



NEPC, LLC

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

### **Investment Performance Analysis For the period ending March 31, 2016**

June 28, 2016

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# Market Environment Update and Outlook



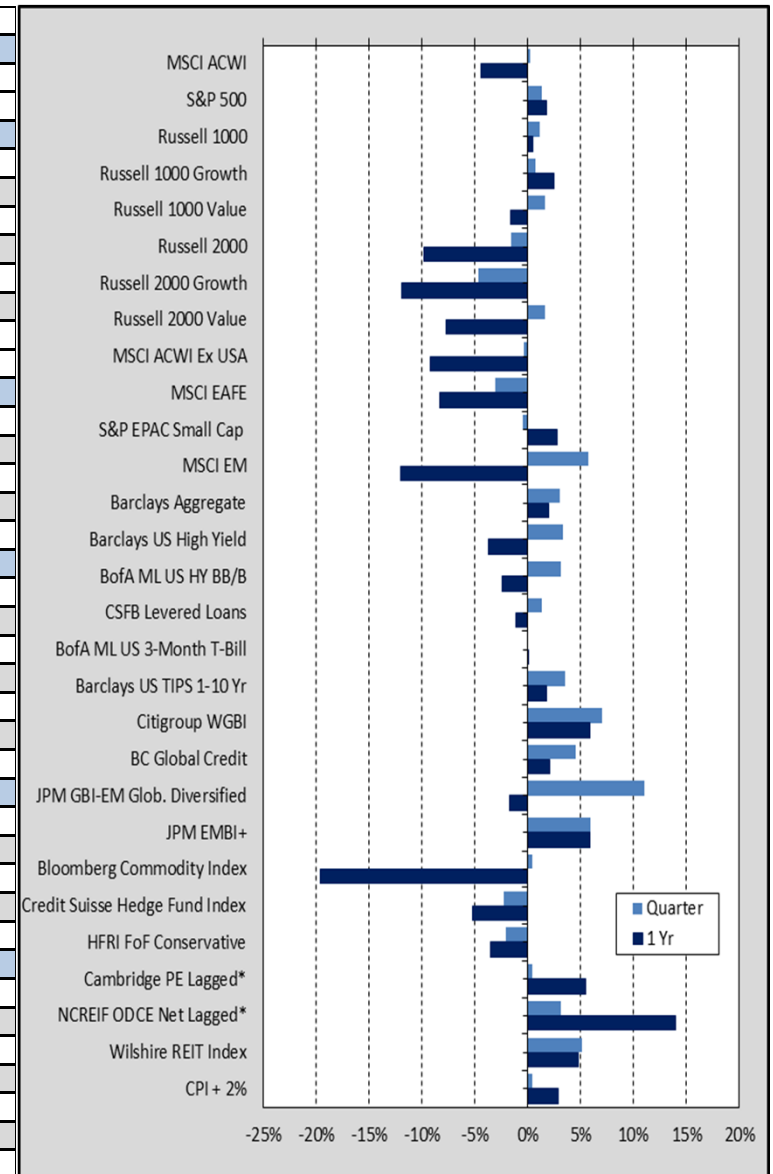
## Economic Environment

- **First quarter GDP growth (second estimate) reported at 0.8%.**
  - Retail sales ended February at +3.1% on a year-over-year growth rate basis. In the same period last year the YoY growth rate was 1.2%.
  - The inventory-to-sales ratio ended February was flat at 1.4 and has remained relatively flat since early 2010.
  - Corporate profits (ended October) as a percent of GDP declined slightly to 9.3% from 9.9% and remain elevated relative to historical levels.
  - The U.S. trade deficit widened 2.6% in February due to increased imports.
- **The unemployment rate remained unchanged at 5.0% in Q1; U-6, a broader measure of unemployment, fell to 9.8% during the first quarter.**
- **The Case-Shiller Home Price Index (ended January) increased slightly to 175.4 from 175.3 in September and is higher than that of pre-financial crisis levels of 150.9.**
- **Rolling 12-month seasonally adjusted CPI increased to 0.8% from 0.06% at the end of December; Capacity Utilization decreased to 74.8 in March from 75.4% in December.**
- **Fed Funds rate was unchanged at 0.50%. The 10-year Treasury Yield (constant maturity) finished Q1 at 1.9% down from 2.2% ended December.**
- **The Fed balance sheet decreased slightly during Q1 2016, while the European Central Bank balance sheet continues to increase.**
  - ECB cut interest rates to -0.4% and expanded asset purchases from €60 billion to €80 billion per month.
- **S&P valuations decreased in March remaining above the 10-year and long-term averages**
  - Cyclically adjusted Shiller PE ratio (25.38x) is above the long-term average of 16.6x and above the 10-year average of 22.8x.
- **Global currencies strengthened against the dollar amid commodity price stabilization and investor confidence.**

# City of San Jose Police and Fire Department Retirement Plan

## Market Environment - Q1 2016 Performance Summary

		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>World Equity Benchmarks</b>						
MSCI ACWI	World	0.2%	-4.3%	5.5%	5.2%	4.1%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Domestic Equity Benchmarks</b>						
S&P 500	Large Core	1.3%	1.8%	11.8%	11.6%	7.0%
Russell 1000	Large Core	1.2%	0.5%	11.5%	11.4%	7.1%
Russell 1000 Growth	Large Growth	0.7%	2.5%	13.6%	12.4%	8.3%
Russell 1000 Value	Large Value	1.6%	-1.5%	9.4%	10.2%	5.7%
Russell 2000	Small Core	-1.5%	-9.8%	6.8%	7.2%	5.3%
Russell 2000 Growth	Small Growth	-4.7%	-11.8%	7.9%	7.7%	6.0%
Russell 2000 Value	Small Value	1.7%	-7.7%	5.7%	6.7%	4.4%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>International Equity Benchmarks</b>						
MSCI ACWI Ex USA	World ex-US	-0.4%	-9.2%	0.3%	0.3%	1.9%
MSCI EAFE	Int'l Developed	-3.0%	-8.3%	2.2%	2.3%	1.8%
S&P EPAC Small Cap	Small Cap Int'l	-0.4%	2.8%	7.9%	5.9%	4.5%
MSCI EM	Emerging Equity	5.7%	-12.0%	-4.5%	-4.1%	3.0%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Domestic Fixed Income Benchmarks</b>						
Barclays Aggregate	Core Bonds	3.0%	2.0%	2.5%	3.8%	4.9%
Barclays US High Yield	High Yield	3.4%	-3.7%	1.8%	4.9%	7.0%
BofA ML US HY BB/B	High Yield	3.1%	-2.4%	2.5%	5.2%	6.5%
CSFB Levered Loans	Bank Loans	1.3%	-1.1%	2.2%	3.5%	4.0%
BofA ML US 3-Month T-Bill	Cash	0.1%	0.1%	0.1%	0.1%	1.1%
Barclays US TIPS 1-10 Yr	Inflation	3.6%	1.8%	-0.7%	1.9%	4.0%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Global Fixed Income Benchmarks</b>						
Citigroup WGBI	World Gov. Bonds	7.1%	5.9%	0.5%	1.2%	4.2%
BC Global Credit	Global Bonds	4.6%	2.1%	1.6%	3.3%	4.8%
JPM GBI-EM Glob. Diversified	Em. Mkt. Bonds (Local)	11.0%	-1.6%	-6.7%	-2.0%	5.0%
JPM EMBI+	Em. Mkt. Bonds	5.9%	5.9%	2.8%	6.1%	7.1%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Alternative Benchmarks</b>						
Bloomberg Commodity Index	Commodity	0.4%	-19.6%	-16.9%	-14.1%	-6.2%
Credit Suisse Hedge Fund Index	Hedge Fund	-2.2%	-5.2%	2.4%	2.7%	4.2%
HFRI FoF Conservative	Fund of Funds	-2.0%	-3.5%	2.1%	1.7%	1.4%
Cambridge PE Lagged*	Private Equity	0.4%	5.5%	12.5%	12.5%	11.4%
NCREIF ODCE Net Lagged*	Real Estate	3.1%	14.0%	12.8%	12.6%	5.6%
Wilshire REIT Index	REIT	5.2%	4.8%	11.1%	12.1%	6.3%
CPI + 2%	Inflation/Real Assets	0.4%	2.9%	2.8%	3.3%	3.8%



\* As of 12/31/2015

### **Global Equity**

- **U.S. equities posted modest gains in the first quarter (+1.3%) rallying in March after a rocky beginning to 2016.**
- **Small cap stocks trailed large cap stocks during the quarter, with the Russell 2000 Index returning -1.5% and the Russell 1000 Index returning +1.2%.**
- **Non-U.S. equities trailed U.S. equities during the quarter, returning -0.4%, as measured by the MSCI ACWI ex-U.S. Index.**
  - International developed markets returned -3.0% as measured by the MSCI EAFE Index.
  - Emerging markets returned +5.7% as measured by the MSCI Emerging Markets Index.

### **Private Equity**

- **Private equity fundraising totaled \$130.5 billion in Q1 2016.**
- **Buyout and Special Situations fundraising totaled \$48.1 billion during the first quarter.**
  - 55% of fundraising activity occurred in North America, 42% in Europe and 2.7% in Asia/Emerging Markets.
- **Venture capital fundraising totaled \$9.2 billion.**
  - VC fundraising as a percent of total new PE funds is in line with historical post-dot com levels at approximately 14%.
- **Fund of fund and multi-manager co-investment fundraising totaled \$7.8 billion.**
- **Growth equity fundraising totaled \$3.4 billion.**

**Fixed Income**

- **The yield curve shifted down for maturities greater than 6 months. Intermediate yields decreased by 44-49 basis points and long duration yields decreased by 40 basis points.**
- **The spread between two- and ten-year rates decreased to 105 basis points.**
- **Treasury Inflation-Protected Securities, or TIPS, returned +3.6% during the quarter, as measured by the Barclays U.S. TIPS 1-10 Yr Index.**
- **The Barclays Long Duration Credit Index gained +6.8% as the long end of the curve ended the quarter 40 basis points lower.**
- **Long Treasuries gained +8.5% and investment grade corporate debt gained +3.0%.**
- **The Barclays 1-3 year Government/Credit Index returned +1.0% and U.S. high yield bonds gained +3.4%.**
- **Emerging markets debt gained broadly and were especially pronounced in local currency as relative dollar weakness spurred strong gains.**
  - U.S. dollar-denominated debt, as measured by the JP Morgan EMBI Index, gained +5.9%; local currency debt gained +11.0%, according to the JP Morgan GBI-EM Index.

### **Commodities**

- **Commodities ended the quarter with gains of +0.5% as measured by the Bloomberg Commodity Index.**
  - Volatility continued in oil markets as price discovery continues into 2016 with oil reaching multi-year lows in February and experiencing a sharp rebound in March.
  - Precious metals were the best performing group, appreciating nearly +9.5% on average.

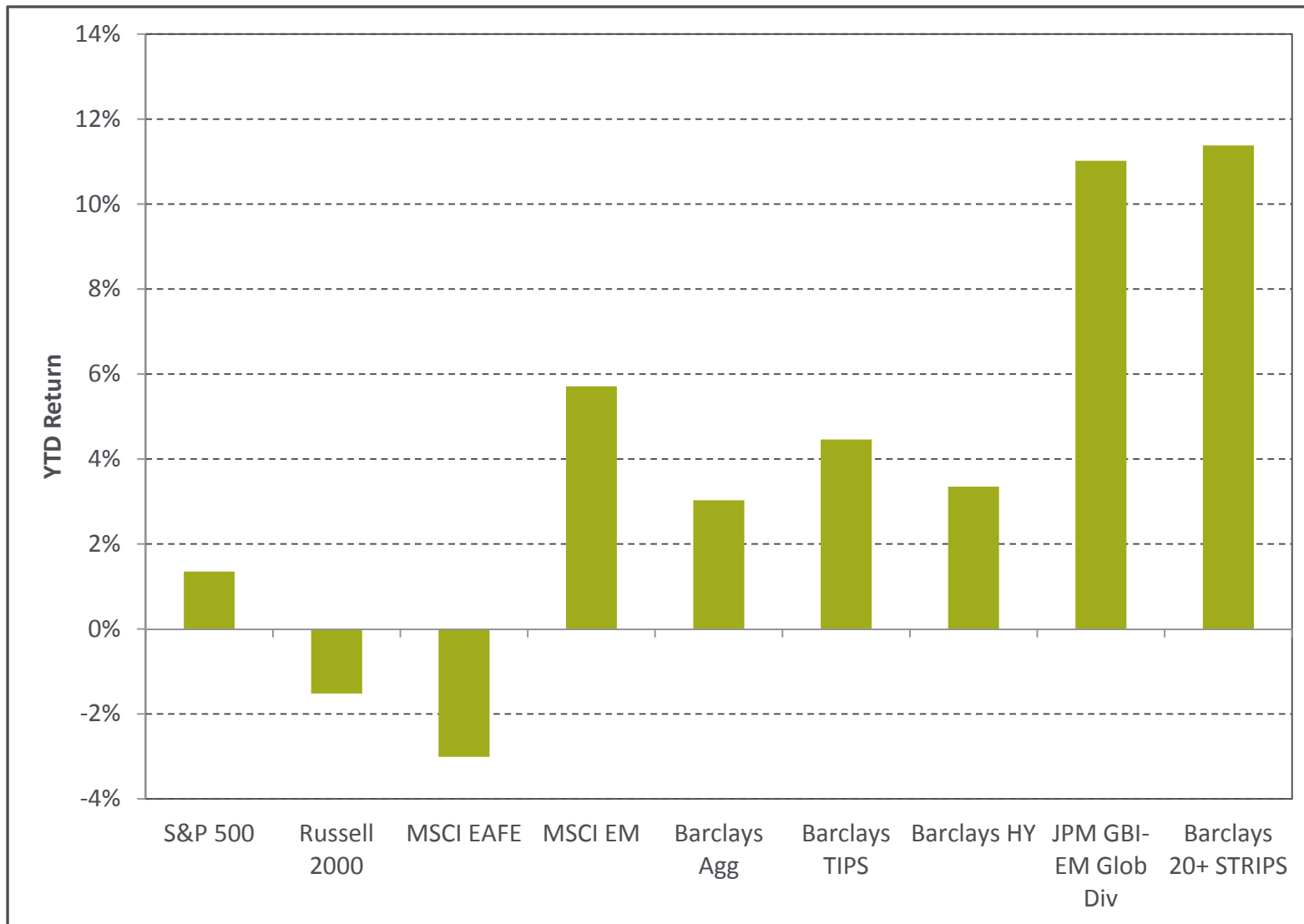
### **Real Estate**

- **NEPC continues to be neutral on core real estate in the U.S. and remains positive on non-core real estate, that is, value-add and opportunistic strategies.**
- **Within U.S. core real estate, strong fundamentals continue to be the story along with attractive income spreads relative to interest rates.**
  - 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.
- **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.

### **Real Assets/Inflation-Linked Assets**

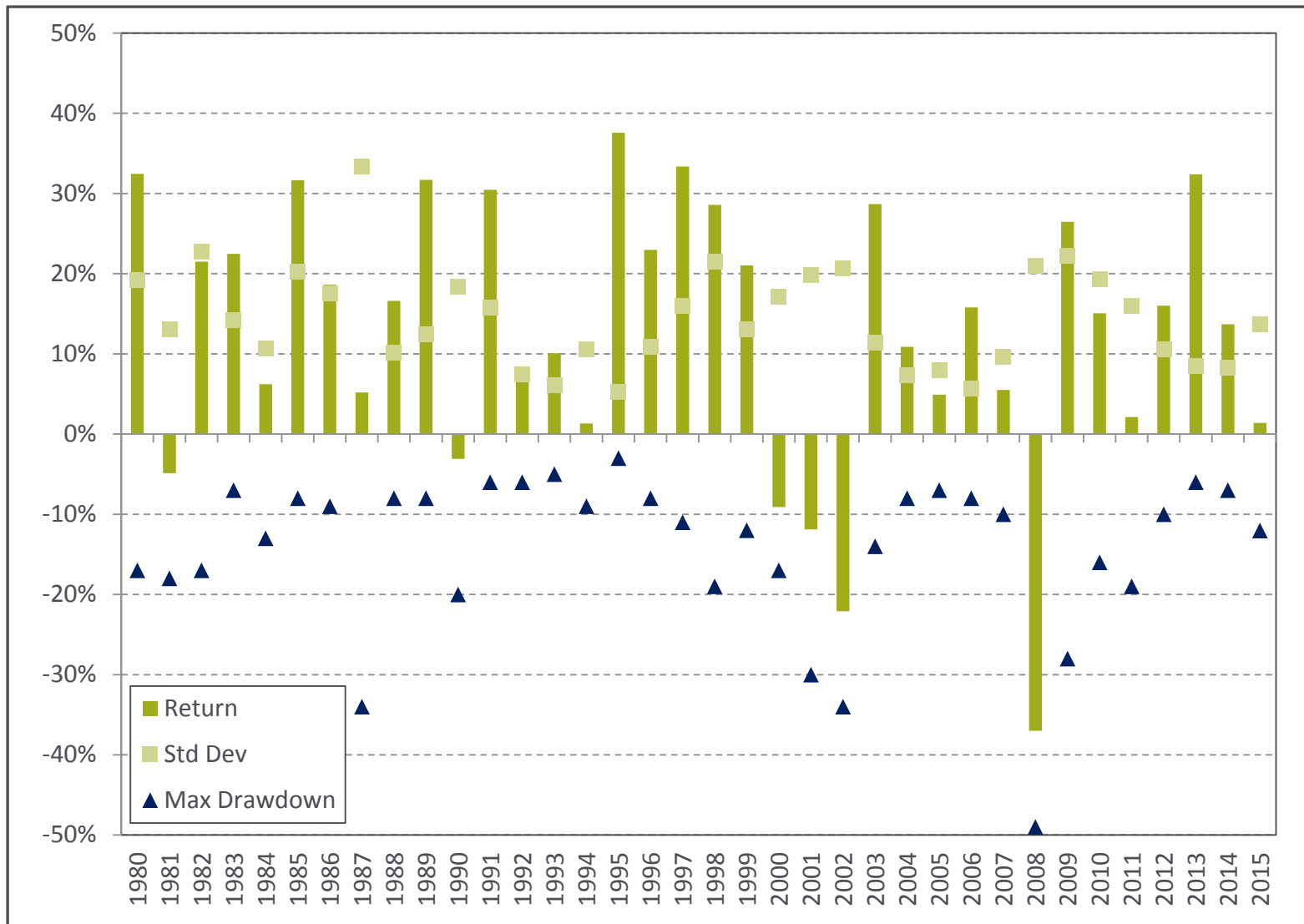
- **Massive energy market dislocation.**
  - Seek inflation sensitive asset classes that offer positive yield
  - Oil prices stabilizing and remain low
  - Private equity and private debt opportunities may be relatively attractive
  - Potential for public stressed/distressed credit, equity and commodity plays
- **OPEC, Saudi Arabia and oil producing countries continue to show a willingness to allow lower oil prices to persist in efforts to cement market share and reduce marginal supply.**
- **Select infrastructure opportunities showing signs of being attractive.**
  - Target opportunistic strategies in niche sub-sectors to take advantage of market dislocations
  - Secular opportunities may exist within the shipping industry as traditional financing sources (both debt and equity) are less abundant
- **Timber opportunities remain elusive**
  - Income yields (net) are low as assets are predominantly traded between like-minded institutions
  - Private strategies are illiquid and constrain quick entrance/exit (i.e. long-term lock-up)
  - Liquid strategies have limited pure timber exposure (and limited active-play options)





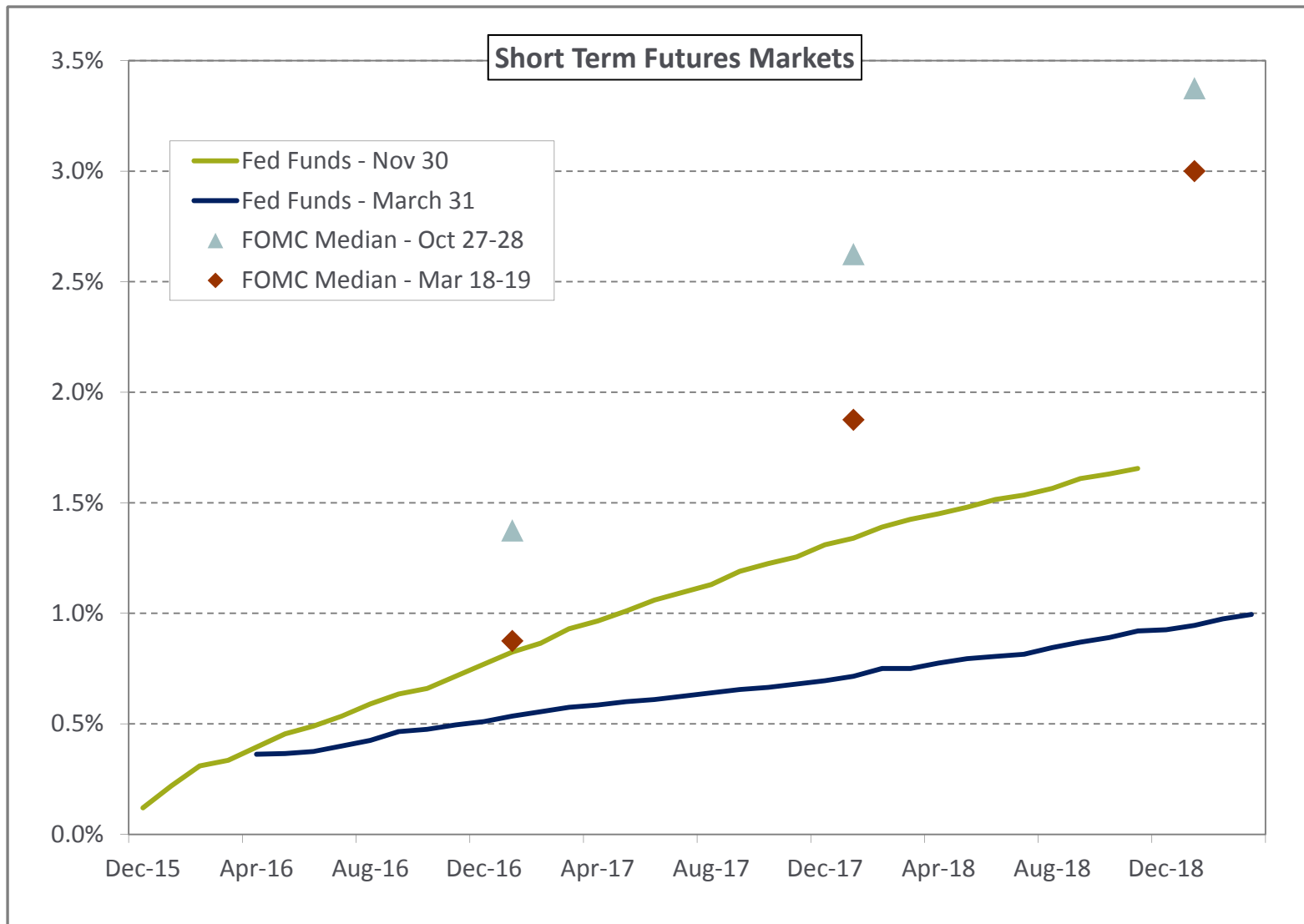
Source: Morningstar Direct

## S&P 500 Intra-Year Drawdowns of Recent Magnitude Relatively Common



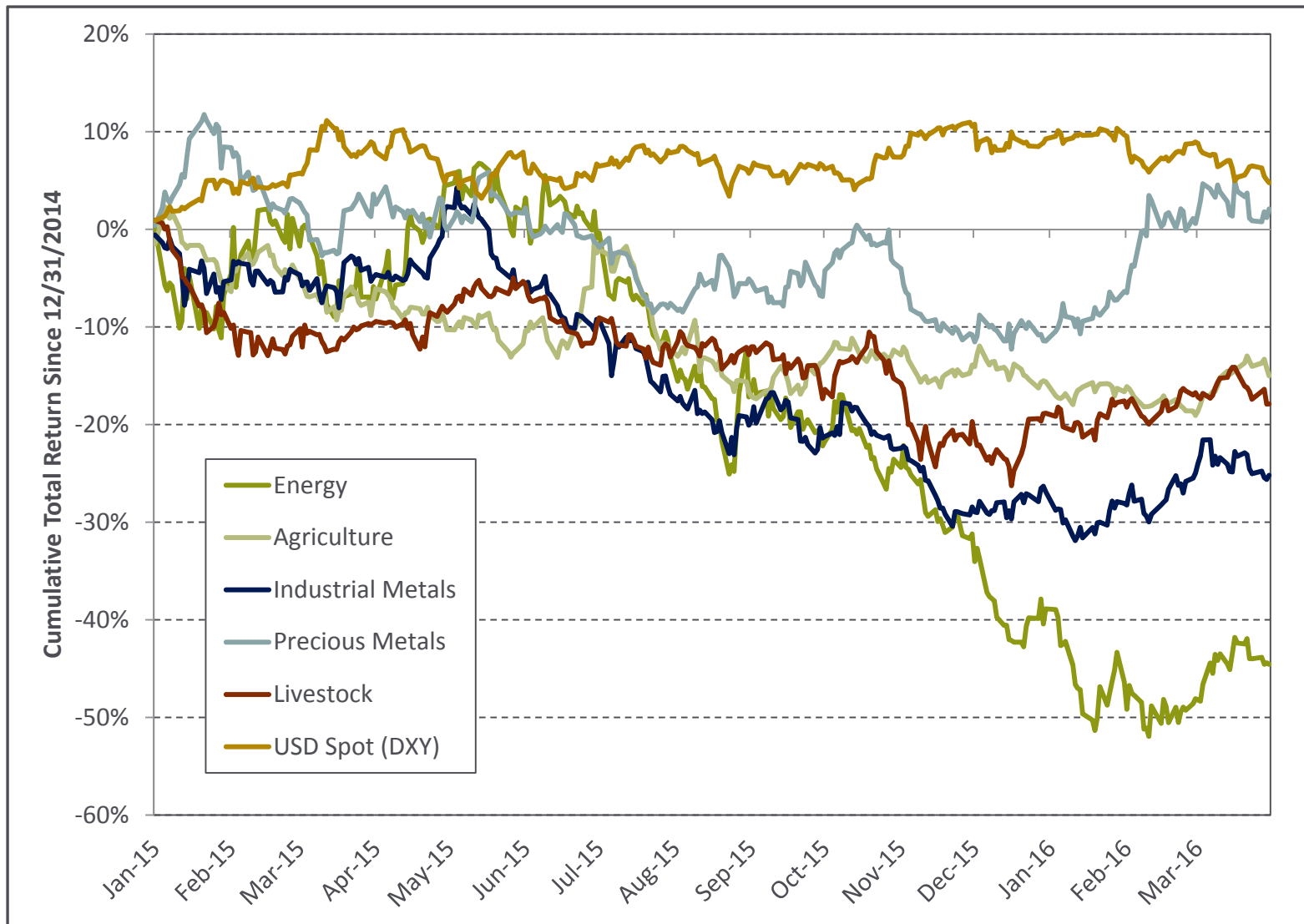
Source: Standard & Poors, Bloomberg

## Fed Funds Curve and FOMC Appropriate Pace of Policy Firming Has Moderated



Source: Federal Reserve, Bloomberg

## Stabilizing Commodity Returns are Positive for Emerging Markets



Source: Bloomberg

- **Prospects of low U.S. core bond returns warrant a more positive tilt to U.S. equity, particularly following sell-offs**
  - Macro policy remains supportive but corporate earnings quality is deteriorating
  - Lower returns expected but pockets of opportunity can be found in U.S. equity and credit
- **Overweight non-U.S. developed markets equities**
  - Central bank support and dollar strength provide a positive economic backdrop
  - Small cap equities offer purest opportunity to benefit from local earnings recovery
  - EAFE equity markets offer the potential for strong returns relative to U.S. equities
- **Overweight emerging markets small-cap and consumer-focused strategies relative to broad equity mandates**
  - Valuations and long-term fundamentals suggest a strategic overweight
  - China uncertainty, dollar pressure and idiosyncratic country risks temper excitement
- **Seek tactical fixed income strategies but preserve duration exposure**
  - U.S. duration continues to have a role in a diversified and risk-aware portfolio
  - TIPS offer an attractive duration profile with inflation expectations at secular lows
  - Credit selection is critical as credit cycle matures and spreads contract in recent rally
- **Private markets opportunities are the preferred access point as energy market distress continues to evolve**
  - Return opportunities of private strategies are compelling but suggest patience

# NEPC Updates

March 31, 2016

## Highlights of First Quarter Happenings at NEPC

### NEPC Research

#### Recent White Papers

- 2016 First Quarter Market Thoughts
- Market Chatter: Is it really All About China? (January 2016)
- Market Chatter: Monetary Policy Divergence and Developed Currency (April 2016)

#### Upcoming Events

- 'Opportunities for Future Investments' is the theme for NEPC's 21st Annual Investment Conference – May 10-11, 2016 at the Hynes Convention Center in Boston, MA. Keynote Speakers are:
  - Michael Cembalest, Chairman of Market and Investment Strategy, J.P. Morgan Asset Management
  - Dr. Dambisa Moyo, Global Economist and Author

Register at [www.NEPC.com](http://www.NEPC.com)

### NEPC Client Recognitions

We are excited to announce that three of NEPC's clients were nominated for the 2016 "Chief Investment Officer of the Year" Investor Intelligence Award. The winners will be announced at Institutional Investor's annual Roundtable for Public Funds, taking place April 27-29, 2016 in Los Angeles, CA. We wish them luck!

- Arn Andrews, CIO, City of San Jose Department of Retirement Services
- Ryan Parham, CIO, Arizona Public Safety Personnel Retirement Systems
- Girard Miller, CIO, Orange County Employees Retirement System



### NEPC Client Recognitions (continued)

A number of NEPC clients were named on TrustedInsight's list of Top 30 Pension Fund Chief Investment Officers. According to the January 2016 issue, "these 30 chief investment officers manage more than \$1.3 trillion in assets for millions of retirees in the United States. These professionals are at the forefront of an industry that's slow to evolve, under constant scrutiny and vital to the wellbeing of many average Americans. Nonetheless, they operate at the top of their field to prudently protect the benefits of their constituency." NEPC clients that made the list include:

- Scott Evans, CIO, New York Employees Retirement System - \$78.5B AUM
- David Villa, CIO, State of Wisconsin Investment Board - \$102B AUM
- Gary Dokes, CIO, Arizona State Retirement System - \$31B AUM
- Michael Trotsky, Executive Director, CIO, Massachusetts PRIM Board - \$62B AUM
- Robert Beale, CIO, Louisiana State Employees' Retirement System - \$5.2B AUM
- Richard Shafer, CIO, Ohio Public Employees' Retirement System - \$91.5B AUM
- James Perry, CIO, Dallas Police and Fire Pension System - \$3B AUM
- William Coaker, CIO, San Francisco Employees Retirement System - \$20.3B AUM
- Bob Jacksha, CIO, New Mexico Education Retirement Fund - \$11B AUM
- Girard Miller, CIO, Orange County Employees Retirement System - \$12.1B AUM
- Sam Masoudi, CFA, CAIA, CIO, Wyoming Retirement System - \$7.8B AUM



NEPC, LLC

March 31, 2016

## Total Fund Performance



# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Performance Summary (Gross of Fees)

	Market Value	3 Mo Rank	Fiscal YTD	Rank	1 Yr Rank	3 Yrs Rank	5 Yrs Rank	10 Yrs Rank	15 Yrs Rank	20 Yrs Rank	25 Yrs Rank	Return	Since								
Total Fund	\$3,075,294,176	1.0%	56	-1.9%	63	-1.0%	53	3.2%	96	4.2%	97	4.2%	97	5.9%	66	6.9%	71	7.8%	74	8.5%	Mar-71
Policy Benchmark		2.3%	6	-1.8%	62	-1.2%	55	3.3%	94	4.3%	96	4.2%	98	5.6%	84	6.6%	81	–	–	–	Mar-71
Allocation Index		1.8%	14	-1.6%	56	-0.8%	50	3.4%	94	3.9%	98	4.3%	97	5.6%	85	–	–	–	–	–	Mar-71
60% MSCI ACWI IMI (net)/40% CITI WGBI		3.1%	2	0.2%	15	-0.1%	32	3.7%	93	3.8%	98	4.6%	87	5.9%	66	5.7%	99	–	–	–	Mar-71
InvestorForce Public DB > \$1B Gross Median		1.0%		-1.4%		-0.9%		6.2%		6.5%		5.4%		6.2%		7.1%		8.0%		–	Mar-71

For the five-year period ending March 31, 2016, the Fund returned 4.2%, trailing the policy benchmark by 0.1% and ranking in the 97th percentile of the InvestorForce Public Funds > \$1 Billion Universe. The Fund's volatility ranks in the 18th percentile over this period, meaning that the Fund has been less volatile than 82% of its peers.

