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GROUP

## **Spokane Employees' Retirement System**

June 30, 2023 Performance Report

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## **Section 1 | Market Overview**

**GLOBAL ECONOMIC LANDSCAPE**

- Though marginally slowing, payroll growth in the United States has been surprisingly resilient and has contributed to the view that a soft-landing rather than an outright recession may be in the cards. Non-farm payrolls (averaged over the past six months) for example have consistently declined for the past two years, but at approximately 300,000 monthly gains, stand well above the estimated replacement-rate of 90,000. Other metrics such as high GDP per worker, high job openings particularly in the leisure and hospitality sectors, and public sector payrolls remaining below pre-COVID levels suggest ongoing support for the labor market.<sup>1</sup>
- Markets across much of the developed world (excluding Japan) priced in higher central bank rate expectations over the second quarter, ranging from increases of 0.30% to 0.40% for the United States and European Union to 1.75% in the United Kingdom (UK). A common foe – inflation – helps to explain these increases. Where inflation data surprised the most to the upside – the UK, followed by Australia, then Canada – there have been the largest repricing of market-implied central bank policy rates. Where inflation surprises were smallest (the US and Euro area), inflation stickiness and hawkish central bank rhetoric helped to reprice policy.<sup>2</sup>
- The balance sheet of the US consumer showed signs of continued shrinking into the second quarter of 2023. After peaking at \$2.1 trillion in mid-2021, excess household savings has since declined to \$0.4 trillion and the personal savings rate sits at 4.3% versus a long-term average of 8.9%. Revolving credit as a percentage of total income has also ticked up though it remains below longer-term levels. Consumer confidence has rebounded a bit from mid-2022 lows, though not to expansionary levels, again, creating questions about consumers' ability and willingness to continue spending.<sup>3</sup>
- After maintaining a stringent "COVID Zero" policy the Chinese economy reopened in force late last year. This transition took place in several stages, including the lifting of lockdown measures, domestic mobility normalization, and international travel and border reopening. From November 2022 to January 2023 Chinese equities rallied sharply on these reopening themes, with leadership in Apparel and Luxury Goods; Retail; Hotels and Leisure; and Travel and Transportation sectors. This rally has petered out since then, delivering a mixed signal on China's macro picture. Amid multiple uncertainties, there are several tailwinds that could support China's continued recovery, with attendant benefits for global growth. To safeguard the recovery, Beijing may enact more further easing measures, targeting housing, infrastructure and consumer spending.<sup>4</sup>

**FIXED INCOME MARKETS**

- Congressional approval of the Fiscal Responsibility Act (FRA) avoided a potentially disastrous default scenario by suspending the debt limit through January 1, 2025. Immediate relief notwithstanding, the US Treasury is expected to refill the Treasury General Account by issuing T-bills, with the influx of new supply acting as a quantitative tightening mechanism by removing liquidity from the markets. Higher deficits, due in part to rising interest costs (which are expected to increase from approximately 15% of government revenues today to 20% by 2032) may make the cost of capital higher for other borrowers and alter the composition of the US bond market.<sup>5</sup>

<sup>1</sup> Source: Morgan Stanley, New Work on the Labor Market Supports a Soft Landing, June 28, 2023.

<sup>2</sup> Source: Morgan Stanley, Battered and Bruised, Bonds Ready for a Comeback, July 9, 2023.

<sup>3</sup> Source: JP Morgan, Guide to the Markets, June 30, 2023.

<sup>4</sup> Source: Morgan Stanley, Topics in Portfolio Construction, June 15, 2023.

<sup>5</sup> Source: Morgan Stanley, US Policy Pulse, Fiscal Crisis Averted, Now What? June 29, 2023.

- ▶ Certain economic data points suggest caution may be warranted for the US high yield market. The Federal Reserve’s Senior Loan Officer Opinion Survey indicates an intention among banks to raise lending standards while the US Conference Board Leading Indicator has declined for the trailing year. These statistics have tended to correlate with a weakening high yield marketplace; although its recent performance has remained temperate.<sup>6</sup>
- ▶ Historical data from the past twenty-five years indicate that intermediate- and long-duration US investment grade bonds may provide a competitive return should the economy experience a downturn. For example, the Bloomberg US Aggregate Bond Index has averaged a return of 5.8% during recessionary periods within this timeframe versus 0.8% for the Bloomberg US High Yield Corporate Index. Global bonds have also handed in competitive returns, with the Bloomberg Global Aggregate ex-USD Index returning an average of 7.9%.<sup>7</sup>

## EQUITY MARKETS

- ▶ 2023’s bear market rally, during which the S&P 500 Index has risen roughly 15%, has come amid deteriorating economic data that has historically presaged a corporate profits recession. While first quarter profits were down 3% from the prior year and second quarter earnings may be down similarly, forecasts since March suggest a hockey-stick-shaped recovery, putting 2024 earnings estimates at an all-time high and in spite of some declining leading economic indicators.<sup>8</sup>
- ▶ The largest ten companies within the S&P 500 Index constituted 32% of its total weight as of June 30, 2023; the highest percentage in over twenty years. Earnings of the largest ten companies however comprise 22% of the S&P 500’s total as of the same date. This divergence between stock prices and earnings drives has resulted in these largest companies trading at 145% of their longer-term average valuations versus 113% for the rest within the S&P 500 Index, indicating a divergence that may present an opportunity for active managers.<sup>9</sup>
- ▶ UK equities have a long-standing reputation for offering relatively attractive valuations; however, poor investor sentiment towards the general UK macro backdrop for much of the last five to 10 years has arguably left them even cheaper than normal. Poor sentiment and recent earnings growth notwithstanding, the UK has exhibited some of the strongest positive economic surprises and upgrades around the order of 1% to its GDP forecast, which may indicate the potential for an eventual improvement in equity market performance.<sup>10</sup>
- ▶ Mexico has been one of the most interesting international stock markets in 2023, substantially outperforming the United States as well as developed and emerging markets. The Mexican stock market has also exhibited a higher correlation with developed markets than emerging ones from 2020 through 2023. This distinct profile may be attributable to Mexico’s relatively open economy, high number of regional trade agreements, and the economic tailwind of a strong US Dollar.<sup>11</sup>

## ALTERNATIVE INVESTMENTS

- ▶ The oil market has been widely forecast to tighten significantly in the second half of 2023. Yet, prices have been stubbornly range-bound. Outside some weakness in petrochemical-related demand, overall oil demand appears to be on track with prior expectations. Supply, however, has been remarkably robust. Non OPEC growth accelerated after the summer of last year and that strength has continued. In addition, the availability of discounted barrels (i.e. Russia, Venezuela, and Iran) has

<sup>6</sup> Source: Morgan Stanley, Topics in Portfolio Construction, June 15, 2023.

<sup>7</sup> Source: Morgan Stanley, Topics in Portfolio Construction, June 15, 2023.

<sup>8</sup> Source: Morgan Stanley, GIC Weekly, July 10, 2023

<sup>9</sup> Source: JP Morgan, Guide to the Markets, June 30, 2023.

<sup>10</sup> Source: Morgan Stanley, Is UK macro and market pessimism overdone? July 10, 2023.

<sup>11</sup> Source: Morgan Stanley, Mexico is Not Your Typical Emerging Market, June 28, 2023.

surprised on the upside. Demand growth appears likely to slow down as the post-COVID recovery tailwinds come to an end after 2023. Multi-year forecasts have wide uncertainty intervals but on current trends, and despite low investment, there appears to be little tightness on the horizon.<sup>12</sup>

- After hitting an all-time high in 2021, Initial Public Offerings (IPOs) hit their lowest level in at least twenty years in the second half of 2022. Substantial as this may be, prior market cycles show that IPO declines tend to trough between two and three years after peaking as private company operators may be looking to raise funds, indicating that an inflection point may be on the horizon.<sup>13</sup>
- Aspects of the US real estate market provide different indications of valuation and health. The capitalization rate spread (or yield advantage over US Treasury securities) of real estate started the second quarter of 2023 at 1.2%, its lowest level in over a decade, indicating only a moderate increase in expected returns over Treasuries. Vacancy rates also continue to differ by economic sector. Industrial and retail property vacancy rates for example continued to decline while office vacancies remained elevated as the working from home trend has continued.<sup>14</sup>

<sup>12</sup> Source: Morgan Stanley, The Force is Strong on the Supply Side, July 5, 2023.

<sup>13</sup> Source: Morgan Stanley, Venture Vision: Right on Cue...IPOs, June 27, 2023.

<sup>14</sup> Source: JP Morgan, Guide to the Markets, June 30, 2023.

#### Disclosure:

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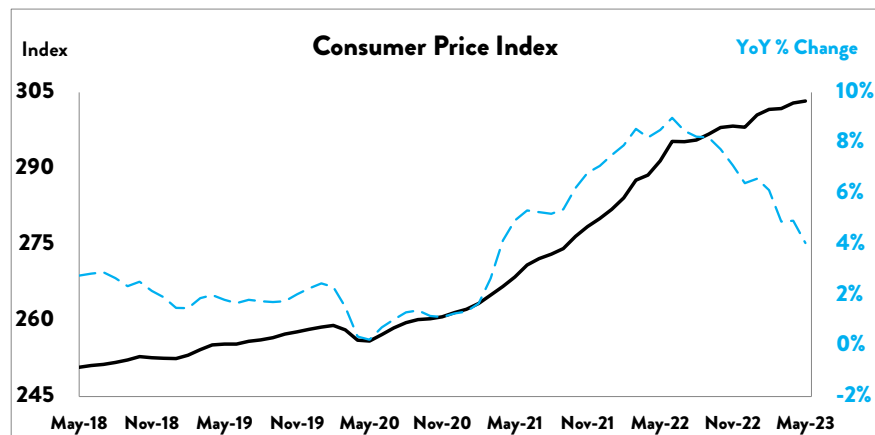
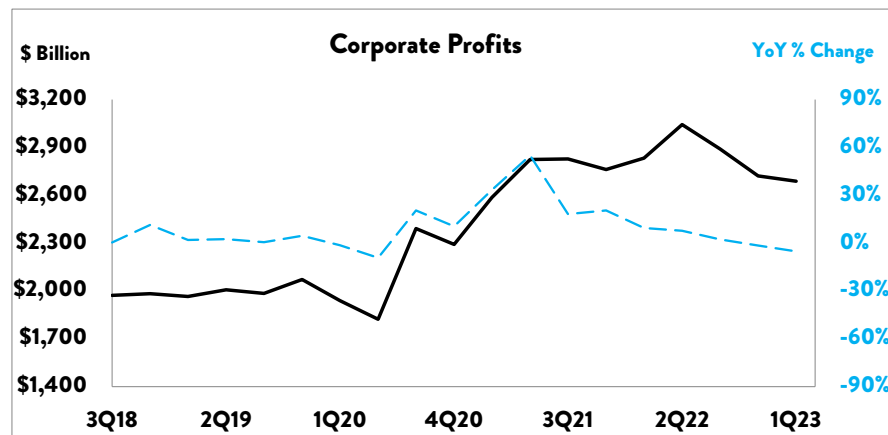
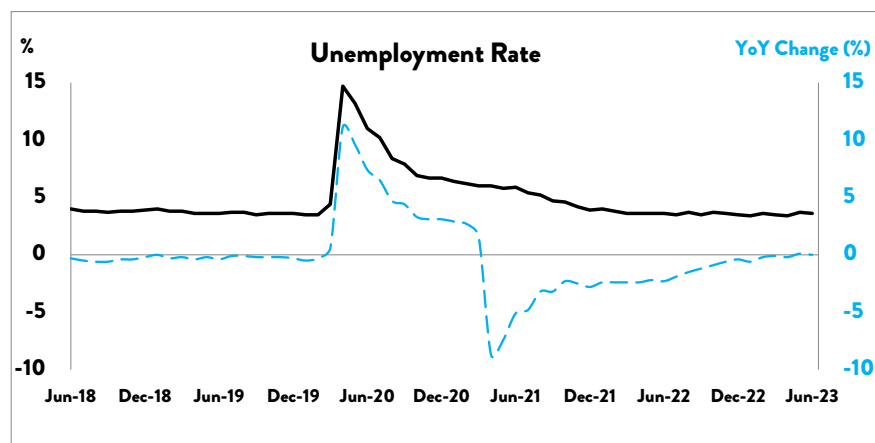
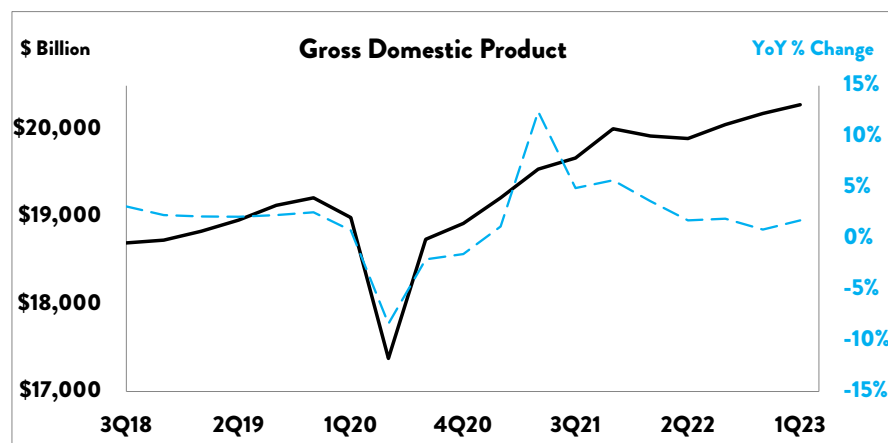
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## 2Q2023 Economic Data



Key: — Economic Series

- - - Year-Over-Year Change

Labor Market Statistics (Monthly)					
Category	Recent	5-Yr High	5-Yr Low	5-Yr Avg.	Date
Jobs Added/Lost Monthly	209,000	4,505,000	-20,493,000	111,333	Jun-23
Unemployment Rate	3.6%	14.7%	3.4%	4.9%	Jun-23
Median Unemployment Length (Weeks)	6.4	22.2	4.0	11.1	Jun-23
Average Hourly Earnings	\$33.58	\$33.58	\$27.10	\$30.09	Jun-23

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

Other Prices and Indexes (Monthly)					
Category	Recent	5-Yr High	5-Yr Low	% Off Peak	Date
Gas: Price per Gallon	\$3.53	\$4.84	\$1.80	-27.0%	Jun-23
Spot Oil	\$70.25	\$114.84	\$16.55	-38.8%	Jun-23
Case-Shiller Home Price Index	304.8	316.2	210.8	44.6%*	Apr-23
Medical Care CPI	547.3	557.4	484.3	13%*	May-23

