



**HYAS**  
GROUP

## **Spokane Employees' Retirement System**

December 31, 2018 Performance Report

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# Section 1



#### BACK TO NORMAL – “RETURN OF VOLATILITY”

For most investors 2018 likely felt anything but normal. December was a particularly difficult month that saw the US equity market (S&P 500 Index) down 9%, the worst December since 1931. The equity markets were up or down more than 1% nine times in December alone, and 64 times in 2018. In contrast, we saw 1% moves only eight times in all of 2017. The year also saw the Dow Jones, an index representing the largest blue-chip stocks, post swings of 1,000 points five times. It's only done so eight times in its entire 100+ year history. So what's normal about this?

A closer look at volatility through a long-term historical lens shows a very different picture. The average daily VIX (a leading measure of volatility) in 2018 was 16.6, nearly identical to the median historical calendar year for the past 25 years. This compares to a VIX of 11.1 in 2017. This year-over-year change in the VIX is among the largest in history. Hence, our perception is likely skewed by a recent and extended period of historically low market volatility during an extended bull market.

The question then becomes what's driven this return of volatility? In short, monetary policy has been a leading contributor to both historically low volatility during an extended period of accommodative (easing) policy and now higher volatility as the Federal Reserve (Fed) transitions to a restrictive (tightening) policy. In our last quarterly market commentary we cited a domestic yield curve that indicated a disconnect between the Fed and the broader financial markets with respect to projected future economic growth and inflation. The tension created by these diverging views came to a flash point in the final quarter of 2018. Despite a strong contractionary demand shock from China and subsequent declining global growth forecasts, the Fed held steadfastly to its previous policy guidance. Global equity markets responded with a sharp selloff that took US equities down 13.5% and foreign stocks down 11.5% in the fourth quarter.

Despite the equity market declines, nowhere have the diverging views of economic growth been reflected more clearly than the recent bond market. 10-year Treasury yields marched steadily higher over most of the year, rising from 2.40% at the beginning of the year to 3.15% at the end of October. Yield increases were supported by strong economic growth, low unemployment and signs of modest wage inflation. Market opinions on global growth changed sharply as the fourth quarter progressed. Slowing economic data out of China seemed to suddenly make the impacts of tough trade rhetoric a tangible reality. Slower expected growth in combination with aggressive Fed tightening resulted in a near freefall in bond yields. Yields dropped from 3.15% to 2.69% by year-end, a largely unprecedented pace.

In reaction to a combination of new economic data and increasing political pressure the Fed appears to have acquiesced from its rigid policy stance to start off the new year. Fed Chairman Jerome Powell made a public statement acknowledging an economic slowdown and assuring markets the Fed would be patient and flexible in policy decisions this year. At least for now, it would appear views are converging around slower growth expectations going forward. Expect volatility to normalize, but understand that after 10 years of a bull market, “normal” may look and feel very different.

## GLOBAL ECONOMIC LANDSCAPE

- December's headline employment number came in well above estimates as employers added 312,000 workers, versus expectations of 184,000. On a rolling three-month basis, employers are adding 254,000 workers per month. Despite higher job creation the unemployment rate actually ticked up slightly to 3.9% due to an increase in the labor force participation rate. Average hourly earnings rose 0.4% for the month of December. This translates to annualized wage growth of 3.2%, the highest since 2009.
- The Fed raised short-term borrowing rates four times in 2018 and is forecasting two rate hikes for 2019. Recent policy language appears to signal an end to the current tightening cycle in the face of slowing global economic growth.
- Global central banks look poised to continue their path to normalized interest rates which may continue to be a headwind for global growth. The Bank of Canada raised interest rates three times and the Bank of England once during 2018. The European Central Bank and Bank of Japan have kept rates low and are expected to continue this policy through 2019.
- Economic global divergence has emerged over the course of 2018. Major economies appear to be in very different stages of economic cycles. The US and UK look to be in the very late stages of an economic cycle followed closely by Canada and China. The Eurozone appears to be near the middle of an economic cycle while India and Brazil are on the verge of accelerating into a new economic cycle. While the increasing divergence brings more uncertainty, the International Monetary Fund is projecting a relatively strong 3.7% global growth rate in 2019.
- The latest data shows China's economy growing at 6.5% annualized, the slowest pace since 2016 despite continued stimulus efforts. Consumer spending, manufacturing, credit growth and housing are all showing signs of weakness. A slower growth China is likely to have a large impact on other nations, especially emerging markets whose economies are dependent on Chinese imports of raw materials.

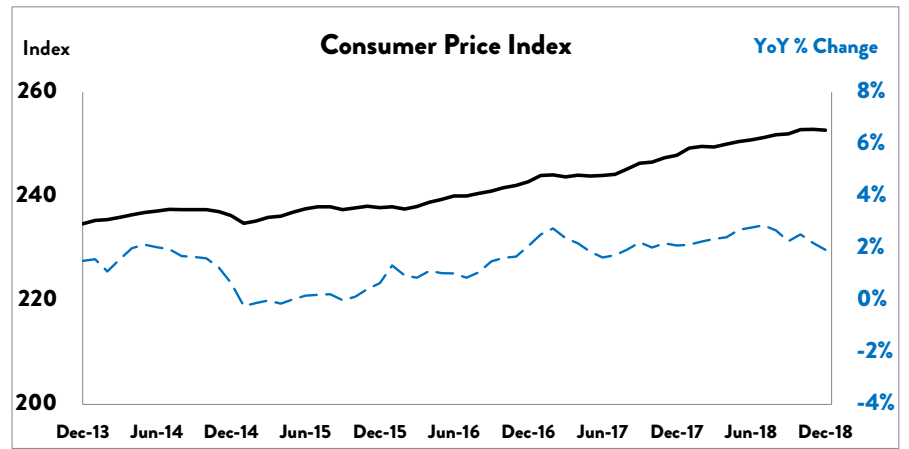
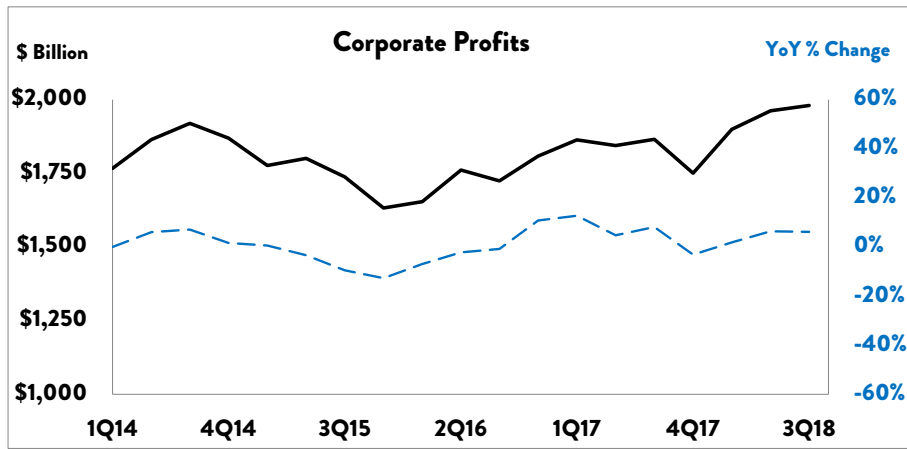
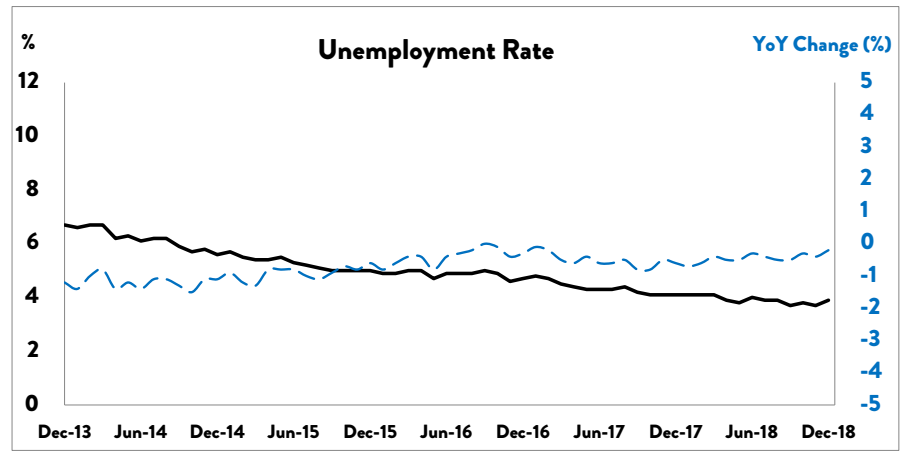
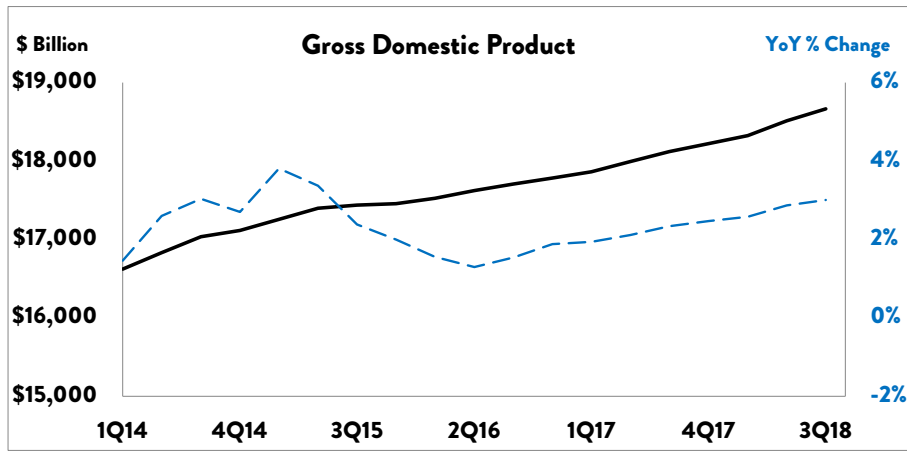
## GLOBAL FINANCIAL MARKETS

- Domestic credit spreads widened modestly throughout most of 2018, but suddenly gapped wider during the fourth quarter. Credit spreads on investment grade and high yield bonds ended the year at levels not seen since 2016. Despite the wider end of year spreads, investment grade and high yield bonds ended the year with only minor losses.
- Technology stocks (including the new communications services stocks) have grown to represent nearly 30% of the S&P 500 Index and increasingly provide market leadership. Technology stocks led the market sharply lower in the fourth quarter of the year despite largely strong earnings. Concerns over slowing growth rates coupled with relatively high valuations drove negative investment sentiment. It is worth noting that the technology sector has gained over 500% since the last bear market.
- Is this the turning point for value stocks? The past 10 years have been the most difficult in modern history for value stocks relative to growth stocks. On a rolling 3-year basis, global value stocks have underperformed growth stocks for more than 130 months! Some in the value investing community are referring to this lagging decade as the "nuclear winter".
- The MSCI All Country World Index entered the year trading at 21 times trailing 1-year earnings. As of the end of the year the Index traded at 17 times trailing earnings, the result of higher earnings and declining stock prices in 2018. While global valuations are broadly lower, emerging markets have been hit the hardest. Emerging markets now trade at 13 times trailing earnings.
- For nearly a decade, international and emerging equity markets have lagged domestic markets. In fact, the relative performance of US stocks vs. international stocks is at the highest level in nearly 14 years. However, the performance gap is not without credible support in the form of higher earnings growth rates.

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# 4Q2018 Economic Data



| Labor Market Statistics (Monthly)  |         |           |          |           |        |
|------------------------------------|---------|-----------|----------|-----------|--------|
| Category                           | Recent  | 5-Yr High | 5-Yr Low | 5-Yr Avg. | Date   |
| Jobs Added/Lost Monthly            | 312,000 | 351,000   | 14,000   | 214,783   | Dec-18 |
| Unemployment Rate                  | 3.9%    | 6.7%      | 3.7%     | 4.9%      | Dec-18 |
| Median Unemployment Length (Weeks) | 8.9     | 18.4      | 6.6      | 11.2      | Dec-18 |
| Average Hourly Earnings            | \$27.48 | \$27.48   | \$24.22  | \$25.70   | Dec-18 |

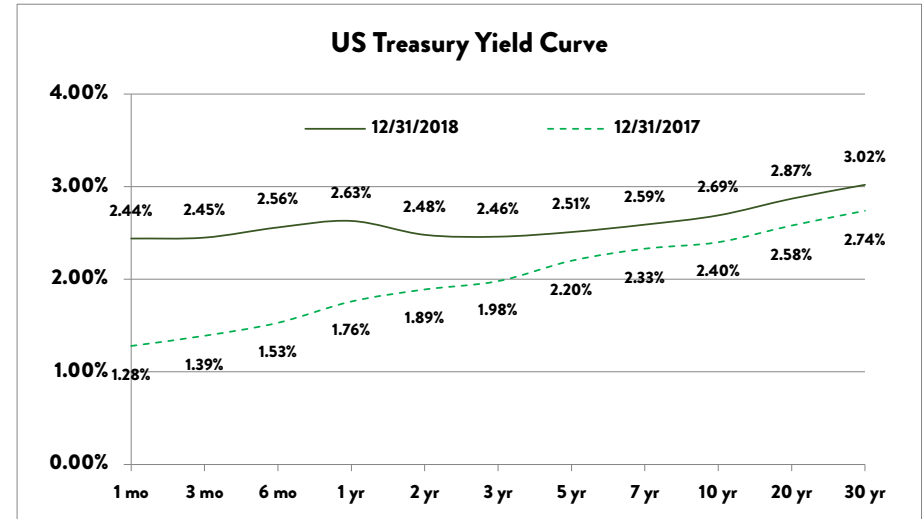
| Other Prices and Indexes (Monthly) |         |           |          |            |        |
|------------------------------------|---------|-----------|----------|------------|--------|
| Category                           | Recent  | 5-Yr High | 5-Yr Low | % Off Peak | Date   |
| Gas: Price per Gallon              | \$2.33  | \$3.70    | \$1.79   | -36.9%     | Dec-18 |
| Spot Oil                           | \$49.52 | \$105.79  | \$30.32  | -53.2%     | Dec-18 |
| Case-Shiller Home Price Index      | 214.2   | 214.2     | 166.9    | 28.4%*     | Nov-18 |
| Medical Care CPI                   | 489.1   | 489.1     | 430.1    | 13.7%*     | Dec-18 |

Source: Federal Reserve Bank of St. Louis and Bureau of Labor Statistics

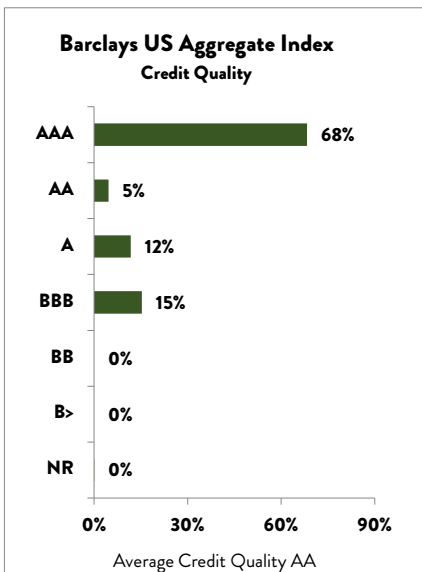
\*% Off Low

# 4Q2018 Bond Market Data

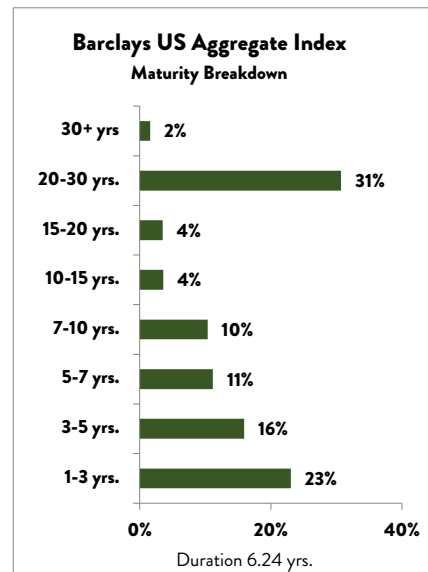
| Index                       | QTR    | YTD    | 1 yr.  | 3 yrs. | 5 yrs. | 10 yrs. |
|-----------------------------|--------|--------|--------|--------|--------|---------|
| 90-Day T-Bill               | 0.50%  | 1.69%  | 1.69%  | 0.88%  | 0.54%  | 0.32%   |
| Barclays US Aggregate       | 1.64%  | 0.01%  | 0.01%  | 2.06%  | 2.52%  | 3.48%   |
| Barclays Short US Treasury  | 0.60%  | 1.88%  | 1.88%  | 1.07%  | 0.68%  | 0.46%   |
| Barclays Int. US Treasury   | 2.24%  | 1.41%  | 1.41%  | 1.20%  | 1.47%  | 1.79%   |
| Barclays Long US Treasury   | 4.19%  | -1.84% | -1.84% | 2.58%  | 5.93%  | 4.09%   |
| Barclays US TIPS            | -0.42% | -1.26% | -1.26% | 2.11%  | 1.69%  | 3.64%   |
| Barclays US Credit          | 0.01%  | -2.11% | -2.11% | 3.16%  | 3.22%  | 5.52%   |
| Barclays US Mortgage-Backed | 2.08%  | 0.99%  | 0.99%  | 1.71%  | 2.53%  | 3.11%   |
| Barclays US Asset-Backed    | 1.25%  | 1.77%  | 1.77%  | 1.78%  | 1.70%  | 4.55%   |
| Barclays US 20-Yr Municipal | 1.83%  | 1.08%  | 1.08%  | 2.96%  | 5.10%  | 6.32%   |
| Barclays US High Yield      | -4.53% | -2.08% | -2.08% | 7.23%  | 3.83%  | 11.12%  |
| Barclays Global             | 1.20%  | -1.20% | -1.20% | 2.70%  | 1.08%  | 2.49%   |
| Barclays International      | 0.91%  | -2.15% | -2.15% | 3.15%  | -0.01% | 1.74%   |
| Barclays Emerging Market    | -0.18% | -2.46% | -2.46% | 5.05%  | 4.23%  | 8.47%   |



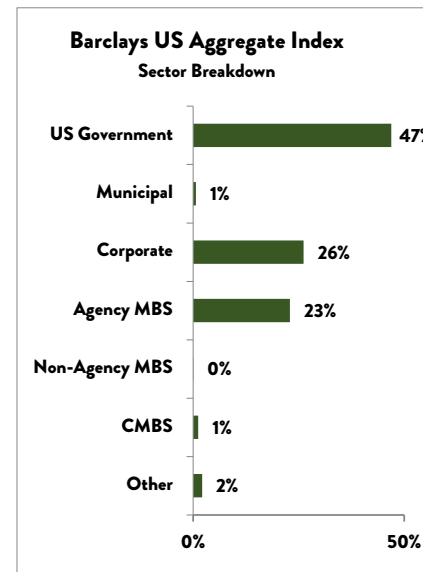
Source: Department of US Treasury



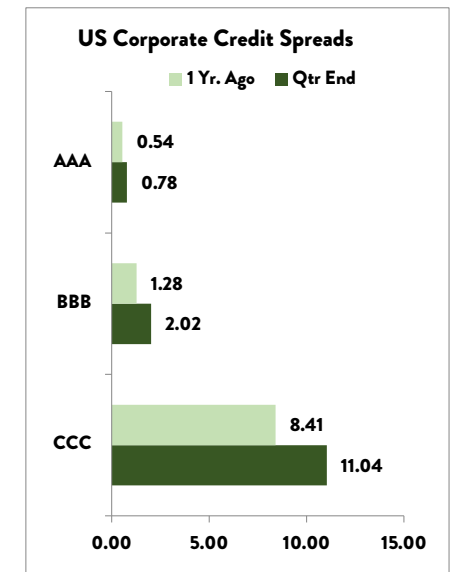
Source: Morningstar



Source: Morningstar



Source: Morningstar



Source: Federal Reserve / Bank of America

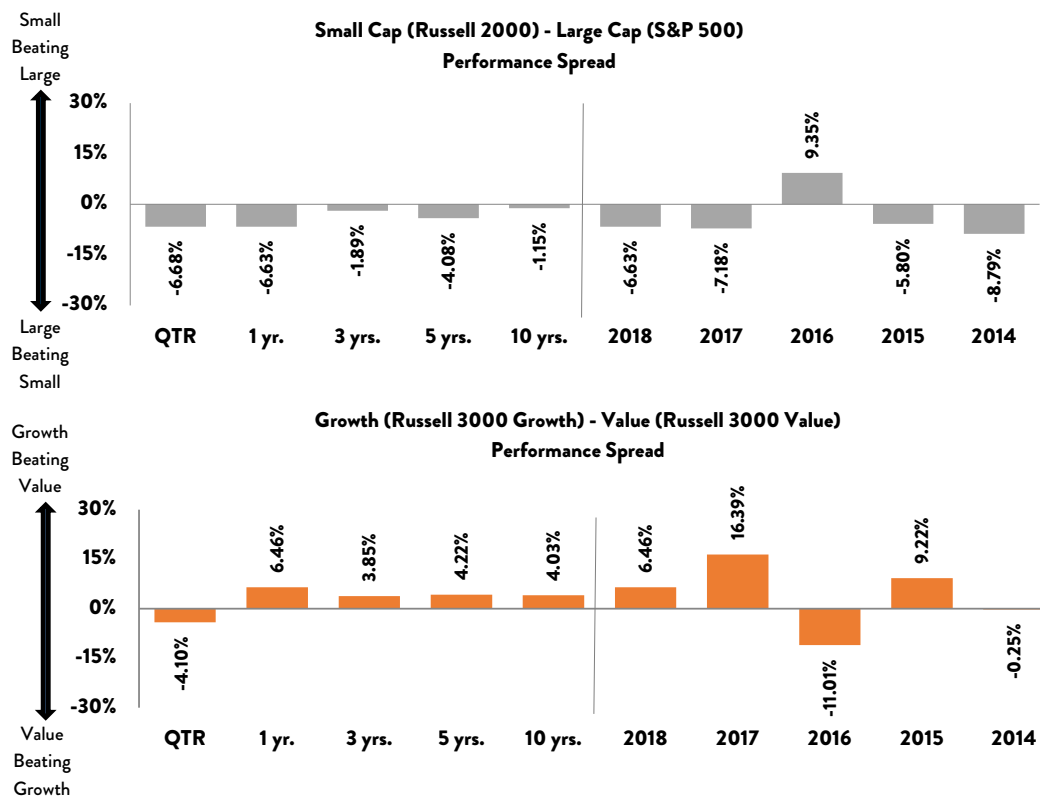
# 4Q2018 US Equity Market Data

## Sectors Weights/Returns (ranked by quarter performance)

|                                   | Wgt.   | Sector                 | QTR     | YTD     | 1 Yr.   |
|-----------------------------------|--------|------------------------|---------|---------|---------|
| <b>S&amp;P 500 Index</b>          | 3%     | Utilities              | 1.36%   | 4.11%   | 4.11%   |
|                                   | 3%     | Real Estate            | -3.83%  | -2.22%  | -2.22%  |
|                                   | 7%     | Consumer Staples       | -5.21%  | -8.38%  | -8.38%  |
|                                   | 16%    | Health Care            | -8.72%  | 6.47%   | 6.47%   |
|                                   | 3%     | Materials              | -12.31% | -14.70% | -14.70% |
|                                   | 13%    | Financials             | -13.11% | -13.03% | -13.03% |
|                                   | 10%    | Communication Services | -13.19% | -12.53% | -12.53% |
|                                   | 10%    | Consumer Discretionary | -16.42% | 0.83%   | 0.83%   |
|                                   | 9%     | Industrials            | -17.29% | -13.29% | -13.29% |
|                                   | 20%    | Information Technology | -17.34% | -0.29%  | -0.29%  |
| 5%                                | Energy | -23.78%                | -18.10% | -18.10% |         |
| <b>S&amp;P Midcap 400 Index</b>   | 6%     | Utilities              | -0.72%  | 6.81%   | 6.81%   |
|                                   | 3%     | Consumer Staples       | -8.01%  | -7.15%  | -7.15%  |
|                                   | 3%     | Communication Services | -9.97%  | 2.27%   | 2.27%   |
|                                   | 10%    | Real Estate            | -10.56% | -5.99%  | -5.99%  |
|                                   | 16%    | Financials             | -15.77% | -15.95% | -15.95% |
|                                   | 15%    | Information Technology | -16.85% | -5.47%  | -5.47%  |
|                                   | 12%    | Consumer Discretionary | -18.16% | -17.92% | -17.92% |
|                                   | 15%    | Industrials            | -18.58% | -14.89% | -14.89% |
|                                   | 7%     | Materials              | -19.50% | -20.37% | -20.37% |
|                                   | 10%    | Health Care            | -19.93% | 6.51%   | 6.51%   |
| 4%                                | Energy | -41.67%                | -29.42% | -29.42% |         |
| <b>S&amp;P Smallcap 600 Index</b> | 3%     | Utilities              | -5.64%  | -0.41%  | -0.41%  |
|                                   | 7%     | Real Estate            | -11.16% | -11.10% | -11.10% |
|                                   | 19%    | Financials             | -14.19% | -6.29%  | -6.29%  |
|                                   | 4%     | Consumer Staples       | -14.34% | -4.86%  | -4.86%  |
|                                   | 14%    | Information Technology | -17.67% | -8.93%  | -8.93%  |
|                                   | 14%    | Consumer Discretionary | -19.53% | -8.12%  | -8.12%  |
|                                   | 2%     | Communication Services | -21.06% | 0.90%   | 0.90%   |
|                                   | 11%    | Health Care            | -23.07% | 9.93%   | 9.93%   |
|                                   | 19%    | Industrials            | -23.32% | -12.15% | -12.15% |
|                                   | 4%     | Materials              | -26.46% | -22.25% | -22.25% |
| 3%                                | Energy | -45.80%                | -42.77% | -42.77% |         |

## Index Performance Data

| Index                         | QTR     | YTD     | 1 yr.   | Annualized |        |         |
|-------------------------------|---------|---------|---------|------------|--------|---------|
|                               |         |         |         | 3 yrs.     | 5 yrs. | 10 yrs. |
| <b>S&amp;P 500</b>            | -13.52% | -4.38%  | -4.38%  | 9.26%      | 8.49%  | 13.12%  |
| <b>Russell 1000 Value</b>     | -11.72% | -8.27%  | -8.27%  | 6.95%      | 5.95%  | 11.18%  |
| <b>Russell 1000 Growth</b>    | -15.89% | -1.51%  | -1.51%  | 11.15%     | 10.40% | 15.29%  |
| <b>Russell Mid Cap</b>        | -15.37% | -9.06%  | -9.06%  | 7.04%      | 6.26%  | 14.03%  |
| <b>Russell Mid Cap Value</b>  | -14.95% | -12.29% | -12.29% | 6.06%      | 5.44%  | 13.03%  |
| <b>Russell Mid Cap Growth</b> | -15.99% | -4.75%  | -4.75%  | 8.59%      | 7.42%  | 15.12%  |
| <b>Russell 2000</b>           | -20.20% | -11.01% | -11.01% | 7.36%      | 4.41%  | 11.97%  |
| <b>Russell 2000 Value</b>     | -18.67% | -12.86% | -12.86% | 7.37%      | 3.61%  | 10.40%  |
| <b>Russell 2000 Growth</b>    | -21.65% | -9.31%  | -9.31%  | 7.24%      | 5.13%  | 13.52%  |
| <b>Russell 3000</b>           | -14.30% | -5.24%  | -5.24%  | 8.97%      | 7.91%  | 13.18%  |
| <b>DJ US Select REIT</b>      | -6.61%  | -4.22%  | -4.22%  | 1.97%      | 7.89%  | 12.05%  |





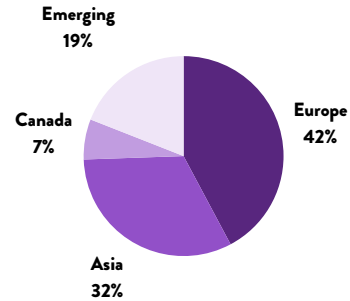
# 4Q2018 International Market Data

## Index Performance Data (net)

| Index (US\$)                  | QTR            | YTD            | 1 yr.          | 3 yrs.        | 5 yrs.        | 10 yrs.       |
|-------------------------------|----------------|----------------|----------------|---------------|---------------|---------------|
| <b>MSCI ACWI ex-US</b>        | <b>-11.46%</b> | <b>-14.20%</b> | <b>-14.20%</b> | <b>4.48%</b>  | <b>0.68%</b>  | <b>6.57%</b>  |
| <b>MSCI EAFE</b>              | <b>-12.54%</b> | <b>-13.79%</b> | <b>-13.79%</b> | <b>2.87%</b>  | <b>0.53%</b>  | <b>6.32%</b>  |
| <b>Europe</b>                 | <b>-12.72%</b> | <b>-14.86%</b> | <b>-14.86%</b> | <b>2.10%</b>  | <b>-0.61%</b> | <b>6.15%</b>  |
| United Kingdom                | -11.78%        | -14.15%        | -14.15%        | 1.60%         | -1.71%        | 6.84%         |
| Germany                       | -15.48%        | -22.17%        | -22.17%        | 0.70%         | -2.13%        | 5.55%         |
| France                        | -15.05%        | -12.76%        | -12.76%        | 5.61%         | 1.17%         | 5.49%         |
| <b>Pacific</b>                | <b>-12.20%</b> | <b>-12.02%</b> | <b>-12.02%</b> | <b>4.54%</b>  | <b>2.73%</b>  | <b>6.76%</b>  |
| Japan                         | -14.23%        | -12.88%        | -12.88%        | 3.41%         | 3.06%         | 5.33%         |
| Hong Kong                     | -4.53%         | -7.83%         | -7.83%         | 8.68%         | 6.05%         | 12.22%        |
| Australia                     | -10.01%        | -11.99%        | -11.99%        | 5.56%         | 0.46%         | 8.88%         |
| <b>Canada</b>                 | <b>-15.30%</b> | <b>-17.20%</b> | <b>-17.20%</b> | <b>6.18%</b>  | <b>-1.62%</b> | <b>5.72%</b>  |
| <b>MSCI EM</b>                | <b>-7.47%</b>  | <b>-14.58%</b> | <b>-14.58%</b> | <b>9.25%</b>  | <b>1.65%</b>  | <b>8.02%</b>  |
| <b>MSCI EM Latin America</b>  | <b>0.36%</b>   | <b>-6.57%</b>  | <b>-6.57%</b>  | <b>14.85%</b> | <b>-1.73%</b> | <b>4.98%</b>  |
| <b>MSCI EM Asia</b>           | <b>-9.29%</b>  | <b>-15.45%</b> | <b>-15.45%</b> | <b>8.63%</b>  | <b>3.94%</b>  | <b>9.81%</b>  |
| <b>MSCI EM Eur/Mid East</b>   | <b>-4.31%</b>  | <b>-8.07%</b>  | <b>-8.07%</b>  | <b>9.18%</b>  | <b>-4.69%</b> | <b>4.09%</b>  |
| <b>MSCI ACWI Value ex-US</b>  | <b>-10.71%</b> | <b>-13.97%</b> | <b>-13.97%</b> | <b>4.75%</b>  | <b>-0.38%</b> | <b>5.95%</b>  |
| <b>MSCI ACWI Growth ex-US</b> | <b>-12.20%</b> | <b>-14.43%</b> | <b>-14.43%</b> | <b>4.19%</b>  | <b>1.69%</b>  | <b>7.15%</b>  |
| <b>MSCI ACWI Sm Cap ex-US</b> | <b>-14.43%</b> | <b>-18.20%</b> | <b>-18.20%</b> | <b>3.82%</b>  | <b>1.96%</b>  | <b>10.02%</b> |

