

Police and Fire Retirement Plan Dashboard



**“OUR MISSION IS TO ENSURE PROMPT
DELIVERY OF SERVICES AND BENEFITS TO
OUR MEMBERS, AND TO COLLECT, INVEST,
AND EXPEND SYSTEM ASSETS IN A
PRUDENT, FAIR, AND TIMELY MANNER”.**



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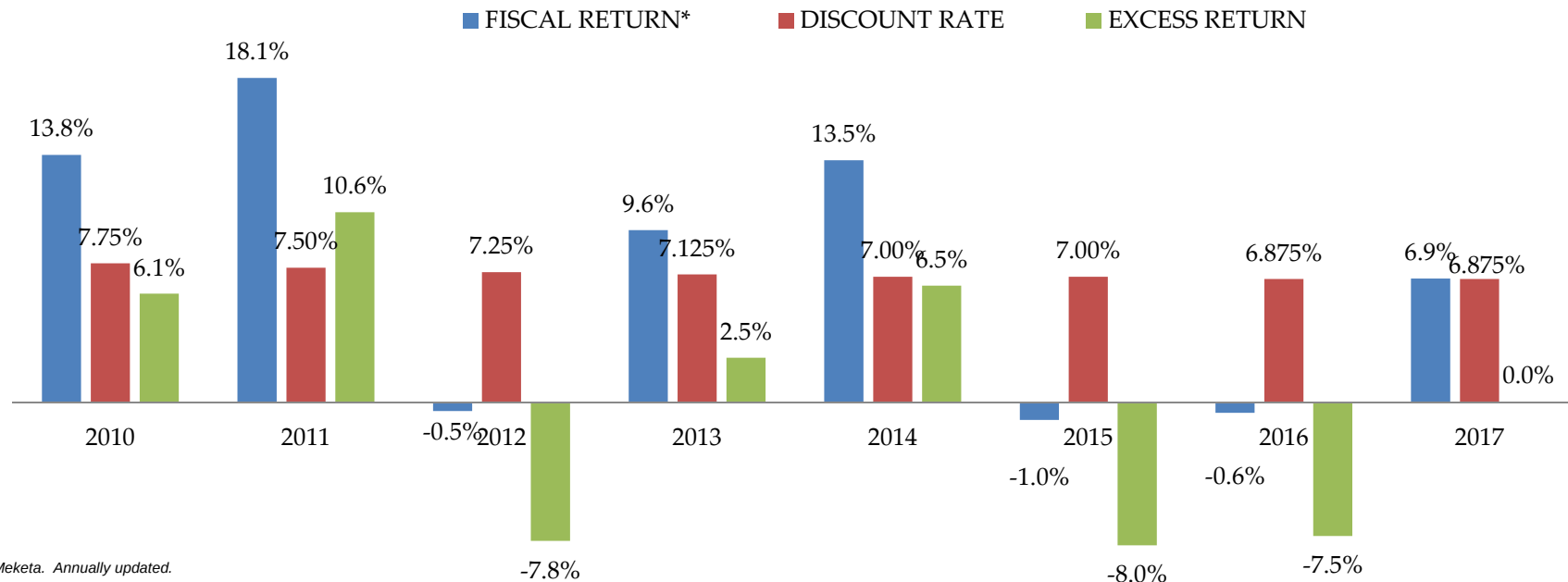
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POLICE & FIRE DISCOUNT RATE HISTORY

<u>FISCAL YEAR</u>	<u>10 YEAR US TREASURY RATE</u>	<u>DISCOUNT RATE</u>	<u>FISCAL YEAR RETURN*</u>	<u>EXCESS TO DISCOUNT RATE</u>	<u>DISCOUNT RATE CHANGE</u>
1997	6.51%	8.00%			
2010	2.97%	7.75%	13.8%	6.1%	-0.25%
2011	3.18%	7.50%	18.1%	10.6%	-0.25%
2012	1.67%	7.25%	-0.5%	-7.8%	-0.25%
2013	2.52%	7.125%	9.6%	2.5%	-0.125%
2014	2.53%	7.00%	13.5%	6.5%	-0.125%
2015	2.35%	7.00%	-1.0%	-8.0%	NC
2016	1.49%	6.875%	-0.6%	-7.5%	-0.125%
2017	2.31%	6.875%	9.7%	2.8%	NC
2018	2.85%	6.875%	6.9%	0.0%	NC

* Fiscal Year Ends 6/30. Returns are net of fund management fees.

Plan Return versus Discount Rate



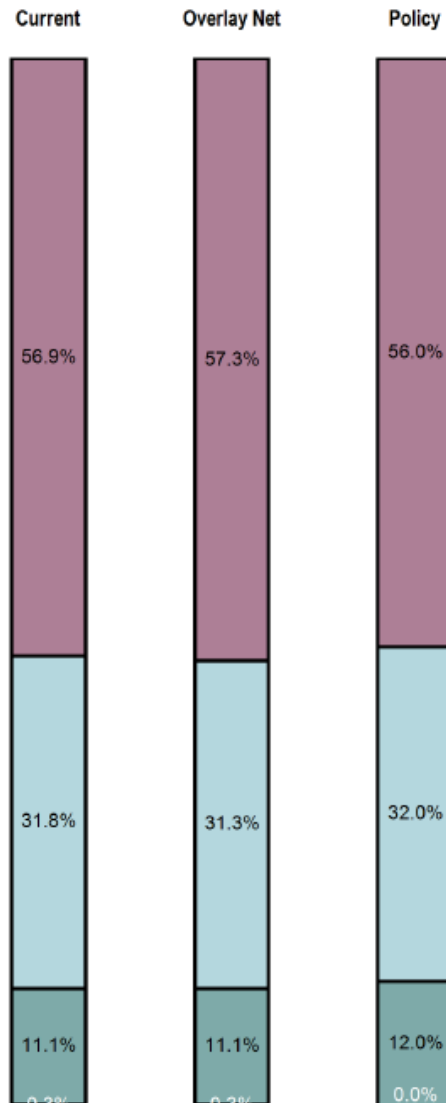
Source: Meketa. Annually updated.

INVESTMENT METRICS

City of San Jose Police and Fire Department Retirement Plan

Total Fund Aggregate

As of March 31, 2019



Allocation vs. Targets and Policy				
	Current Balance	Current Allocation	Russell Overlay Net Position	Policy
Growth	\$2,042,016,190	56.9%	57.3%	56.0%
Public Equity	\$1,103,519,776	30.7%	31.2%	31.0%
Private Markets	\$792,454,783	22.1%	22.1%	22.0%
Emerging Markets Debt	\$111,550,529	3.1%	3.1%	3.0%
High Yield Debt	\$34,491,101	1.0%	1.0%	0.0%
Zero Beta	\$1,141,749,954	31.8%	31.3%	32.0%
Absolute Return	\$263,358,922	7.3%	7.3%	7.0%
Short-Term IG Bonds	\$603,369,830	16.8%	16.8%	20.0%
Immunized Cash Flows	\$187,239,383	5.2%	5.2%	5.0%
Cash	\$87,781,820	2.4%	2.0%	0.0%
Other	\$397,162,834	11.1%	11.1%	12.0%
Core Real Estate	\$145,678,064	4.1%	4.1%	5.0%
Commodities	\$73,933,686	2.1%	2.1%	2.0%
Sovereign bonds ex-US	\$104,405,783	2.9%	2.9%	3.0%
TIPS	\$73,145,301	2.0%	2.0%	2.0%
Overlay	\$10,543,875	0.3%	0.3%	0.0%
Total	\$3,591,472,852	100.0%	100.0%	100.0%