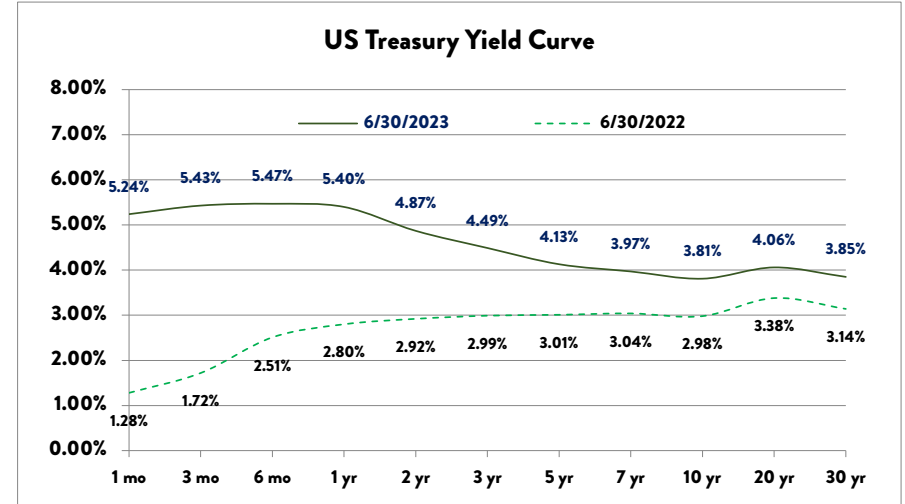
\*% Off Low

Morningstar data as of 6/30/2023

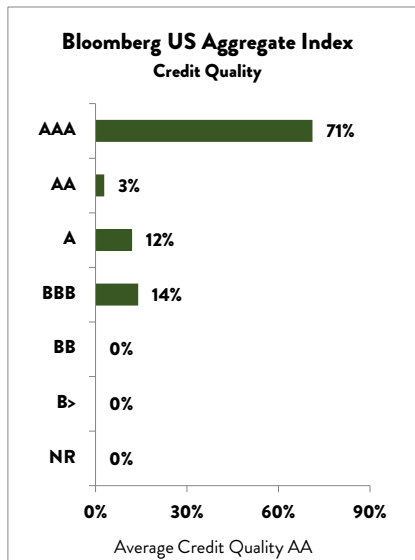
# 2Q2023 Bond Market Data

Index	QTR	YTD	1 yr.	3 yrs.	5 yrs.	10 yrs.
90-Day T-Bill	1.29%	2.46%	4.22%	1.54%	1.63%	1.04%
Bloomberg US Aggregate	-0.84%	2.09%	-0.94%	-3.96%	0.77%	1.52%
Bloomberg Short US Treasury	1.05%	2.21%	3.37%	1.10%	1.55%	1.01%
Bloomberg Int. US Treasury	-1.15%	1.10%	-1.02%	-2.88%	0.82%	0.93%
Bloomberg Long US Treasury	-2.30%	3.72%	-6.82%	-12.09%	-0.88%	1.80%
Bloomberg US TIPS	-1.42%	1.87%	-1.40%	-0.12%	2.49%	2.08%
Bloomberg US Credit	-0.31%	3.13%	1.39%	-3.38%	1.65%	2.51%
Bloomberg US Mortgage-Backed	-0.64%	1.87%	-1.52%	-3.73%	0.03%	1.13%
Bloomberg US Asset-Backed	-0.12%	1.74%	1.18%	-0.62%	1.53%	1.48%
Bloomberg US 20-Yr Municipal	0.34%	3.57%	4.22%	-0.56%	2.20%	3.43%
Bloomberg US High Yield	1.75%	5.38%	9.06%	3.13%	3.36%	4.43%
Bloomberg Global	-1.53%	1.43%	-1.32%	-4.96%	-1.09%	0.20%
Bloomberg International	-2.16%	0.83%	-1.83%	-5.87%	-2.65%	-0.90%
Bloomberg Emerging Market	1.12%	3.30%	5.64%	-2.71%	1.02%	2.73%

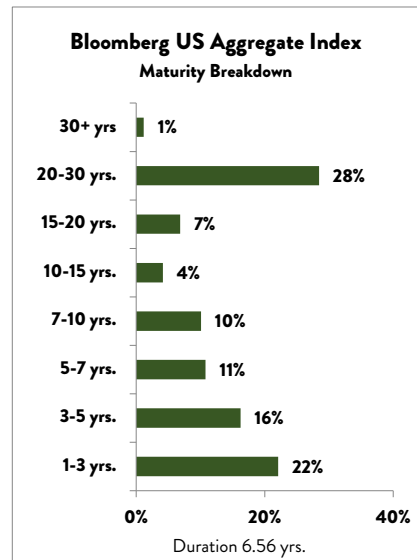
Source: Morningstar



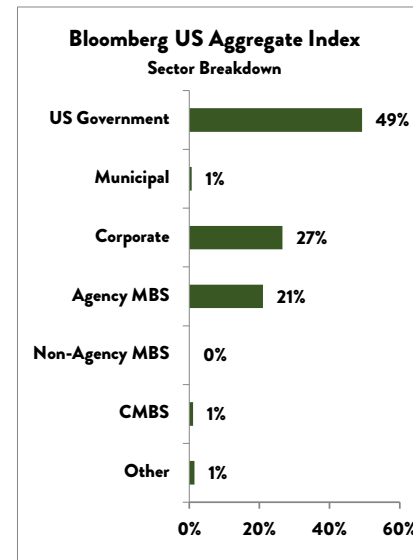
Source: Department of US Treasury



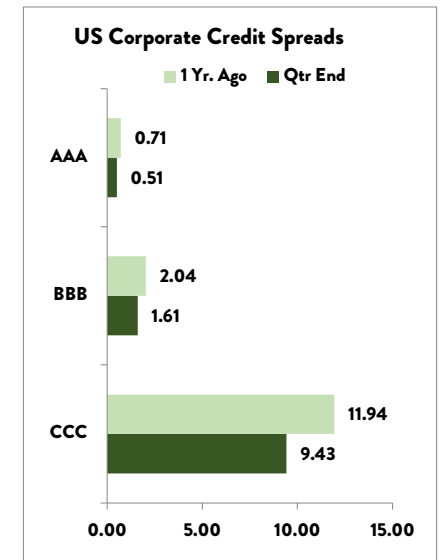
Source: Morningstar



Source: Morningstar



Source: Morningstar



Source: Federal Reserve / Bank of America



# 2Q2023 US Equity Market Data

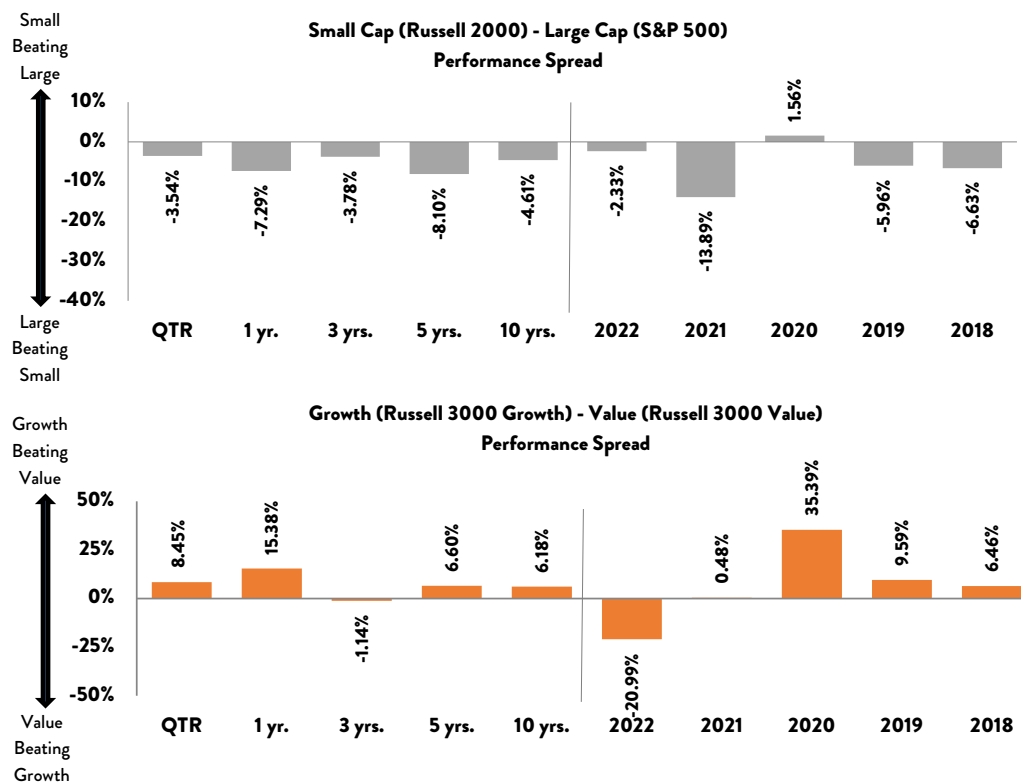
## Sectors Weights/Returns (ranked by quarter performance)

	Wgt.	Sector	QTR	YTD	1 yr.
S&P 500 Index	28%	Information Technology	17.20%	42.77%	40.26%
	11%	Consumer Discretionary	14.58%	33.06%	24.73%
	8%	Communication Services	13.06%	36.24%	17.28%
	8%	Industrials	6.49%	10.19%	25.16%
	12%	Financials	5.33%	-0.53%	9.50%
	2%	Materials	3.31%	7.74%	15.12%
	13%	Health Care	2.95%	-1.48%	5.37%
	2%	Real Estate	1.81%	3.79%	-4.13%
	7%	Consumer Staples	0.45%	1.28%	6.60%
	4%	Energy	-0.89%	-5.52%	18.76%
3%	Utilities	-2.53%	-5.69%	-3.68%	
S&P Midcap 400 Index	Wgt.	Sector	QTR	YTD	1 yr.
	23%	Industrials	12.05%	21.62%	38.94%
	10%	Information Technology	8.71%	24.61%	33.34%
	4%	Energy	6.86%	-2.18%	14.02%
	4%	Consumer Staples	4.89%	8.86%	19.13%
	9%	Health Care	4.70%	5.15%	5.05%
	15%	Consumer Discretionary	3.79%	12.09%	24.34%
	7%	Real Estate	2.10%	3.10%	-3.38%
	14%	Financials	0.94%	-6.67%	2.81%
	7%	Materials	-1.04%	6.05%	21.27%
2%	Communication Services	-4.41%	-0.19%	0.37%	
3%	Utilities	-6.91%	-9.18%	-8.37%	
S&P Smallcap 600 Index	Wgt.	Sector	QTR	YTD	1 yr.
	14%	Information Technology	11.87%	23.17%	27.22%
	18%	Industrials	9.36%	17.83%	29.12%
	14%	Consumer Discretionary	3.35%	16.51%	23.79%
	5%	Energy	3.02%	-5.70%	11.18%
	6%	Materials	2.44%	11.63%	19.38%
	11%	Health Care	1.73%	1.28%	-2.35%
	8%	Real Estate	0.00%	-3.61%	-10.17%
	5%	Consumer Staples	-0.55%	7.89%	9.73%
	3%	Communication Services	-2.49%	8.33%	-6.17%
16%	Financials	-3.44%	-14.55%	-10.76%	
2%	Utilities	-3.82%	-4.64%	-1.68%	

Source: Morningstar

## Index Performance Data

Index	QTR	YTD	1 yr.	Annualized		
				3 yrs.	5 yrs.	10 yrs.
S&P 500	8.74%	16.89%	19.59%	14.60%	12.31%	12.86%
Russell 1000 Value	4.07%	5.12%	11.54%	14.30%	8.11%	9.22%
Russell 1000 Growth	12.81%	29.02%	27.11%	13.73%	15.14%	15.74%
Russell Mid Cap	4.76%	9.01%	14.92%	12.50%	8.46%	10.32%
Russell Mid Cap Value	3.86%	5.23%	10.50%	15.04%	6.84%	9.03%
Russell Mid Cap Growth	6.23%	15.94%	23.13%	7.63%	9.71%	11.53%
Russell 2000	5.21%	8.09%	12.31%	10.82%	4.21%	8.26%
Russell 2000 Value	3.18%	2.50%	6.01%	15.43%	3.54%	7.29%
Russell 2000 Growth	7.05%	13.55%	18.53%	6.10%	4.22%	8.83%
Russell 3000	8.39%	16.17%	18.95%	13.89%	11.39%	12.34%
DJ US Select REIT	2.92%	5.77%	-0.69%	9.17%	3.28%	5.75%

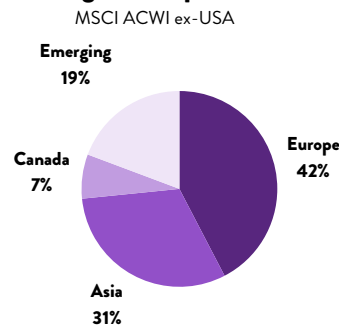


# 2Q2023 International Market Data

## Index Performance Data (net)

Index (US\$)	QTR	YTD	1 yr.	3 yrs.	5 yrs.	10 yrs.
<b>MSCI ACWI ex-US</b>	<b>2.44%</b>	<b>9.47%</b>	<b>12.72%</b>	<b>7.22%</b>	<b>3.52%</b>	<b>4.75%</b>
<b>MSCI EAFE</b>	<b>2.95%</b>	<b>11.67%</b>	<b>18.77%</b>	<b>8.93%</b>	<b>4.39%</b>	<b>5.41%</b>
<b>Europe</b>	<b>2.74%</b>	<b>13.59%</b>	<b>21.81%</b>	<b>10.68%</b>	<b>5.19%</b>	<b>5.70%</b>
United Kingdom	2.19%	8.43%	13.19%	12.57%	2.83%	3.88%
Germany	2.80%	17.89%	28.37%	5.21%	1.77%	4.07%
France	3.23%	18.32%	31.74%	14.87%	6.97%	7.60%
<b>Pacific</b>	<b>3.50%</b>	<b>8.38%</b>	<b>13.69%</b>	<b>5.97%</b>	<b>3.00%</b>	<b>4.95%</b>
Japan	6.42%	13.00%	18.14%	5.70%	3.13%	5.23%
Hong Kong	-5.05%	-7.32%	-9.03%	-0.17%	-1.29%	4.11%
Australia	0.27%	3.07%	11.19%	10.52%	4.95%	4.95%
<b>Canada</b>	<b>3.69%</b>	<b>8.16%</b>	<b>6.95%</b>	<b>12.81%</b>	<b>6.36%</b>	<b>5.22%</b>
<b>MSCI EM</b>	<b>0.90%</b>	<b>4.89%</b>	<b>1.75%</b>	<b>2.32%</b>	<b>0.93%</b>	<b>2.95%</b>
<b>MSCI EM Latin America</b>	<b>14.04%</b>	<b>18.52%</b>	<b>29.84%</b>	<b>16.45%</b>	<b>4.79%</b>	<b>1.13%</b>
<b>MSCI EM Asia</b>	<b>-0.77%</b>	<b>4.00%</b>	<b>-0.90%</b>	<b>1.19%</b>	<b>1.20%</b>	<b>4.67%</b>
<b>MSCI EM Eur/Mid East</b>	<b>5.77%</b>	<b>4.47%</b>	<b>3.02%</b>	<b>-1.12%</b>	<b>-1.78%</b>	<b>-2.41%</b>
<b>MSCI ACWI Value ex-US</b>	<b>2.95%</b>	<b>8.26%</b>	<b>12.19%</b>	<b>10.42%</b>	<b>2.65%</b>	<b>3.70%</b>
<b>MSCI ACWI Growth ex-US</b>	<b>1.94%</b>	<b>10.70%</b>	<b>13.26%</b>	<b>3.96%</b>	<b>4.06%</b>	<b>5.61%</b>
<b>MSCI ACWI Sm Cap ex-US</b>	<b>2.05%</b>	<b>6.84%</b>	<b>10.93%</b>	<b>8.15%</b>	<b>2.62%</b>	<b>5.75%</b>