## Regional Exposure

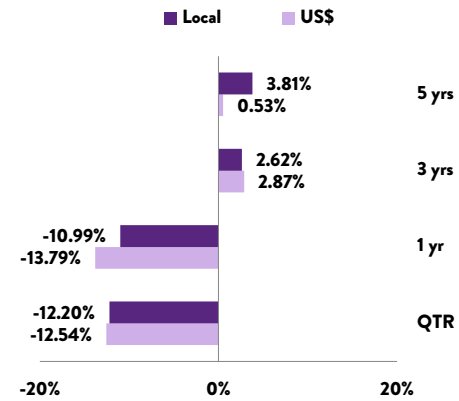
MSCI ACWI ex-USA



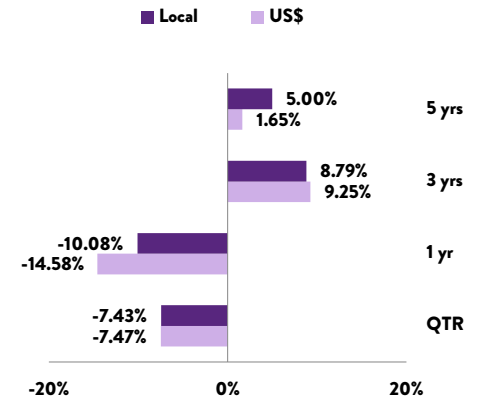
## Top 10 Countries (MSCI AC World ex-USA)

|             |     |
|-------------|-----|
| Japan       | 16% |
| UK          | 12% |
| China       | 8%  |
| France      | 7%  |
| Canada      | 7%  |
| Germany     | 6%  |
| Switzerland | 6%  |
| Australia   | 5%  |
| South Korea | 4%  |
| Taiwan      | 3%  |

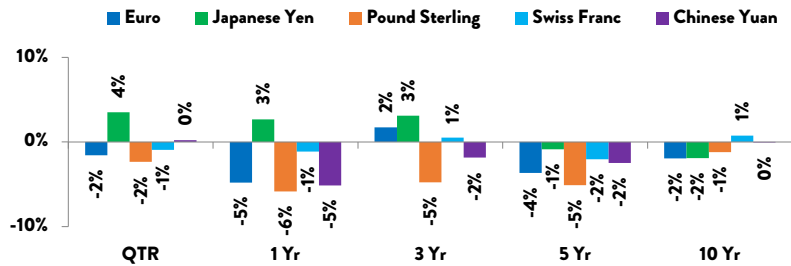
## MSCI EAFE Index Return



## MSCI Emerging Index Return

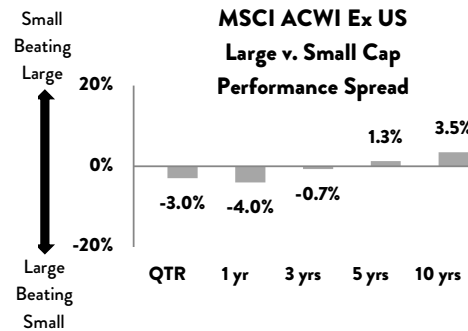


## Foreign Currency v. US\$ Returns

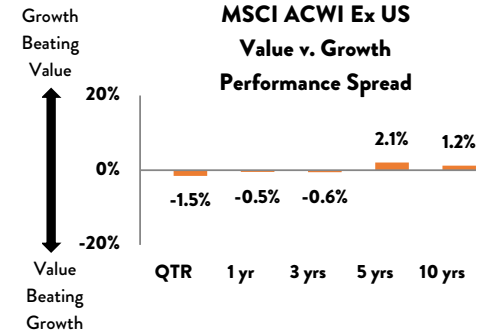


| Exchange Rates | QTR    | 3Q18   | 2Q18   | 1Q18   | 4Q17   | 3Q17   |
|----------------|--------|--------|--------|--------|--------|--------|
| Japanese Yen   | 109.70 | 113.48 | 110.71 | 106.20 | 112.69 | 112.64 |
| Euro           | 0.87   | 0.86   | 0.86   | 0.81   | 0.83   | 0.85   |
| British Pound  | 0.78   | 0.77   | 0.76   | 0.71   | 0.74   | 0.75   |
| Swiss Franc    | 0.98   | 0.98   | 0.99   | 0.95   | 0.97   | 0.97   |
| Chinese Yuan   | 6.88   | 6.87   | 6.62   | 6.27   | 6.51   | 6.65   |

## MSCI ACWI Ex US Large v. Small Cap Performance Spread



## MSCI ACWI Ex US Value v. Growth Performance Spread



## Historical Market Returns

Ranked by Performance

| 2004                       | 2005                       | 2006                       | 2007                       | 2008                        | 2009                        | 2010                       | 2011                        | 2012                       | 2013                       | 2014                       | 2015                        | 2016                       | 2017                       | 2018                        | 4Q18                       |
|----------------------------|----------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|----------------------------|----------------------------|-----------------------------|----------------------------|----------------------------|-----------------------------|----------------------------|
| Emerging Markets<br>25.55% | Emerging Markets<br>34.00% | Emerging Markets<br>32.14% | Emerging Markets<br>39.42% | US Bonds<br>5.24%           | Emerging Markets<br>78.51%  | Small Cap<br>26.85%        | Core Real Estate<br>14.96%  | Emerging Markets<br>18.22% | Small Cap<br>38.82%        | Large Cap<br>13.68%        | Core Real Estate<br>13.95%  | Small Cap<br>21.30%        | Emerging Markets<br>37.28% | Core Real Estate<br>7.38%   | US Bonds<br>1.64%          |
| Intl<br>20.91%             | Commod.<br>21.36%          | Intl<br>26.65%             | Intl<br>16.65%             | Global Bonds<br>4.79%       | High Yield<br>58.21%        | Mid Cap<br>25.48%          | TIPS<br>13.56%              | Mid Cap<br>17.28%          | Mid Cap<br>34.76%          | Mid Cap<br>13.21%          | Large Cap<br>1.38%          | High Yield<br>17.12%       | Intl<br>27.19%             | Cash<br>1.69%               | Core Real Estate<br>1.52%  |
| Mid Cap<br>20.22%          | Core Real Estate<br>20.15% | Small Cap<br>18.37%        | Commod.<br>16.23%          | Cash<br>1.39%               | Intl<br>41.45%              | Emerging Markets<br>18.88% | US Bonds<br>7.84%           | Intl<br>16.83%             | Large Cap<br>32.39%        | Core Real Estate<br>11.44% | US Bonds<br>0.55%           | Mid Cap<br>13.79%          | Large Cap<br>21.83%        | US Bonds<br>0.01%           | Global Bonds<br>1.20%      |
| Small Cap<br>18.33%        | Intl<br>16.62%             | Large Cap<br>15.79%        | Core Real Estate<br>14.84% | TIPS<br>-2.35%              | Mid Cap<br>40.48%           | Commod.<br>16.83%          | Global Bonds<br>5.64%       | Small Cap<br>16.35%        | Intl<br>15.29%             | US Bonds<br>5.97%          | Cash<br>0.03%               | Large Cap<br>11.95%        | Mid Cap<br>18.52%          | Global Bonds<br>-1.20%      | Cash<br>0.50%              |
| Global Balanced<br>12.18%  | Mid Cap<br>12.65%          | Core Real Estate<br>15.27% | TIPS<br>11.64%             | Core Real Estate<br>-10.70% | Small Cap<br>27.17%         | Core Real Estate<br>15.26% | High Yield<br>4.98%         | Large Cap<br>16.00%        | Global Balanced<br>14.46%  | Small Cap<br>4.89%         | TIPS<br>-1.43%              | Commod.<br>11.76           | Global Balanced<br>15.87%  | TIPS<br>-1.26%              | TIPS<br>-0.42%             |
| Core Real Estate<br>12.00% | Large Cap<br>4.91%         | Mid Cap<br>15.26%          | Global Bonds<br>9.48%      | Global Balanced<br>-24.51%  | Large Cap<br>26.46%         | High Yield<br>15.12%       | Large Cap<br>2.11%          | High Yield<br>15.81%       | Core Real Estate<br>12.95% | TIPS<br>3.64%              | Global Balanced<br>-1.45%   | Emerging Markets<br>11.18% | Small Cap<br>14.65%        | High Yield<br>-2.08%        | High Yield<br>-4.53%       |
| High Yield<br>11.13%       | Small Cap<br>4.55%         | Global Balanced<br>14.53%  | Global Balanced<br>9.07%   | High Yield<br>-26.16%       | Global Balanced<br>20.49%   | Large Cap<br>15.06%        | Cash<br>0.06%               | Global Balanced<br>11.06%  | High Yield<br>7.44%        | Global Balanced<br>3.17%   | Mid Cap<br>-2.43%           | Core Real Estate<br>7.76%  | High Yield<br>7.50%        | Large Cap<br>-4.38%         | Emerging Markets<br>-7.47% |
| Large Cap<br>10.88%        | Global Balanced<br>4.16%   | High Yield<br>11.85%       | US Bonds<br>6.97%          | Small Cap<br>-33.79%        | Commod.<br>18.91%           | Intl<br>11.15%             | Global Balanced<br>-0.97%   | Core Real Estate<br>9.76%  | Cash<br>0.07%              | High Yield<br>2.45%        | Global Bonds<br>-3.15%      | Global Balanced<br>5.38%   | Global Bonds<br>7.39%      | Global Balanced<br>-5.30%   | Global Balanced<br>-7.61%  |
| Global Bonds<br>9.27%      | Cash<br>3.25%              | Global Bonds<br>6.64%      | Mid Cap<br>5.60%           | Commod.<br>-35.65%          | TIPS<br>11.41%              | Global Balanced<br>9.40%   | Mid Cap<br>-1.55%           | TIPS<br>6.98%              | US Bonds<br>-2.02%         | Global Bonds<br>0.59%      | Small Cap<br>-4.41%         | TIPS<br>4.68%              | Core Real Estate<br>6.66%  | Mid Cap<br>-9.06%           | Commod.<br>-9.41%          |
| Commod.<br>9.15%           | TIPS<br>2.84%              | Cash<br>4.85%              | Large Cap<br>5.49%         | Large Cap<br>-37.00%        | Global Bonds<br>6.93%       | US Bonds<br>6.54%          | Small Cap<br>-4.18%         | Global Bonds<br>4.32%      | Global Bonds<br>-2.60%     | Cash<br>0.04%              | High Yield<br>-4.46%        | Intl<br>4.50%              | US Bonds<br>3.54%          | Small Cap<br>-11.01%        | Intl<br>-11.46%            |
| TIPS<br>8.46%              | High Yield<br>2.74%        | US Bonds<br>4.33%          | Cash<br>4.44%              | Mid Cap<br>-41.46%          | US Bonds<br>5.93%           | TIPS<br>6.31%              | Commod.<br>-13.32%          | US Bonds<br>4.21%          | Emerging Markets<br>-2.60% | Emerging Markets<br>-2.18% | Intl<br>-5.66%              | US Bonds<br>2.65%          | TIPS<br>3.01%              | Commod.<br>-11.25%          | Large Cap<br>-13.52%       |
| US Bonds<br>4.34%          | US Bonds<br>2.43%          | Commod.<br>2.07%           | High Yield<br>1.87%        | Intl<br>-45.53%             | Cash<br>0.16%               | Global Bonds<br>5.54%      | Intl<br>-13.71%             | Cash<br>0.08%              | TIPS<br>-8.61%             | Intl<br>-3.86%             | Emerging Markets<br>-14.90% | Global Bonds<br>2.09%      | Commod.<br>1.70%           | Intl<br>-14.20%             | Mid Cap<br>-15.37%         |
| Cash<br>1.44%              | Global Bonds<br>-4.49%     | TIPS<br>0.41%              | Small Cap<br>-1.57%        | Emerging Markets<br>-53.33% | Core Real Estate<br>-30.40% | Cash<br>0.15%              | Emerging Markets<br>-18.42% | Commod.<br>-1.06%          | Commod.<br>-9.52%          | Commod.<br>-17.00%         | Commod.<br>-24.60%          | Cash<br>0.25%              | Cash<br>0.71%              | Emerging Markets<br>-14.58% | Small Cap<br>-20.20%       |

Global Balanced is composed of 60% MSCI World Stock Index, 35% Barclays Global Aggregate Bond Index, and 5% US 90-Day T-Bills.

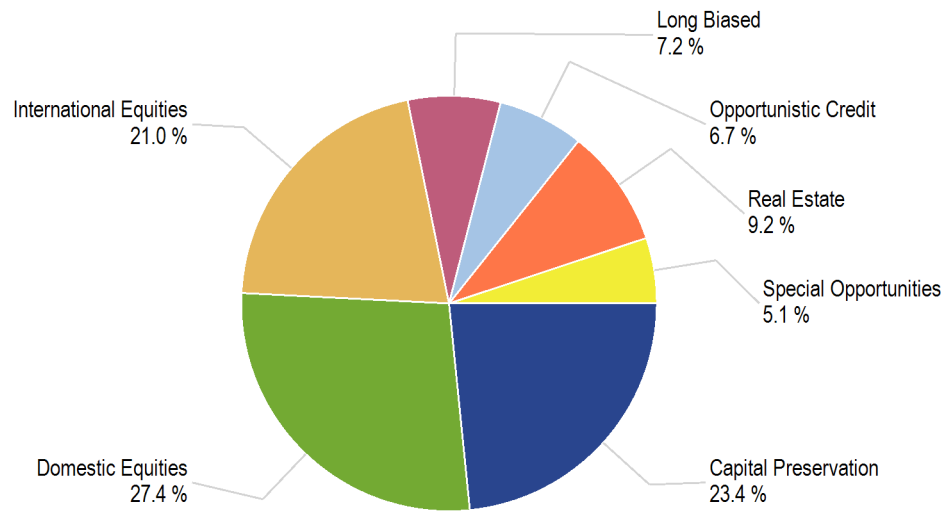
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# Section 2

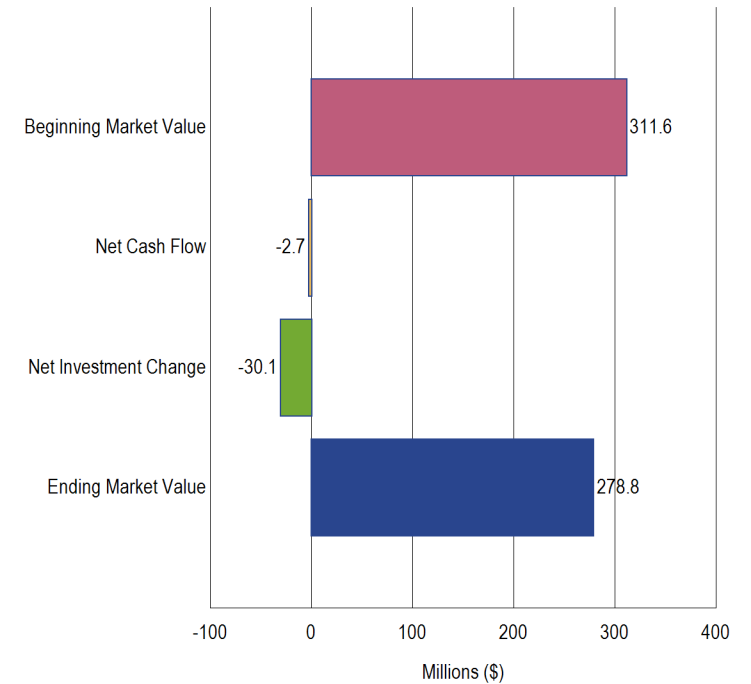
# Spokane Employees' Retirement System

As of December 31, 2018

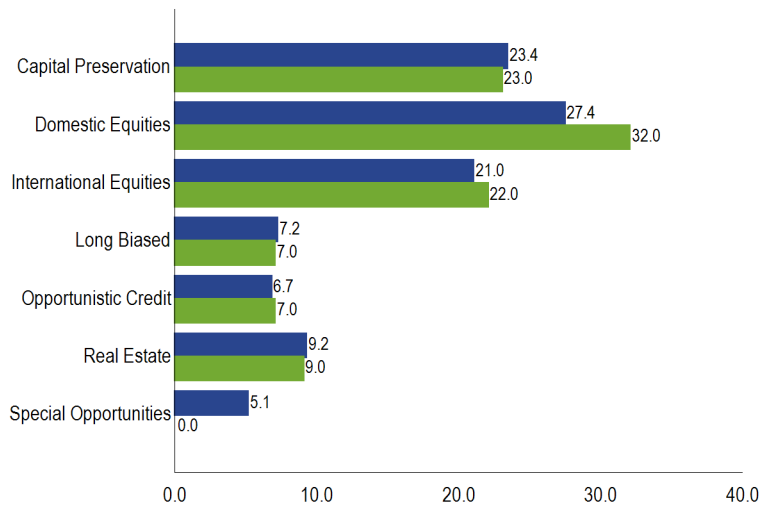
Current Allocation



Current Quarter



Actual vs Target Allocation (%)



## Current Market Value:

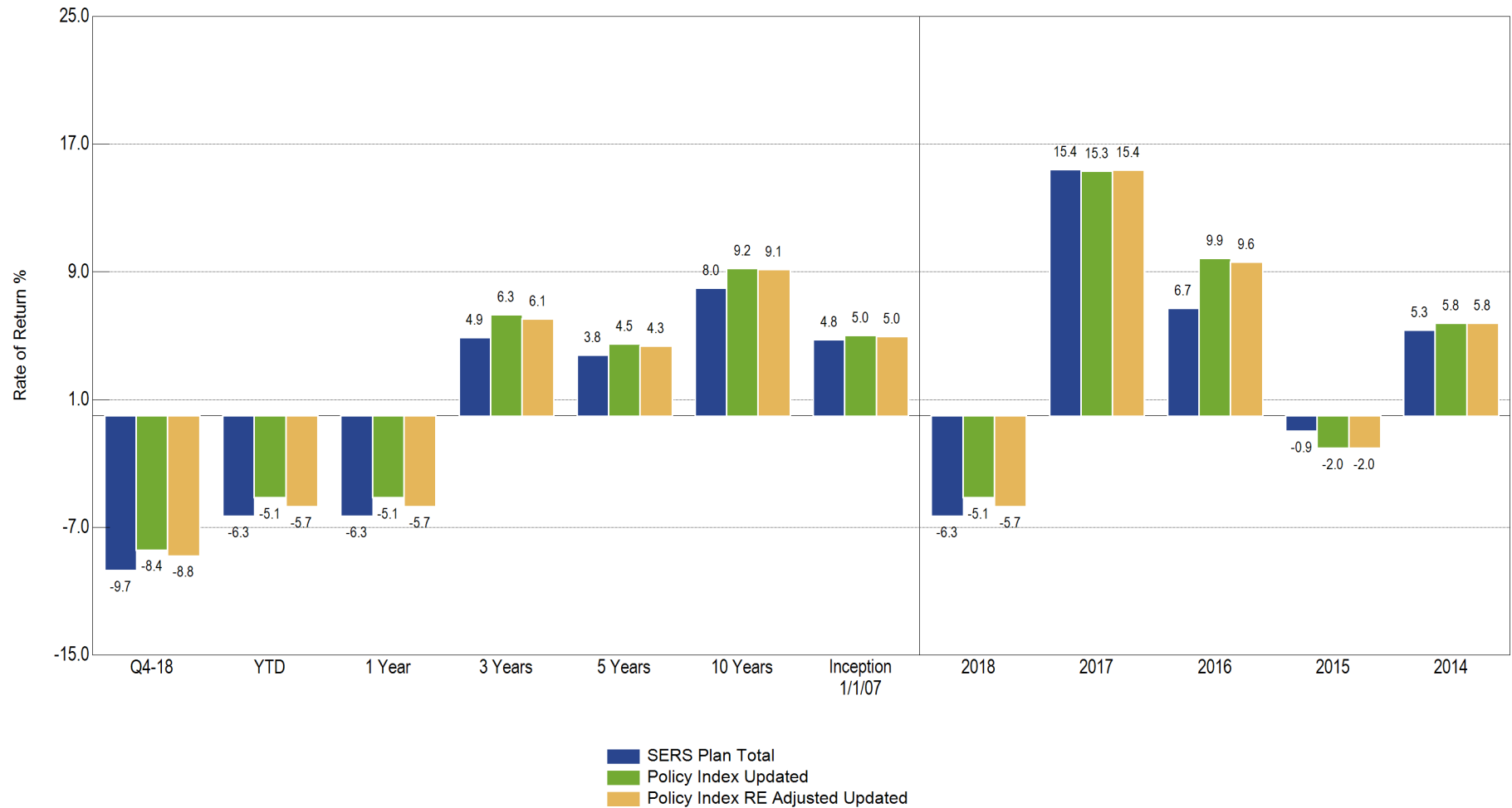
**\$278,796,894**

### Policy Index

| Index                               | Weight |
|-------------------------------------|--------|
| US 90 Day T-Bill                    | 0%     |
| Barclays US Aggregate Bond Index    | 10%    |
| Barclays Corporate High Yield Index | 5%     |
| HFRI FOF Conservative Index         | 8%     |
| S&P 500 Index                       | 21%    |
| Russell 2500 Index                  | 11%    |
| MSCI ACWI ex-US Index               | 15%    |
| MSCI ACWI ex-US Small Cap Index     | 4%     |
| MSCI Emerging Markets Free Index    | 3%     |
| HFRI FOF Composite Index            | 7%     |
| HFRI Distressed Restructuring Index | 7%     |
| NCREIF - ODCE Index                 | 9%     |

Actual Policy

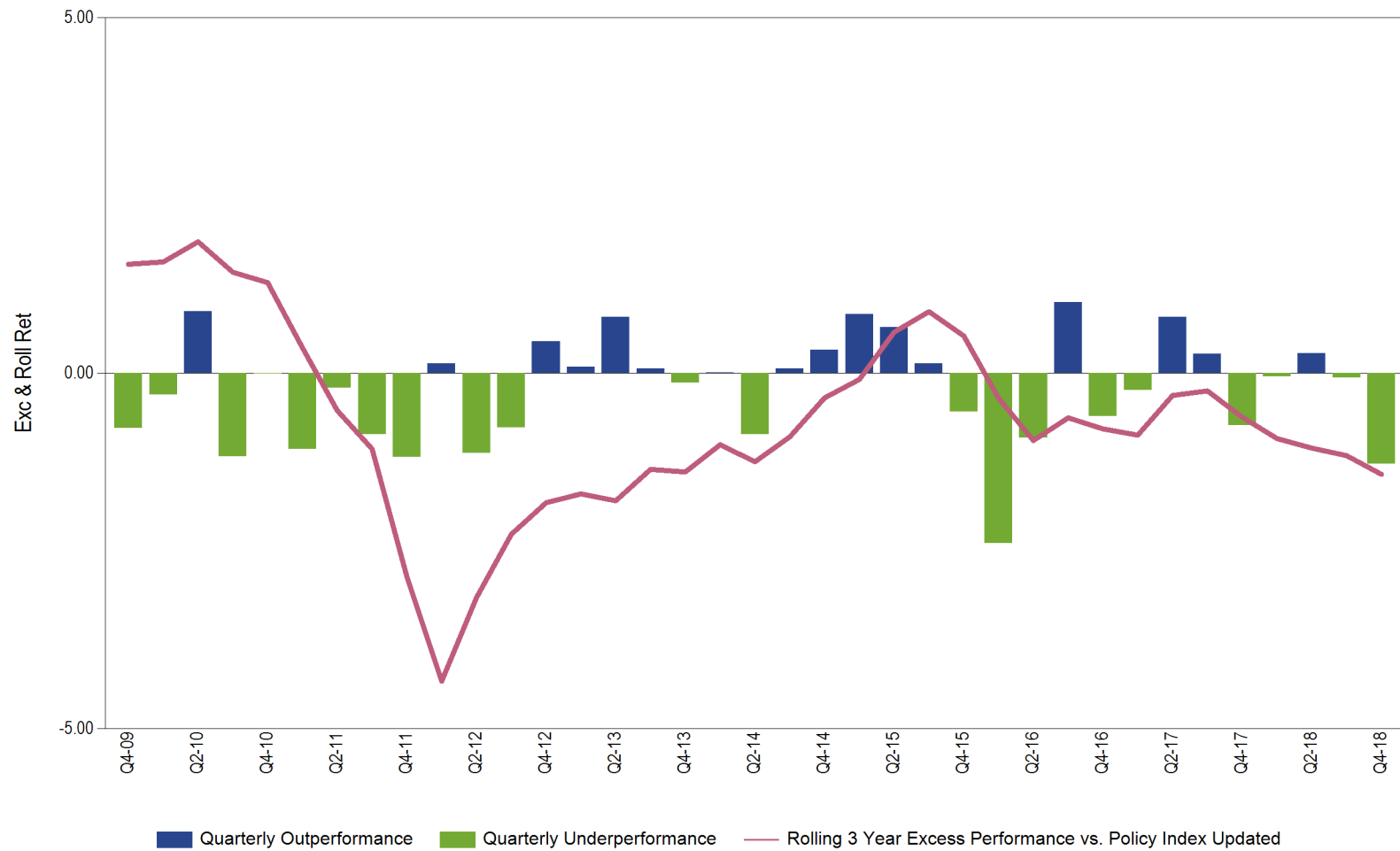
Return Summary



Performance Net of Fees

Performance greater than 1 year is annualized

Rolling Annualized Excess Performance



**RISK RETURN STATISTICS**

Trailing 3 Years

|   | SERS Plan Total | Policy Index Updated |
|---|-----------------|----------------------|
| <b>RETURN SUMMARY STATISTICS</b>        |                 |                      |
| Number of Periods                       | 12              | 12                   |
| Maximum Return                          | 4.56            | 4.37                 |
| Minimum Return                          | -9.67           | -8.39                |
| Annualized Return                       | 4.90            | 6.32                 |
| Total Return                            | 15.43           | 20.18                |
| Annualized Excess Return Over Risk Free | 3.85            | 5.27                 |
| Annualized Excess Return                | -1.42           | 0.00                 |
| <b>RISK SUMMARY STATISTICS</b>          |                 |                      |
| Beta                                    | 1.10            | 1.00                 |
| Upside Deviation                        | 2.52            | 2.14                 |
| Downside Deviation                      | 10.60           | 11.60                |
| <b>RISK/RETURN SUMMARY STATISTICS</b>   |                 |                      |
| Annualized Standard Deviation           | 7.68            | 6.80                 |
| Alpha                                   | -0.48           | 0.00                 |
| Sharpe Ratio                            | 0.50            | 0.77                 |
| Excess Return Over Market / Risk        | -0.19           | 0.00                 |
| Tracking Error                          | 1.87            | 0.00                 |
| Information Ratio                       | -0.76           | --                   |
| <b>CORRELATION STATISTICS</b>           |                 |                      |
| R-Squared                               | 0.95            | 1.00                 |
| Correlation                             | 0.97            | 1.00                 |

Market Proxy: Policy Index Updated

Risk-Free Proxy: 91 Day T-Bills



**RISK RETURN STATISTICS**

Trailing 5 Years

|   | SERS Plan Total | Policy Index Updated |
|---|-----------------|----------------------|
| <b>RETURN SUMMARY STATISTICS</b>        |                 |                      |
| Number of Periods                       | 20              | 20                   |
| Maximum Return                          | 4.56            | 4.37                 |
| Minimum Return                          | -9.67           | -8.39                |
| Annualized Return                       | 3.79            | 4.50                 |
| Total Return                            | 20.45           | 24.60                |
| Annualized Excess Return Over Risk Free | 3.15            | 3.86                 |
| Annualized Excess Return                | -0.71           | 0.00                 |
| <b>RISK SUMMARY STATISTICS</b>          |                 |                      |
| Beta                                    | 1.03            | 1.00                 |
| Upside Deviation                        | 2.33            | 2.11                 |
| Downside Deviation                      | 8.12            | 7.56                 |
| <b>RISK/RETURN SUMMARY STATISTICS</b>   |                 |                      |
| Annualized Standard Deviation           | 6.97            | 6.59                 |
| Alpha                                   | -0.20           | 0.00                 |
| Sharpe Ratio                            | 0.45            | 0.59                 |
| Excess Return Over Market / Risk        | -0.10           | 0.00                 |
| Tracking Error                          | 1.63            | 0.00                 |
| Information Ratio                       | -0.43           | --                   |
| <b>CORRELATION STATISTICS</b>           |                 |                      |
| R-Squared                               | 0.95            | 1.00                 |
| Correlation                             | 0.97            | 1.00                 |

