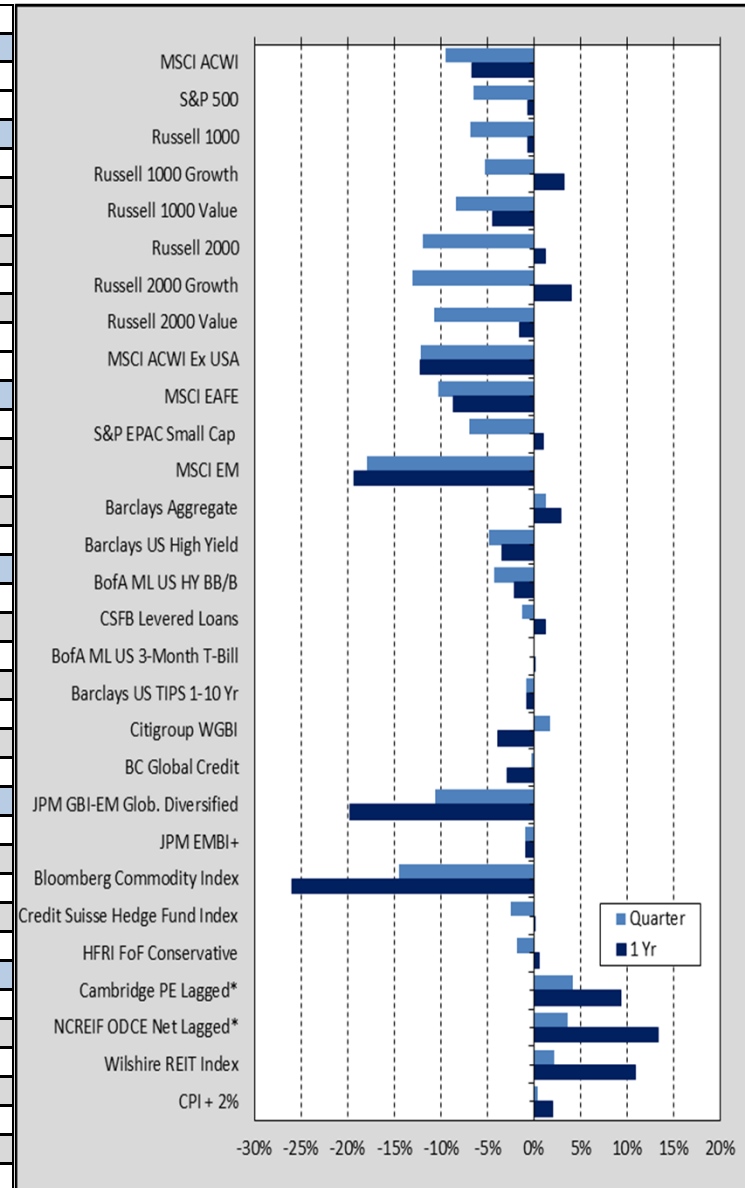


## Economic Environment

- **Third quarter GDP growth rate (first estimate) printed at a modest +1.5%.**
  - Retail sales (ended August) at +1.3% on a year-over-year growth rate basis. The same period last year YoY growth rate was 4.6%.
  - The inventory-to-sales ratio at August, 31 was flat at 1.4 and has remained relatively flat since early 2010.
  - Corporate profits (ended June) as a percent of GDP declined slightly vs first quarter GDP to 10.4% from 10.7% and remain elevated relative to historical levels.
  - The U.S. trade deficit widened in August.
- **The unemployment rate fell to 5.1% in Q3 from 5.3% in Q2 2014; U-6, a broader measure of unemployment, fell to 10.0% during the third quarter.**
- **The Case-Shiller Home Price Index (as of 9/30) increased slightly to 175.1 from second quarter levels (170.0) and is at levels higher than that of pre-financial crisis levels of 150.9.**
- **Rolling 12-month seasonally adjusted CPI decreased to -0.02% from +0.2% at the end of June; Capacity Utilization decreased slightly to 77.5% in September.**
- **Fed Funds rate remains at 0.25%, while the 10-year Treasury Yield finished Q3 at 2.2% down 20 basis points from Q2.**
- **The Fed balance sheet remained flat in Q3 2015, while the European Central Bank balance sheet increased in the same period.**
  - ECB continues asset purchases of €60 billion per month.
- **S&P valuations decreased in September remaining above the 10-year and long-term averages**
  - Cyclically adjusted Shiller PE ratio (24.6x) is above the long-term average of 16.4x and above the 10-year average of 22.9x.
- **The U.S. Dollar continues its strength against a basket of major currencies as the Fed ends its quantitative easing program and the ECB continues easing.**
  - Currency volatility has seen a sustained uptick since Q1.

## Market Environment – Q3 2015 Overview

		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>World Equity Benchmarks</b>						
MSCI ACWI	World	-9.4%	-6.7%	7.0%	6.8%	4.6%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Domestic Equity Benchmarks</b>						
S&P 500	Large Core	-6.4%	-0.6%	12.4%	13.3%	6.8%
Russell 1000	Large Core	-6.8%	-0.6%	12.7%	13.4%	7.0%
Russell 1000 Growth	Large Growth	-5.3%	3.2%	13.6%	14.5%	8.1%
Russell 1000 Value	Large Value	-8.4%	-4.4%	11.6%	12.3%	5.7%
Russell 2000	Small Core	-11.9%	1.2%	11.0%	11.7%	6.5%
Russell 2000 Growth	Small Growth	-13.1%	4.0%	12.8%	13.3%	7.7%
Russell 2000 Value	Small Value	-10.7%	-1.6%	9.2%	10.2%	5.3%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>International Equity Benchmarks</b>						
MSCI ACWI Ex USA	World ex-US	-12.2%	-12.2%	2.3%	1.8%	3.0%
MSCI EAFE	Int'l Developed	-10.2%	-8.7%	5.6%	4.0%	3.0%
S&P EPAC Small Cap	Small Cap Int'l	-6.9%	1.0%	10.7%	7.8%	5.8%
MSCI EM	Emerging Equity	-17.9%	-19.3%	-5.3%	-3.6%	4.3%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Domestic Fixed Income Benchmarks</b>						
Barclays Aggregate	Core Bonds	1.2%	2.9%	1.7%	3.1%	4.6%
Barclays US High Yield	High Yield	-4.9%	-3.4%	3.5%	6.1%	7.3%
BofA ML US HY BB/B	High Yield	-4.3%	-2.1%	3.7%	6.0%	6.7%
CSFB Levered Loans	Bank Loans	-1.2%	1.2%	3.8%	4.8%	4.4%
BofA ML US 3-Month T-Bill	Cash	0.0%	0.0%	0.1%	0.1%	1.3%
Barclays US TIPS 1-10 Yr	Inflation	-0.9%	-0.8%	-1.4%	1.8%	3.6%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Global Fixed Income Benchmarks</b>						
Citigroup WGBI	World Gov. Bonds	1.7%	-3.8%	-2.9%	-0.2%	3.4%
BC Global Credit	Global Bonds	-0.2%	-2.9%	0.6%	2.6%	4.3%
JPM GBI-EM Glob. Diversified	Em. Mkt. Bonds (Local)	-10.5%	-19.8%	-8.7%	-3.6%	4.5%
JPM EMBI+	Em. Mkt. Bonds	-0.9%	-0.9%	0.2%	4.2%	6.7%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Alternative Benchmarks</b>						
Bloomberg Commodity Index	Commodity	-14.5%	-26.0%	-16.0%	-8.9%	-5.7%
Credit Suisse Hedge Fund Index	Hedge Fund	-2.5%	0.1%	5.0%	4.5%	5.2%
HFRI FoF Conservative	Fund of Funds	-1.8%	0.6%	4.2%	2.8%	2.1%
Cambridge PE Lagged*	Private Equity	4.2%	9.3%	16.0%	15.7%	13.2%
NCREIF ODCE Net Lagged*	Real Estate	3.6%	13.4%	12.1%	13.3%	5.9%
Wilshire REIT Index	REIT	2.2%	10.9%	9.8%	12.4%	6.7%
CPI + 2%	Inflation/Real Assets	0.4%	2.0%	2.9%	3.7%	3.8%



\* As of 6/30/2015

### **Positives**

- **Divergence in monetary policies signaling different investment environments globally**
- **US Economy shows strength relative to other developed markets**
  - Low oil prices benefitting consumers
- **Global monetary stimulus flowing through to markets**
  - ECB €1.3 trillion in asset purchases in the Eurozone
  - Economic conditions in Europe and Japan responding to QE
  - China policy response remains stimulative with more tools available to deploy
- **Developed world inflation is low**
  - In US, CPI for all Urban Consumers on a seasonally adjusted basis was negative in Q3

### **Negatives**

- **Volatility increased across global markets**
  - Financial and geo-political instability in the Mid-East, Eastern Europe, Greece
- **Slowing economic growth in China may have broad implications for many emerging economies**
  - China growth concerns sparked a rapid decline in commodities and emerging markets
- **Fed rate hike uncertainty contributed to volatility in domestic markets**
  - Fed signaled tightening to begin by year-end; market expecting a slow pace to rate increases
- **Valuations remain above 10 year and long term averages**
  - Developed Equity P/Es above median

## Market Environment

### Global Equity

- **U.S. equities posted sharp losses in the third quarter as global volatility ramped up.**
- **Small cap stocks underperformed large cap stocks during the quarter, with the Russell 2000 Index returning -11.9% and the Russell 1000 Index returning -6.8%.**
- **International equities underperformed U.S. markets during the quarter, returning -12.2%, as measured by the MSCI ACWI ex-U.S. Index.**
  - Developed markets returned -10.2% as measured by the MSCI EAFE Index. The Pacific Region led returns down posting a -13.1% with Singapore leading the group down -19.5%. Europe posted a loss of -8.7%.
  - Emerging markets returned -17.9% as measured by the MSCI Emerging Markets Index in U.S. dollar terms. Indonesia and China led to the downside returning -24.2% and -22.7% respectively.

### Private Equity

- **New private equity commitments totaled \$74.6 billion in Q3 2015.**
  - Represents a 25% decline from the \$101.5 billion raised in Q2 2015, resulting from public equity market volatility and increased economic uncertainties
- **Buyout and growth equity funds raised \$45.3 billion in Q3 2015.**
  - Annual pace is in line with the \$180-190 billion that was raised in each of the past two years
- **Venture capital raised \$10.0 billion ended Q3 2015.**
  - VC fundraising as a percent of total new PE funds is in line with historical post-dot com levels
- **Energy funds raised \$7.8 billion representing 10% of capital raised in Q3 2015.**
  - Investors are opportunistically approaching the energy market dislocation.
- **Asian private equity commitments slowed to total 7% of total funds raised down from 11% in 2014.**
- **European commitments comprised 23% of all new PE commitments in Q3 2015.**
  - Fifteen pan-European buyout managers with closes on over \$1 billion each raised over half of 2015 total

## Market Environment

### Fixed Income

- **The yield curve flattened significantly with long duration yields dropping 20-30 basis points.**
- **The spread between two and 10-year rates decreased to 142 basis points from 176 basis points ended June. Treasury Inflation-Protected Securities, or TIPS, returned -0.9% during the quarter, as measured by the Barclays US TIPS Index.**
- **The Barclays Long Duration Credit Index gained +0.5% as the long end of the curve ended the quarter 24 basis points lower.**
- **Long Treasuries gained +5.1% and investment-grade corporate debt gained +3.8%.**
- **The Barclays 1-3 year Government/ Credit Index returned 0.3% and US high yield bonds lost -4.9%.**
- **Emerging markets debt continued to slow in local and external currency.**
  - US dollar-denominated debt, as measured by the JP Morgan EMBI Index, fell 90 basis points; local currency debt fell 10.5%, according to the JP Morgan GBI-EM Index.

## Market Environment

### Real Assets/Inflation-Linked Assets

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



## Market Environment

### Commodities

- **Commodities retracted significantly with the Bloomberg Commodity Index posting a -14.5%.**
  - Energy led the way losing -24% (WTI Oil), while industrial metals, precious metals and agriculture declined.

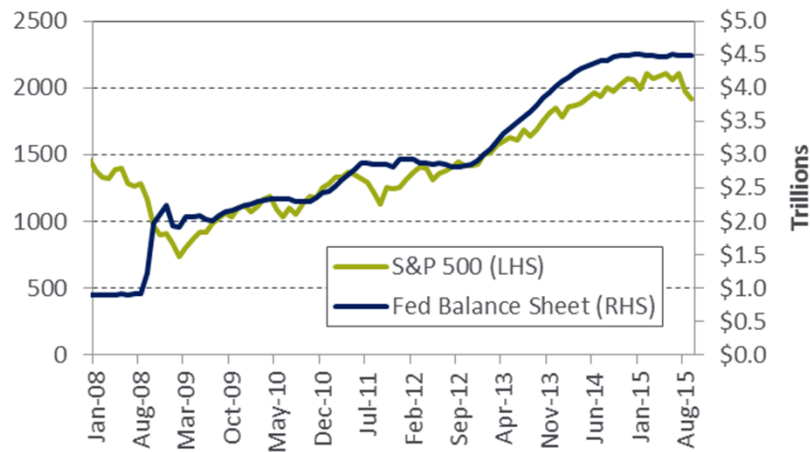
### Real Estate

- **NEPC continues to be neutral on core real estate in the US and remains positive on non-core real estate, that is, value-add and opportunistic strategies.**
- **Within U.S. core real estate, strong fundamentals continue to be the story along with attractive income spreads relative to interest rates.**
  - Real estate fundamentals and debt terms are attractive, however valuations are high and the possibility of rising interest rates and the impact on cap rates causes concern.
- **U.S. REITs posted modest gains with a +2.2% return.**
  - FFO multiples are high, at approximately 15x but are decreasing.
  - REITs are trading at a discount to NAV.
- **Overall, the non-core real estate investment environment in the U.S. is normalizing; however, select areas remain attractive.**
- **Europe is viewed as the best place for a marginal dollar of non-core real estate investment.**
  - Europe is emerging from multi-year recession, but recovery is slow and uneven with global markets experiencing large capital inflows.
  - Banks in EU are still overleveraged and have significant real estate exposure to jettison.

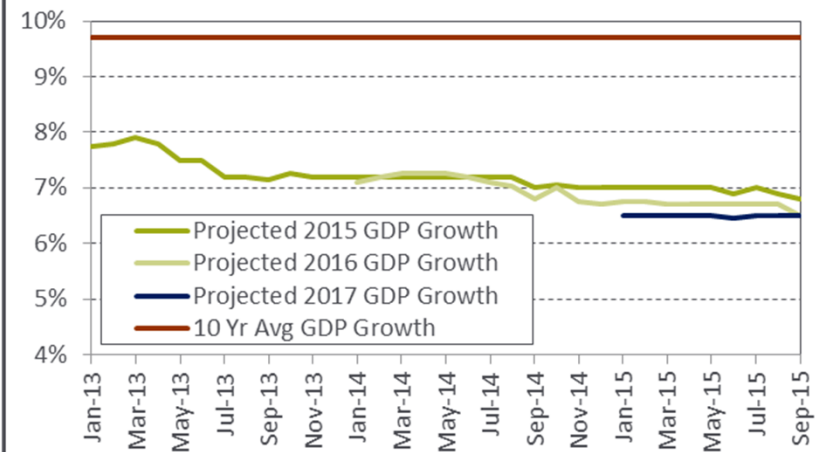


## Global Risks are Diverse and Unique

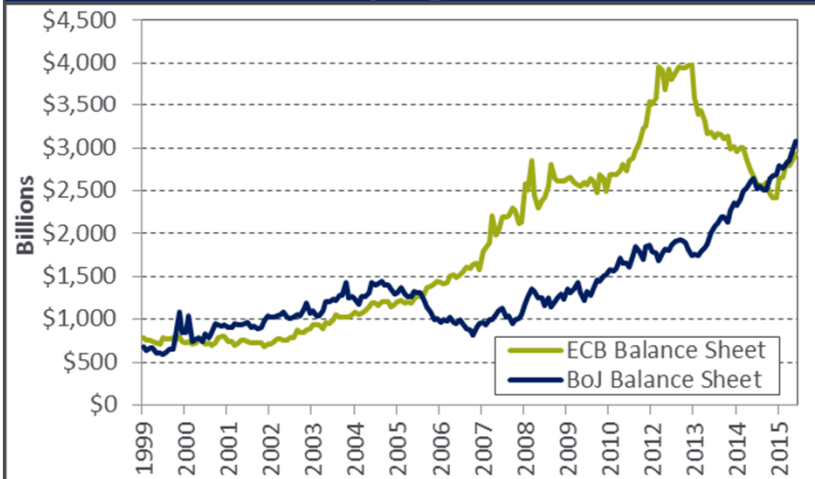
### Equities have struggled since end of QE3



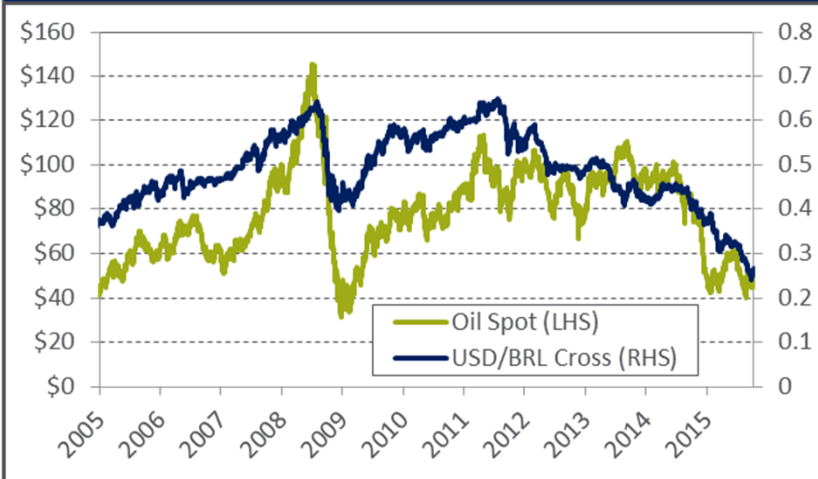
### Slowing growth in China



### ECB and BoJ in the midst of sizeable easing programs

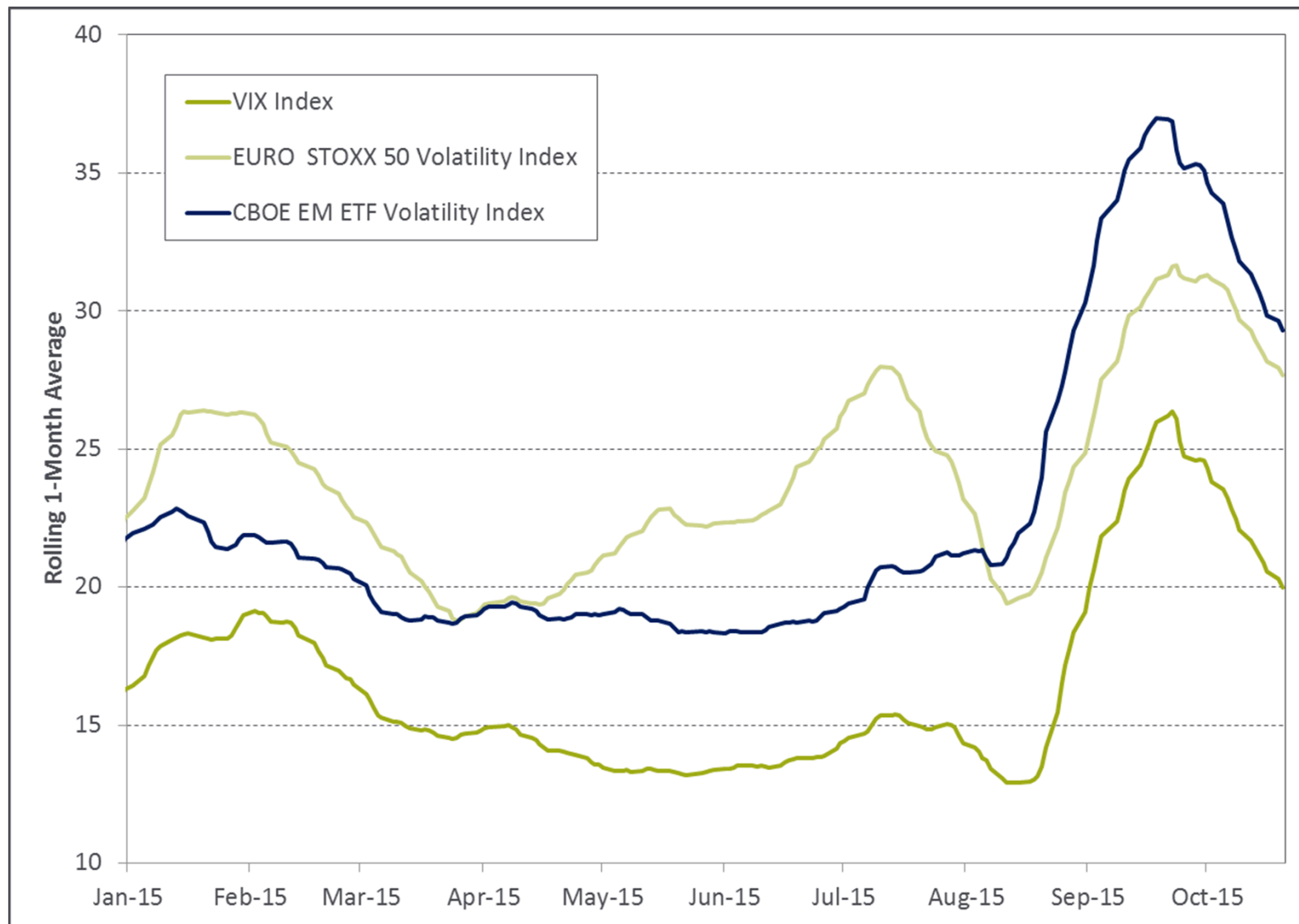


### Commodity glut threatening export reliant Lat Am countries



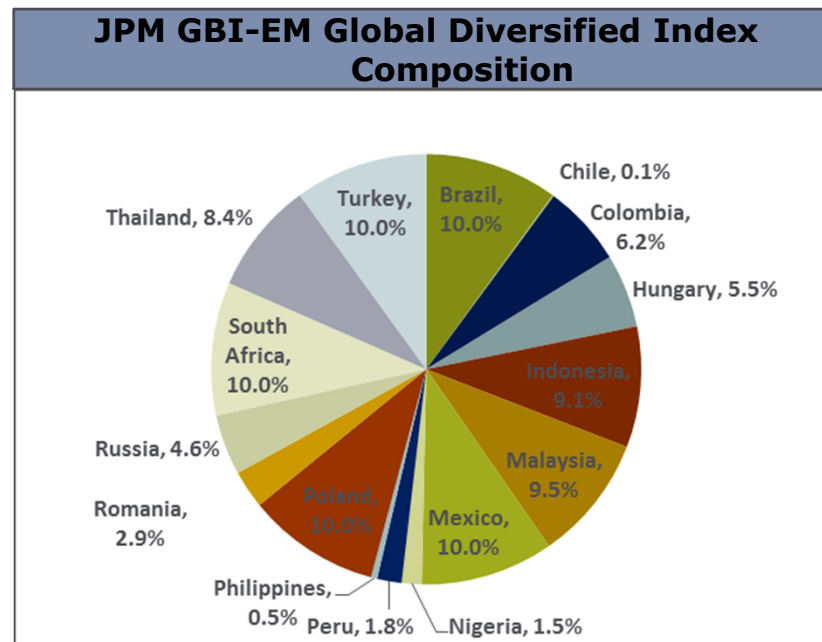
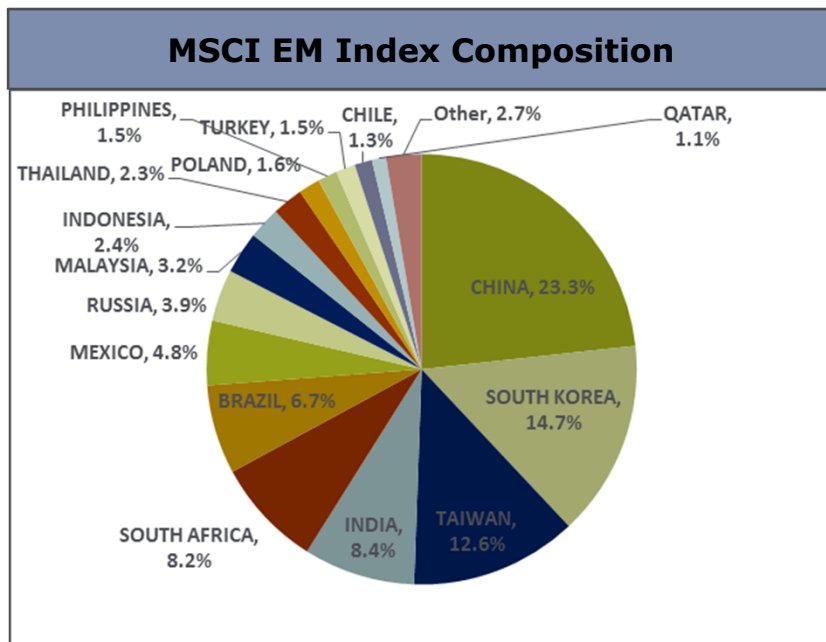
Sources: Standard & Poors, The Federal Reserve, ECB, BoJ, Bloomberg Energy, Bloomberg

## Increase in Global Volatility Finally Caught Up with Equities



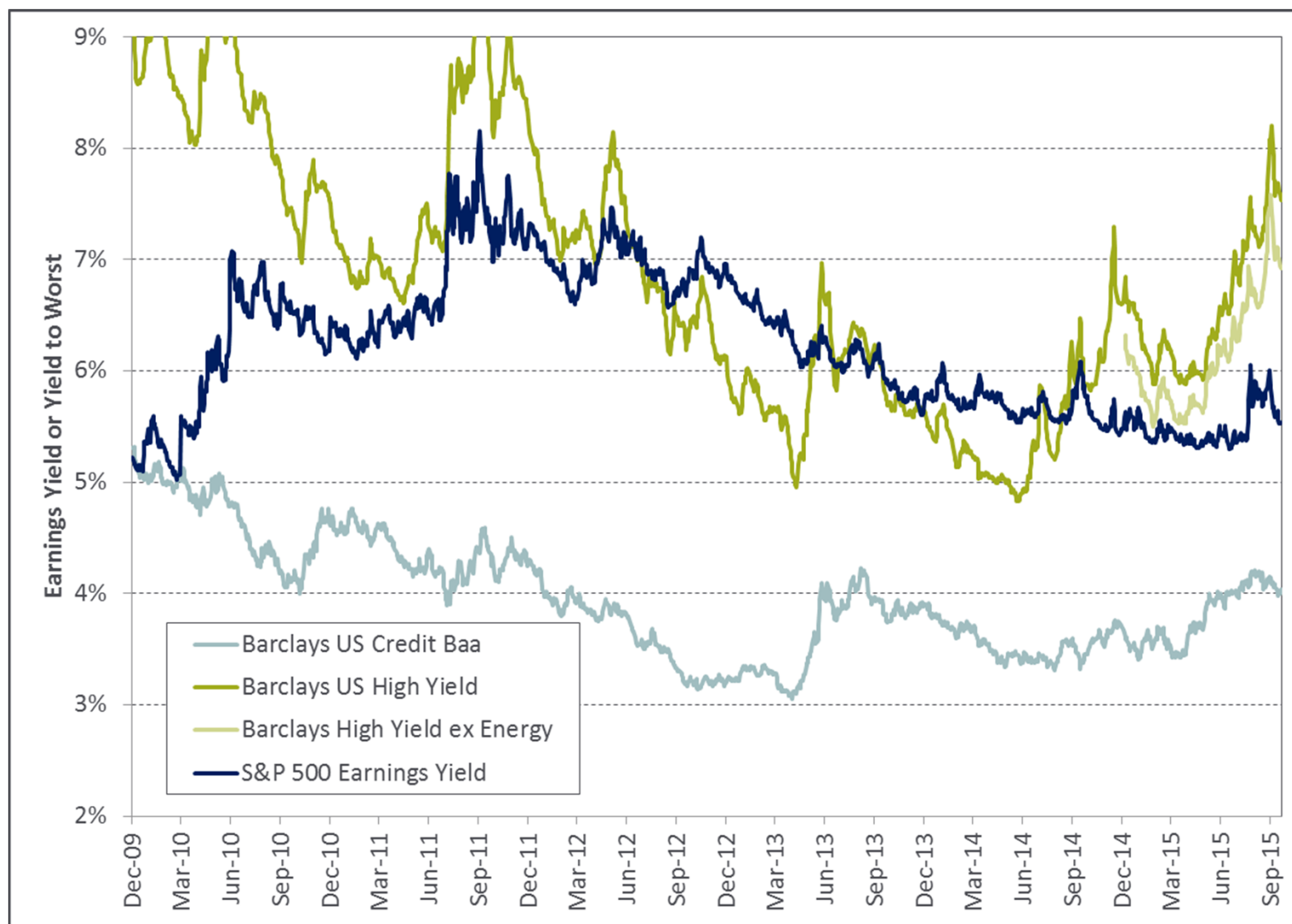
Source: Deutsche Borse, Goldman Sachs, CBOE, Bloomberg

## Currency Risks are Not Only Unique by Country but also Vary Across Indices



- **MSCI EM Index dominated by Asia**
  - Lots of countries with sensitivity to Chinese growth and competitiveness
  - Despite possibility for further depreciation, most currencies appear cheap or reasonably valued
- **Debt indices more concentrated in Latin/South America with exposure to balance of payments challenged countries**
  - Currencies of major commodity exporters are sensitive to oil and other commodity price weakness – but also stand to benefit from a rebound
  - Structural issues in Turkey and Brazil pose significant challenges but with less contagion risk

## High Yield Issues Now Yielding >7% in Otherwise Low Yield World



Source: Barclays, Standard & Poors, Bloomberg

- **Risk-return profile of US high yield is attractive relative to US equities**
  - High yield credit spreads now exceed long-term averages with yields near 2012 levels
  - Make use of dynamic credit strategies as disruptions in credit markets move rapidly
  - Dollar strength is a headwind for equity earnings growth and profit margin expansion
- **Recommend an overweight exposure to developed market equities**
  - Suggest investors opportunistically exploit potential volatility to add to the overweight
  - Long-term opportunity remains as earnings improve off cyclical lows in Europe/Japan
  - Offers a more favorable return outlook with superior valuations relative to US equities
- **Recommend at minimum a market weight exposure to EM equities**
  - Reasonable equity valuations, depressed currencies, and the attractiveness of long-term fundamentals represent a solid investment foundation
  - Volatility likely to continue as falling commodity prices, trade linkages to China, and external debt levels pose idiosyncratic country risks
  - Encourage the use of benchmark agnostic strategies with a bias towards small-cap and consumer focused strategies
- **Inflation expectations at historical lows but value opportunities can be found in inflation-sensitive assets**
  - Encourage patience as volatility and opportunities evolve in commodity markets
  - Private strategies are evolving but provide compelling return opportunities

# NEPC Updates

September 30, 2015

## Highlights of Third Quarter Happenings at NEPC

### NEPC Recognitions



- Two of NEPC's Partners were named on the *Chief Investment Officer* magazine's (CIO) annual ranking of the world's most influential investment consultants. NEPC's Chief Investment Officer, **Tim McCusker**, was named **the most influential general consultant on the 2015** list of Knowledge Brokers. **KC Connors**, Head of NEPC's Philanthropic Practice Team, **ranked 10th on the 2015 Knowledge Brokers – Specialist list**. The lists are CIO's annual rankings of the most influential investment consultants worldwide<sup>1</sup>.



### NEPC Client Recognitions

- Two of our clients were recognized for their work in the healthcare industry by *Institutional Investor* on October 7th. Mary O'Reilly, Director, Treasury and Investments at Rochester Health, received the II Investor Intelligence Award for Asset Allocation, and Joshua Rabuck, Executive Director, Investments at Indiana University Health, was accorded the II Investor Intelligence Award for Risk Management.

### NEPC Research

#### Recent White Papers

- Best Practices: Managing Risk in Corporate VEBA and SERP Plans* (October 2015) - Mike Valchine, CAIA, CIPM, Senior Consultant
- NEPC's 2015 Defined Contribution Plan & Fee Survey: What a Difference a Decade Makes* (October 2015) - Ross Bremen, CFA, Partner
- Market Chatter – Has the China Bubble Burst?* (July 2015)
- Market Chatter – China's Devaluation of the Yuan* (August 2015)
- 2015 Third Quarter Market Thoughts*

### Upcoming/Recent Events

- Healthcare Defined Contribution Fee Survey Results** - Tuesday, November 3, 2015, 3:00 to 4:00 p.m. (EST)
- NEPC's 2015 Defined Benefit Plan Trends Webinar** - Wednesday, October 21, 2015, 2:00 - 3:00 p.m. (EST)
- NEPC, Newton Capital Management, and the Centre for Endowment Asset Management are hosting a special event that delves into the influence of British economist John Maynard Keynes on the U.S. Endowment Model on October 15, 2015 in Boston, MA.

<sup>1</sup>CIO Magazine interviews pension and non-profit CIOs, asset managers and former consultants, to approximate what it calls "the hierarchy of today's institutional consultant industry." The results should not be considered a recommendation of any specific firm or individual consultant. For more information, please visit CIO Magazine's web site at <http://www.ai-cio.com/2015-knowledge-brokers/>. Past performance is no guarantee of future results



NEPC, LLC

September 30, 2015

## Total Fund Performance





# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Performance Summary (Gross of Fees)

	Market Value	3 Mo Rank	YTD Rank	1 Yr Rank	3 Yrs Rank	5 Yrs Rank	10 Yrs Rank	9/30/00 - 9/30/15 Rank	9/30/95 - 9/30/15 Rank	9/30/90 - 9/30/15 Rank	Return	Since									
Total Fund	\$3,079,906,871	-4.5%	33	-2.5%	55	-3.4%	96	3.9%	96	5.4%	95	4.7%	90	5.4%	42	7.0%	68	8.2%	69	8.6%	Mar-71
Policy Benchmark		-4.9%	48	-3.1%	78	-3.9%	98	3.7%	97	5.6%	94	4.6%	94	5.0%	71	6.8%	80	--	--	--	Mar-71
Allocation Index		-4.7%	43	-3.1%	77	-3.7%	97	3.6%	98	5.1%	96	4.8%	88	4.9%	83	--	--	--	--	--	Mar-71
60% MSCI ACWI IMI (net)/40% CITI WGBI		-5.1%	58	-4.9%	99	-5.1%	99	3.2%	99	4.3%	99	4.6%	95	4.6%	88	5.7%	97	--	--	--	Mar-71
InvestorForce Public DB > \$1B Gross Median		-4.9%		-2.3%		-0.6%		7.4%		7.8%		5.8%		5.3%		7.2%		8.3%		--	Mar-71

For the five-year period ending September 30, 2015, the Fund returned 5.4%, trailing the policy benchmark by 0.2% and ranking in the 95<sup>th</sup> percentile of the InvestorForce Public Funds > \$1 Billion Universe. The Fund's volatility ranks in the 20<sup>th</sup> percentile over the five-year period.