## Regional Exposure

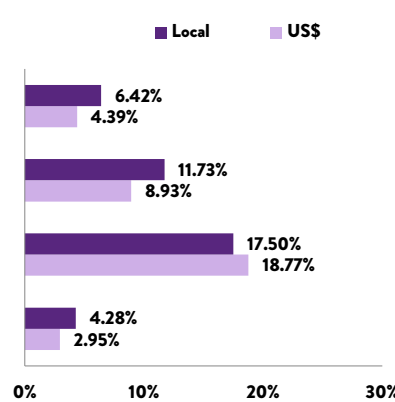


## Top 10 Countries (MSCI AC World ex-USA)

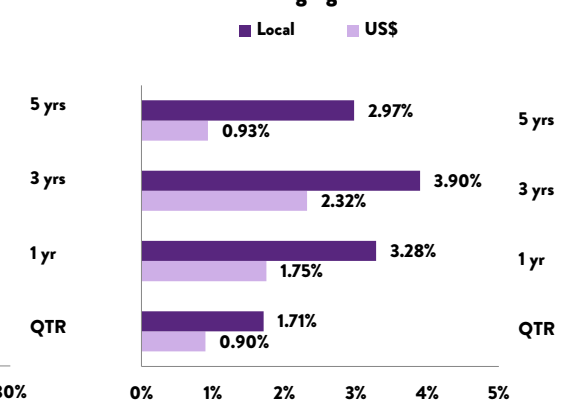
Japan	15%
UK	9%
China	8%
France	8%
Canada	8%
Switzerland	6%
Germany	5%
Australia	5%
Taiwan	4%
India	4%

Source: Morningstar

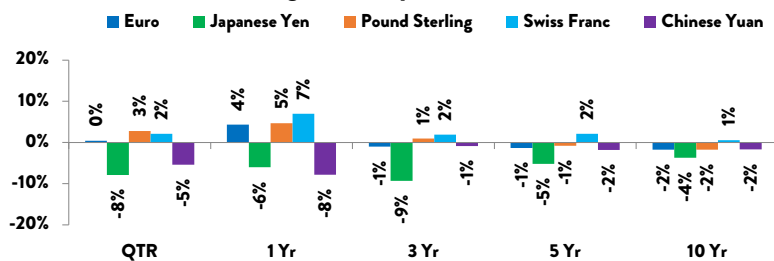
## MSCI EAFE Index Return



## MSCI Emerging Index Return



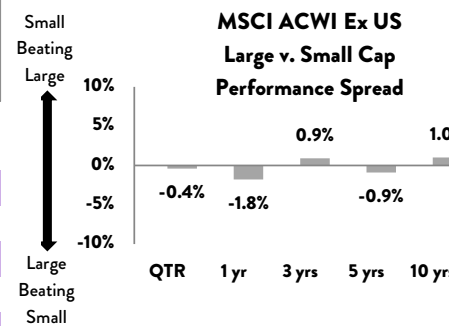
## Foreign Currency v. US\$ Returns



Exchange Rates	QTR	1Q23	4Q22	3Q22	2Q22	1Q22
<b>Japanese Yen</b>	144.47	132.75	131.81	144.71	135.69	121.44
<b>Euro</b>	0.92	0.92	0.93	1.02	0.96	0.90
<b>British Pound</b>	0.79	0.81	0.83	0.90	0.82	0.76
<b>Swiss Franc</b>	0.89	0.91	0.92	0.98	0.96	0.92
<b>Chinese Yuan</b>	7.25	6.87	6.90	7.11	6.70	6.34

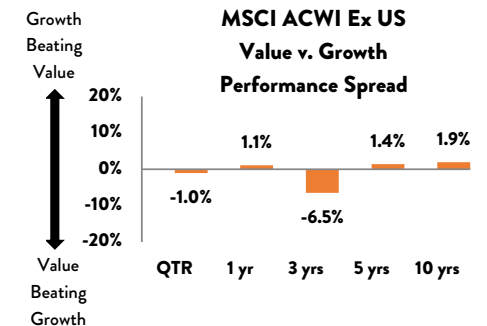
Source: Federal Reserve Bank of St. Louis

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



Performance Source: Morningstar

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



## Historical Market Returns

Ranked by Performance

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD	2Q23
US Bonds 5.24%	Emerging Markets 78.51%	Small Cap 26.85%	Core Real Estate 14.96%	Emerging Markets 18.22%	Small Cap 38.82%	Large Cap 13.68%	Core Real Estate 13.95%	Small Cap 21.30%	Emerging Markets 37.28%	Core Real Estate 7.36%	Large Cap 31.49%	Small Cap 19.96%	Large Cap 28.71%	Commod. 16.09%	Large Cap 16.89%	Large Cap 8.74%
Global Bonds 4.79%	High Yield 58.21%	Mid Cap 25.48%	TIPS 13.56%	Mid Cap 17.28%	Mid Cap 34.76%	Mid Cap 13.21%	Large Cap 1.38%	High Yield 17.12%	Intl 27.19%	Cash 1.69%	Mid Cap 30.54%	Large Cap 18.40%	Commod. 27.11%	Core Real Estate 6.54%	Global Balanced 9.58%	Small Cap 5.21%
Cash 1.39%	Intl 41.45%	Emerging Markets 18.88%	US Bonds 7.84%	Intl 16.83%	Large Cap 32.39%	Core Real Estate 11.44%	US Bonds 0.55%	Mid Cap 13.79%	Large Cap 21.83%	US Bonds 0.01%	Small Cap 25.52%	Emerging Markets 18.31%	Mid Cap 22.58%	Cash 2.05%	Intl 9.47%	Mid Cap 4.76%
TIPS -2.35%	Mid Cap 40.48%	Commod. 16.83%	Global Bonds 5.64%	Small Cap 16.35%	Intl 15.29%	US Bonds 5.97%	Cash 0.03%	Large Cap 11.95%	Mid Cap 18.52%	Global Bonds -1.20%	Intl 21.51%	Mid Cap 17.10%	Core Real Estate 21.06%	High Yield -11.19%	Mid Cap 9.01%	Global Balanced 3.63%
Core Real Estate -10.70%	Small Cap 27.17%	Core Real Estate 15.26%	High Yield 4.98%	Large Cap 16.00%	Global Balanced 14.46%	Small Cap 4.89%	TIPS -1.43%	Commod. 11.76%	Global Balanced 15.87%	TIPS -1.26%	Global Balanced 18.86%	Global Balanced 13.93%	Small Cap 14.82%	TIPS -11.85%	Small Cap 8.09%	Intl 2.44%
Global Balanced -24.51%	Large Cap 26.46%	High Yield 15.12%	Large Cap 2.11%	High Yield 15.81%	Core Real Estate 12.95%	TIPS 3.64%	Global Balanced -1.45%	Emerging Markets 11.18%	Small Cap 14.65%	High Yield -2.08%	Emerging Markets 18.42%	TIPS 10.99%	Global Balanced 10.94%	US Bonds -13.01%	High Yield 5.38%	High Yield 1.75%
High Yield -26.16%	Global Balanced 20.49%	Large Cap 15.06%	Cash 0.06%	Global Balanced 11.06%	High Yield 7.44%	Global Balanced 3.17%	Mid Cap -2.43%	Core Real Estate 7.76%	High Yield 7.50%	Large Cap -4.38%	High Yield 14.32%	Intl 10.65%	Intl 7.82%	Intl -16.00%	Emerging Markets 4.89%	Cash 1.29%
Small Cap -33.79%	Commod. 18.91%	Intl 11.15%	Global Balanced -0.97%	Core Real Estate 9.76%	Cash 0.07%	High Yield 2.45%	Global Bonds -3.15%	Global Balanced 5.38%	Global Bonds 7.39%	Global Balanced -5.30%	US Bonds 8.72%	Global Bonds 9.20%	TIPS 5.96%	Global Bonds -16.25%	Cash 2.46%	Emerging Markets 0.90%
Commod. -35.65%	TIPS 11.41%	Global Balanced 9.40%	Mid Cap -1.55%	TIPS 6.98%	US Bonds -2.02%	Global Bonds 0.59%	Small Cap -4.41%	TIPS 4.68%	Core Real Estate 6.66%	Mid Cap -9.06%	TIPS 8.43%	US Bonds 7.51%	High Yield 5.28%	Global Balanced -16.40%	US Bonds 2.09%	US Bonds -0.84%
Large Cap -37.00%	Global Bonds 6.93%	US Bonds 6.54%	Small Cap -4.18%	Global Bonds 4.32%	Global Bonds -2.60%	Cash 0.04%	High Yield -4.46%	Intl 4.50%	US Bonds 3.54%	Small Cap -11.01%	Commod. 7.69%	High Yield 7.11%	Cash 0.05%	Mid Cap -17.32%	TIPS 1.87%	TIPS -1.42%
Mid Cap -41.46%	US Bonds 5.93%	TIPS 6.31%	Commod. -13.32%	US Bonds 4.21%	Emerging Markets -2.60%	Emerging Markets -2.18%	Intl -5.66%	US Bonds 2.65%	TIPS 3.01%	Commod. -11.25%	Global Bonds 6.84%	Cash 0.37%	US Bonds -1.54%	Large Cap -18.11%	Global Bonds 1.43%	Global Bonds -1.53%
Intl -45.53%	Cash 0.16%	Global Bonds 5.54%	Intl -13.71%	Cash 0.08%	TIPS -8.61%	Intl -3.86%	Emerging Markets -14.90%	Global Bonds 2.09%	Commod. 1.70%	Intl -14.20%	Core Real Estate 4.41%	Core Real Estate 0.35%	Emerging Markets -2.54%	Emerging Markets -20.09%	Core Real Estate -6.12%	Commod. -2.56%
Emerging Markets -53.33%	Core Real Estate -30.40%	Cash 0.15%	Emerging Markets -18.42%	Commod. -1.06%	Commod. -9.52%	Commod. -17.00%	Commod. -24.60%	Cash 0.25%	Cash 0.71%	Emerging Markets -14.58%	Cash 2.30%	Commod. -3.12%	Global Bonds -4.71%	Small Cap -20.44%	Commod. -7.79%	Core Real Estate -2.84%

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

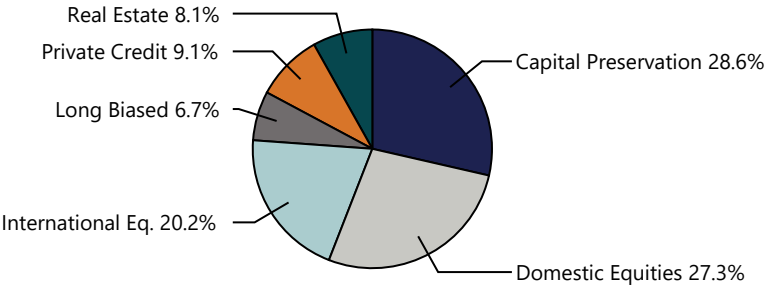
Source: Morningstar; Core Real Estate Source: NCREIF