For the three-year period ending March 31, 2016, the Fund returned 3.2%, trailing the policy benchmark by 0.1% and ranking in the 96th percentile of its peers. The Fund's volatility ranks in the 10th percentile of its peers over this period.

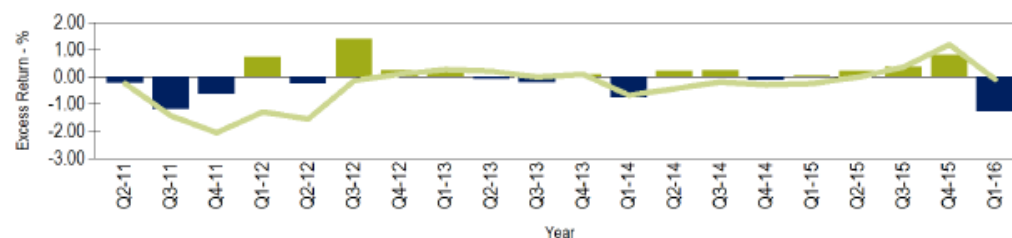
For the one-year period ending March 31, 2016, the Fund produced a net investment loss of \$36.6 million, which includes a net investment gain of \$29.4 million during the first calendar quarter. Assets decreased from \$3.17 billion one year ago to \$3.08 billion on March 31, 2016, with \$53.9 million in net distributions during the year.

For the one-year period ending March 31, 2016, the Fund returned -1.0%, outperforming the policy benchmark by 0.2% and ranking in the 53rd percentile of its peers.

Please see the appendix for additional performance disclosures.

*The InvestorForce Public Funds > \$1 Billion Universe includes 102 observations for the period ending March 31, 2016, with total assets of \$1.9 trillion.*

Quarterly and Cumulative Excess Performance



5 Years Ending March 31, 2016

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	4.2%	97	6.8%	18	0.6	96	1.0	90
Policy Benchmark	4.3%	96	6.7%	13	0.6	95	1.1	82
InvestorForce Public DB > \$1B Gross Median	6.5%	--	7.5%	--	0.8	--	1.3	--

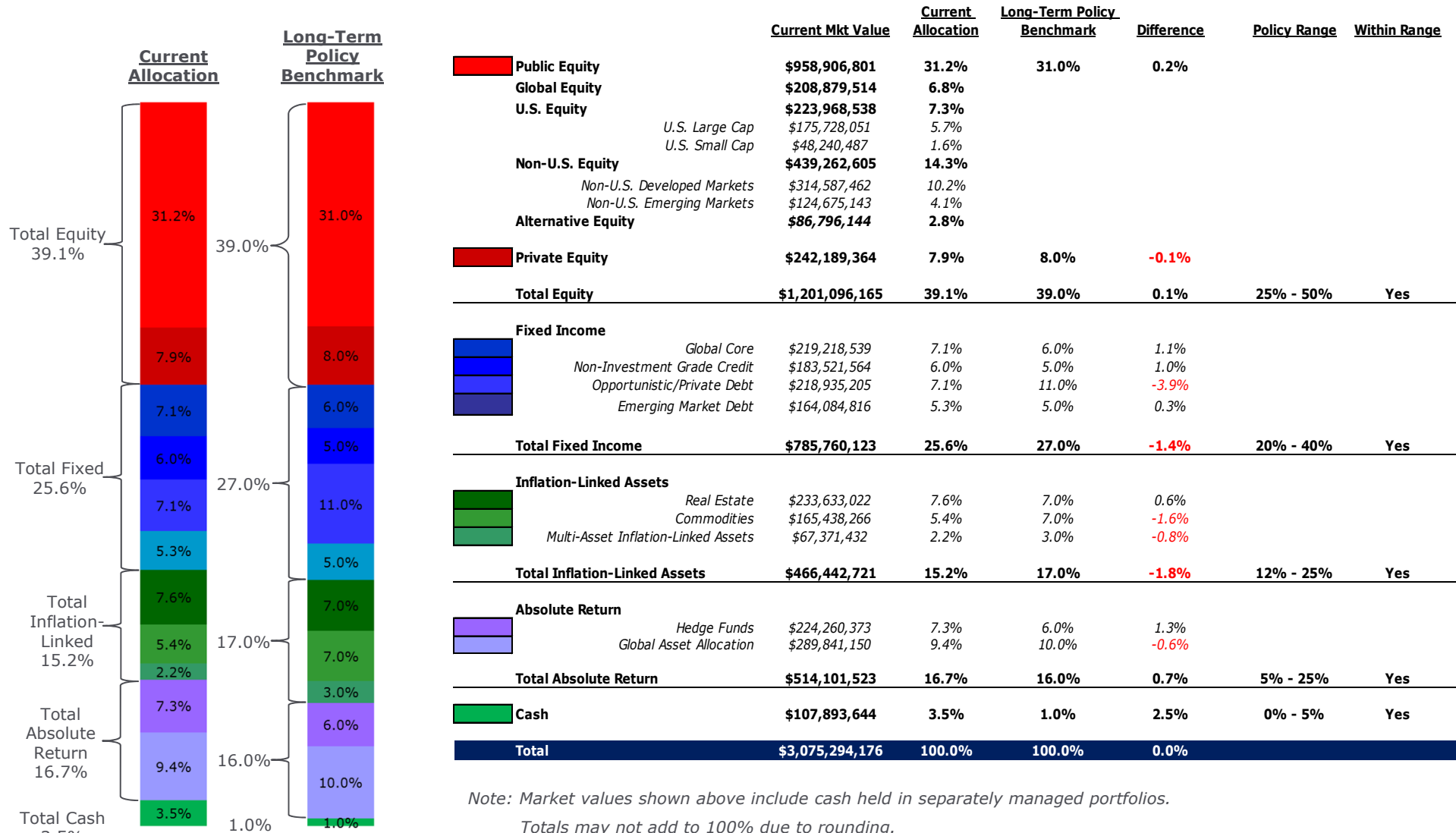
3 Years Ending March 31, 2016

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	3.2%	96	5.5%	10	0.6	91	1.3	80
Policy Benchmark	3.3%	94	6.0%	19	0.6	94	1.3	81
InvestorForce Public DB > \$1B Gross Median	6.2%	--	6.8%	--	0.9	--	1.7	--



# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Asset Allocation vs. Policy Targets



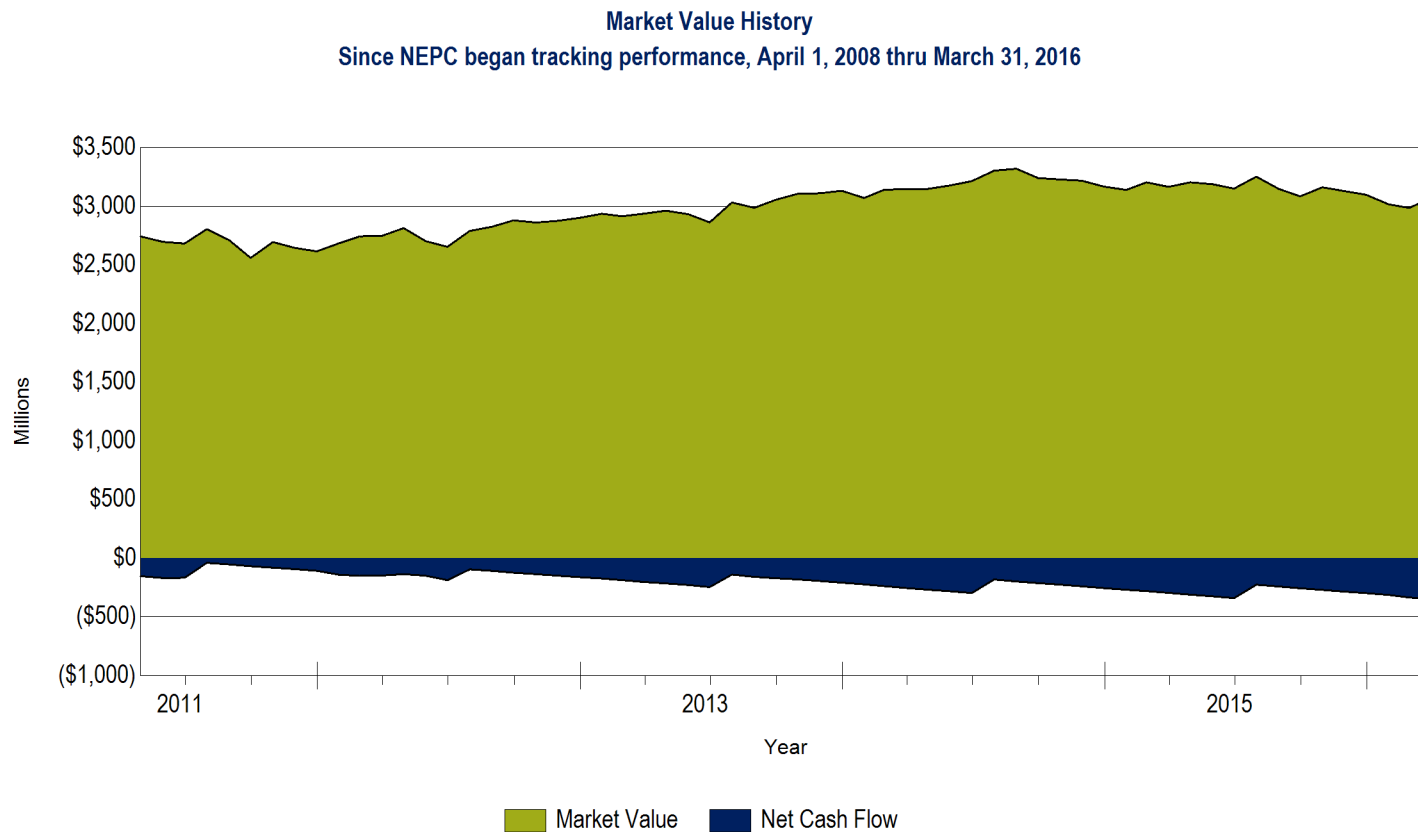
Note: Market values shown above include cash held in separately managed portfolios.

Totals may not add to 100% due to rounding.

Historical composition of Long-Term Policy Benchmark can be found in the appendix.

# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Asset Growth Summary

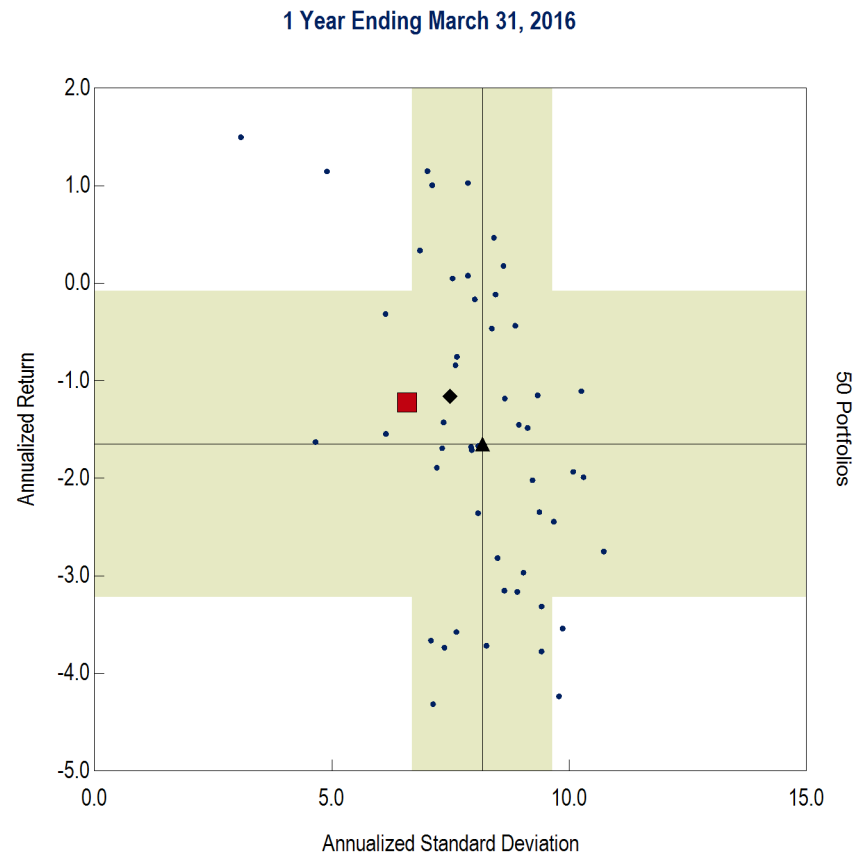


Sources of Portfolio Growth	Last Three Months	Fiscal Year-To-Date	One Year	Three Years	Five Years	Since 4/1/08
Beginning Market Value	\$3,097,687,678	\$3,150,974,140	\$3,165,755,146	\$2,937,371,855	\$2,692,409,721	\$2,583,363,926
Net Additions/Withdrawals	-\$51,839,334	-\$9,589,776	-\$53,904,648	-\$146,727,773	-\$212,174,531	-\$350,304,302
Investment Earnings	\$29,445,832	-\$66,090,189	-\$36,556,322	\$284,650,094	\$595,058,986	\$842,234,552
Ending Market Value	\$3,075,294,176	\$3,075,294,176	\$3,075,294,176	\$3,075,294,176	\$3,075,294,176	\$3,075,294,176

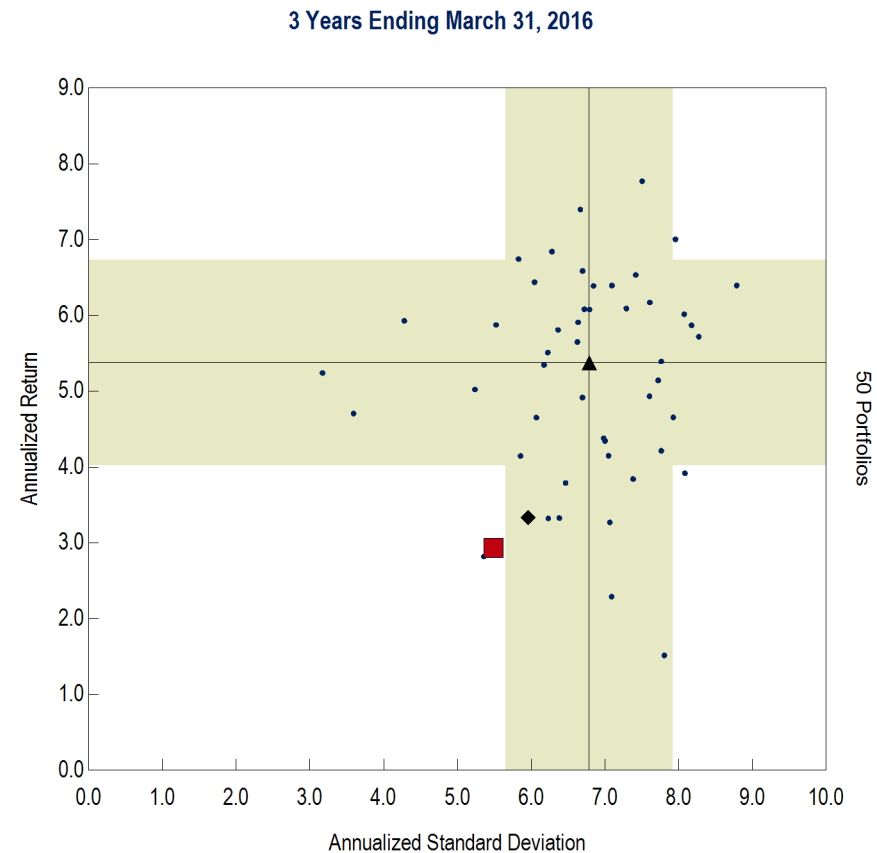


# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Risk/Return (Net of Fees)



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

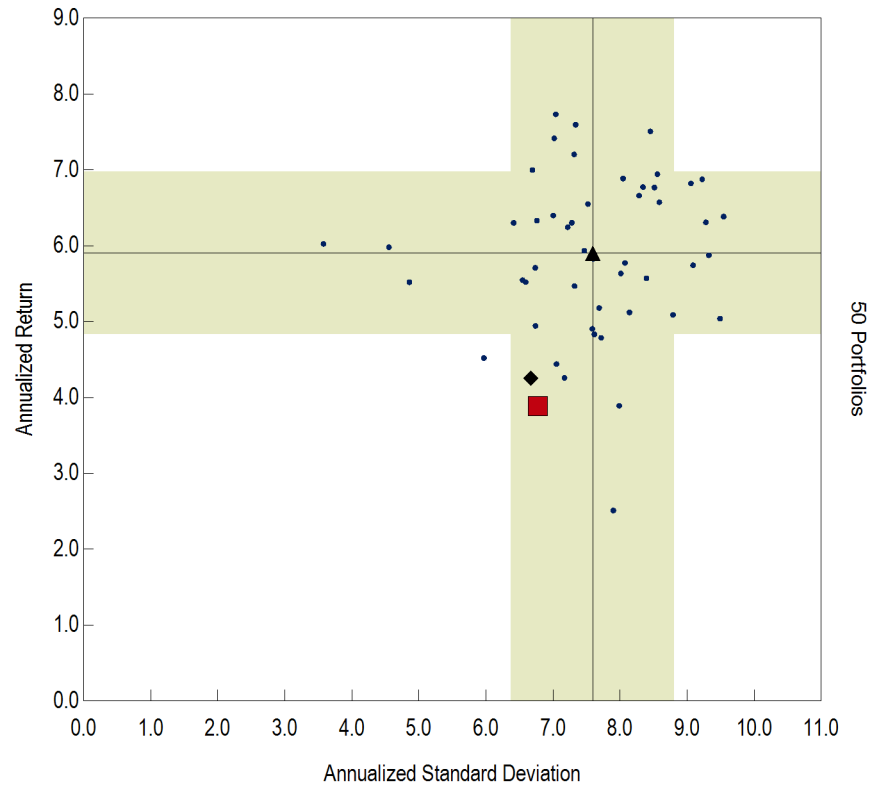


- Total Fund
- ◆ Policy Benchmark
- ▲ Universe Median
- 68% Confidence Interval
- InvestorForce Public DB > \$1B Net

# City of San Jose Police and Fire Department Retirement Plan

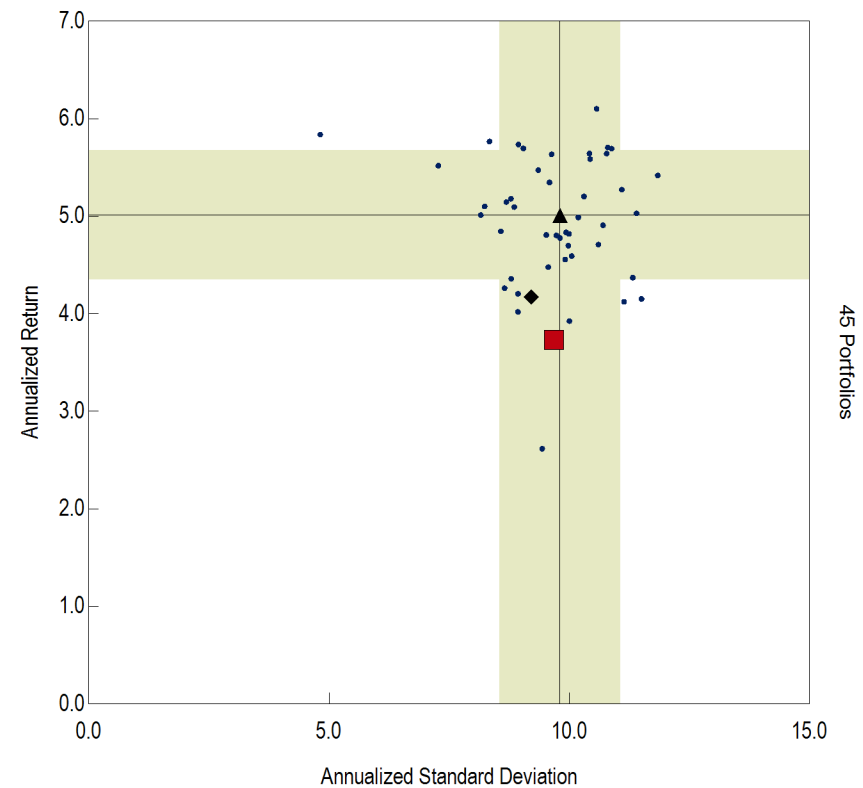
## Total Fund Risk/Return (Net of Fees)

5 Years Ending March 31, 2016



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

10 Years Ending March 31, 2016



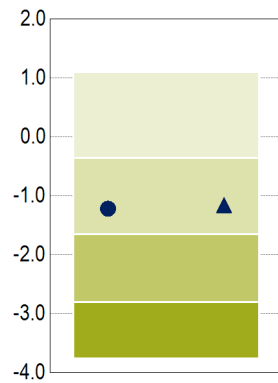
- Total Fund
- ◆ Policy Benchmark
- ▲ Universe Median
- 68% Confidence Interval
- InvestorForce Public DB > \$1B Net

# City of San Jose Police and Fire Department Retirement Plan

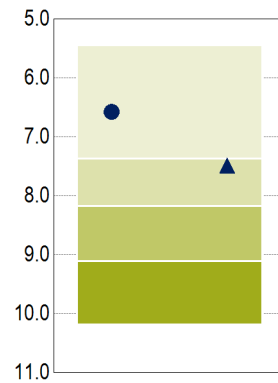
## Total Fund Risk Statistics vs. Peer Universe (Net of Fees)

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

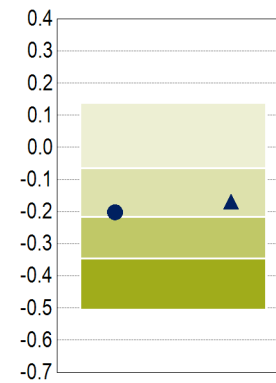
Anlzd Return



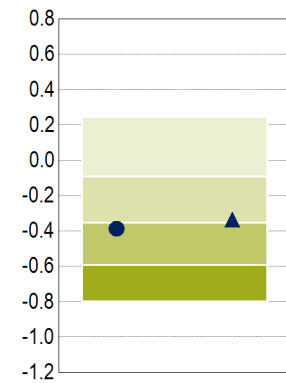
Anlzd Standard Deviation



Sharpe Ratio



Sortino Ratio



● Total Fund	
Value	-1.2
%tile	40
▲ Policy Benchmark	
Value	-1.2
%tile	38
Universe	
5th %tile	1.1
25th %tile	-0.3
Median	-1.6
75th %tile	-2.8
95th %tile	-3.8

● Total Fund	
Value	6.6
%tile	10
▲ Policy Benchmark	
Value	7.5
%tile	28
Universe	
5th %tile	5.5
25th %tile	7.4
Median	8.2
75th %tile	9.1
95th %tile	10.2

● Total Fund	
Value	-0.2
%tile	45
▲ Policy Benchmark	
Value	-0.2
%tile	41
Universe	
5th %tile	0.1
25th %tile	-0.1
Median	-0.2
75th %tile	-0.3
95th %tile	-0.5

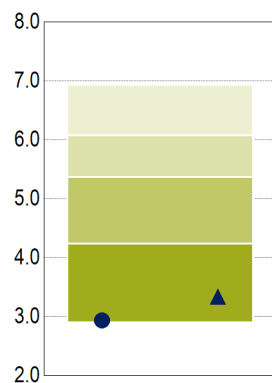
● Total Fund	
Value	-0.4
%tile	54
▲ Policy Benchmark	
Value	-0.3
%tile	49
Universe	
5th %tile	0.2
25th %tile	-0.1
Median	-0.4
75th %tile	-0.6
95th %tile	-0.8

## Total Fund Risk Statistics vs. Peer Universe (Net of Fees)

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

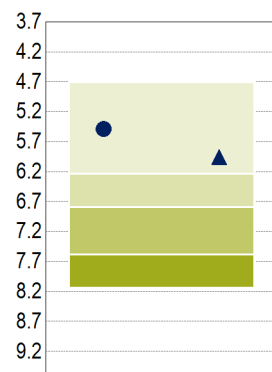
3 Years

Anlzd Return



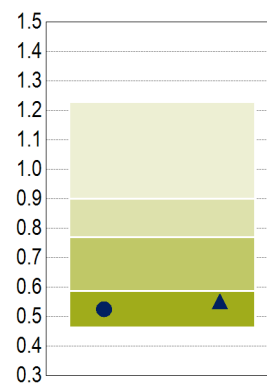
● Total Fund	
Value	2.9
%tile	95
▲ Policy Benchmark	
Value	3.3
%tile	88
Universe	
5th %tile	6.9
25th %tile	6.1
Median	5.4
75th %tile	4.2
95th %tile	2.9

Anlzd Standard Deviation



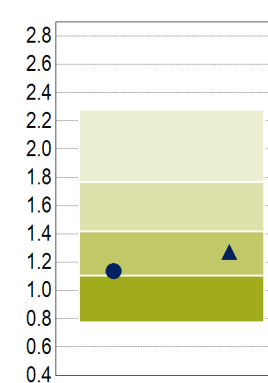
● Total Fund	
Value	5.5
%tile	10
▲ Policy Benchmark	
Value	6.0
%tile	18
Universe	
5th %tile	4.7
25th %tile	6.2
Median	6.8
75th %tile	7.6
95th %tile	8.1

Sharpe Ratio



● Total Fund	
Value	0.5
%tile	86
▲ Policy Benchmark	
Value	0.6
%tile	81
Universe	
5th %tile	1.2
25th %tile	0.9
Median	0.8
75th %tile	0.6
95th %tile	0.5

Sortino Ratio



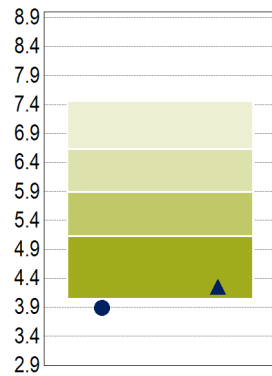
● Total Fund	
Value	1.1
%tile	73
▲ Policy Benchmark	
Value	1.3
%tile	67
Universe	
5th %tile	2.3
25th %tile	1.8
Median	1.4
75th %tile	1.1
95th %tile	0.8

# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Risk Statistics vs. Peer Universe (Net of Fees)

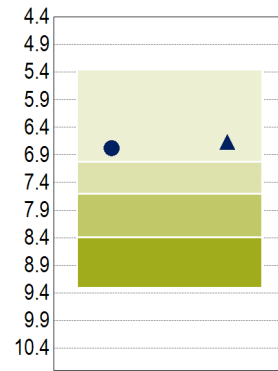
### Total Fund vs. InvestorForce Public DB > \$1B Net (USD) 5 Years

Anlzd Return



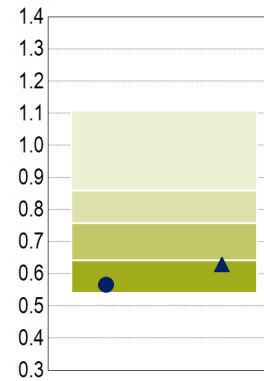
● Total Fund	
Value	3.9
%tile	96
▲ Policy Benchmark	
Value	4.3
%tile	94
Universe	
5th %tile	7.5
25th %tile	6.6
Median	5.9
75th %tile	5.1
95th %tile	4.1

Anlzd Standard Deviation



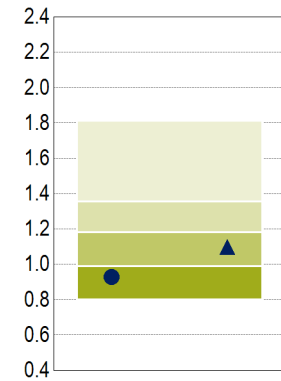
● Total Fund	
Value	6.8
%tile	23
▲ Policy Benchmark	
Value	6.7
%tile	14
Universe	
5th %tile	5.4
25th %tile	7.0
Median	7.6
75th %tile	8.4
95th %tile	9.3

Sharpe Ratio



● Total Fund	
Value	0.6
%tile	94
▲ Policy Benchmark	
Value	0.6
%tile	78
Universe	
5th %tile	1.1
25th %tile	0.9
Median	0.8
75th %tile	0.6
95th %tile	0.5

Sortino Ratio



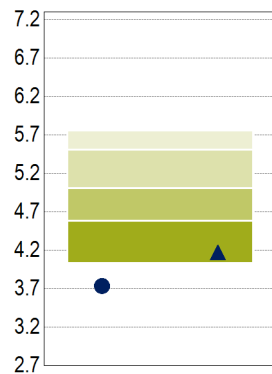
● Total Fund	
Value	0.9
%tile	81
▲ Policy Benchmark	
Value	1.1
%tile	60
Universe	
5th %tile	1.8
25th %tile	1.4
Median	1.2
75th %tile	1.0
95th %tile	0.8

# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Risk Statistics vs. Peer Universe (Net of Fees)

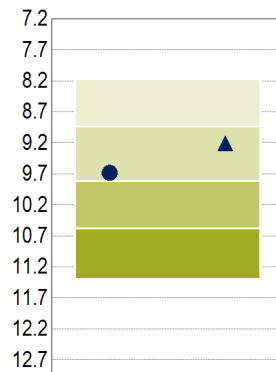
### Total Fund vs. InvestorForce Public DB > \$1B Net (USD) 10 Years

Anlzd Return



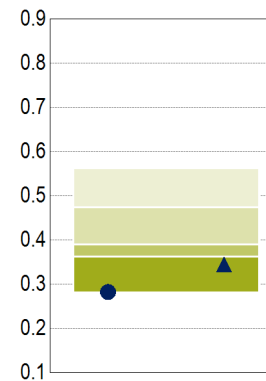
● Total Fund	
Value	3.7
%tile	99
▲ Policy Benchmark	
Value	4.2
%tile	91
Universe	
5th %tile	5.8
25th %tile	5.5
Median	5.0
75th %tile	4.6
95th %tile	4.0