For the three-year period ending September 30, 2015, the Fund returned 3.9%, outperforming the policy benchmark by 0.2% and ranking in the 96<sup>th</sup> percentile of its peers. The Fund's volatility ranks in the top decile of its peer group for the period.

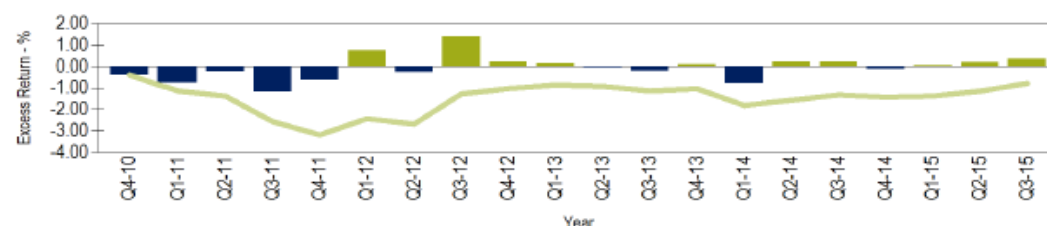
For the one year ending September 30, 2015, the Fund produced a net investment loss of \$112.2 million, which includes a net investment loss of \$149.9 million in the third calendar quarter. Assets decreased from \$3.2 billion one year ago to \$3.1 billion on September 30, 2015, with \$48.9 million in net distributions during the year.

For the one-year period ending September 30, 2015, the Fund returned -3.4%, outperforming the policy benchmark by 0.5%.

*The InvestorForce Public Funds > \$1 Billion Universe+ contains 93 observations for the period ending September 30, 2015, with total assets of \$1.7 trillion.*

*Please see the appendix for additional performance disclosures.*

Quarterly and Cumulative Excess Performance



Quarterly Outperformance Quarterly Underperformance Cumulative Excess Performance

5 Years Ending September 30, 2015

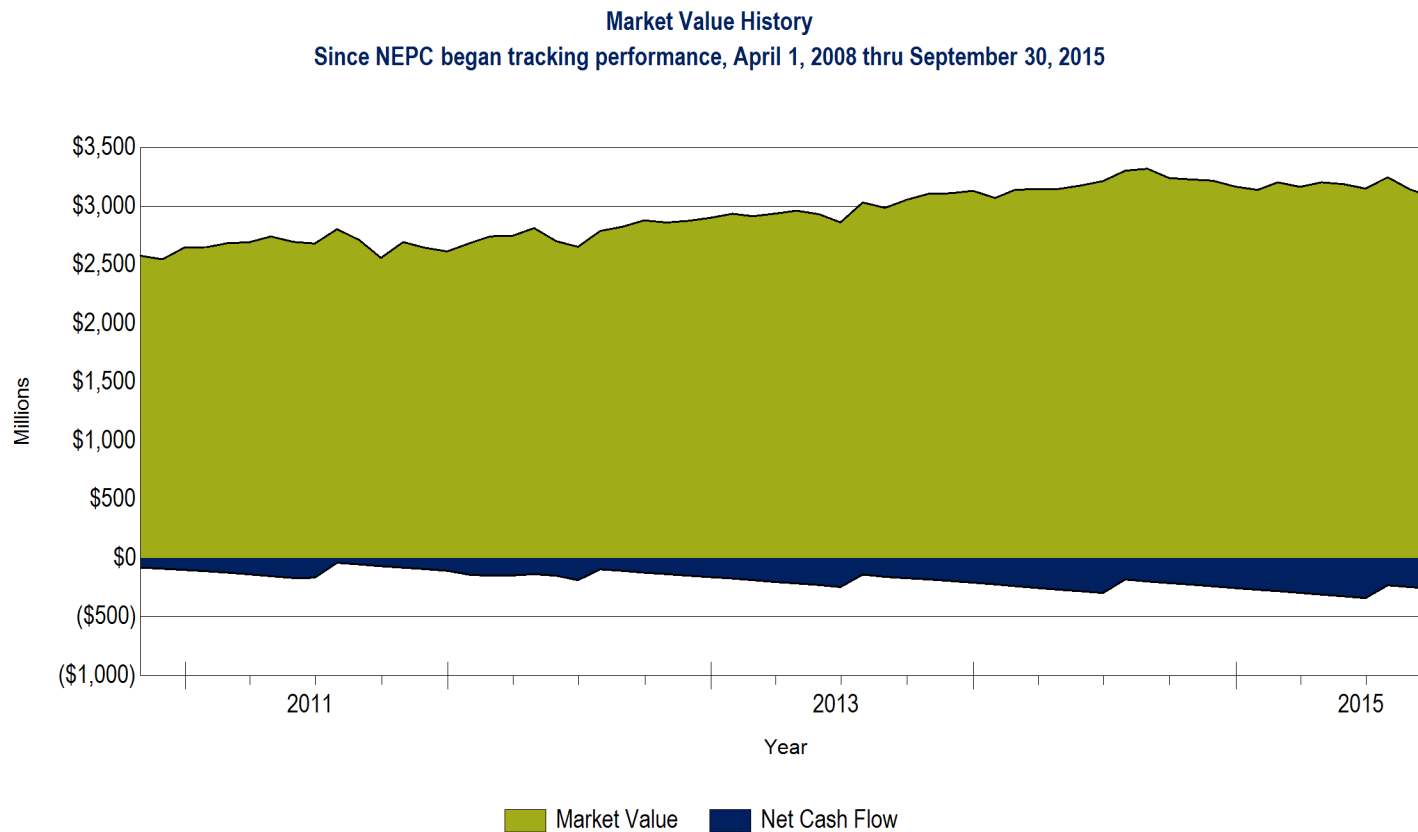
	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	5.4%	95	6.7%	20	0.8	98	1.3	88
Policy Benchmark	5.6%	94	6.5%	16	0.9	93	1.4	69
InvestorForce Public DB > \$1B Gross Median	7.8%	--	7.3%	--	1.0	--	1.5	--

3 Years Ending September 30, 2015

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	3.9%	96	4.8%	7	0.8	93	1.5	85
Policy Benchmark	3.7%	97	5.1%	13	0.7	97	1.4	90
InvestorForce Public DB > \$1B Gross Median	7.4%	--	5.9%	--	1.2	--	2.0	--

# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Asset Growth Summary

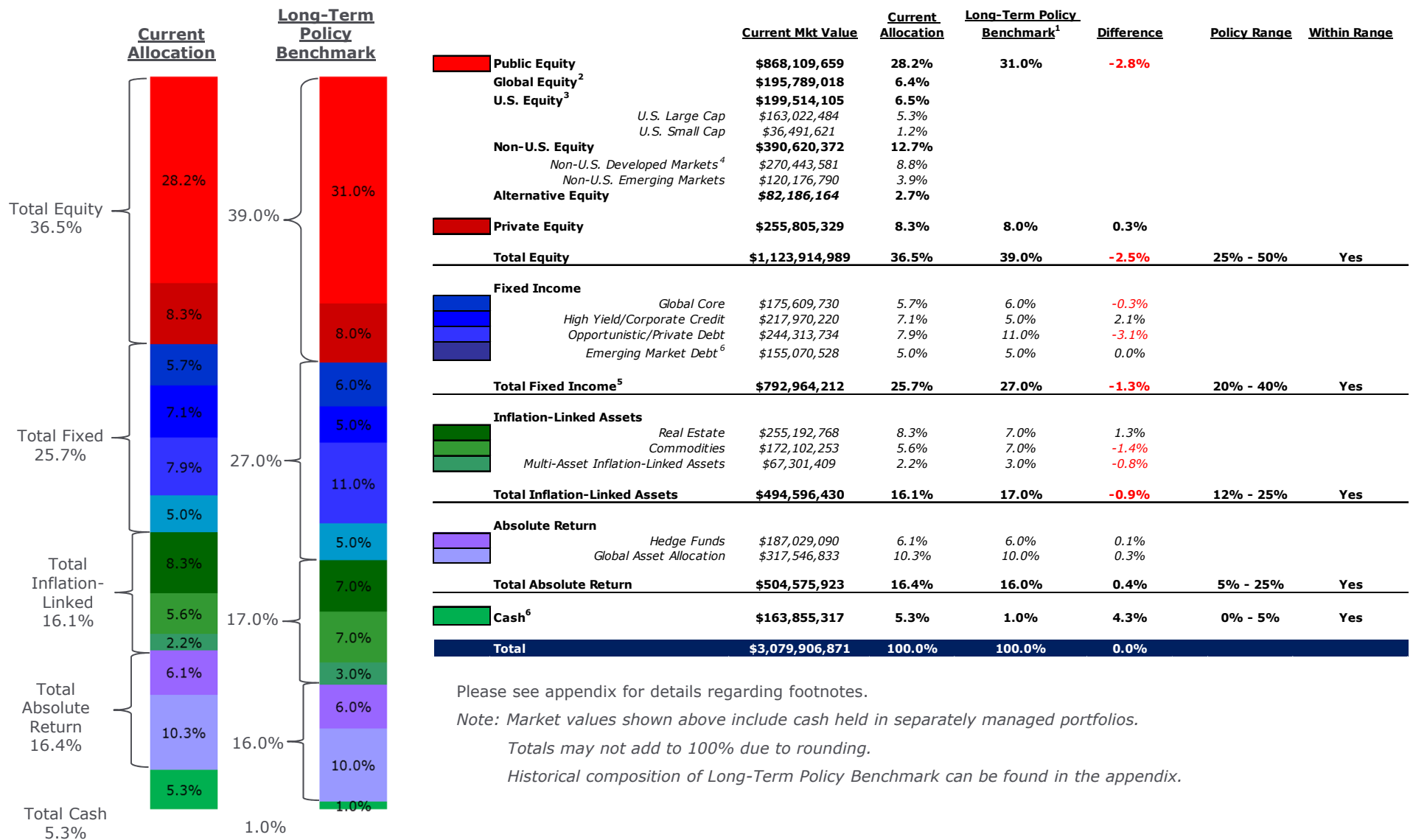


Sources of Portfolio Growth	Last Three Months	Year-To-Date	One Year	Three Years	Five Years	Since 4/1/08
Beginning Market Value	\$3,150,974,140	\$3,167,511,835	\$3,241,034,490	\$2,880,082,791	\$2,533,650,454	\$2,583,363,926
Net Additions/Withdrawals	\$78,842,313	-\$6,338,453	-\$48,885,760	-\$137,781,257	-\$190,061,428	-\$261,872,213
Investment Earnings	-\$149,909,583	-\$81,266,512	-\$112,241,860	\$337,605,337	\$736,317,845	\$758,415,158
Ending Market Value	\$3,079,906,871	\$3,079,906,871	\$3,079,906,871	\$3,079,906,871	\$3,079,906,871	\$3,079,906,871



# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Asset Allocation vs. Policy Targets



# City of San Jose Police and Fire Department Retirement Plan

## Asset Growth Summary Detail – Public Equity

	Quarter Ending September 30, 2015			
	Beginning Market Value	Net Cash Flow	Net Investment Change	Ending Market Value
Artisan Global Opportunities	\$101,685,078	-\$206,493	-\$8,490,688	\$92,987,898
Artisan Global Value	\$96,150,484	\$15,000,000	-\$8,355,842	\$102,794,642
Liquidating - Russell MSCI ACWI	\$4,299	\$0	\$0	\$4,299
Liquidating - Russell MSCI ACWI Value	\$157	\$0	-\$157	\$0
Equity Transition	\$2,160	\$0	\$20	\$2,180
<b>Global Equity Composite</b>	<b>\$197,842,178</b>	<b>\$14,793,507</b>	<b>-\$16,846,667</b>	<b>\$195,789,019</b>
NT Russell 1000 Index Fund	\$206,063,681	-\$30,006,768	-\$13,034,429	\$163,022,484
Transition Account #1	\$3,208	\$0	-\$221	\$2,987
RBC Small Cap Core	\$42,123,672	\$0	-\$5,635,039	\$36,488,633
<b>U.S. Equity Composite</b>	<b>\$248,190,561</b>	<b>-\$30,006,768</b>	<b>-\$18,669,689</b>	<b>\$199,514,104</b>
Liquidating - Russell MSCI EAFE + CAD	\$79,421	\$0	-\$8,353	\$71,067
NT Russell MSCI World ex US Index Fund	\$232,635,829	\$14,976,466	-\$26,163,740	\$221,448,555
Liquidating - Brandes Int'l Equity	\$2,703	\$0	\$5	\$2,708
Liquidating - Russell MSCI EAFE + CAD Small Cap Index	\$1,199	\$0	-\$2	\$1,198
Oberweis	\$49,999,090	\$0	-\$1,998,375	\$48,000,715
MSCI Emerging Markets ETF (ticker: EEM)	\$34,045,457	-\$34,045,457	\$2,997	\$2,997
Vontobel Emerging Markets	\$82,941,348	-\$166,438	-\$8,625,801	\$74,149,108
Dimensional Fund Advisors	\$33,449,755	\$0	-\$6,410,365	\$27,039,391
Aberdeen Frontier Markets	\$20,663,773	\$0	-\$1,678,478	\$18,985,295
Russell Currency Hedging	--	\$0	\$919,339	\$919,339
<b>International Equity Composite</b>	<b>\$453,818,575</b>	<b>-\$19,235,429</b>	<b>-\$43,962,773</b>	<b>\$390,620,373</b>
Amici	\$10,662,201	\$0	-\$1,314,743	\$9,347,457
Marshall Wace	\$11,772,571	\$10,000,000	-\$1,295	\$21,771,276
Horizon	\$11,757,379	\$15,000,000	\$125,066	\$26,882,445
Sandler	\$11,848,726	\$0	\$326,669	\$12,175,395
Senator	\$13,035,459	\$0	-\$1,025,869	\$12,009,590
<b>Alternative Equity Composite</b>	<b>\$59,076,336</b>	<b>\$25,000,000</b>	<b>-\$1,890,172</b>	<b>\$82,186,163</b>
<b>Total Equity Composite</b>	<b>\$958,927,650</b>	<b>-\$9,448,690</b>	<b>-\$81,369,301</b>	<b>\$868,109,659</b>

# City of San Jose Police and Fire Department Retirement Plan

## Asset Growth Summary Detail – Private Equity

	Beginning Market Value	Quarter Ending September 30, 2015		Ending Market Value
		Net Cash Flow	Net Investment Change	
57 Stars Global Opportunity Fund 3	\$11,590,005	\$846,480	-\$78,731	\$12,357,754
TCW/Crescent Mezzanine Partners V	\$5,988,419	-\$1,119,838	\$187,575	\$5,056,156
CCMP Capital Investors III	\$8,182,959	-\$22,410	\$550,567	\$8,711,116
Crescent Mezzanine Partners VI	\$12,950,826	\$1,332,894	\$264,219	\$14,547,939
Francisco Partners IV	\$2,887,500	\$825,000	-\$177,135	\$3,535,365
HarbourVest (Fund VII - Buyout; Fund VIII - Venture; Fund VIII - Buyout)	\$28,675,752	-\$2,310,366	\$1,233,628	\$27,599,014
Industry Ventures III	\$6,738,746	\$996,206	\$172,148	\$7,907,100
Pantheon USA Fund VI	\$25,141,787	-\$2,320,000	\$399,782	\$23,221,569
Portfolio Advisors Private Equity Fund III (A - Buyout; B - Venture; C - Special Situations)	\$11,581,937	-\$903,014	\$171,642	\$10,850,565
Siguler Guff DOF III	\$14,779,117	-\$1,444,393	\$381,491	\$13,716,215
TPG Opportunity Partners II	\$12,187,765	-\$3,114,262	\$67,166	\$9,140,669
TPG Opportunity Partners III	\$2,490,744	\$819,691	-\$3,150	\$3,307,285
Warburg Pincus Private Equity XI	\$15,508,102	\$430,000	\$541,953	\$16,480,055
NT Russell 3000 Index Fund	\$107,133,316	-\$7,766	-\$7,751,022	\$99,374,527
<b>Total Private Equity Composite</b>	<b>\$265,836,975</b>	<b>-\$5,991,778</b>	<b>-\$4,039,867</b>	<b>\$255,805,329</b>
<b>Total Private Equity Composite ex-Interim Exposure</b>	<b>\$158,703,659</b>	<b>-\$5,984,012</b>	<b>\$3,711,155</b>	<b>\$156,430,802</b>

# City of San Jose Police and Fire Department Retirement Plan

## Asset Growth Summary Detail – Fixed Income

	Quarter Ending September 30, 2015			
	Beginning Market Value	Net Cash Flow	Net Investment Change	Ending Market Value
Claren Road	\$25,032,956	\$0	-\$119,854	\$24,913,102
Colchester Global Fixed Income	\$86,693,076	-\$99,810	-\$1,627,441	\$84,965,825
Franklin Templeton Global Multi-Sector Plus	\$70,072,041	\$0	-\$4,341,238	\$65,730,803
<b>Global Fixed Income Composite</b>	<b>\$181,798,073</b>	<b>-\$99,810</b>	<b>-\$6,088,533</b>	<b>\$175,609,730</b>
Beach Point Total Return	\$79,933,463	\$0	-\$2,231,921	\$77,701,542
Symphony L/S Credit Fund	\$79,625,931	\$0	\$610,685	\$80,236,616
Voya	\$0	\$60,000,000	\$32,062	\$60,032,062
<b>Corporate Credit Composite</b>	<b>\$159,559,394</b>	<b>\$60,000,000</b>	<b>-\$1,589,174</b>	<b>\$217,970,220</b>
Davidson Kempner	\$22,940,967	\$0	-\$81,415	\$22,859,552
Marathon European Credit Opportunity Fund	\$11,906,856	-\$2,770,664	\$404,075	\$9,540,268
GSO Direct Lending Fund	\$20,301,302	-\$141,392	-\$27,520	\$20,132,390
Medley Opportunity Fund II	\$54,376,459	\$0	\$592,560	\$54,969,019
White Oak Direct Lending Fund	\$41,328,576	-\$6,535,519	-\$2,972,717	\$31,820,340
Capula European Special Situations Fund	\$77,302,515	-\$7,831,279	\$511,497	\$69,982,733
Park Square	\$20,390,219	-\$490,800	\$86,614	\$19,986,033
Shoreline China Value III	\$16,393,445	-\$871,890	-\$498,156	\$15,023,399
<b>Opportunistic Credit Composite</b>	<b>\$264,940,339</b>	<b>-\$18,641,544</b>	<b>-\$1,985,062</b>	<b>\$244,313,734</b>
BlueBay Emerging Market Select Debt	\$107,103,115	-\$195,646	-\$6,859,838	\$100,047,631
Iguazu Partners	\$55,390,528	\$0	-\$367,631	\$55,022,897
<b>Emerging Market Debt Composite</b>	<b>\$162,493,643</b>	<b>-\$195,646</b>	<b>-\$7,227,469</b>	<b>\$155,070,528</b>
<b>Total Fixed Income Composite</b>	<b>\$768,791,449</b>	<b>\$41,063,000</b>	<b>-\$16,890,238</b>	<b>\$792,964,213</b>

# City of San Jose Police and Fire Department Retirement Plan

## Asset Growth Summary Detail – Inflation-Linked Assets

	Beginning Market Value	Quarter Ending September 30, 2015		Ending Market Value
		Net Cash Flow	Net Investment Change	
American Realty Separate Account	\$24,545,997	-\$580,000	\$771,822	\$24,737,819
American Realty Core Fund	\$129,406,576	-\$1,676,619	\$4,570,810	\$132,300,767
BlackStone Real Estate Debt Strategies II	\$4,630,664	\$985,870	\$96,483	\$5,713,017
Brookfield Strategic Real Estate Partners	\$9,445,171	-\$231,287	\$462,829	\$9,676,713
Och Ziff Real Estate	\$2,297,316	\$550,229	\$29,332	\$2,876,877
Orion European Real Estate Fund IV	\$4,235,002	-\$120,900	\$122,179	\$4,236,281
TA Realty Fund X	\$10,348,866	-\$326,111	\$415,139	\$10,437,894
Tristan EPISO 3	\$5,061,630	\$0	\$382,234	\$5,443,864
Russell Real Estate	\$61,852,207	\$0	-\$2,082,671	\$59,769,536
<b>Total Real Estate Composite</b>	<b>\$251,823,429</b>	<b>-\$1,398,818</b>	<b>\$4,768,157</b>	<b>\$255,192,768</b>
<b>Total Real Estate Composite ex-Interim Exposure</b>	<b>\$189,971,222</b>	<b>-\$1,398,818</b>	<b>\$6,850,828</b>	<b>\$195,423,232</b>
Credit Suisse Balanced Risk Commodity Index	\$191,086,491	-\$65,132,782	-\$19,736,007	\$106,217,702
Pinnacle Natural Resources	--	\$65,000,000	\$884,551	\$65,884,551
<b>Total Commodities Composite</b>	<b>\$191,086,491</b>	<b>-\$132,782</b>	<b>-\$18,851,456</b>	<b>\$172,102,253</b>
Wellington Diversified Inflation Hedges	\$79,597,315	-\$184,815	-\$12,111,091	\$67,301,409
<b>Total Multi-Asset Inflation-Linked Assets</b>	<b>\$79,597,315</b>	<b>-\$184,815</b>	<b>-\$12,111,091</b>	<b>\$67,301,409</b>

# City of San Jose Police and Fire Department Retirement Plan

## Asset Growth Summary Detail – Absolute Return

	Beginning Market Value	Quarter Ending September 30, 2015		Ending Market Value
		Net Cash Flow	Net Investment Change	
Arrowgrass	\$24,145,971	\$0	-\$222,980	\$23,922,992
BlueTrend	\$9,209,984	\$3,000,000	\$901,971	\$13,111,955
Brevan Howard Limited	\$0	\$5,291,401	-\$66,119	\$5,225,281
Brevan Howard Multi-Strategy	\$21,165,602	-\$5,291,401	-\$328,669	\$15,545,533
DE Shaw	\$27,173,289	\$0	\$422,356	\$27,595,645
Dymon Asia	--	\$17,000,000	-\$34,850	\$16,965,150
Hudson Bay	\$20,570,119	\$0	-\$161,537	\$20,408,581
Kepos	\$11,741,334	\$0	\$1,031,954	\$12,773,288
MKP Opportunity Fund	\$0	\$5,000,000	-\$105,575	\$4,894,425
Pine River	\$24,009,776	\$0	-\$1,344,627	\$22,665,149
Russell Hedge Funds	\$51,369,992	-\$27,000,000	-\$448,902	\$23,921,090
<b>Total Hedge Funds</b>	<b>\$189,386,067</b>	<b>-\$2,000,000</b>	<b>-\$356,978</b>	<b>\$187,029,090</b>
<b>Total Hedge Funds ex-Interim Exposure</b>	<b>\$138,016,075</b>	<b>\$25,000,000</b>	<b>\$91,924</b>	<b>\$163,108,000</b>
GMO Benchmark-Free Allocation Fund	\$99,223,598	\$0	-\$6,592,922	\$92,630,676
PIMCO All Asset All Authority Fund	\$94,775,684	\$0	-\$9,508,668	\$85,267,016
Standard Life GARS Fund	\$141,253,178	\$0	-\$1,604,037	\$139,649,141
<b>Total Global Asset Allocation</b>	<b>\$335,252,460</b>	<b>\$0</b>	<b>-\$17,705,627</b>	<b>\$317,546,832</b>



# City of San Jose Police and Fire Department Retirement Plan

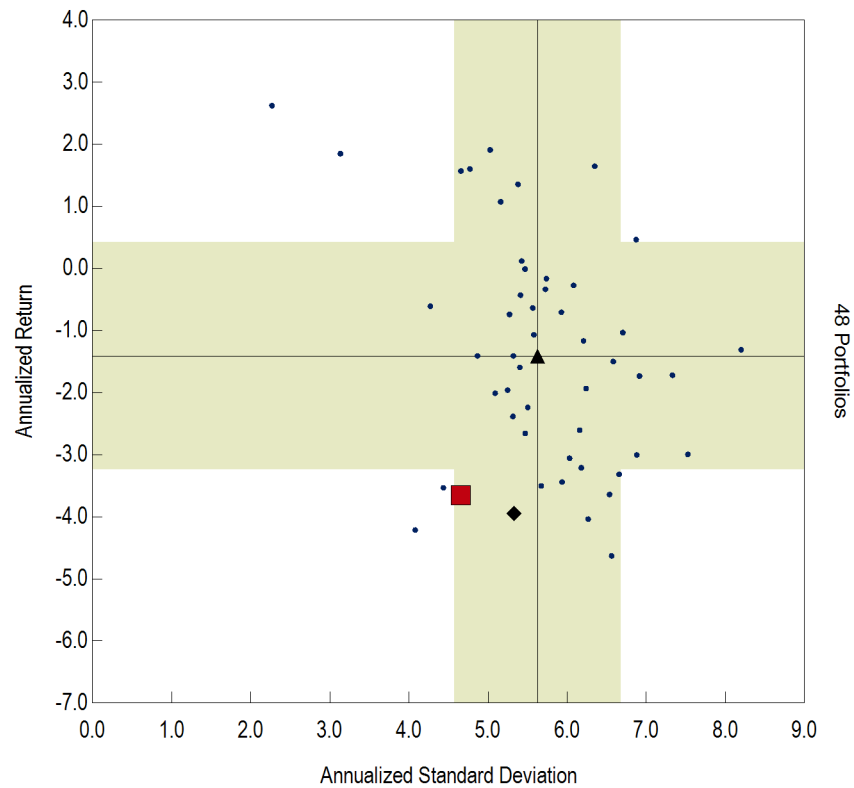
## Asset Growth Summary Detail – Cash & Overlay

	Beginning Market Value	Quarter Ending September 30, 2015		Ending Market Value
		Net Cash Flow	Net Investment Change	
Cash	\$41,115,723	\$56,936,196	-\$614	\$98,051,304
Russell Overlay	\$69,156,581	\$0	-\$3,352,568	\$65,804,013
<b>Total Cash and Overlay</b>	<b>\$110,272,304</b>	<b>\$56,936,196</b>	<b>-\$3,353,182</b>	<b>\$163,855,316</b>

# City of San Jose Police and Fire Department Retirement Plan

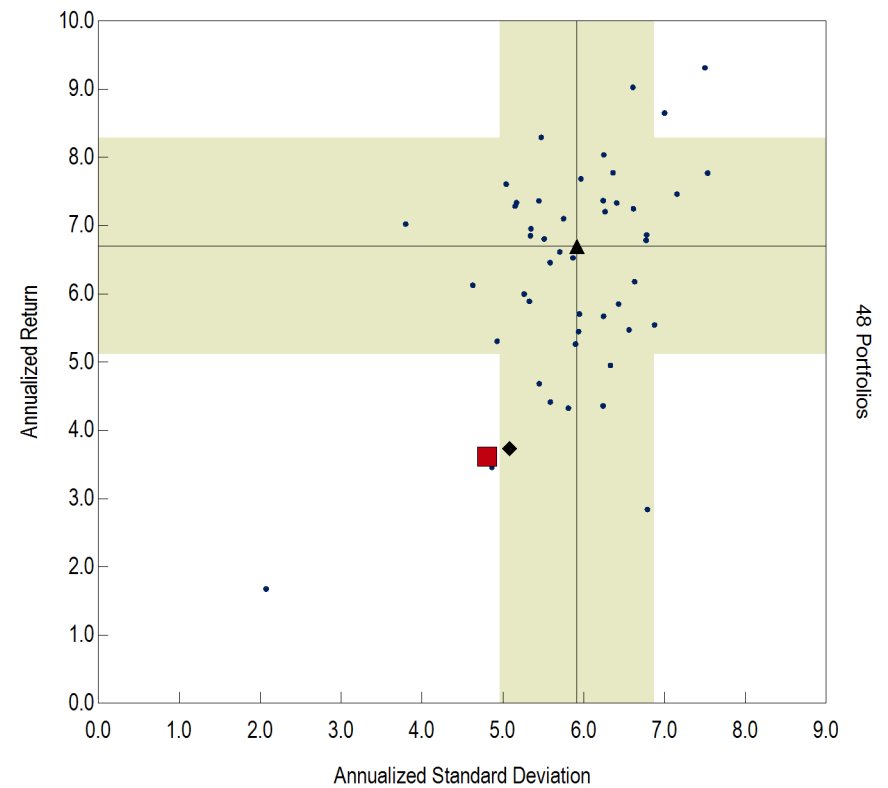
## Total Fund Risk/Return

1 Year Ending September 30, 2015



- Total Fund
- ◆ Policy Benchmark
- ▲ Universe Median
- 68% Confidence Interval
- InvestorForce Public DB > \$1B Net

3 Years Ending September 30, 2015

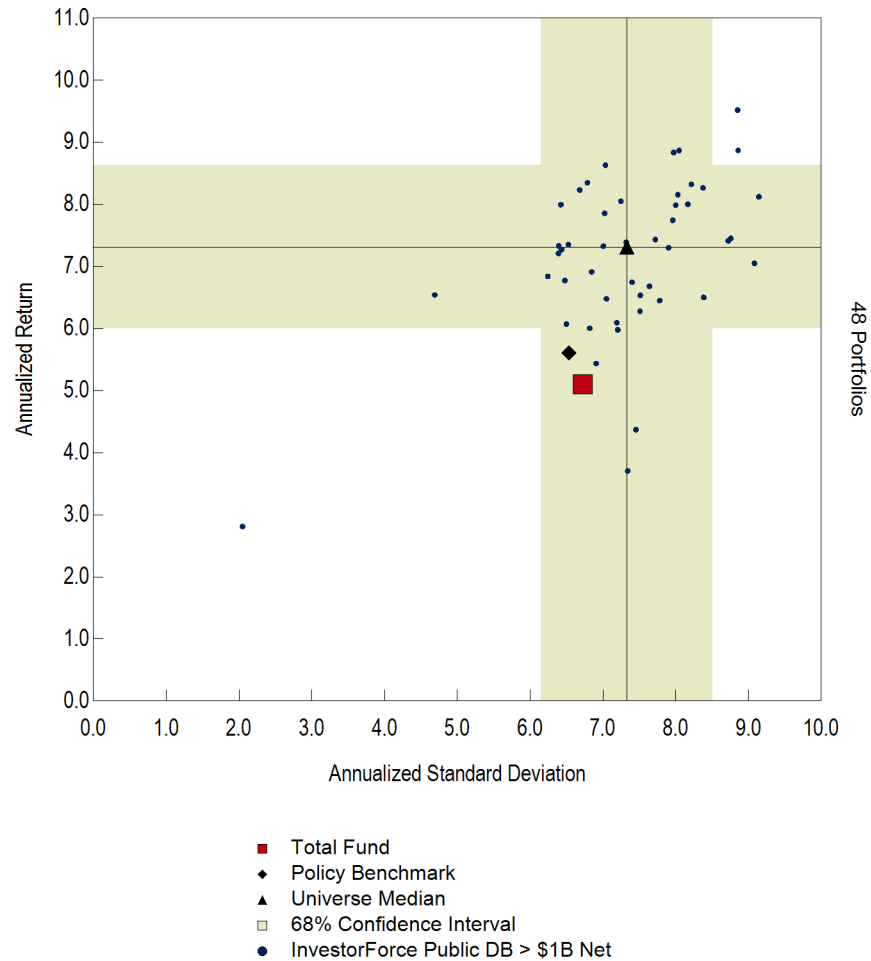


- Total Fund
- ◆ Policy Benchmark
- ▲ Universe Median
- 68% Confidence Interval
- InvestorForce Public DB > \$1B Net

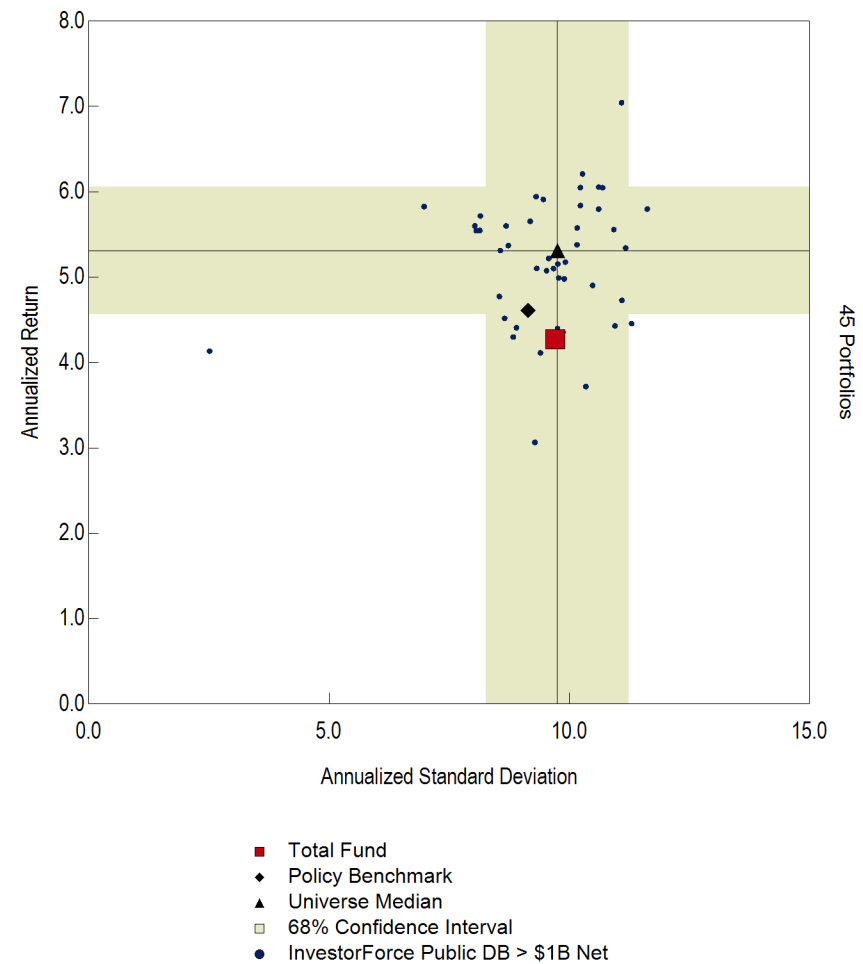
# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Risk/Return