Market Proxy: Policy Index Updated

Risk-Free Proxy: 91 Day T-Bills

# Spokane Employees' Retirement System

As of December 31, 2018

## RISK RETURN STATISTICS

January 01, 2007 Through December 31, 2018

|   | SERS Plan Total | Policy Index Updated |
|---|-----------------|----------------------|
| <b>RETURN SUMMARY STATISTICS</b>        |                 |                      |
| Number of Periods                       | 48              | 48                   |
| Maximum Return                          | 12.42           | 16.64                |
| Minimum Return                          | -14.46          | -17.38               |
| Annualized Return                       | 4.77            | 5.03                 |
| Total Return                            | 74.82           | 80.10                |
| Annualized Excess Return Over Risk Free | 3.99            | 4.25                 |
| Annualized Excess Return                | -0.26           | 0.00                 |
| <b>RISK SUMMARY STATISTICS</b>          |                 |                      |
| Beta                                    | 0.87            | 1.00                 |
| Upside Deviation                        | 5.91            | 7.32                 |
| Downside Deviation                      | 9.06            | 10.15                |
| <b>RISK/RETURN SUMMARY STATISTICS</b>   |                 |                      |
| Annualized Standard Deviation           | 11.09           | 12.50                |
| Alpha                                   | 0.08            | 0.00                 |
| Sharpe Ratio                            | 0.36            | 0.34                 |
| Excess Return Over Market / Risk        | -0.02           | 0.00                 |
| Tracking Error                          | 2.58            | 0.00                 |
| Information Ratio                       | -0.10           | --                   |
| <b>CORRELATION STATISTICS</b>           |                 |                      |
| R-Squared                               | 0.97            | 1.00                 |
| Correlation                             | 0.98            | 1.00                 |

Market Proxy: Policy Index Updated

Risk-Free Proxy: 91 Day T-Bills

# Spokane Employees' Retirement System

As of December 31, 2018

## Total Account Performance Summary

|  | 3 Mo<br>(%)   | YTD<br>(%)    | 1 Yr<br>(%)   | 3 Yrs<br>(%) | 5 Yrs<br>(%) | 10 Yrs<br>(%) | 2018<br>(%)   | 2017<br>(%)  | 2016<br>(%)  | 2015<br>(%)  | 2014<br>(%)  | 2013<br>(%)  | 2012<br>(%)  | Inception<br>(%) | Inception<br>Date |
|--|---------------|---------------|---------------|--------------|--------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|------------------|-------------------|
| <b>SERS Plan Total</b>                     | <b>-9.67</b>  | <b>-6.27</b>  | <b>-6.27</b>  | <b>4.90</b>  | <b>3.79</b>  | <b>7.97</b>   | <b>-6.27</b>  | <b>15.40</b> | <b>6.71</b>  | <b>-0.94</b> | <b>5.34</b>  | <b>18.89</b> | <b>11.70</b> | <b>4.77</b>      | <b>Jan-07</b>     |
| Policy Index Updated                       | -8.39         | -5.11         | -5.11         | 6.32         | 4.50         | 9.22          | -5.11         | 15.29        | 9.86         | -2.00        | 5.79         | 17.92        | 13.18        | 5.03             | Jan-07            |
| Over/Under                                 | -1.28         | -1.16         | -1.16         | -1.42        | -0.71        | -1.25         | -1.16         | 0.11         | -3.15        | 1.06         | -0.45        | 0.97         | -1.48        | -0.26            |                   |
| 70/30 ACWI/Barclays Aggregate Bond         | -8.54         | -6.48         | -6.48         | 5.36         | 3.87         | 7.88          | -6.48         | 17.50        | 6.42         | -1.30        | 4.77         | 14.87        | 12.66        | 4.24             | Jan-07            |
| InvestorForce All DB \$250mm-\$1B Net Rank | 94            | 83            | 83            | 85           | 83           | 61            | 83            | 42           | 74           | 47           | 63           | 8            | 61           | 59               | Jan-07            |
| <b>Capital Preservation</b>                | <b>-2.35</b>  | <b>-0.94</b>  | <b>-0.94</b>  | <b>4.27</b>  | <b>2.52</b>  | <b>--</b>     | <b>-0.94</b>  | <b>5.85</b>  | <b>8.12</b>  | <b>-1.74</b> | <b>1.65</b>  | <b>2.70</b>  | <b>--</b>    | <b>2.95</b>      | <b>Jul-12</b>     |
| Capital Preservation Index                 | -1.42         | -0.72         | -0.72         | 3.07         | 2.55         | 5.02          | -0.72         | 4.60         | 5.43         | -0.58        | 4.23         | 3.33         | 6.66         | 3.05             | Jul-12            |
| Over/Under                                 | -0.93         | -0.22         | -0.22         | 1.20         | -0.03        |               | -0.22         | 1.25         | 2.69         | -1.16        | -2.58        | -0.63        |              | -0.10            |                   |
| <b>Domestic Equity</b>                     | <b>-16.30</b> | <b>-7.80</b>  | <b>-7.80</b>  | <b>7.02</b>  | <b>6.30</b>  | <b>--</b>     | <b>-7.80</b>  | <b>19.86</b> | <b>10.91</b> | <b>-0.32</b> | <b>11.10</b> | <b>36.38</b> | <b>--</b>    | <b>10.96</b>     | <b>Jul-12</b>     |
| Domestic Equity Index                      | -15.24        | -6.30         | -6.30         | 8.64         | 7.38         | 13.18         | -6.30         | 20.11        | 13.92        | -0.06        | 11.44        | 33.91        | 16.67        | 11.63            | Jul-12            |
| Over/Under                                 | -1.06         | -1.50         | -1.50         | -1.62        | -1.08        |               | -1.50         | -0.25        | -3.01        | -0.26        | -0.34        | 2.47         |              | -0.67            |                   |
| All Cap Blend MStar MF Rank                | 56            | 45            | 45            | 55           | 40           | --            | 45            | 37           | 70           | 33           | 38           | 35           | --           | 42               | Jul-12            |
| <b>International Equity Total</b>          | <b>-12.39</b> | <b>-15.78</b> | <b>-15.78</b> | <b>3.98</b>  | <b>1.35</b>  | <b>7.95</b>   | <b>-15.78</b> | <b>28.45</b> | <b>3.91</b>  | <b>-1.32</b> | <b>-3.58</b> | <b>20.93</b> | <b>18.48</b> | <b>3.37</b>      | <b>Apr-07</b>     |
| International Equity Index                 | -11.47        | -14.96        | -14.96        | 5.03         | 1.08         | 7.44          | -14.96        | 29.35        | 5.34         | -5.49        | -3.63        | 13.48        | 17.36        | 1.74             | Apr-07            |
| Over/Under                                 | -0.92         | -0.82         | -0.82         | -1.05        | 0.27         | 0.51          | -0.82         | -0.90        | -1.43        | 4.17         | 0.05         | 7.45         | 1.12         | 1.63             |                   |
| Foreign MStar MF Rank                      | 25            | 50            | 50            | 29           | 30           | 32            | 50            | 42           | 24           | 67           | 32           | 56           | 55           | 14               | Apr-07            |
| <b>Long Biased</b>                         | <b>-6.08</b>  | <b>2.43</b>   | <b>2.43</b>   | <b>0.18</b>  | <b>1.63</b>  | <b>--</b>     | <b>2.43</b>   | <b>1.19</b>  | <b>-2.99</b> | <b>4.04</b>  | <b>3.62</b>  | <b>9.56</b>  | <b>--</b>    | <b>3.36</b>      | <b>Jul-12</b>     |
| HFRI Fund of Funds Composite Index         | -5.00         | -4.08         | -4.08         | 1.29         | 1.38         | 3.11          | -4.08         | 7.77         | 0.51         | -0.27        | 3.36         | 8.96         | 4.79         | 2.99             | Jul-12            |
| Over/Under                                 | -1.08         | 6.51          | 6.51          | -1.11        | 0.25         |               | 6.51          | -6.58        | -3.50        | 4.31         | 0.26         | 0.60         |              | 0.37             |                   |
| S&P 500                                    | -13.52        | -4.38         | -4.38         | 9.26         | 8.49         | 13.12         | -4.38         | 21.83        | 11.96        | 1.38         | 13.69        | 32.39        | 16.00        | 12.16            | Jul-12            |
| <b>Opportunistic Credit</b>                | <b>-9.25</b>  | <b>-5.68</b>  | <b>-5.68</b>  | <b>4.97</b>  | <b>3.91</b>  | <b>--</b>     | <b>-5.68</b>  | <b>7.08</b>  | <b>14.52</b> | <b>2.35</b>  | <b>2.32</b>  | <b>--</b>    | <b>--</b>    | <b>4.53</b>      | <b>Oct-13</b>     |
| HFRI ED: Distressed/Restructuring Index    | -5.99         | -2.02         | -2.02         | 6.23         | 1.68         | 6.77          | -2.02         | 6.25         | 15.15        | -8.06        | -1.39        | 14.05        | 10.12        | 2.43             | Oct-13            |
| Over/Under                                 | -3.26         | -3.66         | -3.66         | -1.26        | 2.23         |               | -3.66         | 0.83         | -0.63        | 10.41        | 3.71         |              |              | 2.10             |                   |

Capital Preservation Index: Barclays Aggregate: 43.5%; HFRI Conservative: 34.8%; Barclays High Yield: 21.8%

Domestic Equity Index: S&P 500: 65.63%; Russell 2500: 34.37%

International Index: MSCI ACWI ex US: 68.2%; MSCI ACWI ex US Small Cap: 18.2%; MSCI Emerging Mkts: 13.6%

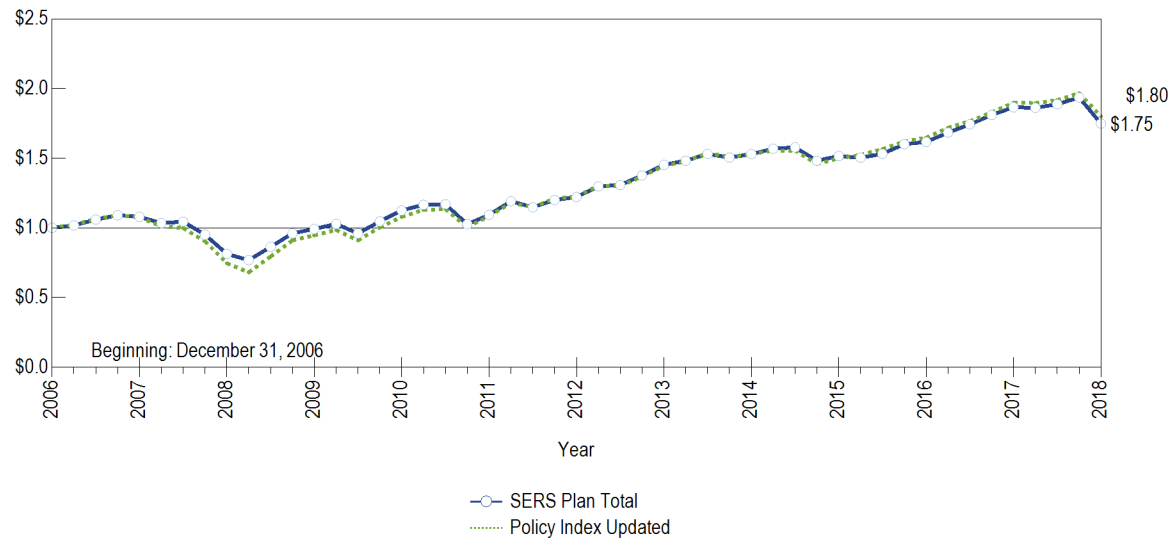
# Spokane Employees' Retirement System

As of December 31, 2018

## Total Account Performance Summary

|                              | 3 Mo (%) | YTD (%) | 1 Yr (%) | 3 Yrs (%) | 5 Yrs (%) | 10 Yrs (%) | 2018 (%) | 2017 (%) | 2016 (%) | 2015 (%) | 2014 (%) | 2013 (%) | 2012 (%) | Inception (%) | Inception Date |
|------------------------------|----------|---------|----------|-----------|-----------|------------|----------|----------|----------|----------|----------|----------|----------|---------------|----------------|
| <b>Real Estate Total</b>     | -1.00    | 3.68    | 3.68     | 7.23      | 10.45     | 12.20      | 3.68     | 10.01    | 8.09     | 6.66     | 25.00    | 8.71     | 15.17    | 5.14          | Apr-07         |
| NCREIF-ODCE                  | 1.76     | 8.35    | 8.35     | 8.24      | 10.41     | 6.99       | 8.35     | 7.62     | 8.76     | 15.02    | 12.48    | 13.94    | 10.94    | 5.96          | Apr-07         |
| Over/Under                   | -2.76    | -4.67   | -4.67    | -1.01     | 0.04      | 5.21       | -4.67    | 2.39     | -0.67    | -8.36    | 12.52    | -5.23    | 4.23     | -0.82         |                |
| FTSE NAREIT All REIT         | -6.11    | -4.42   | -4.42    | 4.50      | 8.22      | 12.37      | -4.42    | 9.27     | 9.28     | 2.29     | 27.15    | 3.21     | 20.14    | 4.19          | Apr-07         |
| US Real Estate Equity Rank   | 1        | 1       | 1        | 2         | 5         | 84         | 1        | 11       | 32       | 7        | 94       | 7        | 98       | 40            | Apr-07         |
| <b>Special Opportunities</b> | -11.61   | -11.43  | -11.43   | -4.65     | 2.19      | --         | -11.43   | 25.32    | -21.90   | 2.13     | 25.88    | 31.60    | --       | 5.97          | Jul-12         |
| Russell 3000                 | -14.30   | -5.24   | -5.24    | 8.97      | 7.91      | 13.18      | -5.24    | 21.13    | 12.73    | 0.48     | 12.56    | 33.55    | 16.42    | 11.94         | Jul-12         |
| Over/Under                   | 2.69     | -6.19   | -6.19    | -13.62    | -5.72     |            | -6.19    | 4.19     | -34.63   | 1.65     | 13.32    | -1.95    |          | -5.97         |                |

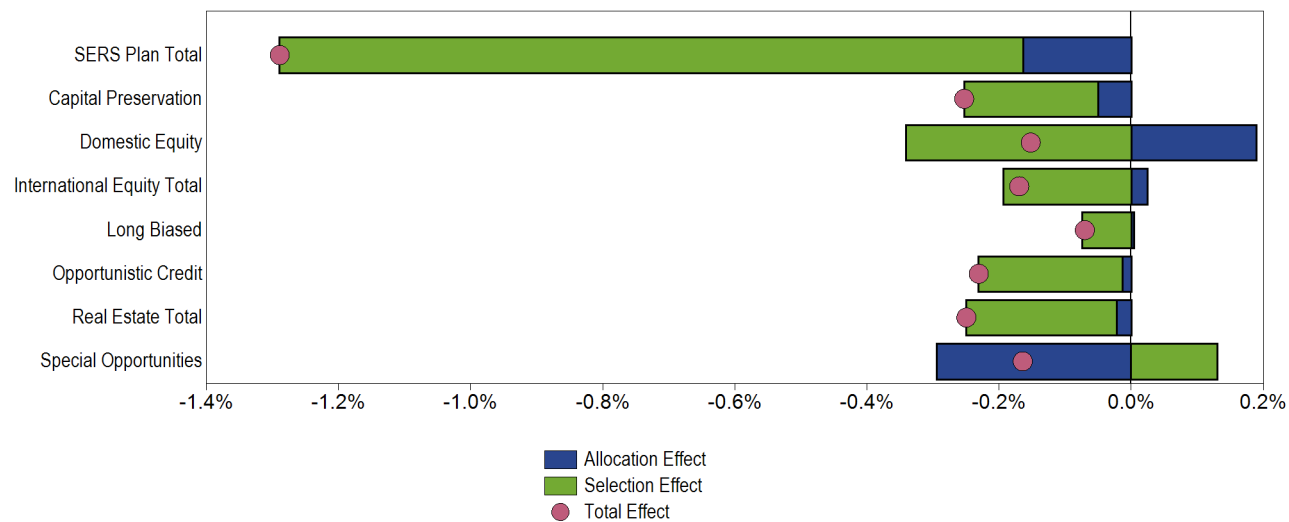
Growth of a Dollar



**Attribution Summary**  
**3 Months Ending December 31, 2018**

|                            | Wtd. Actual<br>Return | Wtd. Index<br>Return | Excess<br>Return | Selection<br>Effect | Allocation<br>Effect | Total<br>Effects |
|----------------------------|-----------------------|----------------------|------------------|---------------------|----------------------|------------------|
| Capital Preservation       | -2.4%                 | -1.4%                | -0.9%            | -0.2%               | -0.1%                | -0.3%            |
| Domestic Equity            | -16.3%                | -15.2%               | -1.1%            | -0.3%               | 0.2%                 | -0.2%            |
| International Equity Total | -12.4%                | -11.5%               | -0.9%            | -0.2%               | 0.0%                 | -0.2%            |
| Long Biased                | -6.1%                 | -5.0%                | -1.1%            | -0.1%               | 0.0%                 | -0.1%            |
| Opportunistic Credit       | -9.3%                 | -6.0%                | -3.3%            | -0.2%               | 0.0%                 | -0.2%            |
| Real Estate Total          | -1.0%                 | 1.8%                 | -2.8%            | -0.2%               | 0.0%                 | -0.2%            |
| Special Opportunities      | -11.6%                | -14.3%               | 2.7%             | 0.1%                | -0.3%                | -0.2%            |
| <b>Total</b>               | <b>-9.7%</b>          | <b>-8.4%</b>         | <b>-1.3%</b>     | <b>-1.1%</b>        | <b>-0.2%</b>         | <b>-1.3%</b>     |

**Attribution Effects**  
**3 Months Ending December 31, 2018**

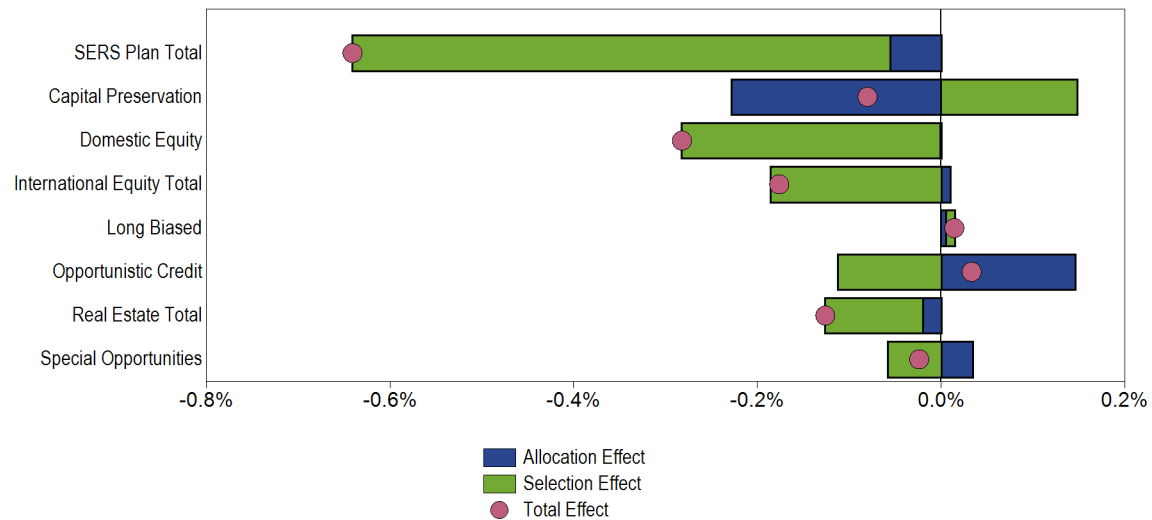


Attributions reflect new policy index

**Attribution Summary**  
2 Years Ending December 31, 2018

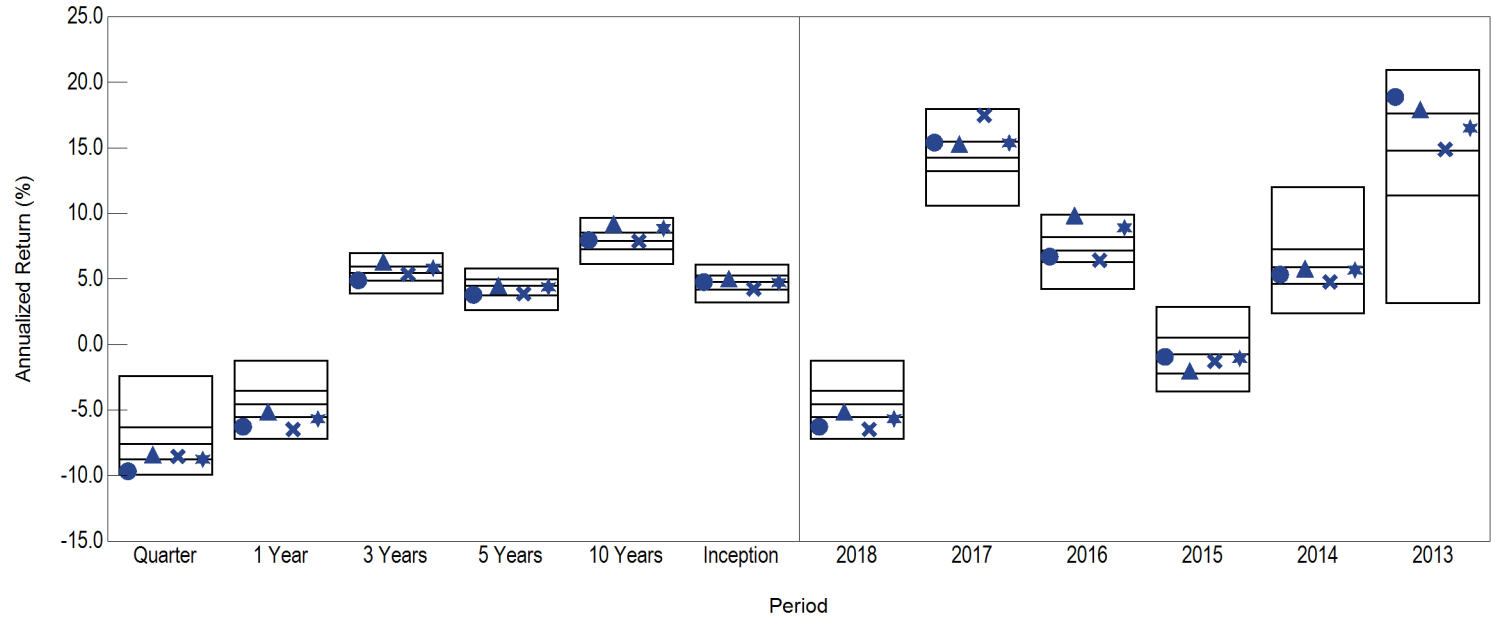
|                            | Wtd. Actual<br>Return | Wtd. Index<br>Return | Excess<br>Return | Selection<br>Effect | Allocation<br>Effect | Total<br>Effects |
|----------------------------|-----------------------|----------------------|------------------|---------------------|----------------------|------------------|
| Capital Preservation       | 2.4%                  | 1.9%                 | 0.5%             | 0.1%                | -0.2%                | -0.1%            |
| Domestic Equity            | 5.1%                  | 6.1%                 | -1.0%            | -0.3%               | 0.0%                 | -0.3%            |
| International Equity Total | 4.0%                  | 4.9%                 | -0.9%            | -0.2%               | 0.0%                 | -0.2%            |
| Long Biased                | 1.8%                  | 1.7%                 | 0.1%             | 0.0%                | 0.0%                 | 0.0%             |
| Opportunistic Credit       | 0.5%                  | 2.0%                 | -1.5%            | -0.1%               | 0.1%                 | 0.0%             |
| Real Estate Total          | 6.8%                  | 8.0%                 | -1.2%            | -0.1%               | 0.0%                 | -0.1%            |
| Special Opportunities      | 5.4%                  | 7.1%                 | -1.8%            | -0.1%               | 0.0%                 | 0.0%             |
| <b>Total</b>               | <b>4.0%</b>           | <b>4.6%</b>          | <b>-0.6%</b>     | <b>-0.6%</b>        | <b>-0.1%</b>         | <b>-0.6%</b>     |

**Attribution Effects**  
2 Years Ending December 31, 2018



Attributions reflect new policy index

InvestorForce All DB \$50mm-\$250mm Net Return Comparison  
Ending December 31, 2018



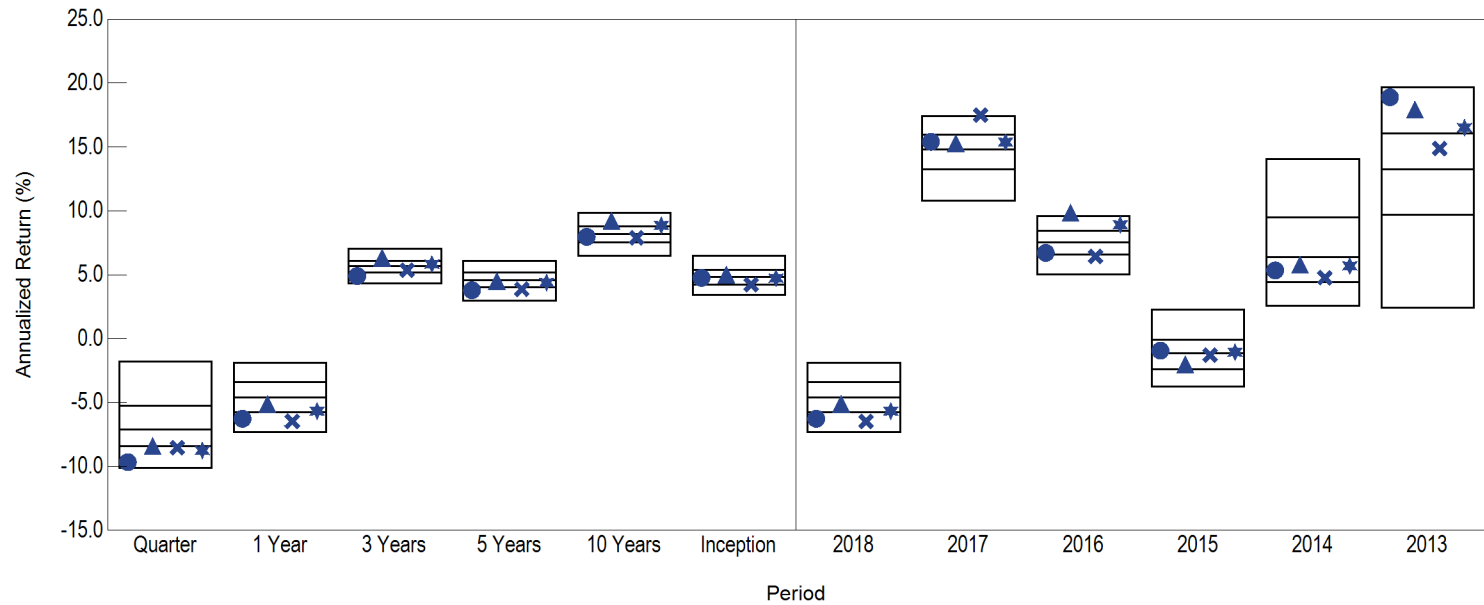
Return (Rank)

|                                      |           |           |          |          |          |          |           |           |          |           |          |           |
|--------------------------------------|-----------|-----------|----------|----------|----------|----------|-----------|-----------|----------|-----------|----------|-----------|
| 5th Percentile                       | -2.4      | -1.2      | 7.0      | 5.8      | 9.7      | 6.1      | -1.2      | 18.0      | 9.9      | 2.9       | 12.0     | 20.9      |
| 25th Percentile                      | -6.3      | -3.5      | 6.0      | 5.0      | 8.6      | 5.3      | -3.5      | 15.5      | 8.3      | 0.6       | 7.3      | 17.7      |
| Median                               | -7.6      | -4.5      | 5.5      | 4.5      | 8.0      | 4.8      | -4.5      | 14.3      | 7.2      | -0.7      | 6.0      | 14.9      |
| 75th Percentile                      | -8.7      | -5.5      | 4.9      | 3.8      | 7.3      | 4.3      | -5.5      | 13.3      | 6.3      | -2.1      | 4.7      | 11.4      |
| 95th Percentile                      | -9.9      | -7.1      | 3.9      | 2.7      | 6.2      | 3.3      | -7.1      | 10.7      | 4.3      | -3.5      | 2.4      | 3.2       |
| # of Portfolios                      | 541       | 538       | 512      | 479      | 376      | 339      | 538       | 326       | 321      | 330       | 285      | 268       |
| ● SERS Plan Total                    | -9.7 (93) | -6.3 (87) | 4.9 (77) | 3.8 (75) | 8.0 (50) | 4.8 (55) | -6.3 (87) | 15.4 (27) | 6.7 (66) | -0.9 (55) | 5.3 (66) | 18.9 (17) |
| ▲ Policy Index Updated               | -8.4 (67) | -5.1 (68) | 6.3 (17) | 4.5 (52) | 9.2 (11) | 5.0 (39) | -5.1 (68) | 15.3 (29) | 9.9 (6)  | -2.0 (72) | 5.8 (54) | 17.9 (24) |
| ✕ 70/30 ACWI/Barclays Aggregate Bond | -8.5 (70) | -6.5 (89) | 5.4 (58) | 3.9 (74) | 7.9 (54) | 4.2 (76) | -6.5 (89) | 17.5 (8)  | 6.4 (73) | -1.3 (60) | 4.8 (74) | 14.9 (50) |
| ★ Policy Index RE Adjusted           | -8.8 (77) | -5.7 (79) | 5.8 (34) | 4.4 (58) | 8.9 (17) | 4.7 (57) | -5.7 (79) | 15.4 (28) | 8.9 (14) | -1.1 (57) | 5.7 (56) | 16.5 (36) |