## **Section 2 | Performance Overview**

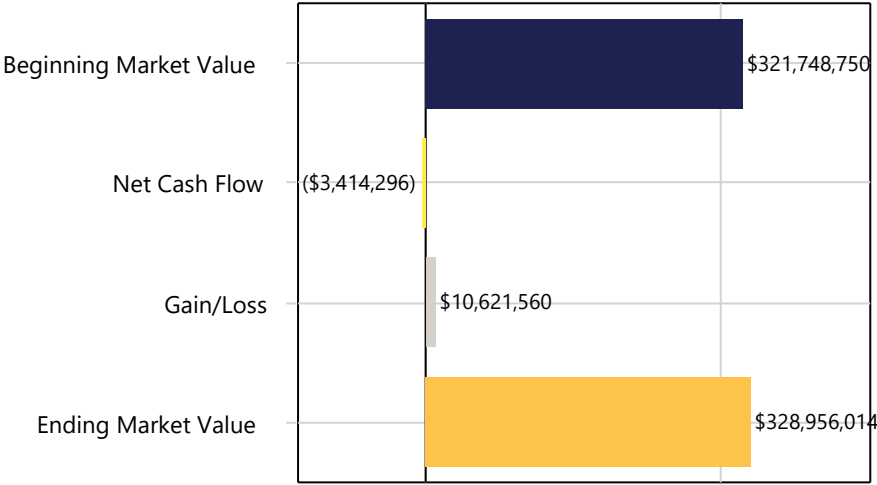
# Spokane Employees' Retirement System

As of June 30, 2023

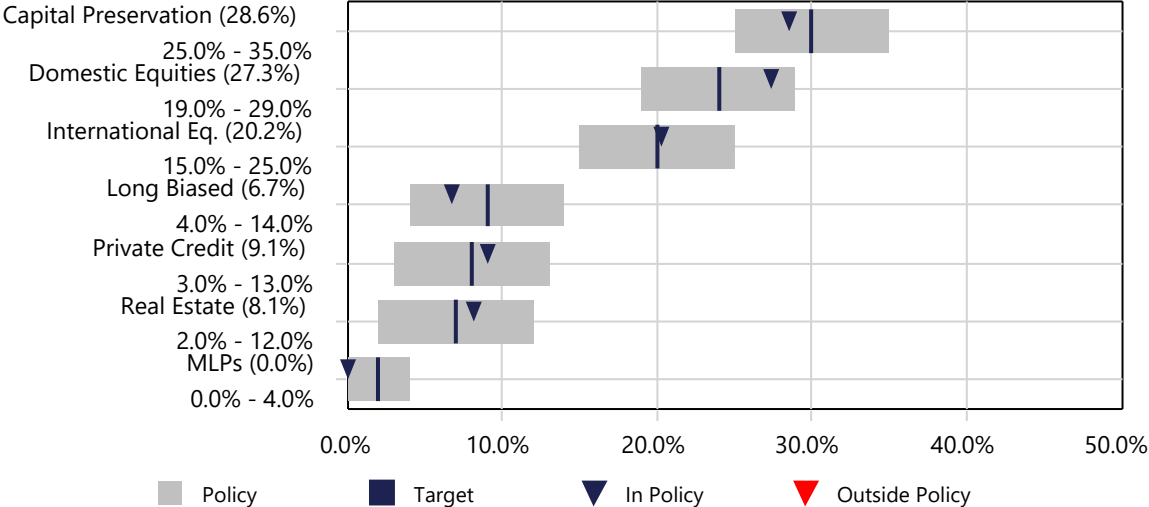
## SERS Current Allocation



## Current Quarter



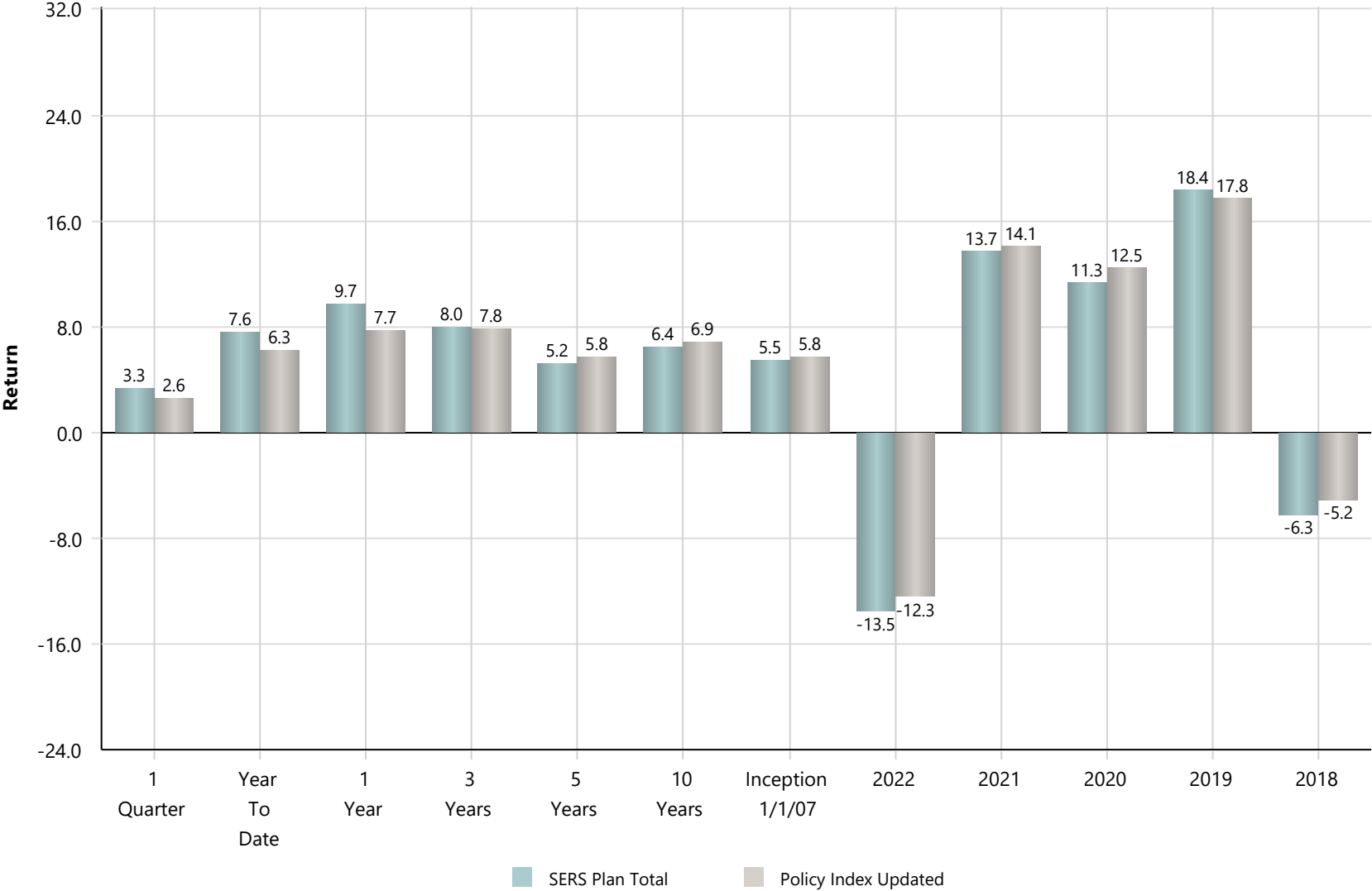
## Executive Summary



## Policy Breakdown

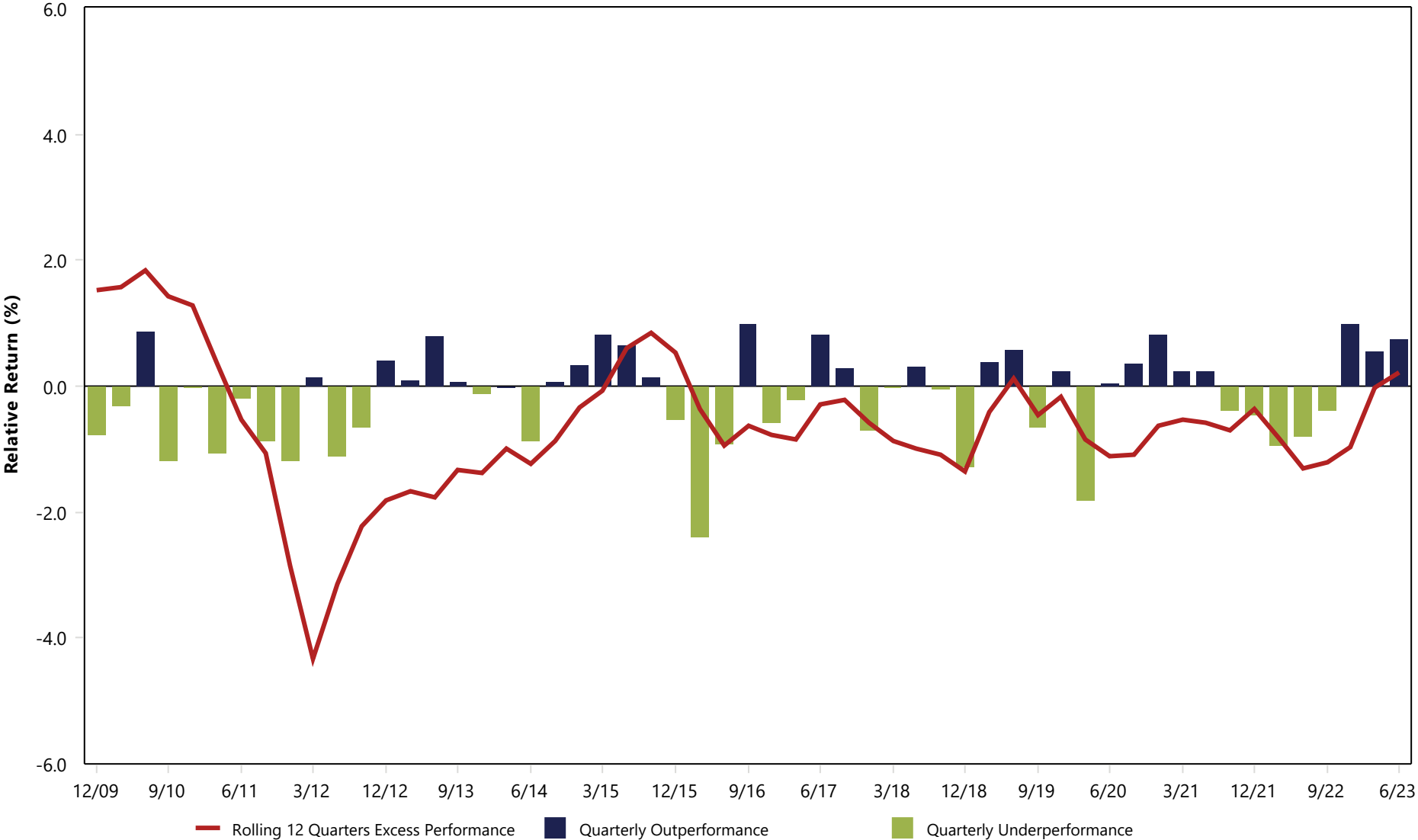
Passive Portfolios	Weight (%)
Blmbg. U.S. Aggregate Index	17.0
Blmbg. U.S. Corp: High Yield Index	8.0
HFRI FOF: Conservative Index	5.0
S&P 500 Index	16.0
Russell 2500 Index	8.0
MSCI AC World ex USA (Net)	10.0
MSCI AC World ex USA Small Cap (Net)	5.0
MSCI Emerging Markets (Net)	5.0
HFRI Fund of Funds Composite Index	9.0
HFRI ED: Distressed/Restructuring Index	8.0
NCREIF ODCE VW NET	3.5
FTSE NAREIT Comp REIT	3.5
Alerian MLP Index	2.0

Return Summary



Performance Net of Fees.  
 Performance for periods longer than 1 year is annualized.

Relative Performance  
Rolling 3 Year Annualized Excess Performance



# Spokane Employees' Retirement System

As of June 30, 2023

## Return Summary Statistics

	3 Years		5 Years		Since Inception		Inception Date
	SERS Plan Total	Policy Index Updated	SERS Plan Total	Policy Index Updated	SERS Plan Total	Policy Index Updated	
Maximum Return	12.70	11.88	13.82	13.76	13.82	16.64	01/01/2007
Minimum Return	-11.14	-10.34	-17.94	-16.12	-17.94	-17.38	
Return	8.03	7.81	5.25	5.77	5.55	5.79	
Cumulative Return	26.09	25.31	29.13	32.37	143.79	153.27	
Active Return	0.33	0.00	-0.31	0.00	-0.30	0.00	
Excess Return	7.28	6.95	4.83	5.14	5.18	5.48	

## Risk/Return Summary Statistics

	3 Years		5 Years		Since Inception		Inception Date
	SERS Plan Total	Policy Index Updated	SERS Plan Total	Policy Index Updated	SERS Plan Total	Policy Index Updated	
Standard Deviation	12.76	11.70	15.81	14.56	12.43	12.99	01/01/2007
Alpha	-0.40	0.00	-0.87	0.00	0.08	0.00	
Tracking Error	1.31	0.00	1.49	0.00	2.32	0.00	
Information Ratio	0.25	-	-0.20	-	-0.13	-	
Beta	1.09	1.00	1.08	1.00	0.94	1.00	
Sharpe Ratio	0.57	0.60	0.30	0.35	0.41	0.42	

## Correlation Statistics

	3 Years		5 Years		Since Inception		Inception Date
	SERS Plan Total	Policy Index Updated	SERS Plan Total	Policy Index Updated	SERS Plan Total	Policy Index Updated	
R-Squared	0.996	1.000	0.997	1.000	0.969	1.000	01/01/2007
Actual Correlation	0.998	1.000	0.999	1.000	0.984	1.000	



# Spokane Employees' Retirement System

As of June 30, 2023

## Total Account Performance Summary

	Performance (%)													Inception Date
	1 Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years	Since Inception	2022	2021	2020	2019	2018	2017	
<b>SERS Plan Total</b>	<b>3.31</b>	<b>7.63</b>	<b>9.67</b>	<b>8.03</b>	<b>5.25</b>	<b>6.43</b>	<b>5.55</b>	<b>-13.50</b>	<b>13.66</b>	<b>11.29</b>	<b>18.35</b>	<b>-6.27</b>	<b>15.40</b>	<b>01/01/2007</b>
Policy Index Updated	2.57	6.30	7.74	7.81	5.77	6.89	5.79	-12.34	14.08	12.48	17.76	-5.17	15.20	
Over/Under	0.74	1.33	1.93	0.22	-0.52	-0.46	-0.24	-1.16	-0.42	-1.19	0.59	-1.10	0.20	
70/30 ACWI/Bloomberg Aggregate Bond	4.06	10.30	11.20	6.50	6.15	6.75	5.33	-16.59	12.25	14.28	21.21	-6.48	17.50	
Over/Under	-0.75	-2.67	-1.53	1.53	-0.90	-0.32	0.22	3.09	1.41	-2.99	-2.86	0.21	-2.10	
Corp/ and Public >250m and < \$1Bil Rank	23	36	20	22	50	51	58	33	32	80	66	75	49	
<b>Capital Preservation</b>	<b>0.69</b>	<b>2.95</b>	<b>3.69</b>	<b>1.16</b>	<b>1.61</b>	<b>2.45</b>	<b>2.58</b>	<b>-7.41</b>	<b>2.35</b>	<b>3.29</b>	<b>8.71</b>	<b>-0.94</b>	<b>5.85</b>	<b>07/01/2012</b>
Capital Preservation Index	0.16	2.96	3.04	1.10	2.54	2.90	3.02	-8.13	3.07	7.23	9.09	-0.72	4.60	
Over/Under	0.53	-0.01	0.65	0.06	-0.93	-0.45	-0.44	0.72	-0.72	-3.94	-0.38	-0.22	1.25	
<b>Domestic Equity</b>	<b>7.42</b>	<b>14.14</b>	<b>17.81</b>	<b>14.01</b>	<b>9.57</b>	<b>11.08</b>	<b>12.06</b>	<b>-18.25</b>	<b>25.73</b>	<b>17.45</b>	<b>29.14</b>	<b>-7.80</b>	<b>19.86</b>	<b>07/01/2012</b>
Domestic Equity Index	7.58	14.23	17.70	13.94	10.42	11.74	12.67	-18.16	25.09	19.22	30.24	-6.30	20.11	
Over/Under	-0.16	-0.09	0.11	0.07	-0.85	-0.66	-0.61	-0.09	0.64	-1.77	-1.10	-1.50	-0.25	
All Cap Blend Rank	38	36	38	43	47	41	40	61	49	39	42	47	42	
<b>International Equity Total</b>	<b>2.99</b>	<b>10.94</b>	<b>15.30</b>	<b>9.26</b>	<b>5.26</b>	<b>6.27</b>	<b>4.92</b>	<b>-17.36</b>	<b>9.68</b>	<b>17.63</b>	<b>25.02</b>	<b>-15.78</b>	<b>28.45</b>	<b>04/01/2007</b>
International Equity Index	1.96	7.68	10.20	6.55	2.92	4.67	2.92	-17.24	7.30	12.43	21.27	-14.96	29.35	
Over/Under	1.03	3.26	5.10	2.71	2.34	1.60	2.00	-0.12	2.38	5.20	3.75	-0.82	-0.90	
Foreign Rank	39	51	53	28	18	19	10	53	59	27	36	52	39	
<b>Long Biased</b>	<b>3.52</b>	<b>4.17</b>	<b>6.59</b>	<b>5.15</b>	<b>4.95</b>	<b>3.93</b>	<b>4.51</b>	<b>-8.37</b>	<b>4.52</b>	<b>16.54</b>	<b>12.74</b>	<b>2.43</b>	<b>1.19</b>	<b>07/01/2012</b>
HFRI Fund of Funds Composite Idx	1.53	2.30	3.70	5.05	3.33	3.40	3.74	-5.31	6.17	10.88	8.39	-4.02	7.77	
Over/Under	1.99	1.87	2.89	0.10	1.62	0.53	0.77	-3.06	-1.65	5.66	4.35	6.45	-6.58	
S&P 500 Index	8.74	16.89	19.59	14.60	12.31	12.86	13.54	-18.11	28.71	18.40	31.49	-4.38	21.83	
Over/Under	-5.22	-12.72	-13.00	-9.45	-7.36	-8.93	-9.03	9.74	-24.19	-1.86	-18.75	6.81	-20.64	

Capital Preservation Index: Blmbg.Aggregate: 56.67%; HFRI Conservative: 16.66% Blmbg.High Yield: 26.67%  
 Domestic Equity Index: S&P 500: 66.67%; Russell 2500: 33.33%  
 International Index: MSCI ACWI ex US: 50.0%; MSCI ACWI ex US Small Cap: 25.0%; MSCI Emerging Mkts: 25.0%