5 Years Ending September 30, 2015



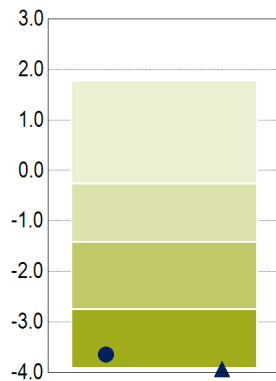
10 Years Ending September 30, 2015



## Total Fund Risk Statistics vs. Peer Universe

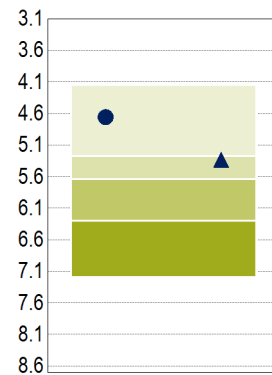
### Total Fund vs. InvestorForce Public DB > \$1B Net (USD) 1 Year

Anlzd Return



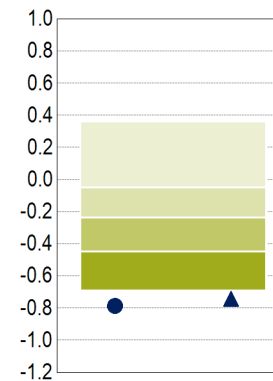
● Total Fund	
Value	-3.6
%tile	94
▲ Policy Benchmark	
Value	-3.9
%tile	96
Universe	
5th %tile	1.8
25th %tile	-0.2
Median	-1.4
75th %tile	-2.7
95th %tile	-3.9

Anlzd Standard Deviation



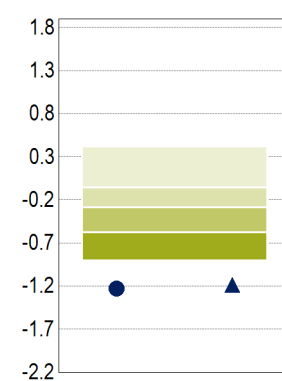
● Total Fund	
Value	4.7
%tile	11
▲ Policy Benchmark	
Value	5.3
%tile	31
Universe	
5th %tile	4.1
25th %tile	5.3
Median	5.6
75th %tile	6.3
95th %tile	7.2

Sharpe Ratio



● Total Fund	
Value	-0.8
%tile	98
▲ Policy Benchmark	
Value	-0.7
%tile	97
Universe	
5th %tile	0.4
25th %tile	0.0
Median	-0.2
75th %tile	-0.4
95th %tile	-0.7

Sortino Ratio

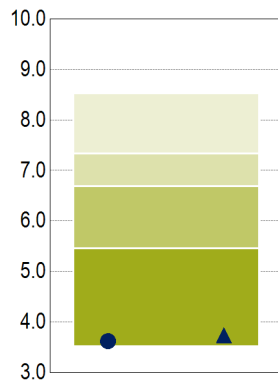


● Total Fund	
Value	-1.2
%tile	99
▲ Policy Benchmark	
Value	-1.2
%tile	98
Universe	
5th %tile	0.4
25th %tile	0.0
Median	-0.3
75th %tile	-0.6
95th %tile	-0.9

## Total Fund Risk Statistics vs. Peer Universe

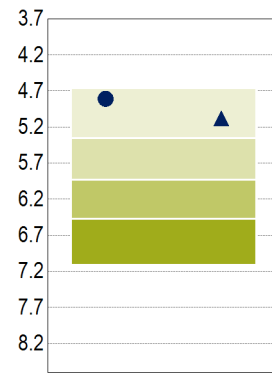
### Total Fund vs. InvestorForce Public DB > \$1B Net (USD) 3 Years

Anlzd Return



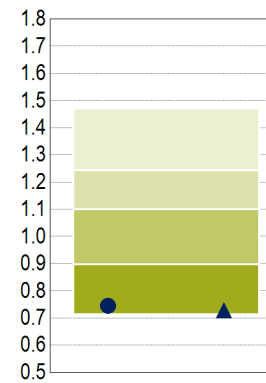
● Total Fund	
Value	3.6
%tile	95
▲ Policy Benchmark	
Value	3.7
%tile	94
Universe	
5th %tile	8.5
25th %tile	7.3
Median	6.7
75th %tile	5.5
95th %tile	3.5

Anlzd Standard Deviation



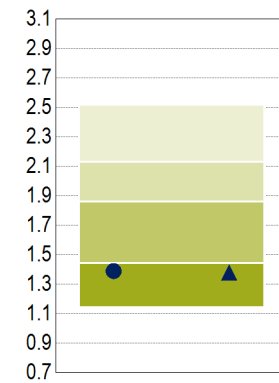
● Total Fund	
Value	4.8
%tile	8
▲ Policy Benchmark	
Value	5.1
%tile	14
Universe	
5th %tile	4.7
25th %tile	5.3
Median	5.9
75th %tile	6.5
95th %tile	7.1

Sharpe Ratio



● Total Fund	
Value	0.7
%tile	94
▲ Policy Benchmark	
Value	0.7
%tile	95
Universe	
5th %tile	1.5
25th %tile	1.2
Median	1.1
75th %tile	0.9
95th %tile	0.7

Sortino Ratio

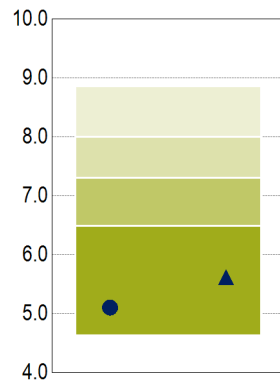


● Total Fund	
Value	1.4
%tile	84
▲ Policy Benchmark	
Value	1.4
%tile	84
Universe	
5th %tile	2.5
25th %tile	2.1
Median	1.9
75th %tile	1.4
95th %tile	1.1

## Total Fund Risk Statistics vs. Peer Universe

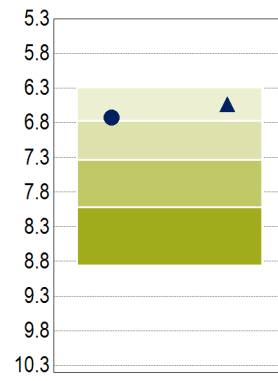
### Total Fund vs. InvestorForce Public DB > \$1B Net (USD) 5 Years

Anlzd Return



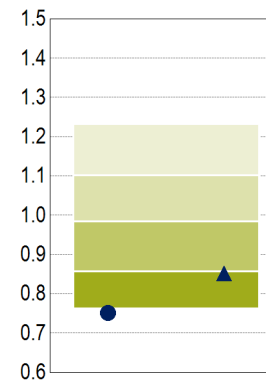
● Total Fund	
Value	5.1
%tile	94
▲ Policy Benchmark	
Value	5.6
%tile	91
Universe	
5th %tile	8.9
25th %tile	8.0
Median	7.3
75th %tile	6.5
95th %tile	4.6

Anlzd Standard Deviation



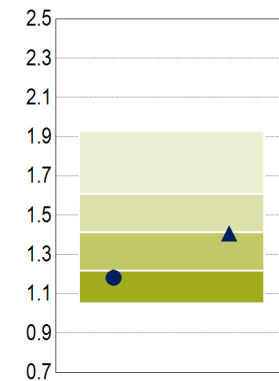
● Total Fund	
Value	6.7
%tile	25
▲ Policy Benchmark	
Value	6.5
%tile	20
Universe	
5th %tile	6.3
25th %tile	6.8
Median	7.3
75th %tile	8.0
95th %tile	8.9

Sharpe Ratio



● Total Fund	
Value	0.8
%tile	96
▲ Policy Benchmark	
Value	0.9
%tile	76
Universe	
5th %tile	1.2
25th %tile	1.1
Median	1.0
75th %tile	0.9
95th %tile	0.8

Sortino Ratio

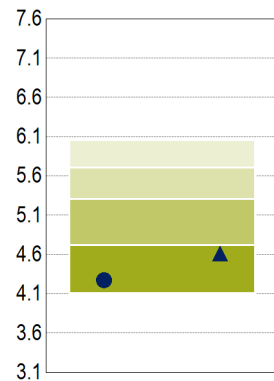


● Total Fund	
Value	1.2
%tile	84
▲ Policy Benchmark	
Value	1.4
%tile	54
Universe	
5th %tile	1.9
25th %tile	1.6
Median	1.4
75th %tile	1.2
95th %tile	1.1

## Total Fund Risk Statistics vs. Peer Universe

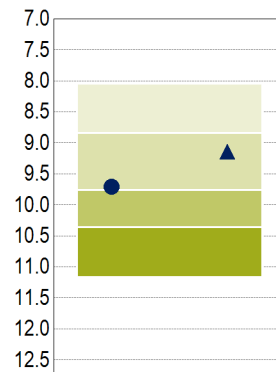
### Total Fund vs. InvestorForce Public DB > \$1B Net (USD) 10 Years

Anlzd Return



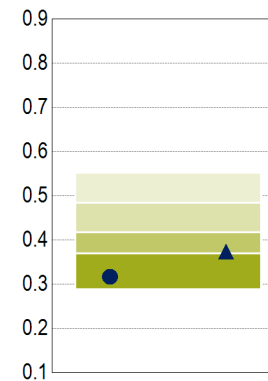
● Total Fund	
Value	4.3
%tile	92
▲ Policy Benchmark	
Value	4.6
%tile	77
Universe	
5th %tile	6.1
25th %tile	5.7
Median	5.3
75th %tile	4.7
95th %tile	4.1

Anlzd Standard Deviation



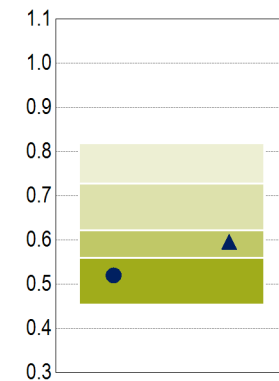
● Total Fund	
Value	9.7
%tile	49
▲ Policy Benchmark	
Value	9.1
%tile	30
Universe	
5th %tile	8.0
25th %tile	8.8
Median	9.8
75th %tile	10.3
95th %tile	11.2

Sharpe Ratio



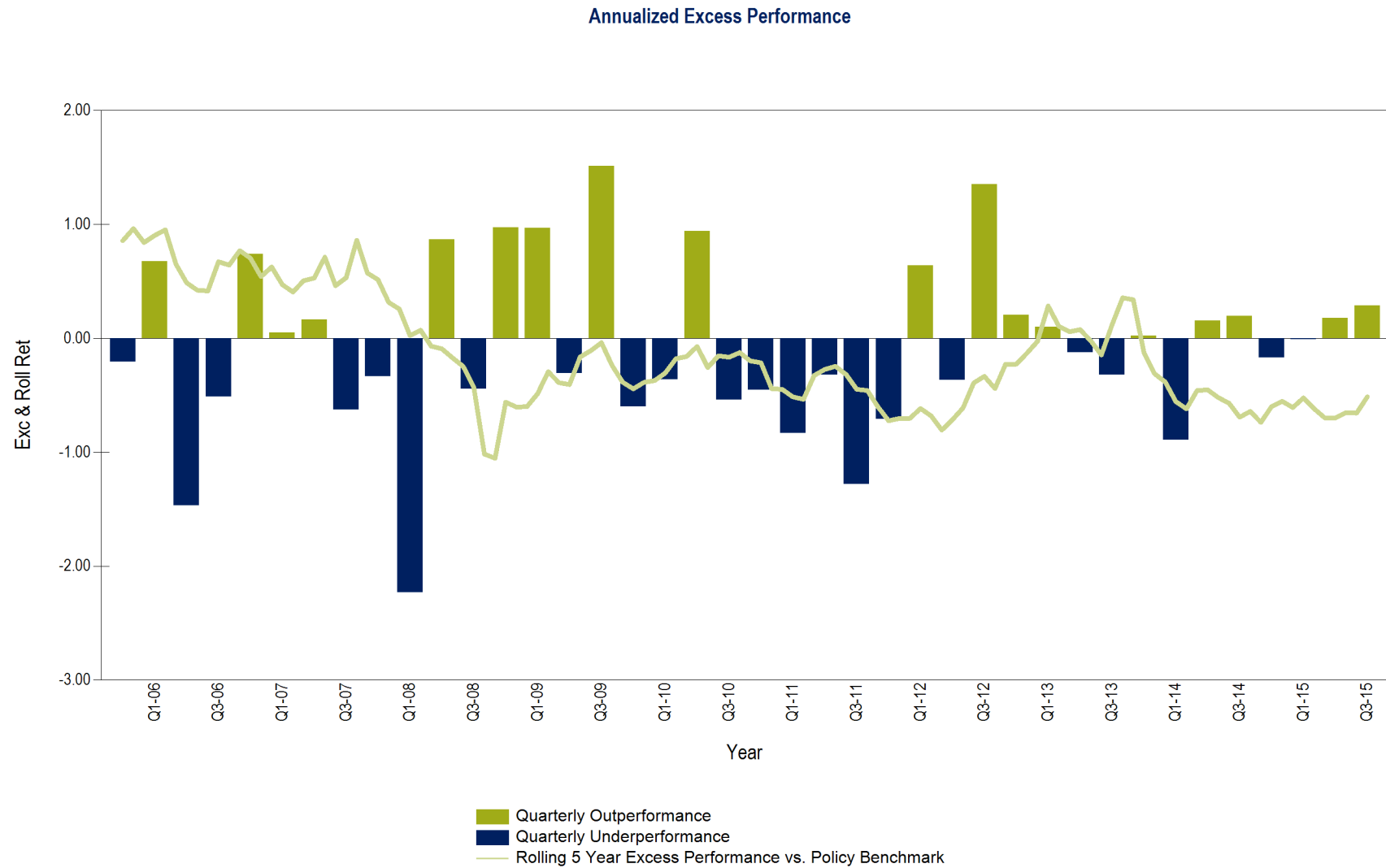
● Total Fund	
Value	0.3
%tile	90
▲ Policy Benchmark	
Value	0.4
%tile	75
Universe	
5th %tile	0.6
25th %tile	0.5
Median	0.4
75th %tile	0.4
95th %tile	0.3

Sortino Ratio



● Total Fund	
Value	0.5
%tile	88
▲ Policy Benchmark	
Value	0.6
%tile	65
Universe	
5th %tile	0.8
25th %tile	0.7
Median	0.6
75th %tile	0.6
95th %tile	0.5

## Total Fund Rolling 5-Year Excess Returns

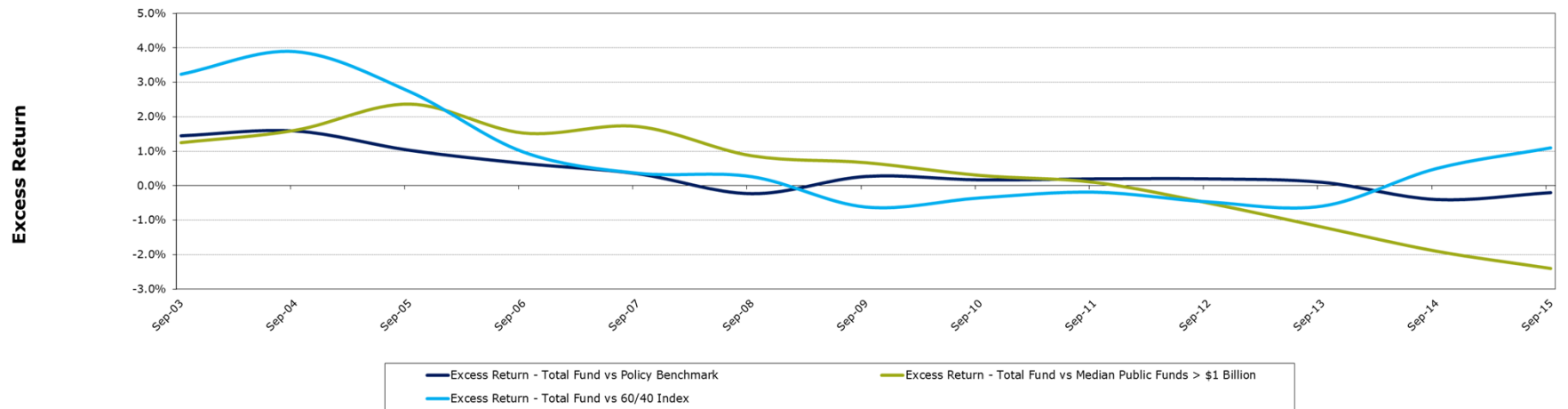


Note: Performance shown is net of fees.



# City of San Jose Police and Fire Department Retirement Plan

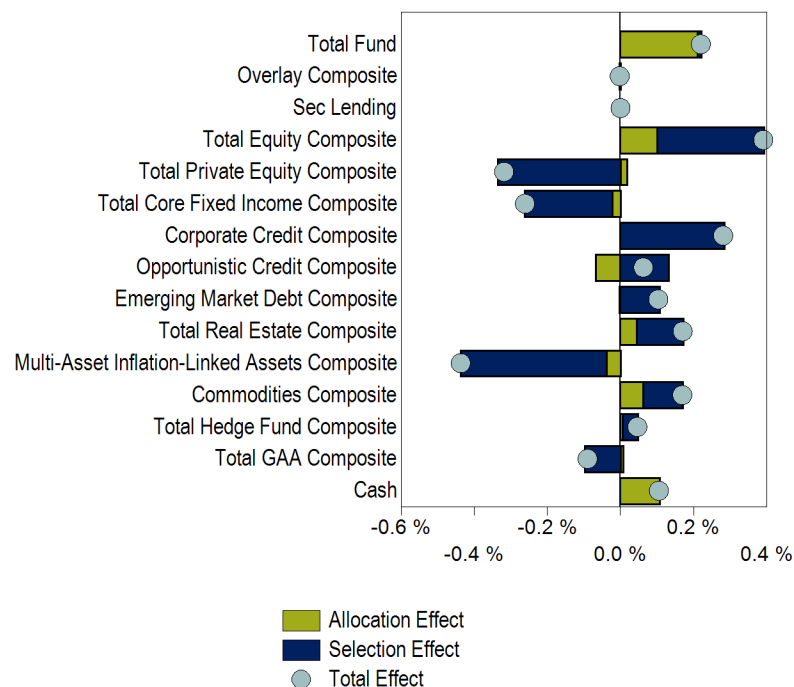
## Total Fund Rolling 5-Year Excess Returns



# City of San Jose Police and Fire Department Retirement Plan

## Total Fund

**Attribution Effects**  
3 Months Ending September 30, 2015



**Attribution Summary**  
3 Months Ending September 30, 2015

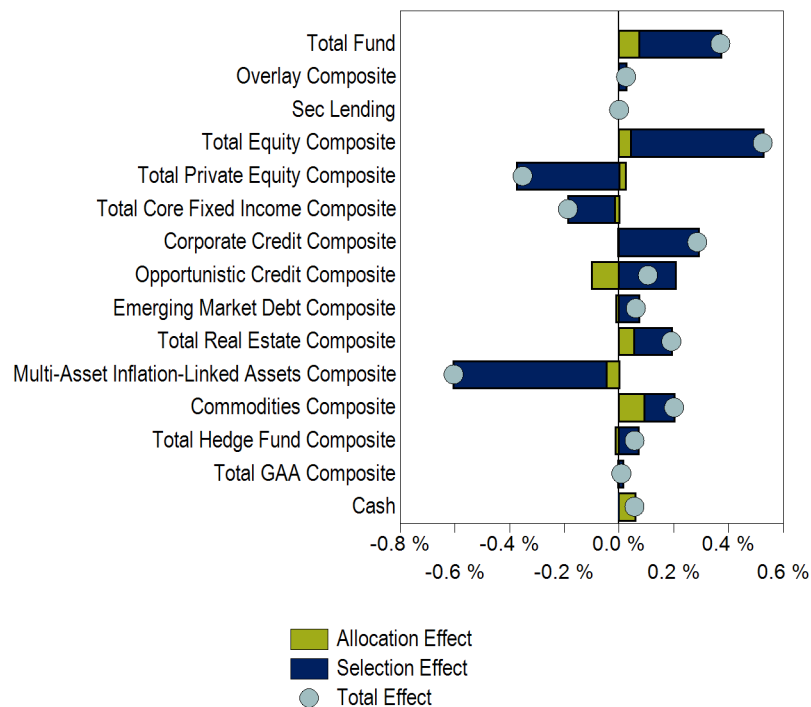
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
Overlay Composite	-5.0%	-4.9%	0.0%	0.0%	0.0%	0.0%
Sec Lending	--	--	--	--	0.0%	--
Total Equity Composite	-8.6%	-9.6%	1.0%	0.3%	0.1%	0.4%
Total Private Equity Composite	-1.5%	2.7%	-4.2%	-0.3%	0.0%	-0.3%
Total Core Fixed Income Composite	-3.5%	0.9%	-4.3%	-0.2%	0.0%	-0.3%
Corporate Credit Composite	-0.7%	-4.9%	4.1%	0.3%	0.0%	0.3%
Opportunistic Credit Composite	-1.1%	-2.8%	1.7%	0.1%	-0.1%	0.1%
Emerging Market Debt Composite	-4.6%	-6.6%	2.1%	0.1%	0.0%	0.1%
Total Real Estate Composite	1.9%	0.3%	1.7%	0.1%	0.0%	0.2%
Multi-Asset Inflation-Linked Assets Composite	-15.4%	0.9%	-16.4%	-0.4%	0.0%	-0.4%
Commodities Composite	-10.2%	-12.0%	1.8%	0.1%	0.1%	0.2%
Total Hedge Fund Composite	-0.1%	-0.8%	0.7%	0.0%	0.0%	0.0%
Total GAA Composite	-5.3%	-4.4%	-0.9%	-0.1%	0.0%	-0.1%
Cash	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
<b>Total</b>	<b>-4.7%</b>	<b>-4.9%</b>	<b>0.2%</b>	<b>0.0%</b>	<b>0.2%</b>	<b>0.2%</b>

Note: Performance shown is net of fees.

# City of San Jose Police and Fire Department Retirement Plan

## Total Fund

**Attribution Effects**  
YTD Ending September 30, 2015



**Attribution Summary**  
YTD Ending September 30, 2015

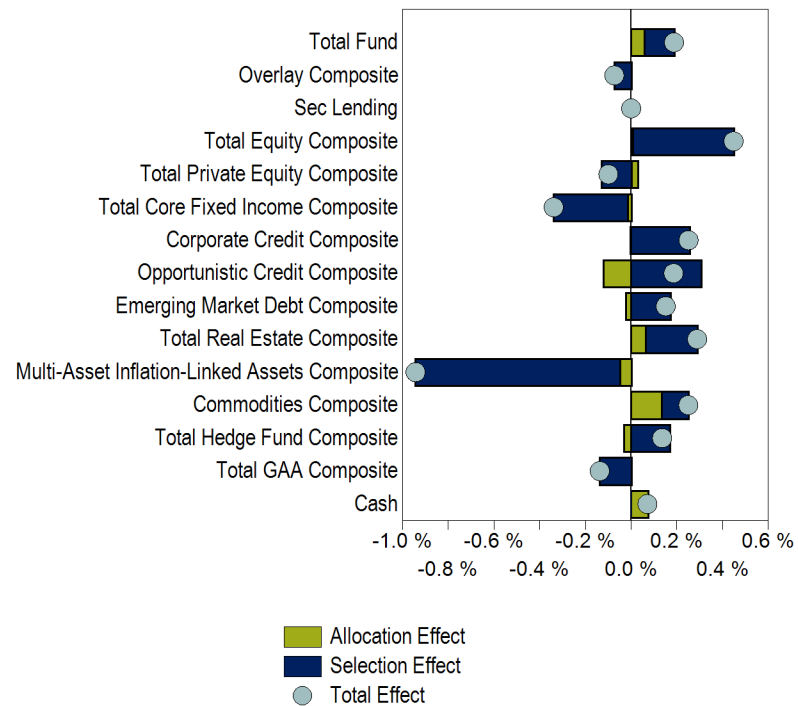
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
Overlay Composite	-1.9%	-3.1%	1.2%	0.0%	0.0%	0.0%
Sec Lending	--	--	--	--	0.0%	--
Total Equity Composite	-5.1%	-6.8%	1.6%	0.5%	0.0%	0.5%
Total Private Equity Composite	2.9%	7.7%	-4.8%	-0.4%	0.0%	-0.4%
Total Core Fixed Income Composite	-5.3%	-2.3%	-3.0%	-0.2%	0.0%	-0.2%
Corporate Credit Composite	1.9%	-2.5%	4.3%	0.3%	0.0%	0.3%
Opportunistic Credit Composite	2.5%	0.0%	2.6%	0.2%	-0.1%	0.1%
Emerging Market Debt Composite	-6.2%	-7.6%	1.4%	0.1%	0.0%	0.1%
Total Real Estate Composite	5.9%	4.1%	1.8%	0.1%	0.1%	0.2%
Multi-Asset Inflation-Linked Assets Composite	-17.3%	5.1%	-22.4%	-0.6%	0.0%	-0.6%
Commodities Composite	-12.3%	-14.1%	1.8%	0.1%	0.1%	0.2%
Total Hedge Fund Composite	1.2%	0.2%	1.1%	0.1%	0.0%	0.1%
Total GAA Composite	-4.3%	-4.4%	0.2%	0.0%	0.0%	0.0%
Cash	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
<b>Total</b>	<b>-2.7%</b>	<b>-3.1%</b>	<b>0.4%</b>	<b>0.3%</b>	<b>0.1%</b>	<b>0.4%</b>

Note: Performance shown is net of fees.

# City of San Jose Police and Fire Department Retirement Plan

## Total Fund

**Attribution Effects**  
1 Year Ending September 30, 2015



### Attribution Summary

#### 1 Year Ending September 30, 2015

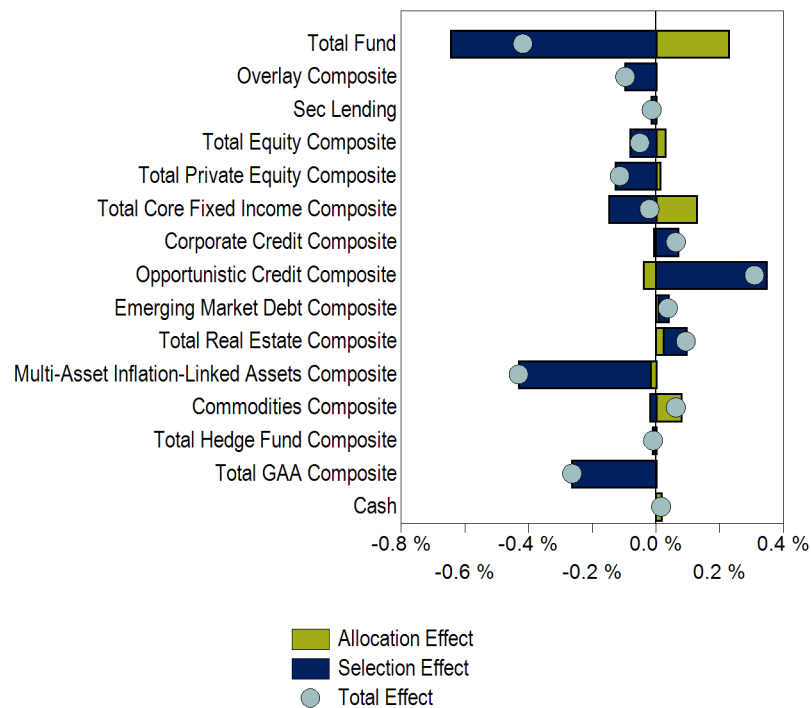
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
Overlay Composite	-6.9%	-3.9%	-3.0%	-0.1%	0.0%	-0.1%
Sec Lending	--	--	--	--	0.0%	--
Total Equity Composite	-4.7%	-6.2%	1.5%	0.4%	0.0%	0.4%
Total Private Equity Composite	7.1%	8.7%	-1.6%	-0.1%	0.0%	-0.1%
Total Core Fixed Income Composite	-8.7%	-3.3%	-5.5%	-0.3%	0.0%	-0.3%
Corporate Credit Composite	0.1%	-3.4%	3.6%	0.3%	0.0%	0.3%
Opportunistic Credit Composite	3.6%	-0.4%	4.0%	0.3%	-0.1%	0.2%
Emerging Market Debt Composite	-7.7%	-10.9%	3.2%	0.2%	0.0%	0.2%
Total Real Estate Composite	9.3%	6.1%	3.2%	0.2%	0.1%	0.3%
Multi-Asset Inflation-Linked Assets Composite	-27.7%	5.0%	-32.6%	-0.9%	0.0%	-0.9%
Commodities Composite	-22.6%	-24.3%	1.7%	0.1%	0.1%	0.2%
Total Hedge Fund Composite	2.0%	-0.7%	2.6%	0.2%	0.0%	0.1%
Total GAA Composite	-5.7%	-4.4%	-1.2%	-0.1%	0.0%	-0.1%
Cash	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
<b>Total</b>	<b>-3.8%</b>	<b>-3.9%</b>	<b>0.2%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.2%</b>

Note: Performance shown is net of fees.

# City of San Jose Police and Fire Department Retirement Plan

## Total Fund

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



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

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
Overlay Composite	368.1%	2.8%	365.3%	-0.1%	0.0%	-0.1%
Sec Lending	--	--	--	0.0%	0.0%	0.0%
Total Equity Composite	6.5%	6.7%	-0.2%	-0.1%	0.0%	-0.1%
Total Private Equity Composite	13.3%	15.0%	-1.6%	-0.1%	0.0%	-0.1%
Total Core Fixed Income Composite	-3.0%	-0.8%	-2.2%	-0.1%	0.1%	0.0%
Corporate Credit Composite	3.5%	2.6%	0.9%	0.1%	0.0%	0.1%
Opportunistic Credit Composite	7.6%	3.2%	4.3%	0.3%	0.0%	0.3%
Emerging Market Debt Composite	-5.7%	-6.2%	0.5%	0.0%	0.0%	0.0%
Total Real Estate Composite	9.6%	8.7%	1.0%	0.1%	0.0%	0.1%
Multi-Asset Inflation- Linked Assets Composite	--	--	--	-0.4%	0.0%	-0.4%
Commodities Composite	-11.6%	-11.6%	0.0%	0.0%	0.1%	0.1%
Total Hedge Fund Composite	2.8%	2.5%	0.3%	0.0%	0.0%	0.0%
Total GAA Composite	0.7%	4.1%	-3.4%	-0.3%	0.0%	-0.3%
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>3.0%</b>	<b>3.4%</b>	<b>-0.4%</b>	<b>-0.6%</b>	<b>0.2%</b>	<b>-0.4%</b>

Note: Performance shown is net of fees.

# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Risk Statistics

3 Years Ending September 30, 2015

	% of Tot	Anlzd Ret	Anlzd Ret Rk	Anlzd Std Dev	Anlzd Std Dev Rk	Anlzd AJ	Anlzd AJ Rk	Tracking Error	Tracking Error Rank	Info Ratio	Info Ratio Rk	Beta	Sharpe Ratio
Total Equity Composite	28.2%	7.2%	67	9.6%	15	0.3%	65	1.2%	1	-0.1	--	0.9	0.8
San Jose Custom Total Equity Benchmark	--	7.4%	66	10.1%	34	0.0%	69	0.0%	1	--	--	1.0	0.7
Global Equity Composite	6.4%	--	--	--	--	--	--	--	--	--	--	--	--
MSCI ACWI IMI (Net)	--	7.2%	67	10.0%	32	0.0%	70	0.0%	1	--	--	1.0	0.7
U.S. Large Cap Equity Composite	5.3%	11.9%	66	9.8%	26	-0.7%	66	0.7%	1	-1.1	--	1.0	1.2
Russell 1000	--	12.7%	53	9.8%	26	0.0%	52	0.0%	1	--	--	1.0	1.3
U.S. Small Cap Equity Composite	1.2%	8.9%	91	13.9%	88	-0.2%	92	8.6%	77	-0.2	--	0.8	0.6
Russell 2000	--	11.0%	75	13.6%	85	0.0%	92	0.0%	1	--	--	1.0	0.8
Developed International Equity Composite	8.8%	4.8%	76	11.2%	34	0.2%	74	1.8%	6	-0.1	--	0.9	0.4
San Jose Custom MSCI World ex US Benchmark	--	5.0%	73	12.0%	83	0.0%	77	0.0%	1	--	--	1.0	0.4
Emerging Markets Equity Composite	3.9%	-4.3%	64	12.5%	21	0.1%	72	5.2%	66	0.2	68	0.8	-0.4
MSCI Emerging Markets	--	-5.3%	76	13.7%	59	0.0%	73	0.0%	1	--	--	1.0	-0.4
Total Fixed Income Composite	25.7%	2.0%	44	3.0%	61	1.7%	46	1.6%	1	1.0	16	0.8	0.7
Fixed Income Blended Benchmark	--	0.4%	91	3.6%	70	0.0%	97	0.0%	1	--	--	1.0	0.1
Corporate Credit Composite	7.1%	3.8%	--	3.6%	--	1.9%	--	3.3%	--	0.1	--	0.6	1.0
Blended Domestic Credit Index	--	3.4%	--	4.7%	--	0.0%	--	0.0%	--	--	--	1.0	0.7
Opportunistic Credit Composite	7.9%	9.0%	--	3.0%	--	7.7%	--	3.5%	--	1.5	--	0.4	3.0
50% Credit Suisse Leveraged Loan Index / 50% BofA ML US HY BB-B Rated Constrained Index	--	3.7%	--	3.1%	--	0.0%	--	0.0%	--	--	--	1.0	1.2
U.S. Direct Lending	3.5%	6.7%	--	3.5%	--	246.7%	--	3.5%	--	0.4	--	-45.7	1.9
3-Month LIBOR + 5%	--	5.3%	--	0.0%	--	0.0%	--	0.0%	--	--	--	1.0	531.2
Inflation-Linked Assets Composite	7.8%	-12.5%	--	10.3%	--	-2.3%	--	2.9%	--	-1.5	--	1.2	-1.2
San Jose Custom Inflation-Linked Assets Benchmark	--	-8.2%	--	8.1%	--	0.0%	--	0.0%	--	--	--	1.0	-1.0
Commodities Composite	5.6%	-11.8%	--	10.3%	--	-0.3%	--	1.4%	--	-0.1	--	1.0	-1.2
Custom Commodity Risk Parity Index	--	-11.6%	--	10.3%	--	0.0%	--	0.0%	--	--	--	1.0	-1.1

Note: Performance shown is net of fees.

# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Risk Statistics

5 Years Ending September 30, 2015

	% of Tot	Anlzd Ret	Anlzd Ret Rk	Anlzd Std Dev	Anlzd Std Dev Rk	Anlzd AJ	Anlzd AJ Rk	Tracking Error	Tracking Error Rank	Info Ratio	Info Ratio Rk	Beta	Sharpe Ratio
Total Equity Composite	28.2%	7.2%	68	12.5%	26	0.1%	66	1.3%	1	-0.3	--	0.9	0.6
San Jose Custom Total Equity Benchmark	--	7.6%	63	13.3%	45	0.0%	67	0.0%	1	--	--	1.0	0.6
U.S. Large Cap Equity Composite	5.3%	13.4%	46	11.8%	33	0.0%	45	1.2%	1	0.0	47	1.0	1.1
Russell 1000	--	13.4%	46	11.7%	31	0.0%	45	0.0%	1	--	--	1.0	1.1
U.S. Small Cap Equity Composite	1.2%	9.3%	95	15.7%	80	-1.1%	95	7.2%	47	-0.3	--	0.9	0.6
Russell 2000	--	11.7%	76	16.0%	83	0.0%	92	0.0%	1	--	--	1.0	0.7
Developed International Equity Composite	8.8%	4.5%	67	14.1%	17	1.3%	62	3.0%	22	0.3	61	0.9	0.3
San Jose Custom MSCI World ex US Benchmark	--	3.6%	82	15.3%	68	0.0%	82	0.0%	1	--	--	1.0	0.2
Emerging Markets Equity Composite	3.9%	-4.4%	83	17.3%	44	-1.0%	83	4.6%	47	-0.2	--	0.9	-0.3
MSCI Emerging Markets	--	-3.6%	68	17.8%	56	0.0%	67	0.0%	1	--	--	1.0	-0.2
Total Fixed Income Composite	25.7%	4.8%	29	3.1%	59	2.1%	27	1.6%	1	0.8	3	0.8	1.5
Fixed Income Blended Benchmark	--	3.5%	50	3.6%	67	0.0%	97	0.0%	1	--	--	1.0	0.9
Corporate Credit Composite	7.1%	4.9%	--	3.9%	--	1.4%	--	2.7%	--	-0.1	--	0.7	1.2
Blended Domestic Credit Index	--	5.2%	--	4.9%	--	0.0%	--	0.0%	--	--	--	1.0	1.0
Opportunistic Credit Composite	7.9%	10.6%	--	8.0%	--	8.3%	--	8.2%	--	0.6	--	0.4	1.3
50% Credit Suisse Leveraged Loan Index / 50% BofA ML US HY BB-B Rated Constrained Index	--	5.4%	--	4.1%	--	0.0%	--	0.0%	--	--	--	1.0	1.3

Note: Performance shown is net of fees.

## Total Fund Performance (Net of Fees)





# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Total Fund</b>	<b>3,079,906,871</b>	<b>100.0</b>	<b>-4.6</b>	<b>--</b>	<b>-2.7</b>	<b>--</b>	<b>-3.6</b>	<b>--</b>	<b>3.6</b>	<b>--</b>	<b>5.1</b>	<b>--</b>	<b>5.2</b>	<b>--</b>	<b>4.3</b>	<b>--</b>	<b>8.5</b>	<b>Mar-71</b>
Policy Benchmark			-4.9	--	-3.1	--	-3.9	--	3.7	--	5.6	--	5.1	--	4.6	--	--	Mar-71
Over/Under			0.3		0.4		0.3		-0.1		-0.5		0.1		-0.3			
Allocation Index			-4.7	--	-3.1	--	-3.7	--	3.6	--	5.1	--	5.2	--	4.8	--	--	Mar-71
60% MSCI ACWI IMI (net)/40% CITI WGBI			-5.1	--	-4.9	--	-5.1	--	3.2	--	4.3	--	5.2	--	4.6	--	--	Mar-71
<b>Total Equity Composite</b>	<b>868,109,659</b>	<b>28.2</b>	<b>-8.6</b>	<b>51</b>	<b>-5.1</b>	<b>51</b>	<b>-4.7</b>	<b>58</b>	<b>7.2</b>	<b>67</b>	<b>7.2</b>	<b>68</b>	<b>6.4</b>	<b>64</b>	<b>--</b>	<b>--</b>	<b>3.7</b>	<b>Apr-08</b>
San Jose Custom Total Equity Benchmark			-9.6	64	-6.8	69	-6.2	68	7.4	66	7.6	63	6.6	61	--	--	3.7	Apr-08
Over/Under			1.0		1.7		1.5		-0.2		-0.4		-0.2				0.0	
eA All Global Equity Net Median			-8.5		-5.1		-4.1		8.4		8.5		7.2		5.4		4.1	Apr-08
<b>Global Equity Composite</b>	<b>195,789,018</b>	<b>6.4</b>	<b>-8.1</b>	<b>45</b>	<b>-3.1</b>	<b>26</b>	<b>-2.0</b>	<b>37</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>8.7</b>	<b>Mar-13</b>
MSCI ACWI IMI (Net)			-9.6	64	-6.8	69	-6.2	68	7.2	67	7.0	71	6.4	63	4.8	62	5.2	Mar-13
Over/Under			1.5		3.7		4.2										3.5	
eA All Global Equity Net Median			-8.5		-5.1		-4.1		8.4		8.5		7.2		5.4		6.6	Mar-13
Artisan Global Opportunities	92,987,898	3.0	-8.6	51	0.6	6	-0.1	25	--	--	--	--	--	--	--	--	7.1	May-13
MSCI ACWI IMI (Net)			-9.6	64	-6.8	69	-6.2	68	7.2	67	7.0	71	6.4	63	4.8	62	3.6	May-13
Over/Under			1.0		7.4		6.1										3.5	
eA All Global Equity Net Median			-8.5		-5.1		-4.1		8.4		8.5		7.2		5.4		4.7	May-13
Artisan Global Value	102,794,642	3.3	-7.6	39	-6.8	68	-4.0	49	--	--	--	--	--	--	--	--	8.3	Mar-13
MSCI ACWI IMI (Net)			-9.6	64	-6.8	69	-6.2	68	7.2	67	7.0	71	6.4	63	4.8	62	5.2	Mar-13
Over/Under			2.0		0.0		2.2										3.1	
eA All Global Equity Net Median			-8.5		-5.1		-4.1		8.4		8.5		7.2		5.4		6.6	Mar-13
<b>U.S. Equity Composite</b>	<b>199,514,105</b>	<b>6.5</b>	<b>-8.0</b>	<b>44</b>	<b>-6.1</b>	<b>56</b>	<b>-1.1</b>	<b>60</b>	<b>13.8</b>	<b>25</b>	<b>13.7</b>	<b>30</b>	<b>9.9</b>	<b>50</b>	<b>6.7</b>	<b>62</b>	<b>8.9</b>	<b>Jun-95</b>
Russell 3000			-7.2	34	-5.4	50	-0.5	55	12.5	46	13.3	36	9.9	50	6.9	56	8.7	Jun-95
Over/Under			-0.8		-0.7		-0.6		1.3		0.4		0.0		-0.2		0.2	
eA All US Equity Net Median			-8.4		-5.5		0.0		12.3		12.6		9.9		7.1		10.0	Jun-95
NT Russell 1000 Index Fund	163,022,484	5.3	-6.8	41	-5.2	49	-0.5	48	--	--	--	--	--	--	--	--	3.5	Apr-14
Russell 1000			-6.8	41	-5.2	49	-0.6	49	12.7	45	13.4	33	10.0	38	7.0	48	3.4	Apr-14
Over/Under			0.0		0.0		0.1										0.1	
eA US Large Cap Equity Net Median			-7.3		-5.4		-0.8		12.3		12.7		9.5		6.9		2.6	Apr-14
RBC Small Cap Core	36,488,633	1.2	-13.6	81	-10.3	84	-3.0	77	--	--	--	--	--	--	--	--	-7.9	Jul-14
Russell 2000			-11.9	67	-7.7	67	1.2	51	11.0	60	11.7	62	8.6	73	6.5	64	-5.0	Jul-14
Over/Under			-1.7		-2.6		-4.2										-2.9	
eA US Small Cap Equity Net Median			-10.6		-6.3		1.4		11.9		12.4		9.9		7.0		-4.2	Jul-14

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

# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>International Equity Composite</b>	<b>390,620,372</b>	<b>12.7</b>	<b>-10.2</b>	<b>48</b>	<b>-6.3</b>	<b>64</b>	<b>-9.8</b>	<b>72</b>	<b>1.8</b>	<b>90</b>	<b>1.3</b>	<b>91</b>	<b>3.5</b>	<b>77</b>	<b>3.2</b>	<b>78</b>	<b>8.0</b>	<b>Jun-95</b>
MSCI AC WORLD ex US (NET)			-12.2	75	-8.6	85	-12.2	86	2.3	81	1.8	84	3.2	84	3.0	79	--	Jun-95
Over/Under			2.0		2.3		2.4		-0.5		-0.5		0.3		0.2			
eA All ACWI ex-US Equity Net Median			-10.4		-4.7		-7.2		5.4		4.4		5.3		4.3		7.7	Jun-95
<b>Developed International Equity Composite</b>	<b>270,443,581</b>	<b>8.8</b>	<b>-9.2</b>	<b>52</b>	<b>-3.8</b>	<b>62</b>	<b>-7.2</b>	<b>63</b>	<b>4.8</b>	<b>76</b>	<b>4.5</b>	<b>67</b>	<b>5.0</b>	<b>53</b>	<b>3.9</b>	<b>49</b>	<b>7.5</b>	<b>Jun-95</b>
San Jose Custom MSCI World ex US Benchmark			-10.6	74	-6.7	86	-10.1	87	5.0	73	3.6	82	3.5	81	2.8	79	4.3	Jun-95
Over/Under			1.4		2.9		2.9		-0.2		0.9		1.5		1.1		3.2	
eA All EAFE Equity Net Median			-9.0		-2.9		-5.7		6.4		5.4		5.2		3.8		6.6	Jun-95
NT Russell MSCI World ex US Index Fund	221,448,555	7.2	-10.5	74	-6.4	85	-9.8	84	--	--	--	--	--	--	--	--	-7.7	Apr-14
MSCI World ex USA			-10.6	74	-6.7	86	-10.1	87	4.6	78	3.4	84	3.4	81	2.9	77	-7.7	Apr-14
Over/Under			0.1		0.3		0.3										0.0	
eA All EAFE Equity Net Median			-9.0		-2.9		-5.7		6.4		5.4		5.2		3.8		-5.4	Apr-14
Oberweis	48,000,715	1.6	-4.2	28	7.6	30	5.3	60	--	--	--	--	--	--	--	--	-1.0	Mar-14
MSCI World ex US Small Cap Growth (Net)			-7.3	96	2.0	99	-0.8	99	7.0	99	6.2	99	7.8	99	4.8	99	-4.2	Mar-14
Over/Under			3.1		5.6		6.1										3.2	
eA EAFE Small Cap Growth Net Median			-4.5		6.6		5.3		13.9		10.4		9.0		8.1		-0.9	Mar-14
<b>Emerging Markets Equity Composite</b>	<b>120,176,790</b>	<b>3.9</b>	<b>-11.9</b>	<b>5</b>	<b>-11.3</b>	<b>21</b>	<b>-14.9</b>	<b>26</b>	<b>-4.3</b>	<b>64</b>	<b>-4.4</b>	<b>83</b>	<b>1.8</b>	<b>74</b>	<b>3.1</b>	<b>85</b>	<b>9.5</b>	<b>Sep-01</b>
MSCI Emerging Markets			-17.9	80	-15.5	64	-19.3	70	-5.3	76	-3.6	68	2.6	68	4.3	73	9.8	Sep-01
Over/Under			6.0		4.2		4.4		1.0		-0.8		-0.8		-1.2		-0.3	
eA Emg Mkts Equity Net Median			-16.4		-14.6		-17.6		-3.2		-2.0		3.6		5.2		10.9	Sep-01
Vontobel	74,149,108	2.4	-10.6	3	-10.2	15	-12.6	13	--	--	--	--	--	--	--	--	-2.7	Jul-13
MSCI Emerging Markets			-17.9	80	-15.5	64	-19.3	70	-5.3	76	-3.6	68	2.6	68	4.3	73	-5.0	Jul-13
Over/Under			7.3		5.3		6.7										2.3	
eA Emg Mkts Equity Net Median			-16.4		-14.6		-17.6		-3.2		-2.0		3.6		5.2		-4.2	Jul-13
Dimensional Fund Advisors	27,039,391	0.9	-19.2	92	--	--	--	--	--	--	--	--	--	--	--	--	-19.2	Jul-15
MSCI Emerging Markets			-17.9	80	-15.5	64	-19.3	70	-5.3	76	-3.6	68	2.6	68	4.3	73	-17.9	Jul-15
Over/Under			-1.3														-1.3	
eA Emg Mkts Equity Net Median			-16.4		-14.6		-17.6		-3.2		-2.0		3.6		5.2		-16.4	Jul-15

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

# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Aberdeen	18,985,295	0.6	-8.5	1	-10.0	13	-17.1	47	--	--	--	--	--	--	--	--	-1.6	Jul-13
MSCI Frontier Markets			-10.6	3	-13.4	35	-24.2	92	6.3	3	2.2	2	-2.4	99	-2.1	99	2.1	Jul-13
Over/Under			2.1		3.4		7.1										-3.7	
eA Emg Mkts Equity Net Median			-16.4		-14.6		-17.6		-3.2		-2.0		3.6		5.2		-4.2	Jul-13
<b>Alternative Equity Composite</b>	<b>82,186,164</b>	<b>2.7</b>	<b>-2.2</b>	<b>--</b>	<b>2.6</b>	<b>--</b>	<b>6.9</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>6.9</b>	<b>Oct-14</b>
HFRI Equity Hedge (Total) Index			-6.0	--	-2.4	--	-2.5	--	4.9	--	3.6	--	4.3	--	3.6	--	-2.5	Oct-14
Over/Under			3.8		5.0		9.4										9.4	
Amici	9,347,457	0.3	-12.3	--	-8.4	--	-6.3	--	--	--	--	--	--	--	--	--	-2.6	Mar-13
HFRI Equity Hedge (Total) Index			-6.0	--	-2.4	--	-2.5	--	4.9	--	3.6	--	4.3	--	3.6	--	3.6	Mar-13
Over/Under			-6.3		-6.0		-3.8										-6.2	
Horizon	26,882,445	0.9	1.1	--	2.6	--	5.0	--	--	--	--	--	--	--	--	--	8.0	Jul-13
HFRI Equity Hedge (Total) Index			-6.0	--	-2.4	--	-2.5	--	4.9	--	3.6	--	4.3	--	3.6	--	3.6	Jul-13
Over/Under			7.1		5.0		7.5										4.4	
Marshall Wace	21,771,276	0.7	1.3	--	9.4	--	15.3	--	--	--	--	--	--	--	--	--	12.4	Apr-14
HFRI Equity Hedge (Total) Index			-6.0	--	-2.4	--	-2.5	--	4.9	--	3.6	--	4.3	--	3.6	--	-1.2	Apr-14
Over/Under			7.3		11.8		17.8										13.6	
Sandler	12,175,395	0.4	2.8	--	8.7	--	17.5	--	--	--	--	--	--	--	--	--	8.5	May-13
HFRI Equity Hedge (Total) Index			-6.0	--	-2.4	--	-2.5	--	4.9	--	3.6	--	4.3	--	3.6	--	3.1	May-13
Over/Under			8.8		11.1		20.0										5.4	
Senator	12,009,590	0.4	-7.9	--	-3.3	--	-0.1	--	--	--	--	--	--	--	--	--	7.6	Apr-13
HFRI Event-Driven (Total) Index			-5.4	--	-3.1	--	-4.5	--	4.5	--	4.0	--	5.1	--	4.7	--	2.5	Apr-13
Over/Under			-2.5		-0.2		4.4										5.1	

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

# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Total Private Equity Composite</b>	<b>255,805,329</b>	<b>8.3</b>	<b>-1.5</b>	<b>--</b>	<b>2.9</b>	<b>--</b>	<b>7.1</b>	<b>--</b>	<b>13.1</b>	<b>--</b>	<b>11.4</b>	<b>--</b>	<b>8.0</b>	<b>--</b>	<b>9.1</b>	<b>--</b>	<b>9.1</b>	<b>Oct-05</b>
<i>San Jose Custom Total Private Equity Index</i>			<u>2.7</u>	--	<u>7.7</u>	--	<u>8.7</u>	--	--	--	--	--	--	--	--	--	--	Oct-05
<i>Over/Under</i>			-4.2		-4.8		-1.6											
<i>San Jose Custom Blended Private Equity Benchmark</i>			4.2	--	7.8	--	9.3	--	13.4	--	13.6	--	6.5	--	11.3	--	11.3	Oct-05
<i>Russell 3000 Qtr Lag</i>			0.1	--	7.3	--	7.3	--	17.7	--	17.5	--	9.7	--	8.2	--	8.2	Oct-05
<b>Total Private Equity ex Russell R3000</b>	<b>156,430,802</b>	<b>5.1</b>	<b>2.4</b>	<b>51</b>	<b>8.8</b>	<b>36</b>	<b>12.0</b>	<b>39</b>	<b>12.5</b>	<b>58</b>	<b>11.0</b>	<b>68</b>	<b>7.8</b>	<b>66</b>	<b>8.9</b>	<b>59</b>	<b>8.9</b>	<b>Oct-05</b>
<i>San Jose Custom Private Equity Benchmark</i>			<u>3.8</u>	27	<u>7.4</u>	46	<u>8.9</u>	70	<u>13.9</u>	43	<u>14.4</u>	18	<u>9.2</u>	33	<u>12.6</u>	11	<u>12.6</u>	Oct-05
<i>Over/Under</i>			-1.4		1.4		3.1		-1.4		-3.4		-1.4		-3.7		-3.7	
<i>San Jose Custom Blended Private Equity Benchmark</i>			4.2	21	7.8	44	9.3	68	13.4	48	13.6	32	6.5	72	11.3	32	11.3	Oct-05
<i>InvestorForce Public DB Private Eq Net Median</i>			2.4		7.3		11.1		13.0		12.3		7.9		10.5		10.5	Oct-05

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



NEPC, LLC

September 30, 2015

# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Total Fixed Income Composite</b>	<b>792,964,212</b>	<b>25.7</b>	<b>-2.2</b>	<b>88</b>	<b>-1.3</b>	<b>83</b>	<b>-2.7</b>	<b>93</b>	<b>2.0</b>	<b>44</b>	<b>4.8</b>	<b>29</b>	<b>7.2</b>	<b>28</b>	<b>--</b>	<b>--</b>	<b>6.2</b>	<b>Apr-08</b>
Fixed Income Blended Benchmark			-2.6	89	-2.4	88	-3.6	95	0.4	91	3.5	50	5.9	41	5.1	37	5.0	Apr-08
Over/Under			0.4		1.1		0.9		1.6		1.3		1.3				1.2	
Barclays Aggregate			1.2	18	1.1	35	2.9	14	1.7	55	3.1	57	4.8	59	4.6	50	4.3	Apr-08
eA All US Fixed Inc Net Median			0.5		0.8		1.6		1.8		3.4		5.3		4.6		4.5	Apr-08
<b>Global Fixed Income Composite</b>	<b>175,609,730</b>	<b>5.7</b>	<b>-3.5</b>	<b>98</b>	<b>-5.3</b>	<b>97</b>	<b>-8.7</b>	<b>99</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>-3.7</b>	<b>Dec-13</b>
Barclays Global Aggregate			0.9	19	-2.3	50	-3.3	60	-1.6	70	0.8	73	3.3	83	3.7	78	-1.0	Dec-13
Over/Under			-4.4		-3.0		-5.4										-2.7	
eA Global Agg Fixed Inc Net Median			0.3		-2.3		-2.9		-0.9		1.6		4.6		4.3		-0.4	Dec-13
Claren Road	24,913,102	0.8	-0.5	--	-5.4	--	-15.7	--	--	--	--	--	--	--	--	--	-7.6	Jul-13
Barclays Global Aggregate			0.9	--	-2.3	--	-3.3	--	-1.6	--	0.8	--	3.3	--	3.7	--	0.3	Jul-13
Over/Under			-1.4		-3.1		-12.4										-7.9	
HFRI RV: Fixed Income-Corporate Index			-3.1	--	-1.2	--	-3.5	--	2.8	--	4.0	--	5.3	--	3.8	--	1.8	Jul-13
Colchester	84,965,825	2.8	-2.0	88	-4.7	96	-7.2	98	--	--	--	--	--	--	--	--	-2.8	Jan-14
Barclays Global Aggregate			0.9	19	-2.3	50	-3.3	60	-1.6	70	0.8	73	3.3	83	3.7	78	-1.0	Jan-14
Over/Under			-2.9		-2.4		-3.9										-1.8	
eA Global Agg Fixed Inc Net Median			0.3		-2.3		-2.9		-0.9		1.6		4.6		4.3		-0.4	Jan-14
Franklin Templeton	65,730,803	2.1	-6.3	99	-6.1	98	-7.9	99	--	--	--	--	--	--	--	--	-3.3	Jan-14
Barclays Global Aggregate			0.9	19	-2.3	50	-3.3	60	-1.6	70	0.8	73	3.3	83	3.7	78	-1.0	Jan-14
Over/Under			-7.2		-3.8		-4.6										-2.3	
eA Global Agg Fixed Inc Net Median			0.3		-2.3		-2.9		-0.9		1.6		4.6		4.3		-0.4	Jan-14
<b>Total Credit Composite</b>	<b>462,283,954</b>	<b>15.0</b>	<b>-0.9</b>	<b>--</b>	<b>2.3</b>	<b>--</b>	<b>2.2</b>	<b>--</b>	<b>7.2</b>	<b>--</b>	<b>9.1</b>	<b>--</b>	<b>9.2</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>9.3</b>	<b>Jul-08</b>
50% Credit Suisse Leveraged Loan Index / 50% BofA ML US HY BB-B Rated Constrained Index			-2.8	--	0.0	--	-0.4	--	3.7	--	5.4	--	7.6	--	5.6	--	6.2	Jul-08
Over/Under			1.9		2.3		2.6		3.5		3.7		1.6				3.1	
<b>Corporate Credit Composite</b>	<b>217,970,220</b>	<b>7.1</b>	<b>-0.7</b>	<b>--</b>	<b>1.9</b>	<b>--</b>	<b>0.1</b>	<b>--</b>	<b>3.8</b>	<b>--</b>	<b>4.9</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>7.4</b>	<b>Apr-09</b>
Blended Domestic Credit Index			-4.9	--	-2.5	--	-3.4	--	3.4	--	5.2	--	7.4	--	5.4	--	10.5	Apr-09
Over/Under			4.2		4.4		3.5		0.4		-0.3						-3.1	
Beach Point	77,701,542	2.5	-2.8	16	0.8	9	-2.6	46	--	--	--	--	--	--	--	--	1.8	Oct-13
Barclays High Yield			-4.9	64	-2.5	65	-3.4	61	3.5	47	6.1	38	10.0	13	7.3	22	1.7	Oct-13
Over/Under			2.1		3.3		0.8										0.1	
eA US High Yield Fixed Inc Net Median			-4.3		-1.8		-2.8		3.4		5.8		9.0		6.7		2.0	Oct-13

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

# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Symphony	80,236,616	2.6	0.8	1	2.3	1	2.3	1	--	--	--	--	--	--	--	--	4.1	Feb-14
Barclays High Yield			-4.9	64	-2.5	65	-3.4	61	3.5	47	6.1	38	10.0	13	7.3	22	-0.5	Feb-14
Over/Under			5.7		4.8		5.7										4.6	
eA US High Yield Fixed Inc Net Median			-4.3		-1.8		-2.8		3.4		5.8		9.0		6.7		-0.1	Feb-14
Voya	60,032,062	1.9	0.1	--	--	--	--	--	--	--	--	--	--	--	--	--	0.1	Jul-15
Barclays US Aggregate Securitized			1.3	--	1.7	--	3.4	--	2.0	--	3.1	--	4.6	--	4.6	--	1.3	Jul-15
Over/Under			-1.2														-1.2	
<b>Opportunistic Credit Composite</b>	<b>244,313,734</b>	<b>7.9</b>	<b>-1.1</b>	<b>--</b>	<b>2.5</b>	<b>--</b>	<b>3.6</b>	<b>--</b>	<b>9.0</b>	<b>--</b>	<b>10.6</b>	<b>--</b>	<b>12.8</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>12.8</b>	<b>Jul-08</b>
50% Credit Suisse Leveraged Loan Index / 50% BofA ML US HY BB-B Rated Constrained Index			-2.8	--	0.0	--	-0.4	--	3.7	--	5.4	--	7.6	--	5.6	--	6.2	Jul-08
Over/Under			1.7		2.5		4.0		5.3		5.2		5.2				6.6	
Davidson Kempner	22,859,552	0.7	-0.4	--	1.2	--	-0.1	--	--	--	--	--	--	--	--	--	5.1	Feb-13
HFRI Event-Driven (Total) Index			-5.4	--	-3.1	--	-4.5	--	4.5	--	4.0	--	5.1	--	4.7	--	2.8	Feb-13
Over/Under			5.0		4.3		4.4										2.3	
Marathon	9,540,268	0.3	3.9	--	6.1	--	5.4	--	8.4	--	--	--	--	--	--	--	8.4	Oct-12
BofA ML Euro HY Constrained			-1.7	--	-7.9	--	-11.1	--	2.3	--	3.2	--	8.7	--	6.8	--	2.3	Oct-12
Over/Under			5.6		14.0		16.5		6.1								6.1	
<b>Direct Lending Composite</b>	<b>211,913,914</b>	<b>6.9</b>	<b>-1.4</b>	<b>--</b>	<b>2.5</b>	<b>--</b>	<b>4.0</b>	<b>--</b>	<b>7.1</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>6.6</b>	<b>Nov-10</b>
3-Month LIBOR + 5%			1.3	--	3.9	--	5.3	--	5.3	--	5.3	--	5.5	--	6.8	--	5.3	Nov-10
Over/Under			-2.7		-1.4		-1.3		1.8								1.3	
<b>U.S. Direct Lending</b>	<b>106,921,749</b>	<b>3.5</b>	<b>-2.3</b>	<b>--</b>	<b>0.4</b>	<b>--</b>	<b>2.7</b>	<b>--</b>	<b>6.7</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>6.4</b>	<b>Nov-10</b>
3-Month LIBOR + 5%			1.3	--	3.9	--	5.3	--	5.3	--	5.3	--	5.5	--	6.8	--	5.3	Nov-10
Over/Under			-3.6		-3.5		-2.6		1.4								1.1	
GSO	20,132,390	0.7	-0.1	--	0.7	--	2.5	--	6.9	--	--	--	--	--	--	--	12.6	Dec-10
3-Month LIBOR + 5%			1.3	--	3.9	--	5.3	--	5.3	--	5.3	--	5.5	--	6.8	--	5.3	Dec-10
Over/Under			-1.4		-3.2		-2.8		1.6								7.3	
Medley Capital	54,969,019	1.8	1.1	--	5.8	--	6.3	--	8.9	--	--	--	--	--	--	--	7.3	Mar-11
3-Month LIBOR + 5%			1.3	--	3.9	--	5.3	--	5.3	--	5.3	--	5.5	--	6.8	--	5.3	Mar-11
Over/Under			-0.2		1.9		1.0		3.6								2.0	

Symphony statement unavailable as of 9/30/2015.

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

# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Non-U.S. Direct Lending</b>	<b>104,992,165</b>	<b>3.4</b>	<b>-0.3</b>	--	<b>5.0</b>	--	<b>5.1</b>	--	--	--	--	--	--	--	--	--	<b>6.1</b>	<b>Apr-14</b>
3-Month LIBOR + 5%			<u>1.3</u>	--	<u>3.9</u>	--	<u>5.3</u>	--	<u>5.3</u>	--	<u>5.3</u>	--	<u>5.5</u>	--	<u>6.8</u>	--	<u>5.3</u>	Apr-14
Over/Under			-1.6		1.1		-0.2										0.8	
Capula	69,982,733	2.3	0.8	--	7.1	--	7.3	--	--	--	--	--	--	--	--	--	7.5	Apr-14
3-Month LIBOR + 5%			<u>1.3</u>	--	<u>3.9</u>	--	<u>5.3</u>	--	<u>5.3</u>	--	<u>5.3</u>	--	<u>5.5</u>	--	<u>6.8</u>	--	<u>5.3</u>	Apr-14
Over/Under			-0.5		3.2		2.0										2.2	
Park Square	19,986,033	0.6	0.4	--	0.9	--	--	--	--	--	--	--	--	--	--	--	0.9	Nov-14
3-Month LIBOR + 5%			<u>1.3</u>	--	<u>3.9</u>	--	<u>5.3</u>	--	<u>5.3</u>	--	<u>5.3</u>	--	<u>5.5</u>	--	<u>6.8</u>	--	<u>4.8</u>	Nov-14
Over/Under			-0.9		-3.0												-3.9	
Shoreline China Value III	15,023,399	0.5	-6.3	--	--	--	--	--	--	--	--	--	--	--	--	--	-6.3	Jul-15
3-Month LIBOR + 5%			<u>1.3</u>	--	<u>3.9</u>	--	<u>5.3</u>	--	<u>5.3</u>	--	<u>5.3</u>	--	<u>5.5</u>	--	<u>6.8</u>	--	<u>1.3</u>	Jul-15
Over/Under			-7.6														-7.6	
<b>Emerging Market Debt Composite</b>	<b>155,070,528</b>	<b>5.0</b>	<b>-4.6</b>	<b>44</b>	<b>-6.2</b>	<b>59</b>	<b>-7.7</b>	<b>47</b>	--	--	--	--	--	--	--	--	<b>-5.7</b>	<b>Jan-13</b>
San Jose Custom EMD Benchmark			-6.6	59	-7.6	61	-10.9	60	-4.7	65	--	--	--	--	--	--	-6.2	Jan-13
Over/Under			2.0		1.4		3.2										0.5	
eA All Emg Mkts Fixed Inc Net Median			-5.2		-4.7		-8.2		-1.7		2.5		7.1		6.3		-3.1	Jan-13
BlueBay	100,047,631	3.2	-6.6	58	-10.2	70	-12.6	64	--	--	--	--	--	--	--	--	-5.5	Aug-13
JP Morgan Blended EMD Benchmark			-6.6	59	-7.6	61	-10.9	60	-3.6	60	--	--	--	--	--	--	-3.6	Aug-13
Over/Under			0.0		-2.6		-1.7										-1.9	
eA All Emg Mkts Fixed Inc Net Median			-5.2		-4.7		-8.2		-1.7		2.5		7.1		6.3		-0.6	Aug-13
Iguazu	55,022,897	1.8	-0.7	1	2.1	1	2.7	1	--	--	--	--	--	--	--	--	5.9	Feb-14
JP Morgan Blended EMD Benchmark			-6.6	59	-7.6	61	-10.9	60	-3.6	60	--	--	--	--	--	--	-3.4	Feb-14
Over/Under			5.9		9.7		13.6										9.3	
eA All Emg Mkts Fixed Inc Net Median			-5.2		-4.7		-8.2		-1.7		2.5		7.1		6.3		-0.7	Feb-14