# Spokane Employees' Retirement System

As of December 31, 2018

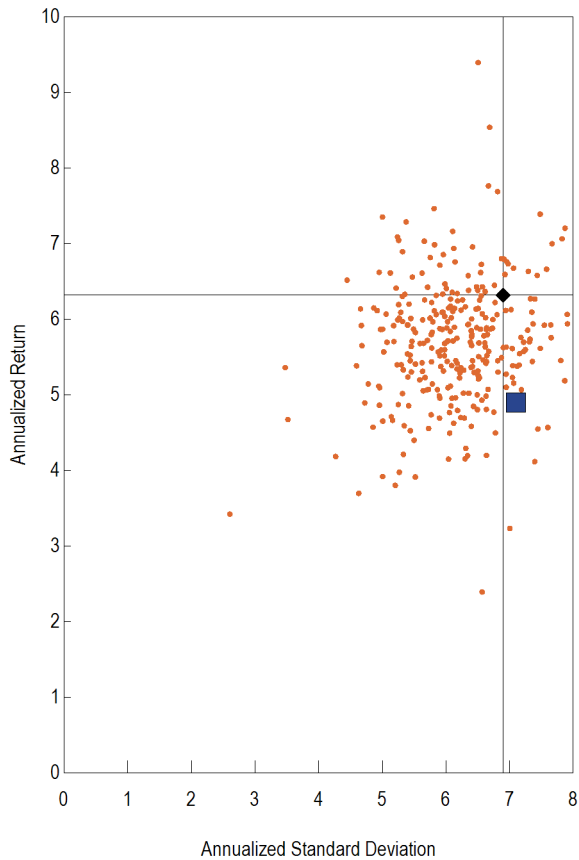
InvestorForce All DB \$250mm-\$1B Net Return Comparison  
Ending December 31, 2018



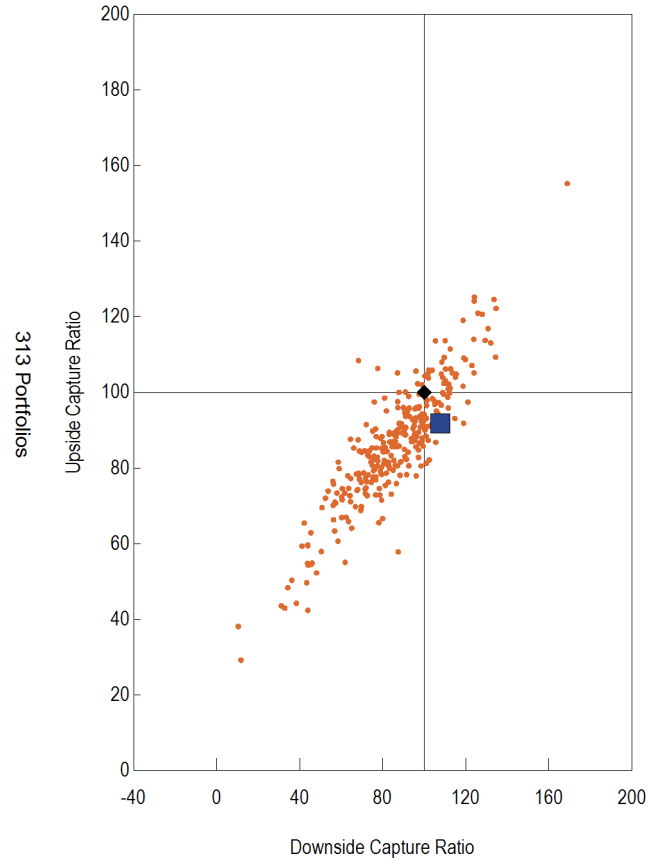
|   | Quarter   | 1 Year    | 3 Years  | 5 Years  | 10 Years | Inception | 2018      | 2017      | 2016     | 2015      | 2014     | 2013      |
|---|-----------|-----------|----------|----------|----------|-----------|-----------|-----------|----------|-----------|----------|-----------|
| <b>Return (Rank)</b>                        |           |           |          |          |          |           |           |           |          |           |          |           |
| <b>5th Percentile</b>                       | -1.8      | -1.9      | 7.0      | 6.1      | 9.9      | 6.5       | -1.9      | 17.4      | 9.6      | 2.2       | 14.1     | 19.7      |
| <b>25th Percentile</b>                      | -5.2      | -3.4      | 6.2      | 5.2      | 8.8      | 5.4       | -3.4      | 16.0      | 8.5      | 0.0       | 9.6      | 16.1      |
| <b>Median</b>                               | -7.1      | -4.5      | 5.7      | 4.6      | 8.2      | 4.9       | -4.5      | 14.9      | 7.6      | -1.1      | 6.4      | 13.3      |
| <b>75th Percentile</b>                      | -8.3      | -5.7      | 5.2      | 4.1      | 7.6      | 4.3       | -5.7      | 13.3      | 6.6      | -2.4      | 4.5      | 9.8       |
| <b>95th Percentile</b>                      | -10.1     | -7.2      | 4.4      | 3.0      | 6.5      | 3.5       | -7.2      | 10.8      | 5.1      | -3.7      | 2.6      | 2.5       |
| <b># of Portfolios</b>                      | 330       | 326       | 313      | 299      | 239      | 219       | 326       | 237       | 248      | 231       | 212      | 190       |
| <b>● SERS Plan Total</b>                    | -9.7 (94) | -6.3 (83) | 4.9 (85) | 3.8 (83) | 8.0 (61) | 4.8 (59)  | -6.3 (83) | 15.4 (42) | 6.7 (74) | -0.9 (47) | 5.3 (63) | 18.9 (8)  |
| <b>▲ Policy Index Updated</b>               | -8.4 (76) | -5.1 (62) | 6.3 (20) | 4.5 (57) | 9.2 (15) | 5.0 (45)  | -5.1 (62) | 15.3 (43) | 9.9 (4)  | -2.0 (69) | 5.8 (61) | 17.9 (14) |
| <b>× 70/30 ACWI/Barclays Aggregate Bond</b> | -8.5 (79) | -6.5 (86) | 5.4 (70) | 3.9 (81) | 7.9 (65) | 4.2 (79)  | -6.5 (86) | 17.5 (4)  | 6.4 (78) | -1.3 (56) | 4.8 (73) | 14.9 (37) |
| <b>* Policy Index RE Adjusted</b>           | -8.8 (84) | -5.7 (75) | 5.8 (45) | 4.4 (64) | 8.9 (25) | 4.7 (61)  | -5.7 (75) | 15.4 (42) | 8.9 (15) | -1.1 (50) | 5.7 (61) | 16.5 (23) |



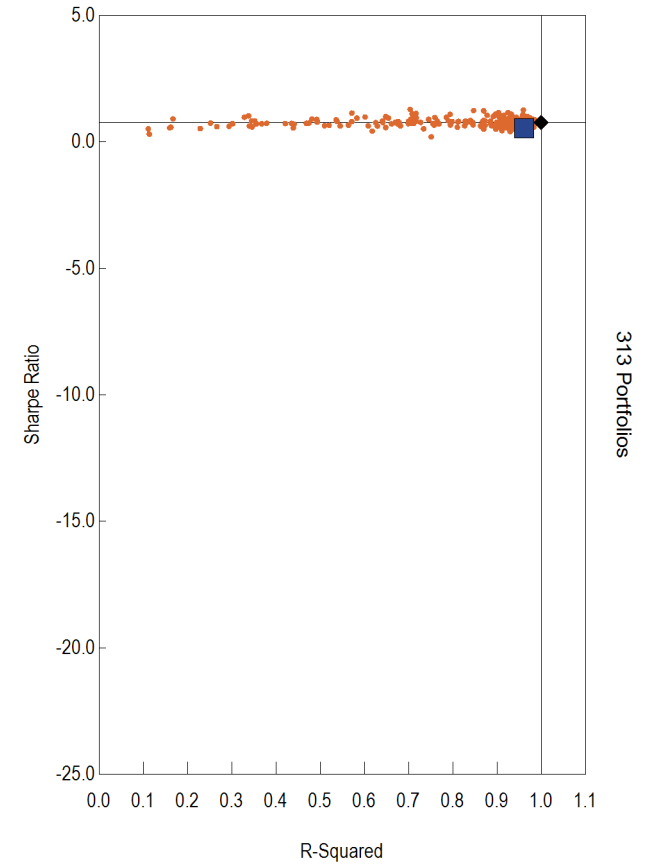
Annualized Return vs. Annualized Standard Deviation  
3 Years Ending December 31, 2018



Upside Capture Ratio vs. Downside Capture Ratio  
3 Years Ending December 31, 2018



Sharpe Ratio vs. R-Squared  
3 Years Ending December 31, 2018

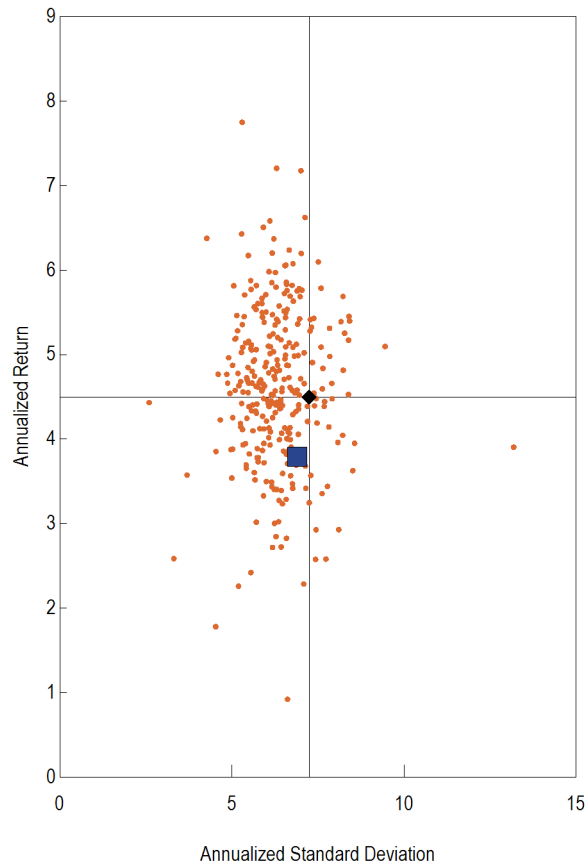


- SERS Plan Total
- ◆ Policy Index Updated
- InvestorForce All DB \$250mm-\$1B Net

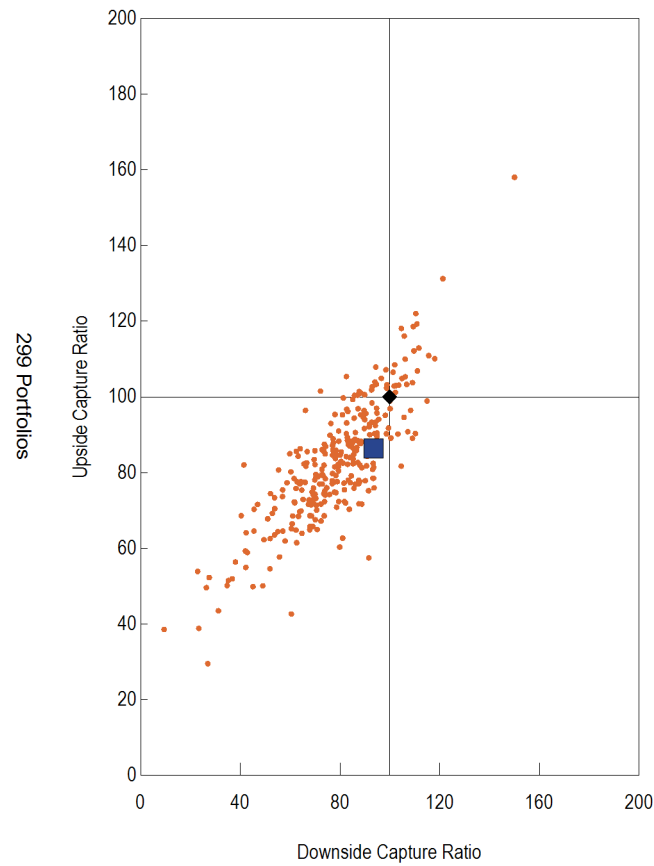
- SERS Plan Total
- ◆ Policy Index Updated
- InvestorForce All DB \$250mm-\$1B Net

- SERS Plan Total
- ◆ Policy Index Updated
- InvestorForce All DB \$250mm-\$1B Net

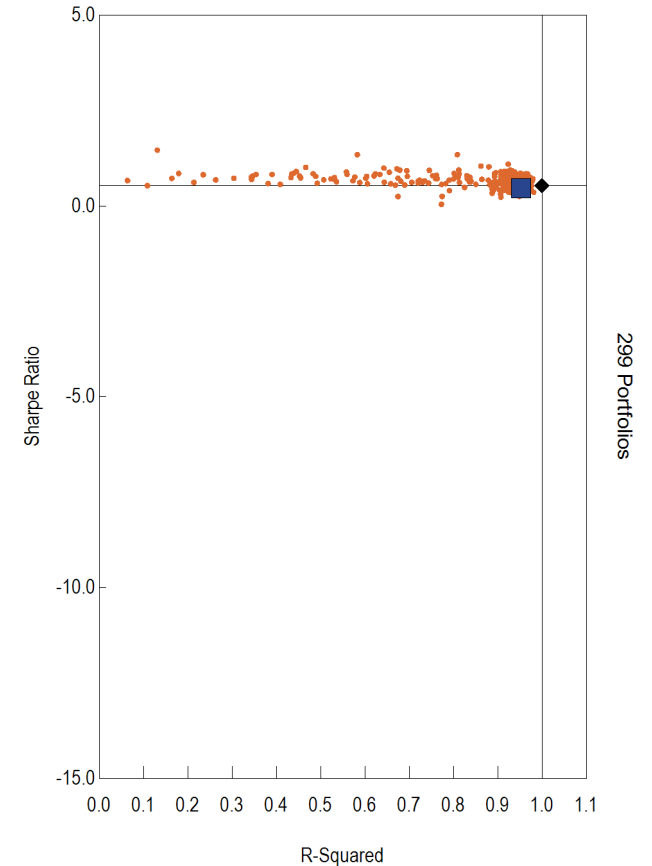
Annualized Return vs. Annualized Standard Deviation  
5 Years Ending December 31, 2018



Upside Capture Ratio vs. Downside Capture Ratio  
5 Years Ending December 31, 2018



Sharpe Ratio vs. R-Squared  
5 Years Ending December 31, 2018

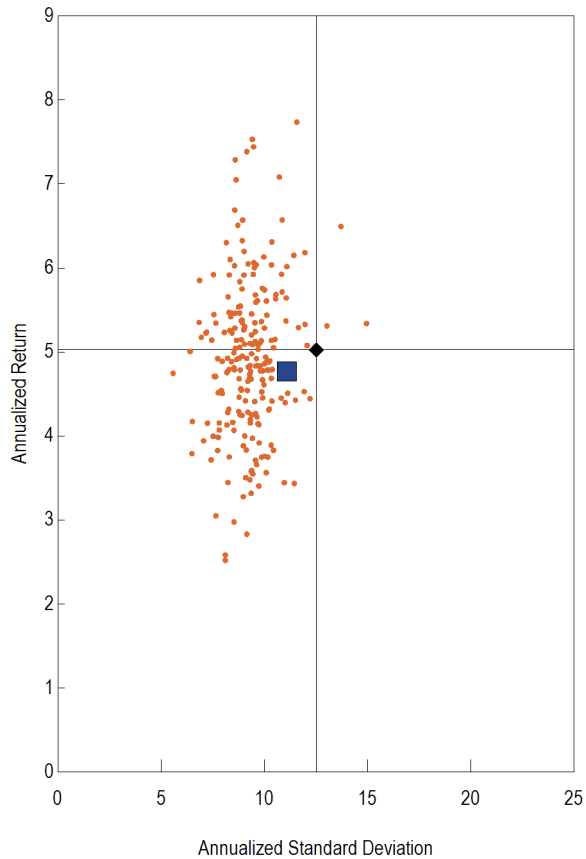


- SERS Plan Total
- ◆ Policy Index Updated
- InvestorForce All DB \$250mm-\$1B Net

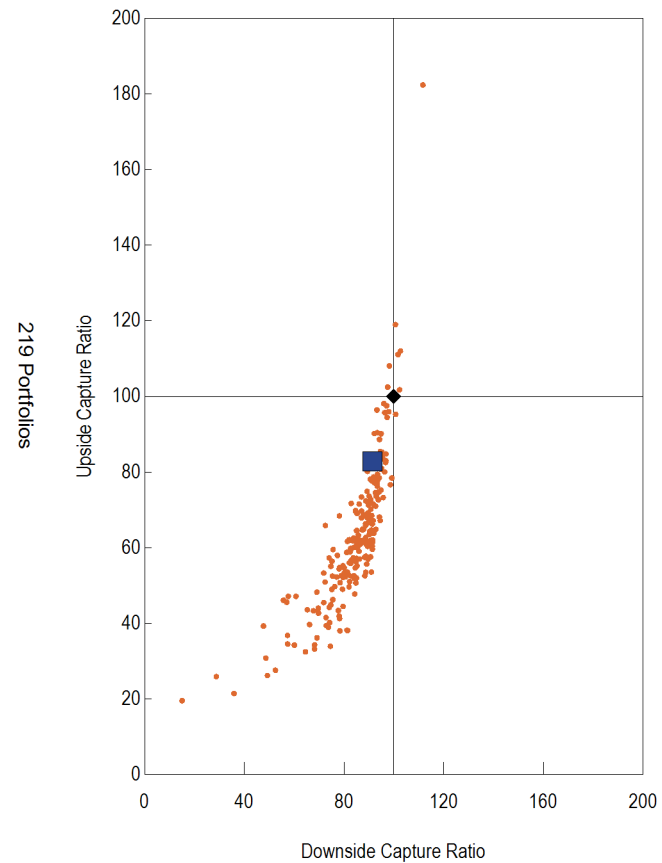
- SERS Plan Total
- ◆ Policy Index Updated
- InvestorForce All DB \$250mm-\$1B Net

- SERS Plan Total
- ◆ Policy Index Updated
- InvestorForce All DB \$250mm-\$1B Net

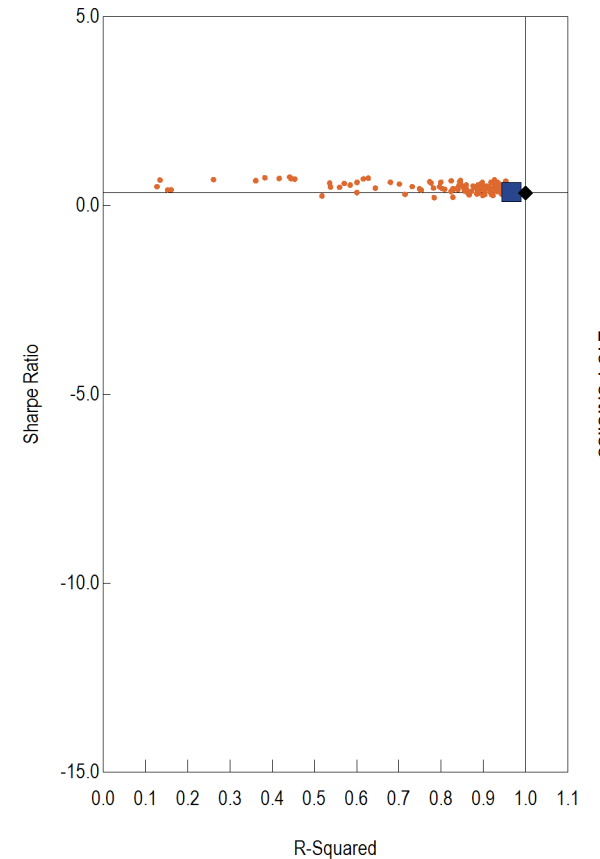
Annualized Return vs. Annualized Standard Deviation  
12 Years Ending December 31, 2018



Upside Capture Ratio vs. Downside Capture Ratio  
12 Years Ending December 31, 2018



Sharpe Ratio vs. R-Squared  
12 Years Ending December 31, 2018



- SERS Plan Total
- ◆ Policy Index Updated
- InvestorForce All DB \$250mm-\$1B Net

- SERS Plan Total
- ◆ Policy Index Updated
- InvestorForce All DB \$250mm-\$1B Net

- SERS Plan Total
- ◆ Policy Index Updated
- InvestorForce All DB \$250mm-\$1B Net

# Spokane Employees' Retirement System

As of December 31, 2018

## Asset Class Performance

|                                      | 3 Mo (%) | YTD (%) | 1 Yr (%) | 3 Yrs (%) | 5 Yrs (%) | 2018 (%) | 2017 (%) | 2016 (%) | 2015 (%) | 2014 (%) | 2013 (%) | Inception (%) | Inception Date |
|--------------------------------------|----------|---------|----------|-----------|-----------|----------|----------|----------|----------|----------|----------|---------------|----------------|
| <b>Capital Preservation</b>          | -2.35    | -0.94   | -0.94    | 4.27      | 2.52      | -0.94    | 5.85     | 8.12     | -1.74    | 1.65     | 2.70     | 2.95          | Jul-12         |
| Capital Preservation Index           | -1.42    | -0.72   | -0.72    | 3.07      | 2.55      | -0.72    | 4.60     | 5.43     | -0.58    | 4.23     | 3.33     | 3.05          | Jul-12         |
| Over/Under                           | -0.93    | -0.22   | -0.22    | 1.20      | -0.03     | -0.22    | 1.25     | 2.69     | -1.16    | -2.58    | -0.63    | -0.10         |                |
| <b>Total Return Bond</b>             | 1.23     | -0.09   | -0.09    | --        | --        | -0.09    | 4.20     | --       | --       | --       | --       | 0.68          | Sep-16         |
| BBgBarc US Aggregate TR              | 1.64     | 0.01    | 0.01     | 2.06      | 2.52      | 0.01     | 3.54     | 2.65     | 0.55     | 5.97     | -2.02    | 0.21          | Sep-16         |
| Over/Under                           | -0.41    | -0.10   | -0.10    |           |           | -0.10    | 0.66     |          |          |          |          | 0.47          |                |
| Intermediate-Term Bond MStar MF Rank | 43       | 38      | 38       | --        | --        | 38       | 38       | --       | --       | --       | --       | 35            | Sep-16         |
| <b>High Yield</b>                    | -5.37    | -3.46   | -3.46    | 6.82      | 2.67      | -3.46    | 8.22     | 16.67    | -7.05    | 0.68     | 7.00     | 4.41          | Jul-12         |
| BBgBarc US High Yield TR             | -4.53    | -2.08   | -2.08    | 7.23      | 3.83      | -2.08    | 7.50     | 17.13    | -4.47    | 2.45     | 7.44     | 5.31          | Jul-12         |
| Over/Under                           | -0.84    | -1.38   | -1.38    | -0.41     | -1.16     | -1.38    | 0.72     | -0.46    | -2.58    | -1.77    | -0.44    | -0.90         |                |
| High Yield Bond MStar MF Rank        | 79       | 74      | 74       | 25        | 70        | 74       | 18       | 13       | 92       | 70       | 51       | 65            | Jul-12         |
| <b>Absolute Return</b>               | -4.10    | -1.11   | -1.11    | 3.92      | 3.03      | -1.11    | 5.33     | 7.75     | 0.29     | 3.15     | 4.65     | 3.47          | Jul-12         |
| HFRI FOF: Conservative Index         | -3.23    | -0.86   | -0.86    | 1.70      | 1.71      | -0.86    | 4.12     | 1.89     | 0.37     | 3.14     | 7.70     | 3.02          | Jul-12         |
| Over/Under                           | -0.87    | -0.25   | -0.25    | 2.22      | 1.32      | -0.25    | 1.21     | 5.86     | -0.08    | 0.01     | -3.05    | 0.45          |                |
| BBgBarc US Aggregate TR              | 1.64     | 0.01    | 0.01     | 2.06      | 2.52      | 0.01     | 3.54     | 2.65     | 0.55     | 5.97     | -2.02    | 1.89          | Jul-12         |
| <b>Domestic Equity</b>               | -16.30   | -7.80   | -7.80    | 7.02      | 6.30      | -7.80    | 19.86    | 10.91    | -0.32    | 11.10    | 36.38    | 10.96         | Jul-12         |
| Domestic Equity Index                | -15.24   | -6.30   | -6.30    | 8.64      | 7.38      | -6.30    | 20.11    | 13.92    | -0.06    | 11.44    | 33.91    | 11.63         | Jul-12         |
| Over/Under                           | -1.06    | -1.50   | -1.50    | -1.62     | -1.08     | -1.50    | -0.25    | -3.01    | -0.26    | -0.34    | 2.47     | -0.67         |                |
| All Cap Blend MStar MF Rank          | 56       | 45      | 45       | 55        | 40        | 45       | 37       | 70       | 33       | 38       | 35       | 42            | Jul-12         |
| <b>Domestic Large Cap Equity</b>     | -15.40   | -7.70   | -7.70    | 6.98      | 6.61      | -7.70    | 22.54    | 8.24     | -0.32    | 12.85    | 34.81    | 6.83          | Apr-07         |
| S&P 500                              | -13.52   | -4.38   | -4.38    | 9.26      | 8.49      | -4.38    | 21.83    | 11.96    | 1.38     | 13.69    | 32.39    | 7.21          | Apr-07         |
| Over/Under                           | -1.88    | -3.32   | -3.32    | -2.28     | -1.88     | -3.32    | 0.71     | -3.72    | -1.70    | -0.84    | 2.42     | -0.38         |                |
| Large Blend MStar MF Rank            | 84       | 78      | 78       | 75        | 67        | 78       | 24       | 83       | 53       | 39       | 26       | 52            | Apr-07         |
| <b>Domestic Small/Mid Equity</b>     | -18.04   | -8.05   | -8.05    | 6.82      | 5.71      | -8.05    | 14.91    | 15.37    | -0.39    | 8.69     | 38.60    | 10.76         | Jul-12         |
| Russell 2500                         | -18.49   | -10.00  | -10.00   | 7.32      | 5.15      | -10.00   | 16.81    | 17.59    | -2.90    | 7.07     | 36.80    | 10.50         | Jul-12         |
| Over/Under                           | 0.45     | 1.95    | 1.95     | -0.50     | 0.56      | 1.95     | -1.90    | -2.22    | 2.51     | 1.62     | 1.80     | 0.26          |                |
| SMID Blend MStar MF Rank             | 42       | 12      | 12       | 39        | 18        | 12       | 39       | 75       | 10       | 24       | 34       | 20            | Jul-12         |