Anlzd Standard Deviation



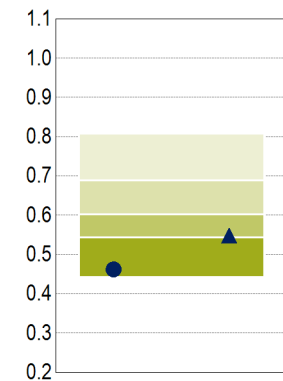
● Total Fund	
Value	9.7
%tile	47
▲ Policy Benchmark	
Value	9.2
%tile	34
Universe	
5th %tile	8.2
25th %tile	8.9
Median	9.8
75th %tile	10.6
95th %tile	11.4

Sharpe Ratio



● Total Fund	
Value	0.3
%tile	96
▲ Policy Benchmark	
Value	0.3
%tile	88
Universe	
5th %tile	0.6
25th %tile	0.5
Median	0.4
75th %tile	0.4
95th %tile	0.3

Sortino Ratio

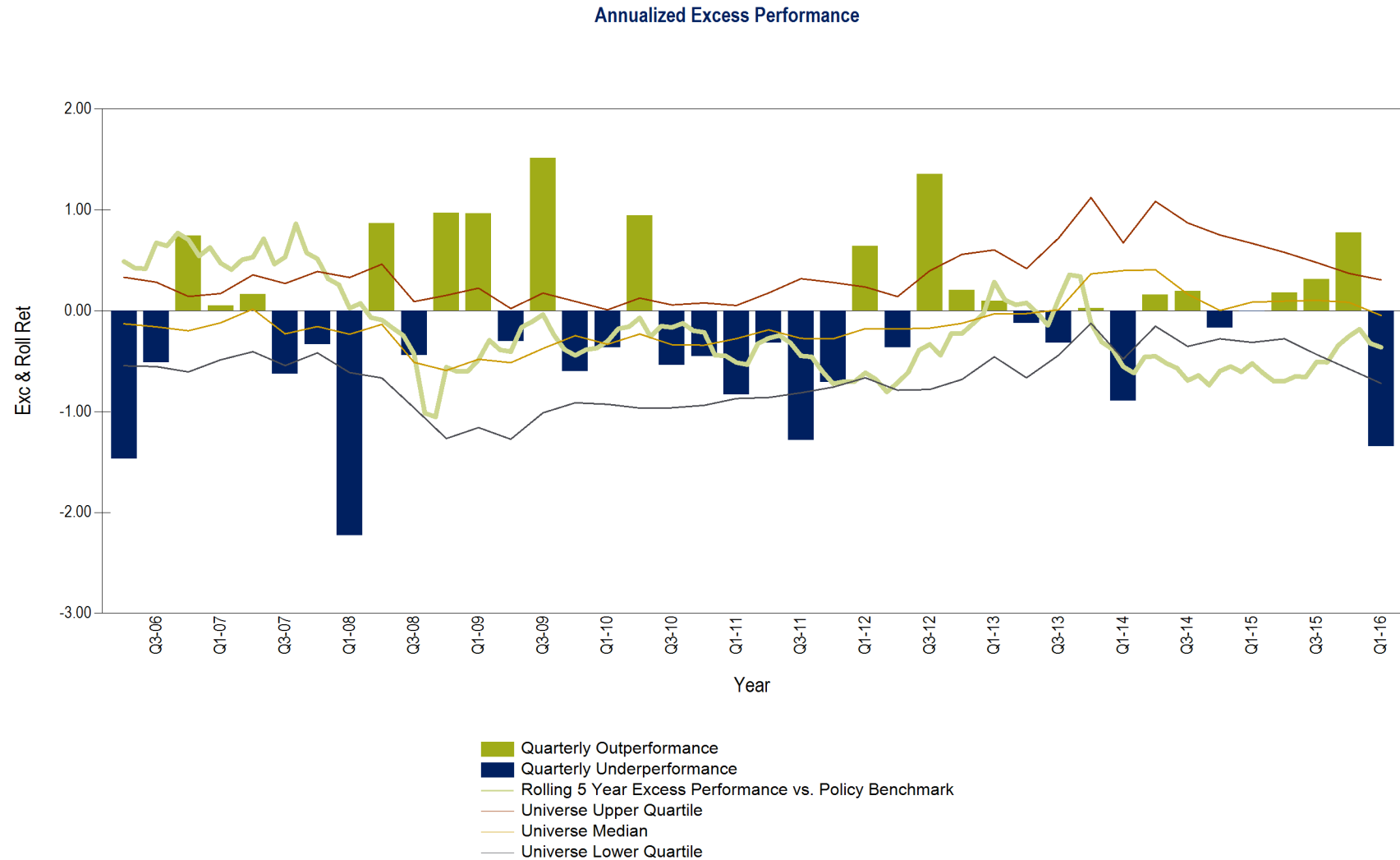


● Total Fund	
Value	0.5
%tile	92
▲ Policy Benchmark	
Value	0.5
%tile	73
Universe	
5th %tile	0.8
25th %tile	0.7
Median	0.6
75th %tile	0.5
95th %tile	0.4



# City of San Jose Police and Fire Department Retirement Plan

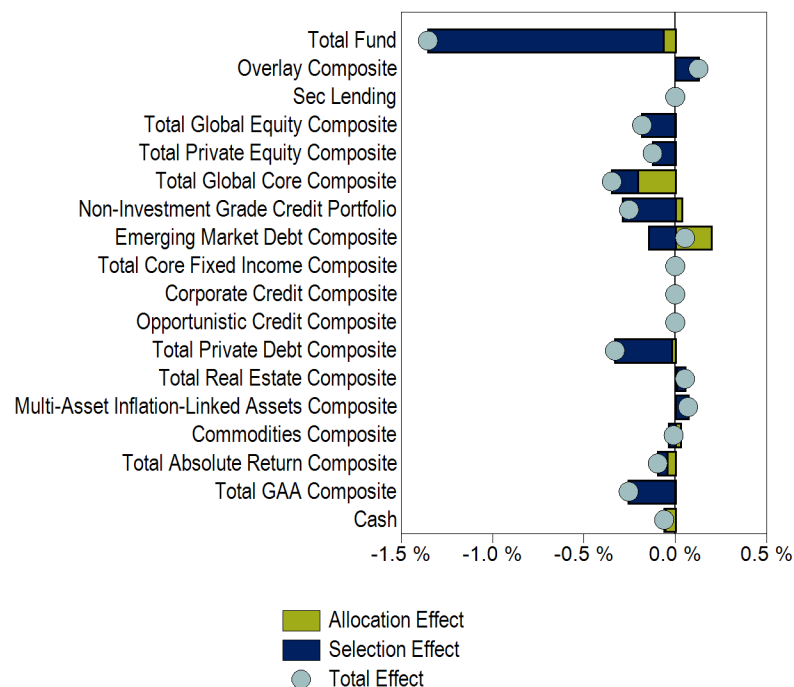
## Total Fund Rolling 5-Year Excess Returns (Net of Fees)



# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Attribution Analysis (Net of Fees)

**Attribution Effects**  
3 Months Ending March 31, 2016



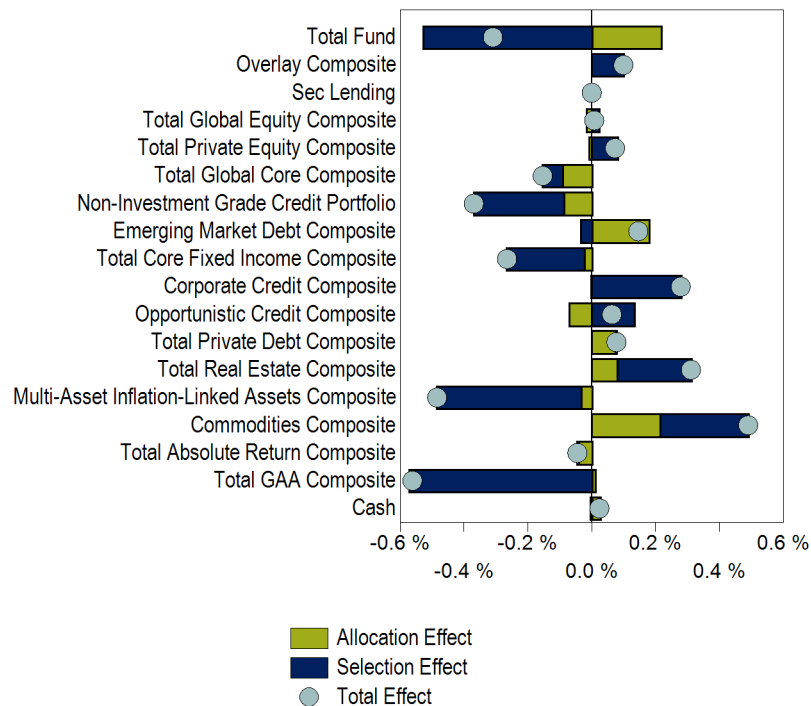
**Attribution Summary**  
3 Months Ending March 31, 2016

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
Overlay Composite	8.2%	2.3%	5.9%	0.1%	0.0%	0.1%
Sec Lending	--	--	--	--	0.0%	--
Total Global Equity Composite	-0.3%	0.3%	-0.6%	-0.2%	0.0%	-0.2%
Total Private Equity Composite	1.1%	2.7%	-1.6%	-0.1%	0.0%	-0.1%
Total Global Core Composite	3.8%	5.9%	-2.1%	-0.1%	-0.2%	-0.3%
Non-Investment Grade Credit Portfolio	-1.6%	3.1%	-4.7%	-0.3%	0.0%	-0.3%
Emerging Market Debt Composite	5.2%	8.0%	-2.9%	-0.1%	0.2%	0.1%
Total Core Fixed Income Composite	--	--	--	--	0.0%	--
Corporate Credit Composite	--	--	--	--	0.0%	--
Opportunistic Credit Composite	--	--	--	--	0.0%	--
Total Private Debt Composite	-1.4%	2.7%	-4.1%	-0.3%	0.0%	-0.3%
Total Real Estate Composite	3.5%	3.1%	0.5%	0.0%	0.0%	0.1%
Multi-Asset Inflation-Linked Assets Composite	4.9%	1.9%	3.0%	0.1%	0.0%	0.1%
Commodities Composite	-0.1%	0.5%	-0.6%	0.0%	0.0%	0.0%
Total Absolute Return Composite	0.7%	1.6%	-0.8%	-0.1%	0.0%	-0.1%
Total GAA Composite	0.2%	2.7%	-2.5%	-0.3%	0.0%	-0.3%
Cash	0.0%	0.1%	-0.1%	0.0%	-0.1%	-0.1%
<b>Total</b>	<b>0.9%</b>	<b>2.3%</b>	<b>-1.4%</b>	<b>-1.3%</b>	<b>-0.1%</b>	<b>-1.4%</b>

# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Attribution Analysis (Net of Fees)

**Attribution Effects**  
FYTD Ending March 31, 2016



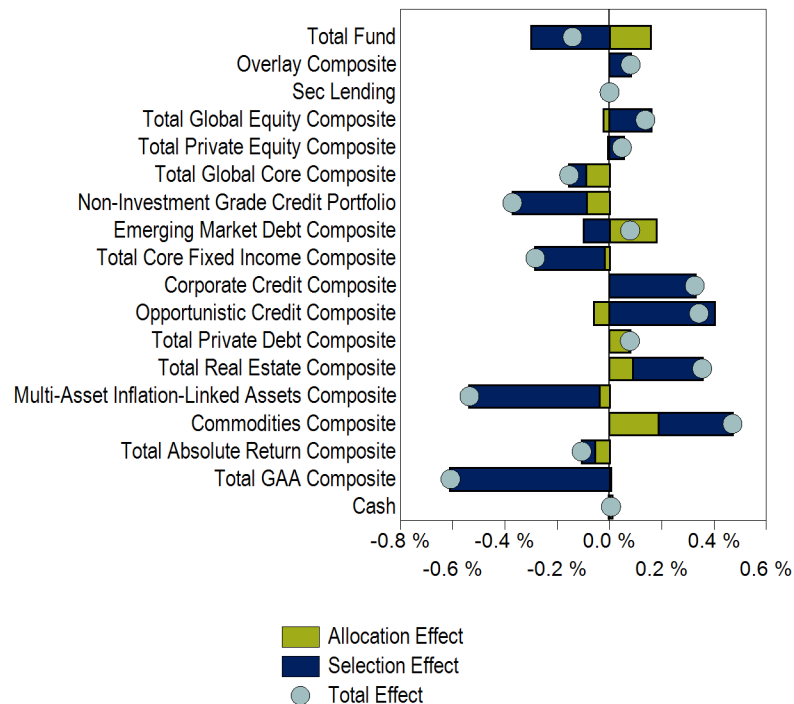
**Attribution Summary**  
FYTD Ending March 31, 2016

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
Overlay Composite	2.8%	-1.8%	4.6%	0.1%	0.0%	0.1%
Sec Lending	--	--	--	--	0.0%	--
Total Global Equity Composite	-4.7%	-4.9%	0.2%	0.0%	0.0%	0.0%
Total Private Equity Composite	2.2%	1.4%	0.8%	0.1%	0.0%	0.1%
Total Global Core Composite	--	--	--	-0.1%	-0.1%	-0.2%
Non-Investment Grade Credit Portfolio	--	--	--	-0.3%	-0.1%	-0.4%
Emerging Market Debt Composite	1.0%	1.5%	-0.5%	0.0%	0.2%	0.1%
Total Core Fixed Income Composite	--	1.1%	--	-0.2%	0.0%	-0.3%
Corporate Credit Composite	--	-2.2%	--	0.3%	0.0%	0.3%
Opportunistic Credit Composite	--	-2.8%	--	0.1%	-0.1%	0.1%
Total Private Debt Composite	--	--	--	0.0%	0.1%	0.1%
Total Real Estate Composite	9.9%	6.8%	3.1%	0.2%	0.1%	0.3%
Multi-Asset Inflation-Linked Assets Composite	-15.4%	3.5%	-18.9%	-0.5%	0.0%	-0.5%
Commodities Composite	-13.7%	-18.1%	4.4%	0.3%	0.2%	0.5%
Total Absolute Return Composite	0.6%	0.6%	0.0%	0.0%	0.0%	0.0%
Total GAA Composite	-4.5%	0.9%	-5.5%	-0.6%	0.0%	-0.6%
Cash	0.0%	0.1%	-0.1%	0.0%	0.0%	0.0%
<b>Total</b>	<b>-2.1%</b>	<b>-1.8%</b>	<b>-0.3%</b>	<b>-0.5%</b>	<b>0.2%</b>	<b>-0.3%</b>

# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Attribution Analysis (Net of Fees)

**Attribution Effects**  
1 Year Ending March 31, 2016



**Attribution Summary**  
1 Year Ending March 31, 2016

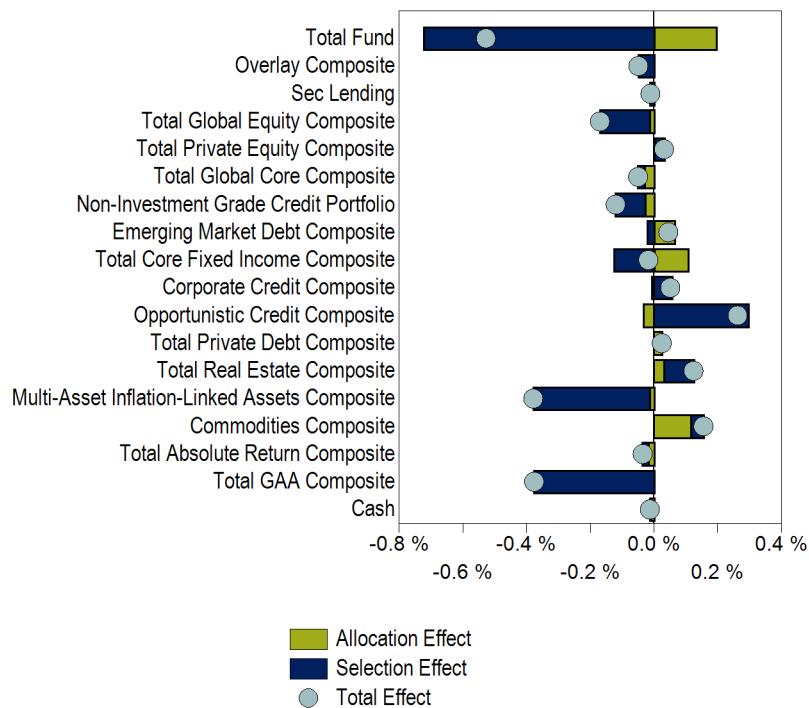
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
Overlay Composite	2.5%	-1.2%	3.7%	0.1%	0.0%	0.1%
Sec Lending	--	--	--	--	0.0%	--
Total Global Equity Composite	-3.7%	-4.4%	0.6%	0.2%	0.0%	0.1%
Total Private Equity Composite	4.3%	3.8%	0.4%	0.1%	0.0%	0.0%
Total Global Core Composite	--	--	--	-0.1%	-0.1%	-0.2%
Non-Investment Grade Credit Portfolio	--	--	--	-0.3%	-0.1%	-0.4%
Emerging Market Debt Composite	-0.5%	1.3%	-1.8%	-0.1%	0.2%	0.1%
Total Core Fixed Income Composite	--	-0.1%	--	-0.3%	0.0%	-0.3%
Corporate Credit Composite	--	-2.2%	--	0.3%	0.0%	0.3%
Opportunistic Credit Composite	--	-2.4%	--	0.4%	-0.1%	0.3%
Total Private Debt Composite	--	--	--	0.0%	0.1%	0.1%
Total Real Estate Composite	12.3%	8.7%	3.6%	0.3%	0.1%	0.4%
Multi-Asset Inflation-Linked Assets Composite	-14.8%	5.9%	-20.7%	-0.5%	0.0%	-0.5%
Commodities Composite	-11.1%	-15.8%	4.7%	0.3%	0.2%	0.5%
Total Absolute Return Composite	-0.1%	0.5%	-0.7%	0.0%	-0.1%	-0.1%
Total GAA Composite	-5.3%	0.5%	-5.7%	-0.6%	0.0%	-0.6%
Cash	0.0%	0.1%	-0.1%	0.0%	0.0%	0.0%
<b>Total</b>	<b>-1.2%</b>	<b>-1.2%</b>	<b>-0.1%</b>	<b>-0.3%</b>	<b>0.2%</b>	<b>0.0%</b>

# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Attribution Analysis (Net of Fees)

### 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	278.1%	3.4%	274.8%	0.0%	0.0%	0.0%
Sec Lending	--	--	--	0.0%	0.0%	0.0%
Total Global Equity Composite	6.8%	7.3%	-0.5%	-0.2%	0.0%	-0.2%
Total Private Equity Composite	12.4%	12.1%	0.4%	0.0%	0.0%	0.0%
Total Global Core Composite	--	--	--	0.0%	0.0%	0.0%
Non-Investment Grade Credit Portfolio	--	--	--	-0.1%	0.0%	-0.1%
Emerging Market Debt Composite	-3.1%	-2.8%	-0.4%	0.0%	0.1%	0.0%
Total Core Fixed Income Composite	--	-0.6%	--	-0.1%	0.1%	0.0%
Corporate Credit Composite	--	3.1%	--	0.1%	0.0%	0.1%
Opportunistic Credit Composite	--	2.7%	--	0.3%	0.0%	0.3%
Total Private Debt Composite	--	--	--	0.0%	0.0%	0.0%
Total Real Estate Composite	10.6%	9.4%	1.2%	0.1%	0.0%	0.1%
Multi-Asset Inflation-Linked Assets Composite	--	--	--	-0.4%	0.0%	-0.4%
Commodities Composite	-11.0%	-11.9%	0.9%	0.0%	0.1%	0.2%
Total Absolute Return Composite	2.6%	2.6%	0.0%	0.0%	0.0%	0.0%
Total GAA Composite	0.8%	5.2%	-4.4%	-0.4%	0.0%	-0.4%
Cash	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>3.3%</b>	<b>3.9%</b>	<b>-0.5%</b>	<b>-0.7%</b>	<b>0.2%</b>	<b>-0.5%</b>



# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Risk Statistics (Net of Fees)

3 Years Ending March 31, 2016

	% 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 Global Equity Composite	31.2%	5.3%	72	11.1%	17	0.2%	66	1.5%	1	-0.2	--	0.9	0.5
San Jose Custom Total Equity Benchmark	--	5.6%	67	12.0%	44	0.0%	70	0.0%	1	--	--	1.0	0.5
Global Equity Composite	6.8%	8.8%	20	12.2%	48	3.2%	23	2.6%	12	1.2	6	1.0	0.7
MSCI ACWI IMI (Net)	--	5.6%	67	12.0%	44	0.0%	70	0.0%	1	--	--	1.0	0.5
U.S. Large Cap Equity Composite	5.7%	11.5%	45	11.4%	33	0.0%	46	0.1%	1	-0.5	--	1.0	1.0
Russell 1000	--	11.5%	44	11.4%	35	0.0%	46	0.0%	1	--	--	1.0	1.0
U.S. Small Cap Equity Composite	1.6%	4.3%	95	15.9%	91	-1.8%	95	8.2%	55	-0.3	--	0.9	0.3
Russell 2000	--	6.8%	86	15.3%	87	0.0%	91	0.0%	1	--	--	1.0	0.4
International Equity Composite	10.2%	2.0%	76	12.6%	34	0.5%	74	1.9%	4	0.2	71	0.9	0.2
San Jose Custom MSCI World ex US Benchmark	--	1.7%	79	13.6%	83	0.0%	81	0.0%	1	--	--	1.0	0.1
Emerging Markets Equity Composite	4.1%	-4.4%	61	13.7%	10	-0.9%	77	5.8%	73	0.0	62	0.8	-0.3
MSCI Emerging Markets	--	-4.5%	67	16.7%	76	0.0%	60	0.0%	1	--	--	1.0	-0.3
Total Global Fixed Income Composite	18.4%	1.6%	66	3.5%	69	0.5%	82	2.3%	1	0.0	66	0.7	0.4
Fixed Income Blended Benchmark	--	1.5%	69	4.3%	75	0.0%	92	0.0%	1	--	--	1.0	0.3
Corporate Credit Composite	--	--	--	--	--	--	--	--	--	--	--	--	--
Blended Domestic Credit Index	--	1.8%	--	5.9%	--	0.0%	--	0.0%	--	--	--	1.0	0.3
Opportunistic Credit Composite	--	--	--	--	--	--	--	--	--	--	--	--	--
50% Credit Suisse Leveraged Loan Index / 50% BofA ML US HY BB-B Rated Constrained Index	--	2.4%	--	3.8%	--	0.0%	--	0.0%	--	--	--	1.0	0.6
U.S. Direct Lending	--	--	--	--	--	--	--	--	--	--	--	--	--
3-Month LIBOR + 5%	--	5.3%	--	0.0%	--	0.0%	--	0.0%	--	--	--	1.0	167.0
Inflation-Linked Assets Composite	7.6%	-10.7%	--	10.4%	--	-1.6%	--	3.3%	--	-1.1	--	1.3	-1.0
San Jose Custom Inflation-Linked Assets Benchmark	--	-7.2%	--	8.0%	--	0.0%	--	0.0%	--	--	--	1.0	-0.9
Commodities Composite	5.4%	-10.4%	--	10.1%	--	0.2%	--	2.3%	--	0.5	--	0.9	-1.0
Custom Commodity Risk Parity Index	--	-11.5%	--	10.7%	--	0.0%	--	0.0%	--	--	--	1.0	-1.1



# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Risk Statistics (Net of Fees)

5 Years Ending March 31, 2016

	% 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 Global Equity Composite	31.2%	5.3%	71	13.0%	25	0.1%	67	1.5%	1	-0.2	--	0.9	0.4
San Jose Custom Total Equity Benchmark	--	5.6%	68	13.9%	45	0.0%	68	0.0%	1	--	--	1.0	0.4
U.S. Large Cap Equity Composite	5.7%	11.3%	42	12.5%	37	0.0%	42	1.2%	1	0.0	43	1.0	0.9
Russell 1000	--	11.4%	41	12.4%	35	0.0%	42	0.0%	1	--	--	1.0	0.9
U.S. Small Cap Equity Composite	1.6%	5.1%	96	16.4%	81	-1.3%	94	7.3%	50	-0.3	--	0.9	0.3
Russell 2000	--	7.2%	87	16.7%	84	0.0%	91	0.0%	1	--	--	1.0	0.4
International Equity Composite	10.2%	3.4%	58	14.4%	24	1.5%	54	2.9%	21	0.5	49	0.9	0.2
San Jose Custom MSCI World ex US Benchmark	--	2.0%	80	15.5%	70	0.0%	80	0.0%	1	--	--	1.0	0.1
Emerging Markets Equity Composite	4.1%	-5.1%	88	17.6%	42	-1.4%	90	5.1%	58	-0.2	--	0.9	-0.3
MSCI Emerging Markets	--	-4.1%	73	18.8%	64	0.0%	74	0.0%	1	--	--	1.0	-0.2
Total Global Fixed Income Composite	18.4%	4.9%	26	3.3%	64	1.8%	40	2.1%	1	0.3	19	0.7	1.5
Fixed Income Blended Benchmark	--	4.4%	36	3.9%	71	0.0%	93	0.0%	1	--	--	1.0	1.1
Corporate Credit Composite	--	--	--	--	--	--	--	--	--	--	--	--	--
Blended Domestic Credit Index	--	4.2%	--	5.6%	--	0.0%	--	0.0%	--	--	--	1.0	0.7
Opportunistic Credit Composite	--	--	--	--	--	--	--	--	--	--	--	--	--
50% Credit Suisse Leveraged Loan Index / 50% BofA ML US HY BB-B Rated Constrained Index	--	4.3%	--	4.3%	--	0.0%	--	0.0%	--	--	--	1.0	1.0

## Total Fund Performance (Net of Fees)





# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Total Fund</b>	<b>3,075,294,176</b>	<b>100.0</b>	<b>0.9</b>	--	<b>-2.1</b>	--	<b>-1.2</b>	--	<b>2.9</b>	--	<b>3.9</b>	--	<b>8.7</b>	--	<b>3.7</b>	--	<b>8.4</b>	<b>Mar-71</b>
Policy Benchmark			<u>2.3</u>	--	<u>-1.8</u>	--	<u>-1.2</u>	--	<u>3.3</u>	--	<u>4.3</u>	--	<u>9.1</u>	--	<u>4.2</u>	--	--	Mar-71
Over/Under			-1.4		-0.3		0.0		-0.4		-0.4		-0.4		-0.5		--	
Allocation Index			1.8	--	-1.6	--	-0.8	--	3.4	--	3.9	--	9.1	--	4.3	--	--	Mar-71
60% MSCI ACWI IMI (net)/40% CITI WGBI			3.1	--	0.2	--	-0.1	--	3.7	--	3.8	--	9.1	--	4.6	--	--	Mar-71
<b>Total Global Equity Composite</b>	<b>958,906,801</b>	<b>31.2</b>	<b>-0.3</b>	<b>51</b>	<b>-4.7</b>	<b>52</b>	<b>-3.7</b>	<b>51</b>	<b>5.3</b>	<b>72</b>	<b>5.3</b>	<b>71</b>	<b>12.8</b>	<b>59</b>	--	--	<b>4.0</b>	<b>Apr-08</b>
San Jose Custom Total Equity Benchmark			<u>0.3</u>	46	<u>-4.9</u>	53	<u>-4.4</u>	55	<u>5.6</u>	67	<u>5.6</u>	68	<u>13.2</u>	55	--	--	<u>4.2</u>	Apr-08
Over/Under			-0.6		0.2		0.7		-0.3		-0.3		-0.4				-0.2	
eA All Global Equity Net Median			-0.2		-4.5		-3.7		6.7		6.7		13.5		4.7		4.6	Apr-08
<b>Global Equity Composite</b>	<b>208,879,514</b>	<b>6.8</b>	<b>0.5</b>	<b>43</b>	<b>-2.1</b>	<b>34</b>	<b>0.6</b>	<b>20</b>	<b>8.8</b>	<b>20</b>	--	--	--	--	--	--	<b>9.4</b>	<b>Mar-13</b>
MSCI ACWI IMI (Net)			<u>0.3</u>	46	<u>-4.9</u>	53	<u>-4.4</u>	55	<u>5.6</u>	67	<u>5.2</u>	72	<u>13.0</u>	57	<u>4.3</u>	62	<u>6.1</u>	Mar-13
Over/Under			0.2		2.8		5.0		3.2								3.3	
eA All Global Equity Net Median			-0.2		-4.5		-3.7		6.7		6.7		13.5		4.7		7.3	Mar-13
Artisan Global Opportunities	99,461,739	3.2	-0.6	55	-2.2	35	2.4	13	--	--	--	--	--	--	--	--	8.3	May-13
MSCI ACWI IMI (Net)			<u>0.3</u>	46	<u>-4.9</u>	53	<u>-4.4</u>	55	<u>5.6</u>	67	<u>5.2</u>	72	<u>13.0</u>	57	<u>4.3</u>	62	<u>4.8</u>	May-13
Over/Under			-0.9		2.7		6.8										3.5	
eA All Global Equity Net Median			-0.2		-4.5		-3.7		6.7		6.7		13.5		4.7		5.8	May-13
Artisan Global Value	109,411,278	3.6	1.6	36	-2.0	33	-1.3	30	8.3	23	--	--	--	--	--	--	9.0	Mar-13
MSCI ACWI IMI (Net)			<u>0.3</u>	46	<u>-4.9</u>	53	<u>-4.4</u>	55	<u>5.6</u>	67	<u>5.2</u>	72	<u>13.0</u>	57	<u>4.3</u>	62	<u>6.1</u>	Mar-13
Over/Under			1.3		2.9		3.1		2.7								2.9	
eA All Global Equity Net Median			-0.2		-4.5		-3.7		6.7		6.7		13.5		4.7		7.3	Mar-13
<b>U.S. Equity Composite</b>	<b>223,968,538</b>	<b>7.3</b>	<b>1.1</b>	<b>38</b>	<b>-1.4</b>	<b>29</b>	<b>-1.3</b>	<b>28</b>	<b>11.2</b>	<b>27</b>	<b>11.1</b>	<b>24</b>	<b>17.1</b>	<b>40</b>	<b>6.6</b>	<b>52</b>	<b>9.0</b>	<b>Jun-95</b>
Russell 3000			<u>1.0</u>	39	<u>-0.5</u>	23	<u>-0.3</u>	23	<u>11.1</u>	27	<u>11.0</u>	24	<u>17.1</u>	40	<u>6.9</u>	43	<u>8.8</u>	Jun-95
Over/Under			0.1		-0.9		-1.0		0.1		0.1		0.0		-0.3		0.2	
eA All US Equity Net Median			0.1		-4.3		-4.2		9.5		9.4		16.6		6.6		9.8	Jun-95
NT Russell 1000 Index Fund	175,728,051	5.7	1.2	32	0.4	25	0.6	24	--	--	--	--	--	--	--	--	6.6	Apr-14
Russell 1000			<u>1.2</u>	32	<u>0.4</u>	25	<u>0.5</u>	25	<u>11.5</u>	32	<u>11.4</u>	27	<u>17.2</u>	23	<u>7.1</u>	43	<u>6.4</u>	Apr-14
Over/Under			0.0		0.0		0.1										0.2	
eA US Large Cap Equity Net Median			-0.2		-2.4		-2.1		10.6		10.2		16.0		6.8		4.8	Apr-14
RBC Small Cap Core	48,237,199	1.6	0.4	45	-9.8	64	-10.1	71	--	--	--	--	--	--	--	--	-3.4	Jul-14
Russell 2000			<u>-1.5</u>	65	<u>-10.1</u>	66	<u>-9.8</u>	70	<u>6.8</u>	61	<u>7.2</u>	63	<u>16.4</u>	65	<u>5.3</u>	69	<u>-2.5</u>	Jul-14
Over/Under			1.9		0.3		-0.3										-0.9	
eA US Small Cap Equity Net Median			-0.2		-7.7		-7.2		7.6		8.0		17.3		6.0		-1.5	Jul-14

# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>International Equity Composite</b>	<b>314,587,462</b>	<b>10.2</b>	<b>-2.8</b>	<b>62</b>	<b>-7.2</b>	<b>49</b>	<b>-5.9</b>	<b>51</b>	<b>2.0</b>	<b>76</b>	<b>3.4</b>	<b>58</b>	<b>10.9</b>	<b>55</b>	<b>2.6</b>	<b>55</b>	<b>7.4</b>	<b>Jun-95</b>
San Jose Custom MSCI World ex US Benchmark			-2.0	47	-8.9	69	-8.4	75	1.7	79	2.0	80	9.4	78	1.6	82	4.3	Jun-95
Over/Under			-0.8		1.7		2.5		0.3		1.4		1.5		1.0		3.1	
eA All EAFE Equity Net Median			-2.2		-7.4		-5.9		3.6		3.6		11.2		2.9		6.7	Jun-95
NT Russell MSCI World ex US Index Fund	263,875,267	8.6	-1.9	47	-8.8	68	-8.2	72	--	--	--	--	--	--	--	--	-5.0	Apr-14
MSCI World ex USA			-2.0	47	-8.9	69	-8.4	75	1.7	80	1.6	85	9.5	76	1.8	79	-5.0	Apr-14
Over/Under			0.1		0.1		0.2										0.0	
eA All EAFE Equity Net Median			-2.2		-7.4		-5.9		3.6		3.6		11.2		2.9		-3.0	Apr-14
Oberweis	51,169,640	1.7	-1.8	72	1.6	49	6.8	63	--	--	--	--	--	--	--	--	2.1	Mar-14
MSCI World ex US Small Cap Growth (Net)			0.0	47	0.0	81	5.4	84	6.7	99	4.3	99	14.8	99	3.8	99	0.4	Mar-14
Over/Under			-1.8		1.6		1.4										1.7	
eA EAFE Small Cap Growth Net Median			-0.1		1.3		7.9		11.4		9.8		19.1		6.3		3.5	Mar-14
<b>Emerging Markets Equity Composite</b>	<b>124,675,143</b>	<b>4.1</b>	<b>2.9</b>	<b>64</b>	<b>-8.7</b>	<b>15</b>	<b>-8.9</b>	<b>31</b>	<b>-4.4</b>	<b>61</b>	<b>-5.1</b>	<b>88</b>	<b>6.9</b>	<b>91</b>	<b>1.7</b>	<b>92</b>	<b>9.4</b>	<b>Sep-01</b>
MSCI Emerging Markets			5.7	27	-12.6	65	-12.0	64	-4.5	67	-4.1	73	8.2	75	3.0	74	9.9	Sep-01
Over/Under			-2.8		3.9		3.1		0.1		-1.0		-1.3		-1.3		-0.5	
eA Emg Mkts Equity Net Median			4.0		-11.6		-10.8		-3.7		-2.4		9.5		3.9		10.9	Sep-01
Vontobel	77,279,148	2.5	2.3	71	-6.8	7	-7.9	18	--	--	--	--	--	--	--	--	-0.7	Jul-13
MSCI Emerging Markets			5.7	27	-12.6	65	-12.0	64	-4.5	67	-4.1	73	8.2	75	3.0	74	-1.9	Jul-13
Over/Under			-3.4		5.8		4.1										1.2	
eA Emg Mkts Equity Net Median			4.0		-11.6		-10.8		-3.7		-2.4		9.5		3.9		-1.6	Jul-13
Dimensional Fund Advisors	29,146,369	0.9	8.9	9	-12.9	66	--	--	--	--	--	--	--	--	--	--	-12.9	Jul-15
MSCI Emerging Markets			5.7	27	-12.6	65	-12.0	64	-4.5	67	-4.1	73	8.2	75	3.0	74	-12.6	Jul-15
Over/Under			3.2		-0.3												-0.3	
eA Emg Mkts Equity Net Median			4.0		-11.6		-10.8		-3.7		-2.4		9.5		3.9		-11.6	Jul-15
Aberdeen	18,246,624	0.6	-3.4	99	-12.8	65	-11.4	57	--	--	--	--	--	--	--	--	-3.0	Jul-13
MSCI Frontier Markets			-0.9	97	-12.5	64	-12.5	70	1.8	4	1.3	8	7.8	78	-0.9	99	0.9	Jul-13
Over/Under			-2.5		-0.3		1.1										-3.9	
eA Emg Mkts Equity Net Median			4.0		-11.6		-10.8		-3.7		-2.4		9.5		3.9		-1.6	Jul-13

# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Marketable Alternative Equity Composite</b>	<b>86,796,144</b>	<b>2.8</b>	<b>-2.0</b>	--	<b>-2.6</b>	--	<b>-2.0</b>	--	--	--	--	--	--	--	--	--	<b>4.3</b>	<b>Oct-14</b>
HFRI Equity Hedge (Total) Index			<u>-1.7</u>	--	<u>-6.3</u>	--	<u>-4.6</u>	--	<u>2.6</u>	--	<u>1.7</u>	--	<u>6.3</u>	--	<u>2.7</u>	--	<u>-1.8</u>	Oct-14
Over/Under			<u>-0.3</u>		3.7		2.6										6.1	
Horizon	27,410,371	0.9	0.7	--	3.0	--	5.1	--	--	--	--	--	--	--	--	--	7.2	Jul-13
HFRI Equity Hedge (Total) Index			<u>-1.7</u>	--	<u>-6.3</u>	--	<u>-4.6</u>	--	<u>2.6</u>	--	<u>1.7</u>	--	<u>6.3</u>	--	<u>2.7</u>	--	<u>2.8</u>	Jul-13
Over/Under			2.4		9.3		9.7										4.4	
Marshall Wace	21,057,732	0.7	-5.3	--	-2.0	--	1.0	--	--	--	--	--	--	--	--	--	7.4	Apr-14
HFRI Equity Hedge (Total) Index			<u>-1.7</u>	--	<u>-6.3</u>	--	<u>-4.6</u>	--	<u>2.6</u>	--	<u>1.7</u>	--	<u>6.3</u>	--	<u>2.7</u>	--	<u>-1.0</u>	Apr-14
Over/Under			<u>-3.6</u>		4.3		5.6										8.4	
Sandler	17,523,483	0.6	-1.5	--	5.1	--	2.4	--	--	--	--	--	--	--	--	--	7.8	May-13
HFRI Equity Hedge (Total) Index			<u>-1.7</u>	--	<u>-6.3</u>	--	<u>-4.6</u>	--	<u>2.6</u>	--	<u>1.7</u>	--	<u>6.3</u>	--	<u>2.7</u>	--	<u>2.5</u>	May-13
Over/Under			0.2		11.4		7.0										5.3	
Senator	20,804,558	0.7	-2.7	--	-9.8	--	-8.5	--	5.5	--	--	--	--	--	--	--	5.5	Apr-13
HFRI Event-Driven (Total) Index			<u>-0.5</u>	--	<u>-6.3</u>	--	<u>-5.7</u>	--	<u>1.7</u>	--	<u>2.1</u>	--	<u>7.0</u>	--	<u>3.8</u>	--	<u>1.7</u>	Apr-13
Over/Under			<u>-2.2</u>		<u>-3.5</u>		<u>-2.8</u>		3.8								3.8	

# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Total Private Equity Composite</b>	<b>242,189,364</b>	<b>7.9</b>	<b>1.1</b>	--	<b>2.2</b>	--	<b>4.3</b>	--	<b>11.4</b>	--	<b>11.9</b>	--	<b>10.5</b>	--	<b>9.6</b>	--	<b>9.0</b>	<b>Oct-05</b>
<i>San Jose Custom Total Private Equity Index</i>			<u>2.7</u>	--	<u>1.4</u>	--	<u>3.8</u>	--	<u>12.3</u>	--	--	--	--	--	--	--	--	<i>Oct-05</i>
Over/Under			-1.6		0.8		0.5		-0.9									
<i>San Jose Custom Blended Private Equity Benchmark</i>			0.0	--	1.9	--	4.6	--	9.9	--	10.5	--	8.5	--	9.1	--	10.5	<i>Oct-05</i>
<i>Russell 3000 Qtr Lag</i>			6.3	--	-1.3	--	0.5	--	14.7	--	12.2	--	15.0	--	7.4	--	7.6	<i>Oct-05</i>
<b>Total Private Equity ex Russell R3000</b>	<b>155,526,293</b>	<b>5.1</b>	<b>1.1</b>	<b>38</b>	<b>3.8</b>	<b>54</b>	<b>7.2</b>	<b>59</b>	<b>11.1</b>	<b>61</b>	<b>11.0</b>	<b>46</b>	<b>9.9</b>	<b>75</b>	<b>9.2</b>	<b>65</b>	<b>8.6</b>	<b>Oct-05</b>
<i>San Jose Custom Private Equity Benchmark</i>			<u>0.4</u>	60	<u>2.8</u>	67	<u>5.5</u>	71	<u>10.5</u>	64	<u>11.3</u>	44	<u>12.9</u>	27	<u>10.8</u>	50	<u>11.8</u>	<i>Oct-05</i>
Over/Under			0.7		1.0		1.7		0.6		-0.3		-3.0		-1.6		-3.2	
<i>San Jose Custom Blended Private Equity Benchmark</i>			0.0	72	1.9	70	4.6	80	9.9	72	10.5	53	8.5	82	9.1	66	10.5	<i>Oct-05</i>
<i>InvestorForce Public DB Private Eq Net Median</i>			0.7		4.4		9.1		11.9		10.6		11.0		10.8		10.9	<i>Oct-05</i>

# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Total Global Fixed Income Composite</b>	<b>566,824,919</b>	<b>18.4</b>	<b>2.4</b>	<b>45</b>	<b>-0.3</b>	<b>85</b>	<b>0.5</b>	<b>67</b>	<b>1.6</b>	<b>66</b>	<b>4.9</b>	<b>26</b>	<b>7.2</b>	<b>35</b>	<b>--</b>	<b>--</b>	<b>6.0</b>	<b>Apr-08</b>
Fixed Income Blended Benchmark			<u>5.8</u>	9	<u>2.3</u>	50	<u>2.0</u>	23	<u>1.5</u>	69	<u>4.4</u>	36	<u>6.4</u>	41	<u>5.7</u>	28	<u>5.3</u>	Apr-08
Over/Under			-3.4		-2.6		-1.5		0.1		0.5		0.8				0.7	
Barclays Aggregate			3.0	26	3.7	21	2.0	23	2.5	37	3.8	49	4.5	61	4.9	48	4.3	Apr-08
eA All US Fixed Inc Net Median			2.2		2.2		1.1		2.1		3.7		5.4		4.8		4.6	Apr-08
<b>Total Global Core Composite</b>	<b>219,218,539</b>	<b>7.1</b>	<b>3.8</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>3.9</b>	<b>Oct-15</b>
Barclays Global Aggregate			<u>5.9</u>	--	<u>5.8</u>	--	<u>4.6</u>	--	<u>0.9</u>	--	<u>1.8</u>	--	<u>3.7</u>	--	<u>4.3</u>	--	<u>4.9</u>	Oct-15
Over/Under			-2.1														-1.0	
Colchester	91,242,309	3.0	8.9	--	5.2	--	4.0	--	--	--	--	--	--	--	--	--	1.0	Jan-14
Barclays Global Aggregate			<u>5.9</u>	--	<u>5.8</u>	--	<u>4.6</u>	--	<u>0.9</u>	--	<u>1.8</u>	--	<u>3.7</u>	--	<u>4.3</u>	--	<u>1.4</u>	Jan-14
Over/Under			3.0		-0.6		-0.6										-0.4	
Franklin Templeton	67,623,138	2.2	0.5	--	-3.8	--	-4.0	--	--	--	--	--	--	--	--	--	-1.4	Jan-14
Barclays Global Aggregate			<u>5.9</u>	--	<u>5.8</u>	--	<u>4.6</u>	--	<u>0.9</u>	--	<u>1.8</u>	--	<u>3.7</u>	--	<u>4.3</u>	--	<u>1.4</u>	Jan-14
Over/Under			-5.4		-9.6		-8.6										-2.8	
Voya	60,353,092	2.0	0.4	--	0.5	--	--	--	--	--	--	--	--	--	--	--	0.5	Jul-15
Barclays Global Aggregate - Securitized			<u>2.8</u>	--	<u>3.6</u>	--	--	--	--	--	--	--	--	--	--	--	<u>3.6</u>	Jul-15
Over/Under			-2.4		-3.1												-3.1	
<b>Non-Investment Grade Credit Portfolio</b>	<b>183,521,564</b>	<b>6.0</b>	<b>-1.6</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>-3.3</b>	<b>Oct-15</b>
50% Bofa Global HY/50% S&P Global Leveraged Loan			<u>3.1</u>	--	--	--	--	--	--	--	--	--	--	--	--	--	<u>1.4</u>	Oct-15
Over/Under			-4.7														-4.7	
Davidson Kempner	23,061,480	0.7	0.6	--	0.5	--	1.1	--	4.2	--	--	--	--	--	--	--	4.6	Feb-13
HFRI Event-Driven (Total) Index			<u>-0.5</u>	--	<u>-6.3</u>	--	<u>-5.7</u>	--	<u>1.7</u>	--	<u>2.1</u>	--	<u>7.0</u>	--	<u>3.8</u>	--	<u>2.1</u>	Feb-13
Over/Under			1.1		6.8		6.8		2.5								2.5	
Beach Point	77,126,759	2.5	2.0	--	-3.5	--	-2.5	--	--	--	--	--	--	--	--	--	1.1	Oct-13
Barclays High Yield			<u>3.4</u>	--	<u>-3.7</u>	--	<u>-3.7</u>	--	<u>1.8</u>	--	<u>4.9</u>	--	<u>12.4</u>	--	<u>7.0</u>	--	<u>1.9</u>	Oct-13
Over/Under			-1.4		0.2		1.2										-0.8	
Claren Road	7,565,514	0.2	-4.1	--	-11.9	--	-17.2	--	--	--	--	--	--	--	--	--	-10.3	Jul-13
Barclays Global Aggregate			<u>5.9</u>	--	<u>5.8</u>	--	<u>4.6</u>	--	<u>0.9</u>	--	<u>1.8</u>	--	<u>3.7</u>	--	<u>4.3</u>	--	<u>2.0</u>	Jul-13
Over/Under			-10.0		-17.7		-21.8										-12.3	
HFRI RV: Fixed Income-Corporate Index			0.6	--	-3.1	--	-2.7	--	1.0	--	2.7	--	7.9	--	3.4	--	1.5	Jul-13
Symphony	75,767,811	2.5	-5.3	--	-4.8	--	-4.1	--	--	--	--	--	--	--	--	--	0.5	Feb-14
Barclays High Yield			<u>3.4</u>	--	<u>-3.7</u>	--	<u>-3.7</u>	--	<u>1.8</u>	--	<u>4.9</u>	--	<u>12.4</u>	--	<u>7.0</u>	--	<u>0.2</u>	Feb-14
Over/Under			-8.7		-1.1		-0.4										0.3	

# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Emerging Market Debt Composite</b>	<b>164,084,816</b>	<b>5.3</b>	<b>5.2</b>	<b>54</b>	<b>1.0</b>	<b>39</b>	<b>-0.5</b>	<b>60</b>	<b>-2.2</b>	<b>60</b>	--	--	--	--	--	--	<b>-3.1</b>	<b>Jan-13</b>
San Jose Custom EMD Benchmark			<u>8.0</u>	31	<u>1.5</u>	28	<u>1.3</u>	38	<u>-1.9</u>	59	--	--	--	--	--	--	<u>-2.8</u>	Jan-13
Over/Under			-2.8		-0.5		-1.8		-0.3								-0.3	
eA All Emg Mkts Fixed Inc Net Median			5.4		0.7		0.8		-0.6		3.2		8.8		6.5		-0.9	Jan-13
BlueBay	105,897,131	3.4	5.8	47	-1.1	73	-3.7	93	--	--	--	--	--	--	--	--	-2.4	Aug-13
JP Morgan Blended EMD Benchmark			<u>8.0</u>	31	<u>1.5</u>	28	<u>1.3</u>	38	<u>-1.8</u>	59	--	--	--	--	--	--	<u>0.2</u>	Aug-13
Over/Under			-2.2		-2.6		-5.0										-2.6	
eA All Emg Mkts Fixed Inc Net Median			5.4		0.7		0.8		-0.6		3.2		8.8		6.5		1.4	Aug-13
Iguazu	58,187,685	1.9	4.1	82	5.0	2	6.0	2	--	--	--	--	--	--	--	--	7.3	Feb-14
JP Morgan Blended EMD Benchmark			<u>8.0</u>	31	<u>1.5</u>	28	<u>1.3</u>	38	<u>-1.8</u>	59	--	--	--	--	--	--	<u>1.2</u>	Feb-14
Over/Under			-3.9		3.5		4.7										6.1	
eA All Emg Mkts Fixed Inc Net Median			5.4		0.7		0.8		-0.6		3.2		8.8		6.5		2.5	Feb-14
<b>Total Private Debt Composite</b>	<b>218,935,205</b>	<b>7.1</b>	<b>-1.4</b>	--	--	--	--	--	--	--	--	--	--	--	--	--	<b>1.4</b>	<b>Oct-15</b>
S&P Global Leveraged Loan + 2%			<u>2.7</u>	--	--	--	--	--	--	--	--	--	--	--	--	--	<u>1.1</u>	Oct-15
Over/Under			-4.1														0.3	
Marathon	8,493,210	0.3	1.2	--	6.4	--	8.3	--	6.4	--	--	--	--	--	--	--	7.9	Oct-12
BofA Merrill Lynch Euro High Yield Constrained			<u>6.8</u>	--	<u>3.0</u>	--	<u>5.6</u>	--	<u>1.3</u>	--	<u>2.6</u>	--	<u>13.3</u>	--	<u>6.9</u>	--	<u>3.3</u>	Oct-12
Over/Under			-5.6		3.4		2.7		5.1								4.6	
GSO	17,029,034	0.6	-9.3	--	-12.4	--	-11.2	--	0.9	--	8.7	--	--	--	--	--	8.7	Dec-10
3-Month LIBOR + 5%			<u>1.4</u>	--	<u>4.1</u>	--	<u>5.4</u>	--	<u>5.3</u>	--	<u>5.4</u>	--	<u>5.4</u>	--	<u>6.5</u>	--	<u>5.3</u>	Dec-10
Over/Under			-10.7		-16.5		-16.6		-4.4		3.3						3.4	
Medley Capital	46,462,679	1.5	-0.2	--	3.0	--	6.2	--	8.7	--	7.1	--	--	--	--	--	7.0	Mar-11
3-Month LIBOR + 5%			<u>1.4</u>	--	<u>4.1</u>	--	<u>5.4</u>	--	<u>5.3</u>	--	<u>5.4</u>	--	<u>5.4</u>	--	<u>6.5</u>	--	<u>5.4</u>	Mar-11
Over/Under			-1.6		-1.1		0.8		3.4		1.7						1.6	
White Oak	35,032,804	1.1	0.5	--	4.4	--	10.8	--	7.1	--	6.2	--	--	--	--	--	5.2	Nov-10
3-Month LIBOR + 5%			<u>1.4</u>	--	<u>4.1</u>	--	<u>5.4</u>	--	<u>5.3</u>	--	<u>5.4</u>	--	<u>5.4</u>	--	<u>6.5</u>	--	<u>5.3</u>	Nov-10
Over/Under			-0.9		0.3		5.4		1.8		0.8						-0.1	
Cross Ocean	56,236,004	1.8	-2.2	--	-2.7	--	1.6	--	--	--	--	--	--	--	--	--	3.7	Apr-14
3-Month LIBOR + 5%			<u>1.4</u>	--	<u>4.1</u>	--	<u>5.4</u>	--	<u>5.3</u>	--	<u>5.4</u>	--	<u>5.4</u>	--	<u>6.5</u>	--	<u>5.3</u>	Apr-14
Over/Under			-3.6		-6.8		-3.8										-1.6	
Park Square	36,984,530	1.2	-2.5	--	-1.5	--	6.8	--	--	--	--	--	--	--	--	--	-0.7	Nov-14
3-Month LIBOR + 5%			<u>1.4</u>	--	<u>4.1</u>	--	<u>5.4</u>	--	<u>5.3</u>	--	<u>5.4</u>	--	<u>5.4</u>	--	<u>6.5</u>	--	<u>5.4</u>	Nov-14
Over/Under			-3.9		-5.6		1.4										-6.1	

# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Shoreline China Value III	18,696,942	0.6	4.1	--	9.8	--	--	--	--	--	--	--	--	--	--	--	9.8	Jul-15
3-Month LIBOR + 5%			1.4	--	4.1	--	5.4	--	5.3	--	5.4	--	5.4	--	6.5	--	4.1	Jul-15
Over/Under			2.7		5.7												5.7	
<b>Total Real Assets</b>	<b>466,442,721</b>	<b>15.2</b>	<b>2.4</b>	<b>--</b>	<b>-2.4</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>-2.4</b>	<b>Jul-15</b>
<b>Total Real Estate Composite</b>	<b>233,633,022</b>	<b>7.6</b>	<b>3.5</b>	<b>--</b>	<b>9.9</b>	<b>--</b>	<b>12.3</b>	<b>--</b>	<b>10.6</b>	<b>--</b>	<b>9.4</b>	<b>--</b>	<b>7.6</b>	<b>--</b>	<b>7.1</b>	<b>--</b>	<b>8.3</b>	<b>Jun-95</b>
San Jose Custom Total Real Estate BM			3.1	--	6.8	--	8.7	--	9.2	--	--	--	--	--	--	--	--	Jun-95
Over/Under			0.4		3.1		3.6		1.4									
<b>Total Real Estate Ex Russell Real Estate</b>	<b>186,742,273</b>	<b>6.1</b>	<b>4.0</b>	<b>8</b>	<b>12.8</b>	<b>6</b>	<b>16.4</b>	<b>1</b>	<b>12.6</b>	<b>42</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>12.8</b>	<b>Dec-12</b>
San Jose Custom Real Estate Benchmark			3.3	19	11.2	10	15.0	4	12.7	40	13.0	20	6.0	79	6.2	18	13.1	Dec-12
Over/Under			0.7		1.6		1.4		-0.1								-0.3	
InvestorForce Public DB Real Estate Pub+Priv Net Median			2.2		9.4		11.9		12.4		12.2		7.8		5.2		12.8	Dec-12
<b>Inflation-Linked Assets Composite</b>	<b>232,809,699</b>	<b>7.6</b>	<b>1.3</b>	<b>--</b>	<b>-14.1</b>	<b>--</b>	<b>-12.2</b>	<b>--</b>	<b>-10.7</b>	<b>--</b>	<b>-10.1</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>-10.1</b>	<b>Apr-11</b>
San Jose Custom Inflation-Linked Assets Benchmark			0.9	--	-12.0	--	-9.6	--	-7.2	--	-7.4	--	--	--	--	--	-7.4	Apr-11
Over/Under			0.4		-2.1		-2.6		-3.5		-2.7						-2.7	
<b>Multi-Asset Inflation-Linked Assets Composite</b>	<b>67,371,432</b>	<b>2.2</b>	<b>4.9</b>	<b>--</b>	<b>-15.4</b>	<b>--</b>	<b>-14.8</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>-12.5</b>	<b>Nov-13</b>
CPI + 5% (Unadjusted)			1.9	--	3.5	--	5.9	--	5.8	--	6.3	--	6.7	--	6.9	--	5.8	Nov-13
Over/Under			3.0		-18.9		-20.7										-18.3	
Wellington	67,371,432	2.2	4.9	--	-15.4	--	-14.8	--	--	--	--	--	--	--	--	--	-12.5	Nov-13
CPI + 5% (Unadjusted)			1.9	--	3.5	--	5.9	--	5.8	--	6.3	--	6.7	--	6.9	--	5.8	Nov-13
Over/Under			3.0		-18.9		-20.7										-18.3	
<b>Commodities Composite</b>	<b>165,438,266</b>	<b>5.4</b>	<b>-0.1</b>	<b>--</b>	<b>-13.7</b>	<b>--</b>	<b>-11.1</b>	<b>--</b>	<b>-10.4</b>	<b>--</b>	<b>-9.8</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>-9.8</b>	<b>Apr-11</b>
Custom Commodity Risk Parity Index			0.5	--	-18.1	--	-15.8	--	-11.5	--	-10.0	--	--	--	--	--	-10.0	Apr-11
Over/Under			-0.6		4.4		4.7		1.1		0.2						0.2	
Bloomberg Commodity Index			0.4	--	-23.1	--	-19.6	--	-16.9	--	-14.1	--	-4.5	--	-6.2	--	-14.1	Apr-11
Credit Suisse	99,123,387	3.2	0.8	--	-18.1	--	-15.7	--	-11.5	--	-9.9	--	--	--	--	--	-9.9	Apr-11
Custom Commodity Risk Parity Index			0.5	--	-18.1	--	-15.8	--	-11.5	--	-10.0	--	--	--	--	--	-10.0	Apr-11
Over/Under			0.3		0.0		0.1		0.0		0.1						0.1	
Bloomberg Commodity Index			0.4	--	-23.1	--	-19.6	--	-16.9	--	-14.1	--	-4.5	--	-6.2	--	-14.1	Apr-11
Pinnacle Natural Resources	66,314,879	2.2	-1.5	--	--	--	--	--	--	--	--	--	--	--	--	--	1.4	Sep-15
Bloomberg Commodity Index			0.4	--	-23.1	--	-19.6	--	-16.9	--	-14.1	--	-4.5	--	-6.2	--	-13.2	Sep-15
Over/Under			-1.9														14.6	

# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Total Absolute Return Composite</b>	<b>224,260,373</b>	<b>7.3</b>	<b>0.7</b>	--	<b>0.6</b>	--	<b>-0.1</b>	--	<b>2.3</b>	--	--	--	--	--	--	--	<b>2.6</b>	<b>Nov-12</b>
San Jose Custom Absolute Return Benchmark			<u>1.6</u>	--	<u>0.6</u>	--	<u>0.5</u>	--	<u>2.4</u>	--	--	--	--	--	--	--	<u>2.6</u>	Nov-12
Over/Under			-0.9		0.0		-0.6		-0.1								0.0	
Absolute Return ex-Interim Benchmark			<u>1.6</u>	--	<u>0.7</u>	--	<u>0.6</u>	--	<u>3.0</u>	--	<u>2.0</u>	--	<u>3.9</u>	--	<u>1.8</u>	--	<u>4.1</u>	Nov-12
Russell Hedge Funds	131	0.0	<u>0.1</u>	--	<u>0.0</u>	--	<u>-0.1</u>	--	<u>1.0</u>	--	--	--	--	--	--	--	<u>1.2</u>	Dec-12
Russell Hedge Index			<u>1.0</u>	--	<u>0.3</u>	--	<u>0.2</u>	--	<u>1.1</u>	--	<u>1.2</u>	--	<u>2.6</u>	--	<u>2.2</u>	--	<u>1.3</u>	Dec-12
Over/Under			-0.9		-0.3		-0.3		-0.1								-0.1	
<b>Total Absolute Return Composite ex-Interim</b>	<b>224,260,242</b>	<b>7.3</b>	<b>0.7</b>	--	<b>0.8</b>	--	<b>-0.2</b>	--	<b>3.0</b>	--	--	--	--	--	--	--	<b>4.4</b>	<b>Nov-12</b>
Absolute Return ex-Interim Benchmark			<u>1.6</u>	--	<u>0.7</u>	--	<u>0.6</u>	--	<u>3.0</u>	--	<u>2.0</u>	--	<u>3.9</u>	--	<u>1.8</u>	--	<u>4.1</u>	Nov-12
Over/Under			-0.9		0.1		-0.8		0.0								0.3	
3-Month LIBOR + 5%			<u>1.4</u>	--	<u>4.1</u>	--	<u>5.4</u>	--	<u>5.3</u>	--	<u>5.3</u>	--	<u>5.4</u>	--	<u>6.6</u>	--	<u>5.3</u>	Nov-12
<b>Macro Composite</b>	<b>128,970,547</b>	<b>4.2</b>	<b>2.0</b>	--	<b>3.3</b>	--	--	--	--	--	--	--	--	--	--	--	<b>3.3</b>	<b>Jul-15</b>
BlueTrend	18,662,739	0.6	<u>7.5</u>	--	<u>14.5</u>	--	<u>-0.6</u>	--	<u>1.8</u>	--	--	--	--	--	--	--	<u>1.8</u>	Apr-13
Barclay BTOP50 Index			<u>2.2</u>	--	<u>4.6</u>	--	<u>-3.5</u>	--	<u>4.2</u>	--	<u>2.0</u>	--	<u>1.6</u>	--	<u>3.3</u>	--	<u>4.2</u>	Apr-13
Over/Under			5.3		9.9		2.9		-2.4								-2.4	
Brevan Howard Multi Strategy	5,153,516	0.2	<u>0.6</u>	--	<u>-2.6</u>	--	<u>-4.3</u>	--	<u>-0.1</u>	--	--	--	--	--	--	--	<u>0.9</u>	Dec-12
HFRI Macro (Total) Index			<u>1.6</u>	--	<u>0.7</u>	--	<u>-2.9</u>	--	<u>1.3</u>	--	<u>0.3</u>	--	<u>2.0</u>	--	<u>3.4</u>	--	<u>1.9</u>	Dec-12
Over/Under			-1.0		-3.3		-1.4		-1.4								-1.0	
Brevan Howard Limited	15,189,669	0.5	<u>-0.8</u>	--	<u>-4.0</u>	--	--	--	--	--	--	--	--	--	--	--	<u>-4.0</u>	Jul-15
HFRI Macro (Total) Index			<u>1.6</u>	--	<u>0.7</u>	--	<u>-2.9</u>	--	<u>1.3</u>	--	<u>0.3</u>	--	<u>2.0</u>	--	<u>3.4</u>	--	<u>0.7</u>	Jul-15
Over/Under			-2.4		-4.7												-4.7	
Dymon Asia	21,866,790	0.7	<u>0.0</u>	--	--	--	--	--	--	--	--	--	--	--	--	--	<u>-0.9</u>	Sep-15
HFRI Macro (Total) Index			<u>1.6</u>	--	<u>0.7</u>	--	<u>-2.9</u>	--	<u>1.3</u>	--	<u>0.3</u>	--	<u>2.0</u>	--	<u>3.4</u>	--	<u>1.4</u>	Sep-15
Over/Under			-1.6														-2.3	
Kepos	18,182,659	0.6	<u>5.5</u>	--	<u>12.4</u>	--	<u>4.2</u>	--	<u>2.6</u>	--	--	--	--	--	--	--	<u>3.5</u>	Mar-13
HFRI Macro: Systematic Diversified Index			<u>3.1</u>	--	<u>2.3</u>	--	<u>-4.0</u>	--	<u>2.9</u>	--	<u>1.0</u>	--	<u>2.0</u>	--	<u>4.6</u>	--	<u>3.1</u>	Mar-13
Over/Under			2.4		10.1		8.2		-0.3								0.4	
MKP Opportunity Fund	9,574,973	0.3	<u>-2.1</u>	--	<u>-6.6</u>	--	--	--	--	--	--	--	--	--	--	--	<u>-6.6</u>	Jul-15
HFRI Macro (Total) Index			<u>1.6</u>	--	<u>0.7</u>	--	<u>-2.9</u>	--	<u>1.3</u>	--	<u>0.3</u>	--	<u>2.0</u>	--	<u>3.4</u>	--	<u>0.7</u>	Jul-15
Over/Under			-3.7		-7.3												-7.3	



# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Wadhvani	20,340,200	0.7	1.7	--	--	--	--	--	--	--	--	--	--	--	--	--	1.7	Jan-16
Barclay BTOP50 Index			2.2	--	4.6	--	-3.5	--	4.2	--	2.0	--	1.6	--	3.3	--	2.2	Jan-16
Over/Under			-0.5														-0.5	
Pharo Management	20,000,000	0.7																
HFRI Macro (Total) Index			-		-		-		-		-		-		-			
Over/Under																		
<b>Relative Value Composite</b>	<b>95,289,696</b>	<b>3.1</b>	<b>-0.3</b>	<b>--</b>	<b>-0.6</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>-0.6</b>	<b>Jul-15</b>
Arrowgrass	24,391,801	0.8	-0.3	--	1.0	--	2.0	--	5.0	--	--	--	--	--	--	--	6.0	Nov-12
HFRI Relative Value (Total) Index			-0.6	--	-3.4	--	-2.7	--	2.3	--	3.6	--	7.5	--	5.1	--	3.4	Nov-12
Over/Under			0.3		4.4		4.7		2.7								2.6	
DE Shaw	29,555,687	1.0	2.9	--	8.8	--	10.5	--	13.9	--	--	--	--	--	--	--	13.9	Apr-13
HFRI Fund Weighted Composite Index			-0.6	--	-4.1	--	-3.9	--	2.1	--	1.8	--	5.6	--	3.4	--	2.1	Apr-13
Over/Under			3.5		12.9		14.4		11.8								11.8	
Hudson Bay	20,139,655	0.7	0.6	--	-2.1	--	-3.2	--	--	--	--	--	--	--	--	--	0.3	Jul-13
HFRI Relative Value (Total) Index			-0.6	--	-3.4	--	-2.7	--	2.3	--	3.6	--	7.5	--	5.1	--	2.5	Jul-13
Over/Under			1.2		1.3		-0.5										-2.2	
Pine River	21,202,553	0.7	-5.4	--	-11.7	--	-9.7	--	-0.1	--	--	--	--	--	--	--	1.8	Jan-13
HFRI Relative Value (Total) Index			-0.6	--	-3.4	--	-2.7	--	2.3	--	3.6	--	7.5	--	5.1	--	3.1	Jan-13
Over/Under			-4.8		-8.3		-7.0		-2.4								-1.3	

Note: Pharo funded in March 2016.