# Spokane Employees' Retirement System

As of June 30, 2023

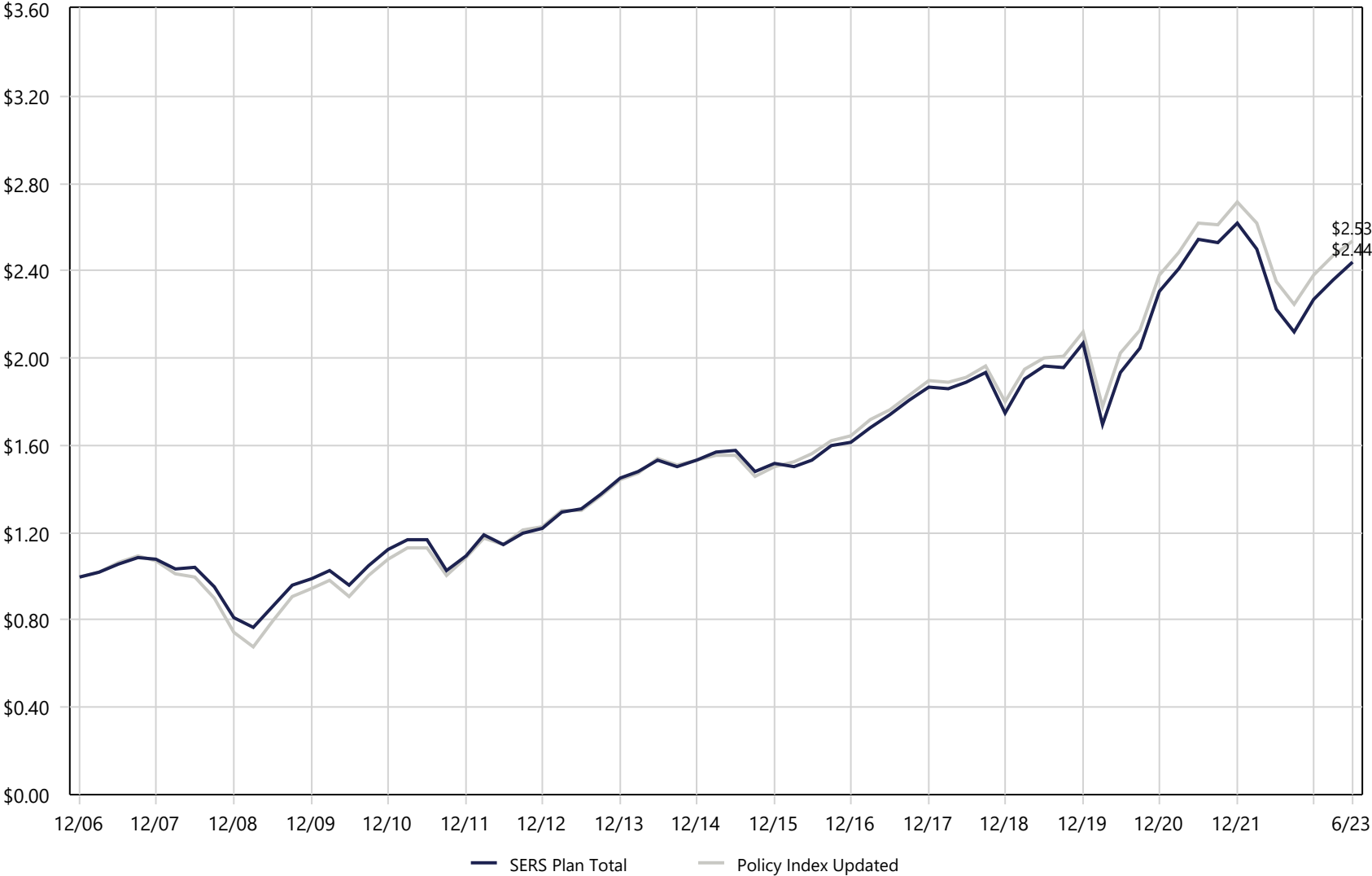
	Performance (%)													
	1 Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years	Since Inception	2022	2021	2020	2019	2018	2017	Inception Date
<b>Private Credit</b>	<b>3.64</b>	<b>5.69</b>	<b>4.64</b>	<b>10.72</b>	<b>2.12</b>	<b>-</b>	<b>4.40</b>	<b>-8.09</b>	<b>20.58</b>	<b>1.81</b>	<b>1.14</b>	<b>-5.68</b>	<b>7.08</b>	<b>10/01/2013</b>
HFRI ED: Distressed/Restructuring Idx	1.36	2.26	1.61	9.32	4.48	4.27	4.12	-4.27	15.61	11.82	2.94	-1.70	6.25	
Over/Under	2.28	3.43	3.03	1.40	-2.36	-	0.28	-3.82	4.97	-10.01	-1.80	-3.98	0.83	
<b>Real Estate Total</b>	<b>0.09</b>	<b>1.08</b>	<b>-2.09</b>	<b>6.83</b>	<b>5.72</b>	<b>8.04</b>	<b>5.50</b>	<b>-10.62</b>	<b>27.75</b>	<b>-2.65</b>	<b>16.62</b>	<b>3.68</b>	<b>10.01</b>	<b>04/01/2007</b>
NCREIF ODCE VW NET	-2.88	-6.16	-10.73	7.04	5.56	7.77	5.11	6.55	21.02	0.34	4.39	7.36	6.66	
Over/Under	2.97	7.24	8.64	-0.21	0.16	0.27	0.39	-17.17	6.73	-2.99	12.23	-3.68	3.35	
FTSE NAREIT All REITs Index	1.60	3.12	-4.28	6.17	4.32	6.63	4.72	-25.10	39.88	-5.86	28.07	-4.10	9.27	
Over/Under	-1.51	-2.04	2.19	0.66	1.40	1.41	0.78	14.48	-12.13	3.21	-11.45	7.78	0.74	
Real Estate Rank	91	99	39	54	15	4	16	1	90	24	99	1	11	

Capital Preservation Index: Blmbg.Aggregate: 56.67%; HFRI Conservative: 16.66% Blmbg.High Yield: 26.67%  
 Domestic Equity Index: S&P 500: 66.67%; Russell 2500: 33.33%  
 International Index: MSCI ACWI ex US: 50.0%; MSCI ACWI ex US Small Cap: 25.0%; MSCI Emerging Mkts: 25.0%

# Spokane Employees' Retirement System

Since Inception Ending June 30, 2023

## Growth of A Dollar

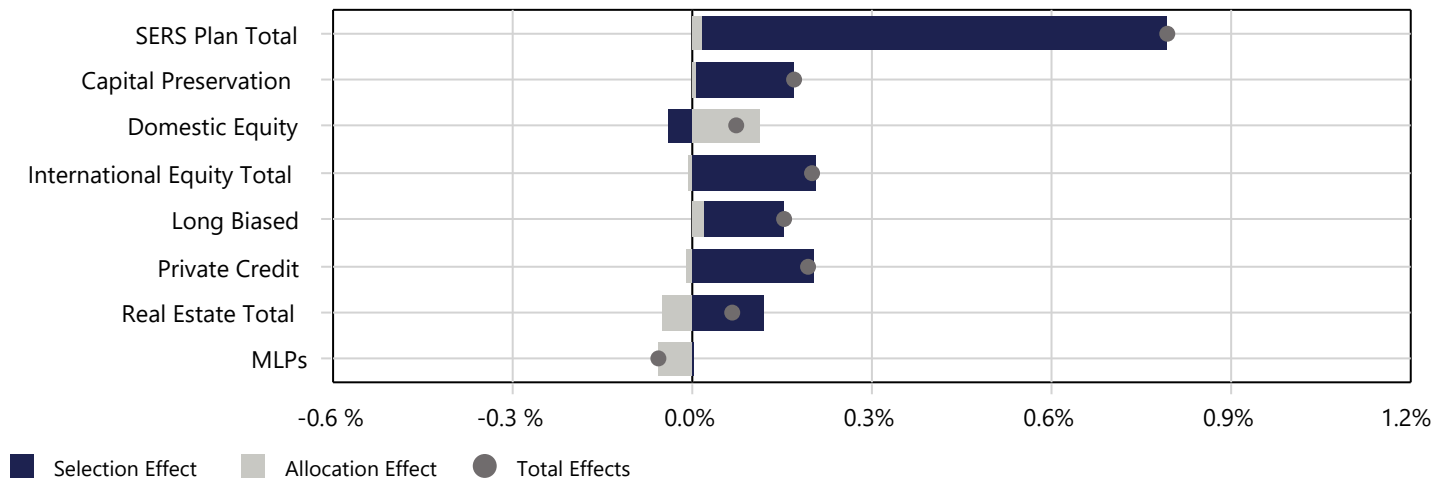


Calculation based on quarterly periodicity.

## Attribution Summary 1 Quarter Ending June 30, 2023

	Wtd. Act Return (%)	Wtd. Idx Return (%)	Excess Return (%)	Selection Effect (%)	Alloc. Effect (%)	Total Effect (%)
Capital Preservation	0.69	0.16	0.53	0.16	0.01	0.17
Domestic Equity	7.42	7.58	-0.16	-0.04	0.11	0.07
International Equity Total	2.99	1.96	1.02	0.20	-0.01	0.20
Long Biased	3.52	1.53	2.00	0.13	0.02	0.15
Private Credit	3.64	1.36	2.28	0.20	-0.01	0.19
Real Estate Total	0.09	-1.33	1.41	0.12	-0.05	0.07
MLPs	0.00	5.38	-5.38	0.00	-0.06	-0.06
<b>SERS Plan Total</b>	<b>3.31</b>	<b>2.52</b>	<b>0.79</b>	<b>0.78</b>	<b>0.02</b>	<b>0.79</b>

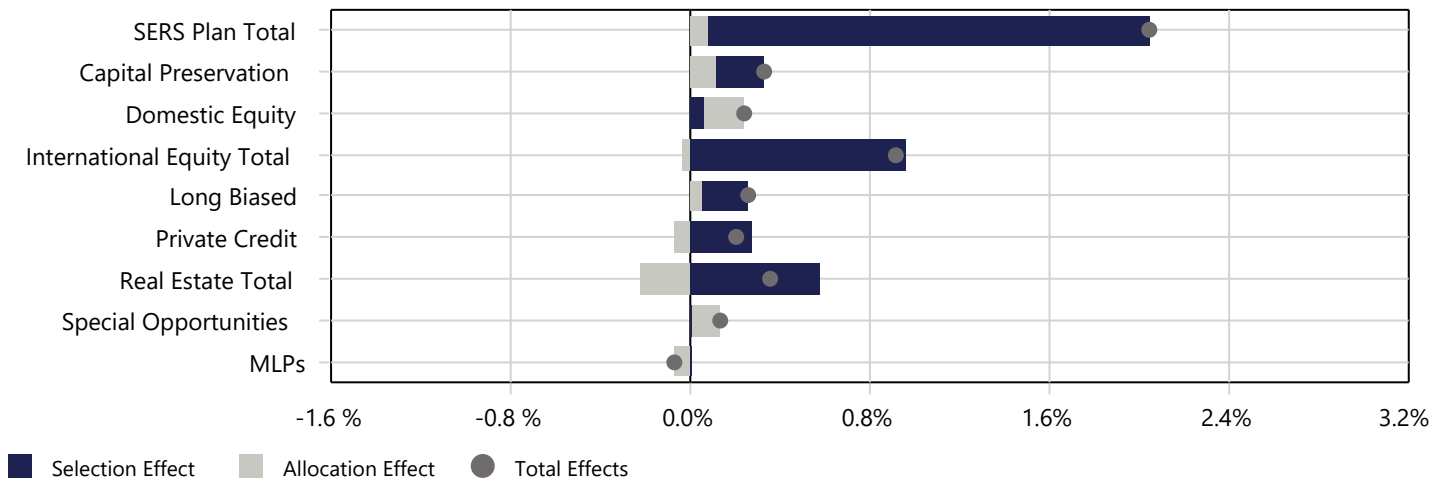
## Attribution Effects 1 Quarter Ending June 30, 2023



## Attribution Summary 1 Year Ending June 30, 2023

	Wtd. Act Return (%)	Wtd. Idx Return (%)	Excess Return (%)	Selection Effect (%)	Alloc. Effect (%)	Total Effect (%)
Capital Preservation	3.69	3.04	0.66	0.13	0.12	0.33
Domestic Equity	17.81	17.70	0.11	-0.03	0.18	0.24
International Equity Total	15.30	10.20	5.10	0.90	-0.04	0.92
Long Biased	6.59	3.69	2.90	0.18	0.05	0.26
Private Credit	4.64	1.61	3.03	0.25	-0.07	0.21
Real Estate Total	-2.09	-8.05	5.96	0.55	-0.22	0.35
Special Opportunities	9.22	2.40	6.82	0.00	0.13	0.13
MLPs	0.00	9.70	-9.70	0.00	-0.07	-0.07
<b>SERS Plan Total</b>	<b>9.67</b>	<b>7.61</b>	<b>2.05</b>	<b>1.97</b>	<b>0.08</b>	<b>2.05</b>

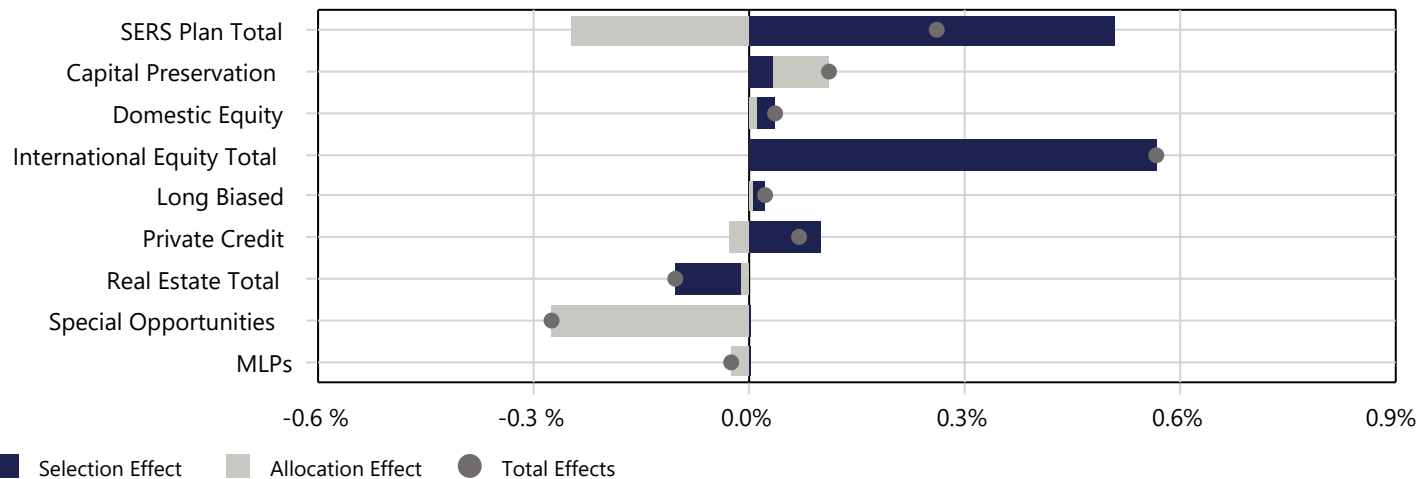
## Attribution Effects 1 Year Ending June 30, 2023



## Attribution Summary 3 Years Ending June 30, 2023

	Wtd. Act Return (%)	Wtd. Idx Return (%)	Excess Return (%)	Selection Effect (%)	Alloc. Effect (%)	Total Effect (%)
Capital Preservation	1.16	1.10	0.07	0.00	0.08	0.11
Domestic Equity	14.01	13.94	0.07	-0.02	0.01	0.04
International Equity Total	9.26	6.55	2.71	0.54	0.00	0.57
Long Biased	5.15	5.04	0.10	0.01	0.01	0.02
Private Credit	10.72	9.32	1.40	0.09	-0.03	0.07
Real Estate Total	6.83	7.25	-0.42	-0.11	-0.01	-0.10
Special Opportunities	-4.02	8.34	-12.36	0.00	-0.28	-0.28
MLPs	0.00	3.13	-3.13	0.00	-0.02	-0.02
<b>SERS Plan Total</b>	<b>8.03</b>	<b>7.77</b>	<b>0.26</b>	<b>0.51</b>	<b>-0.25</b>	<b>0.26</b>