# Spokane Employees' Retirement System

As of December 31, 2018

## Asset Class Performance

|   | 3 Mo<br>(%) | YTD<br>(%) | 1 Yr<br>(%) | 3 Yrs<br>(%) | 5 Yrs<br>(%) | 2018<br>(%) | 2017<br>(%) | 2016<br>(%) | 2015<br>(%) | 2014<br>(%) | 2013<br>(%) | Inception<br>(%) | Inception<br>Date |
|---|-------------|------------|-------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|------------------|-------------------|
| <b>International Equity Total</b>         | -12.39      | -15.78     | -15.78      | 3.98         | 1.35         | -15.78      | 28.45       | 3.91        | -1.32       | -3.58       | 20.93       | 3.37             | Apr-07            |
| International Equity Index                | -11.47      | -14.96     | -14.96      | 5.03         | 1.08         | -14.96      | 29.35       | 5.34        | -5.49       | -3.63       | 13.48       | 1.74             | Apr-07            |
| Over/Under                                | -0.92       | -0.82      | -0.82       | -1.05        | 0.27         | -0.82       | -0.90       | -1.43       | 4.17        | 0.05        | 7.45        | 1.63             |                   |
| Foreign MStar MF Rank                     | 25          | 50         | 50          | 29           | 30           | 50          | 42          | 24          | 67          | 32          | 56          | 14               | Apr-07            |
| <b>International Large Cap Equity</b>     | -12.00      | -15.14     | -15.14      | 4.02         | 1.87         | -15.14      | 27.50       | 4.02        | -1.13       | -1.38       | 24.43       | 7.17             | Jul-12            |
| MSCI ACWI ex USA                          | -11.46      | -14.20     | -14.20      | 4.48         | 0.68         | -14.20      | 27.19       | 4.50        | -5.66       | -3.87       | 15.29       | 4.79             | Jul-12            |
| Over/Under                                | -0.54       | -0.94      | -0.94       | -0.46        | 1.19         | -0.94       | 0.31        | -0.48       | 4.53        | 2.49        | 9.14        | 2.38             |                   |
| Foreign Large Blend MStar MF Rank         | 27          | 51         | 51          | 24           | 9            | 51          | 31          | 23          | 56          | 12          | 14          | 5                | Jul-12            |
| <b>International Small/Mid Cap Equity</b> | -18.94      | -20.33     | -20.33      | 2.75         | 0.51         | -20.33      | 37.08       | -0.68       | 7.56        | -12.10      | 28.79       | 6.55             | Jul-12            |
| MSCI ACWI xUS Small (net)                 | -14.43      | -18.20     | -18.20      | 3.82         | 1.96         | -18.20      | 31.65       | 3.91        | 2.60        | -4.03       | 19.73       | 6.46             | Jul-12            |
| Over/Under                                | -4.51       | -2.13      | -2.13       | -1.07        | -1.45        | -2.13       | 5.43        | -4.59       | 4.96        | -8.07       | 9.06        | 0.09             |                   |
| <b>Emerging Markets Equity</b>            | -5.52       | -14.62     | -14.62      | 4.14         | 0.19         | -14.62      | 23.58       | 7.03        | -8.73       | -2.07       | 6.06        | 2.67             | Jul-12            |
| MSCI Emerging Markets                     | -7.47       | -14.58     | -14.58      | 9.25         | 1.65         | -14.58      | 37.28       | 11.19       | -14.92      | -2.19       | -2.60       | 2.87             | Jul-12            |
| Over/Under                                | 1.95        | -0.04      | -0.04       | -5.11        | -1.46        | -0.04       | -13.70      | -4.16       | 6.19        | 0.12        | 8.66        | -0.20            |                   |
| Diversified Emerging Mkts MStar MF Rank   | 19          | 28         | 28          | 82           | 73           | 28          | 94          | 56          | 16          | 49          | 14          | 53               | Jul-12            |
| <b>Long Biased</b>                        | -6.08       | 2.43       | 2.43        | 0.18         | 1.63         | 2.43        | 1.19        | -2.99       | 4.04        | 3.62        | 9.56        | 3.36             | Jul-12            |
| HFRI Fund of Funds Composite Index        | -5.00       | -4.08      | -4.08       | 1.29         | 1.38         | -4.08       | 7.77        | 0.51        | -0.27       | 3.36        | 8.96        | 2.99             | Jul-12            |
| Over/Under                                | -1.08       | 6.51       | 6.51        | -1.11        | 0.25         | 6.51        | -6.58       | -3.50       | 4.31        | 0.26        | 0.60        | 0.37             |                   |
| S&P 500                                   | -13.52      | -4.38      | -4.38       | 9.26         | 8.49         | -4.38       | 21.83       | 11.96       | 1.38        | 13.69       | 32.39       | 12.16            | Jul-12            |
| <b>Opportunistic Credit</b>               | -9.25       | -5.68      | -5.68       | 4.97         | 3.91         | -5.68       | 7.08        | 14.52       | 2.35        | 2.32        | --          | 4.53             | Oct-13            |
| HFRI ED: Distressed/Restructuring Index   | -5.99       | -2.02      | -2.02       | 6.23         | 1.68         | -2.02       | 6.25        | 15.15       | -8.06       | -1.39       | 14.05       | 2.43             | Oct-13            |
| Over/Under                                | -3.26       | -3.66      | -3.66       | -1.26        | 2.23         | -3.66       | 0.83        | -0.63       | 10.41       | 3.71        |             | 2.10             |                   |
| <b>Real Estate Total</b>                  | -1.00       | 3.68       | 3.68        | 7.23         | 10.45        | 3.68        | 10.01       | 8.09        | 6.66        | 25.00       | 8.71        | 5.14             | Apr-07            |
| NCREIF-ODCE                               | 1.76        | 8.35       | 8.35        | 8.24         | 10.41        | 8.35        | 7.62        | 8.76        | 15.02       | 12.48       | 13.94       | 5.96             | Apr-07            |
| Over/Under                                | -2.76       | -4.67      | -4.67       | -1.01        | 0.04         | -4.67       | 2.39        | -0.67       | -8.36       | 12.52       | -5.23       | -0.82            |                   |
| FTSE NAREIT All REIT                      | -6.11       | -4.42      | -4.42       | 4.50         | 8.22         | -4.42       | 9.27        | 9.28        | 2.29        | 27.15       | 3.21        | 4.19             | Apr-07            |
| US Real Estate Equity Rank                | 1           | 1          | 1           | 2            | 5            | 1           | 11          | 32          | 7           | 94          | 7           | 40               | Apr-07            |
| <b>Special Opportunities</b>              | -11.61      | -11.43     | -11.43      | -4.65        | 2.19         | -11.43      | 25.32       | -21.90      | 2.13        | 25.88       | 31.60       | 5.97             | Jul-12            |
| Russell 3000                              | -14.30      | -5.24      | -5.24       | 8.97         | 7.91         | -5.24       | 21.13       | 12.73       | 0.48        | 12.56       | 33.55       | 11.94            | Jul-12            |
| Over/Under                                | 2.69        | -6.19      | -6.19       | -13.62       | -5.72        | -6.19       | 4.19        | -34.63      | 1.65        | 13.32       | -1.95       | -5.97            |                   |

# Spokane Employees' Retirement System

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## Manager Performance

|                                      | 3 Mo<br>(%) | YTD<br>(%) | 1 Yr<br>(%) | 3 Yrs<br>(%) | 5 Yrs<br>(%) | 10 Yrs<br>(%) | 2018<br>(%) | 2017<br>(%) | 2016<br>(%) | 2015<br>(%) | 2014<br>(%) | 2013<br>(%) | 2012<br>(%) | Inception<br>(%) | Inception<br>Date |
|--------------------------------------|-------------|------------|-------------|--------------|--------------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------------|-------------------|
| <b>Capital Preservation</b>          |             |            |             |              |              |               |             |             |             |             |             |             |             |                  |                   |
| Sterling Core Bond                   | 1.04        | -0.35      | -0.35       | 2.56         | 2.83         | 4.52          | -0.35       | 4.33        | 3.75        | 0.54        | 5.99        | -0.97       | 6.14        | 0.55             | Aug-16            |
| BBgBarc US Aggregate TR              | 1.64        | 0.01       | 0.01        | 2.06         | 2.52         | 3.48          | 0.01        | 3.54        | 2.65        | 0.55        | 5.97        | -2.02       | 4.21        | 0.12             | Aug-16            |
| Excess Return                        | -0.60       | -0.36      | -0.36       | 0.50         | 0.31         | 1.04          | -0.36       | 0.79        | 1.10        | -0.01       | 0.02        | 1.05        | 1.93        | 0.43             |                   |
| Intermediate-Term Bond MStar MF Rank | 53          | 53         | 53          | 38           | 28           | 56            | 53          | 34          | 40          | 29          | 35          | 35          | 66          | 46               | Aug-16            |
| Hotchkis & Wiley High Yield          | -5.36       | -3.43      | -3.43       | 6.64         | 3.25         | --            | -3.43       | 8.24        | 16.02       | -4.30       | 1.09        | 8.71        | 17.96       | 2.80             | Jun-15            |
| BBgBarc US High Yield TR             | -4.53       | -2.08      | -2.08       | 7.23         | 3.83         | 11.12         | -2.08       | 7.50        | 17.13       | -4.47       | 2.45        | 7.44        | 15.81       | 3.51             | Jun-15            |
| Excess Return                        | -0.83       | -1.35      | -1.35       | -0.59        | -0.58        |               | -1.35       | 0.74        | -1.11       | 0.17        | -1.36       | 1.27        | 2.15        | -0.71            |                   |
| High Yield Bond MStar MF Rank        | 78          | 73         | 73          | 29           | 45           | --            | 73          | 17          | 20          | 61          | 65          | 20          | 11          | 42               | Jun-15            |
| <b>Absolute Return</b>               |             |            |             |              |              |               |             |             |             |             |             |             |             |                  |                   |
| Post Lmt'd Term High Yield           | -1.58       | 0.34       | 0.34        | 3.04         | 2.58         | 6.82          | 0.34        | 3.19        | 5.66        | 0.84        | 2.96        | 7.49        | 9.61        | 5.04             | Jun-10            |
| HFRI FOF: Conservative Index         | -3.23       | -0.86      | -0.86       | 1.70         | 1.71         | 3.11          | -0.86       | 4.12        | 1.89        | 0.37        | 3.14        | 7.70        | 4.22        | 2.53             | Jun-10            |
| Excess Return                        | 1.65        | 1.20       | 1.20        | 1.34         | 0.87         | 3.71          | 1.20        | -0.93       | 3.77        | 0.47        | -0.18       | -0.21       | 5.39        | 2.51             |                   |
| BBgBarc US Aggregate TR              | 1.64        | 0.01       | 0.01        | 2.06         | 2.52         | 3.48          | 0.01        | 3.54        | 2.65        | 0.55        | 5.97        | -2.02       | 4.21        | 2.77             | Jun-10            |
| Rimrock Low Volatility Offshore      | -0.60       | 2.01       | 2.01        | 3.76         | 2.32         | 7.22          | 2.01        | 4.40        | 4.90        | -1.90       | 2.31        | 7.82        | 11.33       | 4.81             | Jun-10            |
| HFRI FOF: Conservative Index         | -3.23       | -0.86      | -0.86       | 1.70         | 1.71         | 3.11          | -0.86       | 4.12        | 1.89        | 0.37        | 3.14        | 7.70        | 4.22        | 2.53             | Jun-10            |
| Excess Return                        | 2.63        | 2.87       | 2.87        | 2.06         | 0.61         | 4.11          | 2.87        | 0.28        | 3.01        | -2.27       | -0.83       | 0.12        | 7.11        | 2.28             |                   |
| BBgBarc US Aggregate TR              | 1.64        | 0.01       | 0.01        | 2.06         | 2.52         | 3.48          | 0.01        | 3.54        | 2.65        | 0.55        | 5.97        | -2.02       | 4.21        | 2.77             | Jun-10            |
| Castine Partners II **               | -11.76      | -7.34      | -7.34       | 5.40         | 6.05         | 4.39          | -7.34       | 9.34        | 15.57       | 6.57        | 7.48        | 6.16        | 2.53        | 4.89             | Jun-11            |
| HFRI FOF: Conservative Index         | -3.23       | -0.86      | -0.86       | 1.70         | 1.71         | 3.11          | -0.86       | 4.12        | 1.89        | 0.37        | 3.14        | 7.70        | 4.22        | 2.17             | Jun-11            |
| Excess Return                        | -8.53       | -6.48      | -6.48       | 3.70         | 4.34         | 1.28          | -6.48       | 5.22        | 13.68       | 6.20        | 4.34        | -1.54       | -1.69       | 2.72             |                   |
| BBgBarc US Aggregate TR              | 1.64        | 0.01       | 0.01        | 2.06         | 2.52         | 3.48          | 0.01        | 3.54        | 2.65        | 0.55        | 5.97        | -2.02       | 4.21        | 2.62             | Jun-11            |
| Polar Long Short Fund                | -1.87       | 0.24       | 0.24        | 3.65         | 3.22         | 4.33          | 0.24        | 4.20        | 6.60        | 1.73        | 3.46        | 5.60        | 4.42        | 3.98             | Sep-11            |
| HFRI FOF: Conservative Index         | -3.23       | -0.86      | -0.86       | 1.70         | 1.71         | 3.11          | -0.86       | 4.12        | 1.89        | 0.37        | 3.14        | 7.70        | 4.22        | 2.81             | Sep-11            |
| Excess Return                        | 1.36        | 1.10       | 1.10        | 1.95         | 1.51         | 1.22          | 1.10        | 0.08        | 4.71        | 1.36        | 0.32        | -2.10       | 0.20        | 1.17             |                   |
| BBgBarc US Aggregate TR              | 1.64        | 0.01       | 0.01        | 2.06         | 2.52         | 3.48          | 0.01        | 3.54        | 2.65        | 0.55        | 5.97        | -2.02       | 4.21        | 2.18             | Sep-11            |

\*\* Performance prior to 7/1/18 is representative of Castine Partners I.

# Spokane Employees' Retirement System

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## Manager Performance

|                                      | 3 Mo<br>(%) | YTD<br>(%) | 1 Yr<br>(%) | 3 Yrs<br>(%) | 5 Yrs<br>(%) | 10 Yrs<br>(%) | 2018<br>(%) | 2017<br>(%) | 2016<br>(%) | 2015<br>(%) | 2014<br>(%) | 2013<br>(%) | 2012<br>(%) | Inception<br>(%) | Inception<br>Date |
|--------------------------------------|-------------|------------|-------------|--------------|--------------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------------|-------------------|
| <b>Domestic Equity</b>               |             |            |             |              |              |               |             |             |             |             |             |             |             |                  |                   |
| <b>Large Cap Equity</b>              |             |            |             |              |              |               |             |             |             |             |             |             |             |                  |                   |
| Hotchkis & Wiley Diversified Value I | -18.54      | -14.74     | -14.74      | 6.58         | 4.68         | 12.28         | -14.74      | 18.39       | 19.94       | -7.90       | 12.74       | 36.54       | 19.78       | 9.22             | Sep-08            |
| Russell 1000 Value                   | -11.72      | -8.27      | -8.27       | 6.95         | 5.95         | 11.18         | -8.27       | 13.66       | 17.34       | -3.83       | 13.45       | 32.53       | 17.51       | 8.21             | Sep-08            |
| Excess Return                        | -6.82       | -6.47      | -6.47       | -0.37        | -1.27        | 1.10          | -6.47       | 4.73        | 2.60        | -4.07       | -0.71       | 4.01        | 2.27        | 1.01             |                   |
| S&P 500                              | -13.52      | -4.38      | -4.38       | 9.26         | 8.49         | 13.12         | -4.38       | 21.83       | 11.96       | 1.38        | 13.69       | 32.39       | 16.00       | 10.09            | Sep-08            |
| Large Value MStar MF Rank            | 99          | 97         | 97          | 58           | 76           | 17            | 97          | 23          | 9           | 90          | 20          | 14          | 8           | 25               | Sep-08            |
| Vanguard Institutional Index         | -13.53      | -4.42      | -4.42       | 9.22         | 8.46         | 13.11         | -4.42       | 21.79       | 11.93       | 1.37        | 13.65       | 32.35       | 15.98       | 8.92             | Jun-08            |
| S&P 500                              | -13.52      | -4.38      | -4.38       | 9.26         | 8.49         | 13.12         | -4.38       | 21.83       | 11.96       | 1.38        | 13.69       | 32.39       | 16.00       | 8.92             | Jun-08            |
| Excess Return                        | -0.01       | -0.04      | -0.04       | -0.04        | -0.03        | -0.01         | -0.04       | -0.04       | -0.03       | -0.01       | -0.04       | -0.04       | -0.02       | 0.00             |                   |
| Large Blend MStar MF Rank            | 40          | 23         | 23          | 14           | 12           | 28            | 23          | 32          | 28          | 24          | 21          | 45          | 41          | 23               | Jun-08            |
| MFS Blended Research Core            | -15.15      | -7.50      | -7.50       | 6.66         | 6.70         | 12.57         | -7.50       | 20.83       | 8.57        | 1.34        | 12.44       | 36.37       | 15.68       | 11.79            | Dec-11            |
| S&P 500                              | -13.52      | -4.38      | -4.38       | 9.26         | 8.49         | 13.12         | -4.38       | 21.83       | 11.96       | 1.38        | 13.69       | 32.39       | 16.00       | 12.70            | Dec-11            |
| Excess Return                        | -1.63       | -3.12      | -3.12       | -2.60        | -1.79        | -0.55         | -3.12       | -1.00       | -3.39       | -0.04       | -1.25       | 3.98        | -0.32       | -0.91            |                   |
| Large Blend MStar MF Rank            | 80          | 77         | 77          | 79           | 65           | 52            | 77          | 58          | 81          | 25          | 44          | 16          | 51          | 58               | Dec-11            |
| Jackson Square Large Cap Growth Eq   | -13.84      | -2.84      | -2.84       | 5.82         | 7.05         | 14.57         | -2.84       | 28.42       | -5.03       | 5.19        | 12.76       | 34.81       | 16.51       | 10.97            | Sep-12            |
| Russell 1000 Growth                  | -15.89      | -1.51      | -1.51       | 11.15        | 10.40        | 15.29         | -1.51       | 30.21       | 7.08        | 5.67        | 13.05       | 33.48       | 15.26       | 13.28            | Sep-12            |
| Excess Return                        | 2.05        | -1.33      | -1.33       | -5.33        | -3.35        | -0.72         | -1.33       | -1.79       | -12.11      | -0.48       | -0.29       | 1.33        | 1.25        | -2.31            |                   |
| S&P 500                              | -13.52      | -4.38      | -4.38       | 9.26         | 8.49         | 13.12         | -4.38       | 21.83       | 11.96       | 1.38        | 13.69       | 32.39       | 16.00       | 11.86            | Sep-12            |
| Large Growth MStar MF Rank           | 23          | 62         | 62          | 92           | 76           | 41            | 62          | 52          | 96          | 44          | 29          | 43          | 38          | 76               | Sep-12            |

# Spokane Employees' Retirement System

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## Manager Performance

|                                   | 3 Mo<br>(%) | YTD<br>(%) | 1 Yr<br>(%) | 3 Yrs<br>(%) | 5 Yrs<br>(%) | 10 Yrs<br>(%) | 2018<br>(%) | 2017<br>(%) | 2016<br>(%) | 2015<br>(%) | 2014<br>(%) | 2013<br>(%) | 2012<br>(%) | Inception<br>(%) | Inception<br>Date |
|-----------------------------------|-------------|------------|-------------|--------------|--------------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------------|-------------------|
| <b>Small/Mid Cap Equity</b>       |             |            |             |              |              |               |             |             |             |             |             |             |             |                  |                   |
| Sterling Mid Cap Value            | -18.92      | -17.67     | -17.67      | 3.24         | 2.74         | 11.76         | -17.67      | 14.27       | 16.97       | -1.71       | 5.85        | 46.25       | 12.50       | 8.84             | Sep-08            |
| Russell MidCap Value              | -14.95      | -12.29     | -12.29      | 6.06         | 5.44         | 13.03         | -12.29      | 13.34       | 20.00       | -4.78       | 14.75       | 33.46       | 18.51       | 9.26             | Sep-08            |
| Excess Return                     | -3.97       | -5.38      | -5.38       | -2.82        | -2.70        | -1.27         | -5.38       | 0.93        | -3.03       | 3.07        | -8.90       | 12.79       | -6.01       | -0.42            |                   |
| Russell MidCap                    | -15.37      | -9.06      | -9.06       | 7.04         | 6.26         | 14.03         | -9.06       | 18.52       | 13.80       | -2.44       | 13.22       | 34.76       | 17.28       | 10.18            | Sep-08            |
| Mid-Cap Value MStar MF Rank       | 87          | 85         | 85          | 88           | 82           | 58            | 85          | 37          | 69          | 19          | 87          | 2           | 85          | 47               | Sep-08            |
| Vanguard Mid Cap Index            | -15.46      | -9.23      | -9.23       | 6.38         | 6.21         | 13.88         | -9.23       | 19.25       | 11.22       | -1.34       | 13.76       | 35.17       | 16.01       | 11.70            | Sep-09            |
| Russell MidCap                    | -15.37      | -9.06      | -9.06       | 7.04         | 6.26         | 14.03         | -9.06       | 18.52       | 13.80       | -2.44       | 13.22       | 34.76       | 17.28       | 11.78            | Sep-09            |
| Excess Return                     | -0.09       | -0.17      | -0.17       | -0.66        | -0.05        | -0.15         | -0.17       | 0.73        | -2.58       | 1.10        | 0.54        | 0.41        | -1.27       | -0.08            |                   |
| Custom Vanguard Mid Cap Index     | -15.46      | -9.22      | -9.22       | 6.40         | 6.24         | 13.71         | -9.22       | 19.30       | 11.25       | -1.28       | 13.83       | 35.27       | 15.47       | 11.58            | Sep-09            |
| Mid-Cap Blend MStar MF Rank       | 32          | 27         | 27          | 46           | 9            | 6             | 27          | 16          | 74          | 19          | 7           | 47          | 62          | 6                | Sep-09            |
| Vanguard Mid Cap Growth           | -17.98      | -3.29      | -3.29       | 5.82         | 5.65         | 13.40         | -3.29       | 22.01       | 0.44        | 0.21        | 10.86       | 34.15       | 14.84       | 5.99             | Jun-14            |
| Russell MidCap Growth             | -15.99      | -4.75      | -4.75       | 8.59         | 7.42         | 15.12         | -4.75       | 25.27       | 7.33        | -0.20       | 11.90       | 35.74       | 15.81       | 7.36             | Jun-14            |
| Excess Return                     | -1.99       | 1.46       | 1.46        | -2.77        | -1.77        | -1.72         | 1.46        | -3.26       | -6.89       | 0.41        | -1.04       | -1.59       | -0.97       | -1.37            |                   |
| Mid-Cap Growth MStar MF Rank      | 62          | 29         | 29          | 80           | 66           | 54            | 29          | 72          | 93          | 41          | 21          | 61          | 47          | 70               | Jun-14            |
| Frontier Phocas Small Cap Value I | -20.63      | -17.52     | -17.52      | 3.23         | 2.44         | 10.59         | -17.52      | 8.17        | 23.31       | -4.35       | 7.19        | 45.63       | 9.75        | 8.69             | Dec-11            |
| Russell 2000 Value                | -18.67      | -12.86     | -12.86      | 7.37         | 3.61         | 10.40         | -12.86      | 7.84        | 31.74       | -7.47       | 4.22        | 34.52       | 18.05       | 9.69             | Dec-11            |
| Excess Return                     | -1.96       | -4.66      | -4.66       | -4.14        | -1.17        | 0.19          | -4.66       | 0.33        | -8.43       | 3.12        | 2.97        | 11.11       | -8.30       | -1.00            |                   |
| Russell 2000                      | -20.20      | -11.01     | -11.01      | 7.36         | 4.41         | 11.97         | -11.01      | 14.65       | 21.31       | -4.41       | 4.89        | 38.82       | 16.35       | 10.42            | Dec-11            |
| Small Value MStar MF Rank         | 82          | 78         | 78          | 80           | 55           | 65            | 78          | 60          | 71          | 36          | 23          | 3           | 95          | 57               | Dec-11            |
| Vanguard Small Cap Index          | -18.34      | -9.32      | -9.32       | 7.64         | 5.26         | 13.60         | -9.32       | 16.25       | 18.32       | -3.63       | 7.53        | 37.80       | 18.26       | 11.48            | Sep-09            |
| Russell 2000                      | -20.20      | -11.01     | -11.01      | 7.36         | 4.41         | 11.97         | -11.01      | 14.65       | 21.31       | -4.41       | 4.89        | 38.82       | 16.35       | 10.56            | Sep-09            |
| Excess Return                     | 1.86        | 1.69       | 1.69        | 0.28         | 0.85         | 1.63          | 1.69        | 1.60        | -2.99       | 0.78        | 2.64        | -1.02       | 1.91        | 0.92             |                   |
| Custom Vanguard Small Cap Index   | -18.33      | -9.33      | -9.33       | 7.62         | 5.24         | 13.32         | -9.33       | 16.24       | 18.26       | -3.68       | 7.54        | 37.77       | 17.48       | 11.25            | Sep-09            |
| Small Blend MStar MF Rank         | 29          | 19         | 19          | 25           | 19           | 8             | 19          | 15          | 68          | 42          | 15          | 56          | 22          | 19               | Sep-09            |



# Spokane Employees' Retirement System

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## Manager Performance

|                            | 3 Mo<br>(%)   | YTD<br>(%)    | 1 Yr<br>(%)   | 3 Yrs<br>(%) | 5 Yrs<br>(%) | 10 Yrs<br>(%) | 2018<br>(%)   | 2017<br>(%)  | 2016<br>(%)  | 2015<br>(%)  | 2014<br>(%) | 2013<br>(%)  | 2012<br>(%)  | Inception<br>(%) | Inception<br>Date |
|----------------------------|---------------|---------------|---------------|--------------|--------------|---------------|---------------|--------------|--------------|--------------|-------------|--------------|--------------|------------------|-------------------|
| Champlain Small Cap        | -19.68        | -3.03         | -3.03         | 11.22        | 7.38         | 13.33         | -3.03         | 10.90        | 27.93        | -0.65        | 4.43        | 36.61        | 11.06        | 10.02            | Sep-08            |
| Russell 2000               | <u>-20.20</u> | <u>-11.01</u> | <u>-11.01</u> | <u>7.36</u>  | <u>4.41</u>  | <u>11.97</u>  | <u>-11.01</u> | <u>14.65</u> | <u>21.31</u> | <u>-4.41</u> | <u>4.89</u> | <u>38.82</u> | <u>16.35</u> | <u>8.41</u>      | Sep-08            |
| Excess Return              | 0.52          | 7.98          | 7.98          | 3.86         | 2.97         | 1.36          | 7.98          | -3.75        | 6.62         | 3.76         | -0.46       | -2.21        | -5.29        | 1.61             |                   |
| Russell 2000 Growth        | -21.65        | -9.31         | -9.31         | 7.24         | 5.13         | 13.52         | -9.31         | 22.17        | 11.32        | -1.38        | 5.60        | 43.30        | 14.59        | 9.68             | Sep-08            |
| Small Blend MStar MF Rank  | 52            | 1             | 1             | 4            | 1            | 22            | 1             | 65           | 8            | 11           | 60          | 68           | 88           | 9                | Sep-08            |
| Bridge City Small Growth   | -15.29        | 0.82          | 0.82          | 13.40        | 10.77        | --            | 0.82          | 15.82        | 24.90        | 6.81         | 7.06        | 40.81        | 10.99        | 14.67            | Dec-11            |
| Russell 2000 Growth        | <u>-21.65</u> | <u>-9.31</u>  | <u>-9.31</u>  | <u>7.24</u>  | <u>5.13</u>  | <u>13.52</u>  | <u>-9.31</u>  | <u>22.17</u> | <u>11.32</u> | <u>-1.38</u> | <u>5.60</u> | <u>43.30</u> | <u>14.59</u> | <u>11.25</u>     | Dec-11            |
| Excess Return              | 6.36          | 10.13         | 10.13         | 6.16         | 5.64         |               | 10.13         | -6.35        | 13.58        | 8.19         | 1.46        | -2.49        | -3.60        | 3.42             |                   |
| Russell 2000               | -20.20        | -11.01        | -11.01        | 7.36         | 4.41         | 11.97         | -11.01        | 14.65        | 21.31        | -4.41        | 4.89        | 38.82        | 16.35        | 10.44            | Dec-11            |
| Small Growth MStar MF Rank | 4             | 16            | 16            | 8            | 3            | --            | 16            | 77           | 5            | 4            | 15          | 61           | 79           | 5                | Dec-11            |

# Spokane Employees' Retirement System

As of December 31, 2018

## Manager Performance

|  | 3 Mo<br>(%) | YTD<br>(%) | 1 Yr<br>(%) | 3 Yrs<br>(%) | 5 Yrs<br>(%) | 10 Yrs<br>(%) | 2018<br>(%) | 2017<br>(%) | 2016<br>(%) | 2015<br>(%) | 2014<br>(%) | 2013<br>(%) | 2012<br>(%) | Inception<br>(%) | Inception<br>Date |
|--|-------------|------------|-------------|--------------|--------------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------------|-------------------|
| <b>International Equity</b>                        |             |            |             |              |              |               |             |             |             |             |             |             |             |                  |                   |
| Artisan International Value                        | -11.52      | -15.42     | -15.42      | 3.52         | 1.71         | 9.96          | -15.42      | 24.06       | 5.74        | -1.49       | -0.39       | 30.72       | 22.48       | 7.88             | Sep-08            |
| MSCI ACWI ex USA Value                             | -10.71      | -13.97     | -13.97      | 4.75         | -0.38        | 5.95          | -13.97      | 22.66       | 8.92        | -10.06      | -5.10       | 15.04       | 16.97       | 3.24             | Sep-08            |
| Excess Return                                      | -0.81       | -1.45      | -1.45       | -1.23        | 2.09         | 4.01          | -1.45       | 1.40        | -3.18       | 8.57        | 4.71        | 15.68       | 5.51        | 4.64             |                   |
| MSCI ACWI ex USA                                   | -11.46      | -14.20     | -14.20      | 4.48         | 0.68         | 6.57          | -14.20      | 27.19       | 4.50        | -5.66       | -3.87       | 15.29       | 16.83       | 3.81             | Sep-08            |
| Foreign Large Value MStar MF Rank                  | 17          | 23         | 23          | 27           | 7            | 1             | 23          | 41          | 29          | 45          | 2           | 1           | 8           | 1                | Sep-08            |
| <b>EuroPacific Growth R6</b>                       |             |            |             |              |              |               |             |             |             |             |             |             |             |                  |                   |
| MSCI ACWI ex USA                                   | -11.46      | -14.20     | -14.20      | 4.48         | 0.68         | 6.57          | -14.20      | 27.19       | 4.50        | -5.66       | -3.87       | 15.29       | 16.83       | 1.31             | Jun-08            |
| Excess Return                                      | -1.13       | -0.71      | -0.71       | -0.40        | 1.18         | 1.12          | -0.71       | 3.98        | -3.49       | 5.18        | 1.58        | 5.29        | 2.81        | 1.86             |                   |
| Foreign Large Blend MStar MF Rank                  | 38          | 47         | 47          | 23           | 9            | 13            | 47          | 6           | 53          | 42          | 18          | 50          | 28          | 13               | Jun-08            |
| <b>Victory Trivalent International Small Cap</b>   |             |            |             |              |              |               |             |             |             |             |             |             |             |                  |                   |
| MSCI ACWI xUS Small (net)                          | -14.43      | -18.20     | -18.20      | 3.82         | 1.96         | 10.02         | -18.20      | 31.65       | 3.91        | 2.60        | -4.03       | 19.73       | 18.52       | 4.13             | Aug-15            |
| Excess Return                                      | -4.51       | -2.01      | -2.01       | -1.02        | 1.29         | 1.45          | -2.01       | 5.48        | -4.61       | 5.60        | 3.83        | 13.25       | 5.80        | -1.19            |                   |
| MSCI ACWI ex USA                                   | -11.46      | -14.20     | -14.20      | 4.48         | 0.68         | 6.57          | -14.20      | 27.19       | 4.50        | -5.66       | -3.87       | 15.29       | 16.83       | 3.54             | Aug-15            |
| Foreign Small/Mid Growth MStar MF Rank             | 64          | 61         | 61          | 52           | 42           | 35            | 61          | 43          | 36          | 60          | 26          | 24          | 22          | 51               | Aug-15            |
| <b>Vanguard Emerging Markets Stock Index Fund</b>  |             |            |             |              |              |               |             |             |             |             |             |             |             |                  |                   |
| MSCI Emerging Markets                              | -7.47       | -14.58     | -14.58      | 9.25         | 1.65         | 8.02          | -14.58      | 37.28       | 11.19       | -14.92      | -2.19       | -2.60       | 18.22       | -10.45           | Jul-18            |
| Excess Return                                      | 1.17        | 2.12       | 2.12        | -4.11        | -0.79        | -1.85         | 2.12        | -13.47      | -3.96       | 6.08        | 0.69        | 8.76        | -7.45       | -0.32            |                   |
| <b>ABS Emerging Markets Strategic Portfolio LP</b> |             |            |             |              |              |               |             |             |             |             |             |             |             |                  |                   |
| MSCI Emerging Markets                              | -7.47       | -14.58     | -14.58      | 9.25         | 1.65         | 8.02          | -14.58      | 37.28       | 11.19       | -14.92      | -2.19       | -2.60       | 18.22       | -7.47            | Sep-18            |
| Excess Return                                      | 1.57        | -0.41      | -0.41       |              |              |               | -0.41       |             |             |             |             |             |             | 1.57             |                   |
| Diversified Emerging Mkts MStar MF Rank            | 24          | 33         | 33          | --           | --           | --            | 33          | --          | --          | --          | --          | --          | --          | 24               | Sep-18            |