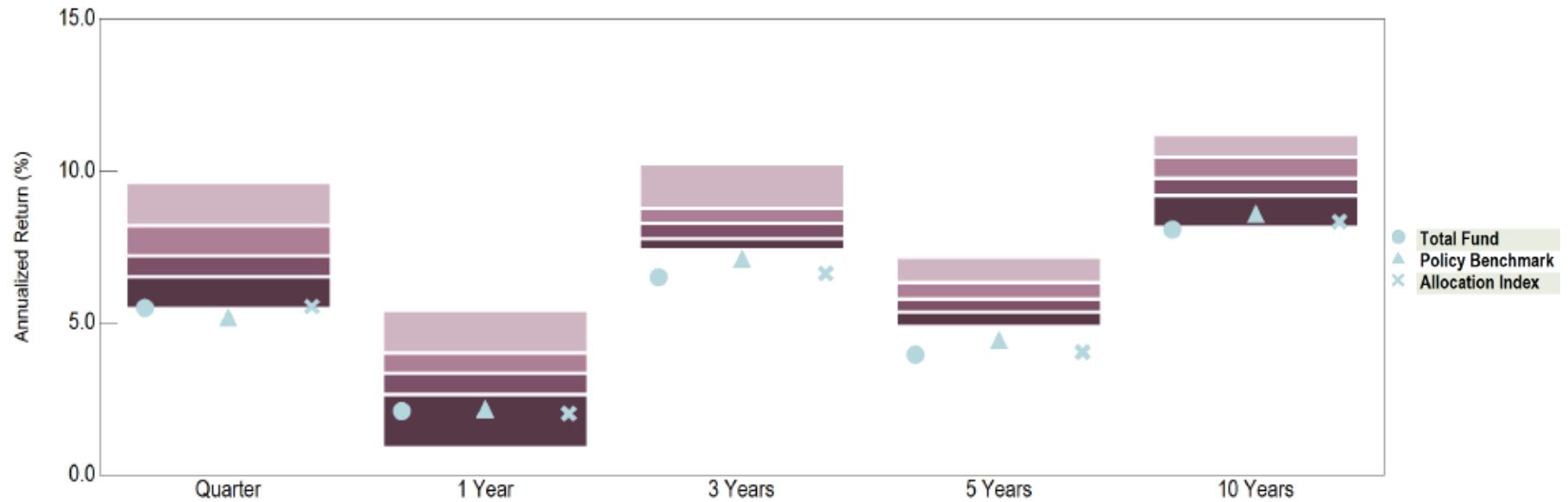
¹ Data in the column titled "Russel Overlay Net Position" is based on physical exposures, adjusted for synthetic positions provided by Russell Investments.

² Cash composite includes the cash account, cash collateral in the Russell Investments Overlay program, and residuals from terminated manager assets.

Source: Meketa. Quarterly updated.

INVESTMENT METRICS

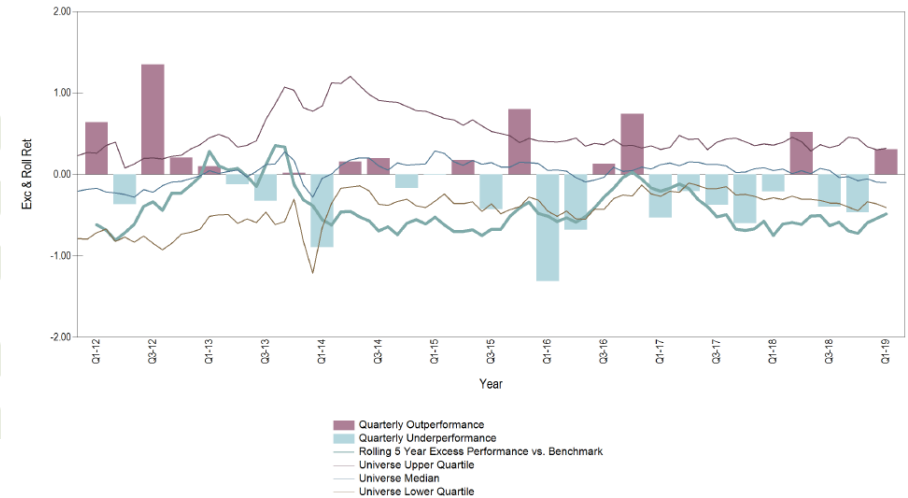
Performance vs. InvestorForce Public DB > \$1B Net (Annualized Return)



Performance vs. InvestorForce Public DB > \$1B Net (Ranking)

	Period				
	Return (Rank)				
5th Percentile	9.6	5.4	10.2	7.1	11.2
25th Percentile	8.2	4.0	8.8	6.3	10.5
Median	7.2	3.4	8.3	5.8	9.8
75th Percentile	6.5	2.6	7.8	5.4	9.2
95th Percentile	5.5	0.9	7.4	4.9	8.1
# of Portfolios	78	77	77	74	68
Total Fund	5.5 (95)	2.1 (84)	6.5 (99)	4.0 (99)	8.1 (96)
Policy Benchmark	5.2 (96)	2.2 (83)	7.1 (99)	4.4 (99)	8.6 (92)
Investable Benchmark Portfolio	5.5 (95)	2.0 (84)	6.6 (99)	4.0 (99)	8.3 (94)

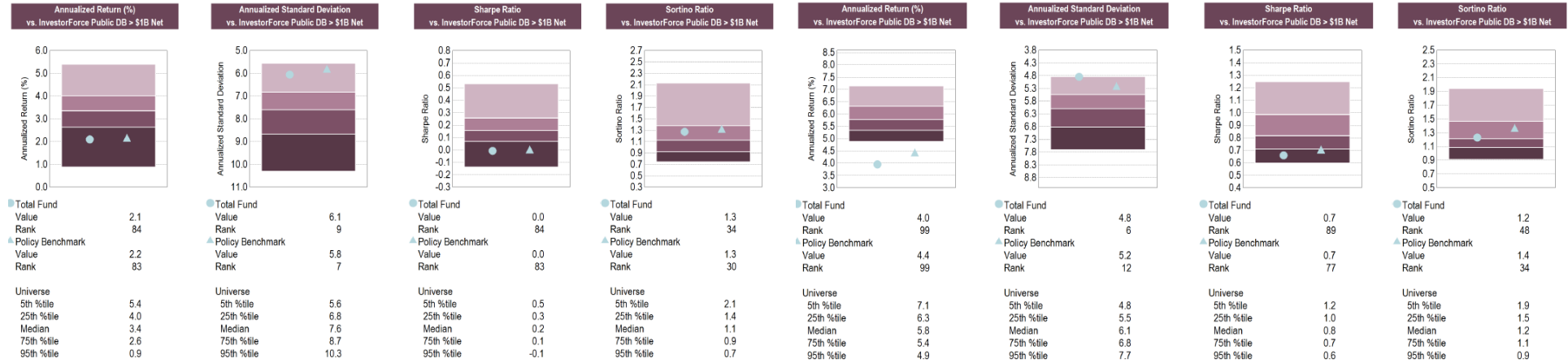
Quarterly Cumulative Excess Performance



Source: Meketa. Quarterly updated.