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

# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Total Real Estate Composite</b>	<b>255,192,768</b>	<b>8.3</b>	<b>1.9</b>	--	<b>5.9</b>	--	<b>9.3</b>	--	<b>9.5</b>	--	<b>10.0</b>	--	<b>5.3</b>	--	<b>7.0</b>	--	<b>8.1</b>	<b>Jun-95</b>
San Jose Custom Total Real Estate BM			<u>0.3</u>	--	<u>4.1</u>	--	<u>6.1</u>	--	--	--	--	--	--	--	--	--	--	Jun-95
Over/Under			1.6		1.8		3.2											
<b>Total Real Estate Ex Russell Real Estate</b>	<b>195,423,232</b>	<b>6.3</b>	<b>3.6</b>	<b>22</b>	<b>8.7</b>	<b>38</b>	<b>12.8</b>	<b>54</b>	--	--	--	--	--	--	--	--	<b>11.9</b>	<b>Dec-12</b>
San Jose Custom Real Estate Benchmark			<u>3.8</u>	18	<u>10.8</u>	15	<u>14.4</u>	32	<u>12.0</u>	45	<u>13.7</u>	13	<u>3.2</u>	58	<u>6.5</u>	24	<u>12.8</u>	Dec-12
Over/Under			-0.2		-2.1		-1.6										-0.9	
InvestorForce Public DB Real Estate Pub+Priv Net Median			2.7		6.7		12.8		11.7		12.8		3.7		5.1		12.3	Dec-12
<b>Inflation-Linked Assets Composite</b>	<b>239,403,662</b>	<b>7.8</b>	<b>-11.7</b>	--	<b>-13.7</b>	--	<b>-24.1</b>	--	<b>-12.5</b>	--	--	--	--	--	--	--	<b>-10.6</b>	<b>Apr-11</b>
San Jose Custom Inflation-Linked Assets Benchmark			<u>-8.2</u>	--	<u>-8.6</u>	--	<u>-16.3</u>	--	<u>-8.2</u>	--	--	--	--	--	--	--	<u>-7.3</u>	Apr-11
Over/Under			-3.5		-5.1		-7.8		-4.3								-3.3	
<b>Multi-Asset Inflation-Linked Assets Composite</b>	<b>67,301,409</b>	<b>2.2</b>	<b>-15.4</b>	--	<b>-17.3</b>	--	<b>-27.7</b>	--	--	--	--	--	--	--	--	--	<b>-15.5</b>	<b>Nov-13</b>
CPI + 5% (Unadjusted)			<u>0.9</u>	--	<u>5.1</u>	--	<u>5.0</u>	--	<u>6.0</u>	--	<u>6.8</u>	--	<u>6.3</u>	--	<u>6.9</u>	--	<u>6.0</u>	Nov-13
Over/Under			-16.3		-22.4		-32.7										-21.5	
Wellington	67,301,409	2.2	-15.4	--	-17.3	--	-27.7	--	--	--	--	--	--	--	--	--	-15.5	Nov-13
CPI + 5% (Unadjusted)			<u>0.9</u>	--	<u>5.1</u>	--	<u>5.0</u>	--	<u>6.0</u>	--	<u>6.8</u>	--	<u>6.3</u>	--	<u>6.9</u>	--	<u>6.0</u>	Nov-13
Over/Under			-16.3		-22.4		-32.7										-21.5	
<b>Commodities Composite</b>	<b>172,102,253</b>	<b>5.6</b>	<b>-10.2</b>	--	<b>-12.3</b>	--	<b>-22.6</b>	--	<b>-11.8</b>	--	--	--	--	--	--	--	<b>-10.1</b>	<b>Apr-11</b>
Custom Commodity Risk Parity Index			<u>-12.0</u>	--	<u>-14.1</u>	--	<u>-24.3</u>	--	<u>-11.6</u>	--	--	--	--	--	--	--	<u>-9.6</u>	Apr-11
Over/Under			1.8		1.8		1.7		-0.2								-0.5	
Bloomberg Commodity Index			-14.5	--	-15.8	--	-26.0	--	-16.0	--	-8.9	--	-8.7	--	-5.7	--	-13.6	Apr-11
Credit Suisse	106,217,702	3.4	-12.3	--	-14.3	--	-24.4	--	-11.6	--	--	--	--	--	--	--	-9.6	Apr-11
Custom Commodity Risk Parity Index			<u>-12.0</u>	--	<u>-14.1</u>	--	<u>-24.3</u>	--	<u>-11.6</u>	--	--	--	--	--	--	--	<u>-9.6</u>	Apr-11
Over/Under			-0.3		-0.2		-0.1		0.0								0.0	
Bloomberg Commodity Index			-14.5	--	-15.8	--	-26.0	--	-16.0	--	-8.9	--	-8.7	--	-5.7	--	-13.6	Apr-11
Pinnacle Natural Resources	65,884,551	2.1	--	--	--	--	--	--	--	--	--	--	--	--	--	--	0.7	Sep-15
Bloomberg Commodity Index			<u>-14.5</u>	--	<u>-15.8</u>	--	<u>-26.0</u>	--	<u>-16.0</u>	--	<u>-8.9</u>	--	<u>-8.7</u>	--	<u>-5.7</u>	--	<u>-3.4</u>	Sep-15
Over/Under																	4.1	

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



# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Total Hedge Fund Composite</b>	<b>187,029,090</b>	<b>6.1</b>	<b>-0.1</b>	--	<b>1.2</b>	--	<b>2.0</b>	--	--	--	--	--	--	--	--	--	<b>2.7</b>	<b>Nov-12</b>
San Jose Custom Hedge Fund Benchmark			-0.8	--	0.1	--	-0.5	--	--	--	--	--	--	--	--	--	2.5	Nov-12
Over/Under			0.7		1.1		2.5										0.2	
Hedge Fund ex-Interim Benchmark			-0.7	--	1.2	--	0.0	--	4.2	--	2.7	--	2.2	--	2.4	--	4.4	Nov-12
Russell Hedge Funds	23,921,090	0.8	-0.9	--	-0.9	--	-0.9	--	--	--	--	--	--	--	--	--	1.1	Dec-12
Russell Hedge Index			-1.3	--	-1.3	--	-1.4	--	0.9	--	1.3	--	1.6	--	2.3	--	0.9	Dec-12
Over/Under			0.4		0.4		0.5										0.2	
<b>Total Hedge Fund Composite ex-Interim</b>	<b>163,108,000</b>	<b>5.3</b>	<b>0.2</b>	--	<b>2.9</b>	--	<b>4.2</b>	--	<b>4.8</b>	--	--	--	--	--	--	--	<b>5.0</b>	<b>Nov-12</b>
Hedge Fund ex-Interim Benchmark			-0.7	--	1.2	--	0.0	--	4.2	--	2.7	--	2.2	--	2.4	--	4.4	Nov-12
Over/Under			0.9		1.7		4.2		0.6								0.6	
3-Month LIBOR + 5%			1.3	--	3.9	--	5.3	--	5.3	--	5.3	--	5.5	--	6.8	--	5.3	Nov-12
Arrowgrass	23,922,992	0.8	-0.9	--	4.2	--	6.3	--	6.2	--	--	--	--	--	--	--	6.3	Nov-12
HFRI Relative Value (Total) Index			-2.5	--	0.0	--	-0.9	--	4.5	--	4.9	--	6.4	--	5.9	--	4.4	Nov-12
Over/Under			1.6		4.2		7.2		1.7								1.9	
BlueTrend	13,111,955	0.4	9.0	--	5.8	--	12.5	--	--	--	--	--	--	--	--	--	0.2	Apr-13
Barclay BTOP50 Index			2.4	--	-0.8	--	6.8	--	3.5	--	1.9	--	--	--	--	--	4.1	Apr-13
Over/Under			6.6		6.6		5.7										-3.9	
Brevan Howard Mutli Strategy	15,545,533	0.5	-2.1	--	-0.7	--	-0.3	--	--	--	--	--	--	--	--	--	1.3	Dec-12
HFRI Macro (Total) Index			-0.7	--	-1.0	--	1.2	--	1.0	--	0.8	--	2.2	--	3.7	--	1.8	Dec-12
Over/Under			-1.4		0.3		-1.5										-0.5	
Brevan Howard Limited	5,225,281	0.2	-1.2	--	--	--	--	--	--	--	--	--	--	--	--	--	-1.2	Jul-15
HFRI Macro (Total) Index			-0.7	--	-1.0	--	1.2	--	1.0	--	0.8	--	2.2	--	3.7	--	-0.7	Jul-15
Over/Under			-0.5														-0.5	
DE Shaw	27,595,645	0.9	1.6	--	10.1	--	13.0	--	--	--	--	--	--	--	--	--	13.7	Apr-13
HFRI Fund Weighted Composite Index			-4.1	--	-1.7	--	-1.5	--	3.9	--	3.2	--	4.2	--	4.2	--	2.6	Apr-13
Over/Under			5.7		11.8		14.5										11.1	
Hudson Bay	20,408,581	0.7	-0.8	--	0.0	--	-3.5	--	--	--	--	--	--	--	--	--	0.9	Jul-13
HFRI Relative Value (Total) Index			-2.5	--	0.0	--	-0.9	--	4.5	--	4.9	--	6.4	--	5.9	--	3.5	Jul-13
Over/Under			1.7		0.0		-2.6										-2.6	
Kepos	12,773,288	0.4	8.8	--	-6.5	--	2.2	--	--	--	--	--	--	--	--	--	2.9	Mar-13
HFRI Macro: Systematic Diversified Index			0.3	--	-1.4	--	4.3	--	1.8	--	1.4	--	2.7	--	5.6	--	2.9	Mar-13
Over/Under			8.5		-5.1		-2.1										0.0	

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

# City of San Jose Police and Fire Department Retirement Plan

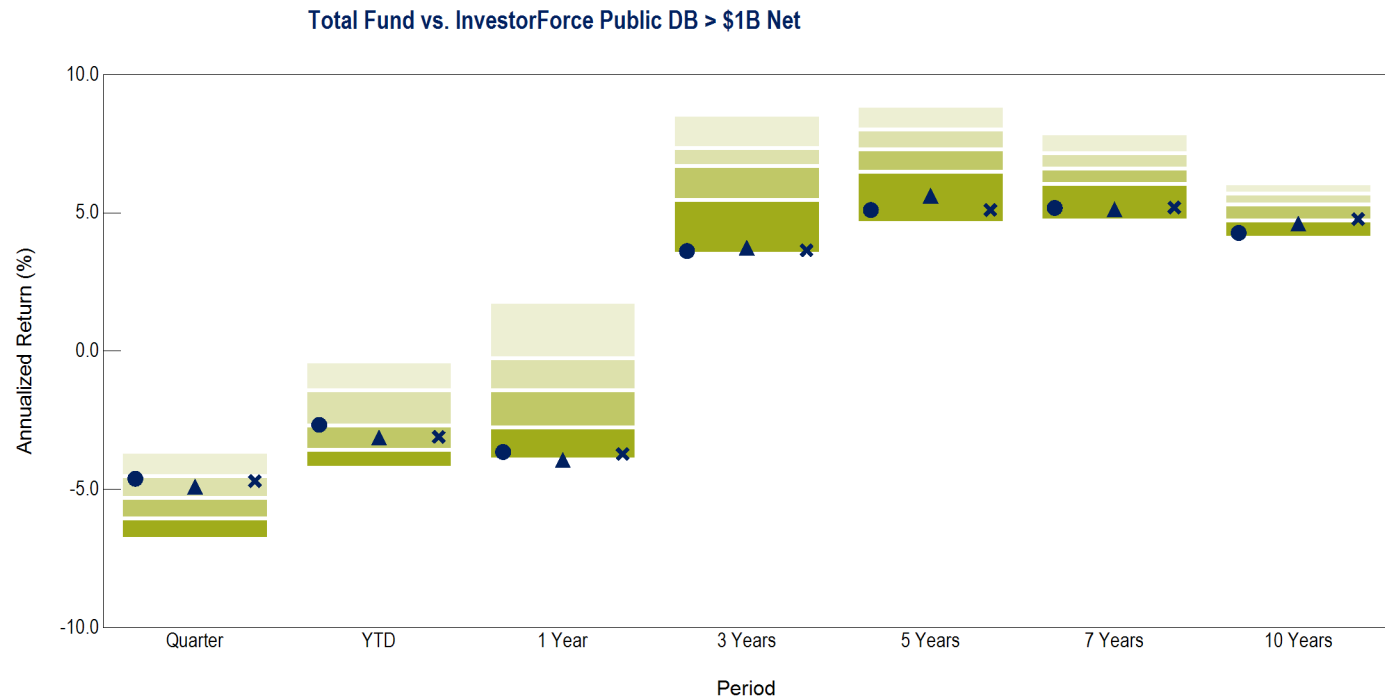
## Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
MKP Opportunity Fund	4,894,425	0.2	-2.1	--	--	--	--	--	--	--	--	--	--	--	--	--	-2.1	Jul-15
HFRI Macro (Total) Index			-0.7	--	-1.0	--	1.2	--	1.0	--	0.8	--	2.2	--	3.7	--	-0.7	Jul-15
Over/Under			-1.4														-1.4	
Pine River	22,665,149	0.7	-5.6	--	-1.7	--	-1.2	--	--	--	--	--	--	--	--	--	4.7	Jan-13
HFRI Relative Value (Total) Index			-2.5	--	0.0	--	-0.9	--	4.5	--	4.9	--	6.4	--	5.9	--	4.0	Jan-13
Over/Under			-3.1		-1.7		-0.3										0.7	
Dymon Asia	16,965,150	0.6	--	--	--	--	--	--	--	--	--	--	--	--	--	--	-0.2	Sep-15
HFRI Macro (Total) Index			-0.7	--	-1.0	--	1.2	--	1.0	--	0.8	--	2.2	--	3.7	--	0.0	Sep-15
Over/Under																	-0.2	
<b>Total GAA Composite</b>	<b>317,546,833</b>	<b>10.3</b>	<b>-5.3</b>	<b>--</b>	<b>-4.3</b>	<b>--</b>	<b>-5.7</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>0.7</b>	<b>Jan-13</b>
60% MSCI World (Net) / 40% CITI WGBI			-4.4	--	-4.4	--	-4.4	--	4.0	--	5.0	--	5.2	--	4.5	--	4.1	Jan-13
Over/Under			-0.9		0.1		-1.3										-3.4	
GMO	92,630,676	3.0	-6.6	--	-5.6	--	-6.4	--	--	--	--	--	--	--	--	--	1.3	Feb-13
CPI + 5% (Seasonally Adjusted)			1.1	--	4.3	--	5.0	--	6.0	--	6.8	--	6.2	--	6.9	--	6.0	Feb-13
Over/Under			-7.7		-9.9		-11.4										-4.7	
60% MSCI World (Net) / 40% CITI WGBI			-4.4	--	-4.4	--	-4.4	--	4.0	--	5.0	--	5.2	--	4.5	--	3.2	Feb-13
PIMCO	85,267,016	2.8	-10.0	--	-10.5	--	-14.5	--	--	--	--	--	--	--	--	--	-7.0	Feb-13
CPI + 6.5% (Seasonally Adjusted)			1.5	--	5.4	--	6.5	--	7.5	--	8.3	--	7.7	--	8.4	--	7.5	Feb-13
Over/Under			-11.5		-15.9		-21.0										-14.5	
60% MSCI World (Net) / 40% CITI WGBI			-4.4	--	-4.4	--	-4.4	--	4.0	--	5.0	--	5.2	--	4.5	--	3.2	Feb-13
Standard Life	139,649,141	4.5	-1.1	--	1.2	--	1.8	--	--	--	--	--	--	--	--	--	4.1	Feb-13
91 Day T-Bill + 5%			1.2	--	3.7	--	5.0	--	5.0	--	5.1	--	5.1	--	6.3	--	5.0	Feb-13
Over/Under			-2.3		-2.5		-3.2										-0.9	
60% MSCI World (Net) / 40% CITI WGBI			-4.4	--	-4.4	--	-4.4	--	4.0	--	5.0	--	5.2	--	4.5	--	3.2	Feb-13
<b>Cash</b>																		
Cash	98,051,304	3.2	0.0	--	0.0	--	0.0	--	0.1	--	0.1	--	0.6	--	--	--	0.9	Apr-08
91 Day T-Bills			0.0	--	0.0	--	0.0	--	0.0	--	0.0	--	0.1	--	1.2	--	0.2	Apr-08
Over/Under			0.0		0.0		0.0		0.1		0.1		0.5				0.7	

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

# City of San Jose Police and Fire Department Retirement Plan

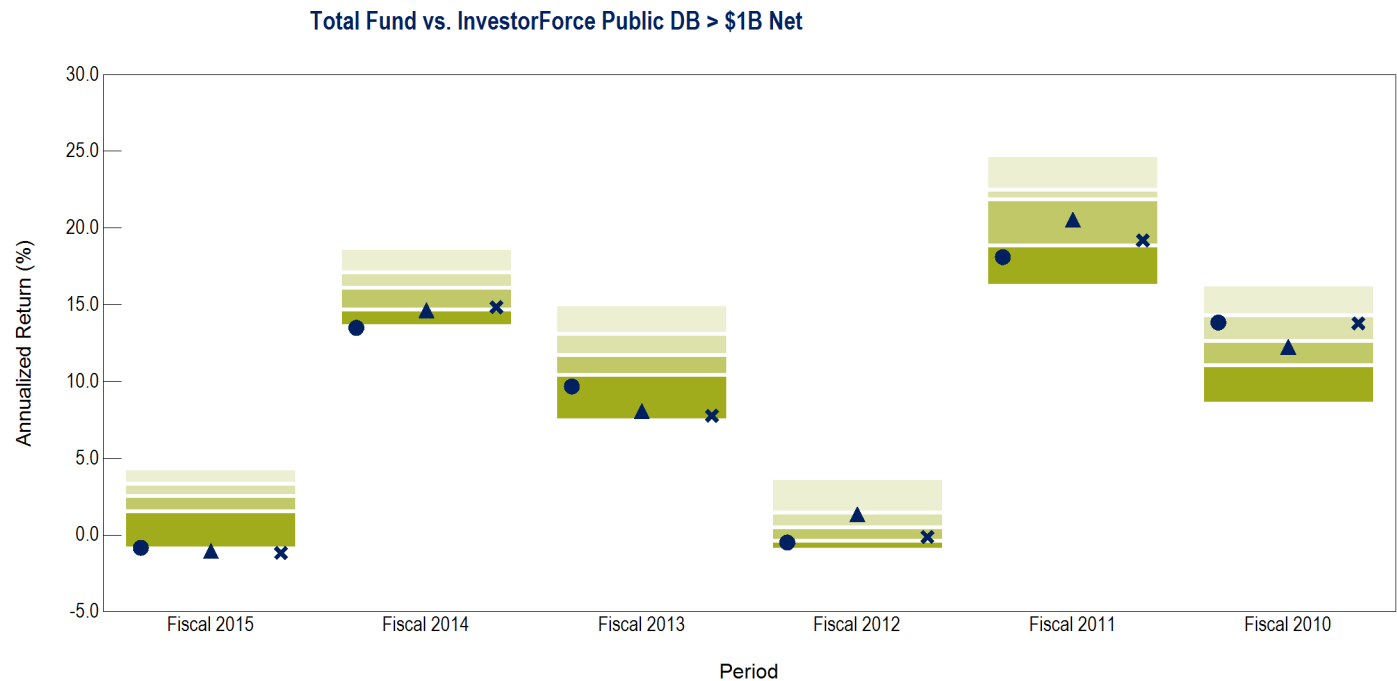
## Total Fund Return Summary vs. Peer Universe



	Return (Rank)						
5th Percentile	-3.7	-0.4	1.8	8.5	8.9	7.9	6.1
25th Percentile	-4.5	-1.4	-0.2	7.3	8.0	7.2	5.7
Median	-5.3	-2.7	-1.4	6.7	7.3	6.6	5.3
75th Percentile	-6.0	-3.6	-2.7	5.5	6.5	6.1	4.7
95th Percentile	-6.8	-4.2	-3.9	3.5	4.6	4.7	4.1
# of Portfolios	48	48	48	48	48	47	45
● Total Fund	-4.6 (28)	-2.7 (50)	-3.6 (94)	3.6 (95)	5.1 (94)	5.2 (90)	4.3 (92)
▲ Policy Benchmark	-4.9 (33)	-3.1 (63)	-3.9 (96)	3.7 (94)	5.6 (91)	5.1 (91)	4.6 (77)
× Allocation Index	-4.7 (30)	-3.1 (63)	-3.7 (95)	3.6 (94)	5.1 (94)	5.2 (90)	4.8 (73)

# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Return Summary vs. Peer Universe



	Return (Rank)											
5th Percentile	4.3		18.7		15.0		3.7		24.7	16.3		
25th Percentile	3.3		17.2		13.1		1.5		22.5	14.4		
Median	2.6		16.1		11.8		0.5		21.9	12.7		
75th Percentile	1.6		14.7		10.5		-0.3		18.9	11.1		
95th Percentile	-0.9		13.6		7.5		-0.9		16.3	8.6		
# of Portfolios	53		43		56		41		42	41		
● Total Fund	-0.8	(95)	13.5	(98)	9.7	(83)	-0.5	(85)	18.1	(86)	13.8	(33)
▲ Policy Benchmark	-1.0	(98)	14.6	(76)	8.1	(92)	1.3	(27)	20.5	(57)	12.3	(57)
✕ Allocation Index	-1.2	(99)	14.8	(74)	7.8	(93)	-0.1	(75)	19.2	(66)	13.8	(33)

# Manager Due Diligence

## City of San Jose Police and Fire Department Retirement Plan

### Due Diligence Monitor

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

Investment Options	Performance (Recent Quarter)	Changes/ Announcements (Recent Quarter)	NEPC Due Diligence Committee Recommendations	Plan Recommendation	Comments
<b>Russell Overlay</b>	N/A	-	Watch Q2 2014	No Action	
<b>Artisan Global Opps</b>	Top Quartile	-	-	-	
<b>Artisan Global Value</b>	-	-	-	-	
<b>NT Russell 1000 Index</b>	-	-	-	-	
<b>RBC Small Cap</b>	Bottom Quartile	-	-	-	
<b>NT MSCI World ex-U.S. Index</b>	-	-	-	-	
<b>Oberweis International Opportunities</b>	-	-	-	-	
<b>MSCI Emerging Markets ETF (ticker: EEM)</b>	-	-	-	-	
<b>Vontobel Emerging Markets Equity</b>	Top Quartile	-	-	-	
<b>Aberdeen Frontier Markets Equity</b>	Top Quartile	-	-	-	
<b>Dimensional Fund Advisors</b>	Bottom Quartile	-	-	-	
<b>NT Russell 3000 Index Fund</b>	-	-	-	-	
<b>57 Stars Global Opportunity Fund 3</b>	N/A	-	-	-	
<b>Crescent Mezzanine Partners (Fund V; Fund VI)</b>	N/A	-	-	-	
<b>HarbourVest Partners (Fund VII - 2005 Buyout; VIII Venture; VIII Buyout)</b>	N/A	-	-	-	
<b>Pantheon USA Fund VI</b>	N/A	-	-	-	
<b>Portfolio Advisors Private Equity Fund III (A – Buyout; B – Venture; C – Special Sits)</b>	N/A	-	-	-	
<b>Siguler Guff Distressed Opportunities Fund III</b>	N/A	-	-	-	
<b>TPG Opportunities Partners (Fund II; Fund III)</b>	N/A	-	-	-	
<b>Warburg Pincus Private Equity XI</b>	N/A	-	-	-	



# City of San Jose Police and Fire Department Retirement Plan

## Due Diligence Monitor Continued

Investment Options	Performance (Recent Quarter)	Changes/ Announcements (Recent Quarter)	NEPC Due Diligence Committee Recommendations	Plan Recommendation	Comments
<b>Colchester Global Fixed Income</b>	Bottom Quartile	-	-	-	Performance/Firm Stability
<b>Claren Road</b>	-	-	Terminate Q3 2015	Terminate Q3 2015	
<b>Franklin Templeton Global Multi-Sector Plus</b>	Bottom Quartile	Yes	No Action	No Action	
<b>Beach Point Total Return Fund</b>	Top Quartile	-	-	-	
<b>Symphony L/S Credit Fund</b>	Top Quartile	-	-	-	Funded Q2 2015
<b>Marathon European Credit Opportunity Fund</b>	N/A	-	-	-	
<b>GSO Direct Lending Fund</b>	N/A	-	-	-	
<b>Medley Opportunity Fund II</b>	N/A	-	-	-	
<b>White Oak Direct Lending Fund</b>	N/A	-	-	-	
<b>Capula European Special Situations Fund</b>	N/A	-	-	-	
<b>Park Square Credit Opportunities Fund II</b>	N/A	-	-	-	
<b>Shoreline China Value III</b>	N/A	-	-	-	
<b>BlueBay Emerging Market Select Debt</b>	-	-	-	-	
<b>Iguazu Partners</b>	Top Quartile	-	-	-	
<b>Credit Suisse Risk Parity Commodity Fund</b>	N/A	-	Hold Q2 2014	-	Interim Real Estate Exposure
<b>Wellington Diversified Inflation Hedges</b>	N/A	-	-	-	
<b>Pinnacle Natural Resources</b>	N/A	-	-	-	
<b>Russell Real Estate</b>	N/A	-	Watch Q2 2014	No Action	
<b>American Realty Separate Account</b>	N/A	-	-	-	
<b>American Realty Core Fund</b>	N/A	-	-	-	
<b>Blackstone Real Estate Debt Strategies II</b>	N/A	-	-	-	
<b>Brookfield Strategic Real Estate Partners</b>	N/A	-	-	-	
<b>Orion European Real Estate Fund IV</b>	N/A	-	-	-	
<b>TA Realty Fund X</b>	N/A	-	-	-	
<b>Tristan EPIISO 3</b>	N/A	-	-	-	



NEPC, LLC

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# City of San Jose Police and Fire Department Retirement Plan

## Due Diligence Monitor Continued

Investment Options	Performance (Recent Quarter)	Changes/ Announcements (Recent Quarter)	NEPC Due Diligence Committee Recommendations	Plan Recommendation	Comments
<b>Och-Ziff Real Estate Fund III</b>	N/A	-	-	-	
<b>Russell Hedge Funds</b>	N/A	-	Watch Q2 2014	No Action	Interim Hedge Fund Exposure
<b>GMO Benchmark-Free Allocation</b>	N/A	-	-	-	
<b>PIMCO All Asset All Authority</b>	N/A	Yes	Watch Q3 2015	Watch	Upgraded from Client Review Q1 2015
<b>Standard Life Global Absolute Return Strategy (GTAA)</b>	N/A	-	-	-	
<b>Industry Ventures III</b>	N/A	-	-	-	Funded 9/2014
<b>CCMP Capital Investors III</b>	N/A	-	Hold Q1 2015	Hold	
<b>Amici Offshore</b>	N/A	-	-	-	
<b>D.E. Shaw &amp; Co., L.P.</b>	N/A	-	-	-	
<b>Marshall Wace Eureka Fund</b>	N/A	Yes	Hold Q3 2015	Hold	
<b>Horizon Portfolio I</b>	N/A	-	-	-	
<b>Sandler Plus Offshore Fund</b>	N/A	-	-	-	
<b>Senator Global Opp Offshore Fund</b>	N/A	-	-	-	
<b>Davidson Kempner</b>	N/A	-	-	-	
<b>Marathon</b>	N/A	-	-	-	

### NEPC Due Diligence Committee Recommendation Key

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



NEPC, LLC

September 30, 2015



## Due Diligence Commentary

### PIMCO

On 10/8 Bill Gross filed a lawsuit against PIMCO claiming wrongful termination. The lawsuit has a number of claims but the general basis of Gross's case is that the managing directors at PIMCO plotted against him in order to gain greater access to PIMCO's bonus pool. The lawsuit also makes a number of claims against certain individuals but Andrew Balls, Dan Ivascyn and Mohamed El-Erian seem to be Gross' main targets. PIMCO believes that these claims have no merit and announced that their legal team and executive committee will be taking the matter to court.

Furthermore, PIMCO received a Wells Notice from the SEC related to the valuation of non-agency mortgage-backed securities in their BOND ETF between February and June 2012 (when the ETF fund first launched). PIMCO's practice of purchasing these bonds in odd lots (in lots less than \$1 million) at discount prices, and then at valuation, marking these securities up based on a third party pricing service's assessment of fair value is being questioned. The prospectus for the ETF allows PIMCO to mark bond holdings at "fair value" when transaction-based prices are not readily available, so it is not clear that these practices are necessarily illegal. SEC staff members believe they have found sufficient wrongdoing to bring civil action against PIMCO. PIMCO has not yet been found guilty of any wrongdoing and will now have the opportunity to meet with the SEC to defend their practices.

NEPC recommends a **Watch** status at this time. We will continue to monitor the situation and provide updates as necessary.

### Marshall Wace

Marshall Wace has sold a minority stake (24.9%) in the firm to KKR for an undisclosed amount with the option to grow this interest to 39.9% over time. This stake will reside on KKR's balance sheet rather than within a private equity fund. This transaction is labeled a strategic partnership - with Marshall Wace remaining an independent entity. The extent of the partnership is unknown at this time but it is likely we will see some additional products or strategies from the strategic partnership. Marshall Wace did not disclose the ownership percentages for the equity owners, however we do know that Paul Marshall (Chairman and CIO), Ian Wace (CEO and CRO) and Anthony Clake (TOPS Portfolio Manager) are substantial owners of the firm. The firm's owners sold pro-rata, with no individual cashing out by selling a larger stake. The equity owners signed five year contracts and will reinvest in the business. In discussion with Marshall Wace they outlined the ability to seed new products with this capital as one of the reasons for the transaction. In July the firm purchased a systematic CTA firm named Helium, potentially a first step in becoming a broader investment management firm. In addition there is a plan to distribute equity in the firm to a broader group of individuals; which is generally a positive development.

NEPC recommends a **Hold** status at this time. We will continue to monitor the situation and provide updates as necessary.

**Franklin Templeton**

Franklin announced changes within senior management, expanding the responsibilities of key leaders. Effective October 1, 2015, Vijay Advani and Jenny Johnson will take on the roles as co-Presidents. They will continue to oversee their existing responsibilities. Mr. Advani had been an Executive Vice President of Global Advisory Services since 2011. He joined the firm in 1995. Ms. Johnson has been the Chief Operating Officer and Executive Vice President at Franklin Resources, Inc. since March 2010. She holds global responsibilities for software development and implementation, infrastructure and systems support, and telecommunications. Greg Johnson will remain CEO and Chairman, and will work closely with the Co-Presidents to make enterprise-level decisions, including setting the company's long-term corporate strategy. The Co-Presidents will report to the CEO. Mr. Johnson had been President since December 1999. John Lusk has decided to retire, effective March 2016. Mr. Lusk serves as an Executive Vice President of Investment Management at Franklin Resources, Inc. Mr. Lusk joined Franklin Resources in January 2004. Mr. Lusk will start transitioning his responsibilities to the co-Presidents.

NEPC recommends **No Action** at this time. We will continue to monitor the situation and provide updates as necessary.