# Spokane Employees' Retirement System

As of December 31, 2018

## Manager Performance

|   | 3 Mo<br>(%) | YTD<br>(%) | 1 Yr<br>(%) | 3 Yrs<br>(%) | 5 Yrs<br>(%) | 10 Yrs<br>(%) | 2018<br>(%) | 2017<br>(%) | 2016<br>(%) | 2015<br>(%) | 2014<br>(%) | 2013<br>(%) | 2012<br>(%) | Inception<br>(%) | Inception<br>Date |
|---|-------------|------------|-------------|--------------|--------------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------------|-------------------|
| <b>Long Biased</b>                      |             |            |             |              |              |               |             |             |             |             |             |             |             |                  |                   |
| Weatherlow Offshore                     | -8.11       | -3.10      | -3.10       | 1.12         | 1.94         | 5.41          | -3.10       | 5.67        | 0.99        | 1.49        | 4.91        | 13.56       | 8.47        | 2.98             | Mar-08            |
| HFRI Fund of Funds Composite Index      | -5.00       | -4.08      | -4.08       | 1.29         | 1.38         | 3.11          | -4.08       | 7.77        | 0.51        | -0.27       | 3.36        | 8.96        | 4.79        | 1.02             | Mar-08            |
| Excess Return                           | -3.11       | 0.98       | 0.98        | -0.17        | 0.56         | 2.30          | 0.98        | -2.10       | 0.48        | 1.76        | 1.55        | 4.60        | 3.68        | 1.96             |                   |
| S&P 500                                 | -13.52      | -4.38      | -4.38       | 9.26         | 8.49         | 13.12         | -4.38       | 21.83       | 11.96       | 1.38        | 13.69       | 32.39       | 16.00       | 8.43             | Mar-08            |
| <b>Opportunistic Credit</b>             |             |            |             |              |              |               |             |             |             |             |             |             |             |                  |                   |
| Beach Point Select Fund                 | -3.54       | 0.28       | 0.28        | 7.14         | 5.24         | --            | 0.28        | 7.08        | 14.52       | 2.58        | 2.35        | 15.93       | 17.58       | 5.83             | Oct-13            |
| HFRI ED: Distressed/Restructuring Index | -5.99       | -2.02      | -2.02       | 6.23         | 1.68         | 6.77          | -2.02       | 6.25        | 15.15       | -8.06       | -1.39       | 14.05       | 10.12       | 2.43             | Oct-13            |
| Excess Return                           | 2.45        | 2.30       | 2.30        | 0.91         | 3.56         |               | 2.30        | 0.83        | -0.63       | 10.64       | 3.74        | 1.88        | 7.46        | 3.40             |                   |
| HFRX Distressed Securities Index        | -4.13       | -9.50      | -9.50       | 3.77         | -0.06        | -0.02         | -9.50       | 3.14        | 19.72       | -11.14      | 0.42        | 5.37        | 0.94        | 0.07             | Oct-13            |
| Contrarian Capital Fund I, LP           | -14.79      | -12.43     | -12.43      | 4.80         | 1.26         | 9.38          | -12.43      | 4.77        | 25.46       | -7.89       | 0.45        | 17.00       | 24.54       | -14.79           | Sep-18            |
| HFRI ED: Distressed/Restructuring Index | -5.99       | -2.02      | -2.02       | 6.23         | 1.68         | 6.77          | -2.02       | 6.25        | 15.15       | -8.06       | -1.39       | 14.05       | 10.12       | -5.99            | Sep-18            |
| Excess Return                           | -8.80       | -10.41     | -10.41      | -1.43        | -0.42        | 2.61          | -10.41      | -1.48       | 10.31       | 0.17        | 1.84        | 2.95        | 14.42       | -8.80            |                   |
| HFRX Distressed Securities Index        | -4.13       | -9.50      | -9.50       | 3.77         | -0.06        | -0.02         | -9.50       | 3.14        | 19.72       | -11.14      | 0.42        | 5.37        | 0.94        | -4.13            | Sep-18            |
| <b>Real Estate</b>                      |             |            |             |              |              |               |             |             |             |             |             |             |             |                  |                   |
| SERS Principal Global Investors REIT    | -6.56       | -4.37      | -4.37       | 3.48         | 8.83         | 12.46         | -4.37       | 8.89        | 6.40        | 4.19        | 32.23       | 3.91        | 16.99       | 5.00             | Dec-06            |
| FTSE NAREIT All REIT                    | -6.11       | -4.42      | -4.42       | 4.50         | 8.22         | 12.37         | -4.42       | 9.27        | 9.28        | 2.29        | 27.15       | 3.21        | 20.14       | 4.28             | Dec-06            |
| Excess Return                           | -0.45       | 0.05       | 0.05        | -1.02        | 0.61         | 0.09          | 0.05        | -0.38       | -2.88       | 1.90        | 5.08        | 0.70        | -3.15       | 0.72             |                   |
| US Real Estate Equity Rank              | 59          | 48         | 48          | 39           | 36           | 69            | 48          | 24          | 70          | 54          | 37          | 26          | 87          | 50               | Dec-06            |
| Prime Property LLC                      | 2.20        | 8.24       | 8.24        | 8.74         | 10.93        | 6.88          | 8.24        | 8.67        | 9.31        | 14.53       | 14.08       | 16.17       | 11.68       | 8.33             | Oct-17            |
| NCREIF - ODCE NET                       | 1.53        | 7.38       | 7.38        | 7.27         | 9.40         | 6.00          | 7.38        | 6.66        | 7.79        | 13.91       | 11.46       | 12.90       | 9.79        | 7.42             | Oct-17            |
| Excess Return                           | 0.67        | 0.86       | 0.86        | 1.47         | 1.53         | 0.88          | 0.86        | 2.01        | 1.52        | 0.62        | 2.62        | 3.27        | 1.89        | 0.91             |                   |
| US Real Estate Equity Rank              | 1           | 1          | 1           | 1            | 3            | 99            | 1           | 25          | 20          | 1           | 99          | 1           | 99          | 1                | Oct-17            |

## Spokane Employees' Retirement System

As of December 31, 2018

### Manager Performance

|                                     | 3 Mo<br>(%) | YTD<br>(%) | 1 Yr<br>(%) | 3 Yrs<br>(%) | 5 Yrs<br>(%) | 10 Yrs<br>(%) | 2018<br>(%) | 2017<br>(%) | 2016<br>(%) | 2015<br>(%) | 2014<br>(%) | 2013<br>(%) | 2012<br>(%) | Inception<br>(%) | Inception<br>Date |
|-------------------------------------|-------------|------------|-------------|--------------|--------------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------------|-------------------|
| <b>Special Opportunities</b>        |             |            |             |              |              |               |             |             |             |             |             |             |             |                  |                   |
| OrbiMed Partners II                 | -18.55      | -18.43     | -18.43      | -7.24        | 0.52         | 9.65          | -18.43      | 25.30       | -21.91      | 2.14        | 25.88       | 32.19       | 16.19       | 6.91             | Dec-10            |
| MSCI World Healthcare Index         | -9.43       | 2.51       | 2.51        | 4.60         | 7.58         | 11.89         | 2.51        | 19.80       | -6.81       | 6.60        | 18.10       | 36.27       | 17.54       | 12.28            | Dec-10            |
| Excess Return                       | -9.12       | -20.94     | -20.94      | -11.84       | -7.06        | -2.24         | -20.94      | 5.50        | -15.10      | -4.46       | 7.78        | -4.08       | -1.35       | -5.37            |                   |
| NASDAQ Biotech Index                | -20.54      | -8.86      | -8.86       | -4.47        | 5.54         | 15.71         | -8.86       | 21.63       | -21.35      | 11.77       | 34.40       | 65.97       | 32.29       | 15.75            | Dec-10            |
| S&P Composite 1500 Health Care      | -9.60       | 6.71       | 6.71        | 8.58         | 11.40        | 15.16         | 6.71        | 22.47       | -2.05       | 7.41        | 24.79       | 42.19       | 18.35       | 15.79            | Dec-10            |
| Contrarian Emerging Markets Fund LP | 0.00        | 0.96       | 0.96        | 14.25        | 10.85        | 17.10         | 0.96        | 20.36       | 22.72       | 14.48       | -1.97       | 14.56       | 23.32       | 0.00             | Sep-18            |
| HFRI Emerging Markets: Global Index | -2.86       | -6.59      | -6.59       | 4.09         | 1.22         | 5.00          | -6.59       | 12.50       | 7.33        | -3.47       | -2.41       | 3.67        | 8.62        | -2.86            | Sep-18            |
| Excess Return                       | 2.86        | 7.55       | 7.55        | 10.16        | 9.63         | 12.10         | 7.55        | 7.86        | 15.39       | 17.95       | 0.44        | 10.89       | 14.70       | 2.86             |                   |
| MSCI Emerging Markets               | -7.47       | -14.58     | -14.58      | 9.25         | 1.65         | 8.02          | -14.58      | 37.28       | 11.19       | -14.92      | -2.19       | -2.60       | 18.22       | -7.47            | Sep-18            |

**Non-Marketable Securities Overview**

As of December 31, 2018

| Account Type | Account                             | Vintage Year | Commitment  | Cumulative Takedown | Cumulative Distributions | Value (RV) | Total Value (RV + Dist) | Unfunded Commitment | Takedown (takedowns / commit) | IRR  |
|--------------|-------------------------------------|--------------|-------------|---------------------|--------------------------|------------|-------------------------|---------------------|-------------------------------|------|
| Real Estate  | Metropolitan Real Estate Partners V | 2007         | \$2,000,000 | \$1,885,000         | \$2,051,942              | \$198,679  | \$2,250,621             | \$115,000           | 94.25%                        | 3.37 |

**Time and Dollar Weighted Returns**

|                                     | Q4-18  | YTD    | 1 Yr   | 2 Yrs  | 3 Yrs  | 4 Yrs  | 5 Yrs  |
|-------------------------------------|--------|--------|--------|--------|--------|--------|--------|
| Metropolitan Real Estate Partners V |        |        |        |        |        |        |        |
| Time Weighted                       | -1.07% | -7.70% | -7.70% | -7.76% | -3.73% | -0.52% | 3.40%  |
| Money Weighted                      | -1.07% | -7.64% | -7.64% | -7.53% | -1.78% | 4.65%  | 11.14% |
| NCREIF Property Index               | 1.37%  | 6.71%  | 6.71%  | 6.84%  | 7.22%  | 8.71%  | 9.33%  |

|                                     | 2018   | 2017   | 2016  | 2015   | 2014   | 2013   | Inception 11/30/07 |
|-------------------------------------|--------|--------|-------|--------|--------|--------|--------------------|
| Metropolitan Real Estate Partners V |        |        |       |        |        |        |                    |
| Time Weighted                       | -7.70% | -7.81% | 4.86% | 9.75%  | 20.70% | 14.26% | -5.09%             |
| Money Weighted                      | -7.64% | -7.45% | 3.86% | 11.04% | 19.67% | 13.59% | 3.37%              |
| NCREIF Property Index               | 6.71%  | 6.98%  | 7.97% | 13.33% | 11.81% | 10.99% | 6.39%              |

**Time-Weighted Return** - The current reporting system utilizes the Modified Dietz methodology for calculating time-weighted returns. This methodology accounts for inter-period cash flows by comparing the net gain in value with the average market value over the time interval. Average capital allows for the timing of each external flow.

**Internal Rate of Return** - The IRR (also referred to as the dollar-weighted return) differs from the TWR in that it calculates the return rate at which the present value of cash outflows equals the present value of cash inflows. Its distinguishing characteristic is that this methodology is generally viewed to better accommodate the extreme cash flows and changes in market values that often accompany private equity or private real estate investments.

**Non-Marketable Securities Overview**  
As of December 31, 2018

| Account Type | Account                       | Vintage Year | Commitment  | Cumulative Takedown | Cumulative Distributions | Value (RV) | Total Value (RV + Dist) | Unfunded Commitment | Takedown (takedowns / commit) | IRR    |
|--------------|-------------------------------|--------------|-------------|---------------------|--------------------------|------------|-------------------------|---------------------|-------------------------------|--------|
| Real Estate  | Morrison Street Fund IV Q, LP | 2012         | \$5,200,000 | \$5,038,214         | \$7,444,582              | \$0        | \$7,444,582             | \$161,786           | 96.89%                        | 15.98% |

**Time and Dollar Weighted Returns**

| Morrison Street Fund IV Q, LP | Q4-18   | YTD     | 1 Yr    | 2 Yrs   | 3 Yrs  | 4 Yrs  | 5 Yrs  |
|-------------------------------|---------|---------|---------|---------|--------|--------|--------|
| Time Weighted                 | -24.00% | -23.74% | -23.74% | -10.44% | -0.94% | 3.50%  | 6.39%  |
| Money Weighted                | -5.50%  | -3.14%  | -3.14%  | 3.88%   | 15.94% | 16.64% | 17.62% |
| NCREIF Property Index         | 1.37%   | 6.71%   | 6.71%   | 6.84%   | 7.22%  | 8.71%  | 9.33%  |

| Morrison Street Fund IV Q, LP | 2018    | 2017  | 2016   | 2015   | 2014   | Inception 7/1/12 |
|-------------------------------|---------|-------|--------|--------|--------|------------------|
| Time Weighted                 | -23.74% | 5.19% | 21.19% | 18.03% | 18.77% | 9.69%            |
| Money Weighted                | -3.14%  | 5.79% | 23.73% | 17.41% | 18.88% | 15.98%           |
| NCREIF Property Index         | 6.71%   | 6.98% | 7.97%  | 13.33% | 11.81% | 9.64%            |

Contributions paid into Morrison Street Fund IV Q, LP are higher than what is reflected on the Manager statement.

This is due to the interest charge of \$122,762.15 paid at the time of initial investment.

Therefore the Unfunded Commitment also varies from the Manager statement.

**Time-Weighted Return** - The current reporting system utilizes the Modified Dietz methodology for calculating time-weighted returns. This methodology accounts for inter-period cash flows by comparing the net gain in value with the average market value over the time interval. Average capital allows for the timing of each external flow.

**Internal Rate of Return** - The IRR (also referred to as the dollar-weighted return) differs from the TWR in that it calculates the return rate at which the present value of cash outflows equals the present value of cash inflows. Its distinguishing characteristic is that this methodology is generally viewed to better accommodate the extreme cash flows and changes in market values that often accompany private equity or private real estate investments.

**Non-Marketable Securities Overview**

As of December 31, 2018

| Account Type | Account                    | Vintage Year | Commitment  | Cumulative Takedown | Cumulative Distributions | Value (RV)  | Total Value (RV + Dist) | Unfunded Commitment | Takedown (takedowns / commit) | IRR   |
|--------------|----------------------------|--------------|-------------|---------------------|--------------------------|-------------|-------------------------|---------------------|-------------------------------|-------|
| Real Estate  | Morrison Street Fund V, LP | 2014         | \$6,080,000 | \$5,960,493         | \$4,122,060              | \$4,128,162 | \$8,250,222             | \$119,507           | 98.03%                        | 12.32 |

**Time and Dollar Weighted Returns**

|                            |        |        |        |        |                   |
|----------------------------|--------|--------|--------|--------|-------------------|
| Morrison Street Fund V, LP | Q4-18  | YTD    | 1 Yr   | 2 Yrs  | 3 Yrs             |
| Time Weighted              | 4.62%  | 10.12% | 10.12% | 14.01% | 13.03%            |
| Money Weighted             | 4.62%  | 9.97%  | 9.97%  | 14.48% | 13.32%            |
| NCREIF Property Index      | 1.37%  | 6.71%  | 6.71%  | 6.84%  | 7.22%             |
| Morrison Street Fund V, LP | 2018   | 2017   | 2016   | 2015   | Inception 6/30/14 |
| Time Weighted              | 10.12% | 18.03% | 11.10% | 11.89% | 11.30%            |
| Money Weighted             | 9.97%  | 17.74% | 11.31% | 13.31% | 12.32%            |
| NCREIF Property Index      | 6.71%  | 6.98%  | 7.97%  | 13.33% | 9.05%             |

**Time-Weighted Return** - The current reporting system utilizes the Modified Dietz methodology for calculating time-weighted returns. This methodology accounts for inter-period cash flows by comparing the net gain in value with the average market value over the time interval. Average capital allows for the timing of each external flow.

**Internal Rate of Return** - The IRR (also referred to as the dollar-weighted return) differs from the TWR in that it calculates the return rate at which the present value of cash outflows equals the present value of cash inflows. Its distinguishing characteristic is that this methodology is generally viewed to better accommodate the extreme cash flows and changes in market values that often accompany private equity or private real estate investments.

**Non-Marketable Securities Overview**

As of December 31, 2018

| Account Type | Account                                  | Vintage Year | Commitment  | Cumulative Takedown | Cumulative Distributions | Value (RV)  | Total Value (RV + Dist) | Unfunded Commitment | Takedown (takedowns / commit) | IRR  |
|--------------|--|--------------|-------------|---------------------|--------------------------|-------------|-------------------------|---------------------|-------------------------------|------|
| Real Estate  | Morrison Street Debt Opportunities Fd LP | 2017         | \$5,000,000 | \$4,514,838         | \$936,137                | \$4,146,895 | \$5,083,032             | \$485,162           | 90.30%                        | 7.77 |

**Time and Dollar Weighted Returns**

|  |       |       |       |        |                    |
|--|-------|-------|-------|--------|--------------------|
| Morrison Street Debt Opportunities Fd LP | Q4-18 | YTD   | 1 Yr  | 2 Yrs  | 3 Yrs              |
| Time Weighted                            | 2.46% | 9.94% | 9.94% | 7.17%  |                    |
| Money Weighted                           | 2.46% | 9.92% | 9.92% | 7.77%  |                    |
| NCREIF - ODCE NET                        | 1.53% | 7.38% | 7.38% | 7.02%  | 7.27%              |
| Morrison Street Debt Opportunities Fd LP | 2018  | 2017  | 2016  | 2015   | Inception 12/31/16 |
| Time Weighted                            | 9.94% | 4.47% |       |        | 7.17%              |
| Money Weighted                           | 9.92% | 5.28% |       |        | 7.77%              |
| NCREIF - ODCE NET                        | 7.38% | 6.66% | 7.79% | 13.91% | 7.02%              |

**Time-Weighted Return** - The current reporting system utilizes the Modified Dietz methodology for calculating time-weighted returns. This methodology accounts for inter-period cash flows by comparing the net gain in value with the average market value over the time interval. Average capital allows for the timing of each external flow.

**Internal Rate of Return** - The IRR (also referred to as the dollar-weighted return) differs from the TWR in that it calculates the return rate at which the present value of cash outflows equals the present value of cash inflows. Its distinguishing characteristic is that this methodology is generally viewed to better accommodate the extreme cash flows and changes in market values that often accompany private equity or private real estate investments.



# Spokane Employees' Retirement System

As of December 31, 2018

## Non-Marketable Securities Overview

As of December 31, 2018

| Account Type      | Account                       | Vintage Year | Commitment  | Cumulative Takedown | Cumulative Distributions | Value (RV)  | Total Value (RV + Dist) | Unfunded Commitment | Takedown (takedowns / commit) | IRR  |
|-------------------|-------------------------------|--------------|-------------|---------------------|--------------------------|-------------|-------------------------|---------------------|-------------------------------|------|
| Long Biased Hedge | Orbimed Royalty Opportunities | 2011         | \$5,000,000 | \$5,000,000         | \$3,810,412              | \$2,293,451 | \$6,103,863             | \$0                 | 100.00%                       | 5.78 |

## Time and Dollar Weighted Returns

| Orbimed Royalty Opportunities      | Q4-18   | YTD    | 1 Yr   | 2 Yrs  | 3 Yrs | 4 Yrs | 5 Yrs |
|------------------------------------|---------|--------|--------|--------|-------|-------|-------|
| Time Weighted                      | -5.63%  | 22.03% | 22.03% | 12.91% | 0.29% | 2.62% | 4.05% |
| Money Weighted                     | -5.18%  | 25.50% | 25.50% | 14.04% | 0.78% | 3.65% | 4.89% |
| HFRI Fund of Funds Composite Index | -5.00%  | -4.08% | -4.08% | 1.67%  | 1.29% | 0.90% | 1.38% |
| S&P 500                            | -13.52% | -4.38% | -4.38% | 7.93%  | 9.26% | 7.23% | 8.49% |

| Orbimed Royalty Opportunities      | 2018   | 2017   | 2016    | 2015   | 2014   | 2013   | Inception 9/1/11 |
|------------------------------------|--------|--------|---------|--------|--------|--------|------------------|
| Time Weighted                      | 22.03% | 4.47%  | -20.87% | 9.95%  | 9.99%  | 6.17%  | 6.78%            |
| Money Weighted                     | 25.50% | 4.57%  | -17.15% | 9.99%  | 10.00% | 6.90%  | 5.78%            |
| HFRI Fund of Funds Composite Index | -4.08% | 7.77%  | 0.51%   | -0.27% | 3.36%  | 8.96%  | 2.32%            |
| S&P 500                            | -4.38% | 21.83% | 11.96%  | 1.38%  | 13.69% | 32.39% | 12.68%           |

**Time-Weighted Return** - The current reporting system utilizes the Modified Dietz methodology for calculating time-weighted returns. This methodology accounts for inter-period cash flows by comparing the net gain in value with the average market value over the time interval. Average capital allows for the timing of each external flow.

**Internal Rate of Return** - The IRR (also referred to as the dollar-weighted return) differs from the TWR in that it calculates the return rate at which the present value of cash outflows equals the present value of cash inflows. Its distinguishing characteristic is that this methodology is generally viewed to better accommodate the extreme cash flows and changes in market values that often accompany private equity or private real estate investments.

**Non-Marketable Securities Overview**  
As of December 31, 2018

| Account Type      | Account                          | Vintage Year | Commitment  | Cumulative Takedown | Cumulative Distributions | Value (RV)  | Total Value (RV + Dist) | Unfunded Commitment | Takedown (takedowns / commit) | IRR   |
|-------------------|----------------------------------|--------------|-------------|---------------------|--------------------------|-------------|-------------------------|---------------------|-------------------------------|-------|
| Long Biased Hedge | Orbimed Royalty Opportunities II | 2015         | \$5,000,000 | \$3,792,500         | \$1,760,226              | \$2,730,281 | \$4,490,507             | \$1,207,500         | 75.85%                        | 11.95 |

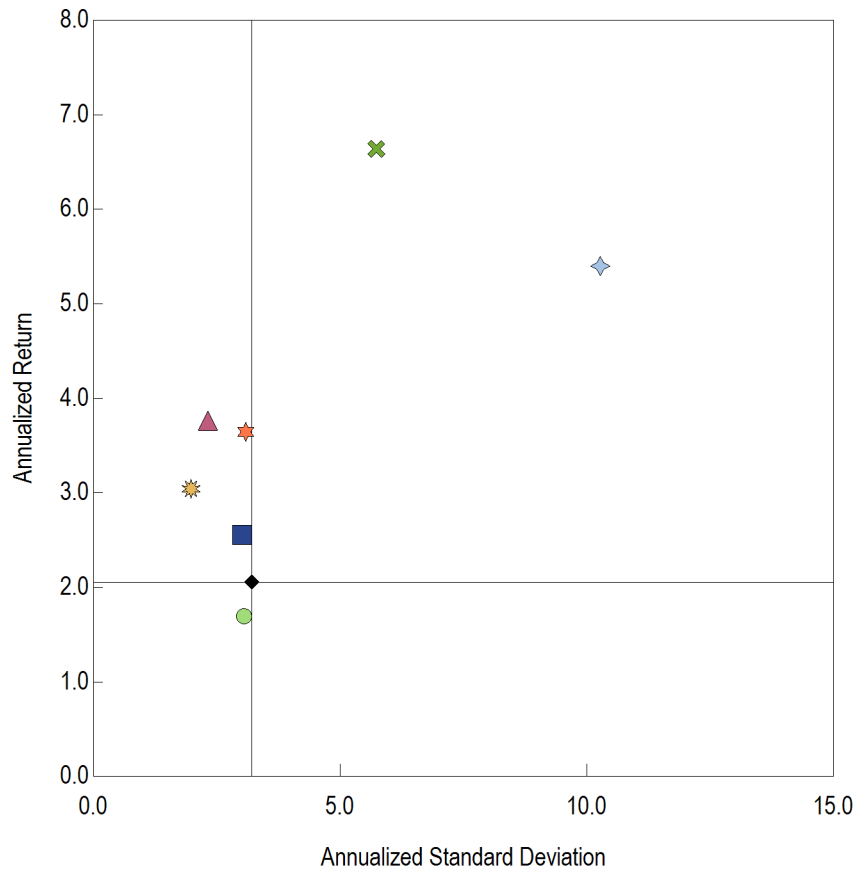
**Time and Dollar Weighted Returns**

|                                    | Q4-18   | YTD    | 1 Yr   | 2 Yrs  | 3 Yrs            |
|------------------------------------|---------|--------|--------|--------|------------------|
| Orbimed Royalty Opportunities II   |         |        |        |        |                  |
| Time Weighted                      | 4.55%   | 15.59% | 15.59% | 13.92% | 9.30%            |
| Money Weighted                     | 4.38%   | 15.15% | 15.15% | 14.13% | 11.54%           |
| HFRI Fund of Funds Composite Index | -5.00%  | -4.08% | -4.08% | 1.67%  | 1.29%            |
| S&P 500                            | -13.52% | -4.38% | -4.38% | 7.93%  | 9.26%            |
| Orbimed Royalty Opportunities II   | 2018    | 2017   | 2016   | 2015   | Inception 4/1/15 |
| Time Weighted                      | 15.59%  | 12.28% | 0.60%  |        | 11.83%           |
| Money Weighted                     | 15.15%  | 12.85% | -0.05% |        | 11.95%           |
| HFRI Fund of Funds Composite Index | -4.08%  | 7.77%  | 0.51%  | -0.27% | 0.29%            |
| S&P 500                            | -4.38%  | 21.83% | 11.96% | 1.38%  | 7.46%            |

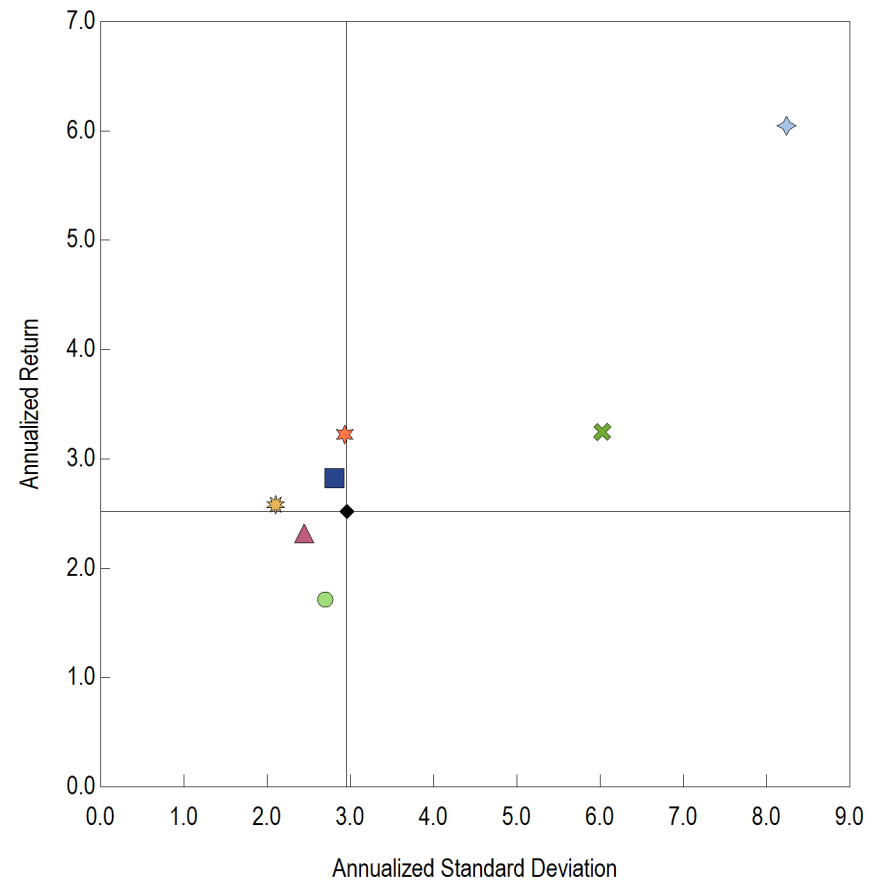
**Time-Weighted Return** - The current reporting system utilizes the Modified Dietz methodology for calculating time-weighted returns. This methodology accounts for inter-period cash flows by comparing the net gain in value with the average market value over the time interval. Average capital allows for the timing of each external flow.