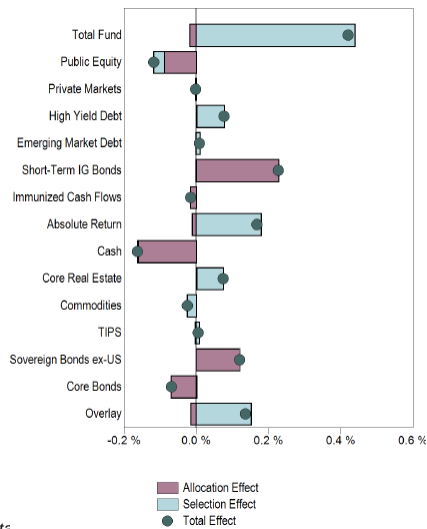
INVESTMENT METRICS

Risk Adjusted Performance – 1 Year

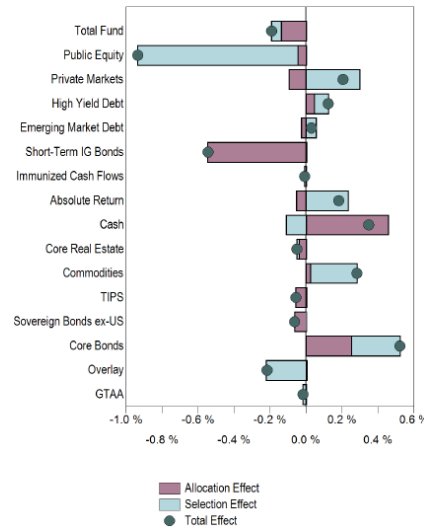


Risk Adjusted Performance – 5 Years

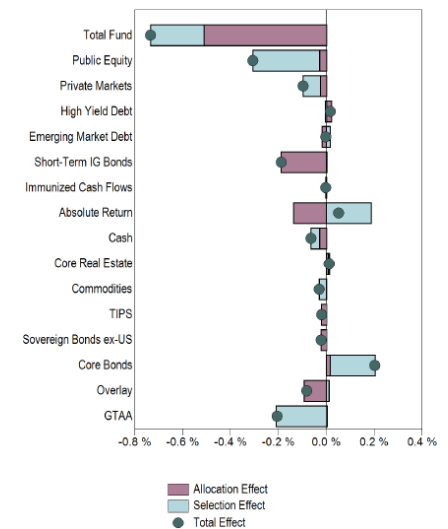
Attribution Effects – 3 Months



Attribution Effects – 1 Year



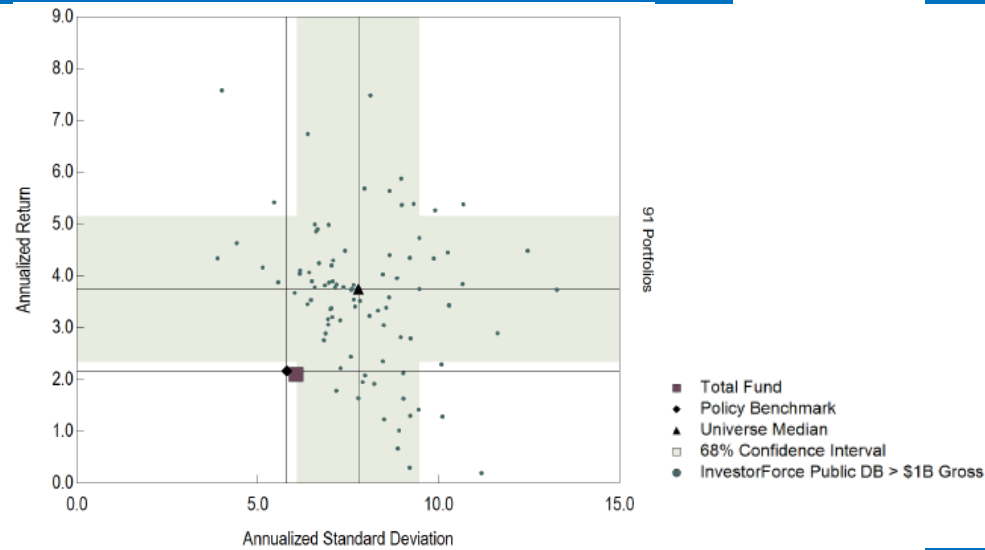
Attribution Effects – 3 Years



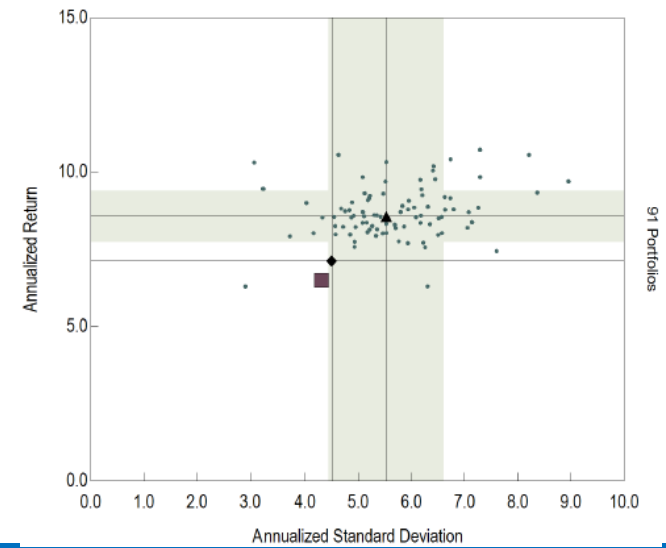
Source: Meketa. Quarterly updates.

INVESTMENT METRICS

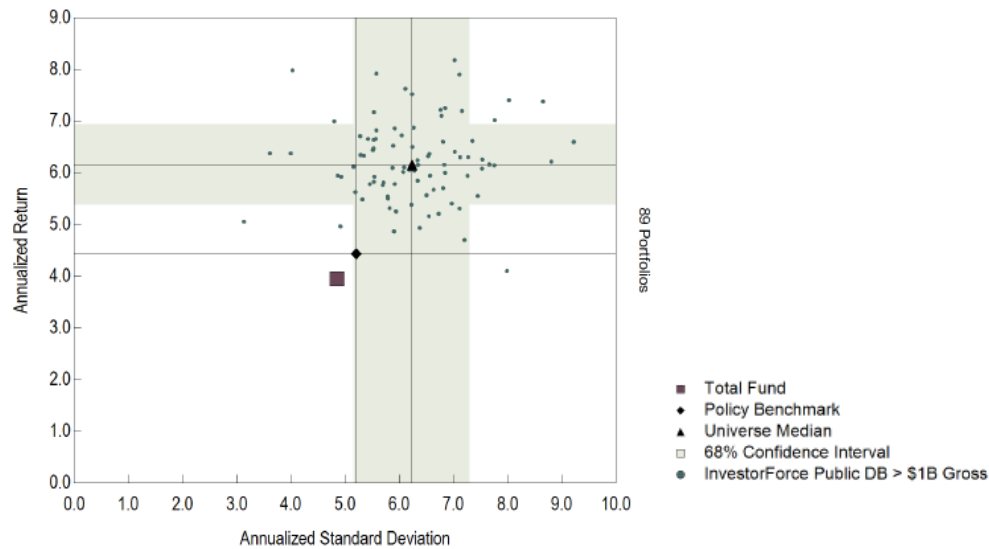
Plan Risk vs. Return – 1 Year



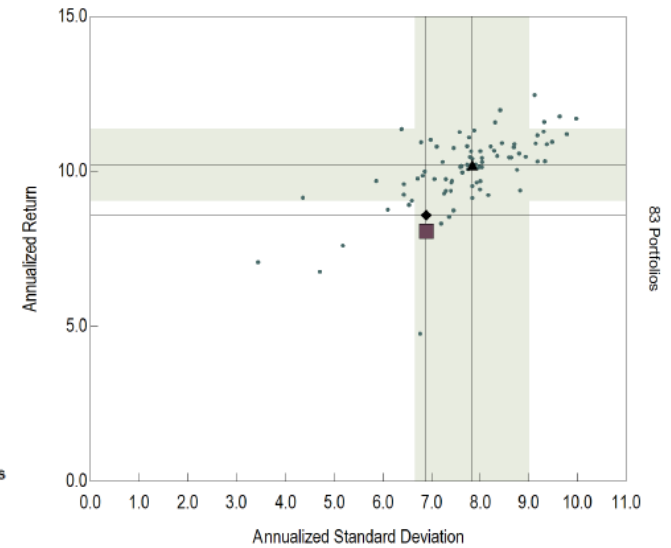
Plan Risk vs. Return – 3 Years



Plan Risk vs. Return – 5 Years



Plan Risk vs. Return – 10 Years

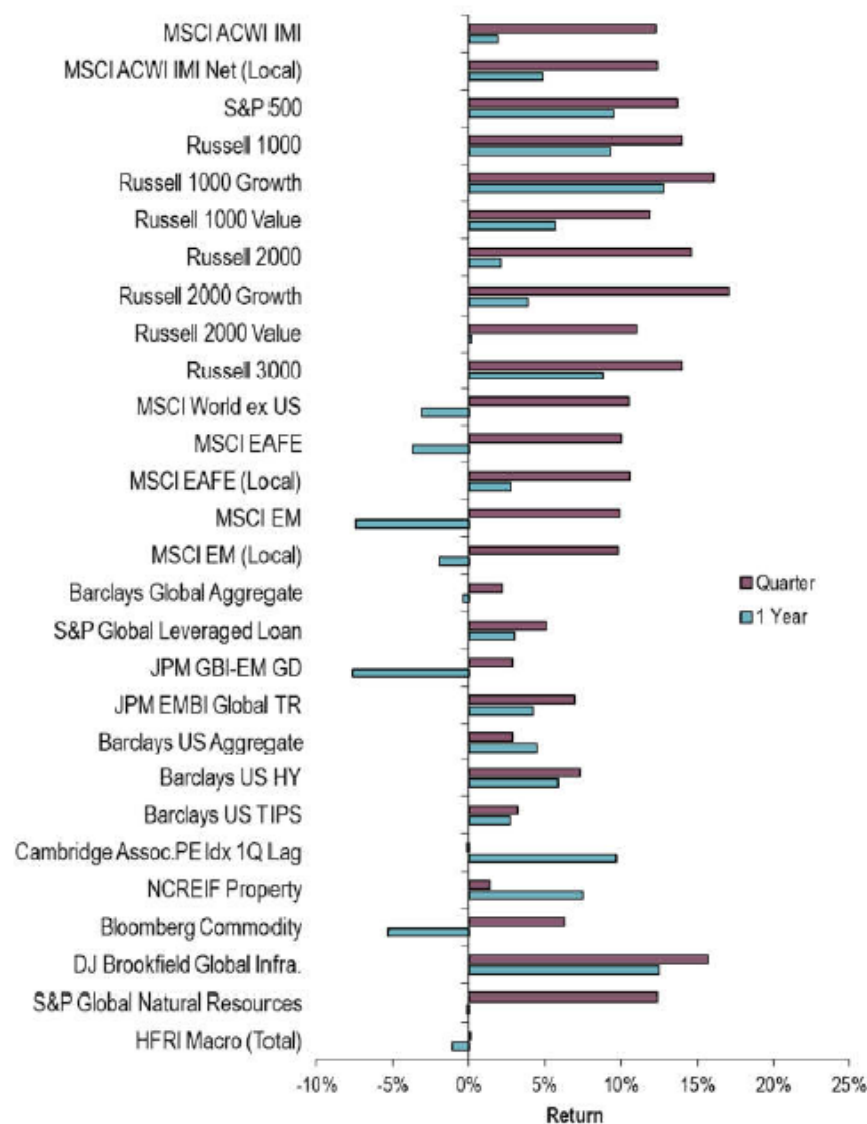


Source: Meketa. Quarterly updated.