## **Appendix: Policy Benchmark History**

## City of San Jose Police and Fire Department Retirement Plan

### Policy Benchmark History

- **6/1/95 – 9/30/01** – 35% S&P 500/10% MSCI EAFE/35% BC Aggregate/10% Citigroup WGBI/10% NCREIF Property
- **10/1/01 – 12/31/04** – 35% S&P 500/15% MSCI EAFE/5% MSCI Emg Mkts/28% BC Aggregate/5% Citigroup WGBI/12% NCREIF Property
- **1/1/05 – 3/31/08** – 34% S&P 500/20% MSCI EAFE/5% MSCI Emg Mkts/20% BC Aggregate/4% BC Long Gov't/Credit/12% NCREIF Property/5% Russell 2000
- **4/1/08 – 6/30/08** – 29% S&P 500/5% Russell 2000/20% MSCI EAFE/5% MSCI Emg Mkts/20% BC Aggregate/4% BC Long Gov't/Credit/12% NCREIF Property/5% Cambridge Private Equity (lagged 1 quarter)
- **7/1/08 – 12/31/09** – 22% S&P 500/5% Russell 2000/17% MSCI EAFE/5% MSCI Emg Mkts/18% BC Aggregate/5% ML US HY BB-B Constrained/10% NCREIF Property/8% Cambridge Private Equity (lagged 1 quarter)/5% DJ/UBS Commodities Index/5% HFRI FoF: Conservative
- **1/1/10 – 3/31/11** – 18% Russell 1000/5% Russell 2000/12% MSCI EAFE/5% MSCI Emg Mkts/5% BC Aggregate/10% TIPS/5% BC Long Gov't/Credit/5% ML US HY BB-B Constrained/10% NCREIF Property/5% Cambridge Private Equity (lagged 1 quarter)/10% DJ/UBS Commodities Index/5% HFRI FoF: Conservative/5% 3-Month LIBOR +5%
- **4/1/11 – 12/31/2011** – 18% Russell 1000/5% Russell 2000/12% MSCI EAFE/5% MSCI Emg Mkts/5% BC Aggregate/10% TIPS/5% BC Long Gov't/Credit/5% ML US HY BB-B Constrained/10% NCREIF Property/5% Cambridge Private Equity (lagged 1 quarter)/10% San Jose P&F Custom Commodity Risk Parity Index/5% HFRI FoF: Conservative/5% 3-Month LIBOR +5%
- **1/1/12 – 12/31/2012** – 12% MSCI All Country World Index/15% MSCI All Country World Index Value/2% Russell 3000/3% Russell 2000/3% MSCI EAFE + CAD Small Cap/5% MSCI Emg Mkts/5% BC Aggregate/10% TIPS/5% BC Long Gov't/Credit/5% ML US HY BB-B Constrained/10% NCREIF Property/5% Cambridge Private Equity (lagged 1 quarter)/10% San Jose P&F Custom Commodity Risk Parity Index/5% HFRI FoF: Conservative/5% 3-Month LIBOR +5%
- **1/1/2013 – 10/31/2013** – 29% MSCI All Country World Index IMI/5% Cambridge PE (lagged 1 quarter)/3% Russell 3000 (lagged 1 quarter)/5% Barclays Capital Aggregate/5% BC High Yield/5% Barclays Capital Global Aggregate x US Hedged/10% 50/50 DLJ Levered Loan Index/ML US HY BB-B Constrained/5% San Jose Custom EMD Benchmark/4% NCREIF ODCE (lagged 1 quarter)/3% 60/40 MSCI ACWI IMI/BC Global Aggregate/10% San Jose Custom Inflation-Linked Assets Index/10% San Jose Custom Hedge Fund Index/5% 60/40 MSCI World/Citi WGBI/1% 90 day T-bills
- **11/1/2013 – 12/31/2013** – 29% MSCI All Country World Index IMI/5% Cambridge PE (lagged 1 quarter)/3% Russell 3000 (lagged 1 quarter)/5% Barclays Capital Aggregate/5% BC High Yield/5% Barclays Capital Global Aggregate x US Hedged/10% 50/50 DLJ Levered Loan Index/ML US HY BB-B Constrained/5% San Jose Custom EMD Benchmark/4% NCREIF ODCE (lagged 1 quarter)/3% 60/40 MSCI ACWI IMI/BC Global Aggregate/7% San Jose Custom Inflation-Linked/3% CPI+5%/ Assets Index/10% San Jose Custom Hedge Fund Index/5% 60/40 MSCI World/Citi WGBI/1% 90 day T-bills
- **1/1/2014 – 9/30/2014** – 29% MSCI All Country World Index IMI/5% Cambridge PE (lagged 1 quarter)/3% Russell 3000 (lagged 1 quarter)/10% Barclays Capital Global Aggregate/5% BC High Yield/10% 50/50 DLJ Levered Loan Index/ML US HY BB-B Constrained/5% San Jose Custom EMD Benchmark/4% NCREIF ODCE (lagged 1 quarter)/3% 60/40 MSCI ACWI IMI/BC Global Aggregate/7% San Jose Custom Inflation-Linked Assets Index/3% CPI+5%/10% San Jose Custom Hedge Fund Index/5% 60/40 MSCI World/Citi WGBI/1% 90 day T-bills

## Policy Benchmark History

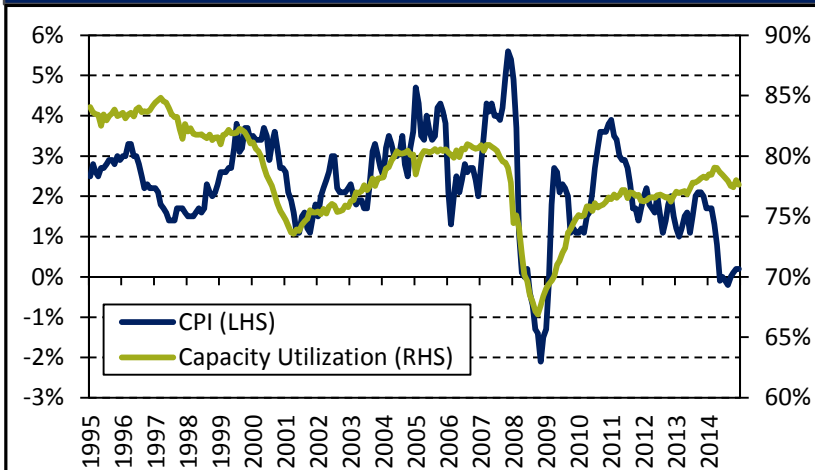
- **10/1/2014 – present** – 31% MSCI All Country World Index IMI/5% Cambridge PE (lagged 1 quarter)/3% Russell 3000 (lagged 1 quarter)/6% Barclays Capital Global Aggregate/5% BC High Yield/11% 50/50 DLJ Levered Loan Index/ML US HY BB-B Constrained/5% San Jose Custom EMD Benchmark/4% NCREIF ODCE (lagged 1 quarter)/3% 60/40 MSCI ACWI IMI/BC Global Aggregate/7% San Jose Custom Inflation-Linked Assets Index/3% CPI+5%/6% San Jose Custom Hedge Fund Index/10% 60/40 MSCI World/Citi WGBI/1% 90 day T-bills

## Appendix: Market Environment

# City of San Jose Police and Fire Department Retirement Plan

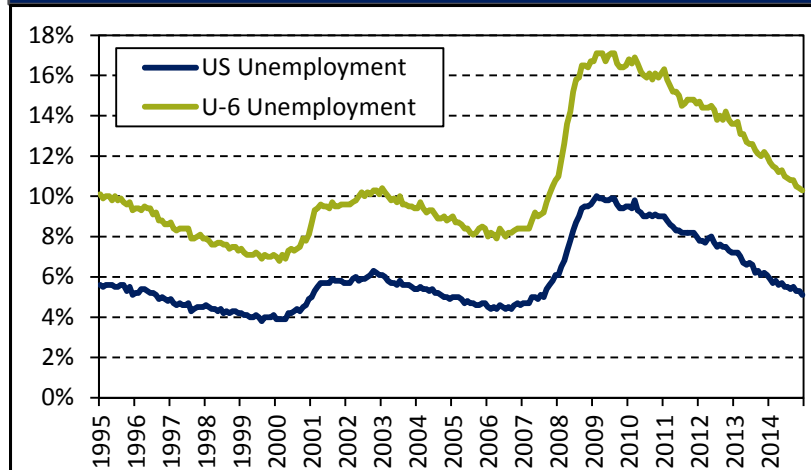
## US Economic Indicators

### Inflation has stayed low



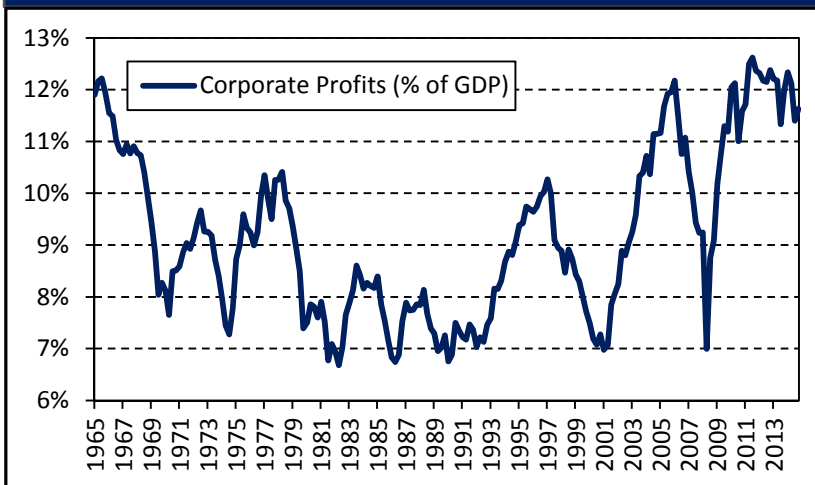
Source: Bloomberg, Federal Reserve, Bureau of Labor Statistics

### Unemployment steadily improving



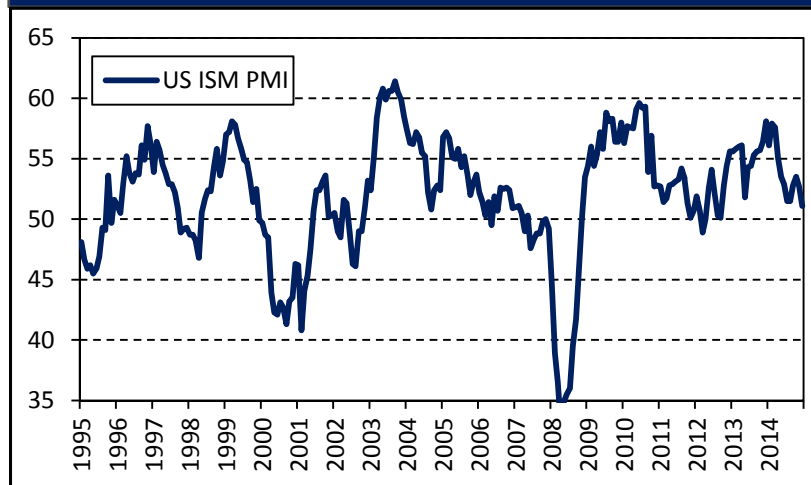
Source: Bloomberg, Bureau of Labor Statistics

### Corporate profits at secular highs



Source: Bloomberg, Bureau of Economic Analysis

### Manufacturing above average but trending lower

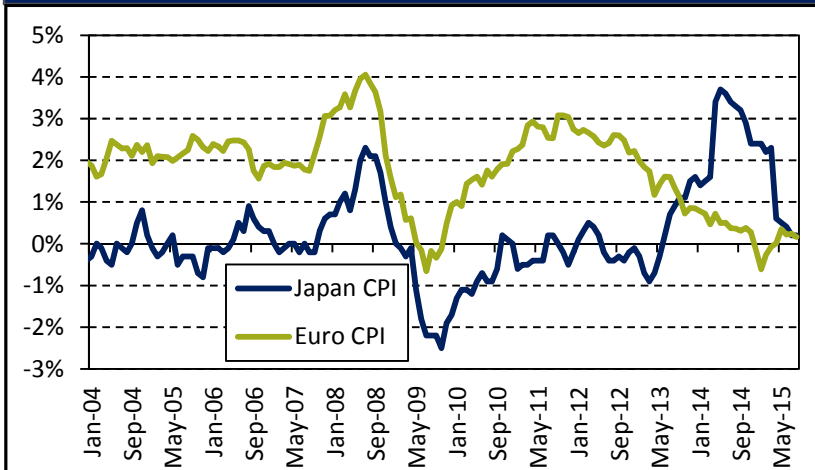


Source: Bloomberg, Institute for Supply Management

# City of San Jose Police and Fire Department Retirement Plan

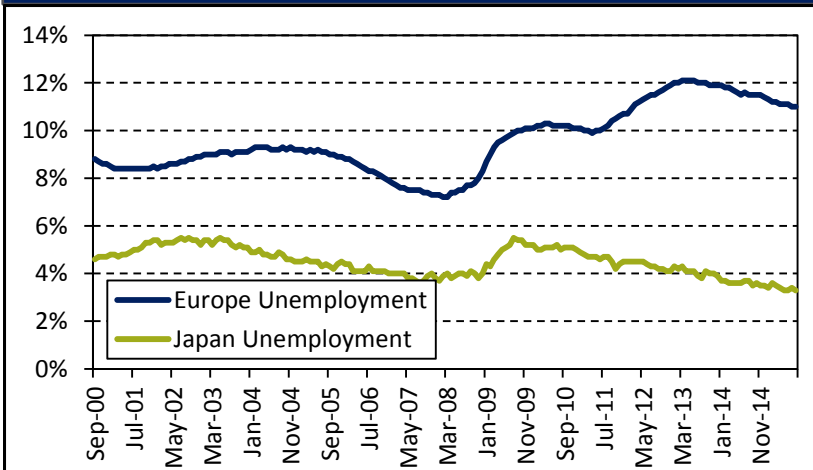
## International Economic Indicators

### Inflation remains muted



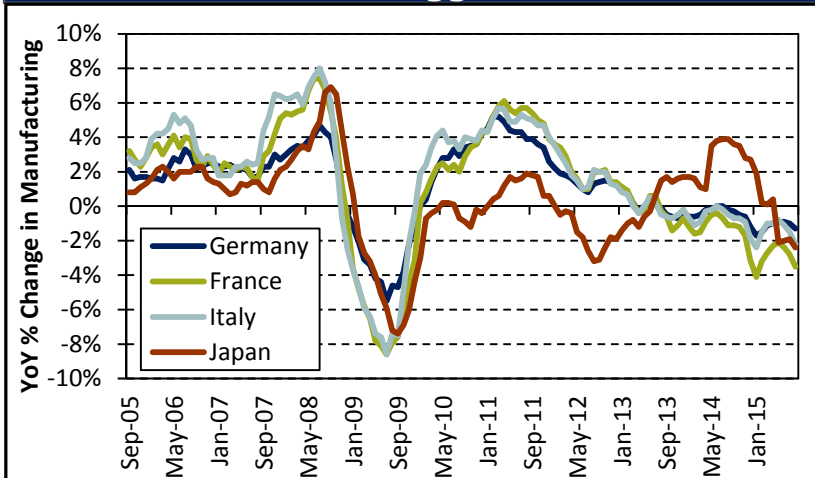
Source: Bloomberg, Japan Ministry of Internal Affairs and Communications, Eurostat

### Europe employment recovery lagging



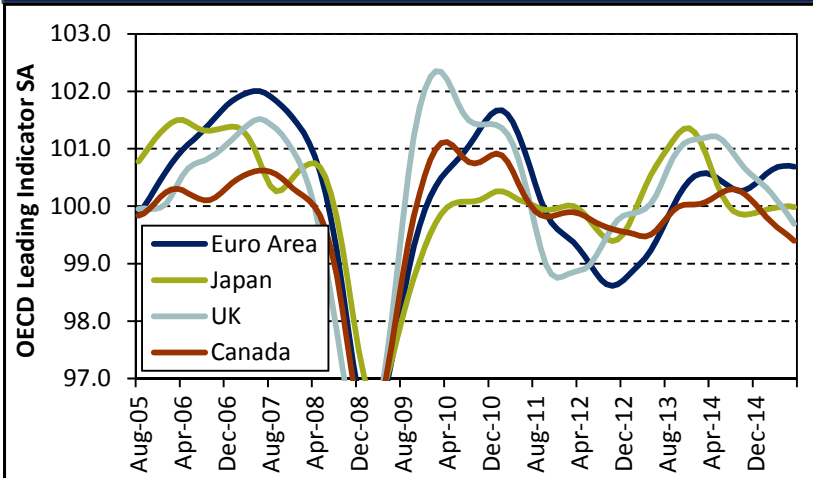
Source: Bloomberg, Japan Ministry of Internal Affairs and Communications, Eurostat

### Manufacturing in developed economies has lagged



Source: Bloomberg, OECD, Eurostat

### Leading indicators mostly neutral



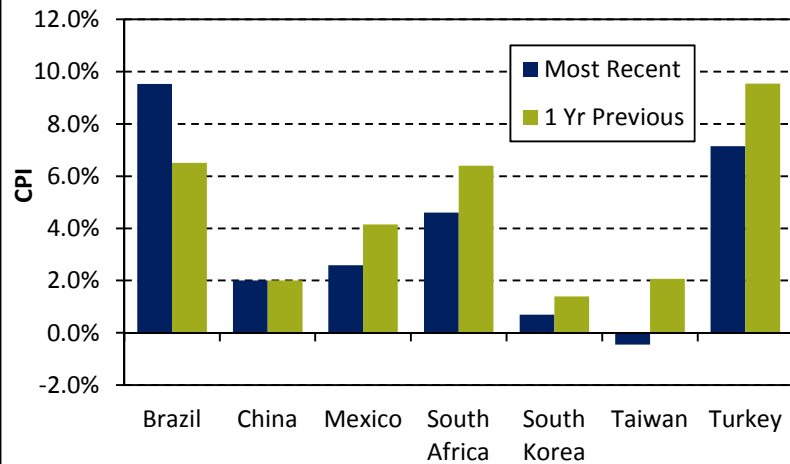
Source: Bloomberg, OECD



# City of San Jose Police and Fire Department Retirement Plan

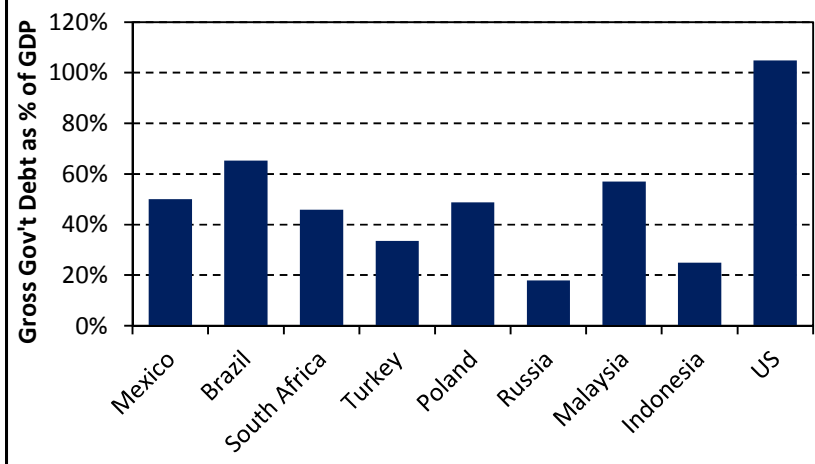
## Emerging Market Economic Indicators

### EM inflation is varied by country



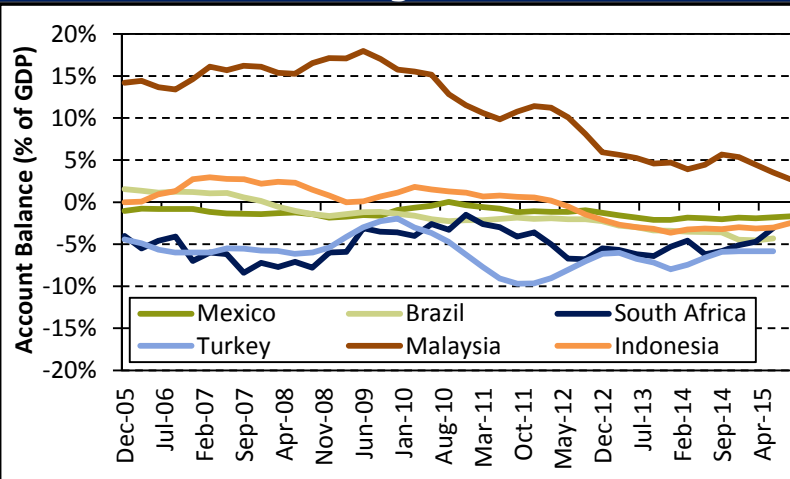
Source: Bloomberg

### Relatively healthy Debt/GDP ratios



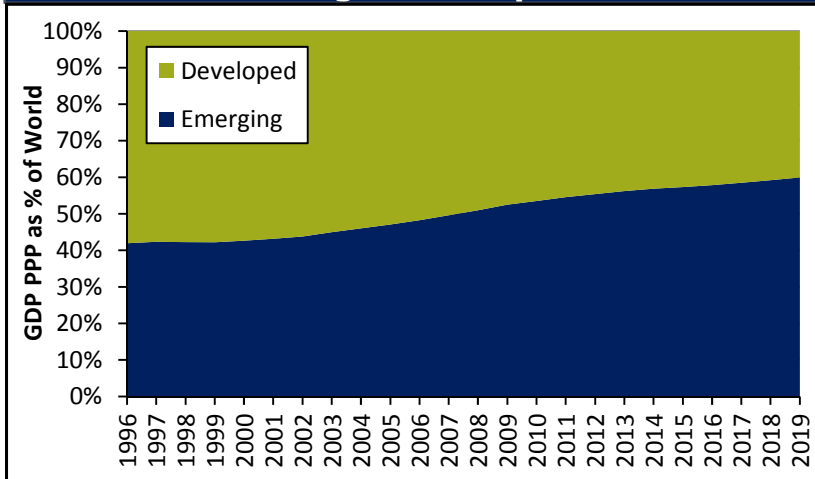
Source: Bloomberg, IMF

### Some improvement in account balance challenged countries



Source: Bloomberg

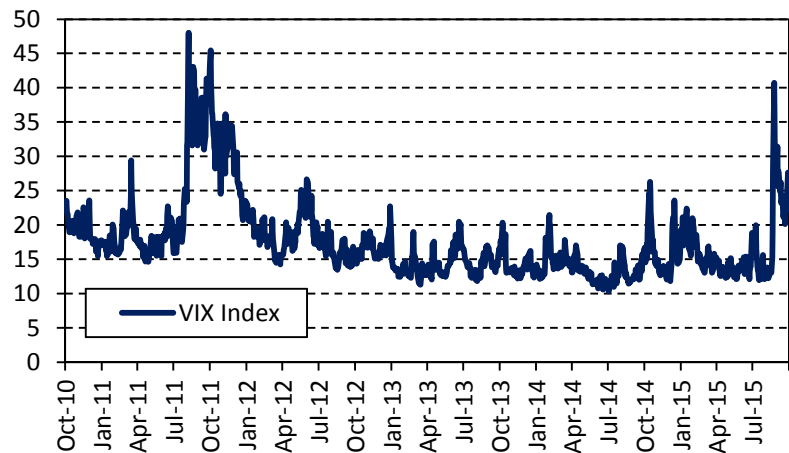
### Emerging economies make up >50% of global output



Source: Bloomberg, IMF

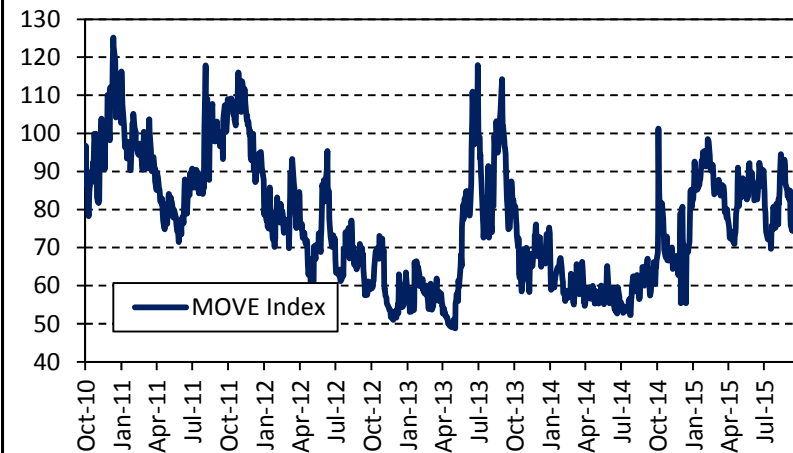
## Volatility

### Equity volatility has seen recent spike



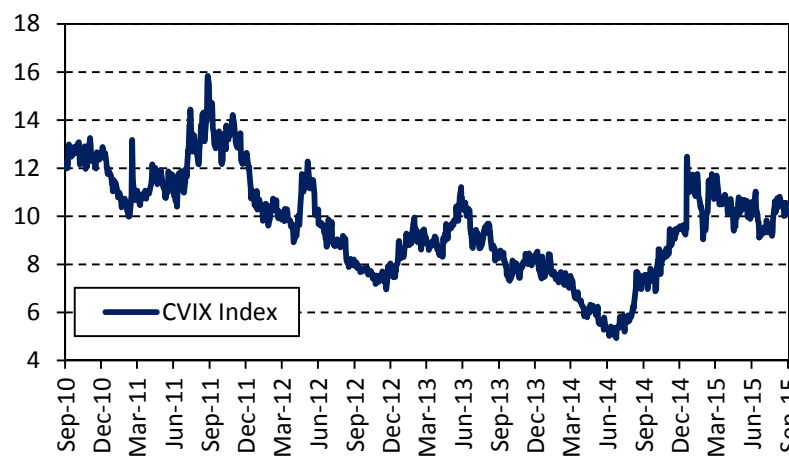
Source: Bloomberg, CBOE

### Treasury rates experiencing periods of higher volatility



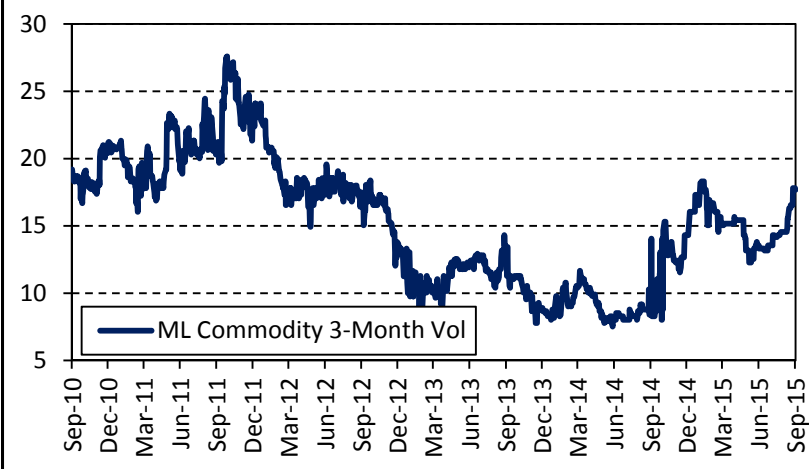
Source: Bloomberg, Merrill Lynch

### Sustained uptick in currency volatilities



Source: Bloomberg, Deutsche Bank

### Commodity pricing volatility has increased

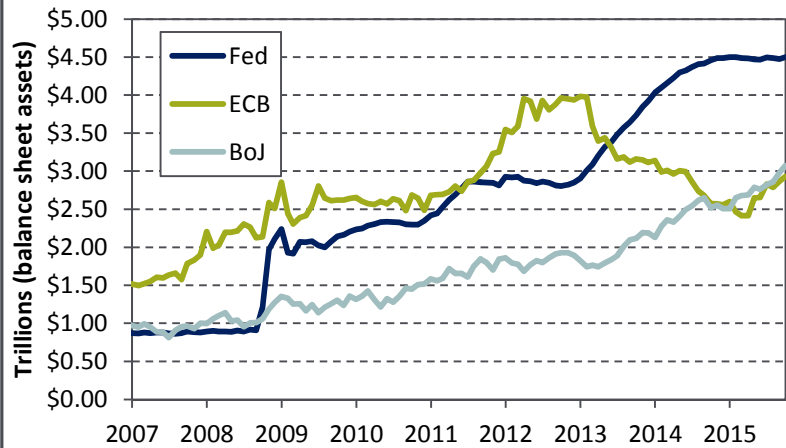


Source: Bloomberg, Merrill Lynch

# City of San Jose Police and Fire Department Retirement Plan

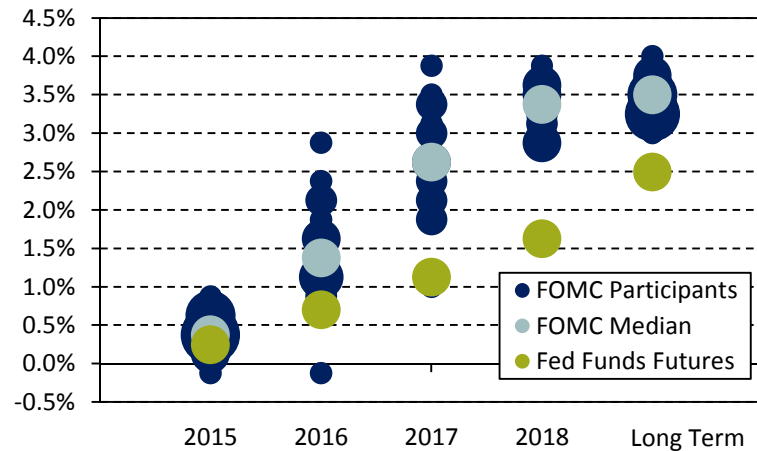
## Central Banks

### Major central bank policy divergence



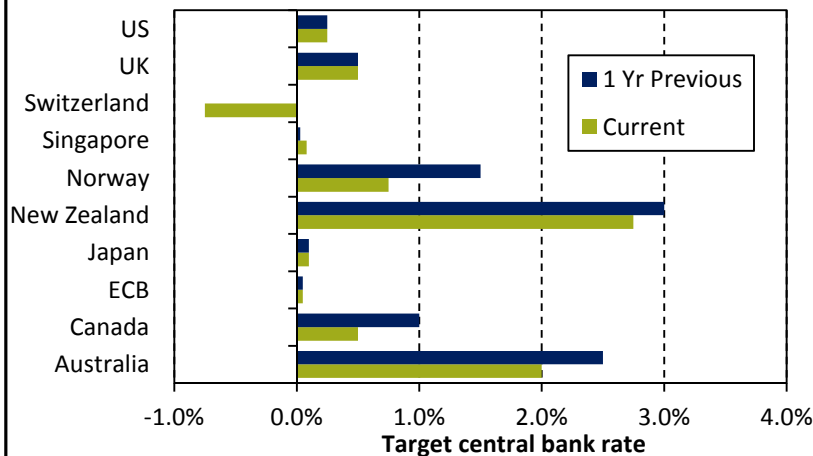
Source: Bloomberg, Federal Reserve, Bank of Japan, ECB, NEPC

### Fed's ideal rate of policy firming above market expectations



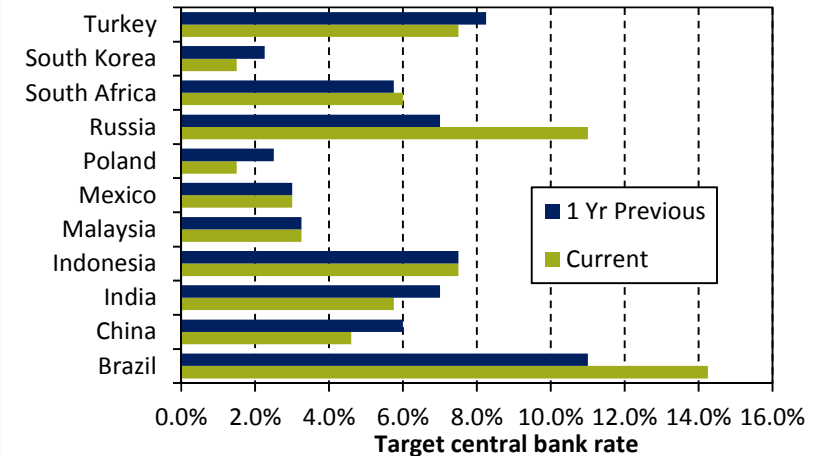
Source: Bloomberg, Federal Reserve, NEPC

### Many developed central banks have maintained low interest rates



Source: Bloomberg

### EM central bank policies have varied by circumstance

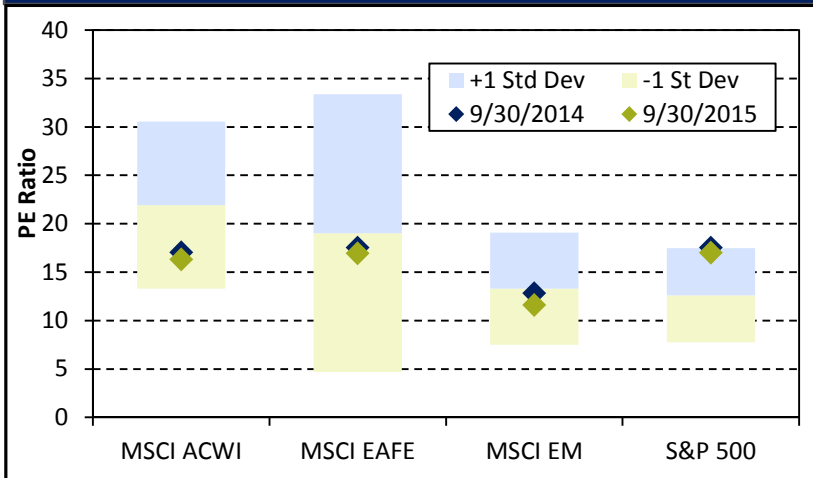


Source: Bloomberg

# City of San Jose Police and Fire Department Retirement Plan

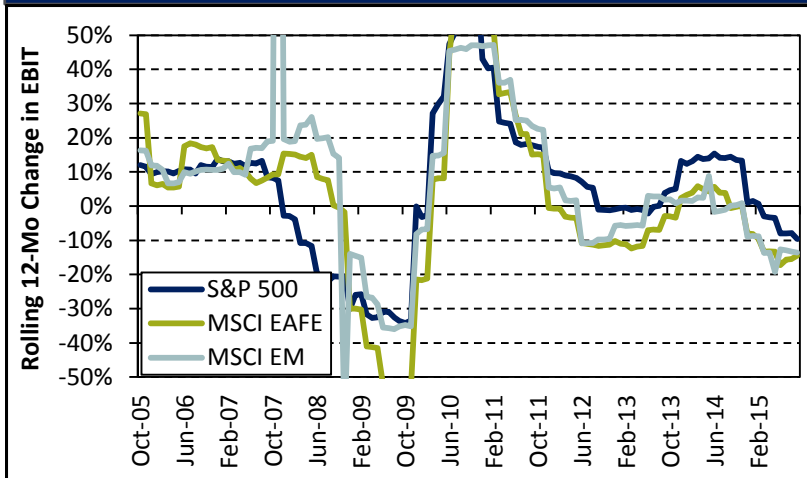
## Global Equity

### Global valuations are mixed



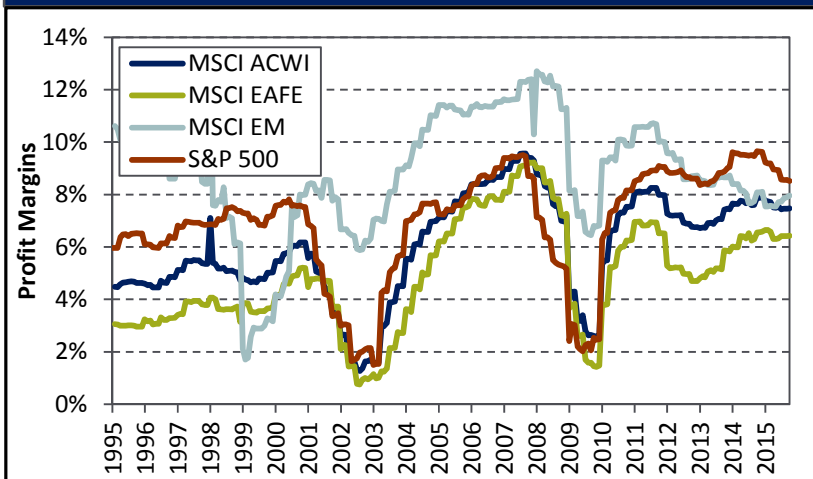
Source: Bloomberg, Standard and Poors, MSCI \*MSCI EAFE is ex UK Telecom

### Earnings growth trending lower



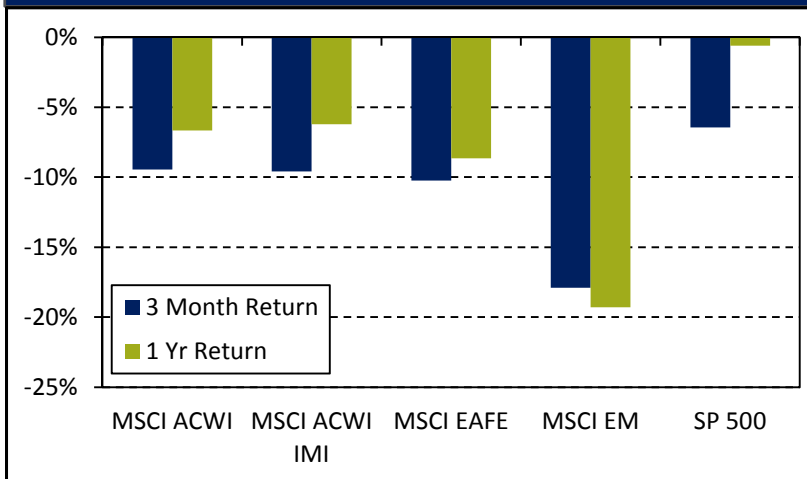
Source: Bloomberg, Standard and Poors, MSCI