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March 31, 2016

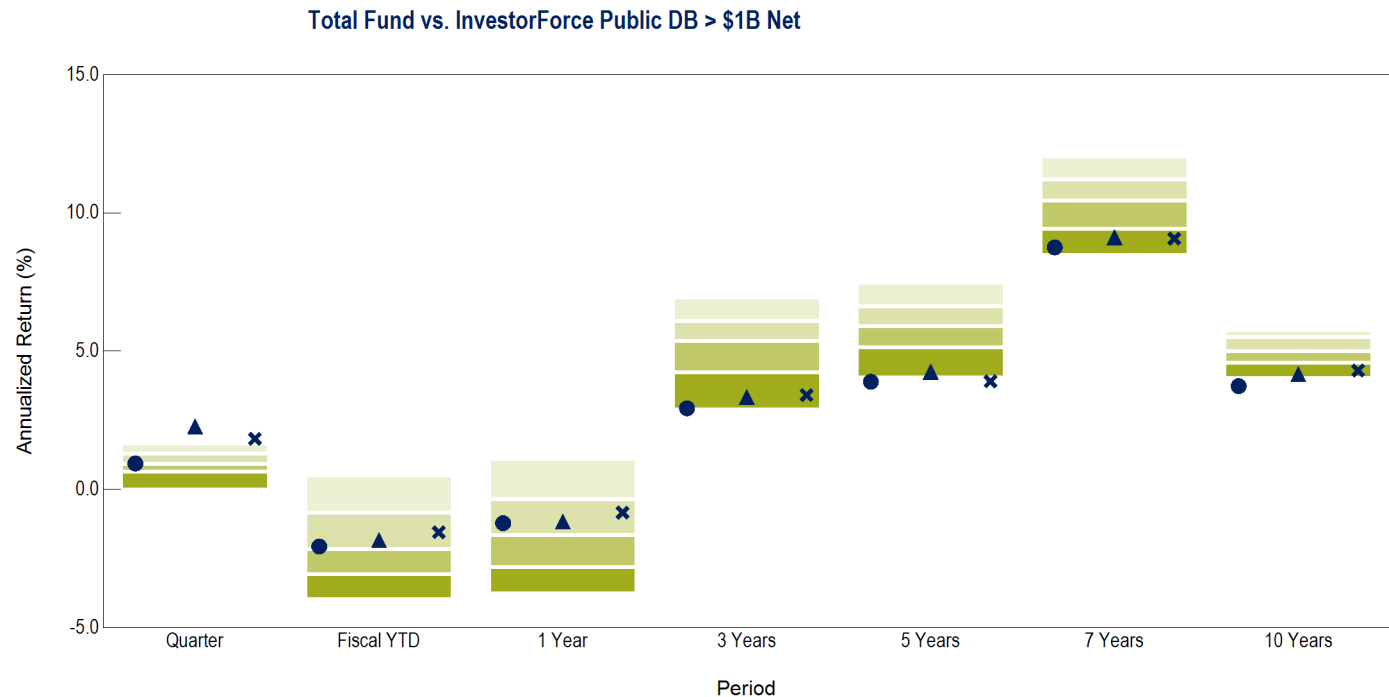
# City of San Jose Police and Fire Department Retirement Plan

## Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Total GAA Composite</b>	<b>289,841,150</b>	<b>9.4</b>	<b>0.2</b>	<b>75</b>	<b>-4.5</b>	<b>64</b>	<b>-5.3</b>	<b>68</b>	<b>-0.2</b>	<b>66</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>0.8</b>	<b>Jan-13</b>
60% MSCI World (Net) / 40% CITI WGBI			<u>2.7</u>	46	<u>0.9</u>	1	<u>0.5</u>	1	<u>4.4</u>	3	<u>4.6</u>	26	<u>9.1</u>	35	<u>4.6</u>	64	<u>5.2</u>	Jan-13
Over/Under			-2.5		-5.4		-5.8		-4.6								-4.4	
InvestorForce Public DB Global Tactical Net Median			2.1		-4.2		-4.1		0.9		3.9		8.5		4.9		1.4	Jan-13
<b>GAA ex-Iterim</b>	<b>289,841,150</b>	<b>9.4</b>	<b>0.2</b>	<b>79</b>	<b>-4.5</b>	<b>73</b>	<b>-5.3</b>	<b>65</b>	<b>-0.2</b>	<b>68</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>-0.1</b>	<b>Jan-13</b>
InvestorForce Public DB Global Tactical Gross Median			2.4		-3.9		-4.1		1.4		4.2		9.6		5.4		2.0	Jan-13
GMO	84,160,825	2.7	0.2	73	-5.1	73	-5.4	62	1.2	77	--	--	--	--	--	--	1.6	Feb-13
CPI + 5% (Seasonally Adjusted)			<u>1.2</u>	37	<u>3.7</u>	1	<u>5.9</u>	1	<u>5.8</u>	3	<u>6.3</u>	2	<u>6.7</u>	62	<u>6.8</u>	1	<u>5.9</u>	Feb-13
Over/Under			-1.0		-8.8		-11.3		-4.6								-4.3	
60% MSCI World (Net) / 40% CITI WGBI			2.7	12	0.9	9	0.5	7	4.4	11	4.6	12	9.1	43	4.6	39	4.5	Feb-13
eA Global TAA Net Median			1.0		-3.6		-4.6		2.1		3.2		8.2		4.2		2.4	Feb-13
PIMCO	88,783,264	2.9	5.6	1	-6.3	82	-6.5	77	-4.7	99	--	--	--	--	--	--	-4.7	Feb-13
CPI + 6.5% (Seasonally Adjusted)			<u>1.5</u>	27	<u>4.8</u>	1	<u>7.4</u>	1	<u>7.3</u>	1	<u>7.9</u>	1	<u>8.2</u>	50	<u>8.4</u>	1	<u>7.4</u>	Feb-13
Over/Under			4.1		-11.1		-13.9		-12.0								-12.1	
60% MSCI World (Net) / 40% CITI WGBI			2.7	12	0.9	9	0.5	7	4.4	11	4.6	12	9.1	43	4.6	39	4.5	Feb-13
eA Global TAA Net Median			1.0		-3.6		-4.6		2.1		3.2		8.2		4.2		2.4	Feb-13
Standard Life	116,897,062	3.8	-3.2	95	-3.2	41	-4.5	49	2.2	44	--	--	--	--	--	--	2.8	Feb-13
91 Day T-Bill + 5%			<u>1.3</u>	35	<u>3.8</u>	1	<u>5.1</u>	1	<u>5.1</u>	6	<u>5.1</u>	6	<u>5.1</u>	85	<u>6.1</u>	10	<u>5.1</u>	Feb-13
Over/Under			-4.5		-7.0		-9.6		-2.9								-2.3	
60% MSCI World (Net) / 40% CITI WGBI			2.7	12	0.9	9	0.5	7	4.4	11	4.6	12	9.1	43	4.6	39	4.5	Feb-13
eA Global TAA Net Median			1.0		-3.6		-4.6		2.1		3.2		8.2		4.2		2.4	Feb-13
<b>Cash</b>																		
Cash	36,565,210	1.2	0.0	--	0.0	--	0.0	--	0.0	--	0.1	--	0.5	--	--	--	0.8	Apr-08
91 Day T-Bills			<u>0.1</u>	--	<u>0.1</u>	--	<u>0.1</u>	--	<u>0.1</u>	--	<u>0.1</u>	--	<u>0.1</u>	--	<u>1.0</u>	--	<u>0.2</u>	Apr-08
Over/Under			-0.1		-0.1		-0.1		-0.1		0.0		0.4				0.6	

# City of San Jose Police and Fire Department Retirement Plan

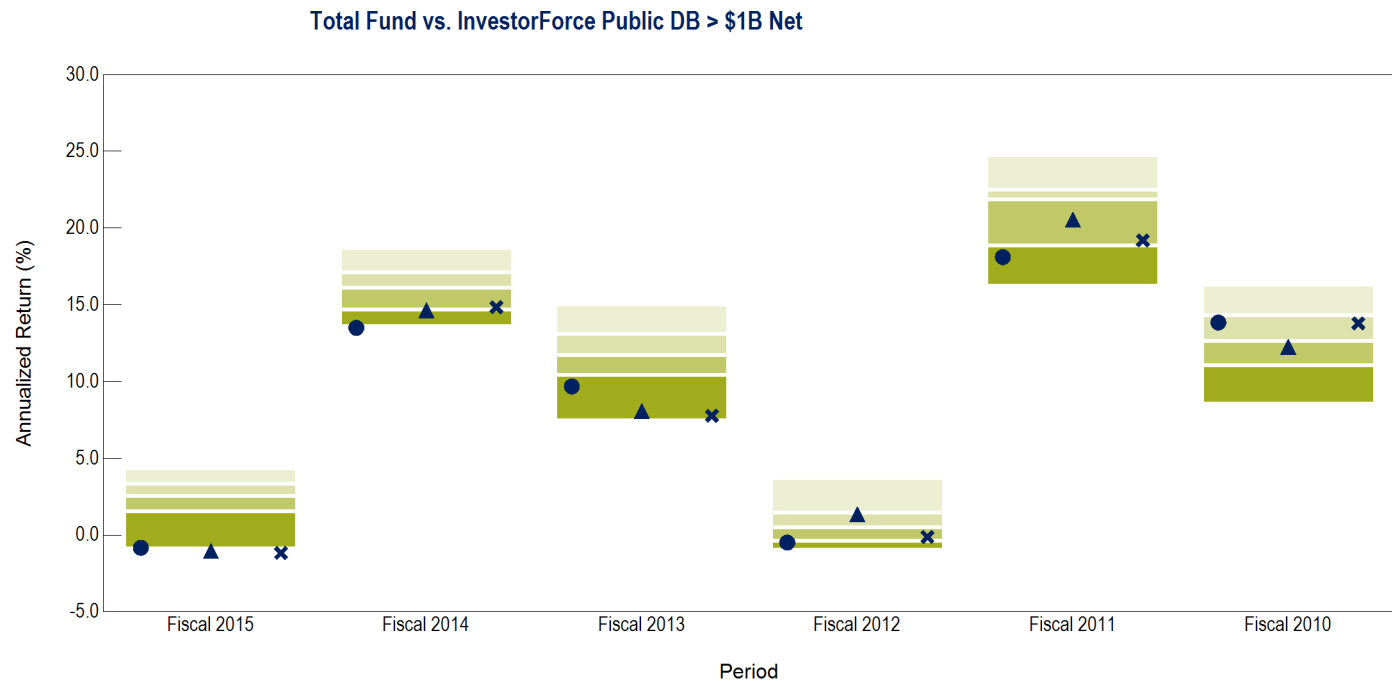
## Total Fund Return Summary vs. Peer Universe



		Return (Rank)													
5th Percentile		1.6	0.5	1.1	6.9	7.5	12.0	5.8							
25th Percentile		1.3	-0.8	-0.3	6.1	6.6	11.2	5.5							
Median		0.9	-2.1	-1.6	5.4	5.9	10.4	5.0							
75th Percentile		0.6	-3.1	-2.8	4.2	5.1	9.4	4.6							
95th Percentile		0.0	-4.0	-3.8	2.9	4.1	8.5	4.0							
# of Portfolios		50	50	50	50	50	49	45							
●	Total Fund	0.9	(50)	-2.1	(49)	-1.2	(40)	2.9	(95)	3.9	(96)	8.7	(90)	3.7	(99)
▲	Policy Benchmark	2.3	(1)	-1.8	(48)	-1.2	(38)	3.3	(88)	4.3	(94)	9.1	(82)	4.2	(91)
✕	Allocation Index	1.8	(4)	-1.6	(40)	-0.8	(33)	3.4	(88)	3.9	(96)	9.1	(83)	4.3	(86)

# 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	
25th Percentile	3.3		17.2		13.1	
Median	2.6		16.1		11.8	
75th Percentile	1.6		14.7		10.5	
95th Percentile	-0.9		13.6		7.5	
# of Portfolios	53		43		56	
● Total Fund	-0.8	(95)	13.5	(98)	9.7	(83)
▲ Policy Benchmark	-1.0	(98)	14.6	(76)	8.1	(92)
✕ Allocation Index	-1.2	(99)	14.8	(74)	7.8	(93)

# 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	No Action	Watch Status from Q2 2014
<b>Artisan Global Opps</b>	-	-	-	-	
<b>Artisan Global Value</b>	-	-	-	-	
<b>NT Russell 1000 Index</b>	-	-	-	-	
<b>RBC Small Cap</b>	-	-	-	-	
<b>NT MSCI World ex-U.S. Index</b>	-	-	-	-	
<b>Oberweis International Opportunities</b>	-	-	-	-	
<b>Vontobel Emerging Markets Equity</b>	-	Yes	Hold	Terminate	Redeemed
<b>Aberdeen Frontier Markets Equity</b>	Bottom Decile	-	-	-	
<b>Dimensional Fund Advisors</b>	Top Decile	-	-	-	
<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

Investment Options	Performance (Recent Quarter)	Changes/ Announcements (Recent Quarter)	NEPC Due Diligence Committee Recommendations	Plan Recommendation	Comments
<b>Colchester Global Fixed Income</b>	-	-	-	-	
<b>Franklin Templeton Global Multi-Sector Plus</b>	-	Yes	No Action	No Action	
<b>Beach Point Total Return Fund</b>	-	-	-	-	
<b>Voya</b>	-	-	-	-	
<b>Symphony L/S Credit Fund</b>	-	-	-	-	
<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>Cross Ocean</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>	-	Yes	Watch	No Action	Watch Status from Q1 2016
<b>Iguazu Partners</b>	Bottom Quartile	-	-	-	
<b>Credit Suisse Risk Parity Commodity Fund</b>	N/A	-	-	-	
<b>Wellington Diversified Inflation Hedges</b>	N/A	Yes	Watch	No Action	
<b>Pinnacle Natural Resources</b>	N/A	-	-	-	
<b>Russell Real Estate</b>	N/A	-	Watch	No Action	Watch Status from Q2 2014
<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 EPISO 3</b>	N/A	-	-	-	



NEPC, LLC

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# City of San Jose Police and Fire Department Retirement Plan

## Due Diligence Monitor

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	-	-	-	Watch Status from Q1 2015
<b>GMO Benchmark-Free Allocation</b>	N/A	Yes	Hold	No Action	
<b>PIMCO All Asset All Authority</b>	N/A	-	Watch	No Action	
<b>Standard Life Global Absolute Return Strategy (GTAA)</b>	N/A	-	-	-	
<b>Industry Ventures III</b>	N/A	-	-	-	
<b>CCMP Capital Investors III</b>	N/A	-	-	-	No Action
<b>D.E. Shaw &amp; Co., L.P.</b>	N/A	-	-	-	
<b>Marshall Wace Eureka Fund</b>	N/A	-	Hold	No Action	
<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>Claren Road</b>	N/A	-	-	-	
<b>Davidson Kempner</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.





#### Vontobel Emerging Markets Equity

Rajiv Jain, CEO and CIO, resigned from Vontobel during the first quarter and remained on at the firm through the end of May. Matthew Benkendorf has taken over the management of the emerging markets equity strategy effective March 7, 2016. Vontobel has not disclosed the total number of client outflows, but they anticipate it to be roughly 5% at the firm level, which would translate into a roughly 10% decline in EM assets. Mr. Benkendorf has signed an employment contract and Vontobel is actively working with the remaining employees to secure them to longer term deals as well. There will be no other changes to the process or philosophy. The portfolio remains exposed to those areas of emerging markets that we find attractive (consumer and countries going through reform).

*The Plan voted to terminate its relationship with Vontobel as a result of this announcement and has since redeemed all asset from Vontobel.*

#### BlueBay Emerging Markets Select Debt

BlueBay Asset Management notified NEPC Research that David Dowsett, Co-CIO and Co-Head of Emerging Markets, will be transitioning away from the Co-CIO role to dedicate his full attention to the EMD platform alongside Polina Kurdyavko. Rodrigo Da Fonseca, Partner and a portfolio manager for emerging market sovereigns, has decided to leave the firm. The reason for his departure is unknown at this point, but this was not a decision made by BlueBay.

Prior to this change, Mr. Dowsett's time allocation was an 80/20 split between EMD and CIO responsibilities. Emerging markets has been in a period of crisis since Mr. Dowsett was named co-CIO two years ago, and BlueBay's EMD strategies have not performed as well as the team would have liked through these difficult times. In 2015, BlueBay's EM Select Debt strategy returned -7.75% (net, mutual fund return), trailing some peers, but only slightly below the 50/50 blended EMD index. Mr. Dowsett decided that it was in both BlueBay's and his own best interest to commit all of his time to the emerging market debt platform. Raphael Robelin, who was named co-CIO with Mr. Dowsett in 2013, will continue on as the sole CIO, effective immediately. Mr. Robelin will continue to be co-Head of the Investment Grade team with Mark Dowding. It is not anticipated that his role on the Investment Grade team will change, as he has many resources supporting him in the CIO role. David Riley, Head of Credit Strategy, will continue to represent the CIO office and the overall firm externally with clients and prospects at conferences and with the media. Additionally, Director of Investment Operations Spencer Woodward will continue to bring operational benefit to the CIO office.

Rodrigo De Fonseca was primarily focused on Latin America. Portfolio Managers Polina Kurdyavko and Jana Velebova will fill Mr. De Fonseca's role in the interim, and BlueBay will hire a portfolio manager to fill this position as soon as possible. With Mr. De Fonseca's departure, eight portfolio managers remain on the desk – five sovereign portfolio managers and three corporate portfolio managers. Supporting the eight portfolio managers are nine assistant portfolio managers, ten analysts, and six traders.

*NEPC recommends a due diligence status of **Watch**. We do not recommend any action at this time.*

## Due Diligence Commentary

### Wellington Diversified Inflation Hedges (DIH)

In January 2016, Karl Bantal, portfolio manager for Wellington's Core Energy approaches, announced his withdrawal from the partnership, elevating Greg Leblanc to PM of the strategies previously managed by Mr. Bantal. With Mr. Bantal's announcement, Mr. Leblanc relinquished his PM responsibilities on the Commodities strategy he co-managed with David Chang to assume most of Mr. Bantal's energy equity related responsibilities. Mr. Chang has 12 years of investing experience within the commodities markets and has been an active participant with Wellington's commodity approaches since their inception.

In addition, the Precious Metals portfolio managed by Kevin White was eliminated and shifted to a basket of equity securities. The sleeve of the portfolio had been underperforming and the decision was made to get this exposure passively going forward.

In March 2016, it was announced that Emerging Market Inflation-Linked Bonds would no longer receive a dedicated allocation in the strategy. Future allocations will be made on a tactical basis.

On May 8, 2016, NEPC was notified that Julius Moschitz, PhD. will be transitioning off of the Diversified Inflation Hedges investment team at the end of May. Dr. Moschitz joined the Global Macro team in 2004 and he then transitioned to the Asset Allocation group in 2009, focusing on DIH as a dedicated macroeconomic analyst. The decision to remove Dr. Moschitz from the DIH team stems from his macro research tending to be less actionable, causing the team to have difficulty implementing investment ideas too are often too granular. Dr. Moschitz will remain with Wellington in the Global Macro research group focusing on the broad economic growth picture. Additionally, Nick Petrucelli has been elevated to a more senior role within the Global Multi-Asset Strategies ("GMAS") team and will be tasked with aiding to provide a clearer macro picture for the DIH team. Mr. Petrucelli's two main sources of research have revolved around inflation sensitive assets and asset allocation for long-term investors. His inflation models are currently being utilized by the GMAS team and by the firm broadly, and he has been moderating team weekly meetings for the last year. From a portfolio management perspective, Scott Elliot and Brian Garvey remain in place as the lead risk-takers of DIH, and there are no indications of further changes to the investment team.

*NEPC recommends a due diligence status of **Watch**. We do not recommend any action at this time.*

*The WATCH recommendation is the culmination of a number a minor announcements over the past 12 months that triggered an NEPC due diligence response. When isolated, the events do not represent a significant change to the team or departure from the investment process; Wellington utilizes a broad pool of analyst/PMs to identify long-term trends to build an uncorrelated portfolio of inflation sensitive assets. When taken in aggregate, however, we believe these events warrant a WATCH rating.*

## Due Diligence Commentary

### GMO Benchmark-Free Allocation Strategy

On April 24, 2016, NEPC was notified that CEO Brad Hilsabeck will be stepping down effective July 1. Mr. Hilsabeck, who had been CEO for the past 5 years, will remain as a member of GMO's Board of Directors. GMO emphasized that this was entirely Mr. Hilsabeck's decision and the reasons for his stepping down were personal in nature. Peg McGetrick has been named acting CEO. Ms. McGetrick is currently a member of GMO's Board of Directors. Over the course of the next year, GMO will be conducting a search for CEO candidates as Peg McGetrick's role is intended to be temporary.

On June 2, 2016, GMO announced several organizational and investment process changes that directly impact the firm's multi-asset strategies, global equity strategies, and fixed income strategies with the exception of emerging markets debt. Notably, GMO will be reducing approximately 10% of the firm's workforce. The total headcount reduction will be approximately 50 individuals, the majority of which are not on the investment team.

Sam Wilderman, co-Head of Asset Allocation, will be leaving GMO at the end of 2016 and will remain through the end of the year to aid in the transition. Effective Jan 1, 2016, Ben Inker will be the sole Head of Asset Allocation. Outside of Mr. Wilderman's departure, the multi-asset investment team remains unchanged.

The strategy is also impacted by investment process changes to the firm's global equity and developed fixed income strategies. The global equity and developed fixed income investment process changes impact approximately 10% of the exposure of GMO's multi-asset portfolios. What remains for the multi-asset portfolios is the discipline provided by the asset allocation team's seven-year asset class forecasts and their belief that asset classes mean revert to fair value over time. Based on our recent conversations with GMO and our understanding of the investment process, we do not believe these represent material changes.

*NEPC recommends a due diligence status of **Hold**. We do not recommend any action at this time. Please see our separate memo for additional details on the announced changes.*

## **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

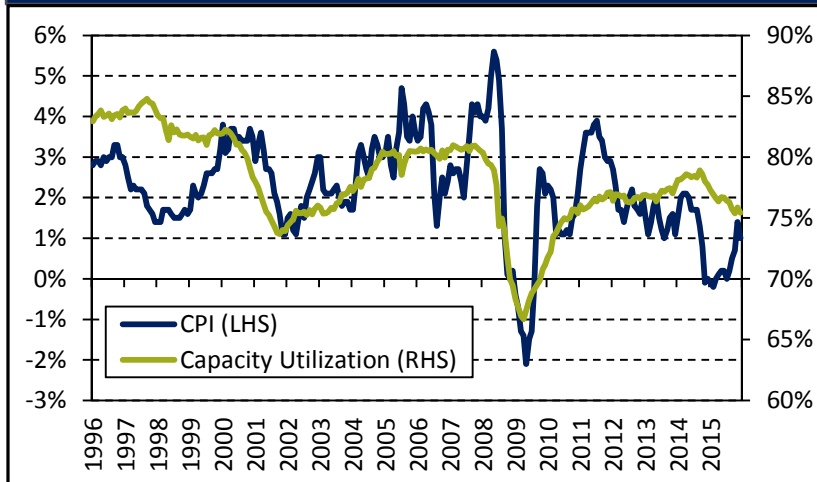
## Policy Benchmark History

- **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

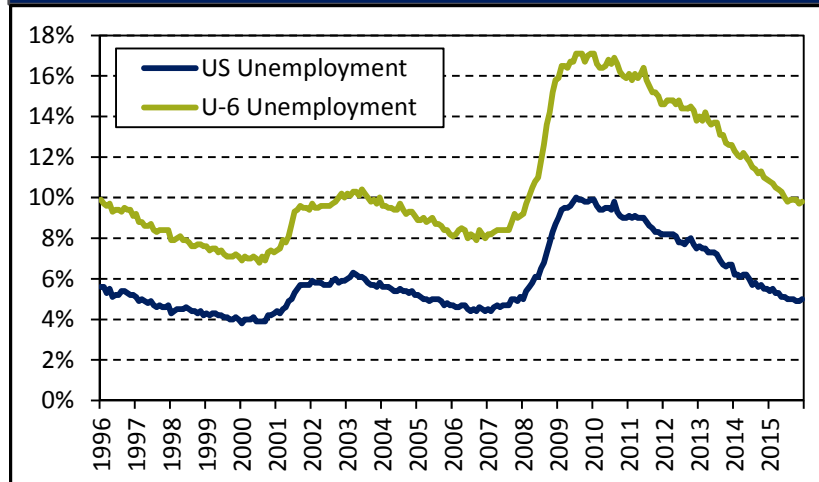
## US Economic Indicators

### Inflation has increased off lows



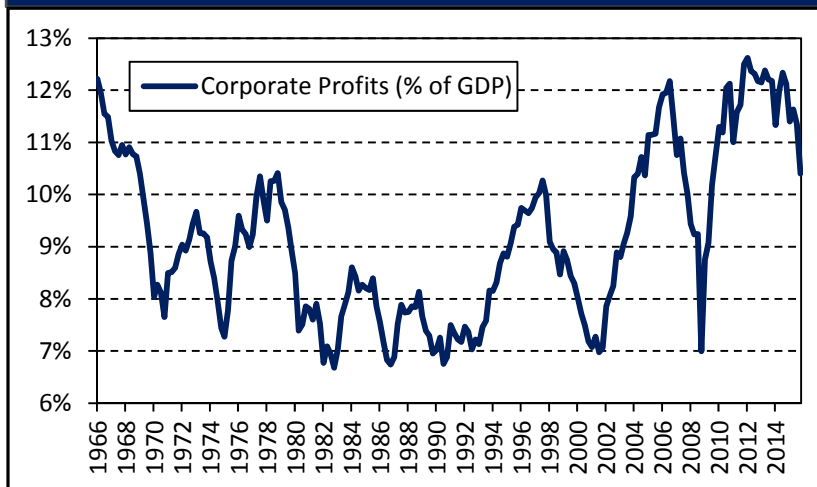
Source: Bloomberg, Federal Reserve, Bureau of Labor Statistics

### Unemployment steadily improving



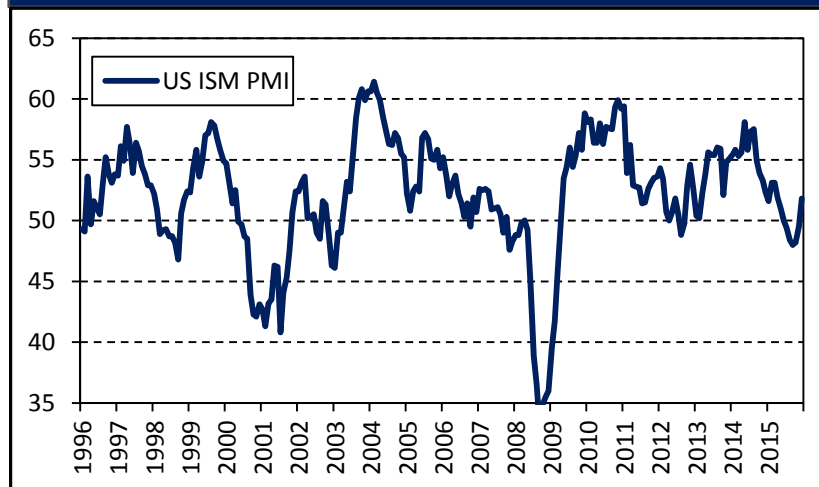
Source: Bloomberg, Bureau of Labor Statistics

### Corporate profits lower off secular highs



Source: Bloomberg, Bureau of Economic Analysis

### Manufacturing trending higher after dip



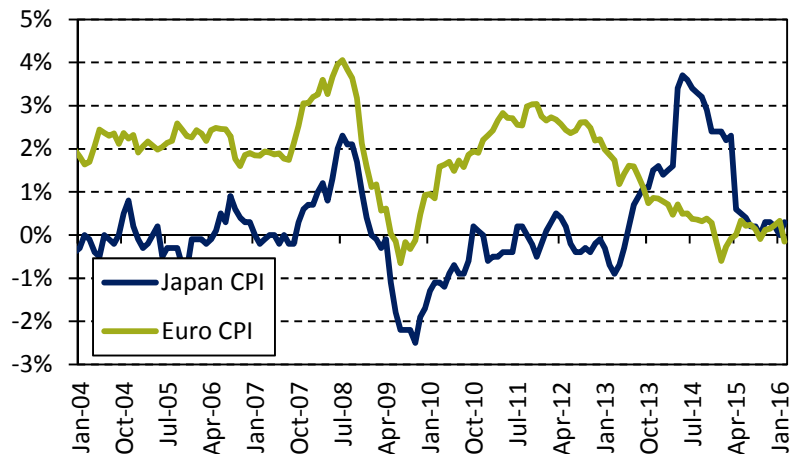
Source: Bloomberg, Institute for Supply Management