CAPITAL MARKET OVERVIEW

Market Environment – 1Q19 Overview

Benchmark	Scope	1Q19 (%)	1 YR (%)	3 YR (%)	5YR (%)	10 YR (%)
Global Equity						
MSCI ACWI IMI	World	12.3	1.9	10.6	6.3	12.3
MSCI ACWI IMI Net (Local)	World (Local Currency)	12.4	4.9	11.1	8.1	12.6
Domestic Equity						
S&P 500	Large Core	13.7	9.5	13.5	10.9	15.9
Russell 1000	Large Core	14.0	9.3	13.5	10.6	16.1
Russell 1000 Growth	Large Growth	16.1	12.8	16.5	13.5	17.5
Russell 1000 Value	Large Value	11.9	5.7	10.5	7.7	14.5
Russell 2000	Small Core	14.6	2.1	12.9	7.1	15.4
Russell 2000 Growth	Small Growth	17.1	3.9	14.9	8.4	16.5
Russell 2000 Value	Small Value	11.0	0.2	10.9	5.6	14.1
Russell 3000	All Cap Core	14.0	8.8	13.5	10.4	16.0
International Equity						
MSCI World ex US	World ex-US	10.5	-3.1	7.3	2.2	8.8
MSCI EAFE	International Developed	10.0	-3.7	7.3	2.3	9.0
MSCI EAFE (Local)	International Developed (Local Currency)	10.6	2.8	8.5	6.0	9.8
MSCI EM	Emerging Markets	9.9	-7.4	10.7	3.7	8.9
MSCI EM (Local)	Emerging Markets (Local Currency)	9.8	-1.9	11.3	7.1	10.2
Global Fixed Income						
Barclays Global Aggregate	Global Core Bonds	2.2	-0.4	1.5	1.0	3.1
S&P Global Leveraged Loan	Bank Loans	5.1	3.0	5.3	3.1	7.5
JPM GBI-EM GD	Emerging Markets Bonds (Local Currency)	2.9	-7.6	3.3	-0.8	4.4
JPM EMBI Global TR	Emerging Market Bonds	7.0	4.2	5.8	5.4	8.5
Domestic Fixed Income						
Barclays US Aggregate	Core Bonds	2.9	4.5	2.0	2.7	3.8
Barclays US HY	High Yield	7.3	5.9	8.6	4.7	11.3
Barclays US TIPS	Inflation	3.2	2.7	1.7	1.9	3.4
Other						
Cambridge Associates PE Index 1Qtr Lag	Private Equity	-0.1	9.7	10.0	10.1	10.7
NCREIF Property	Real Estate	1.4	7.5	8.0	10.2	8.7
Bloomberg Commodity	Commodities	6.3	-5.3	2.2	-8.9	-2.6
DJ Brookfield Global Infrastructure	Infrastructure	15.7	12.5	8.7	5.7	13.4
S&P Global Natural Resources	Natural Resources	12.4	-0.1	13.4	1.8	4.9
HFRI Macro	Hedge Funds	0.1	-1.1	-1.4	0.1	-1.9



RISK METRICS

Portfolio risk



Portfolio: 8.1%



Policy: 8.1%



Peer Group: 10.2%



Liability: 11.8%

Portfolio equity beta



Portfolio: 0.52



Policy: 0.52



Peer Group: 0.67

Portfolio interest rate risk - Duration



Portfolio: 0.7



Policy: 0.7



Peer Group: 1.3



Liability: 14.8

Portfolio credit risk - Spread duration



Portfolio: 0.4



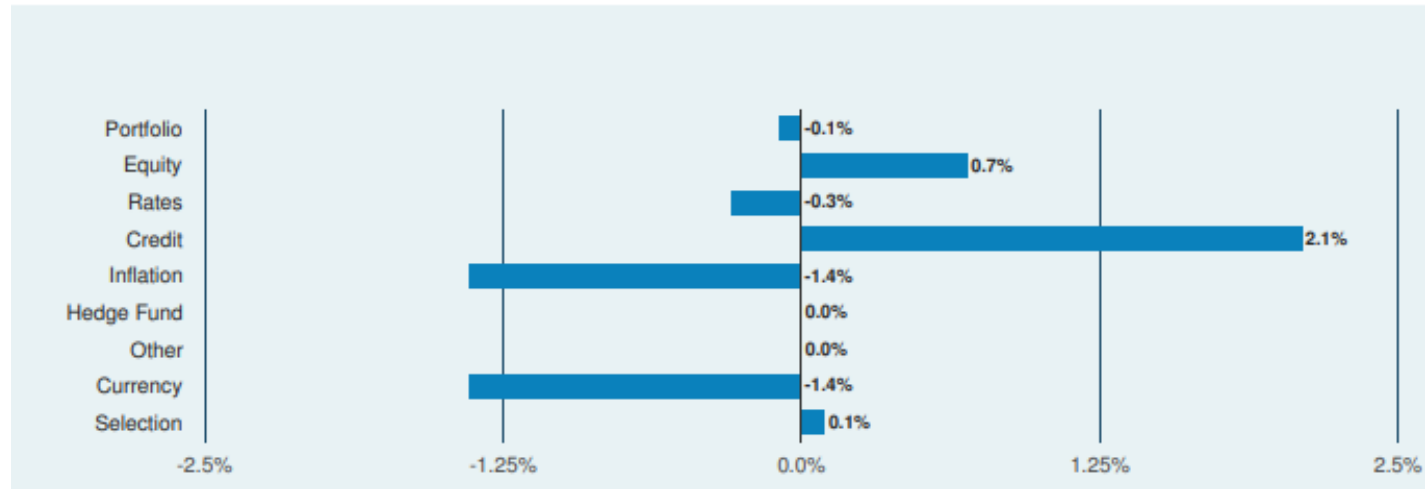
Policy: 0.3



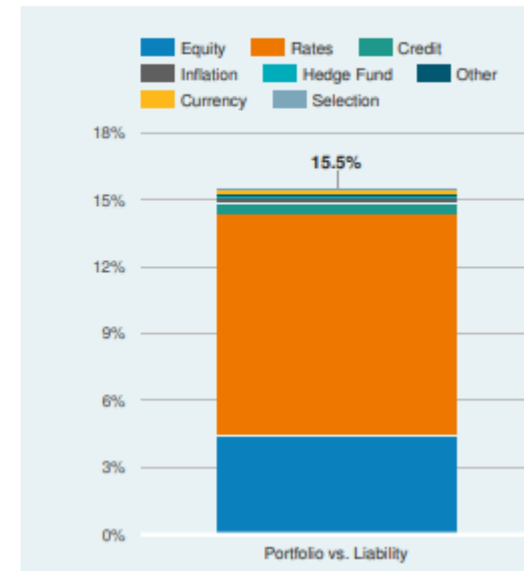
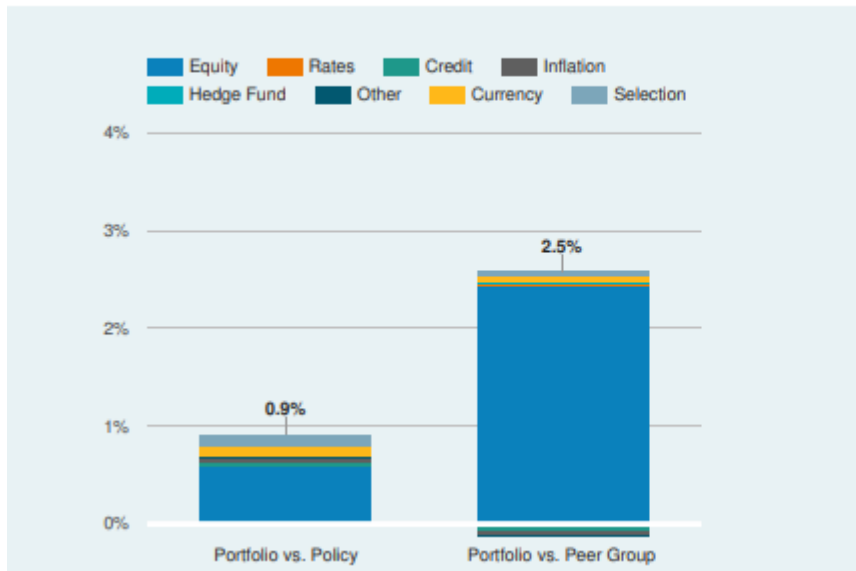
Peer Group: 0.9