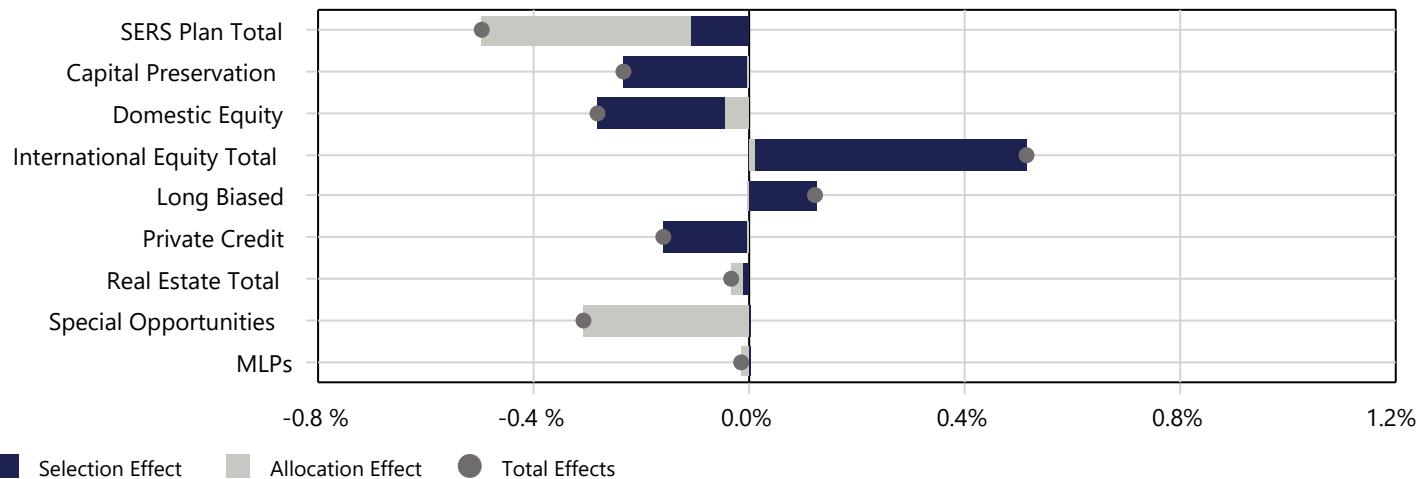
## Attribution Effects 3 Years Ending June 30, 2023



## Attribution Summary 5 Years Ending June 30, 2023

	Wtd. Act Return (%)	Wtd. Idx Return (%)	Excess Return (%)	Selection Effect (%)	Alloc. Effect (%)	Total Effect (%)
Capital Preservation	1.61	2.53	-0.93	-0.25	-0.01	-0.24
Domestic Equity	9.57	10.42	-0.85	-0.27	-0.05	-0.28
International Equity Total	5.26	2.92	2.33	0.48	0.01	0.51
Long Biased	4.95	3.32	1.63	0.12	-0.01	0.12
Private Credit	2.12	4.48	-2.36	-0.16	0.00	-0.16
Real Estate Total	5.72	5.43	0.29	-0.02	-0.02	-0.03
Special Opportunities	-5.37	8.10	-13.47	0.00	-0.31	-0.31
MLPs	0.00	1.87	-1.87	0.00	-0.01	-0.01
<b>SERS Plan Total</b>	<b>5.25</b>	<b>5.75</b>	<b>-0.50</b>	<b>-0.11</b>	<b>-0.39</b>	<b>-0.50</b>

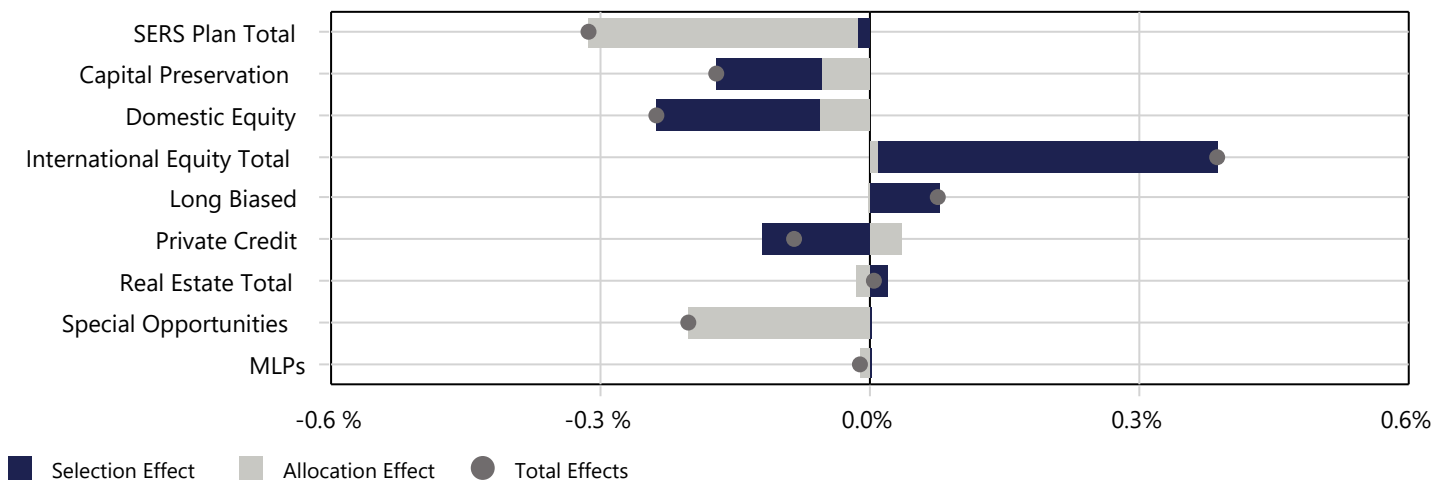
## Attribution Effects 5 Years Ending June 30, 2023



## Attribution Summary January 1, 2017 Ending June 30, 2023

	Wtd. Act Return (%)	Wtd. Idx Return (%)	Excess Return (%)	Selection Effect (%)	Alloc. Effect (%)	Total Effect (%)
Capital Preservation	2.15	2.64	-0.48	-0.13	-0.05	-0.17
Domestic Equity	10.96	11.62	-0.66	-0.21	-0.06	-0.24
International Equity Total	7.50	5.70	1.79	0.36	0.01	0.39
Long Biased	4.83	3.85	0.97	0.07	0.00	0.08
Private Credit	3.08	4.85	-1.77	-0.12	0.03	-0.09
Real Estate Total	6.38	5.80	0.58	0.01	-0.02	0.00
Special Opportunities	-0.76	9.89	-10.64	0.00	-0.20	-0.20
MLPs	0.00	1.43	-1.43	0.00	-0.01	-0.01
<b>SERS Plan Total</b>	<b>6.52</b>	<b>6.83</b>	<b>-0.31</b>	<b>-0.01</b>	<b>-0.30</b>	<b>-0.31</b>

## Attribution Effects January 1, 2017 Ending June 30, 2023

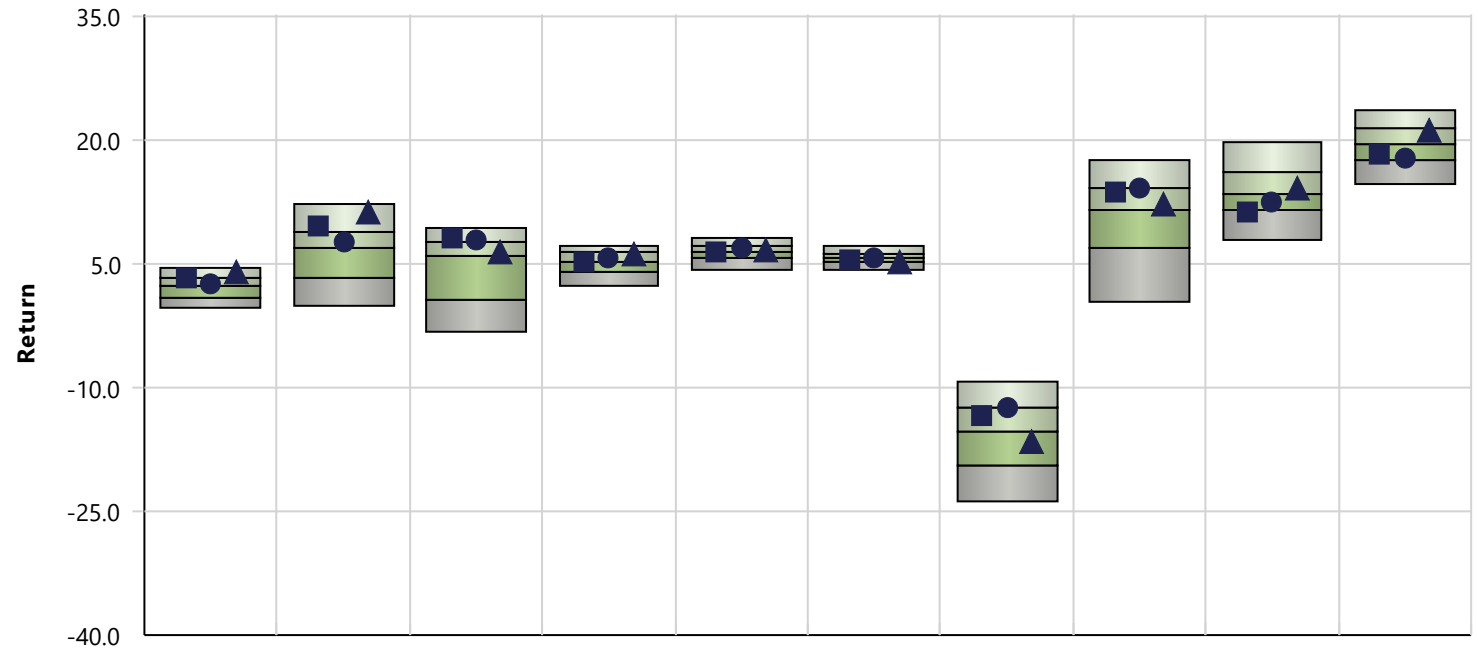




# Spokane Employees' Retirement System

As of June 30, 2023

## Corporate and Public >250m and < \$1Bil



	1 Quarter	1 Year	3 Years	5 Years	10 Years	Since Inception	2022	2021	2020	2019
■ SERS Plan Total	3.3 (23)	9.7 (20)	8.0 (22)	5.2 (50)	6.4 (51)	5.5 (58)	-13.5 (33)	13.7 (32)	11.3 (80)	18.4 (66)
● Policy Index Updated	2.6 (46)	7.7 (41)	7.8 (24)	5.8 (39)	6.9 (36)	5.8 (46)	-12.3 (26)	14.1 (27)	12.5 (65)	17.8 (72)
▲ 70/30 ACWI/Bloomberg Aggregate Bond	4.1 (8)	11.2 (10)	6.5 (44)	6.1 (33)	6.7 (40)	5.3 (68)	-16.6 (59)	12.2 (44)	14.3 (45)	21.2 (28)

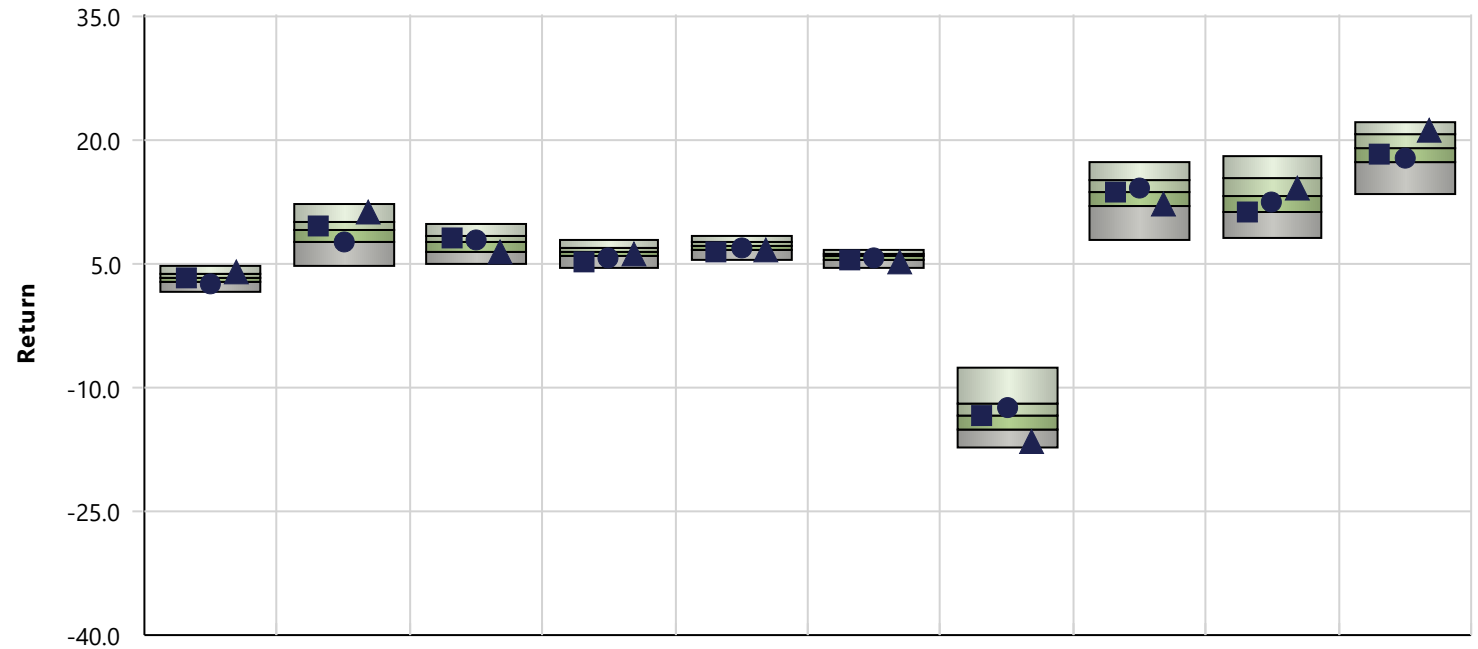
5th Percentile	4.5	12.3	9.4	7.2	8.2	7.1	-9.3	17.5	19.7	23.6
1st Quartile	3.3	8.9	7.7	6.4	7.2	6.2	-12.3	14.2	16.0	21.4
Median	2.2	7.0	5.9	5.2	6.4	5.7	-15.4	11.5	13.4	19.5
3rd Quartile	0.8	3.2	0.6	3.9	5.7	5.2	-19.4	6.9	11.7	17.5
95th Percentile	-0.4	0.0	-3.2	2.3	4.2	4.2	-23.7	0.5	7.9	14.7
Population	211	200	190	183	152	101	271	329	366	381

Parentheses contain percentile rankings.  
Calculation based on quarterly periodicity.