# City of San Jose Police and Fire Department Retirement Plan

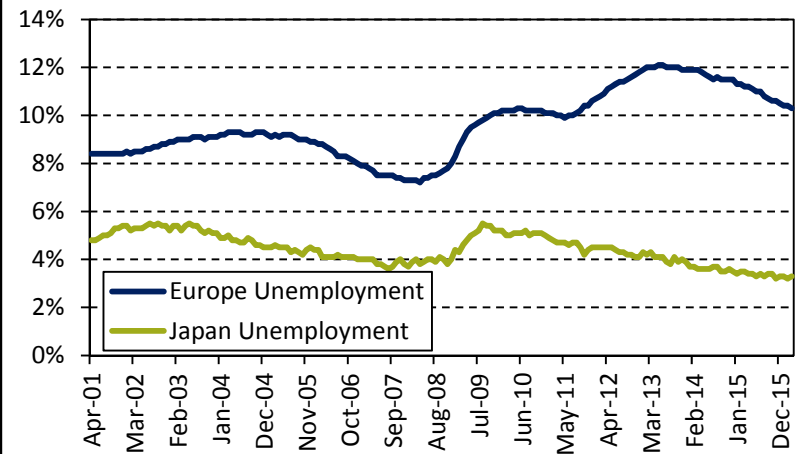
## International Economic Indicators

### Inflation remains muted



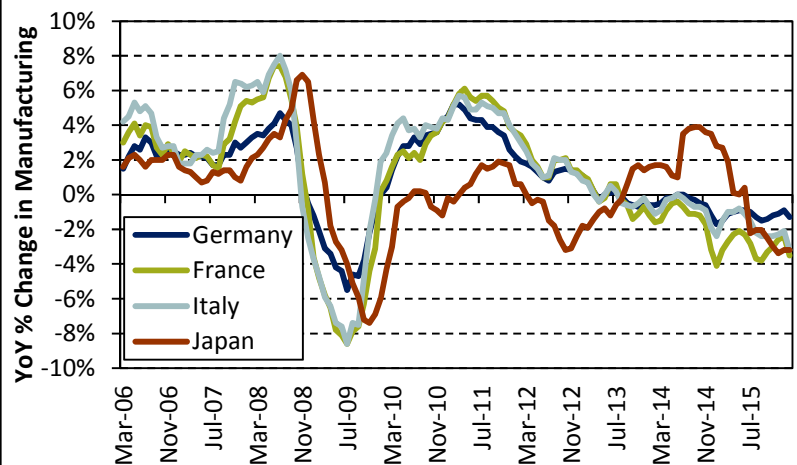
Source: Bloomberg, Japan Ministry of Internal Affairs and Communications, Eurostat

### Europe employment recovery lagging



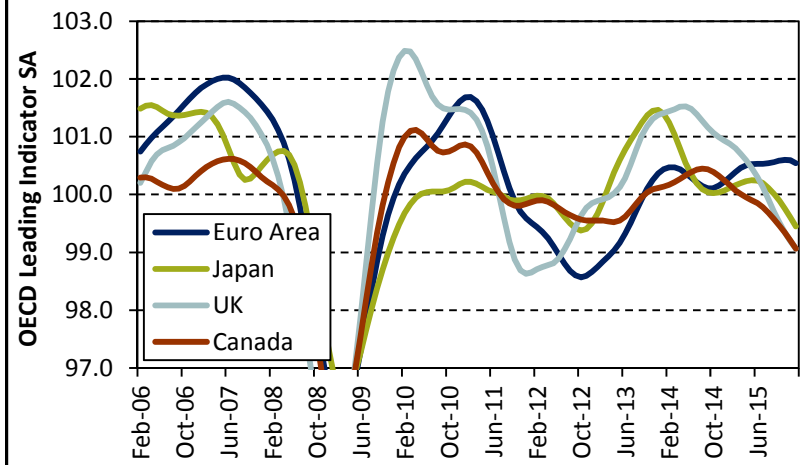
Source: Bloomberg, Japan Ministry of Internal Affairs and Communications, Eurostat

### Manufacturing in developed economies has lagged



Source: Bloomberg, OECD, Eurostat

### Leading indicators mostly neutral

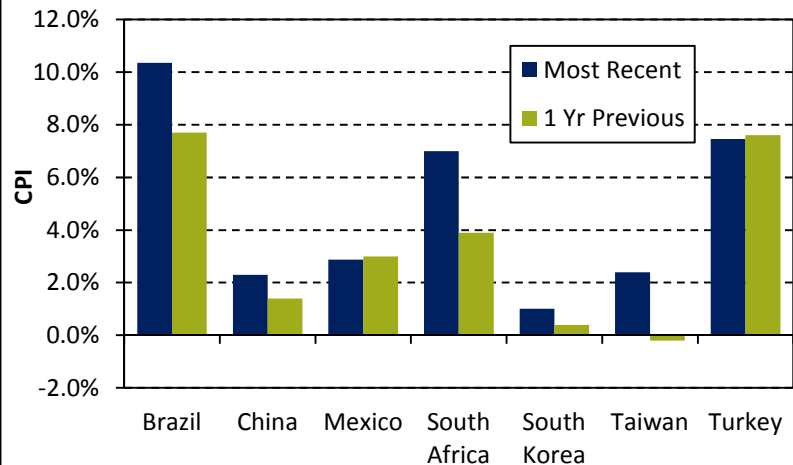


Source: Bloomberg, OECD

# City of San Jose Police and Fire Department Retirement Plan

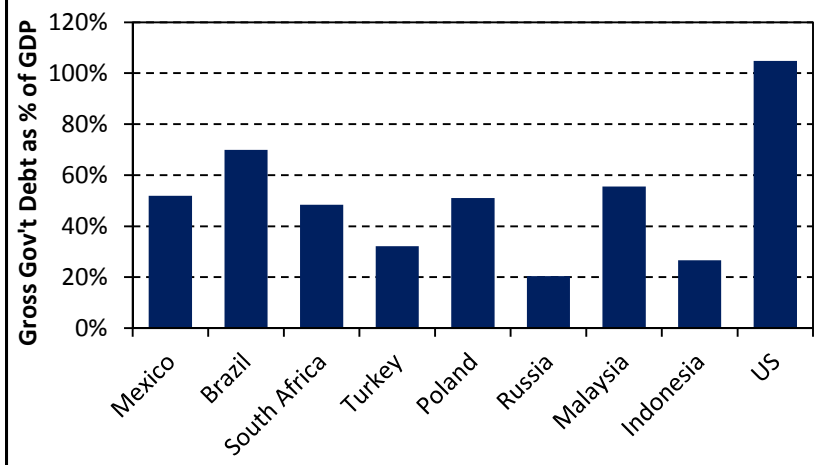
## Emerging Market Economic Indicators

### EM inflation is varied by country



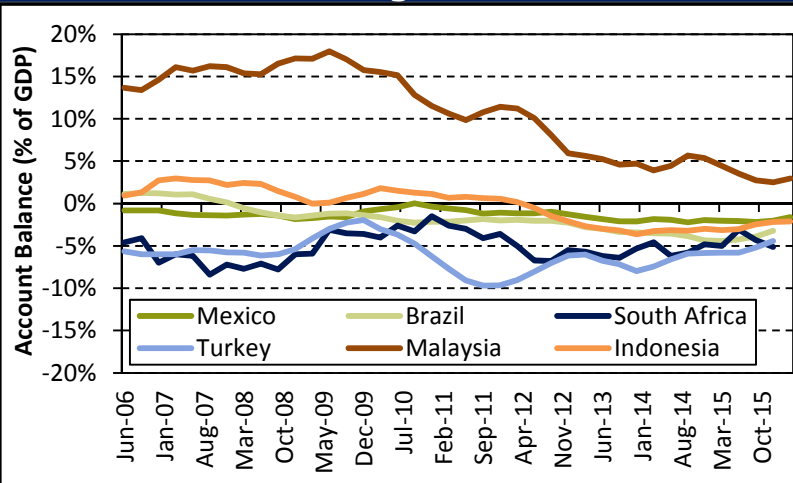
Source: Bloomberg

### Relatively healthy Debt/GDP ratios



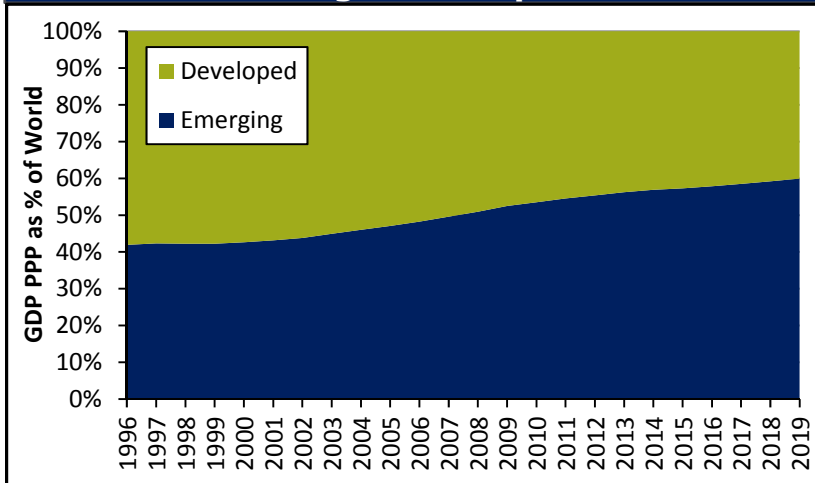
Source: Bloomberg, IMF

### Marginal improvement in account balance challenged countries



Source: Bloomberg

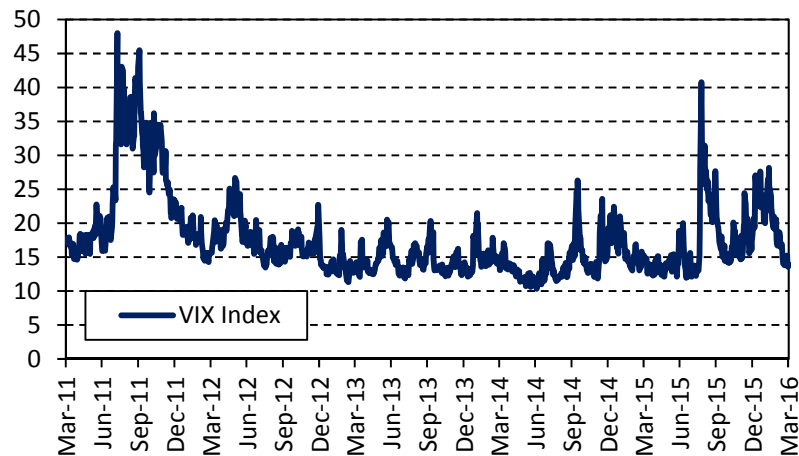
### Emerging economies make up >50% of global output



Source: Bloomberg, IMF

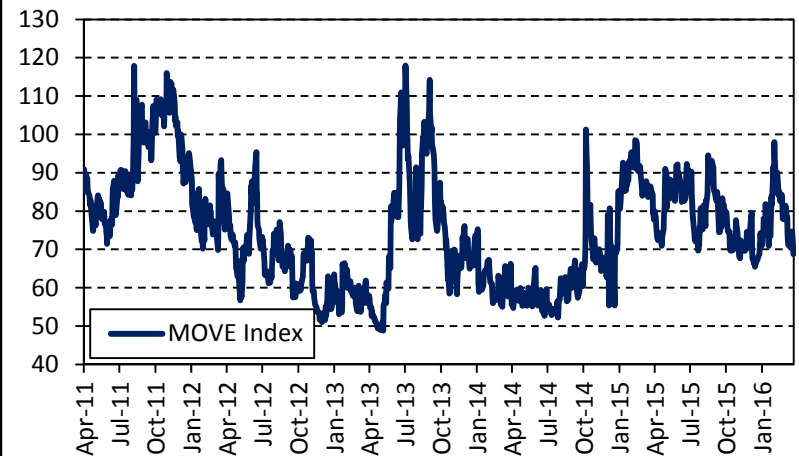
## Volatility

### Equity volatility decreasing off early year highs



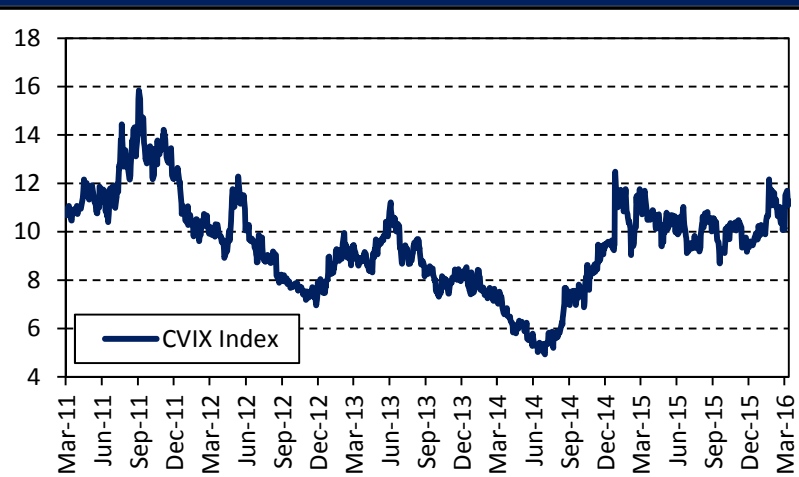
Source: Bloomberg, CBOE

### Treasury rates experiencing periods of higher volatility



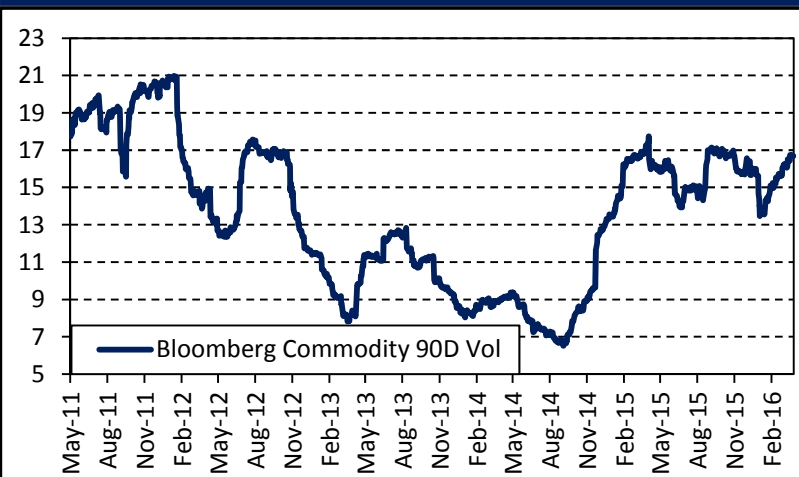
Source: Bloomberg, Merrill Lynch

### Sustained uptick in currency volatilities



Source: Bloomberg, Deutsche Bank

### Commodity pricing volatility has increased

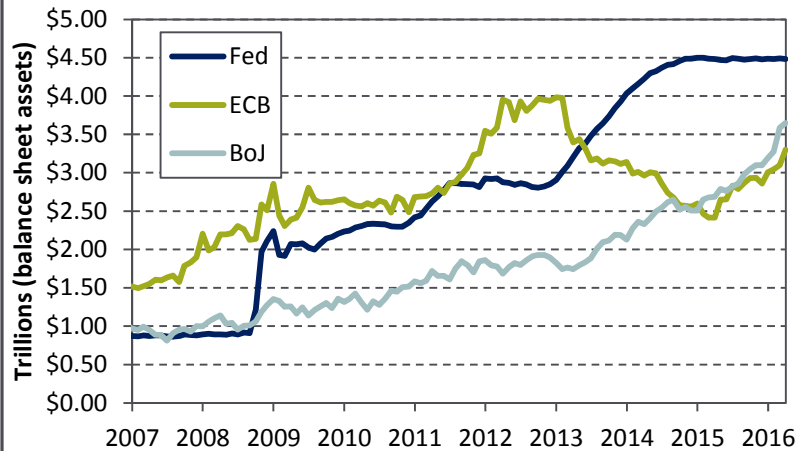


Source: Bloomberg, Merrill Lynch

# City of San Jose Police and Fire Department Retirement Plan

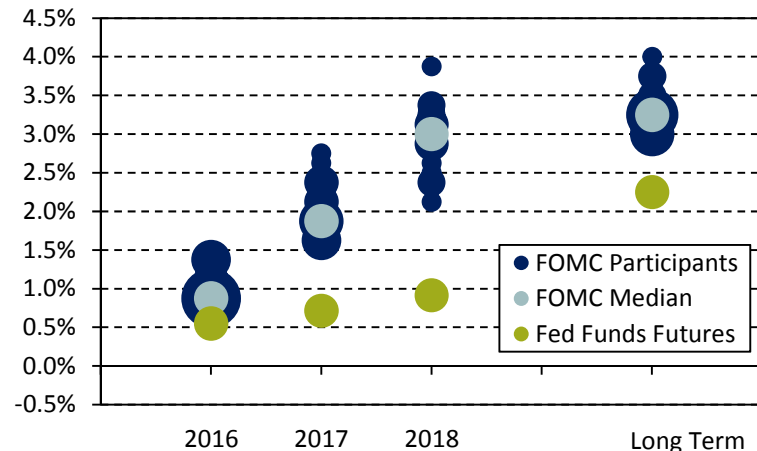
## Central Banks

### Major central bank policy divergence



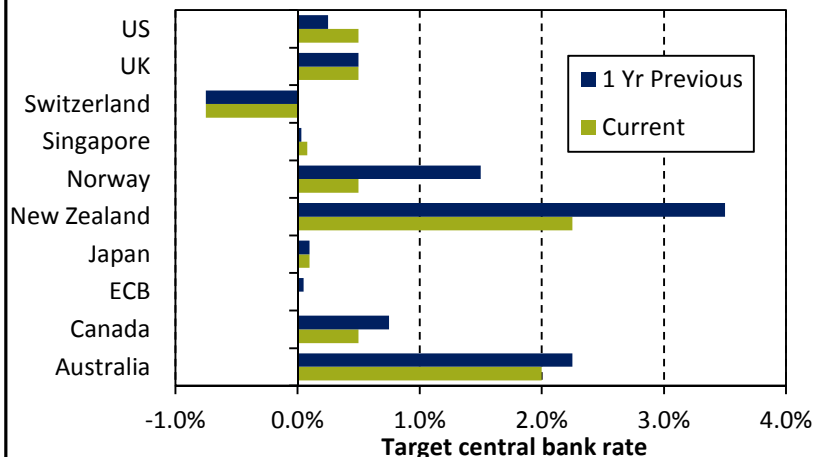
Source: Bloomberg, Federal Reserve, Bank of Japan, ECB, NEPC

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



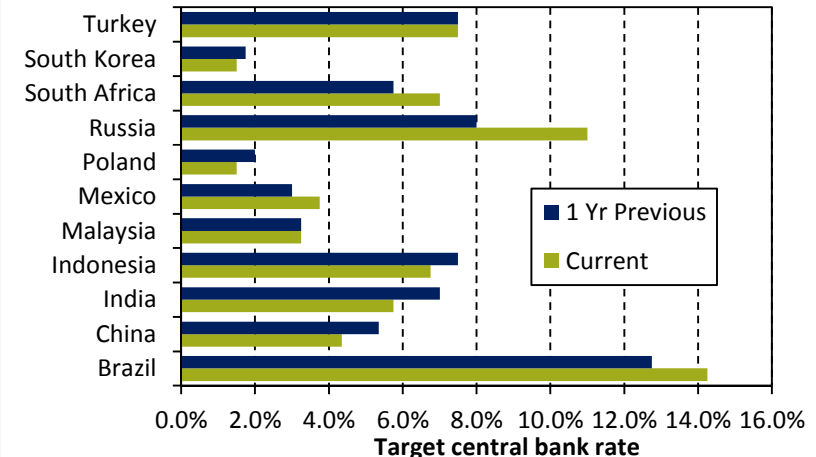
Source: Bloomberg, Federal Reserve, NEPC

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



Source: Bloomberg

### EM central bank policies have varied by circumstance

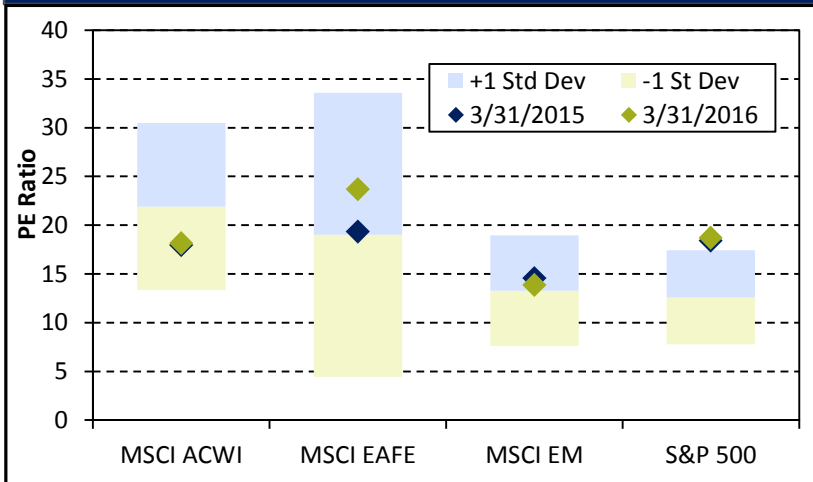


Source: Bloomberg

# City of San Jose Police and Fire Department Retirement Plan

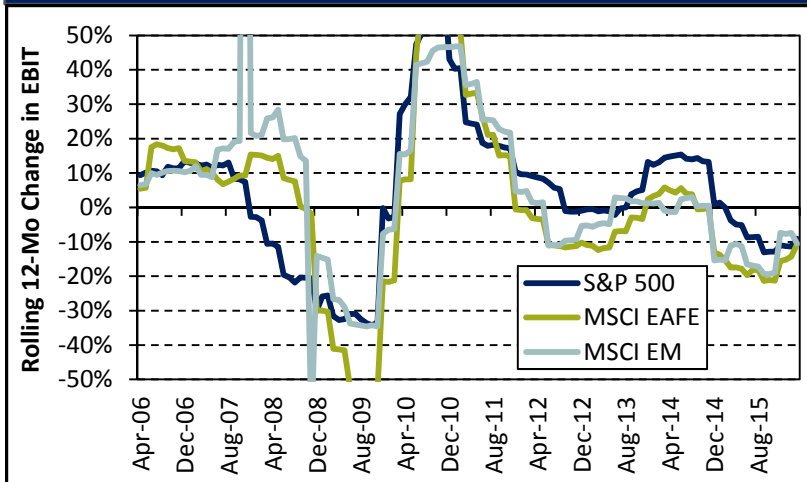
## Global Equity

### Global valuations are mixed



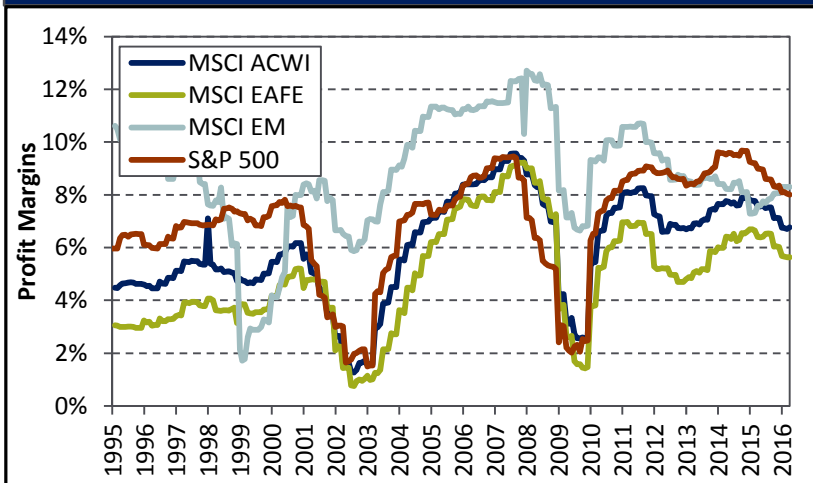
Source: Bloomberg, Standard and Poors, MSCI \*MSCI EAFE is ex UK Telecom

### Earnings growth trending lower



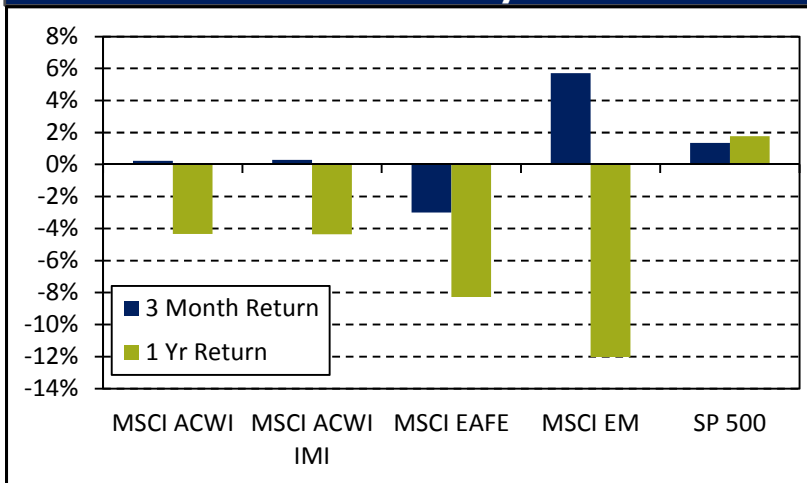
Source: Bloomberg, Standard and Poors, MSCI

### Margins declining outside of EM



Source: Bloomberg, MSCI

### Global equity returns have been negative over one year

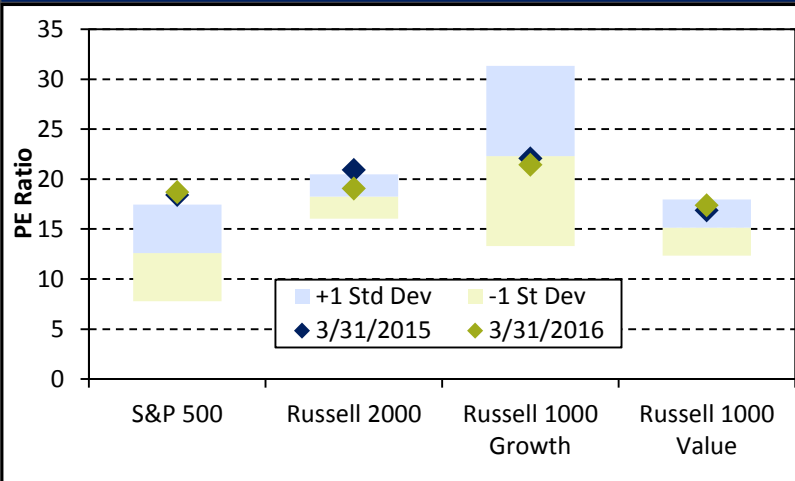


Source: Bloomberg, MSCI

# City of San Jose Police and Fire Department Retirement Plan

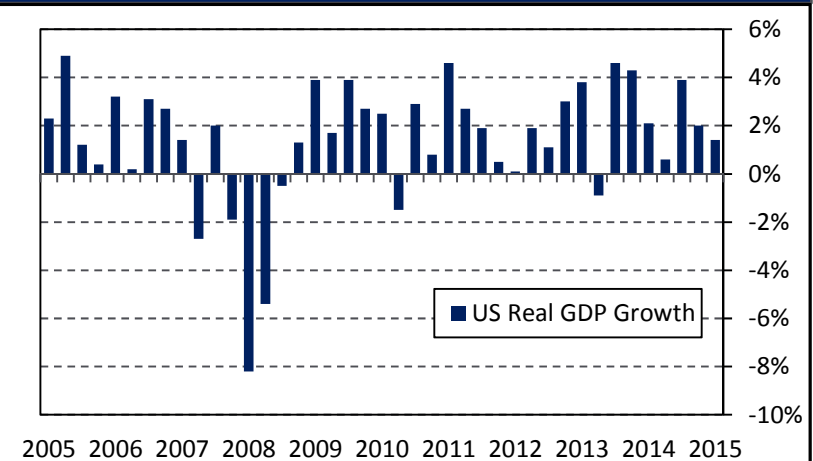
## US Equity

### Valuations near or above historical norms



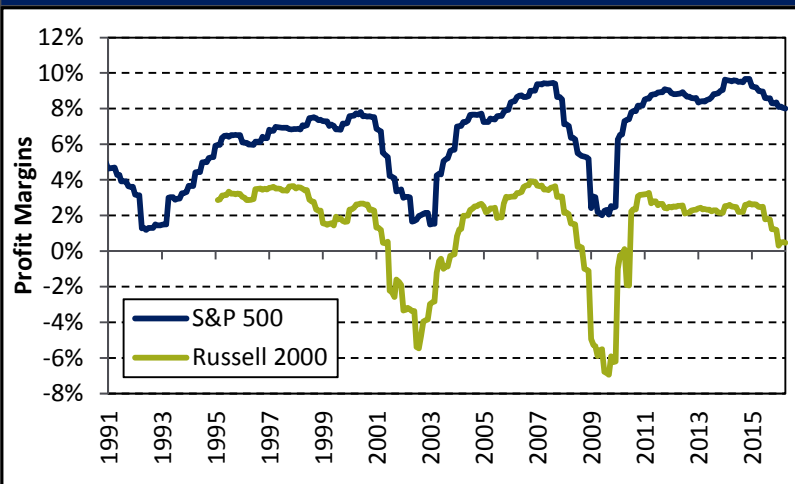
Source: Bloomberg, Standard and Poors, Russell \*Russell 2000 PE is index adjusted positive

### Growth recovery marked by inconsistency



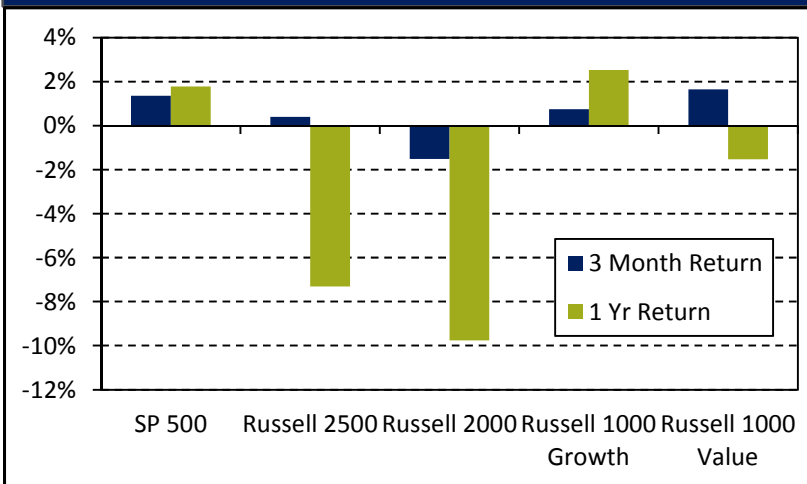
Source: Bloomberg, Bureau of Economic Analysis