RISK METRICS

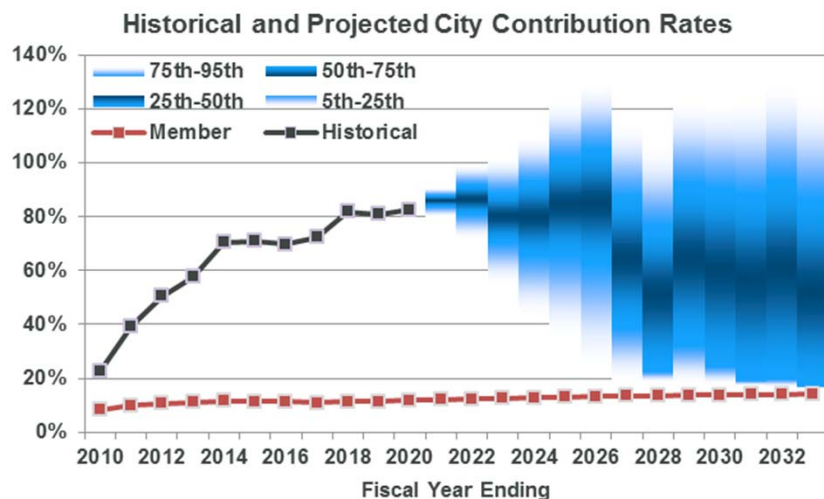
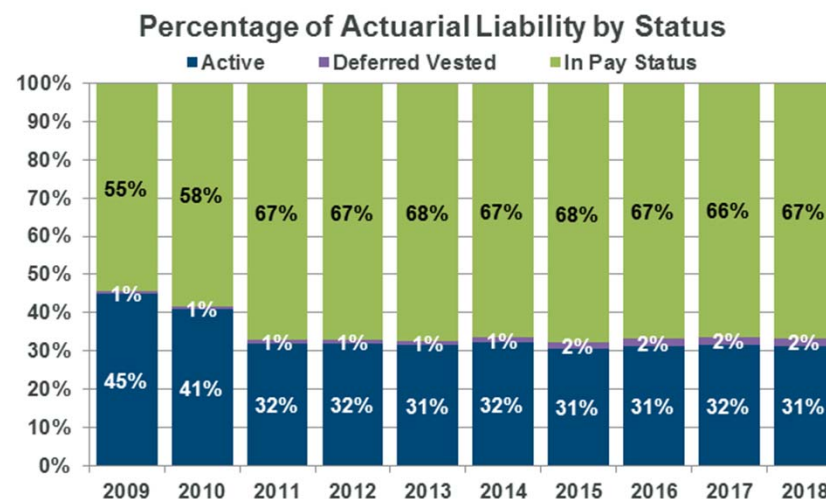
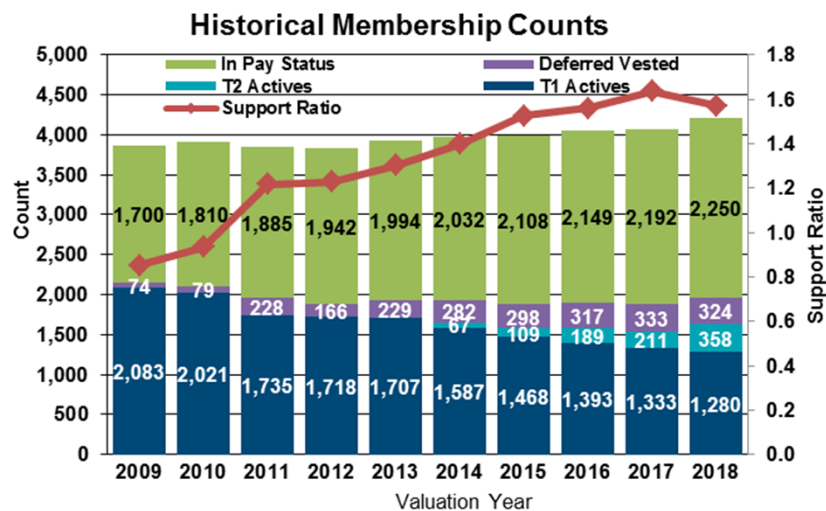
Risk factor weight relative to target



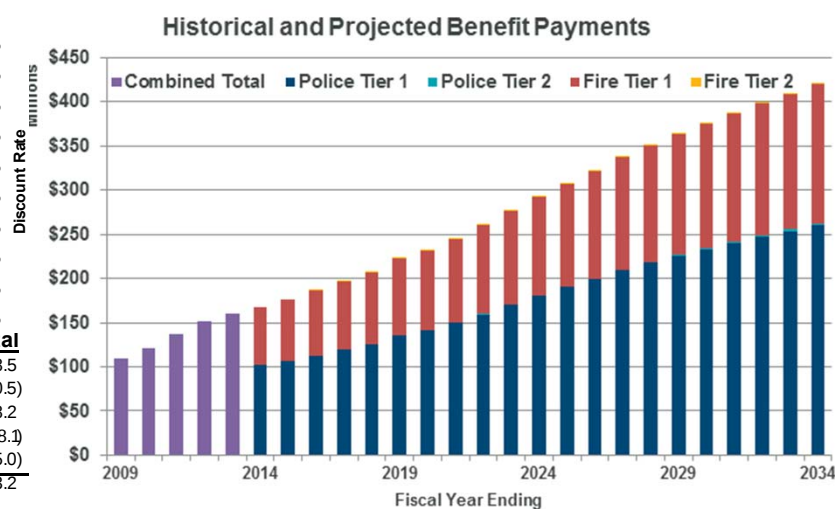
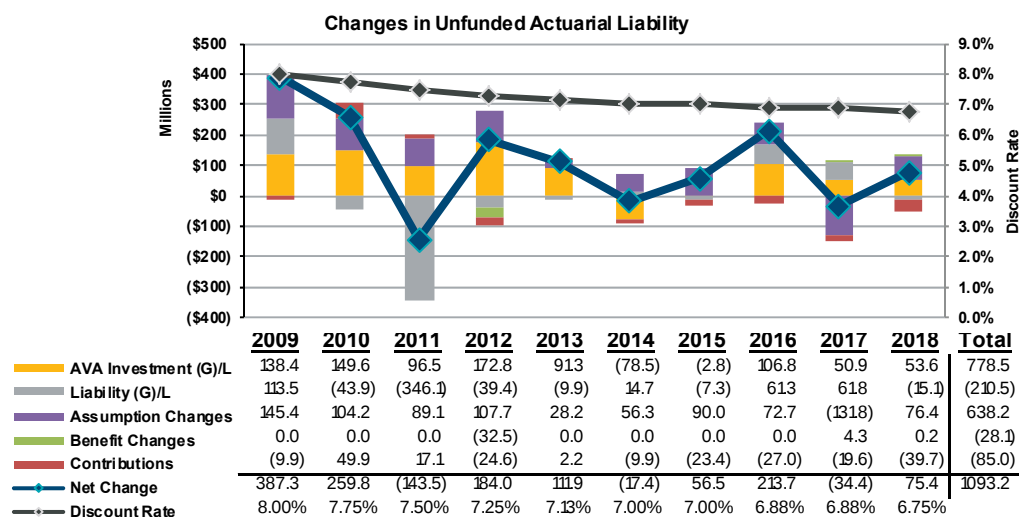
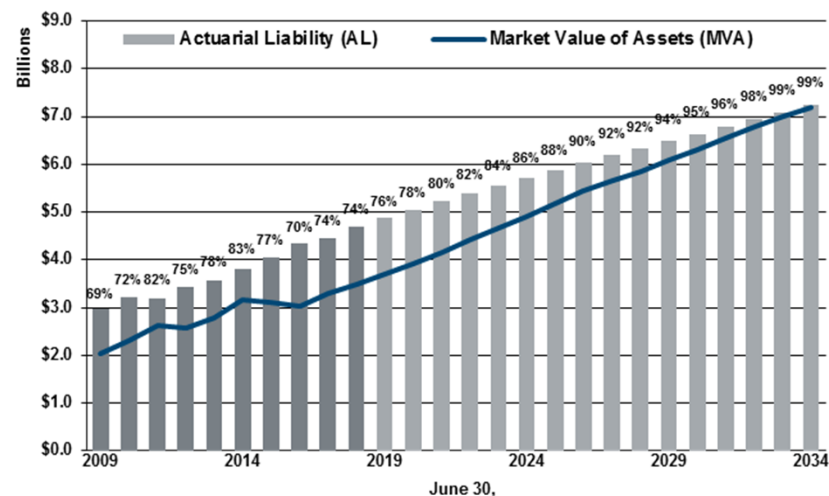
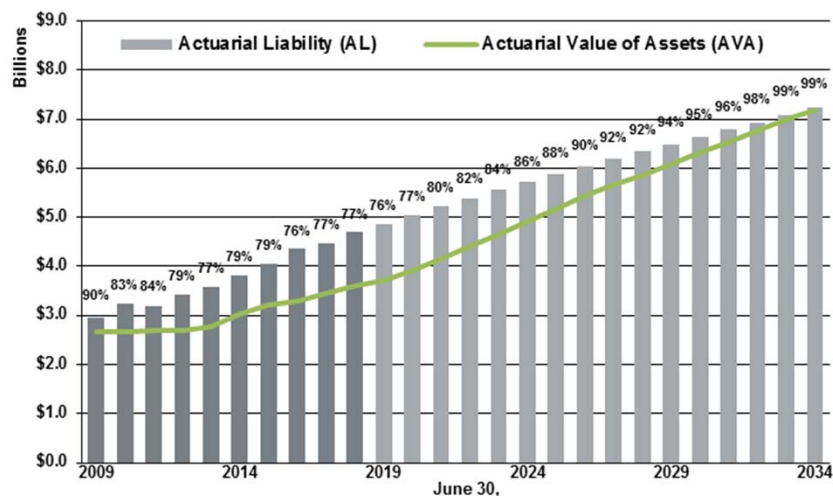
Active risk contribution by risk factor