# Spokane Employees' Retirement System

As of June 30, 2023

## IM Public > \$50 mm and < \$250mm



	1 Quarter	1 Year	3 Years	5 Years	10 Years	Since Inception	2022	2021	2020	2019
■ SERS Plan Total	3.3 (47)	9.7 (35)	8.0 (34)	5.2 (88)	6.4 (84)	5.5 (76)	-13.5 (52)	13.7 (50)	11.3 (78)	18.4 (62)
● Policy Index Updated	2.6 (83)	7.7 (75)	7.8 (41)	5.8 (80)	6.9 (62)	5.8 (52)	-12.3 (32)	14.1 (43)	12.5 (59)	17.8 (73)
▲ 70/30 ACWI/Bloomberg Aggregate Bond	4.1 (16)	11.2 (12)	6.5 (74)	6.1 (71)	6.7 (70)	5.3 (84)	-16.6 (91)	12.2 (72)	14.3 (38)	21.2 (16)

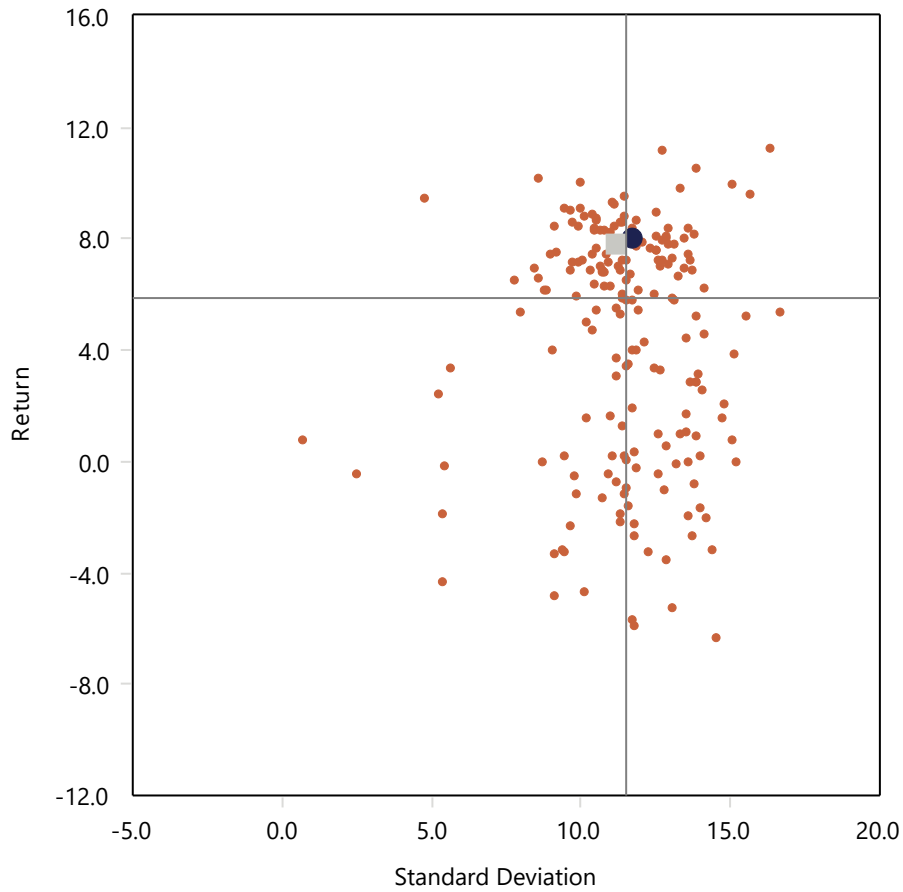
5th Percentile	4.7	12.3	9.9	8.0	8.3	6.7	-7.5	17.3	18.0	22.3
1st Quartile	3.9	10.1	8.3	7.0	7.6	6.3	-11.9	15.1	15.3	20.6
Median	3.3	9.1	7.6	6.5	7.1	5.9	-13.5	13.6	13.2	19.2
3rd Quartile	2.7	7.6	6.4	5.9	6.6	5.6	-15.2	11.9	11.4	17.5
95th Percentile	1.5	4.8	5.0	4.5	5.5	4.5	-17.3	8.0	8.0	13.4
Population	176	174	166	159	130	80	229	258	272	267

Parentheses contain percentile rankings.  
Calculation based on quarterly periodicity.

# Spokane Employees' Retirement System

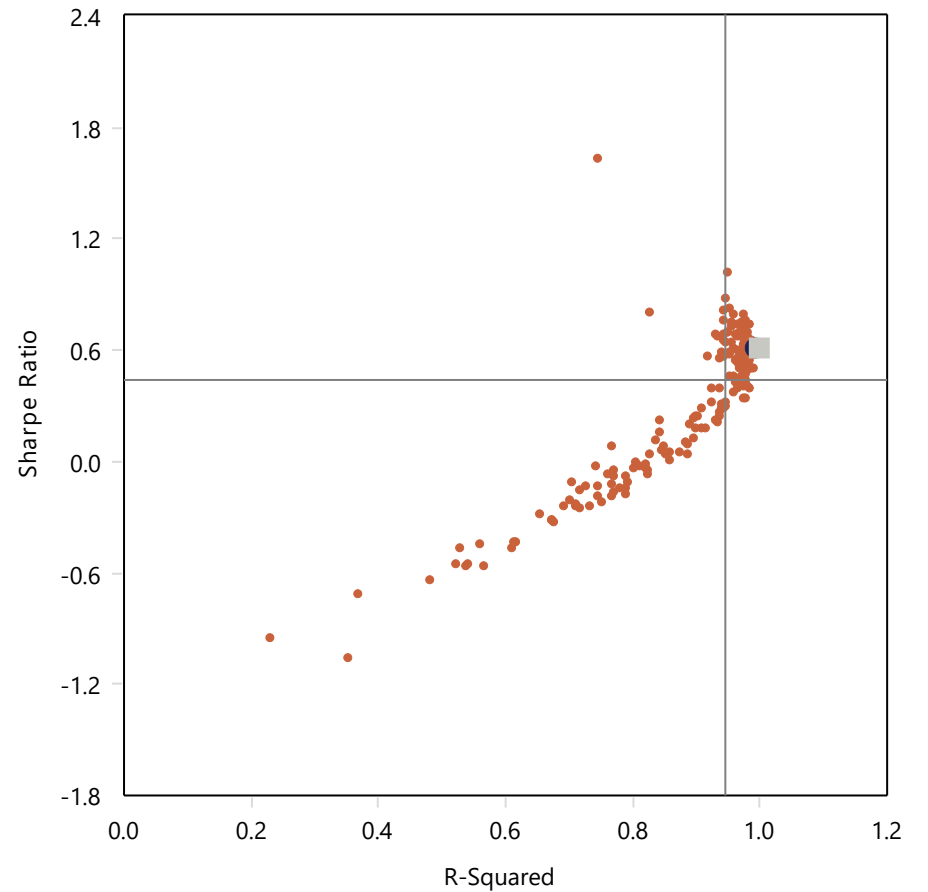
As of June 30, 2023

## Annualized Return vs Annualized Standard Deviation Trailing 3 Years



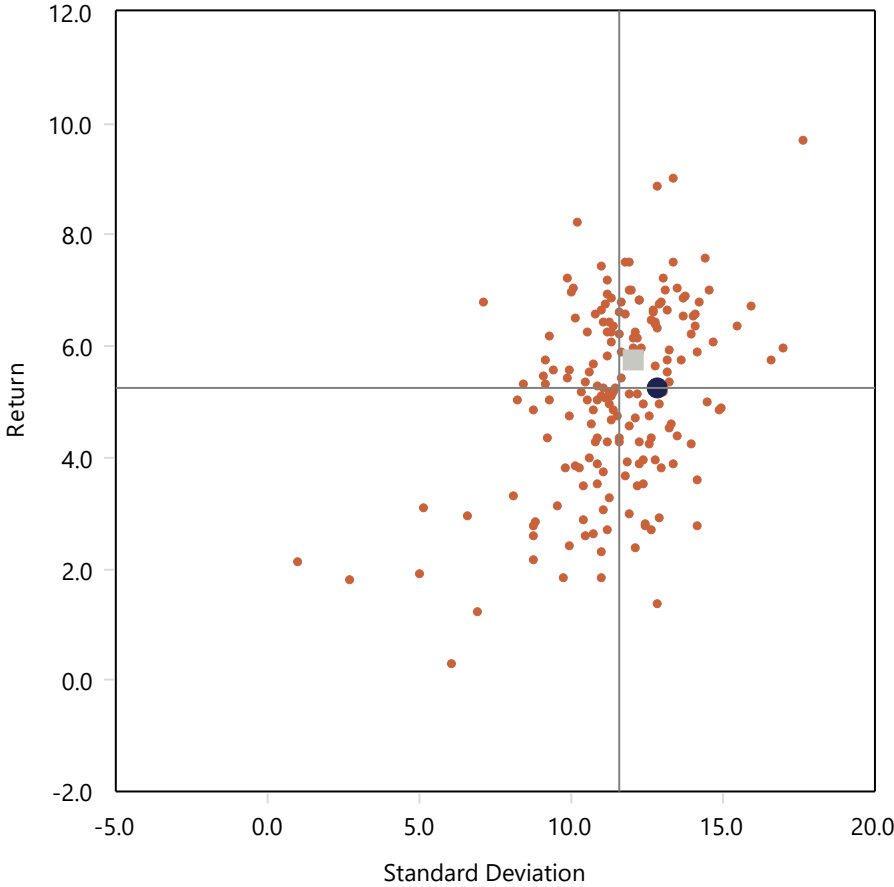
- Corporate and Public >250m and < \$1Bil
- SERS Plan Total
- Policy Index Updated

## Sharpe Ratio vs R-Squared Trailing 3 Years



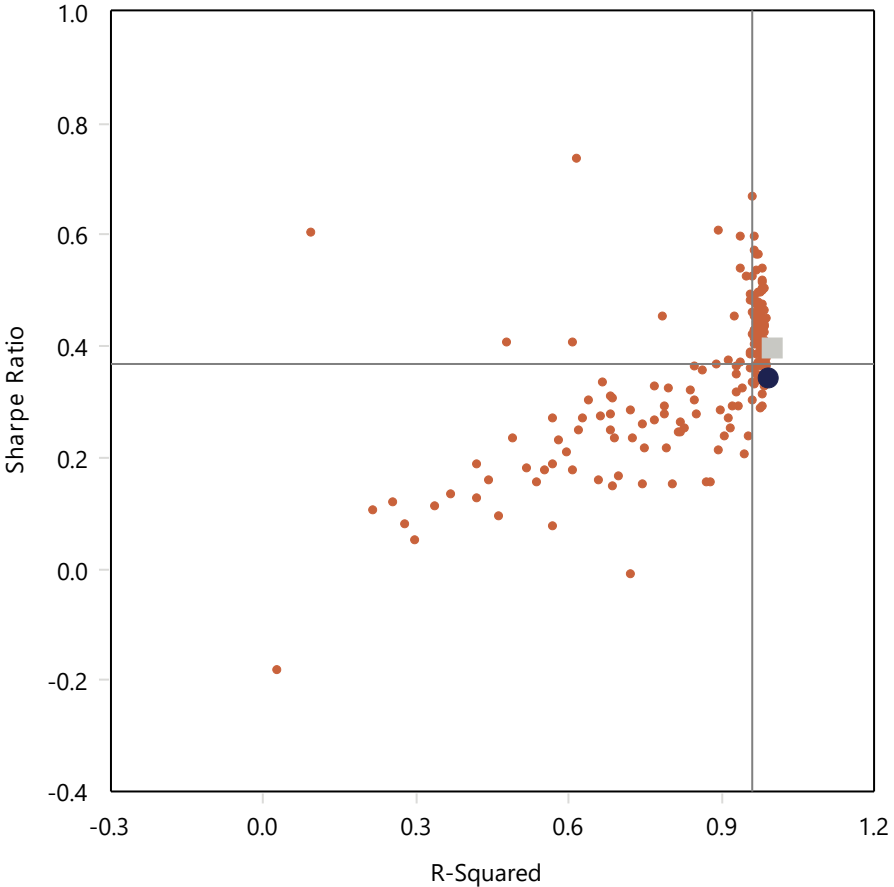
- Corporate and Public >250m and < \$1Bil
- SERS Plan Total
- Policy Index Updated

Annualized Return vs Annualized Standard Deviation  
Trailing 5 Years



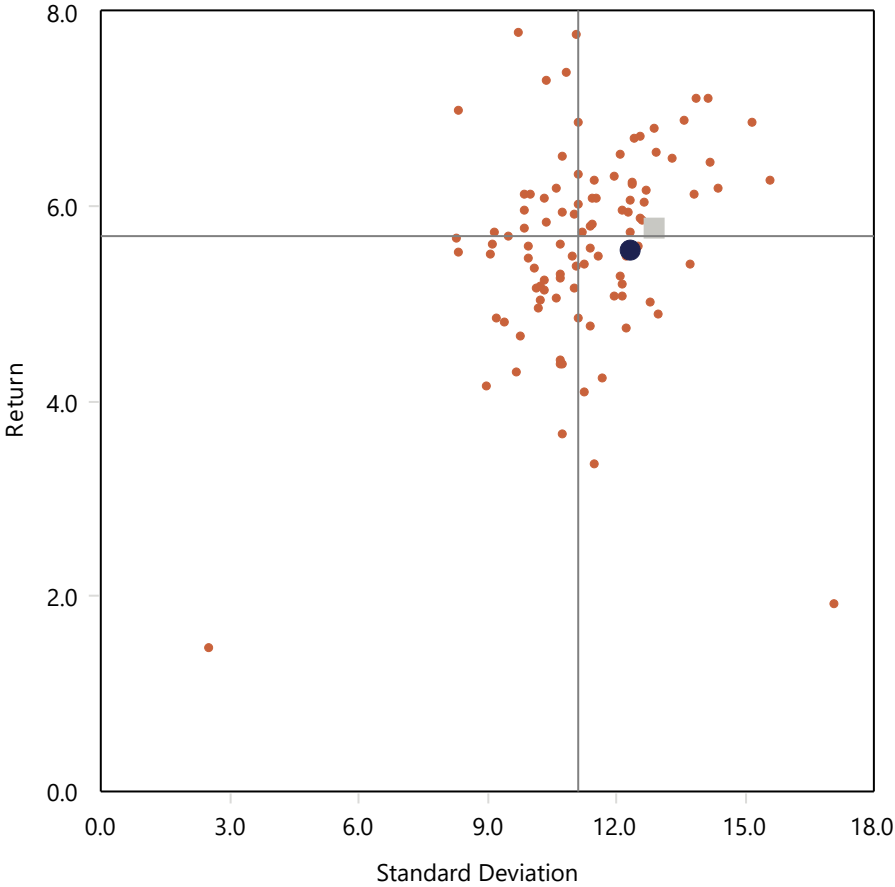
- Corporate and Public >250m and < \$1Bil
- SERS Plan Total
- Policy Index Updated