### Profit margins lower off highs



Source: Bloomberg, Standard and Poors, Russell

### Trailing performance has been mixed

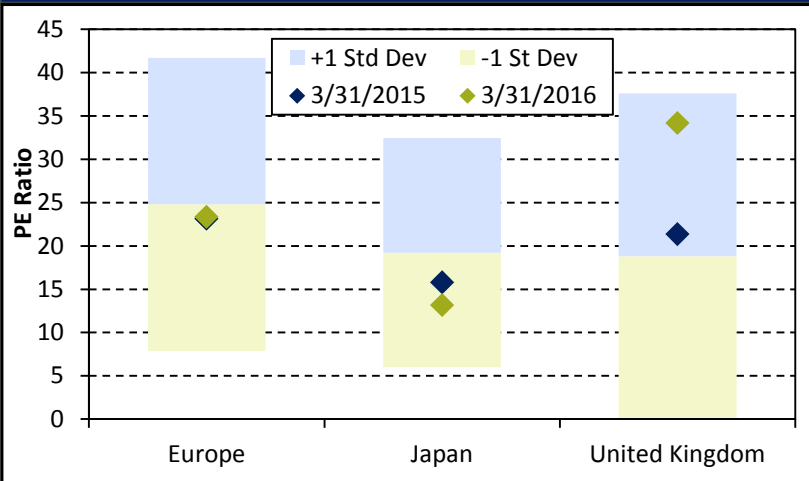


Source: Bloomberg, Standard and Poors, Russell

# City of San Jose Police and Fire Department Retirement Plan

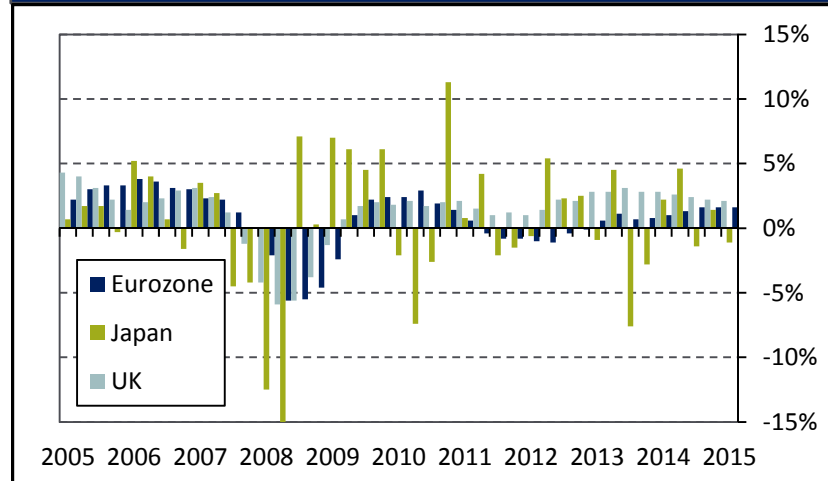
## International Equity

### PEs varied by region/country



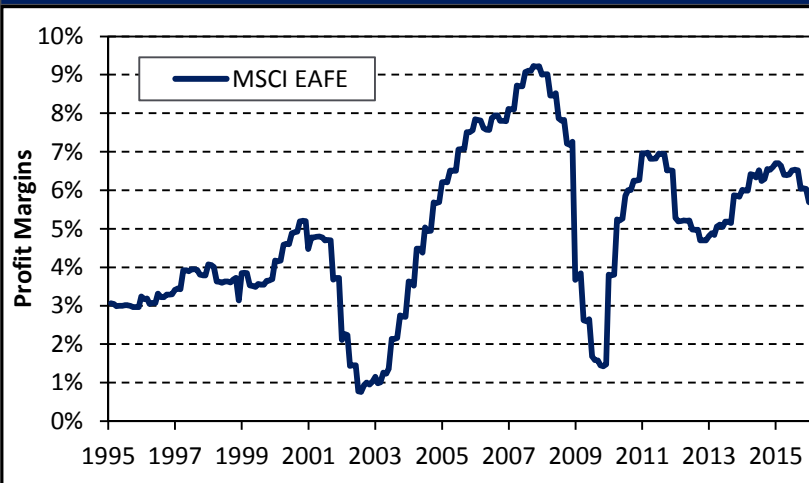
Source: Bloomberg, MSCI, FTSE \*UK represented by FTSE 100 Index

### Slow Global Growth



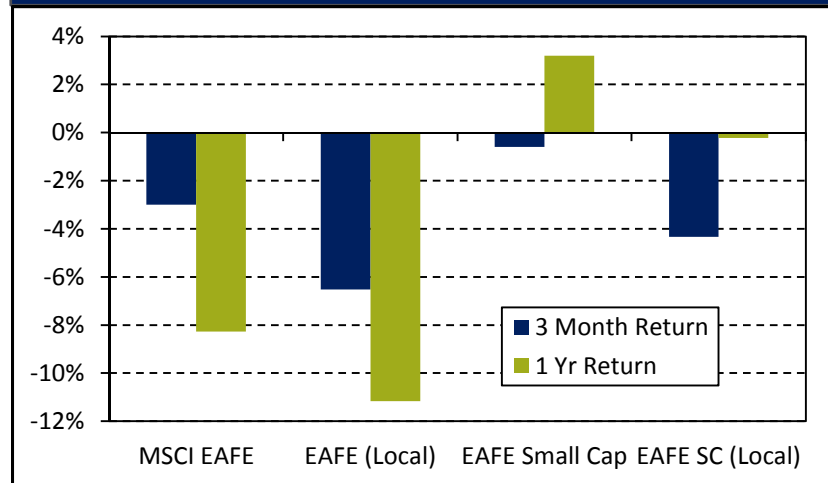
Source: Bloomberg

### Margins elevated but not at extremes



Source: Bloomberg, MSCI

### Returns near flat or negative

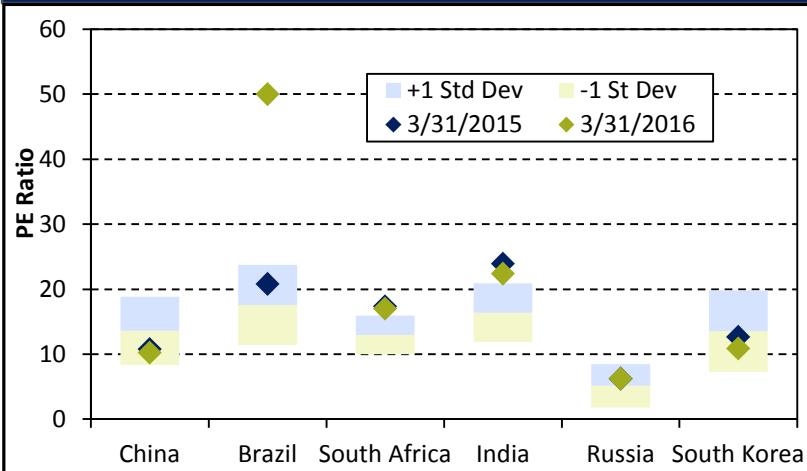


Source: Bloomberg, MSCI

# City of San Jose Police and Fire Department Retirement Plan

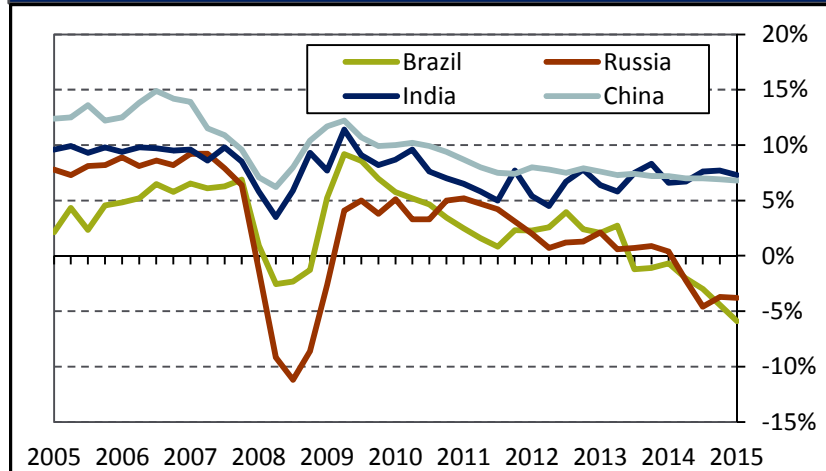
## Emerging Markets Equity

### Regional valuations show divergence



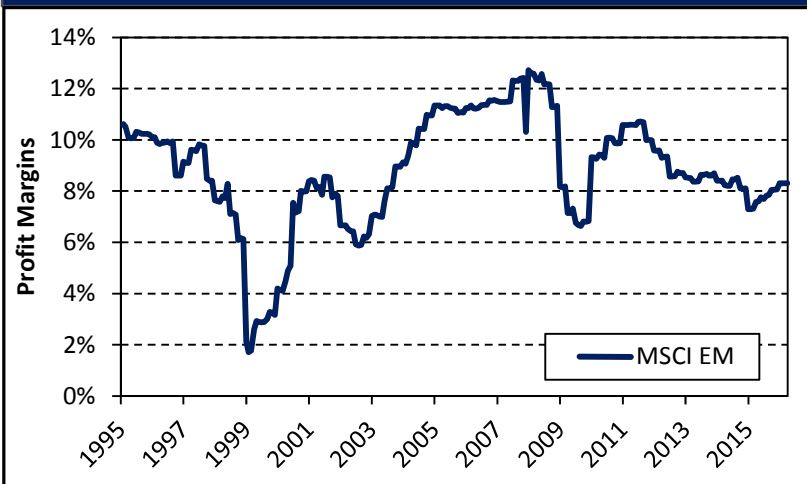
Source: Bloomberg, MSCI

### Slowing growth in major economies



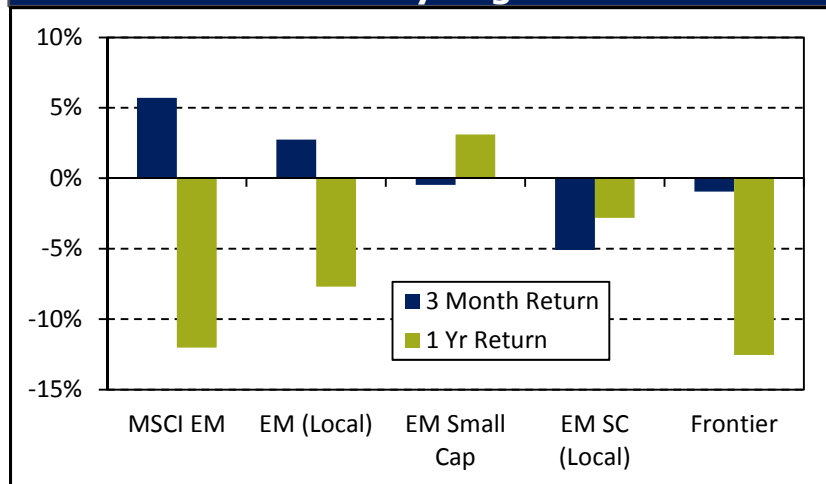
Source: Bloomberg

### Profit margins in line with history



Source: Bloomberg, MSCI

### Recent rally in EM but one year returns mostly negative

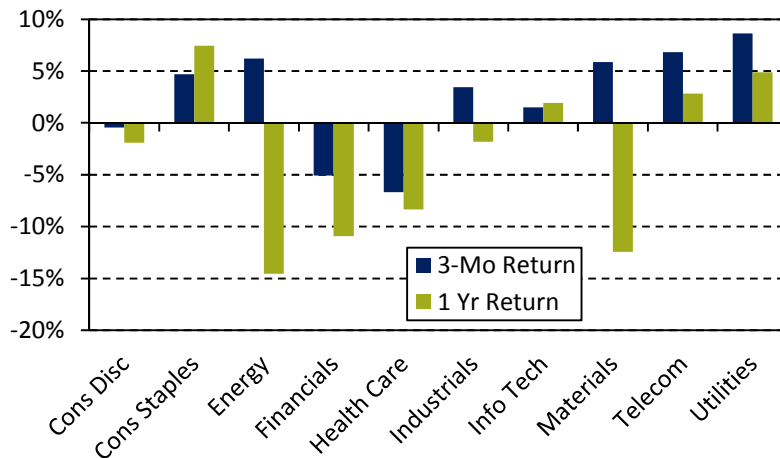


Source: Bloomberg, MSCI



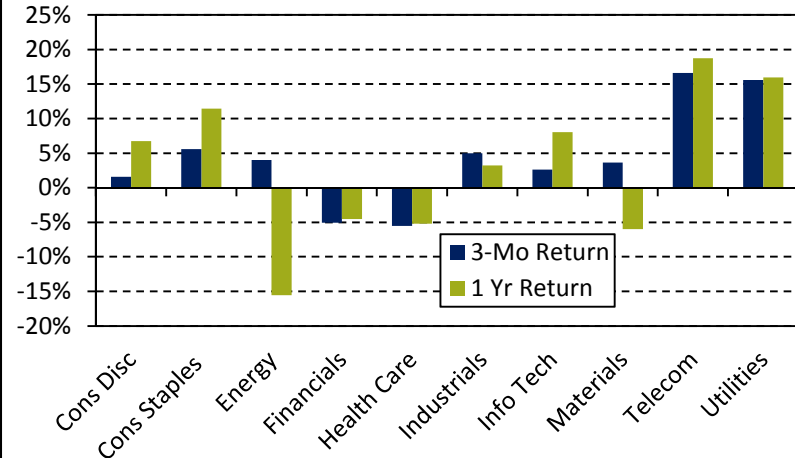
## Global Equity by Sector

### ACWI Financials and Health Care returns negative in short term



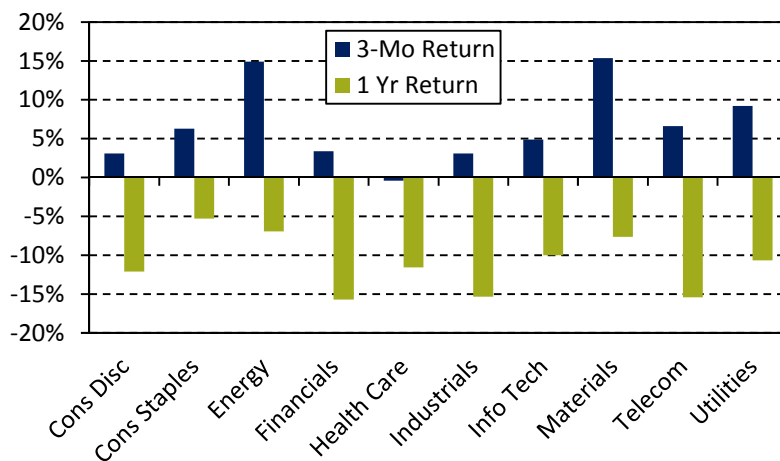
Source: Bloomberg, MSCI

### S&P 500 sectors mostly positive in short term



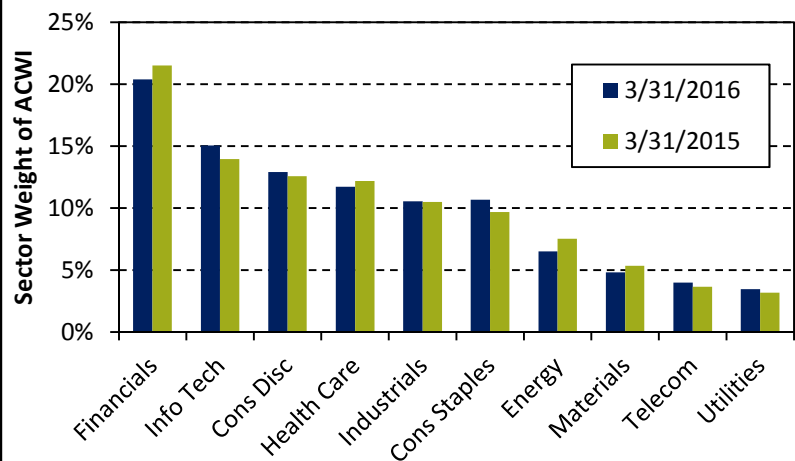
Source: Bloomberg, Standard and Poors

### Returns mostly positive across EM sectors in short term



Source: Bloomberg, MSCI

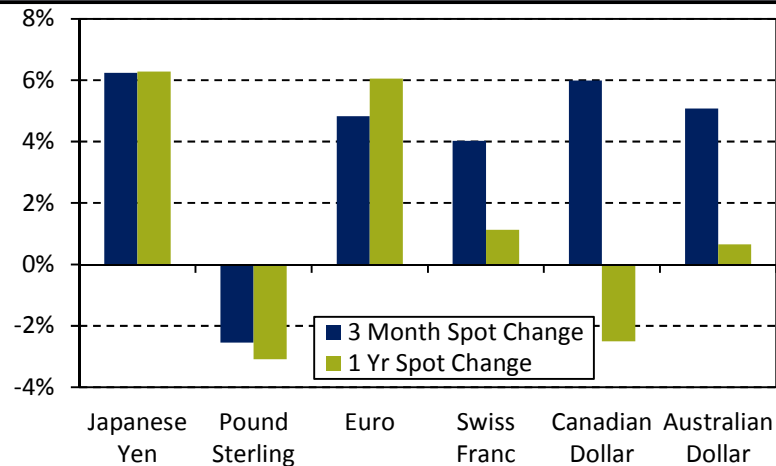
### Global energy sector weight has fallen



Source: Bloomberg, MSCI

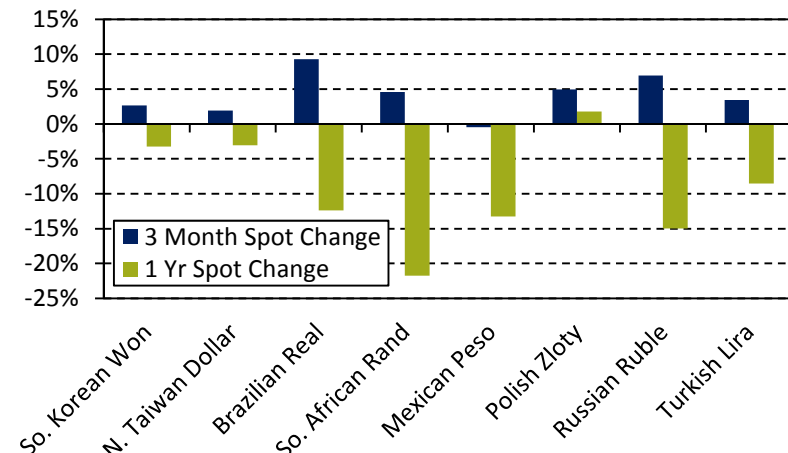
## Currencies

### Developed currencies mostly positive versus the dollar recently



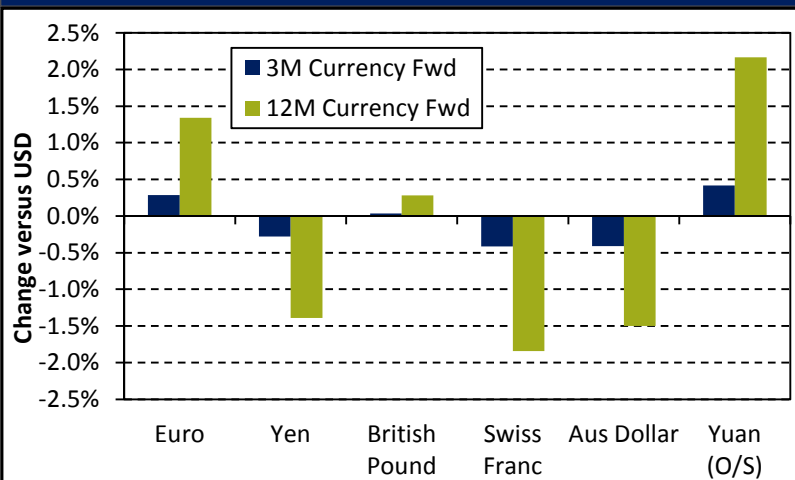
Source: Bloomberg

### EM currencies suffered in unique fashions over the past year



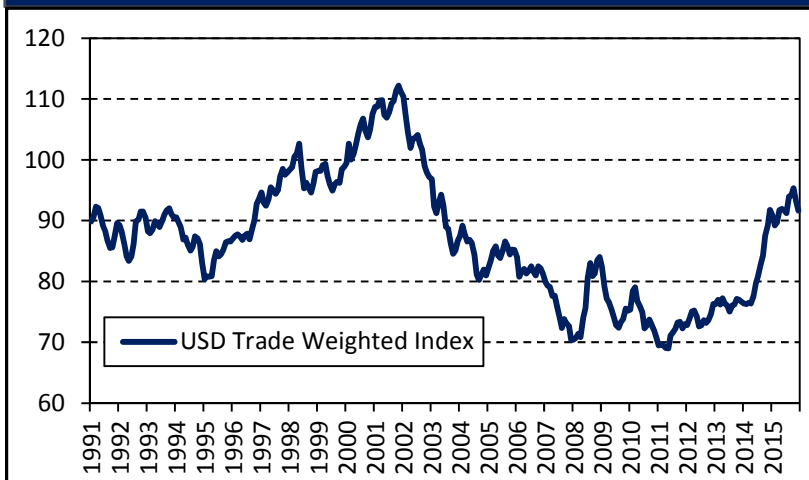
Source: Bloomberg

### Yen expected to decline versus USD



Source: Bloomberg

### Recent dollar strength pronounced

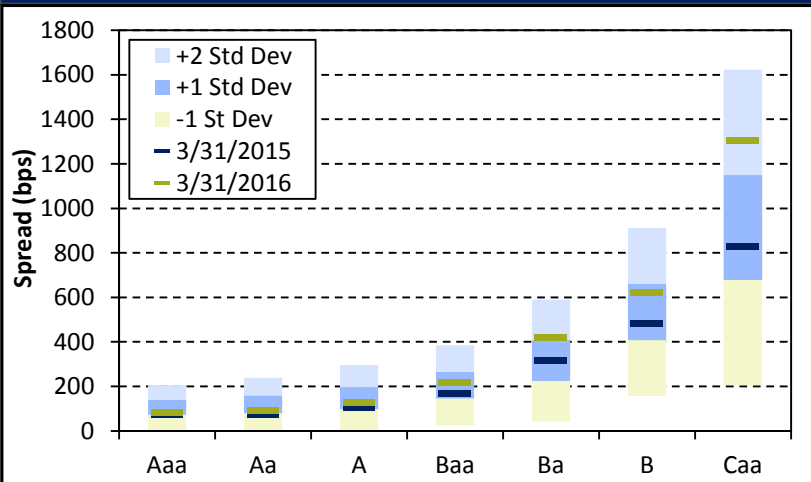


Source: Bloomberg, Federal Reserve

# City of San Jose Police and Fire Department Retirement Plan

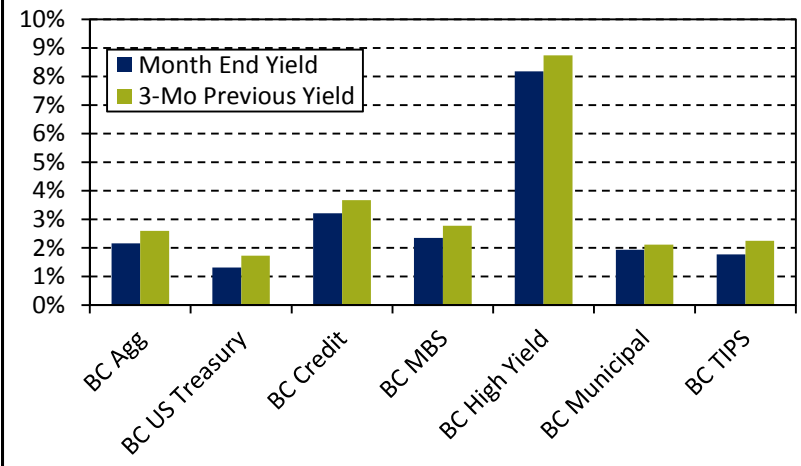
## US Fixed Income

### Spread levels above historical medians



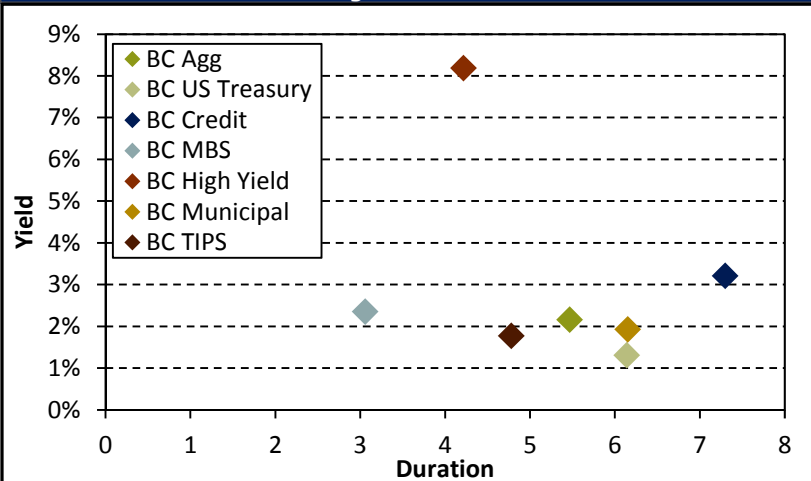
Source: Bloomberg, Barclays

### Yields have mostly declined



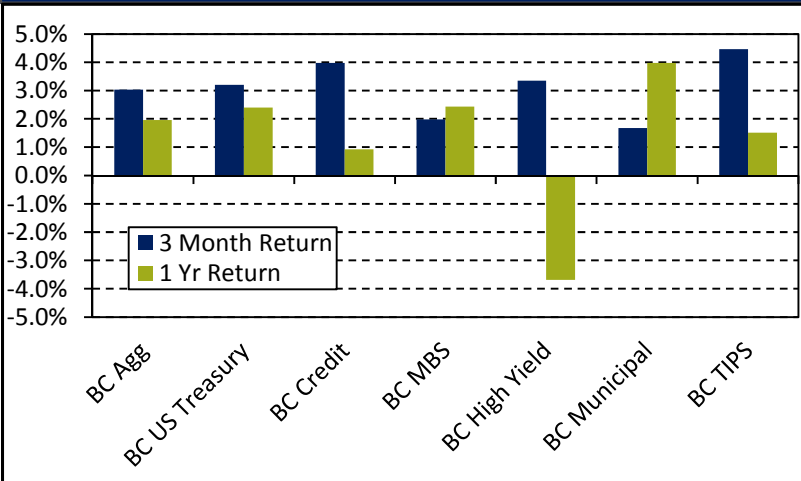
Source: Bloomberg, Barclays

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



Source: Bloomberg, Barclays

### Returns marked by recent credit rally

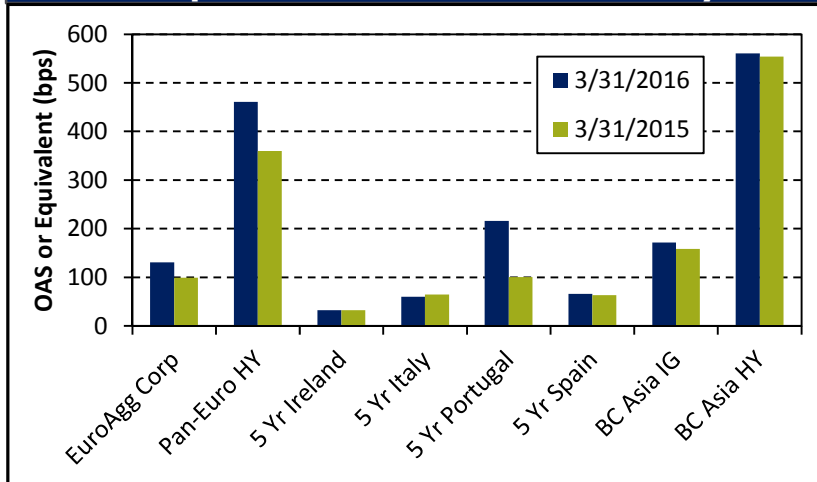


Source: Bloomberg, Barclays

# City of San Jose Police and Fire Department Retirement Plan

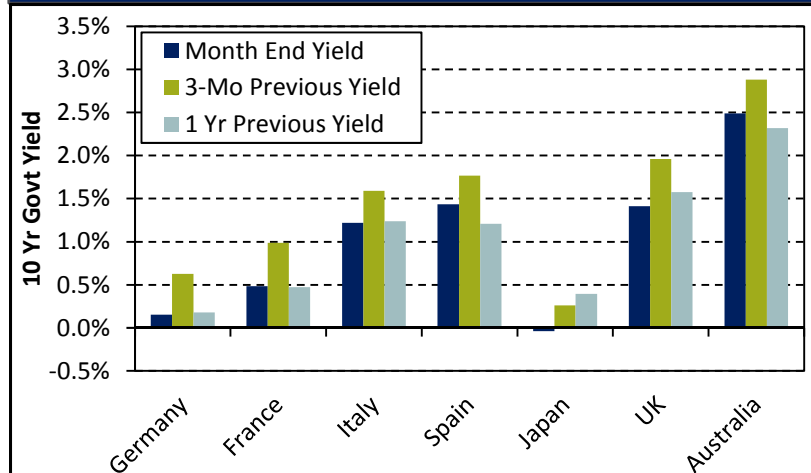
## International Developed Fixed Income

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



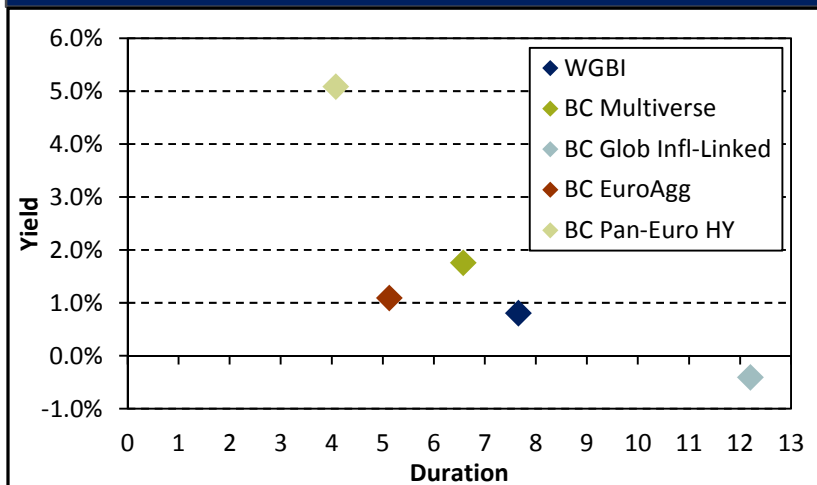
Source: Barclays, Bloomberg, \*European periphery spreads are over equivalent German Bund