Actuarial Metrics



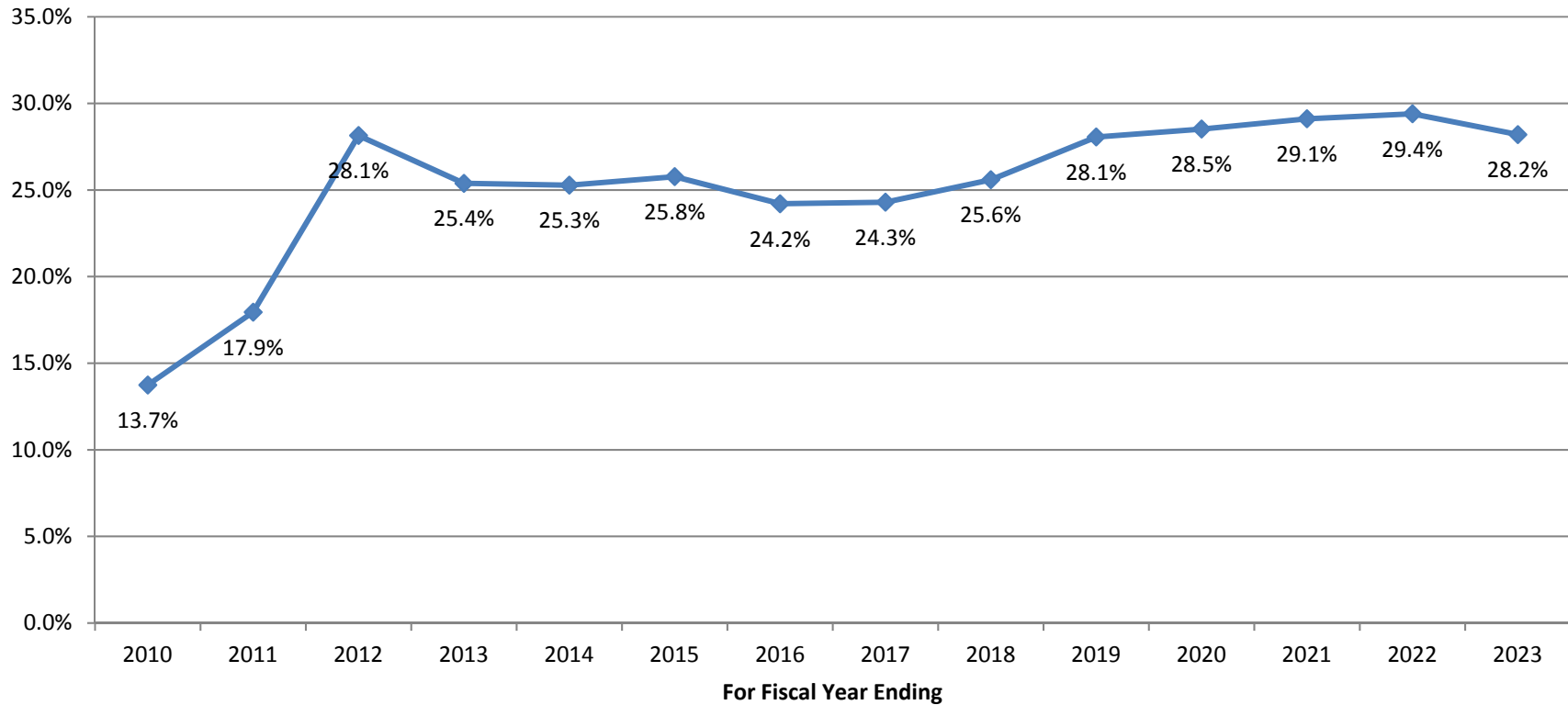
Actuarial Metrics



Classic Values, Innovative Advice

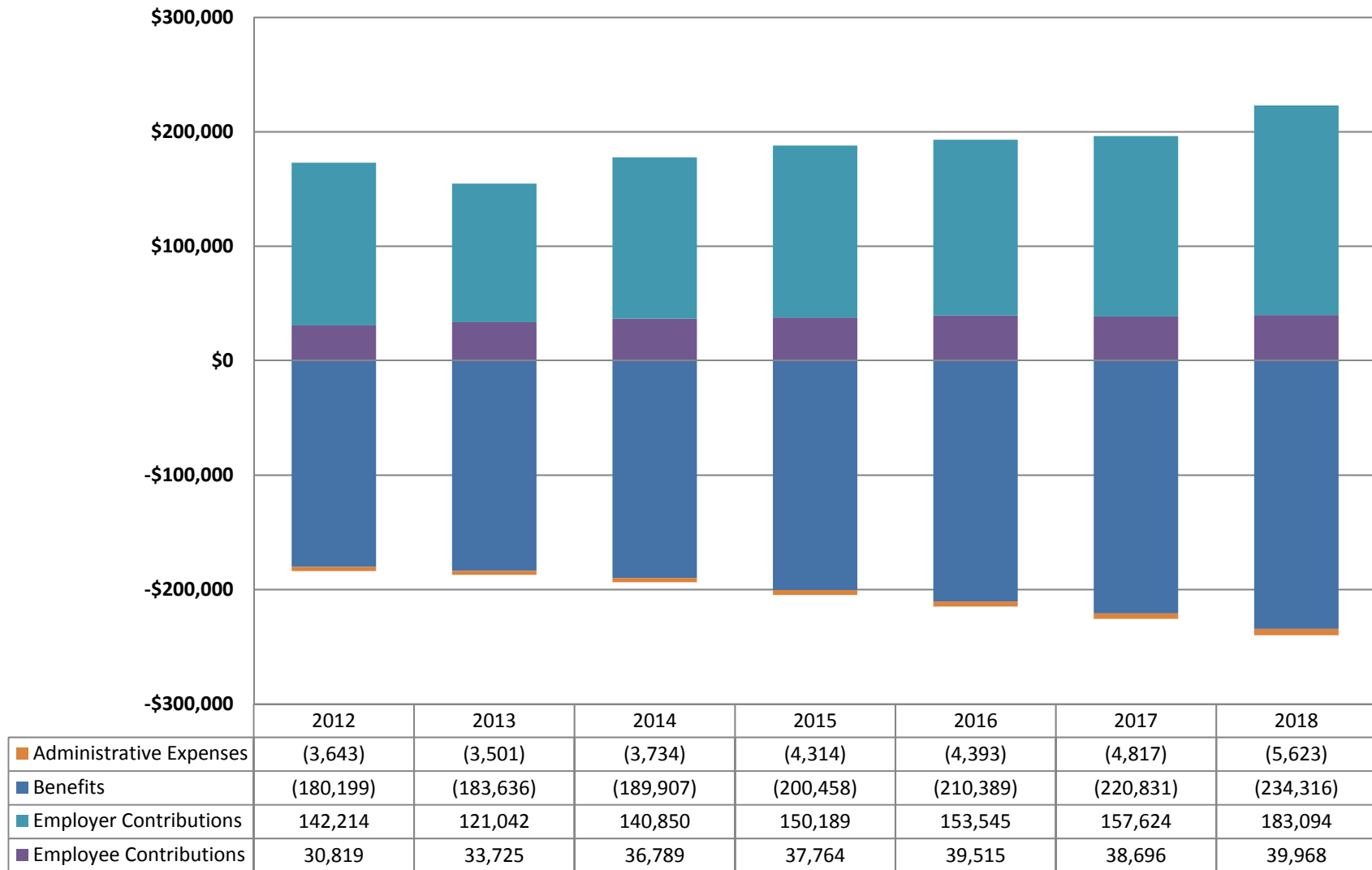
January 4, 2019

Contributions as % of City Budget

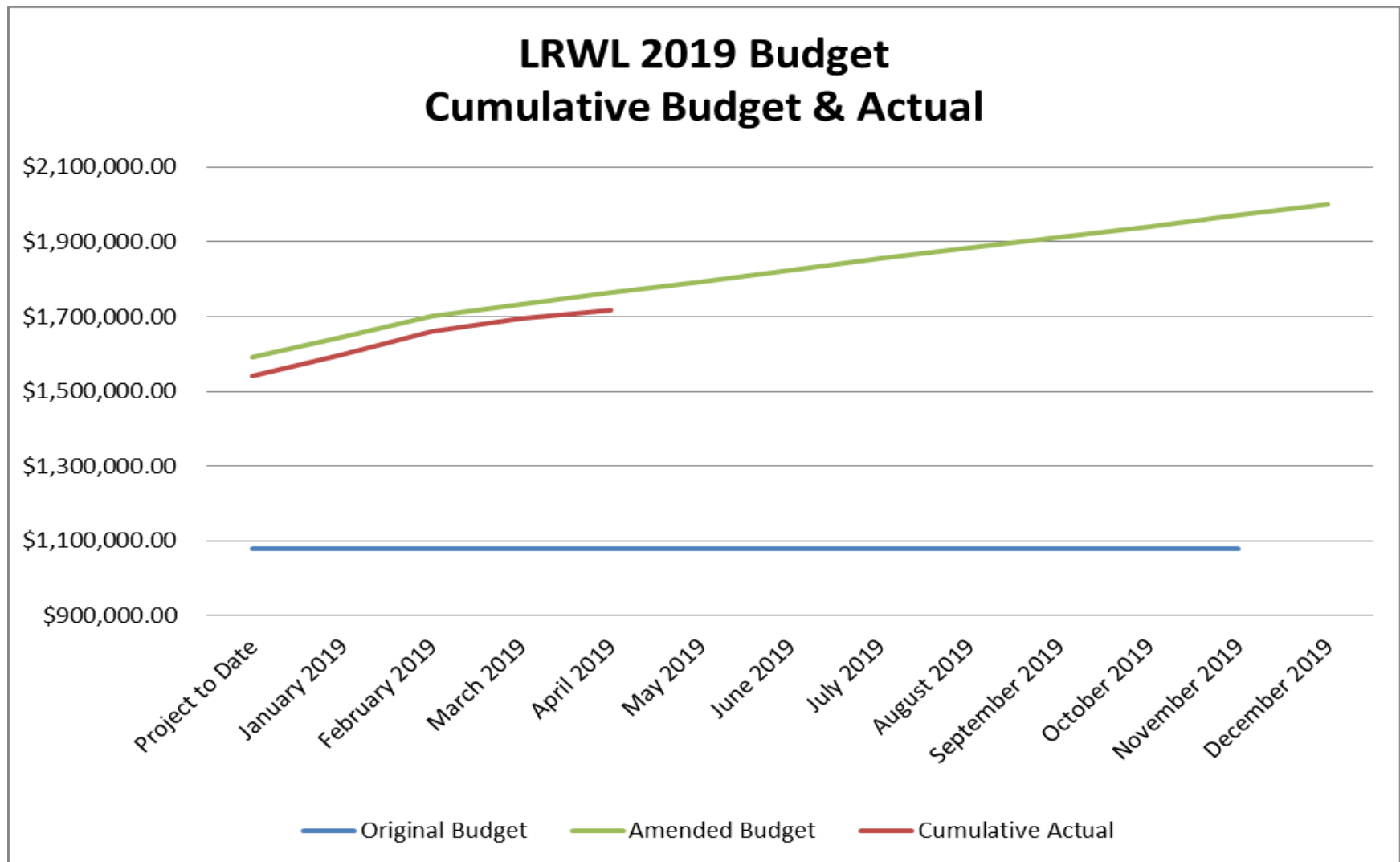


Contribution amounts represent the combined amounts for