### Margins elevated, but largely a US story



Source: Bloomberg, MSCI

### Global equity returns mostly negative

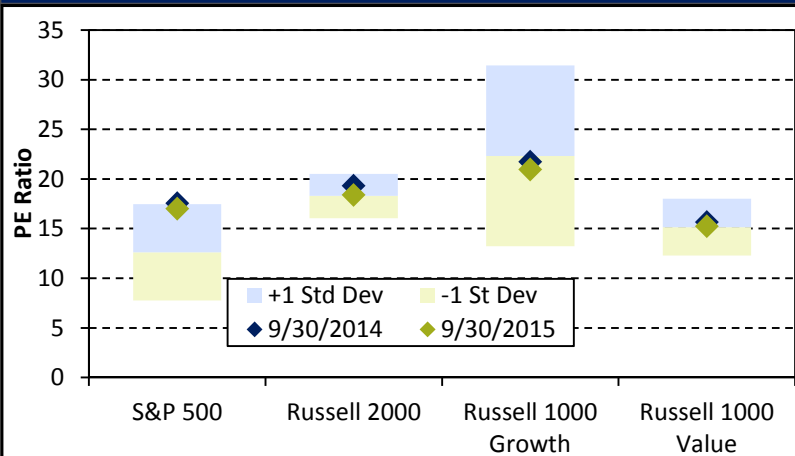


Source: Bloomberg, MSCI

# City of San Jose Police and Fire Department Retirement Plan

## US Equity

### Valuations near or above historical norms



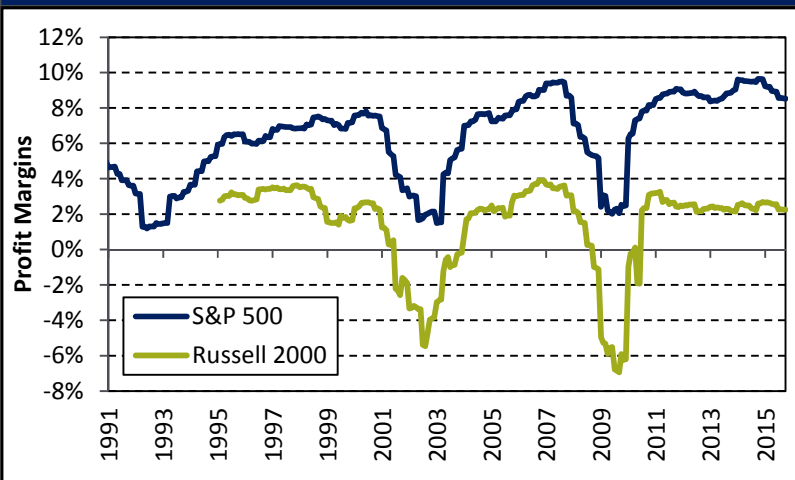
Source: Bloomberg, Standard and Poors, Russell \*Russell 2000 PE is index adjusted positive

### Growth recovery marked by inconsistency



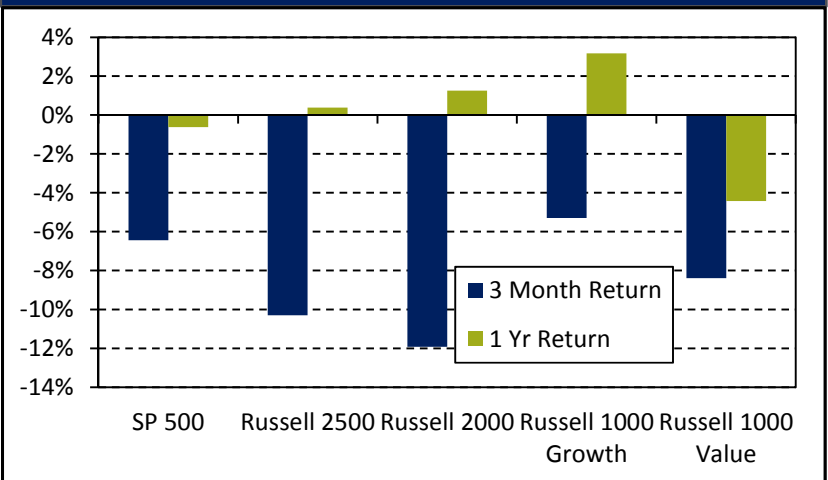
Source: Bloomberg, Bureau of Economic Analysis

### Profit margins remain elevated



Source: Bloomberg, Standard and Poors, Russell

### Trailing performance is negative in near term

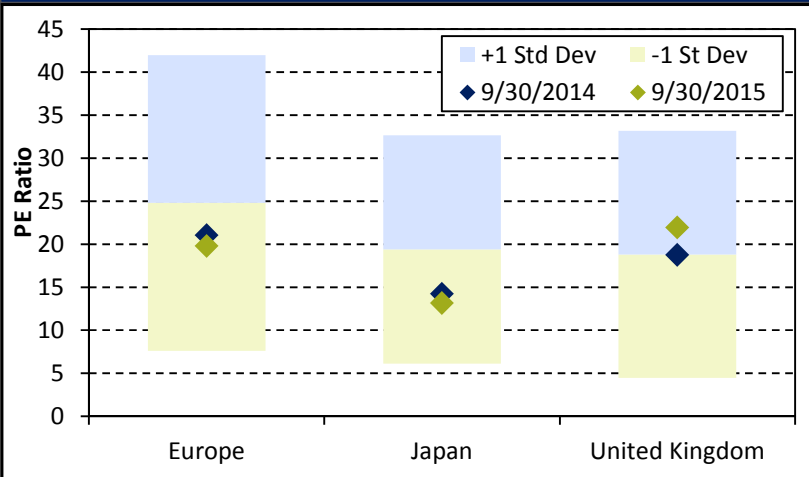


Source: Bloomberg, Standard and Poors, Russell

# City of San Jose Police and Fire Department Retirement Plan

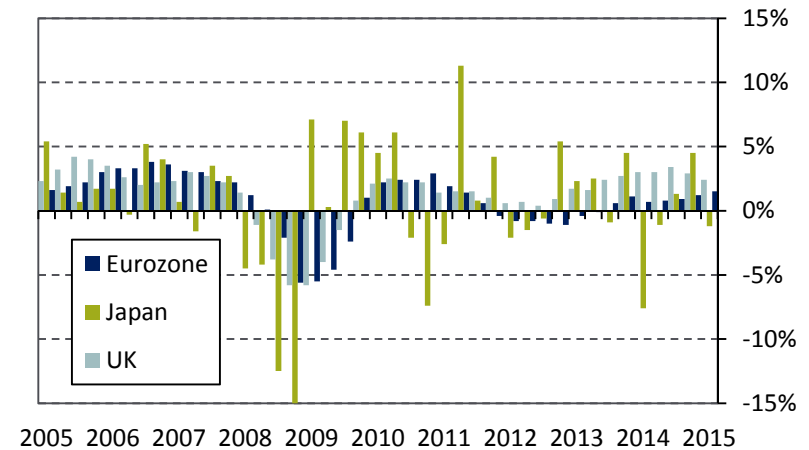
## International Equity

### PEs near historical medians



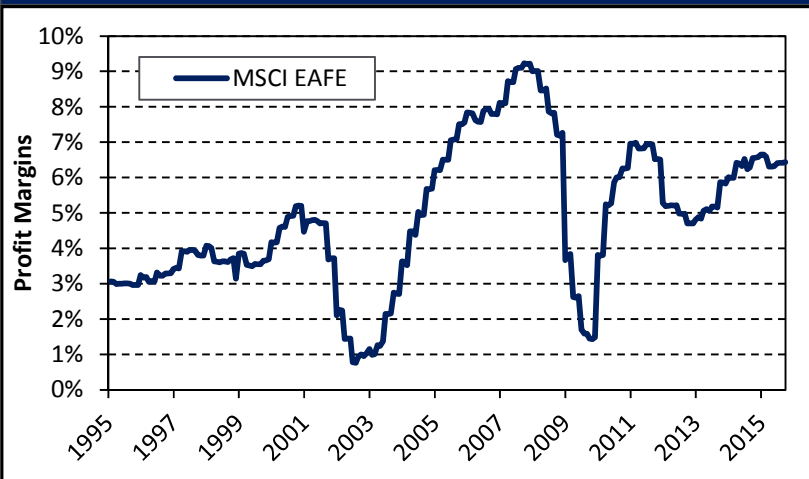
Source: Bloomberg, MSCI, FTSE \*UK represented by FTSE 100 Index

### Slow Global Growth



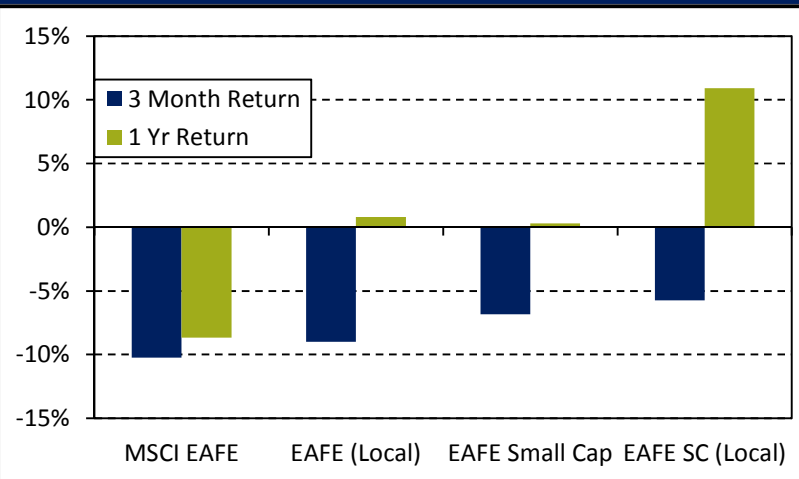
Source: Bloomberg

### Margins elevated but not at extremes



Source: Bloomberg, MSCI

### Returns pulled lower by dollar strength



Source: Bloomberg, MSCI



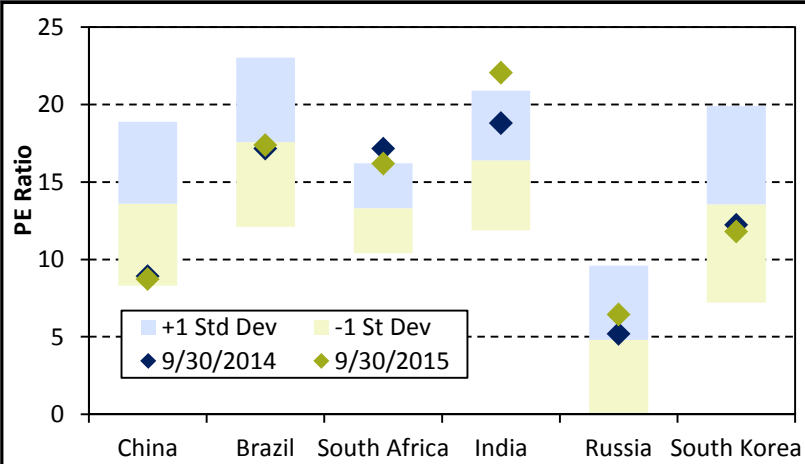
NEPC, LLC

September 30, 2015

# City of San Jose Police and Fire Department Retirement Plan

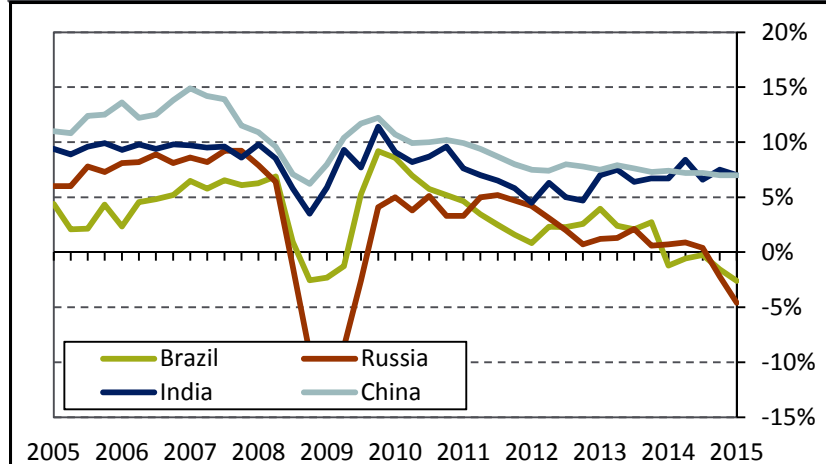
## Emerging Markets Equity

### Regional valuations show divergence



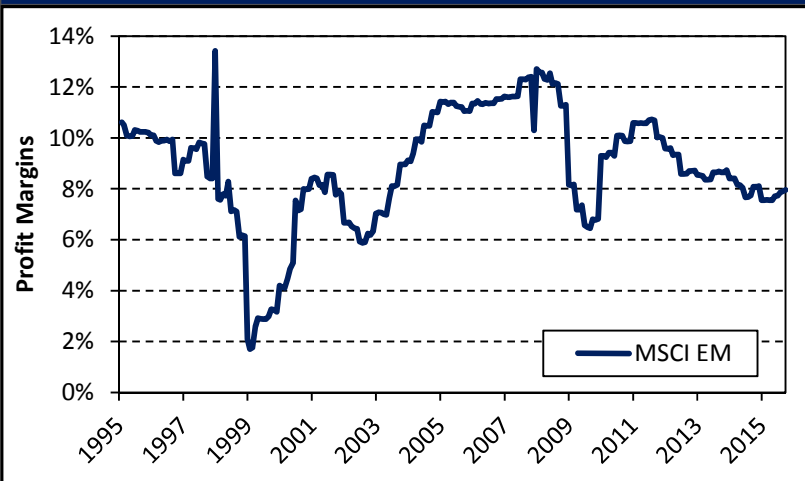
Source: Bloomberg, MSCI

### Slowing growth in major economies



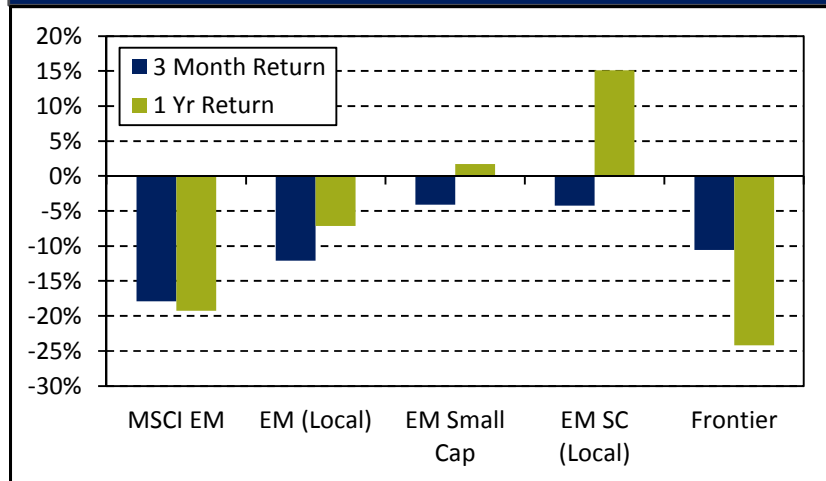
Source: Bloomberg

### Profit margins in line with history



Source: Bloomberg, MSCI

### EM returns especially negative

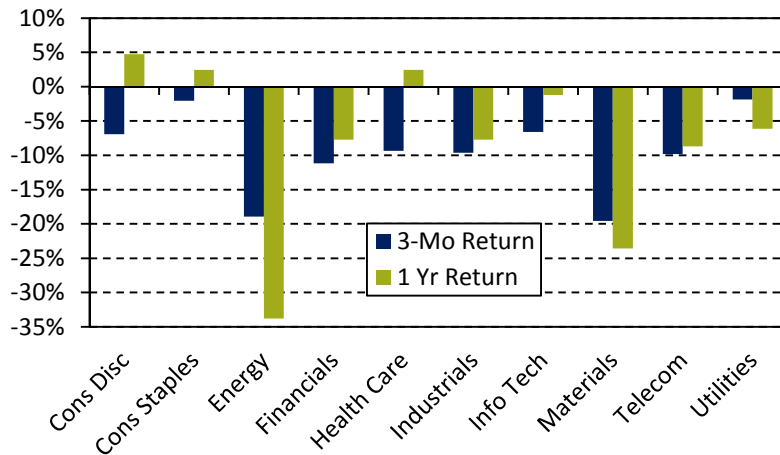


Source: Bloomberg, MSCI

# City of San Jose Police and Fire Department Retirement Plan

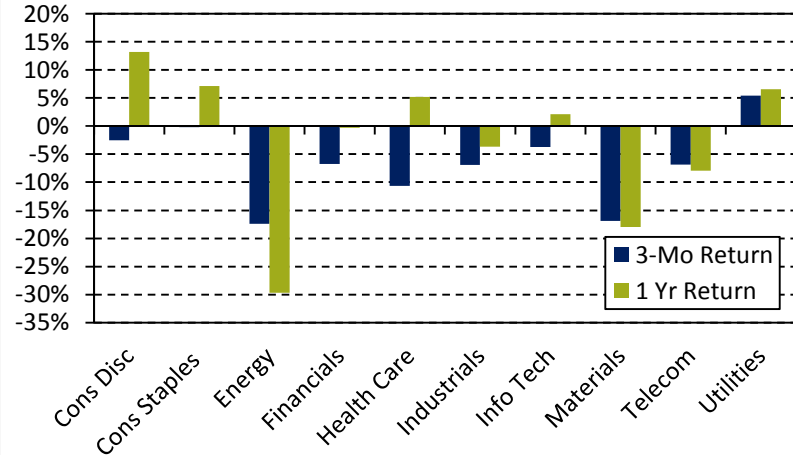
## Global Equity by Sector

### Energy returns sharply negative



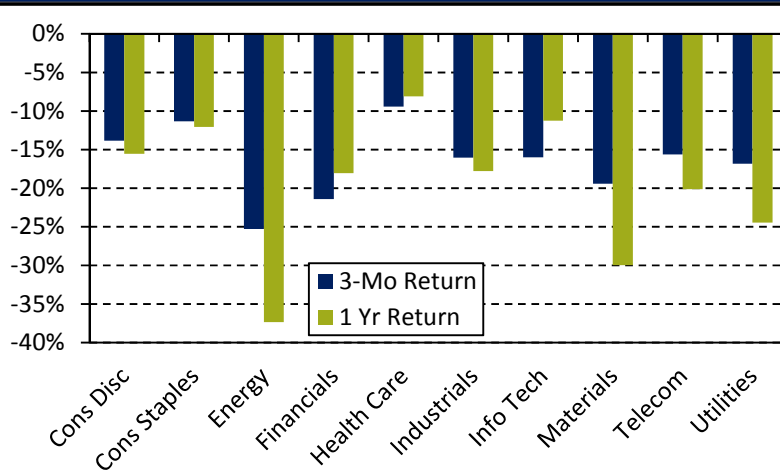
Source: Bloomberg, MSCI

### Divergence among S&P 500 sectors



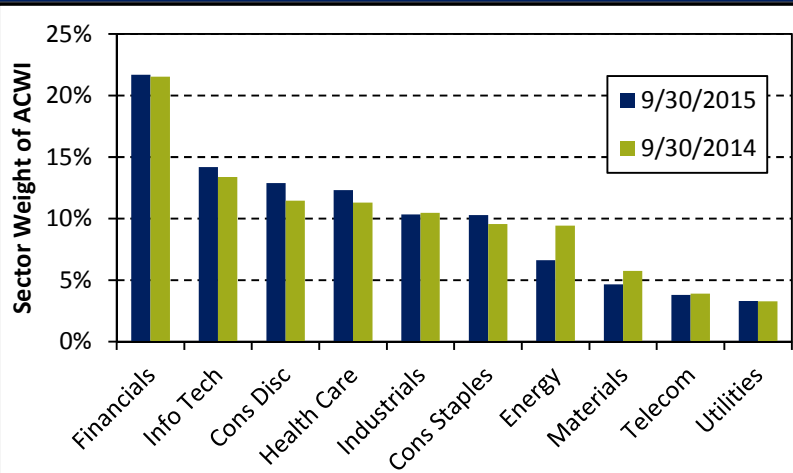
Source: Bloomberg, Standard and Poors

### Energy sensitivity especially pronounced in EM



Source: Bloomberg, MSCI

### Global energy sector weight has fallen

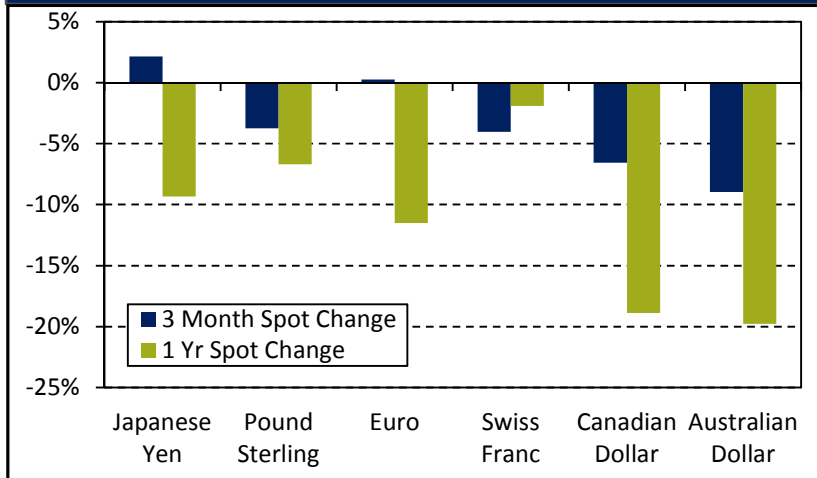


Source: Bloomberg, MSCI



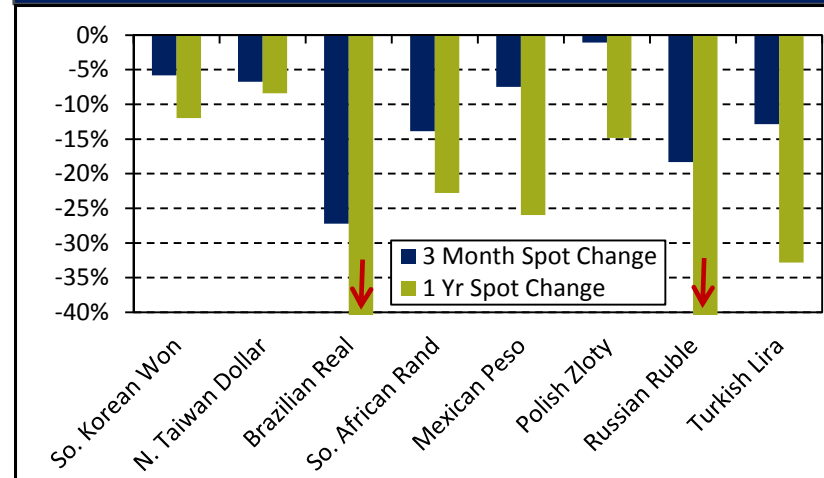
## Currencies

### Developed currencies mostly negative versus the dollar



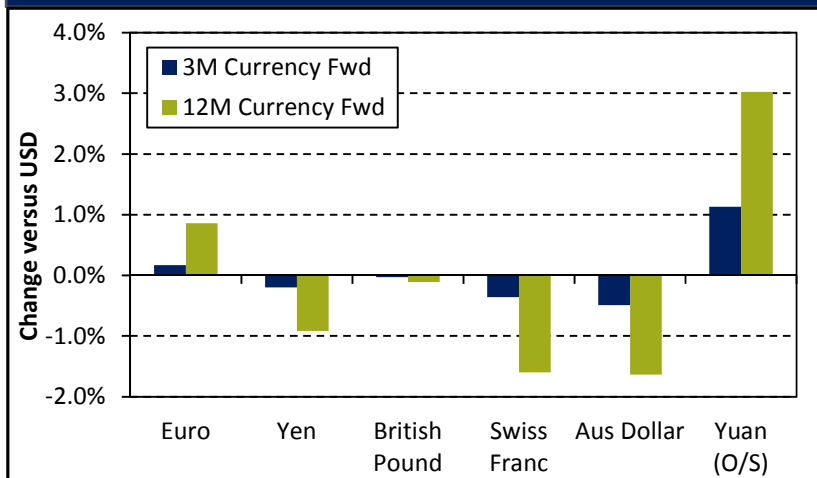
Source: Bloomberg

### EM currencies have suffered in unique fashions



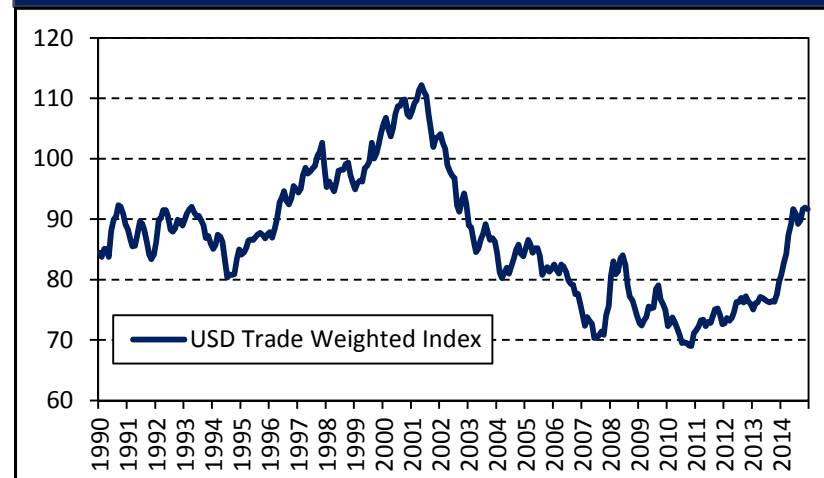
Source: Bloomberg

### Yen and GBP expected to decline versus USD



Source: Bloomberg

### Recent dollar strength pronounced

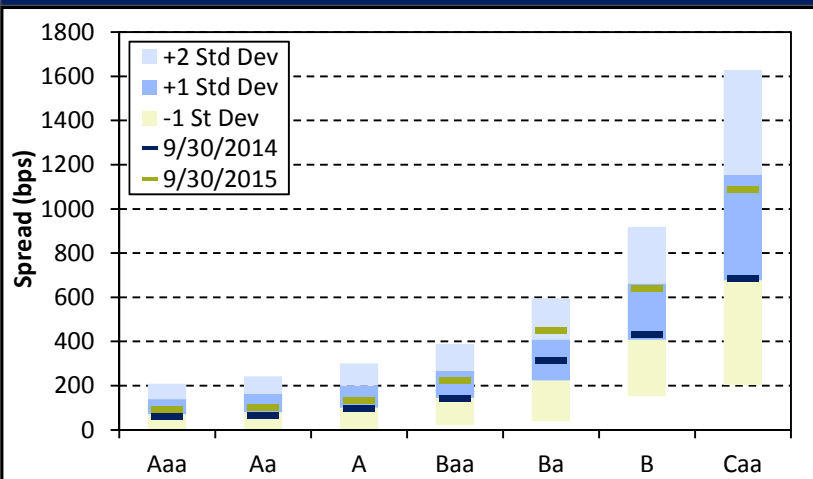


Source: Bloomberg, Federal Reserve

# City of San Jose Police and Fire Department Retirement Plan

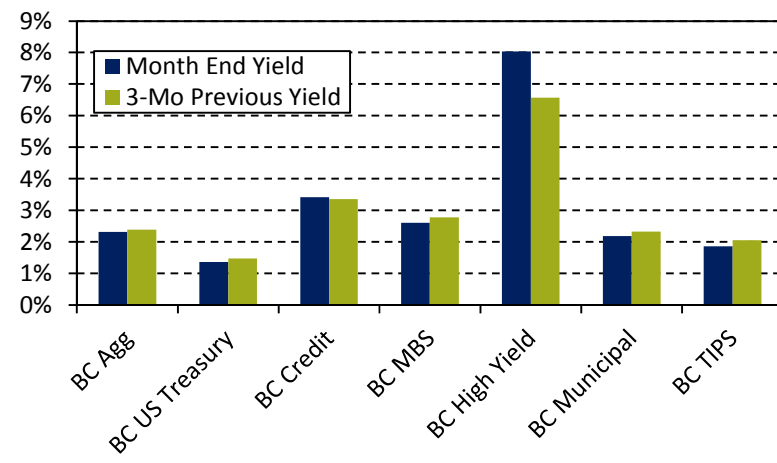
## US Fixed Income

### Spread levels drifting above historical medians



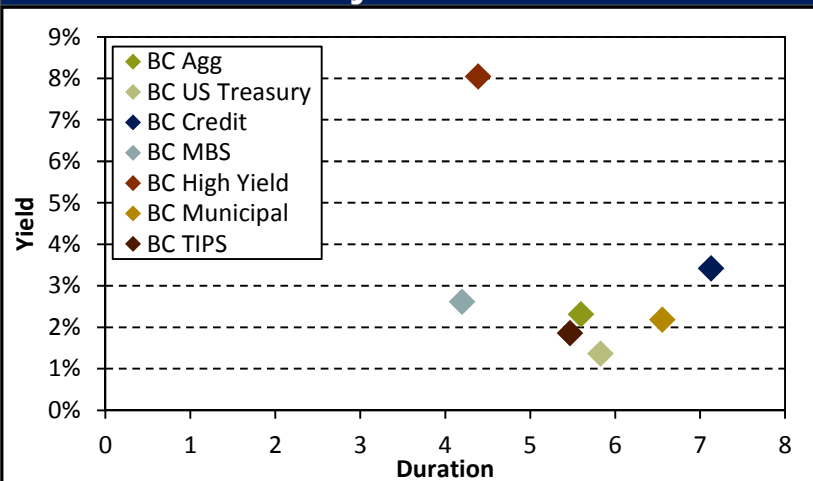
Source: Bloomberg, Barclays

### High yield spreads have increased



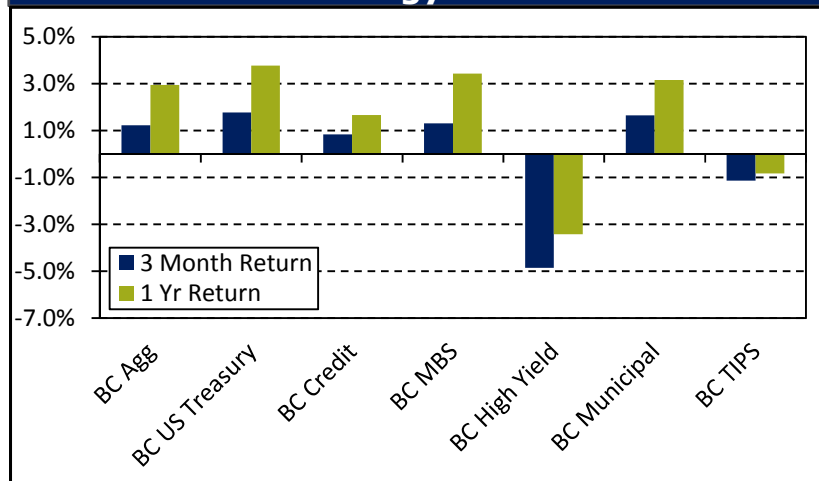
Source: Bloomberg, Barclays

### Similar yield/duration tradeoff among major US indices



Source: Bloomberg, Barclays

### Negative high yield returns driven by energy distress

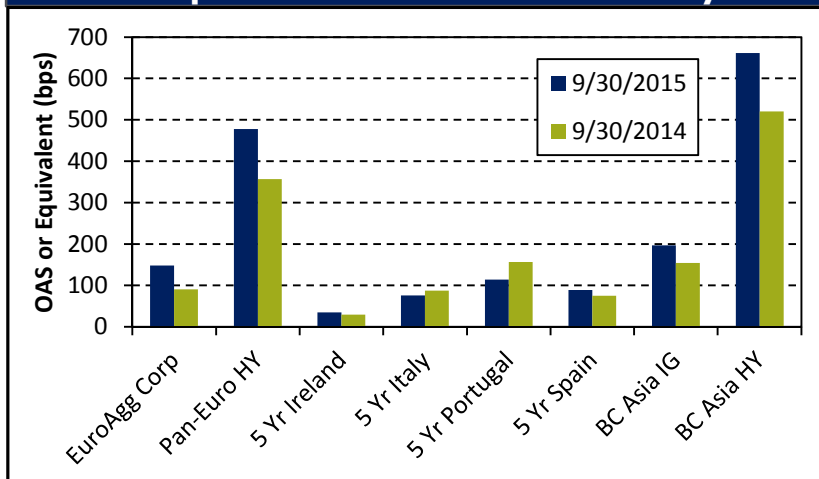


Source: Bloomberg, Barclays

# City of San Jose Police and Fire Department Retirement Plan

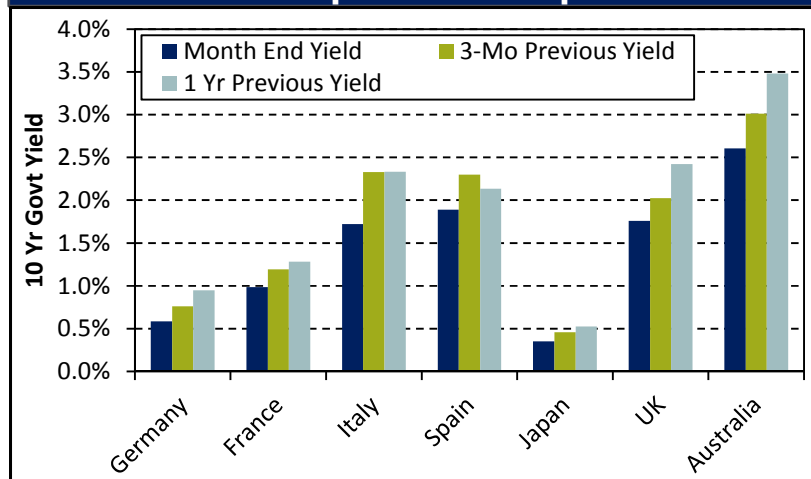
## International Developed Fixed Income

### European periphery yields at small premium relative to Germany



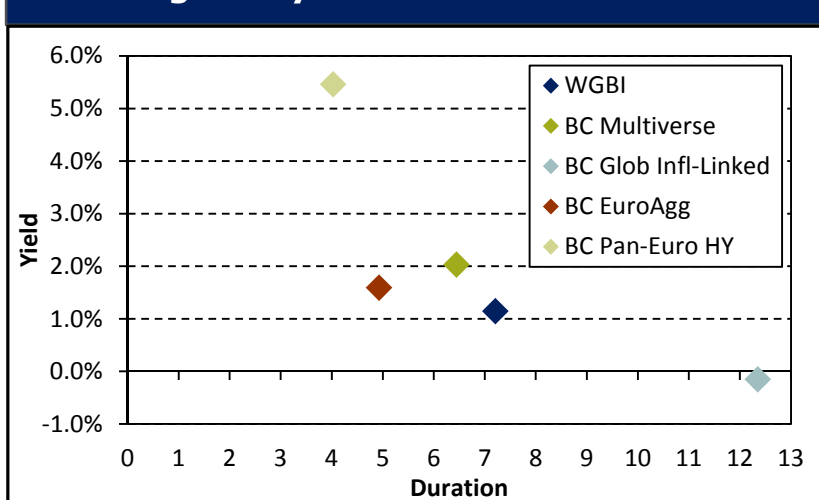
Source: Barclays, Bloomberg, \*European periphery spreads are over equivalent German Bund