### Global yields are at or near historic lows



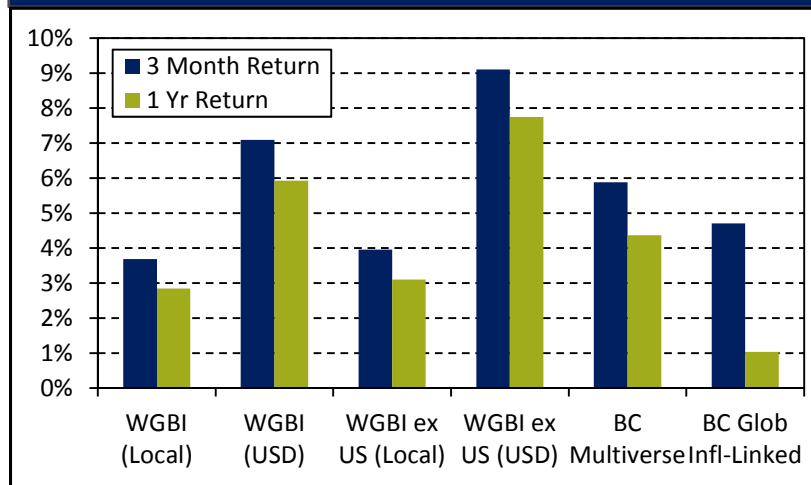
Source: Bloomberg

### Low global yields relative to duration



Source: Bloomberg, Citigroup, Barclays

### Global bonds positive in USD terms



Source: Bloomberg, Citigroup, Barclays



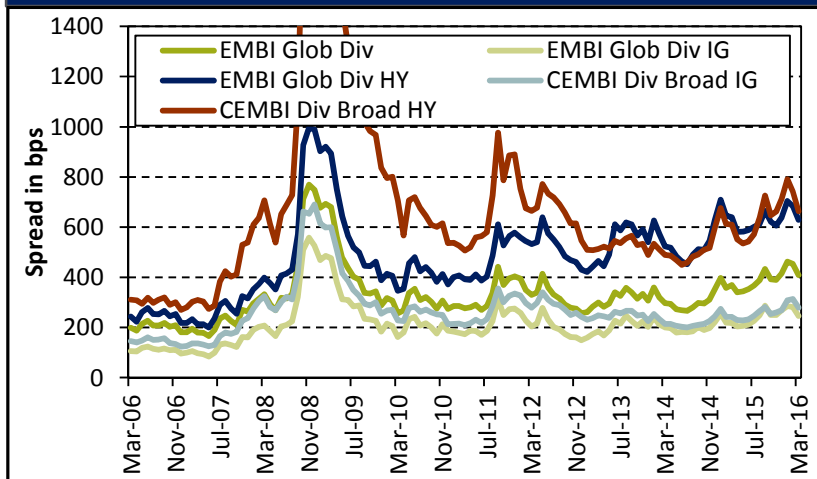
NEPC, LLC

March 31, 2016

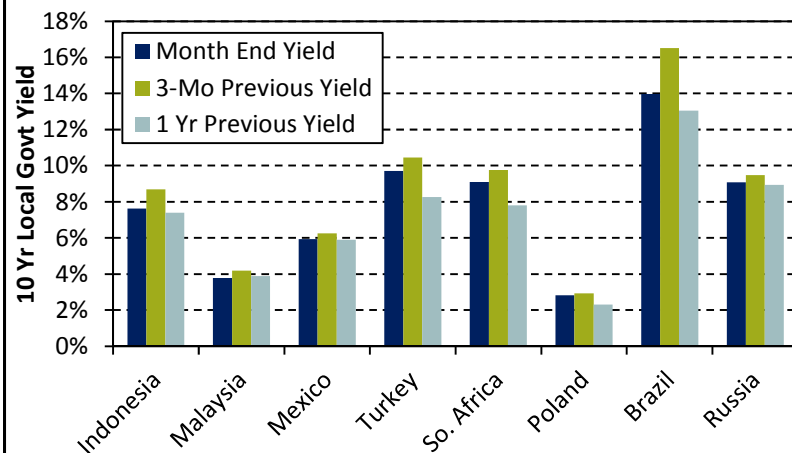
# City of San Jose Police and Fire Department Retirement Plan

## Emerging Markets Fixed Income

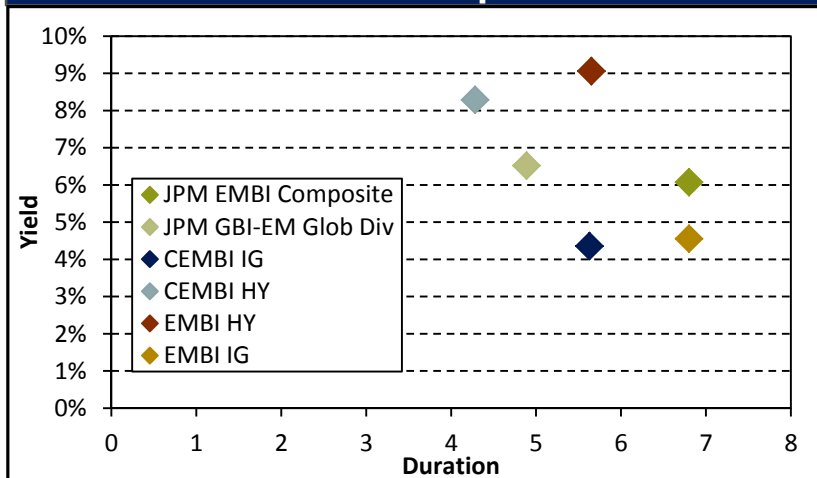
### Spreads have widened recently



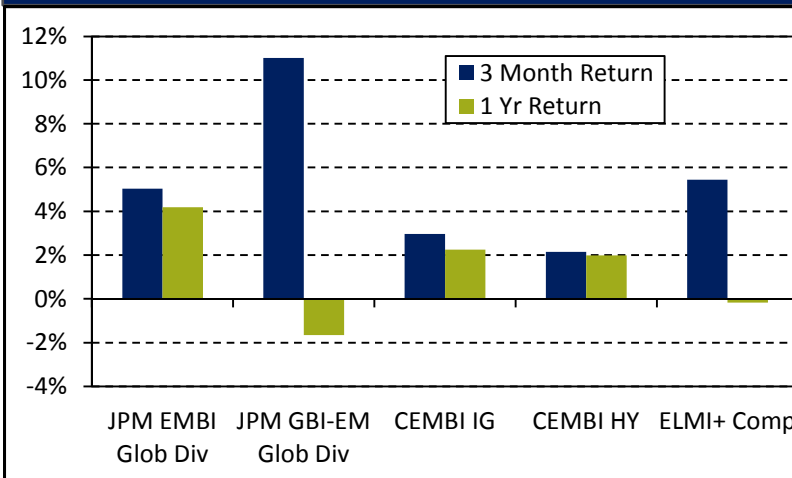
### Emerging market bond yield changes have varied directionally



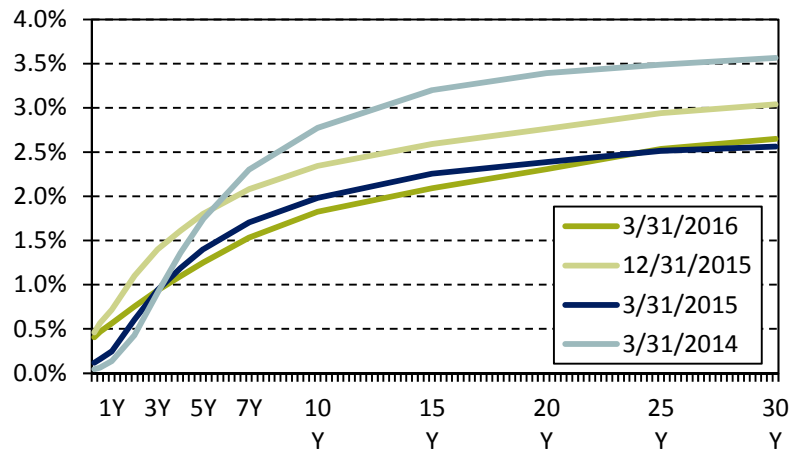
### EM yields higher versus global counterparts



### Currency effect pronounced in EMD returns

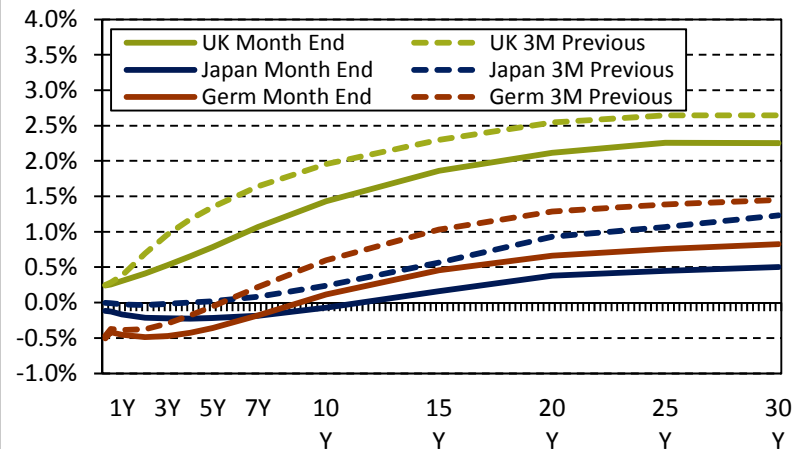


**Treasury yield curve has declined since year end**



Source: Bloomberg

**Global yield curves have shifted downwards**



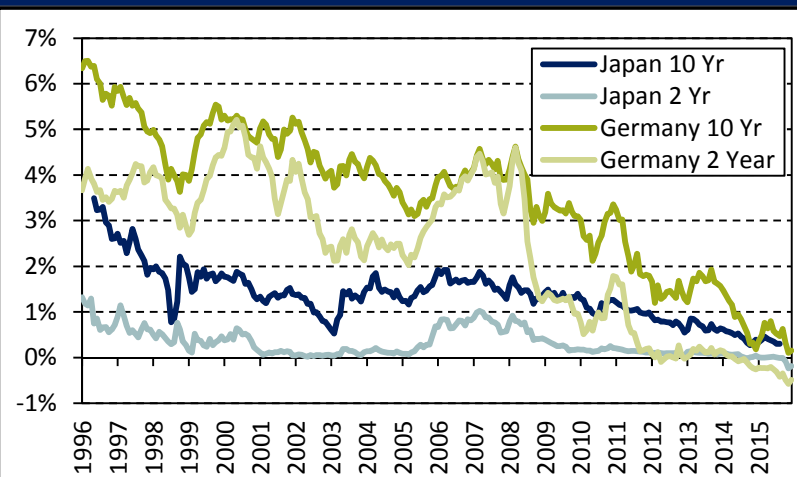
Source: Bloomberg

**Global yield curves trending lower**



Source: Bloomberg

**Global yields have trended lower over long term**

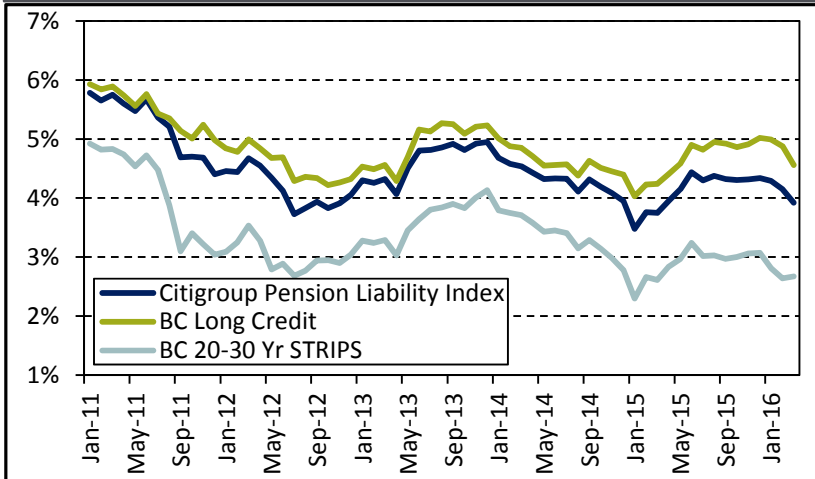


Source: Bloomberg

# City of San Jose Police and Fire Department Retirement Plan

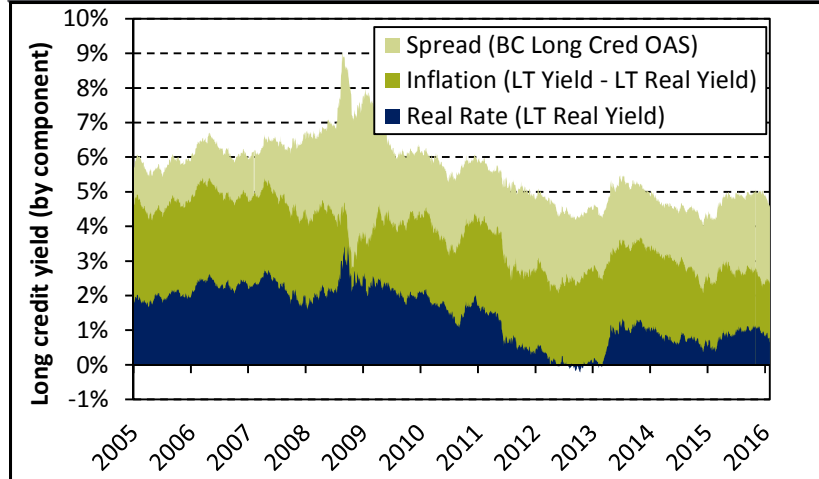
## Long Rates and Liability

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



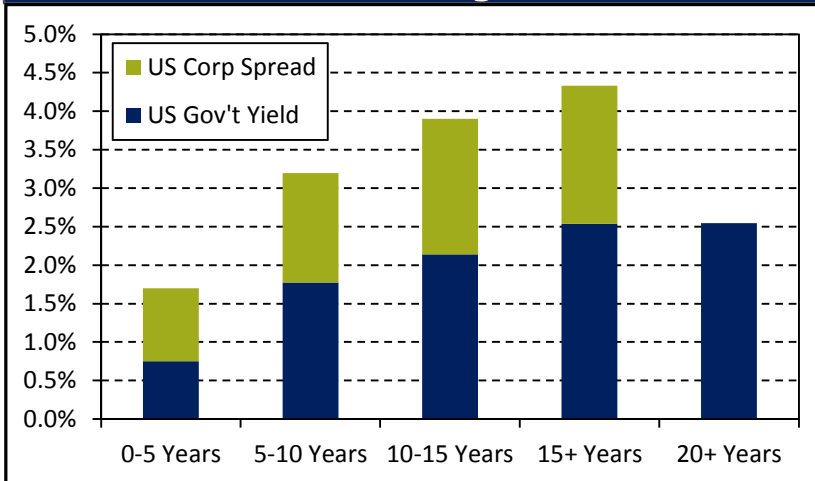
Source: Bloomberg, Citigroup, Barclays

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



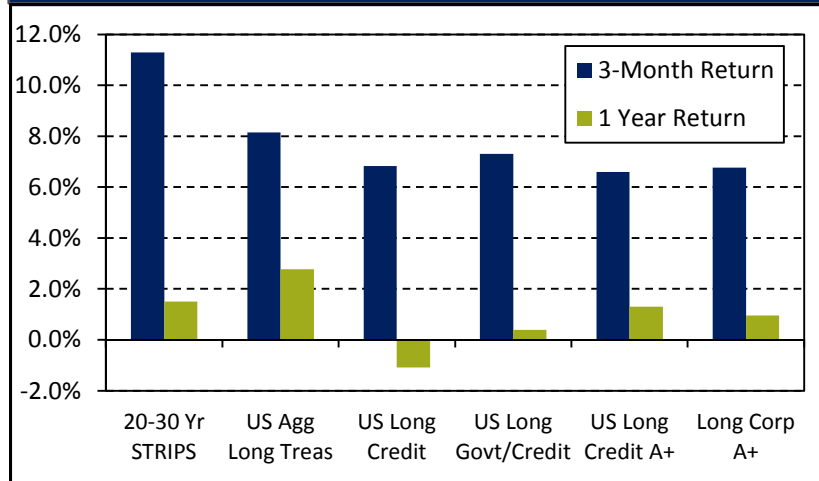
Source: Bloomberg, US Treasury, Barclays, NEPC

### Yields are low but spreads above historic averages



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

### Returns recently positive

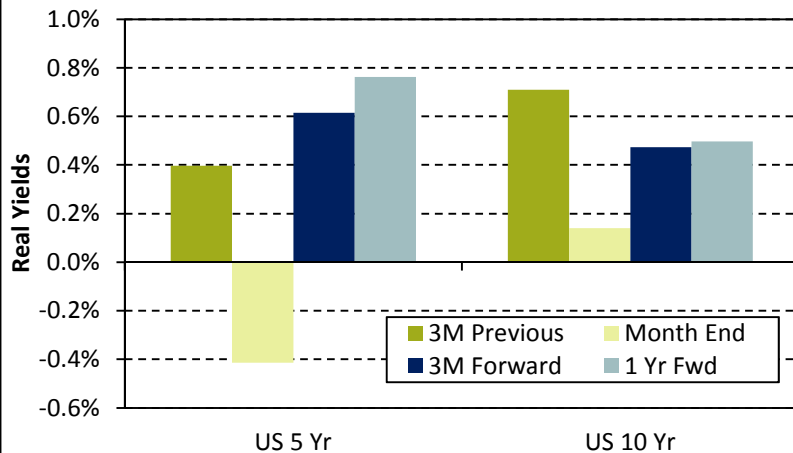


Source: Bloomberg, Barclays

# City of San Jose Police and Fire Department Retirement Plan

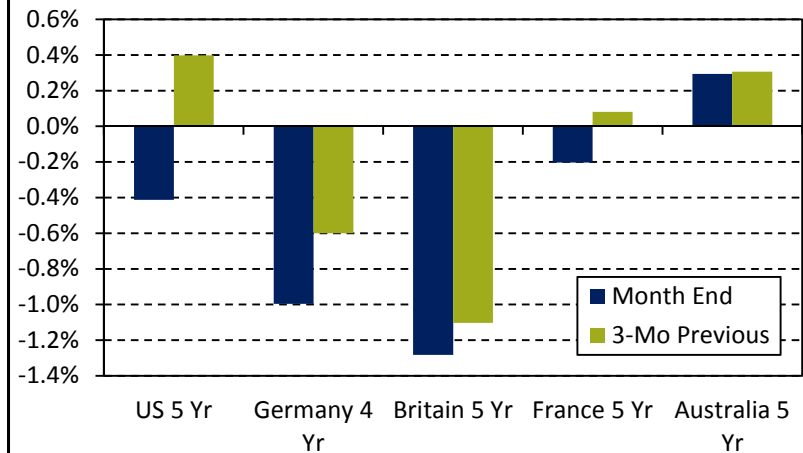
## Inflation and Real Rates

### US real yields have decreased slightly



Source: Bloomberg

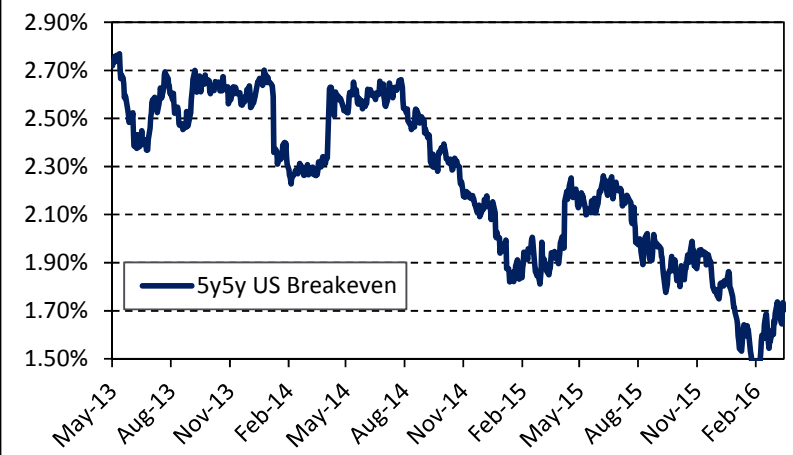
### Global real yields mostly negative



\*3-Mo data not available for Germany 4 year rate

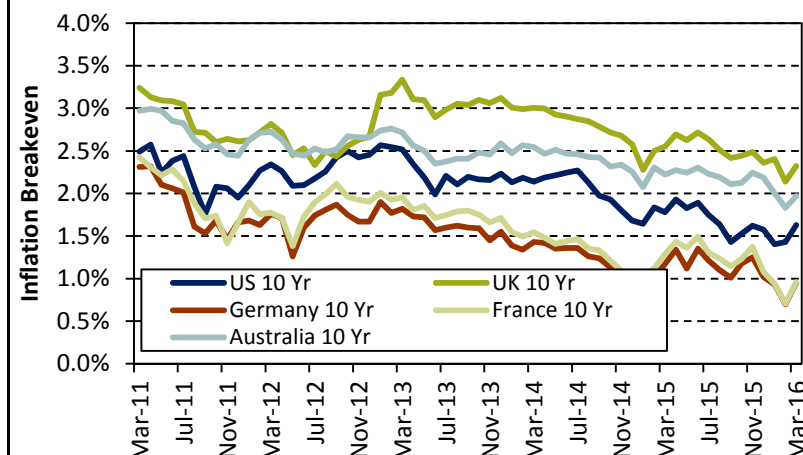
Source: Bloomberg

### US inflation expectations very low



Source: Bloomberg

### Global inflation expectations have seen recent uptick



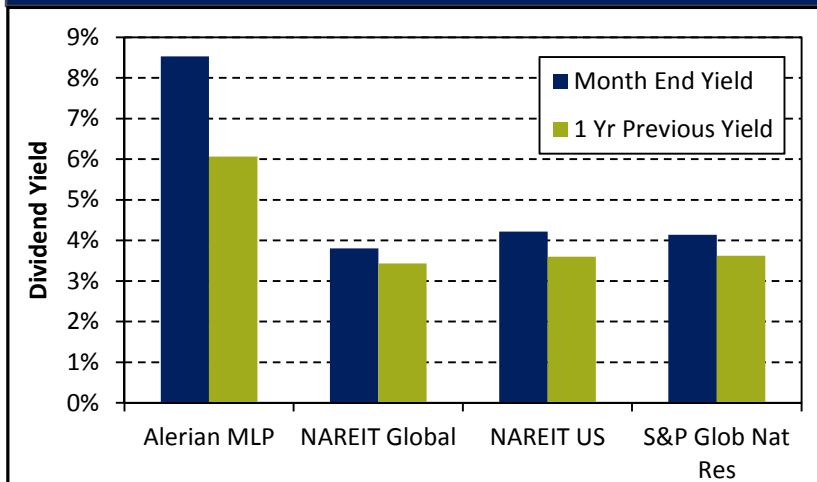
Source: Bloomberg



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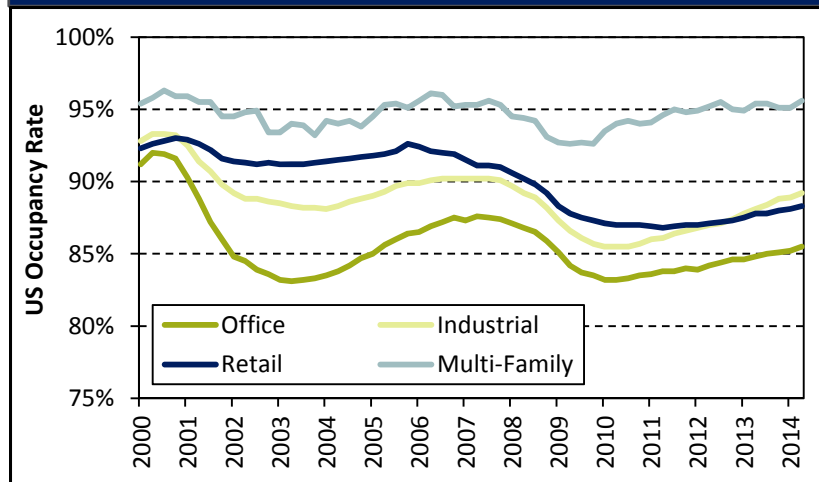
## Inflation Sensitive Growth Assets

### Yields higher relative to last year



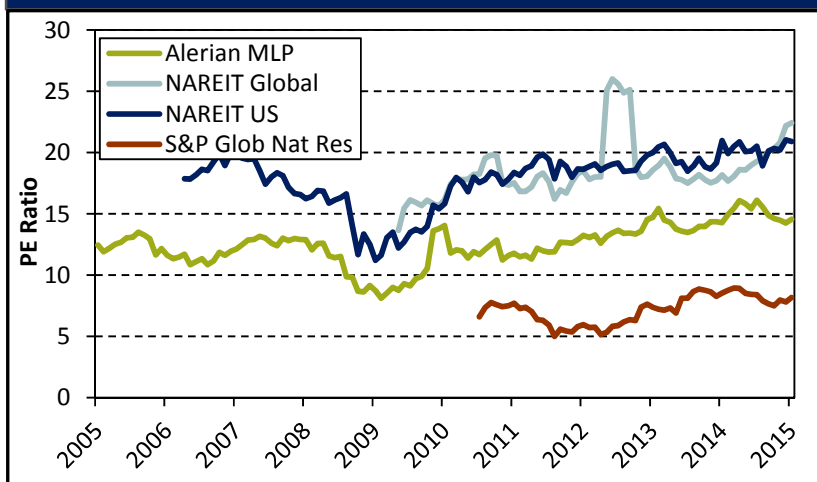
Source: Bloomberg, Alerian, Nareit, Standard and Poors

### Gradual recovery in occupancy rates



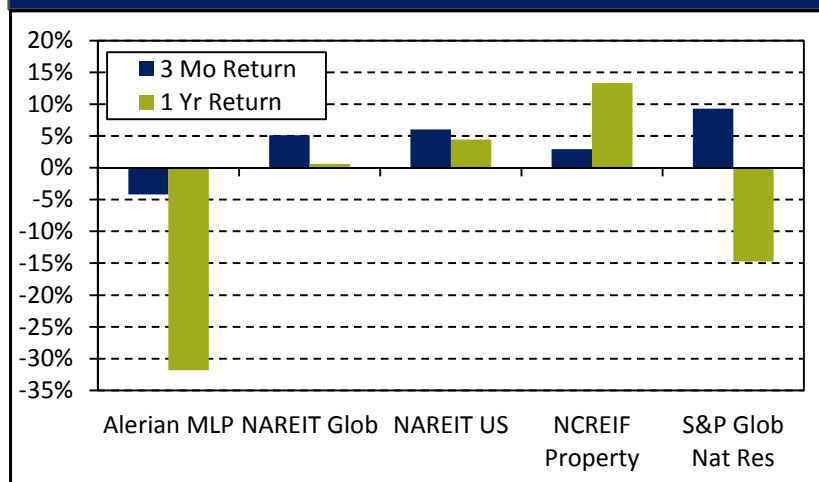
Source: Bloomberg, CB Richard Ellis

### PE Ratios near or above averages



Source: Bloomberg, US Census Bureau

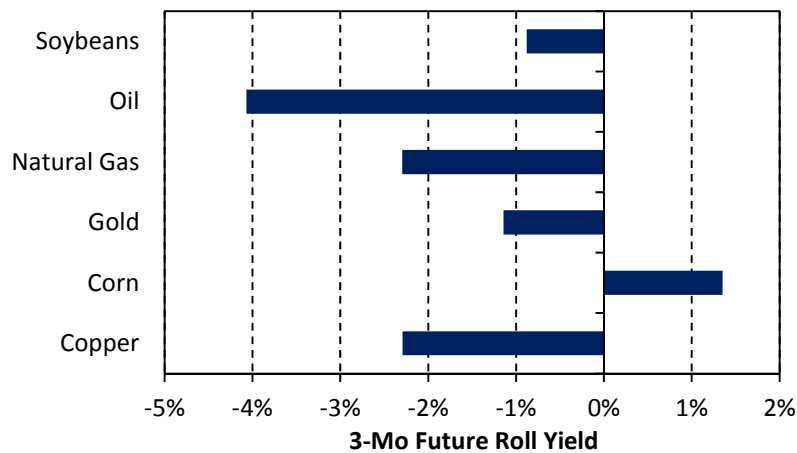
### Recent MLP selloff and energy pressure



Source: Bloomberg, Alerian, Nareit, Standard and Poors

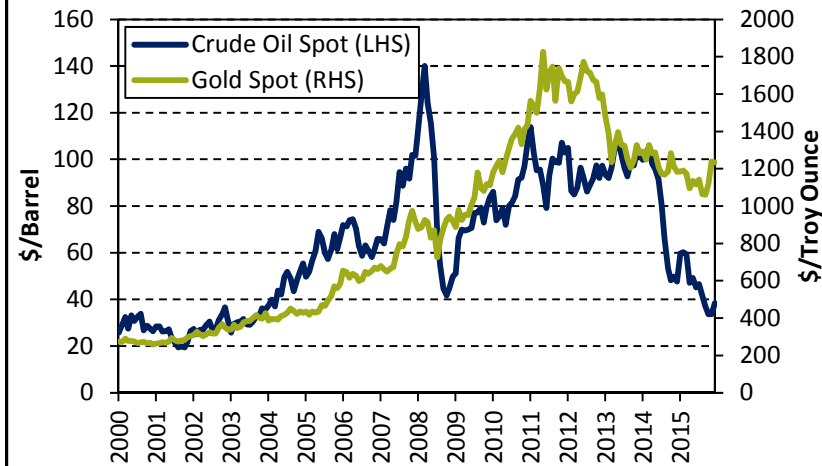
Commodities

### Contango in major commodity futures



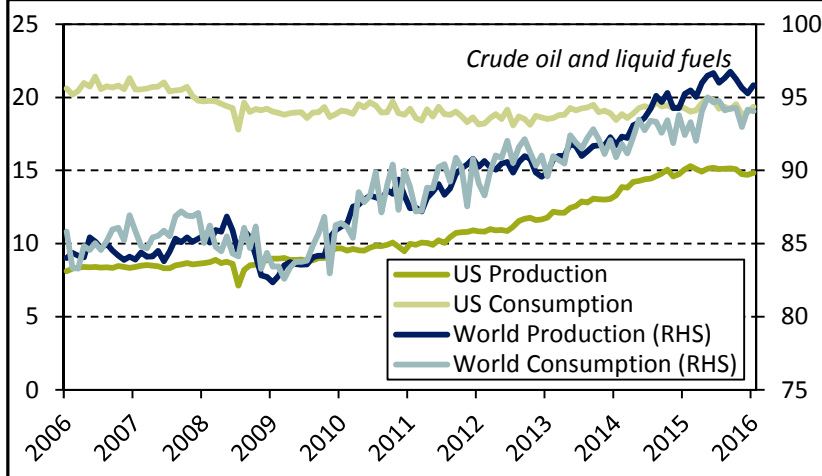
Source: Bloomberg

### Precipitous fall in oil prices



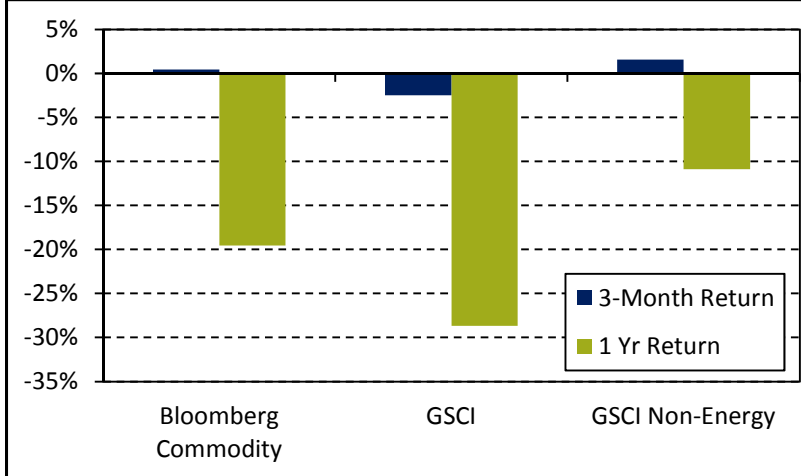
Source: Bloomberg

### US fuel production closing gap with consumption



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

### Commodity indices negative over one year after oil-induced decline



Source: Bloomberg, Standard and Poors

## Information Disclaimer and Reporting Methodology

### Information Disclaimer

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### Reporting Methodology

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- Trailing time period returns are determined by geometrically linking the holding period returns, from the first full month after inception to the report date. Rates of return are annualized when the time period is longer than a year. Performance is presented gross and/or net of manager fees as indicated.
- For managers funded in the middle of a month, the "since inception" return will start with the first full month of performance, although actual inception dates and cash flows are taken into account in all Composite calculations.
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