Federated and Police and Fire. Fiscal years 2019-2023 are the projected contributions and City budget based on the City's 5-Year Economic Forecast and Revenue Projections.

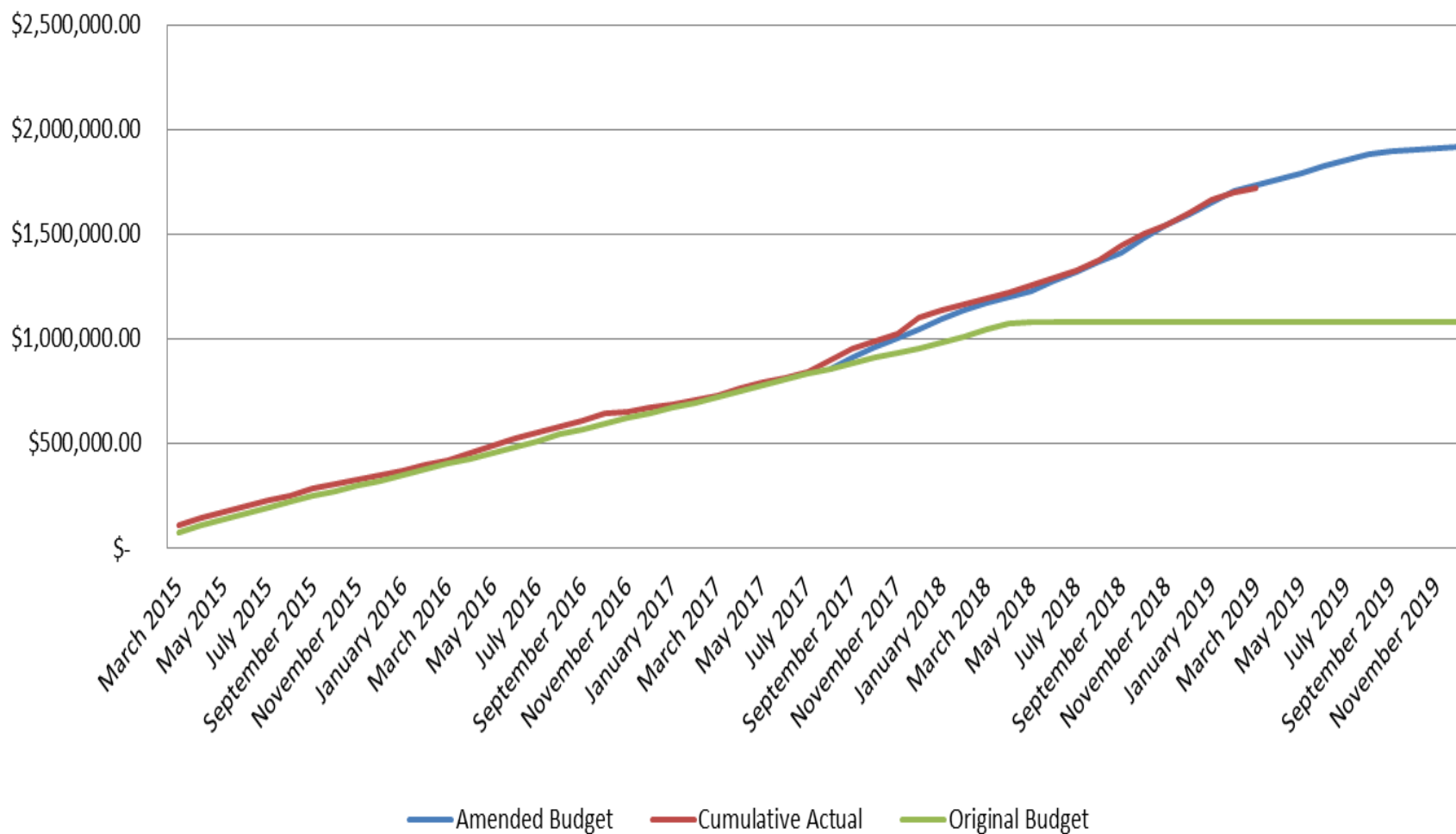
Net Cash Flow / Total Additions and Deductions Before Investment Income/Expense (In Thousands)