**Internal Rate of Return** - The IRR (also referred to as the dollar-weighted return) differs from the TWR in that it calculates the return rate at which the present value of cash outflows equals the present value of cash inflows. Its distinguishing characteristic is that this methodology is generally viewed to better accommodate the extreme cash flows and changes in market values that often accompany private equity or private real estate investments.

Annualized Return vs. Annualized Standard Deviation  
3 Years Ending December 31, 2018



Annualized Return vs. Annualized Standard Deviation  
5 Years Ending December 31, 2018

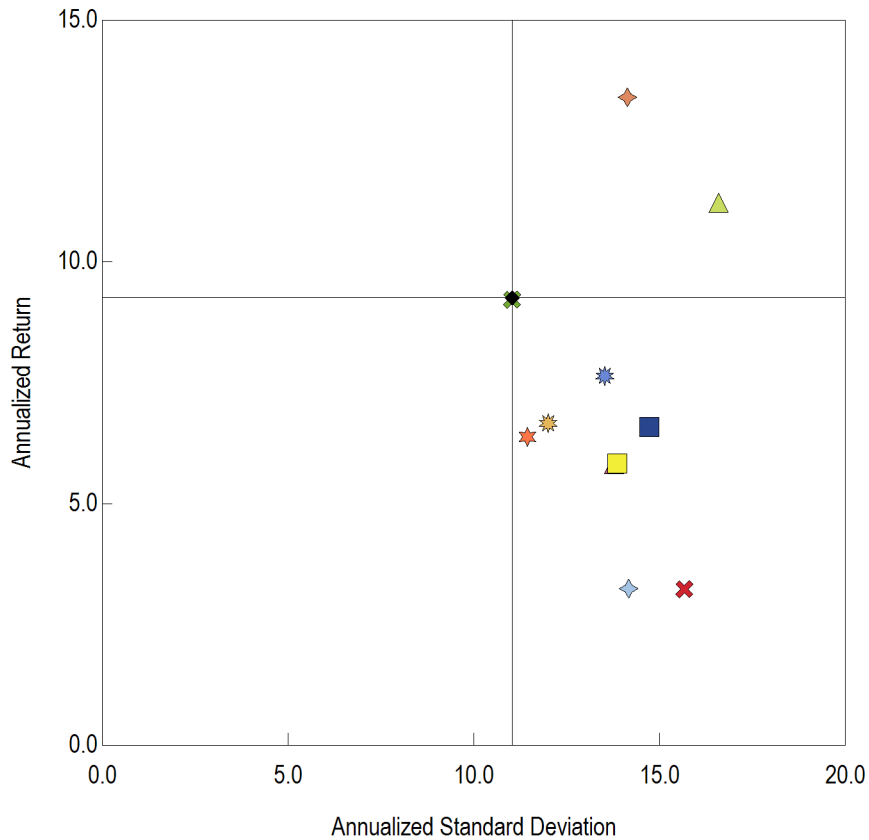


- Sterling Core Bond
- ✕ Hotchkis & Wiley High Yield
- ⚡ Post Lmtd Term High Yield
- ▲ Rimrock Low Volatility Offshore
- ◆ Castine Partners II \*\*
- ★ Polar Long Short Fund
- ◆ BBgBarc US Aggregate TR
- HFRI FOF: Conservative Index

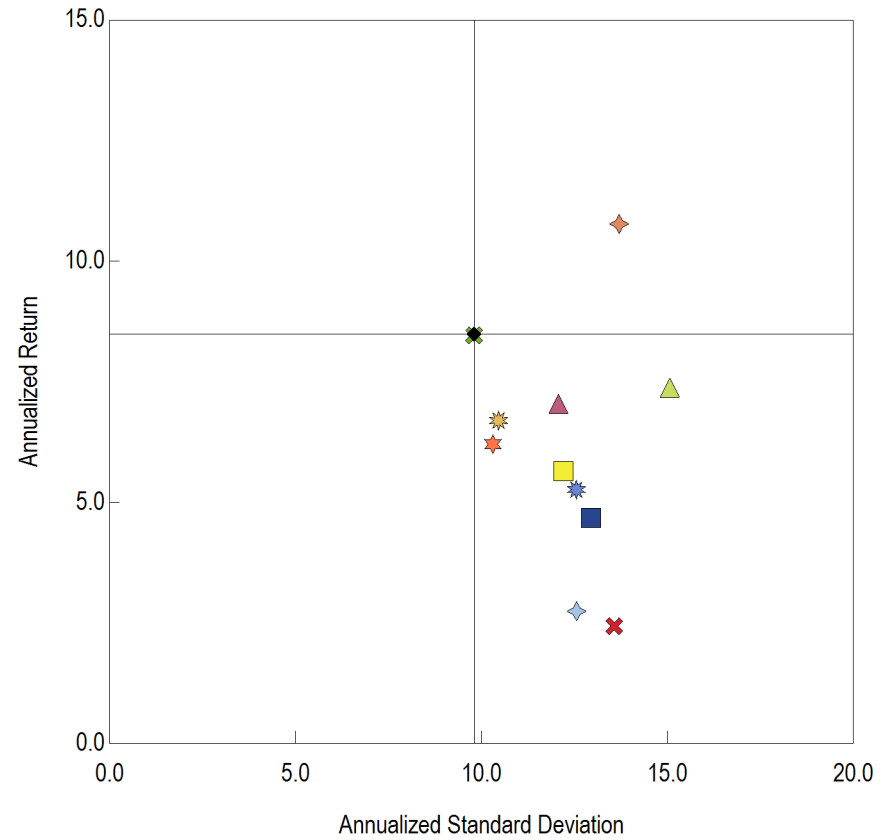
- Sterling Core Bond
- ✕ Hotchkis & Wiley High Yield
- ⚡ Post Lmtd Term High Yield
- ▲ Rimrock Low Volatility Offshore
- ◆ Castine Partners II \*\*
- ★ Polar Long Short Fund
- ◆ BBgBarc US Aggregate TR
- HFRI FOF: Conservative Index

\*\* Performance prior to 7/1/18 is representative of Castine Partners I.

Annualized Return vs. Annualized Standard Deviation  
3 Years Ending December 31, 2018



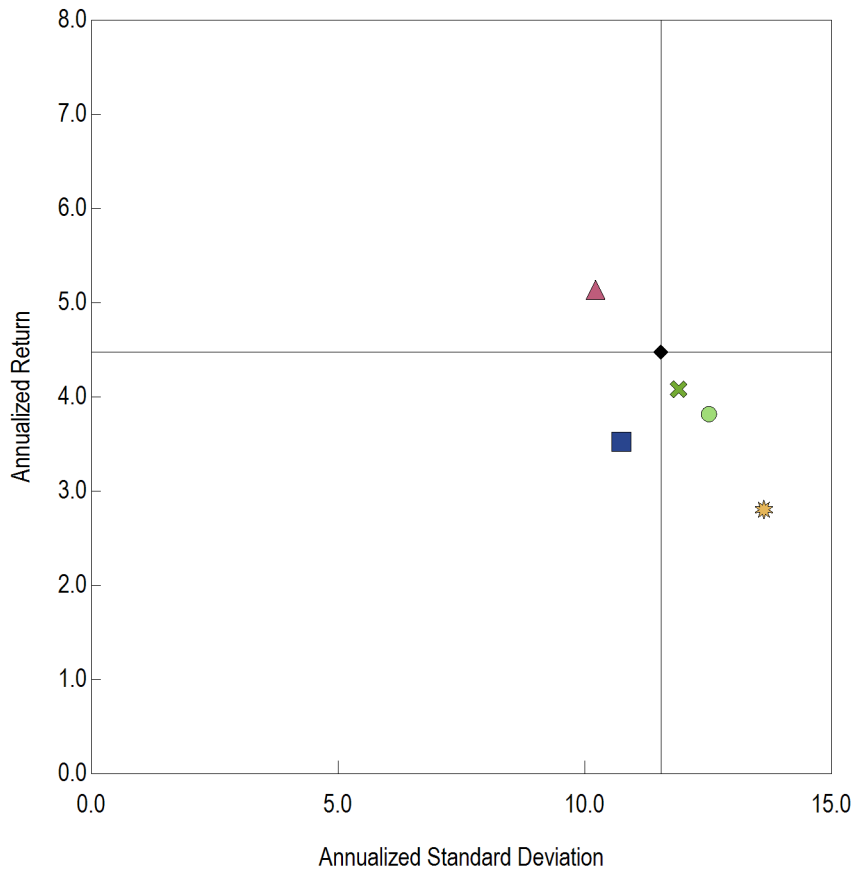
Annualized Return vs. Annualized Standard Deviation  
5 Years Ending December 31, 2018



- Hotchkis & Wiley Diversified Value I
- ✱ Vanguard Institutional Index
- ✱ MFS Blended Research Core
- ▲ Jackson Square Large Cap Growth Eq
- ◆ Sterling Mid Cap Value
- ★ Vanguard Mid Cap Index
- Vanguard Mid Cap Growth
- ✱ Frontier Phocas Small Cap Value I
- ✱ Vanguard Small Cap Index
- ▲ Champlain Small Cap
- ◆ Bridge City Small Growth
- ◆ S&P 500

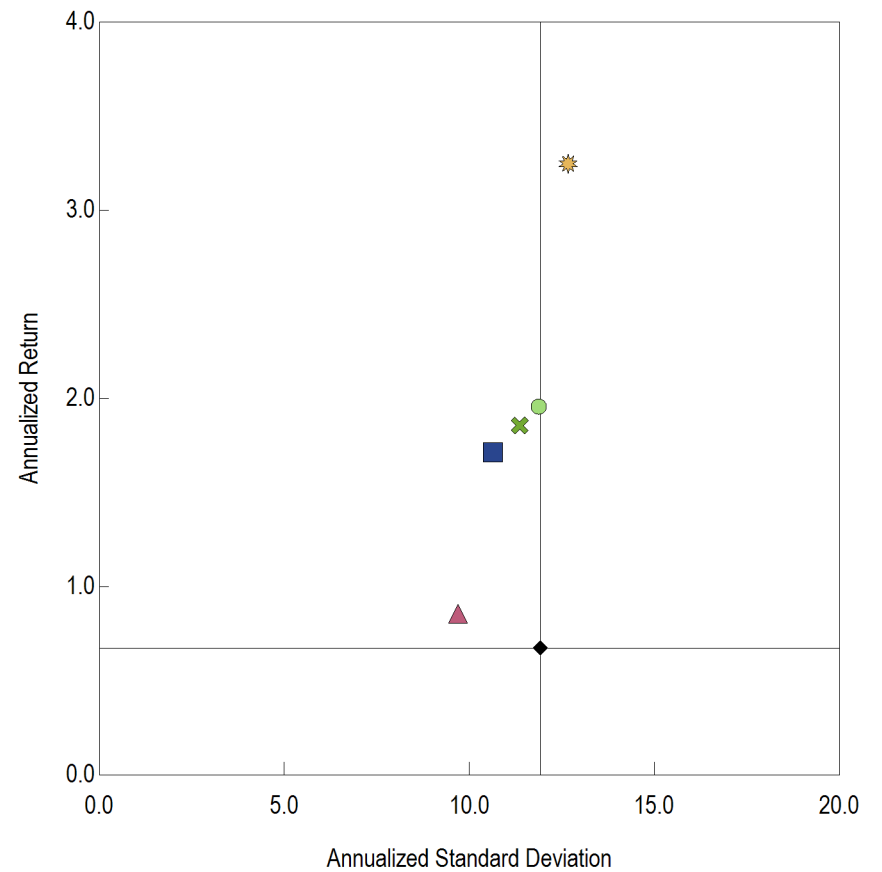
- Hotchkis & Wiley Diversified Value I
- ✱ Vanguard Institutional Index
- ✱ MFS Blended Research Core
- ▲ Jackson Square Large Cap Growth Eq
- ◆ Sterling Mid Cap Value
- ★ Vanguard Mid Cap Index
- Vanguard Mid Cap Growth
- ✱ Frontier Phocas Small Cap Value I
- ✱ Vanguard Small Cap Index
- ▲ Champlain Small Cap
- ◆ Bridge City Small Growth
- ◆ S&P 500

Annualized Return vs. Annualized Standard Deviation  
3 Years Ending December 31, 2018



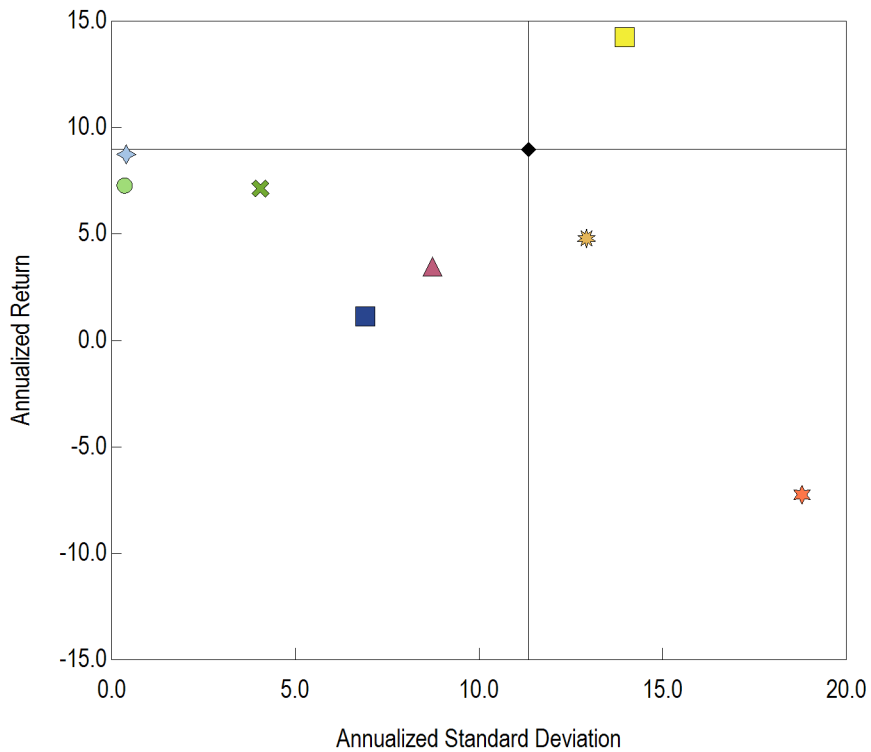
- Artisan International Value
- ✕ EuroPacific Growth R6
- ✱ Victory Trivalent International Small Cap
- ▲ Vanguard Emerging Markets Stock Index Fund
- ◆ MSCI ACWI ex USA
- MSCI ACWI xUS Small (net)

Annualized Return vs. Annualized Standard Deviation  
5 Years Ending December 31, 2018

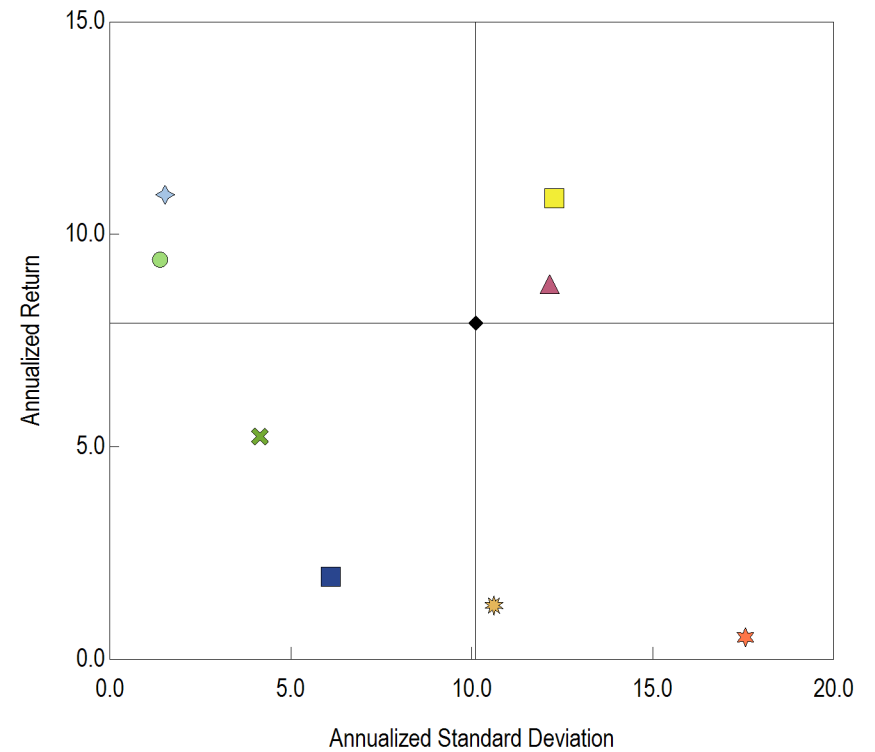


- Artisan International Value
- ✕ EuroPacific Growth R6
- ✱ Victory Trivalent International Small Cap
- ▲ Vanguard Emerging Markets Stock Index Fund
- ◆ MSCI ACWI ex USA
- MSCI ACWI xUS Small (net)

Annualized Return vs. Annualized Standard Deviation  
3 Years Ending December 31, 2018



Annualized Return vs. Annualized Standard Deviation  
5 Years Ending December 31, 2018

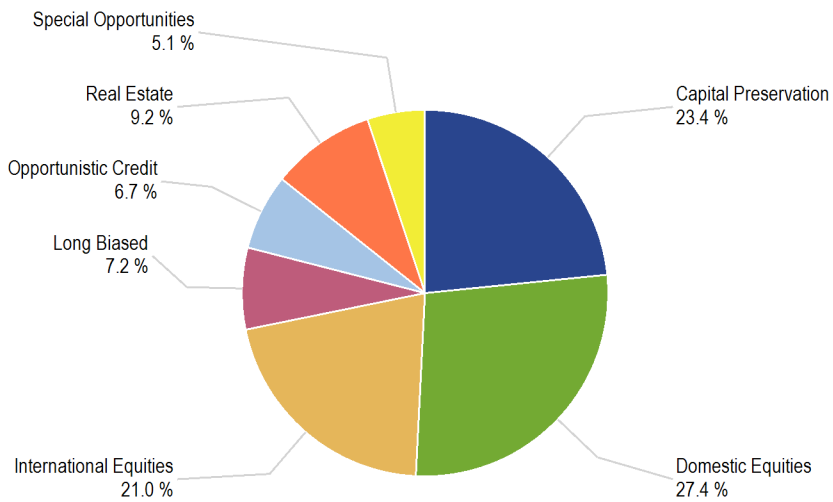


- Weatherlow Offshore
- ✕ Beach Point Select Fund
- ⚡ Contrarian Capital Fund I, LP
- ▲ SERS Principal Global Investors REIT
- ◆ Prime Property LLC
- ★ OrbiMed Partners II
- Contrarian Emerging Markets Fund LP
- ◆ Russell 3000
- NCREIF - ODCE NET

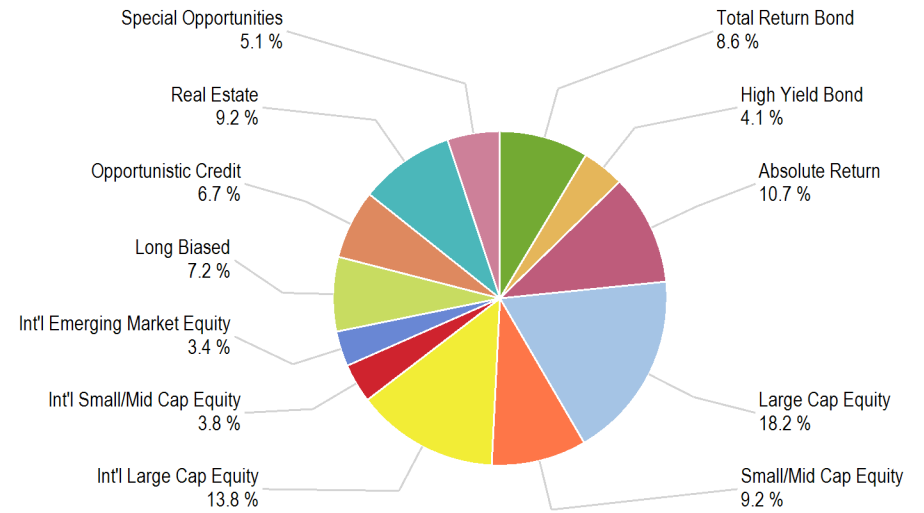
- Weatherlow Offshore
- ✕ Beach Point Select Fund
- ⚡ Contrarian Capital Fund I, LP
- ▲ SERS Principal Global Investors REIT
- ◆ Prime Property LLC
- ★ OrbiMed Partners II
- Contrarian Emerging Markets Fund LP
- ◆ Russell 3000
- NCREIF - ODCE NET

# Section 3

Current Allocation



Current Implementation Allocation

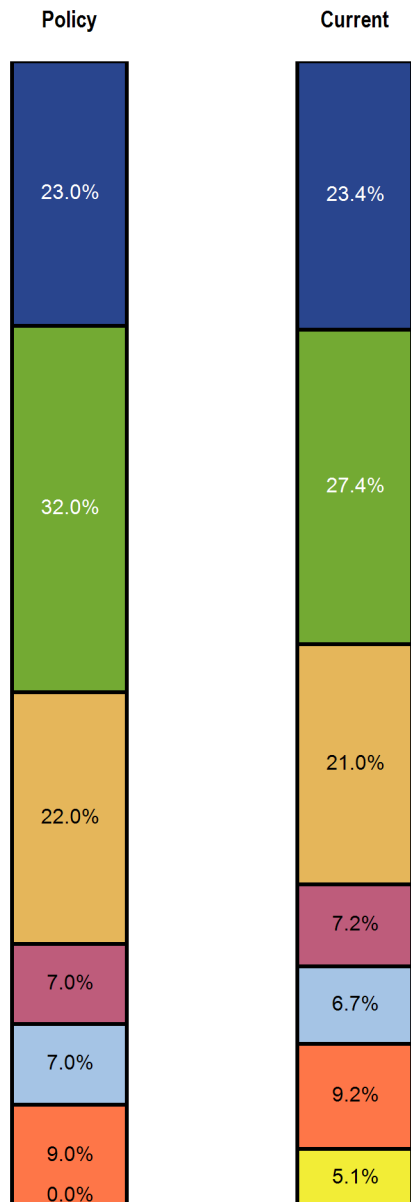




# Spokane Employees' Retirement System

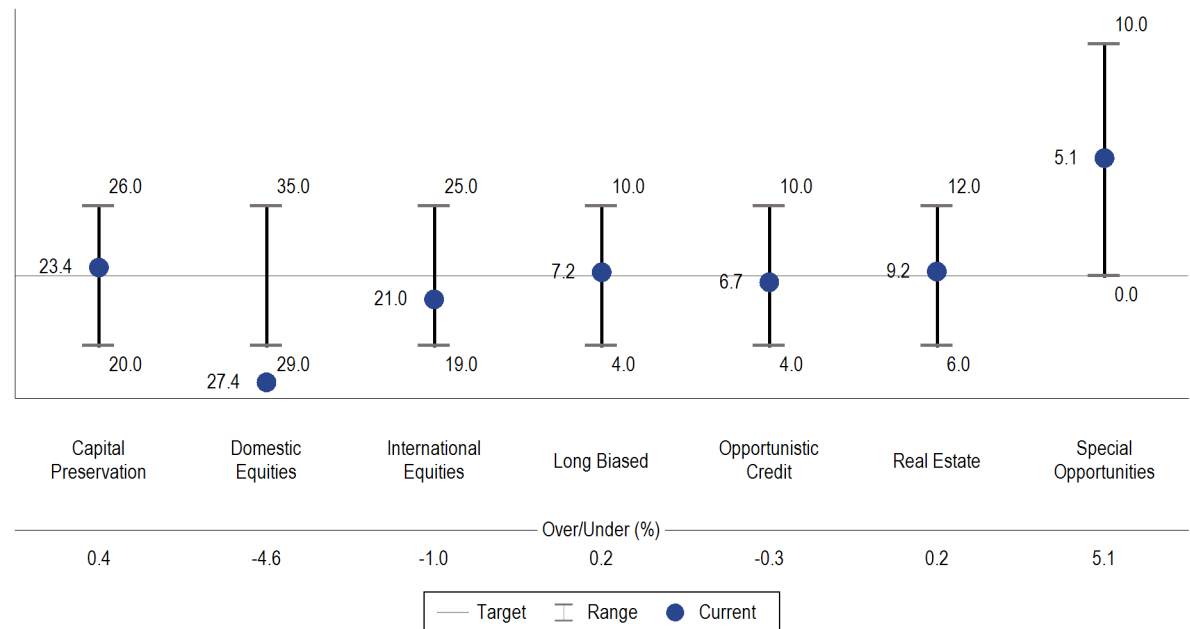
As of December 31, 2018

## Asset Allocation vs. Target



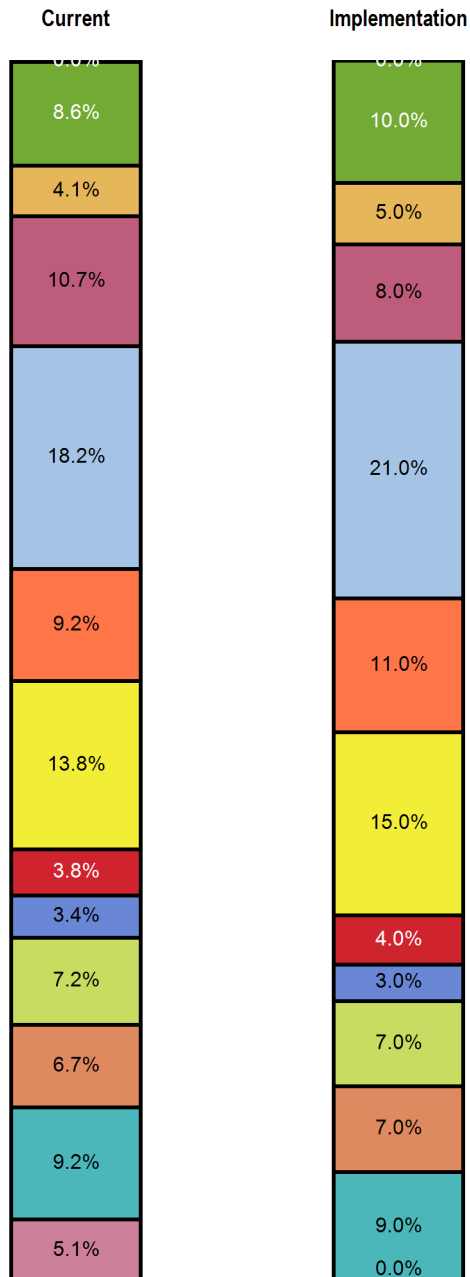
|                        | Inv Pol Stmt         | %             | Inv Pol Stmt Range | Current              | %             | Difference    | %     |
|------------------------|----------------------|---------------|--------------------|----------------------|---------------|---------------|-------|
| Capital Preservation   | \$64,123,286         | 23.0%         | 20.0% - 26.0%      | \$65,169,082         | 23.4%         | \$1,045,796   | 0.4%  |
| Domestic Equities      | \$89,215,006         | 32.0%         | 29.0% - 35.0%      | \$76,455,453         | 27.4%         | -\$12,759,553 | -4.6% |
| International Equities | \$61,335,317         | 22.0%         | 19.0% - 25.0%      | \$58,548,053         | 21.0%         | -\$2,787,264  | -1.0% |
| Long Biased            | \$19,515,783         | 7.0%          | 4.0% - 10.0%       | \$19,988,374         | 7.2%          | \$472,591     | 0.2%  |
| Opportunistic Credit   | \$19,515,783         | 7.0%          | 4.0% - 10.0%       | \$18,786,854         | 6.7%          | -\$728,929    | -0.3% |
| Real Estate            | \$25,091,720         | 9.0%          | 6.0% - 12.0%       | \$25,656,721         | 9.2%          | \$565,000     | 0.2%  |
| Special Opportunities  | \$0                  | 0.0%          | 0.0% - 10.0%       | \$14,192,358         | 5.1%          | \$14,192,358  | 5.1%  |
| <b>Total</b>           | <b>\$278,796,894</b> | <b>100.0%</b> |                    | <b>\$278,796,894</b> | <b>100.0%</b> |               |       |

## Actual vs. Target



# Spokane Employees' Retirement System

As of December 31, 2018



## Asset Allocation on December 31, 2018

|                              | Actual               | Actual        | Target        |
|------------------------------|----------------------|---------------|---------------|
| Cash                         | \$24,864             | 0.0%          | 0.0%          |
| Total Return Bond            | \$23,898,706         | 8.6%          | 10.0%         |
| High Yield Bond              | \$11,491,293         | 4.1%          | 5.0%          |
| Absolute Return              | \$29,754,219         | 10.7%         | 8.0%          |
| Large Cap Equity             | \$50,870,262         | 18.2%         | 21.0%         |
| Small/Mid Cap Equity         | \$25,585,191         | 9.2%          | 11.0%         |
| Int'l Large Cap Equity       | \$38,430,994         | 13.8%         | 15.0%         |
| Int'l Small/Mid Cap Equity   | \$10,600,384         | 3.8%          | 4.0%          |
| Int'l Emerging Market Equity | \$9,516,675          | 3.4%          | 3.0%          |
| Long Biased                  | \$19,988,374         | 7.2%          | 7.0%          |
| Opportunistic Credit         | \$18,786,854         | 6.7%          | 7.0%          |
| Real Estate                  | \$25,656,721         | 9.2%          | 9.0%          |
| Special Opportunities        | \$14,192,358         | 5.1%          | 0.0%          |
| <b>Total</b>                 | <b>\$278,796,894</b> | <b>100.0%</b> | <b>100.0%</b> |