### Global yields are at or near historic lows despite recent uptick



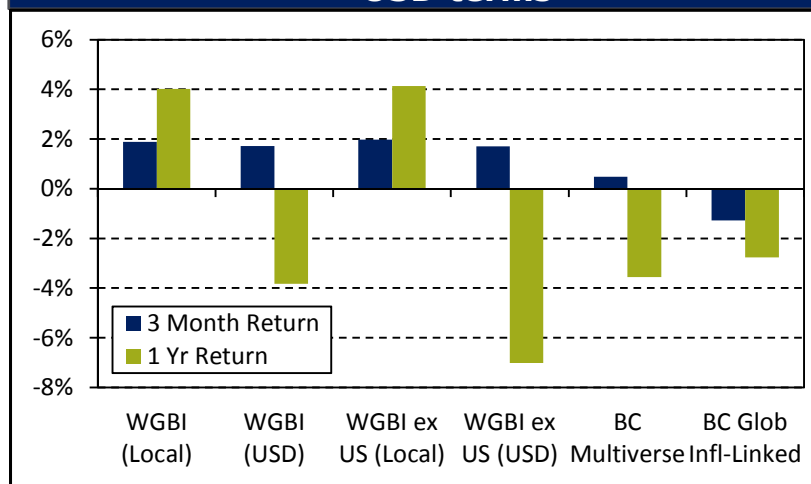
Source: Bloomberg

### Low global yields relative to duration



Source: Bloomberg, Citigroup, Barclays

### Global bonds negative over one year in USD terms



Source: Bloomberg, Citigroup, Barclays

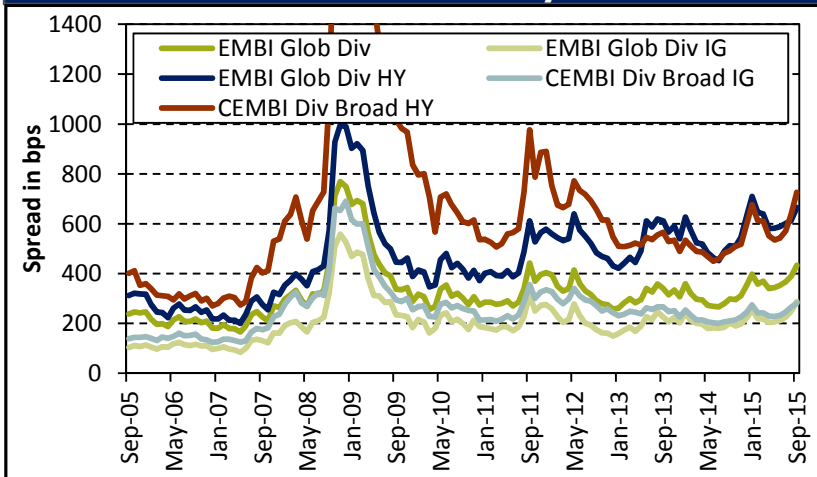


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# City of San Jose Police and Fire Department Retirement Plan

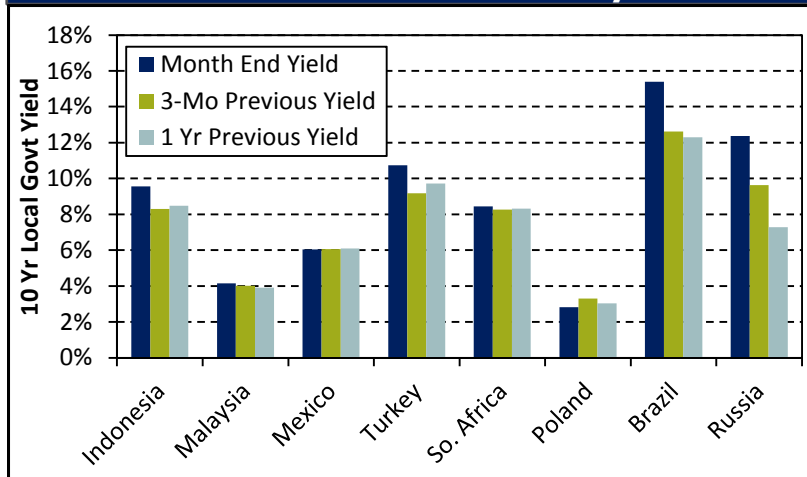
## Emerging Markets Fixed Income

### Spreads have widened slightly, still in line with history



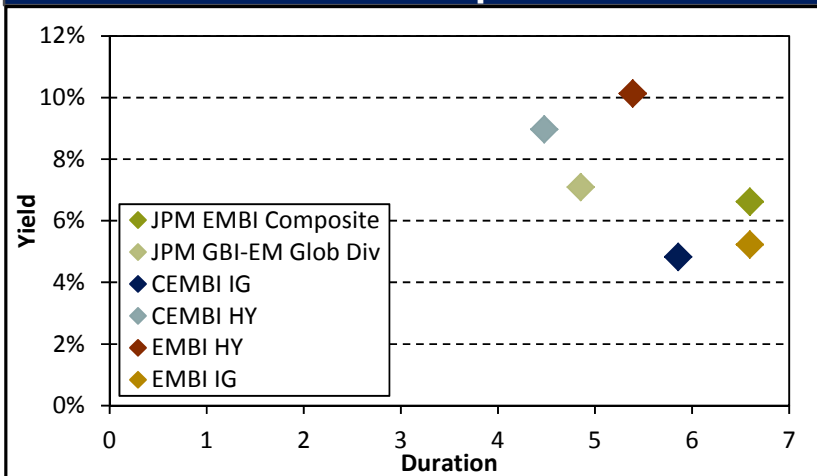
Source: Bloomberg, JP Morgan

### Emerging market bond yield changes have varied directionally



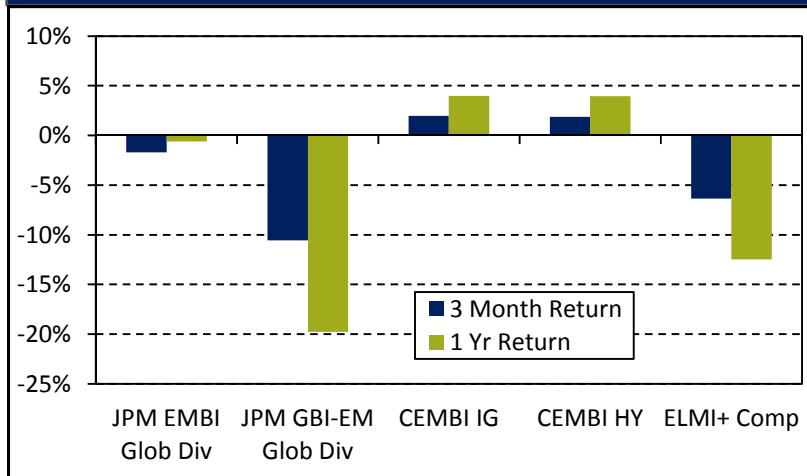
Source: Bloomberg

### EM yields higher versus global counterparts



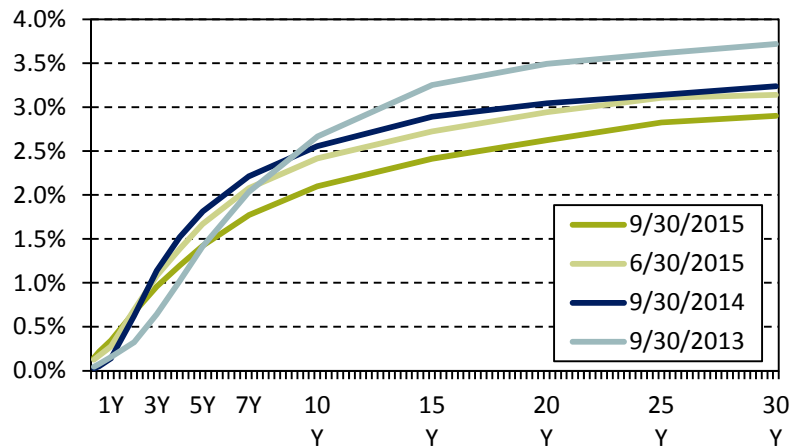
Source: Bloomberg, JP Morgan

### Currency effect pronounced in EMD returns



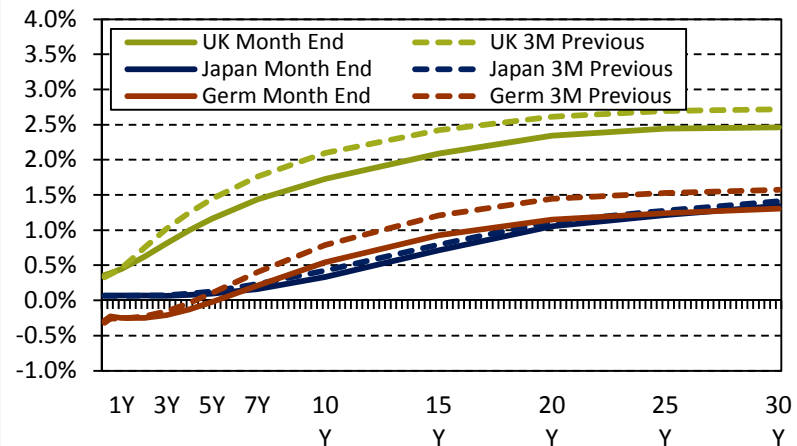
Source: Bloomberg, JP Morgan

### Treasury yield curve moderately lower versus Q2



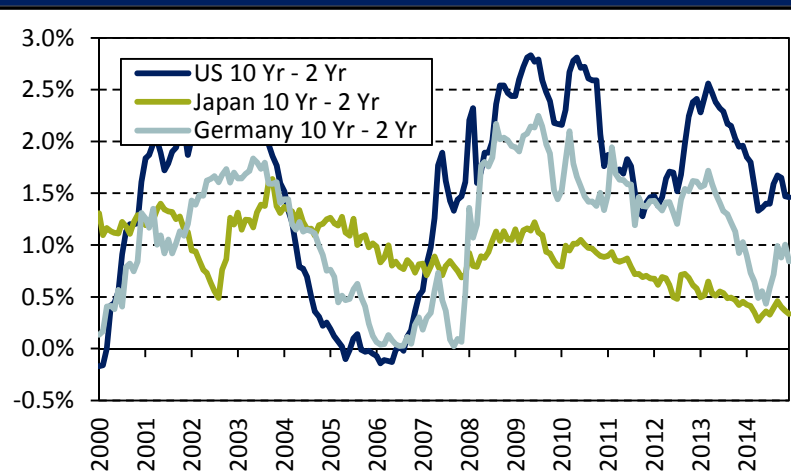
Source: Bloomberg

### German and UK curves have shifted downwards



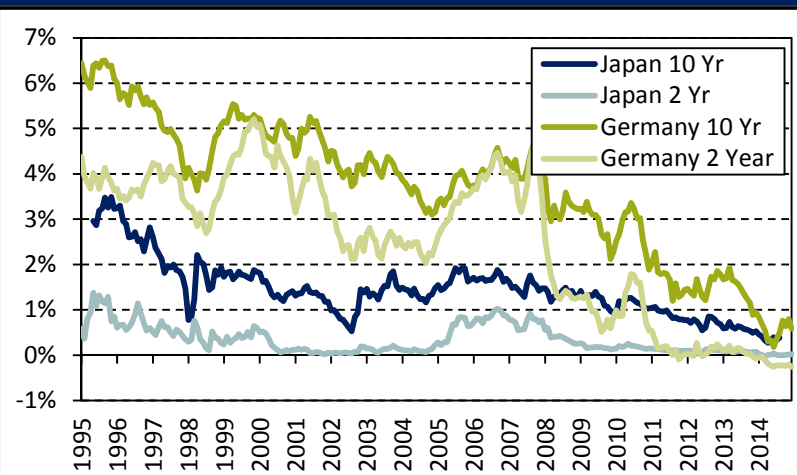
Source: Bloomberg

### Global yield curves have flattened



Source: Bloomberg

### Global yields have trended lower over long term

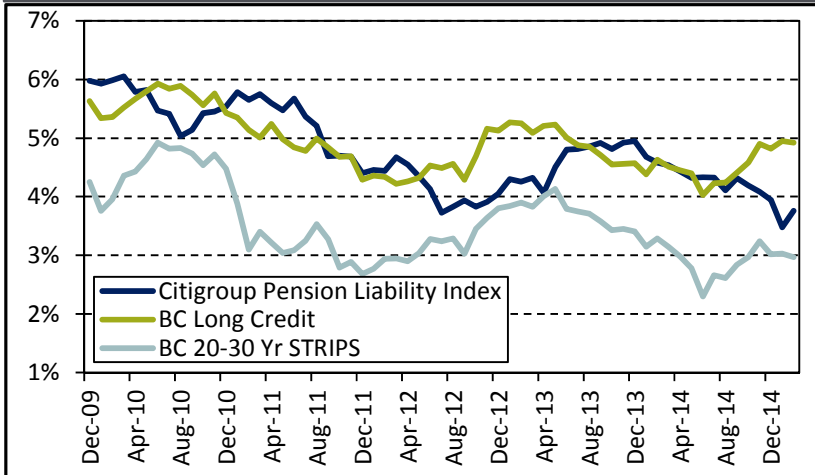


Source: Bloomberg

# City of San Jose Police and Fire Department Retirement Plan

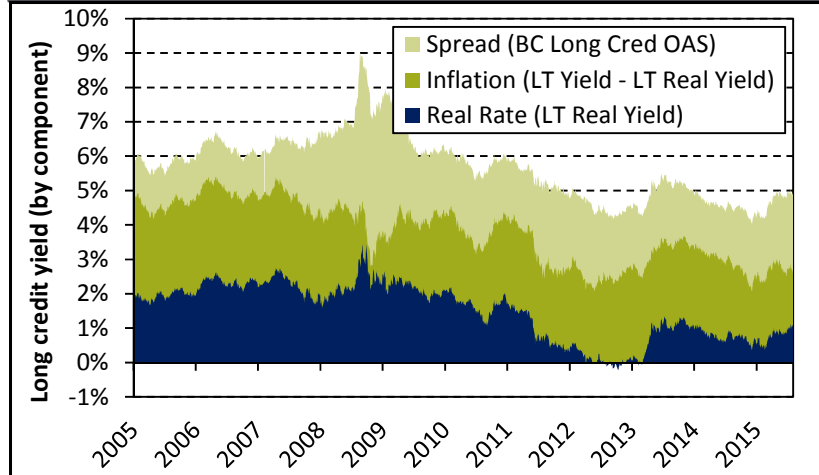
## Long Rates and Liability

### Long duration yields have fallen over last few years even with recent uptick



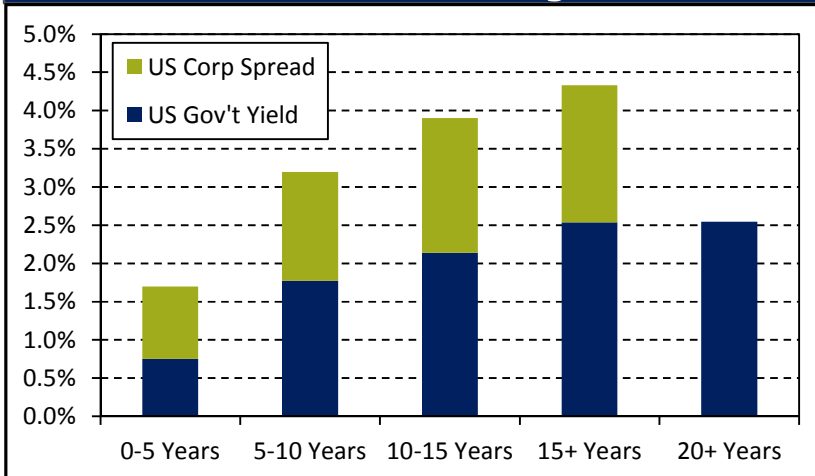
Source: Bloomberg, Citigroup, Barclays

### Lower yields driven by low inflation expectations and real rates



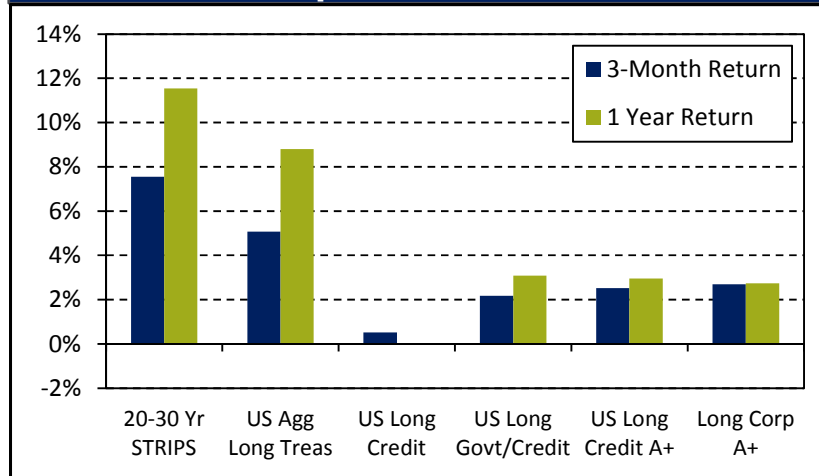
Source: Bloomberg, US Treasury, Barclays, NEPC

### Yields are low but spreads slightly above historic averages



Source: Bloomberg, BofA Merrill Lynch, Barclays \*No index for 20+ year corporate

### Recent compression in rates has lead to positive returns

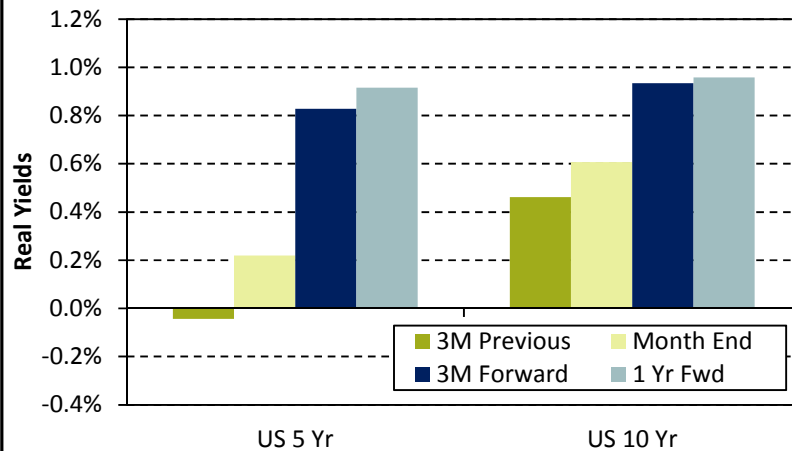


Source: Bloomberg, Barclays

# City of San Jose Police and Fire Department Retirement Plan

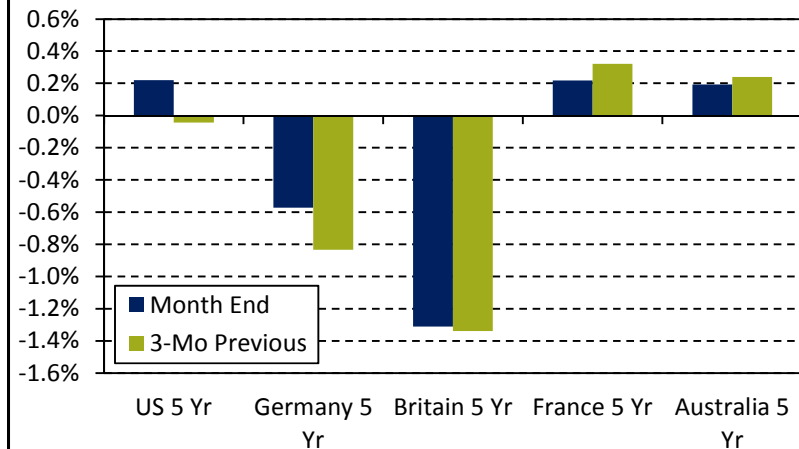
## Inflation and Real Rates

### US real yields have risen slightly



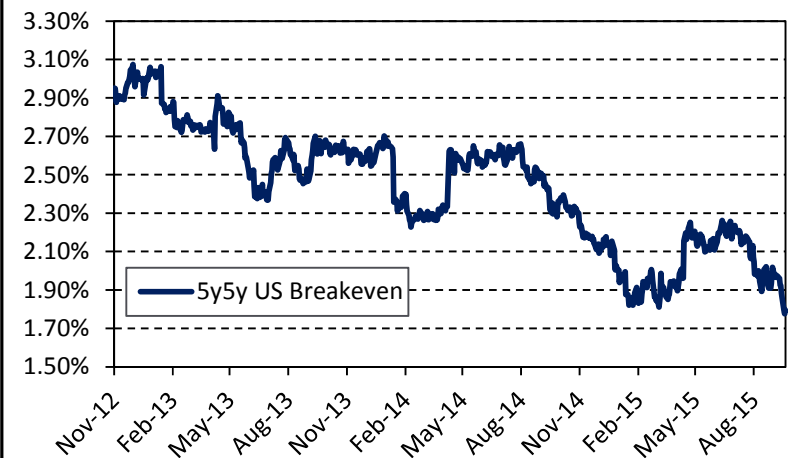
Source: Bloomberg

### Global real yields are flat to negative



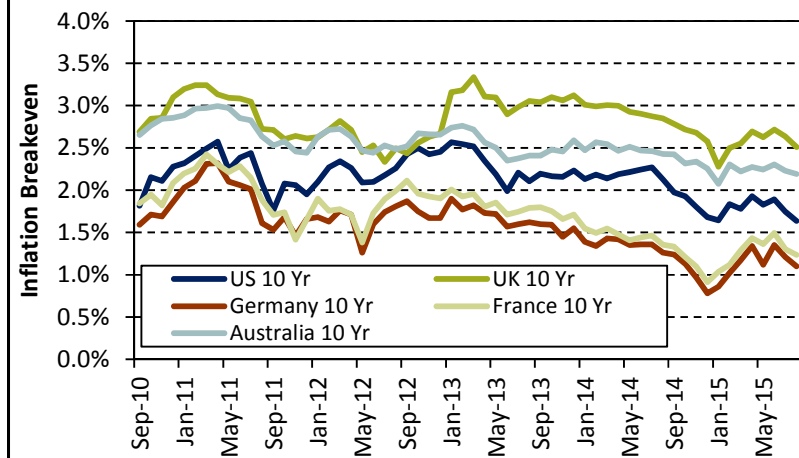
Source: Bloomberg

### US inflation expectations on downward trend



Source: Bloomberg

### Global inflation expectations remain subdued

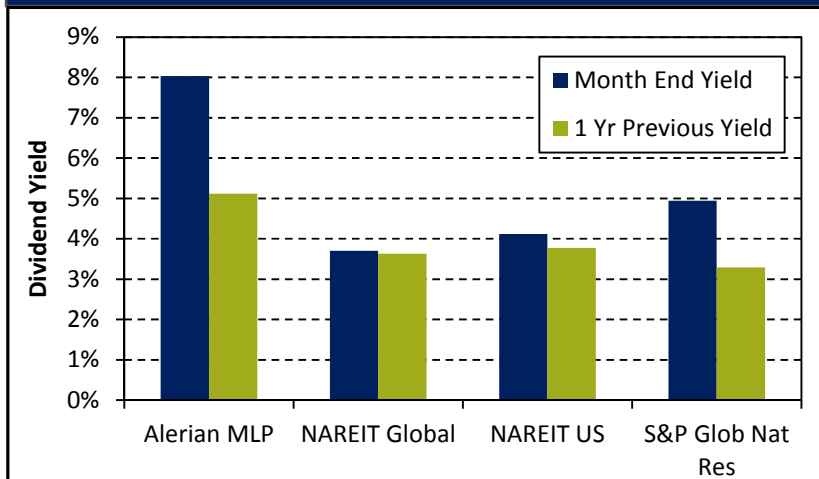


Source: Bloomberg

# City of San Jose Police and Fire Department Retirement Plan

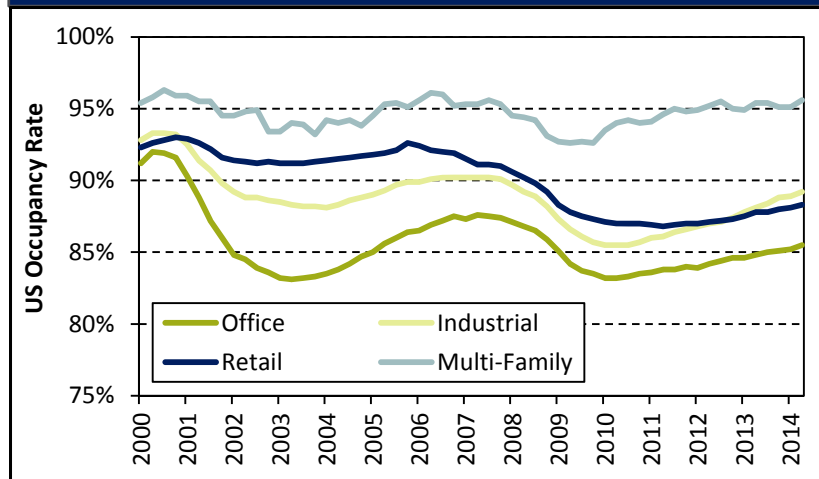
## Inflation Sensitive Growth Assets

### Yields slightly higher relative to last year



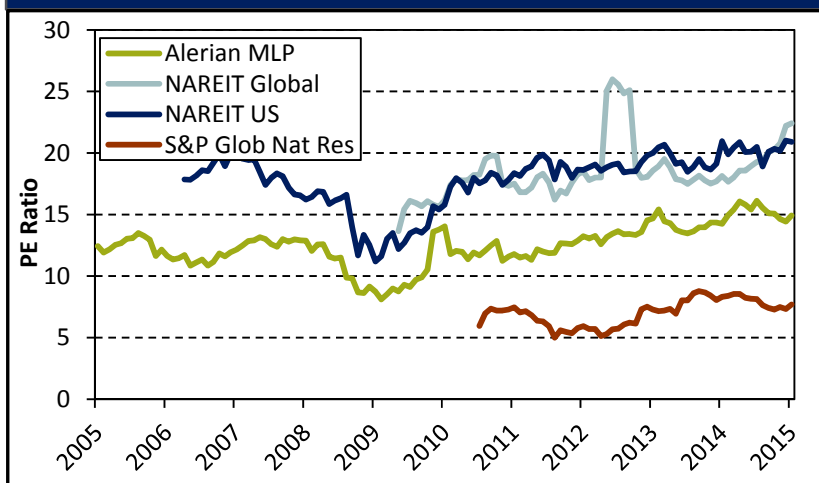
Source: Bloomberg, Alerian, Nareit, Standard and Poors

### Gradual recovery in occupancy rates



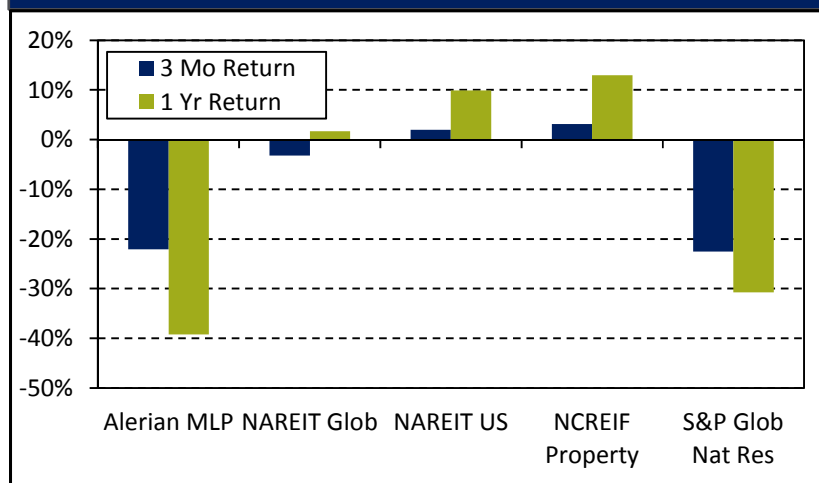
Source: Bloomberg, CB Richard Ellis

### PE Ratios near or above averages



Source: Bloomberg, US Census Bureau

### Recent REIT selloff has cut into long rally

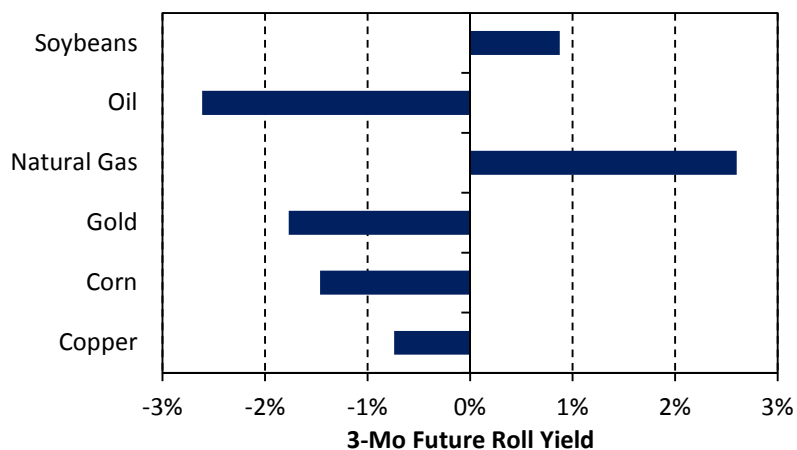


Source: Bloomberg, Alerian, Nareit, Standard and Poors



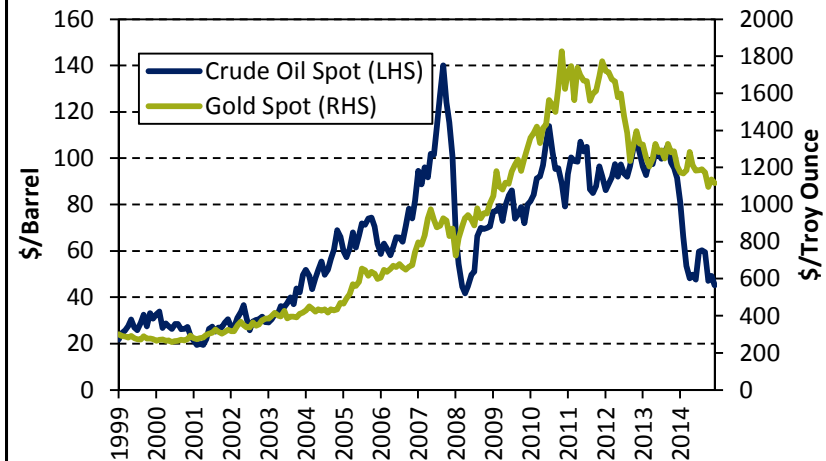
## Commodities

### Negative roll yields in major commodity futures



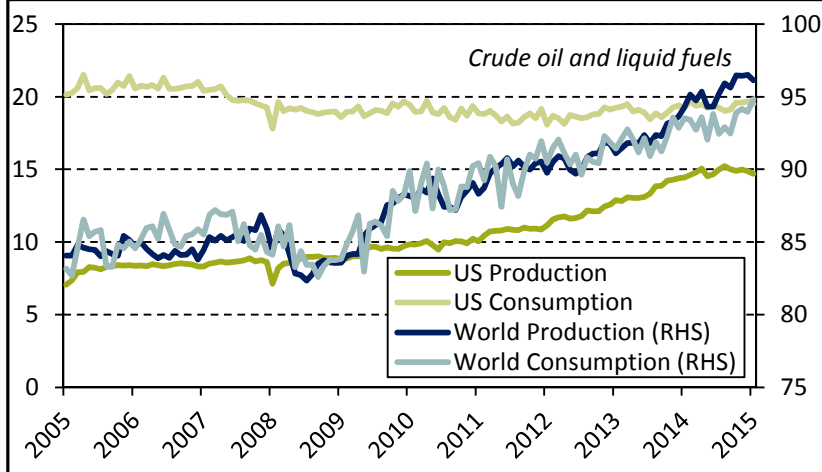
Source: Bloomberg

### Precipitous fall in oil prices



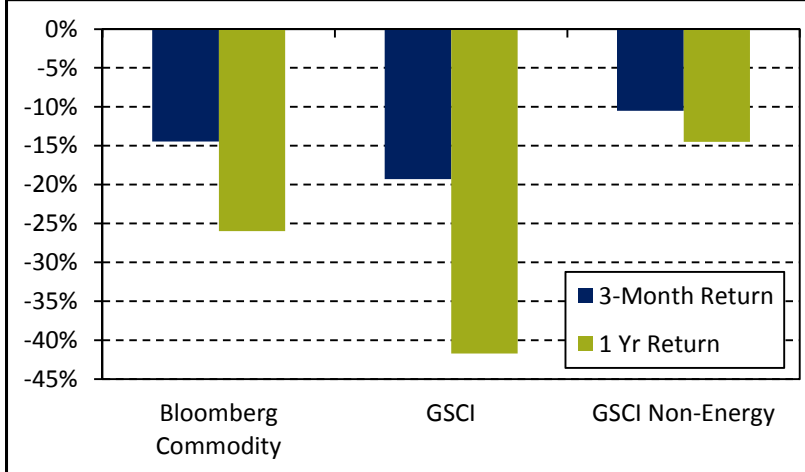
Source: Bloomberg

### US fuel production closing gap with consumption



Source: Bloomberg, US Department of Energy \*Crude oil and liquid fuels

### Commodity indices negative after oil-induced decline



Source: Bloomberg, Standard and Poors

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- **The goal of this report is to provide a basis for monitoring financial markets. The opinions presented herein represent the good faith views of NEPC as of the date of this report and are subject to change at any time.**
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- For managers funded in the middle of a month, the "since inception" return will start with the first full month, although actual inception dates and cash flows are taken into account in all Composite calculations.
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