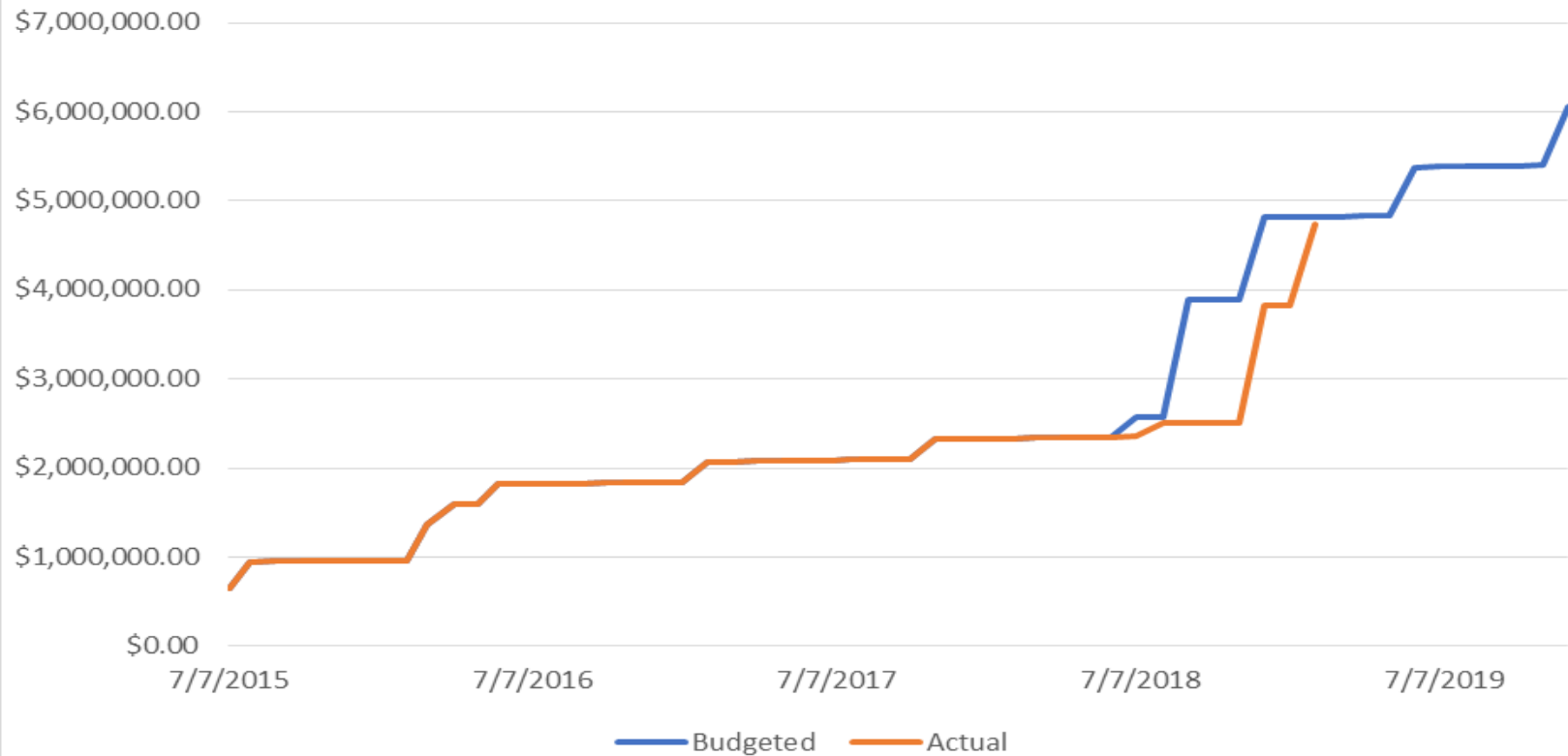
As of April 1, 2019



LRWL Cumulative and Actual Budget for All Years



PAS SYSTEM (PENSIONGOLD V3) LRS
BUDGET AND CUMULATIVE ACTUAL PAYMENTS
FOR ALL YEARS

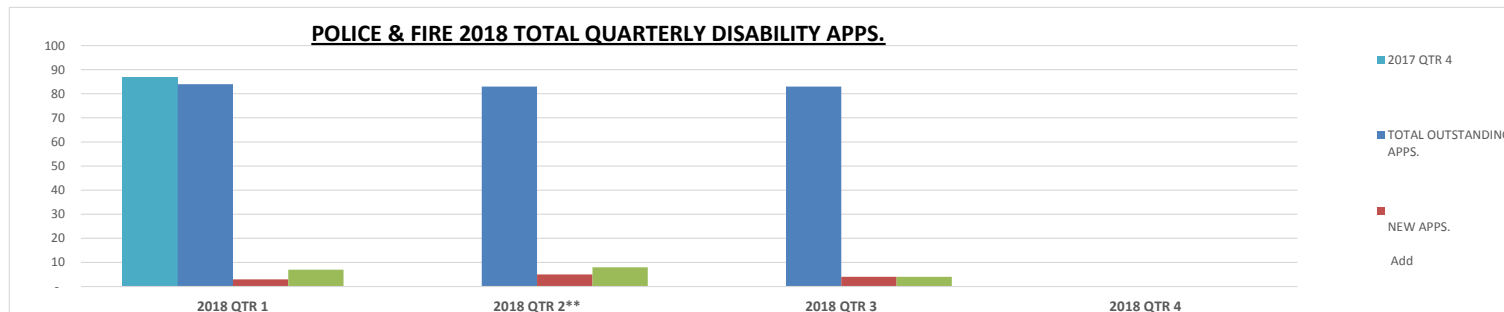


POLICE AND FIRE											
2018 QUARTERLY DISABILITY STATISTICS											
					BREAKOUT OF TOTAL OUTSTANDING APPS.						
		<u>Interim Non-Service Connected Apps. (NSCD)</u>									
	<u>NEW APPS.</u>	<u>Double Counted in Pending For SCD* and NSCD</u>	<u>COMPLETED APPS.</u>	<u>TOTAL OUTSTANDING APPS.</u>	<u>APPS. DEFERRED BY ATTORNEY OR APPLICANT</u>	<u>APPS. THAT ARE NOT MMI AND ARE NOT READY TO PROCEED</u>	<u>APPS. THAT ARE MMI AND ARE READY FOR INDEPENDENT MEDICAL EVALUATION (IME)</u>	<u>APPS. FOR WHICH IME EXAM IS DONE, IME REPORT IS REC'D. AND READY FOR BOARD MEDICAL ADVISOR REPORT</u>	<u>APPS. FOR WHICH BOARD MEDICAL ADVISOR REPORT WAS REC'D. AND ARE READY FOR COMMITTEE MEETING</u>	<u>APPS. FOR WHICH COMMITTEE DECISION WAS RENDERED AND READY TO GO TO THE BOARD</u>	<u>TOTAL OUTSTANDING APPS.</u>
<u>QUARTERLY STATISTICS</u>	<u>Add</u>	<u>Add</u>	<u>Subtract</u>								
2017 QTR 4	12	1	7	87	18	60	1	3	3	2	8
2018 QTR 1	3	1	7	84	21	42	15	2	2	2	8
2018 QTR 2**	5	2	8	83	22	46	3	8	1	3	8
2018 QTR 3	4	0	4	83	26	42	10	3	2	0	8
2018 QTR 4											

SOURCE: QUARTERLY STATISTICS REPORT

*Service-Connected Disability retirement apps. and Non-Service-Connected Disability retirement apps.

**2018 QTR 2: 8 Completed Apps. Includes 2 Interim NSCD Apps. with SCD App. still pending; and 2 Apps. Withdrawn-Discontinued



**July-September 2018
Completed Applications Processing Times**

Month of Board Approval	Fire or Police	Service Connected Disability Retirement (SCD) or Non-Service-Connected Disability Retirement (NSCD)	Change of Status (COS) From Service Ret. to Disability Ret.	Days From App. Rec'd. to MMI Days From MMI to IME Appl. Requested Days From IME Appl. to Med. Advisor Report Days From Med. Advisor Report to Committee Days From App. To Final Board Approved or Denied						Notes
1 AUGUST	Fire	SCD	Yes	3,010	0	66	32	3,160	Approved	Approx. 8 yrs. for Applicant to Reach MMI Status
2 AUGUST	Police	SCD	Yes	0*	106	29	90	350	Approved	
3 AUGUST	Fire	SCD	Yes	262	167	85	41	673	Approved	
4 SEPTEMBER	Police	SCD	No	163	4	70	56	324	Approved	

SOURCE: QUARTERLY STATISTICS REPORT

*Applicant was MMI When They Submitted App.

Appendix

- Investment Dashboard – Updated Quarterly
- Actuarial Dashboard – Updated Annually
- Accounting Dashboard – Updated Annually
- Information Technology Dashboard – Updated Quarterly
- Benefits Dashboard – Updated Quarterly