# Spokane Employees' Retirement System

As of December 31, 2018

## Asset Allocation vs. Target

|  | Target Allocation   | %            | Target Allocation Range | Current             | %            | Difference           | %            | Within Range |
|--|---------------------|--------------|-------------------------|---------------------|--------------|----------------------|--------------|--------------|
| <b>Capital Preservation</b>            | <b>\$64,123,286</b> | <b>23.0%</b> | <b>20.0% - 26.0%</b>    | <b>\$65,169,082</b> | <b>23.4%</b> | <b>\$1,045,796</b>   | <b>0.4%</b>  | <b>Yes</b>   |
| Cash                                   | \$0                 | 0.0%         | 0.0% - 2.0%             | \$24,864            | 0.0%         | \$24,864             | 0.0%         | Yes          |
| Fidelity Instl Govt Money Market       |                     |              |                         | \$24,864            | 0.0%         |                      |              |              |
| Total Return Bond                      | \$27,879,689        | 10.0%        | 8.0% - 12.0%            | \$23,898,706        | 8.6%         | -\$3,980,983         | -1.4%        | Yes          |
| Sterling Core Bond                     |                     |              |                         | \$23,898,706        | 8.6%         |                      |              |              |
| High Yield Bond                        | \$13,939,845        | 5.0%         | 3.0% - 7.0%             | \$11,491,293        | 4.1%         | -\$2,448,552         | -0.9%        | Yes          |
| Hotchkis & Wiley High Yield            |                     |              |                         | \$11,491,293        | 4.1%         |                      |              |              |
| Absolute Return                        | \$22,303,752        | 8.0%         | 6.0% - 10.0%            | \$29,754,219        | 10.7%        | \$7,450,468          | 2.7%         | No           |
| Polar Long/Short Fund                  |                     |              |                         | \$6,708,294         | 2.4%         |                      |              |              |
| Post Lmted Term High Yield             |                     |              |                         | \$6,013,411         | 2.2%         |                      |              |              |
| Rimrock Low Volatility Offshore        |                     |              |                         | \$9,869,620         | 3.5%         |                      |              |              |
| Castine Partners II                    |                     |              |                         | \$7,162,894         | 2.6%         |                      |              |              |
| <b>Domestic Equities</b>               | <b>\$89,215,006</b> | <b>32.0%</b> | <b>29.0% - 35.0%</b>    | <b>\$76,455,453</b> | <b>27.4%</b> | <b>-\$12,759,553</b> | <b>-4.6%</b> | <b>No</b>    |
| Large Cap Equity                       | \$58,547,348        | 21.0%        | 19.0% - 23.0%           | \$50,870,262        | 18.2%        | -\$7,677,086         | -2.8%        | No           |
| Hotchkis & Wiley Div Value I           |                     |              |                         | \$13,595,216        | 4.9%         |                      |              |              |
| Vanguard Institutional Index           |                     |              |                         | \$9,916,898         | 3.6%         |                      |              |              |
| MFS Blended Research Core              |                     |              |                         | \$12,959,766        | 4.6%         |                      |              |              |
| Jackson Square Large-Cap Growth Equity |                     |              |                         | \$14,398,382        | 5.2%         |                      |              |              |

## Spokane Employees' Retirement System

As of December 31, 2018

|   | Target Allocation   | %            | Target Allocation Range | Current             | %            | Difference          | %            | Within Range |
|---|---------------------|--------------|-------------------------|---------------------|--------------|---------------------|--------------|--------------|
| <b>Small/Mid Cap Equity</b>               | <b>\$30,667,658</b> | <b>11.0%</b> | <b>9.0% - 13.0%</b>     | <b>\$25,585,191</b> | <b>9.2%</b>  | <b>-\$5,082,468</b> | <b>-1.8%</b> | <b>Yes</b>   |
| Sterling Mid Cap Value                    |                     |              |                         | \$3,934,337         | 1.4%         |                     |              |              |
| Vanguard Mid Cap Index                    |                     |              |                         | \$3,569,354         | 1.3%         |                     |              |              |
| Vanguard Mid Cap Growth                   |                     |              |                         | \$3,486,515         | 1.3%         |                     |              |              |
| Frontier Sm Cap Value I                   |                     |              |                         | \$3,326,052         | 1.2%         |                     |              |              |
| Vanguard Small Cap Index                  |                     |              |                         | \$780,462           | 0.3%         |                     |              |              |
| Bridge City Small Growth                  |                     |              |                         | \$4,995,054         | 1.8%         |                     |              |              |
| Champlain Small Cap                       |                     |              |                         | \$5,493,418         | 2.0%         |                     |              |              |
| <b>International Equities</b>             | <b>\$61,335,317</b> | <b>22.0%</b> | <b>19.0% - 25.0%</b>    | <b>\$58,548,053</b> | <b>21.0%</b> | <b>-\$2,787,264</b> | <b>-1.0%</b> | <b>Yes</b>   |
| Int'l Large Cap Equity                    | \$41,819,534        | 15.0%        | 13.0% - 17.0%           | \$38,430,994        | 13.8%        | -\$3,388,540        | -1.2%        | Yes          |
| EuroPacific Growth R6                     |                     |              |                         | \$19,042,804        | 6.8%         |                     |              |              |
| Artisan Int'l Value                       |                     |              |                         | \$19,388,191        | 7.0%         |                     |              |              |
| Int'l Small/Mid Cap Equity                | \$11,151,876        | 4.0%         | 2.0% - 6.0%             | \$10,600,384        | 3.8%         | -\$551,492          | -0.2%        | Yes          |
| Victory Trivalent International Small Cap |                     |              |                         | \$10,600,384        | 3.8%         |                     |              |              |
| Int'l Emerging Market Equity              | \$8,363,907         | 3.0%         | 1.0% - 5.0%             | \$9,516,675         | 3.4%         | \$1,152,768         | 0.4%         | Yes          |
| Berens Global Value                       |                     |              |                         | \$936,212           | 0.3%         |                     |              |              |
| Vanguard Emerging Markets Stock Index Fd  |                     |              |                         | \$1,065,084         | 0.4%         |                     |              |              |
| ABS Emerging Markets Strategic            |                     |              |                         | \$7,515,379         | 2.7%         |                     |              |              |
| <b>Long Biased</b>                        | <b>\$19,515,783</b> | <b>7.0%</b>  | <b>4.0% - 10.0%</b>     | <b>\$19,988,374</b> | <b>7.2%</b>  | <b>\$472,591</b>    | <b>0.2%</b>  | <b>Yes</b>   |
| Long Biased                               | \$19,515,783        | 7.0%         | 4.0% - 10.0%            | \$19,988,374        | 7.2%         | \$472,591           | 0.2%         | Yes          |
| Weatherlow Offshore                       |                     |              |                         | \$14,964,642        | 5.4%         |                     |              |              |
| OrbiMed Royalty Opps II                   |                     |              |                         | \$2,730,281         | 1.0%         |                     |              |              |

## Spokane Employees' Retirement System

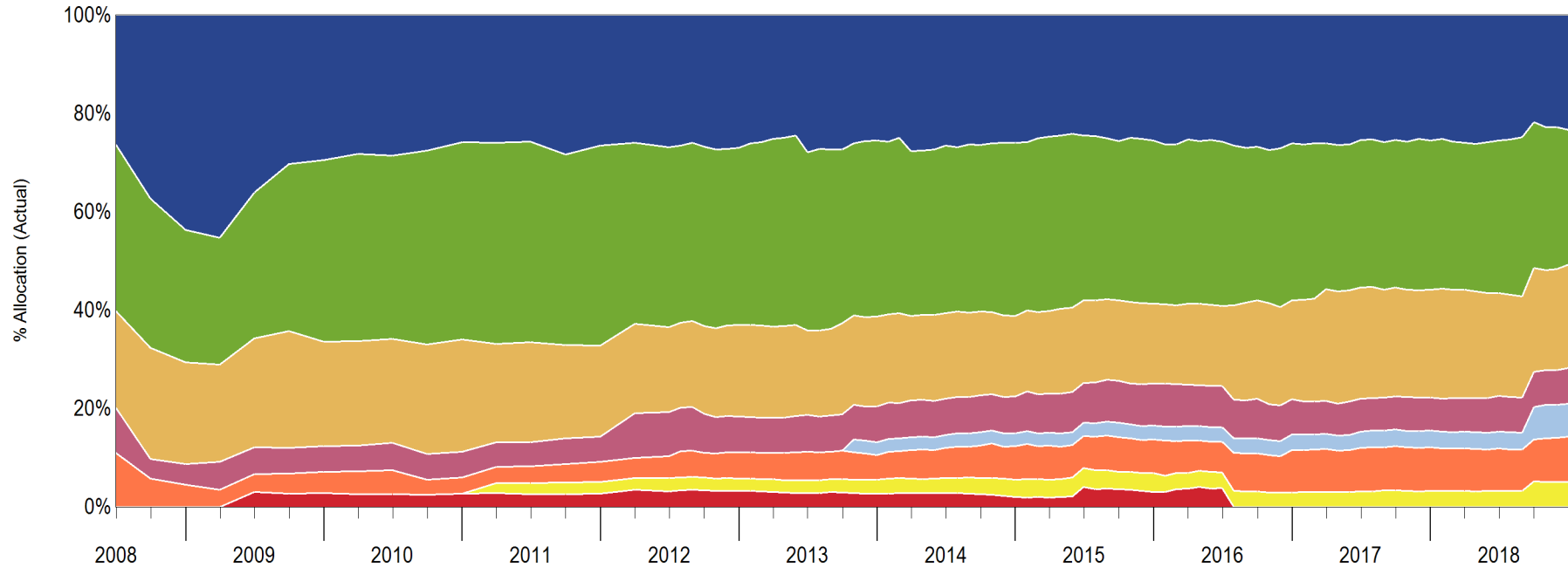
As of December 31, 2018

|  | Target Allocation    | %             | Target Allocation Range | Current              | %             | Difference          | %            | Within Range |
|--|----------------------|---------------|-------------------------|----------------------|---------------|---------------------|--------------|--------------|
| OrbiMed Royalty Opportunities              |                      |               |                         | \$2,293,451          | 0.8%          |                     |              |              |
| <b>Opportunistic Credit</b>                | <b>\$19,515,783</b>  | <b>7.0%</b>   | <b>4.0% - 10.0%</b>     | <b>\$18,786,854</b>  | <b>6.7%</b>   | <b>-\$728,929</b>   | <b>-0.3%</b> | <b>Yes</b>   |
| Opportunistic Credit                       | \$19,515,783         | 7.0%          | 4.0% - 10.0%            | \$18,786,854         | 6.7%          | -\$728,929          | -0.3%        | Yes          |
| Beach Point Select Fund LP                 |                      |               |                         | \$10,322,051         | 3.7%          |                     |              |              |
| Contrarian Capital Fund                    |                      |               |                         | \$8,464,803          | 3.0%          |                     |              |              |
| <b>Real Estate</b>                         | <b>\$25,091,720</b>  | <b>9.0%</b>   | <b>6.0% - 12.0%</b>     | <b>\$25,656,721</b>  | <b>9.2%</b>   | <b>\$565,000</b>    | <b>0.2%</b>  | <b>Yes</b>   |
| Real Estate                                | \$25,091,720         | 9.0%          | 6.0% - 12.0%            | \$25,656,721         | 9.2%          | \$565,000           | 0.2%         | Yes          |
| Principal Global Investors REIT            |                      |               |                         | \$9,723,771          | 3.5%          |                     |              |              |
| Morrison Street Fund IV                    |                      |               |                         | \$0                  | 0.0%          |                     |              |              |
| Metropolitan Realty V                      |                      |               |                         | \$198,679            | 0.1%          |                     |              |              |
| Morrison Street Fund V                     |                      |               |                         | \$4,170,140          | 1.5%          |                     |              |              |
| Morrison Street Debt Opportunities Fund LP |                      |               |                         | \$4,241,638          | 1.5%          |                     |              |              |
| Morgan Stanley Prime Property Fund         |                      |               |                         | \$7,322,492          | 2.6%          |                     |              |              |
| <b>Special Opportunities</b>               | <b>\$0</b>           | <b>0.0%</b>   | <b>0.0% - 10.0%</b>     | <b>\$14,192,358</b>  | <b>5.1%</b>   | <b>\$14,192,358</b> | <b>5.1%</b>  | <b>Yes</b>   |
| Special Opportunities                      | \$0                  | 0.0%          | 0.0% - 10.0%            | \$14,192,358         | 5.1%          | \$14,192,358        | 5.1%         | Yes          |
| Orbimed Partners II                        |                      |               |                         | \$8,192,679          | 2.9%          |                     |              |              |
| Contrarian Emerging Markets                |                      |               |                         | \$5,999,679          | 2.2%          |                     |              |              |
| <b>Total</b>                               | <b>\$278,796,894</b> | <b>100.0%</b> |                         | <b>\$278,796,894</b> | <b>100.0%</b> |                     |              |              |

# Spokane Employees' Retirement System

As of December 31, 2018

Asset Allocation History  
10 Years 6 Months Ending December 31, 2018



|     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 37. | 43. | 45. | 36. | 30. | 29. | 28. | 28. | 27. | 25. | 26. | 25. | 28. | 26. | 26. | 26. | 27. | 25. | 28. | 27. | 25. | 27. | 26. | 26. | 26. | 24. | 24. | 25. | 25. | 25. | 25. | 26. | 26. | 26. | 25. | 25. | 25. | 26. | 25. | 21. | 23. |     |     |
| 30. | 26. | 25. | 29. | 33. | 36. | 38. | 37. | 39. | 40. | 40. | 40. | 38. | 40. | 36. | 36. | 36. | 36. | 38. | 36. | 35. | 35. | 33. | 34. | 33. | 35. | 35. | 33. | 32. | 33. | 33. | 33. | 31. | 32. | 29. | 29. | 29. | 29. | 30. | 29. | 31. | 29. | 27. |
| 22. | 20. | 19. | 22. | 23. | 21. | 21. | 21. | 22. | 22. | 20. | 20. | 19. | 18. | 18. | 17. | 17. | 18. | 18. | 17. | 18. | 18. | 17. | 18. | 17. | 16. | 16. | 16. | 16. | 16. | 16. | 20. | 20. | 22. | 22. | 22. | 21. | 22. | 20. | 21. | 21. |     |     |
| 4.0 | 4.2 | 5.6 | 5.4 | 5.2 | 5.2 | 5.2 | 5.6 | 5.2 | 5.2 | 4.9 | 4.8 | 5.3 | 5.2 | 9.1 | 8.9 | 7.9 | 7.3 | 7.1 | 7.5 | 7.3 | 7.2 | 7.4 | 7.4 | 7.5 | 7.5 | 8.0 | 8.1 | 8.5 | 8.5 | 8.4 | 8.3 | 8.0 | 7.2 | 6.7 | 6.7 | 6.7 | 6.7 | 6.9 | 7.2 | 7.1 | 7.2 |     |
| --  | --  | --  | --  | --  | --  | --  | --  | --  | --  | --  | --  | --  | --  | --  | --  | --  | --  | --  | --  | --  | 2.6 | 2.6 | 2.6 | 2.7 | 2.6 | 2.7 | 2.7 | 2.9 | 2.8 | 2.9 | 3.0 | 3.0 | 3.1 | 3.1 | 3.4 | 3.4 | 3.3 | 3.4 | 3.4 | 6.6 | 6.7 |     |
| 5.7 | 4.5 | 3.5 | 3.7 | 4.1 | 4.3 | 4.6 | 4.8 | 3.0 | 3.3 | 3.3 | 3.5 | 3.7 | 4.1 | 4.1 | 4.4 | 5.1 | 5.4 | 5.4 | 5.8 | 5.8 | 5.0 | 5.8 | 6.1 | 6.6 | 6.8 | 6.9 | 6.4 | 7.1 | 6.9 | 6.5 | 6.3 | 7.7 | 8.7 | 8.7 | 8.8 | 9.0 | 8.9 | 8.6 | 8.6 | 8.5 | 9.2 |     |
| --  | --  | --  | --  | --  | --  | --  | --  | 0.0 | 2.1 | 2.2 | 2.4 | 2.4 | 2.5 | 2.7 | 2.6 | 2.5 | 2.5 | 2.6 | 2.8 | 2.8 | 2.9 | 3.0 | 3.3 | 3.5 | 3.7 | 3.9 | 3.6 | 3.8 | 3.2 | 3.1 | 3.2 | 2.9 | 3.0 | 3.2 | 3.4 | 3.3 | 3.3 | 3.3 | 5.2 | 5.1 |     |     |
| --  | --  | 0.0 | 3.0 | 2.7 | 2.8 | 2.6 | 2.6 | 2.5 | 2.7 | 2.8 | 2.6 | 2.6 | 2.7 | 3.5 | 3.2 | 3.4 | 3.2 | 3.1 | 2.8 | 2.9 | 2.7 | 2.8 | 2.9 | 2.6 | 2.0 | 1.9 | 4.1 | 3.6 | 3.1 | 3.8 | 3.9 | --  | --  | --  | --  | --  | --  | --  | --  | --  |     |     |

■ Capital Preservation   
 ■ International Equities   
 ■ Long Biased   
 ■ Opportunistic Credit   
 ■ Real Estate   
 ■ Special Opportunities   
 ■ Commodities  
■ Domestic Equities

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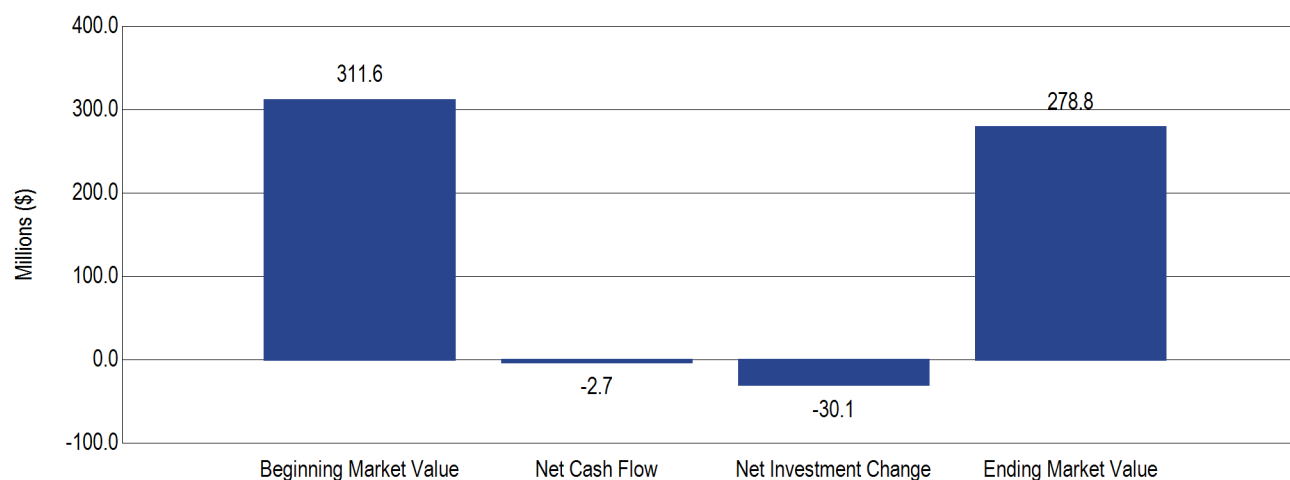
# Section 4



# Spokane Employees' Retirement System

As of December 31, 2018

**Change in Market Value**  
From October 01, 2018 To December 31, 2018



## Cash Flow Summary

|                                  | Beginning Market Value (\$) | Contributions (\$) | Withdrawals (\$) | Net Cash Flow (\$) | Net Investment Change (\$) | Ending Market Value (\$) |
|----------------------------------|-----------------------------|--------------------|------------------|--------------------|----------------------------|--------------------------|
| ABS Emerging Markets Strategic   | 8,000,000.00                | 0.00               | 0.00             | 0.00               | -484,621.33                | 7,515,378.67             |
| Artisan Int'l Value              | 21,346,573.32               | 500,000.00         | 0.00             | 500,000.00         | -2,458,382.79              | 19,388,190.53            |
| Beach Point Select Fund LP       | 10,701,972.00               | 0.00               | 0.00             | 0.00               | -379,921.00                | 10,322,051.00            |
| Berens Global Value              | 936,212.05                  | 0.00               | 0.00             | 0.00               | 0.00                       | 936,212.05               |
| Bridge City Small Growth         | 5,887,525.64                | 0.00               | 0.00             | 0.00               | -892,471.99                | 4,995,053.65             |
| Castine Partners II              | 8,147,612.94                | 0.00               | 0.00             | 0.00               | -984,719.24                | 7,162,893.70             |
| Champlain Small Cap              | 6,850,416.63                | 0.00               | 0.00             | 0.00               | -1,356,998.65              | 5,493,417.98             |
| Contrarian Capital Fund          | 10,000,000.00               | 0.00               | 0.00             | 0.00               | -1,535,197.16              | 8,464,802.84             |
| Contrarian Emerging Markets      | 6,000,000.00                | 0.00               | 0.00             | 0.00               | -321.21                    | 5,999,678.79             |
| EuroPacific Growth R6            | 21,215,460.74               | 500,000.00         | 0.00             | 500,000.00         | -2,672,656.96              | 19,042,803.78            |
| Fidelity Instl Govt Money Market | 67,438.45                   | 9,399,948.80       | -9,445,987.62    | -46,038.82         | 3,464.40                   | 24,864.03                |
| Frontier Sm Cap Value I          | 4,190,380.19                | 0.00               | 0.00             | 0.00               | -864,328.44                | 3,326,051.75             |
| Hotchkis & Wiley Div Value I     | 16,689,907.68               | 0.00               | 0.00             | 0.00               | -3,094,691.89              | 13,595,215.79            |

## Spokane Employees' Retirement System

As of December 31, 2018

|  | Beginning<br>Market Value<br>(\$) | Contributions<br>(\$) | Withdrawals<br>(\$)   | Net Cash Flow<br>(\$) | Net Investment<br>Change<br>(\$) | Ending<br>Market Value<br>(\$) |
|--|-----------------------------------|-----------------------|-----------------------|-----------------------|----------------------------------|--------------------------------|
| Hotchkis & Wiley High Yield                | 12,474,086.97                     | 0.00                  | -325,000.00           | -325,000.00           | -657,794.30                      | 11,491,292.67                  |
| Jackson Square Large-Cap Growth Equity     | 17,886,279.93                     | 0.00                  | -1,110,000.00         | -1,110,000.00         | -2,377,897.57                    | 14,398,382.36                  |
| Metropolitan Realty V                      | 200,819.20                        | 0.00                  | 0.00                  | 0.00                  | -2,140.12                        | 198,679.08                     |
| MFS Blended Research Core                  | 15,272,169.80                     | 0.00                  | 0.00                  | 0.00                  | -2,312,403.61                    | 12,959,766.19                  |
| Morgan Stanley Prime Property Fund         | 7,322,103.81                      | 0.00                  | -142,160.25           | -142,160.25           | 142,548.67                       | 7,322,492.23                   |
| Morrison Street Debt Opportunities Fund LP | 4,239,509.37                      | 0.00                  | -99,739.37            | -99,739.37            | 101,868.00                       | 4,241,638.00                   |
| Morrison Street Fund IV                    | 356,981.00                        | 0.00                  | -343,003.38           | -343,003.38           | -13,977.62                       | 0.00                           |
| Morrison Street Fund V                     | 4,048,691.00                      | 0.00                  | -62,772.87            | -62,772.87            | 184,221.87                       | 4,170,140.00                   |
| Orbimed Partners II                        | 10,057,266.00                     | 0.00                  | 0.00                  | 0.00                  | -1,864,587.00                    | 8,192,679.00                   |
| OrbiMed Royalty Opportunities              | 3,131,687.00                      | 0.00                  | -700,425.50           | -700,425.50           | -137,810.50                      | 2,293,451.00                   |
| OrbiMed Royalty Opps II                    | 2,866,533.00                      | 0.00                  | -259,740.26           | -259,740.26           | 123,488.26                       | 2,730,281.00                   |
| Polar Long/Short Fund                      | 6,831,972.40                      | 0.00                  | 0.00                  | 0.00                  | -123,678.41                      | 6,708,293.99                   |
| Post Lmtd Term High Yield                  | 6,113,467.16                      | 0.00                  | 0.00                  | 0.00                  | -100,056.25                      | 6,013,410.91                   |
| Principal Global Investors REIT            | 10,397,536.37                     | 0.00                  | 0.00                  | 0.00                  | -673,765.12                      | 9,723,771.25                   |
| Rimrock Low Volatility Offshore            | 9,933,368.04                      | 0.00                  | 0.00                  | 0.00                  | -63,747.60                       | 9,869,620.44                   |
| Sterling Core Bond                         | 24,189,929.14                     | 800,000.00            | -1,400,000.00         | -600,000.00           | 308,777.24                       | 23,898,706.38                  |
| Sterling Mid Cap Value                     | 4,858,729.89                      | 0.00                  | 0.00                  | 0.00                  | -924,392.75                      | 3,934,337.14                   |
| Vanguard Emerging Markets Stock Index Fd   | 1,136,660.89                      | 0.00                  | 0.00                  | 0.00                  | -71,576.63                       | 1,065,084.26                   |
| Vanguard Institutional Index               | 11,468,627.34                     | 0.00                  | 0.00                  | 0.00                  | -1,551,729.60                    | 9,916,897.74                   |
| Vanguard Mid Cap Growth                    | 4,250,896.08                      | 0.00                  | 0.00                  | 0.00                  | -764,381.34                      | 3,486,514.74                   |
| Vanguard Mid Cap Index                     | 4,221,967.53                      | 0.00                  | 0.00                  | 0.00                  | -652,613.99                      | 3,569,353.54                   |
| Vanguard Small Cap Index                   | 955,769.42                        | 0.00                  | 0.00                  | 0.00                  | -175,307.58                      | 780,461.84                     |
| Victory Trivalent International Small Cap  | 13,077,926.41                     | 0.00                  | 0.00                  | 0.00                  | -2,477,542.57                    | 10,600,383.84                  |
| Weatherlow Offshore                        | 16,279,978.13                     | 0.00                  | 0.00                  | 0.00                  | -1,315,336.14                    | 14,964,641.99                  |
| <b>Total</b>                               | <b>311,606,455.52</b>             | <b>11,199,948.80</b>  | <b>-13,888,829.25</b> | <b>-2,688,880.45</b>  | <b>-30,120,680.92</b>            | <b>278,796,894.15</b>          |

# Section 5

## Statistic Definitions

|  |   |
|--|---|
| <b>Annualized Standard Deviation</b>           | A statistic used to measure the portfolio's volatility. A statistical measure of the dispersion of returns for a given security or market index. Volatility can either be measured by using the standard deviation or variance between returns from that same security or market index. Commonly, the higher the volatility, the riskier the security.  |
| <b>Downside / Upside Deviation</b>             | Standard deviation makes no distinction between the "good" or upside deviations, and the "bad" or downside deviations. Both upside and downside deviations have an equal influence on the calculation of standard deviation. Downside deviation seeks to remedy this by ignoring all of the "good" observations and by instead focusing on the "bad" returns. Conversely, Upside deviation ignores all of the "bad" observations and instead focuses on the "good" returns. |
| <b>Alpha</b>                                   | Measures the relationship between the portfolio performance and the performance of another or benchmark index and equals the excess return while the other portfolio or benchmark index is zero.  |
| <b>Beta</b>                                    | Measures the systematic market risk and is equal to the change in portfolio performance in relation to the change in portfolio performance/index performance.   |
| <b>R-Squared</b>                               | The "goodness of fit" to a benchmark. The percentage of a manager's return that is "explained" by the benchmark.  |
| <b>Tracking Error</b>                          | Tracking Error, also known as residual risk, is a measure of the degree to which a portfolio tracks its benchmark. It is also a measure of consistency of excess returns. Tracking Error is computed as the annualized standard deviation of the difference between a portfolio's return and that of its benchmark.   |
| <b>Information Ratio</b>                       | The Information Ratio is a measure of the risk-adjusted return of a financial security (or asset or portfolio). It is defined as expected active return divided by tracking error, where active return is the excess return and tracking error is the annualized standard deviation of the excess returns.  |
| <b>Sharpe Ratio</b>                            | Sharpe Ratio is a measure of the excess return per unit of risk in an investment asset or a trading strategy. A higher Sharpe ratio indicates you are receiving more return for the level of risk taken.  |
| <b>Downside Capture Ratio</b>                  | Measures manager's performance in down markets relative to a particular benchmark. A down-market is defined as those periods (months or quarters) in which market return is < 0.  |
| <b>Upside Capture Ratio</b>                    | Measures manager's performance in up markets relative to a particular benchmark. An up-market is defined as those periods (months or quarters) in which market return is > 0.   |
| <b>Annualized Excess Return over Risk Free</b> | Difference between the portfolio and the risk-free benchmark's return, annualized.  |
| <b>Annualized Excess Return</b>                | Difference between the portfolio and the benchmark's return, annualized.  |
| <b>Correlation</b>                             | A statistic that measures the degree to which two data series move in relation to each other. The higher the correlation the more the data series move in tandem. Correlation ranges from +1 (perfect correlation), to -1 (perfect negative correlation), with zero indicating no correlation at all.   |