Sharpe Ratio vs R-Squared  
Trailing 5 Years



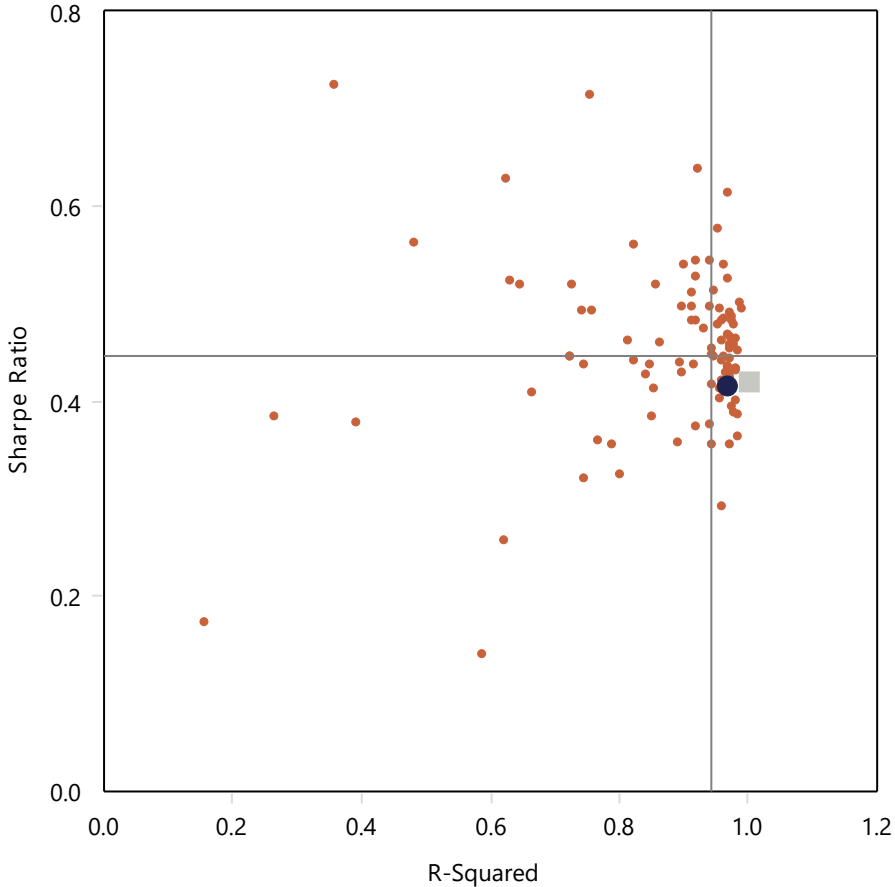
- Corporate and Public >250m and < \$1Bil
- SERS Plan Total
- Policy Index Updated

Annualized Return vs Annualized Standard Deviation Since Inception 1/1/2007



- Corporate and Public >250m and < \$1Bil
- SERS Plan Total
- Policy Index Updated

Sharpe Ratio vs R-Squared Since Inception 1/1/2007



- Corporate and Public >250m and < \$1Bil
- SERS Plan Total
- Policy Index Updated

# Spokane Employees' Retirement System

As of June 30, 2023

## Asset Class Performance

	Performance (%)												Inception Date
	1 Quarter	Year To Date	1 Year	3 Years	5 Years	Since Inception	2022	2021	2020	2019	2018	2017	
<b>Capital Preservation</b>	<b>0.69</b>	<b>2.95</b>	<b>3.69</b>	<b>1.16</b>	<b>1.61</b>	<b>2.58</b>	<b>-7.41</b>	<b>2.35</b>	<b>3.29</b>	<b>8.71</b>	<b>-0.94</b>	<b>5.85</b>	<b>07/01/2012</b>
Capital Preservation Index	0.16	2.96	3.04	1.10	2.54	3.02	-8.13	3.07	7.23	9.09	-0.72	4.60	
Over/Under	0.53	-0.01	0.65	0.06	-0.93	-0.44	0.72	-0.72	-3.94	-0.38	-0.22	1.25	
<b>Total Return Bond</b>	<b>-0.51</b>	<b>2.15</b>	<b>-0.74</b>	<b>-3.04</b>	<b>1.40</b>	<b>1.02</b>	<b>-12.70</b>	<b>-1.03</b>	<b>9.29</b>	<b>9.38</b>	<b>-0.09</b>	<b>4.20</b>	<b>10/01/2016</b>
Blmbg. U.S. Aggregate Index	-0.84	2.09	-0.94	-3.97	0.77	0.39	-13.01	-1.55	7.51	8.72	0.01	3.54	
Over/Under	0.33	0.06	0.20	0.93	0.63	0.63	0.31	0.52	1.78	0.66	-0.10	0.66	
Intermediate Core Bond Rank	11	57	33	13	7	8	22	23	17	17	33	16	
<b>High Yield</b>	<b>1.89</b>	<b>5.36</b>	<b>8.84</b>	<b>5.02</b>	<b>2.14</b>	<b>3.88</b>	<b>-9.70</b>	<b>6.83</b>	<b>3.04</b>	<b>9.71</b>	<b>-3.46</b>	<b>8.22</b>	<b>07/01/2012</b>
Blmbg. U.S. Corp: High Yield Index	1.75	5.38	9.06	3.13	3.36	4.88	-11.19	5.28	7.11	14.32	-2.08	7.50	
Over/Under	0.14	-0.02	-0.22	1.89	-1.22	-1.00	1.49	1.55	-4.07	-4.61	-1.38	0.72	
High Yield Bond Rank	22	20	31	9	78	62	31	12	84	88	67	13	
<b>Absolute Return</b>	<b>1.48</b>	<b>2.99</b>	<b>5.33</b>	<b>3.55</b>	<b>1.37</b>	<b>2.95</b>	<b>-2.26</b>	<b>4.12</b>	<b>-2.62</b>	<b>8.10</b>	<b>-1.11</b>	<b>5.33</b>	<b>07/01/2012</b>
HFRI FOF: Conservative Index	1.05	1.98	3.67	6.08	3.93	3.81	0.08	7.62	6.47	6.30	-0.87	4.12	
Over/Under	0.43	1.01	1.66	-2.53	-2.56	-0.86	-2.34	-3.50	-9.09	1.80	-0.24	1.21	
Blmbg. U.S. Aggregate Index	-0.84	2.09	-0.94	-3.97	0.77	1.31	-13.01	-1.55	7.51	8.72	0.01	3.54	
Over/Under	2.32	0.90	6.27	7.52	0.60	1.64	10.75	5.67	-10.13	-0.62	-1.12	1.79	
<b>Domestic Equity</b>	<b>7.42</b>	<b>14.14</b>	<b>17.81</b>	<b>14.01</b>	<b>9.57</b>	<b>12.06</b>	<b>-18.25</b>	<b>25.73</b>	<b>17.45</b>	<b>29.14</b>	<b>-7.80</b>	<b>19.86</b>	<b>07/01/2012</b>
Domestic Equity Index	7.58	14.23	17.70	13.94	10.42	12.67	-18.16	25.09	19.22	30.24	-6.30	20.11	
Over/Under	-0.16	-0.09	0.11	0.07	-0.85	-0.61	-0.09	0.64	-1.77	-1.10	-1.50	-0.25	
All Cap Blend Rank	38	36	38	43	47	40	61	49	39	42	47	42	

# Spokane Employees' Retirement System

As of June 30, 2023

	Performance (%)												Inception Date
	1 Quarter	Year To Date	1 Year	3 Years	5 Years	Since Inception	2022	2021	2020	2019	2018	2017	
<b>Domestic Large Cap Equity</b>	<b>8.53</b>	<b>16.64</b>	<b>20.02</b>	<b>15.17</b>	<b>11.24</b>	<b>9.07</b>	<b>-18.11</b>	<b>29.12</b>	<b>17.47</b>	<b>30.06</b>	<b>-7.70</b>	<b>22.54</b>	<b>04/01/2007</b>
S&P 500 Index	8.74	16.89	19.59	14.60	12.31	9.46	-18.11	28.71	18.40	31.49	-4.38	21.83	
Over/Under	-0.21	-0.25	0.43	0.57	-1.07	-0.39	0.00	0.41	-0.93	-1.43	-3.32	0.71	
Large Blend Rank	34	28	21	15	44	36	51	17	48	48	75	24	
<b>Domestic Small/Mid Equity</b>	<b>5.29</b>	<b>9.48</b>	<b>13.68</b>	<b>11.91</b>	<b>6.46</b>	<b>10.84</b>	<b>-18.52</b>	<b>19.65</b>	<b>17.46</b>	<b>27.27</b>	<b>-8.05</b>	<b>14.91</b>	<b>07/01/2012</b>
Russell 2500 Index	5.22	8.79	13.58	12.29	6.55	10.76	-18.37	18.18	19.99	27.77	-10.00	16.81	
Over/Under	0.07	0.69	0.10	-0.38	-0.09	0.08	-0.15	1.47	-2.53	-0.50	1.95	-1.90	
SMID Blend Rank	26	24	49	72	42	30	72	75	27	32	12	41	
<b>International Equity Total</b>	<b>2.99</b>	<b>10.94</b>	<b>15.30</b>	<b>9.26</b>	<b>5.26</b>	<b>4.92</b>	<b>-17.36</b>	<b>9.68</b>	<b>17.63</b>	<b>25.02</b>	<b>-15.78</b>	<b>28.45</b>	<b>04/01/2007</b>
International Equity Index	1.96	7.68	10.20	6.55	2.92	2.92	-17.24	7.30	12.43	21.27	-14.96	29.35	
Over/Under	1.03	3.26	5.10	2.71	2.34	2.00	-0.12	2.38	5.20	3.75	-0.82	-0.90	
Foreign Rank	39	51	53	28	18	10	53	59	27	36	52	39	
<b>International Large Cap Equity</b>	<b>3.24</b>	<b>14.36</b>	<b>20.61</b>	<b>11.83</b>	<b>6.93</b>	<b>8.63</b>	<b>-14.41</b>	<b>9.94</b>	<b>17.08</b>	<b>25.78</b>	<b>-15.14</b>	<b>27.50</b>	<b>07/01/2012</b>
MSCI AC World ex USA (Net)	2.44	9.47	12.72	7.22	3.52	5.53	-16.00	7.82	10.65	21.51	-14.20	27.19	
Over/Under	0.80	4.89	7.89	4.61	3.41	3.10	1.59	2.12	6.43	4.27	-0.94	0.31	
Foreign Large Blend Rank	31	8	10	6	6	3	30	54	14	22	52	28	
<b>International Small/Mid Cap Equity</b>	<b>2.77</b>	<b>9.77</b>	<b>13.30</b>	<b>6.28</b>	<b>2.40</b>	<b>7.04</b>	<b>-23.14</b>	<b>12.40</b>	<b>15.42</b>	<b>27.88</b>	<b>-20.33</b>	<b>37.08</b>	<b>07/01/2012</b>
MSCI AC World ex USA Small Cap (Net)	2.05	6.84	10.93	8.15	2.62	6.64	-19.97	12.93	14.24	22.42	-18.20	31.65	
Over/Under	0.72	2.93	2.37	-1.87	-0.22	0.40	-3.17	-0.53	1.18	5.46	-2.13	5.43	
<b>Emerging Markets Equity</b>	<b>2.66</b>	<b>4.57</b>	<b>2.42</b>	<b>4.08</b>	<b>2.43</b>	<b>3.61</b>	<b>-23.03</b>	<b>5.61</b>	<b>23.38</b>	<b>18.64</b>	<b>-14.62</b>	<b>23.58</b>	<b>07/01/2012</b>
MSCI Emerging Markets (Net)	0.90	4.89	1.75	2.32	0.93	2.94	-20.09	-2.54	18.31	18.42	-14.57	37.28	
Over/Under	1.76	-0.32	0.67	1.76	1.50	0.67	-2.94	8.15	5.07	0.22	-0.05	-13.70	
Diversified Emerging Mkts Rank	36	85	69	33	28	35	57	17	32	63	31	94	

# Spokane Employees' Retirement System

As of June 30, 2023

	Performance (%)												Inception Date
	1 Quarter	Year To Date	1 Year	3 Years	5 Years	Since Inception	2022	2021	2020	2019	2018	2017	
<b>Long Biased</b>	<b>3.52</b>	<b>4.17</b>	<b>6.59</b>	<b>5.15</b>	<b>4.95</b>	<b>4.51</b>	<b>-8.37</b>	<b>4.52</b>	<b>16.54</b>	<b>12.74</b>	<b>2.43</b>	<b>1.19</b>	<b>07/01/2012</b>
HFRI Fund of Funds Composite Index	1.53	2.30	3.70	5.05	3.33	3.74	-5.31	6.17	10.88	8.39	-4.02	7.77	
Over/Under	1.99	1.87	2.89	0.10	1.62	0.77	-3.06	-1.65	5.66	4.35	6.45	-6.58	
S&P 500 Index	8.74	16.89	19.59	14.60	12.31	13.54	-18.11	28.71	18.40	31.49	-4.38	21.83	
Over/Under	-5.22	-12.72	-13.00	-9.45	-7.36	-9.03	9.74	-24.19	-1.86	-18.75	6.81	-20.64	
<b>Private Credit</b>	<b>3.64</b>	<b>5.69</b>	<b>4.64</b>	<b>10.72</b>	<b>2.12</b>	<b>4.40</b>	<b>-8.09</b>	<b>20.58</b>	<b>1.81</b>	<b>1.14</b>	<b>-5.68</b>	<b>7.08</b>	<b>10/01/2013</b>
HFRI ED: Distressed/Restructuring Index	1.36	2.26	1.61	9.32	4.48	4.12	-4.27	15.61	11.82	2.94	-1.70	6.25	
Over/Under	2.28	3.43	3.03	1.40	-2.36	0.28	-3.82	4.97	-10.01	-1.80	-3.98	0.83	
<b>Real Estate Total</b>	<b>0.09</b>	<b>1.08</b>	<b>-2.09</b>	<b>6.83</b>	<b>5.72</b>	<b>5.50</b>	<b>-10.62</b>	<b>27.75</b>	<b>-2.65</b>	<b>16.62</b>	<b>3.68</b>	<b>10.01</b>	<b>04/01/2007</b>
NCREIF Fund Index-ODCE (VW) (Net)	-2.88	-6.16	-10.73	7.04	5.56	5.11	6.55	21.02	0.34	4.39	7.36	6.66	
Over/Under	2.97	7.24	8.64	-0.21	0.16	0.39	-17.17	6.73	-2.99	12.23	-3.68	3.35	
FTSE NAREIT All REITs Index	1.60	3.12	-4.28	6.17	4.32	4.72	-25.10	39.88	-5.86	28.07	-4.10	9.27	
Over/Under	-1.51	-2.04	2.19	0.66	1.40	0.78	14.48	-12.13	3.21	-11.45	7.78	0.74	
Real Estate Rank	91	99	39	54	15	16	1	90	24	99	1	11	





### Manager Commentary

- **Hotchkis & Wiley High Yield** – The strategy was placed on watch in 2Q19. There were two primary drivers of underperformance which persisted for well over a year. These included; 1) overweight to and underperformance of small/mid cap issues, 2) significant exposure to a continued selloff in the energy sector. The dramatic flight to quality that occurred during 1Q20 as a result of the coronavirus served as a further headwind for the strategy. Post 1Q20 the strategy outperformed for multiple quarters. The strategy outperformed in 2Q23, returning 1.77% versus 1.75% for its benchmark, the Bloomberg US Corporate High Yield Index. Strong credit selection across multiple sectors including industrial, retail, and consumer staples fueled outperformance. Looking forward, management is taking an increasingly cautious view of the high yield sector, noting the continued moderate pick-up in defaults and approaching need for refinancing at higher rates. As such the fund’s cyclical exposure has been reduced and cash holdings remain slightly elevated. The Hyas Group recommends retaining watch status.
- **Rimrock Low Vol** – The strategy was liquidated in July of 2023 as part of transition to the new asset allocation and is no longer a watch concern.
- **Sterling Mid Cap Value** – Sterling Mid Cap Value takes a semi-concentrated, relatively low-turnover approach, seeking free cash flow generating businesses with strong balance sheets and that are trading at attractive valuations. The fund tends to maintain relatively low valuations versus the Russell Mid Cap Index (the exception being its dividend yields tends to be below-index due to its underweight to REITs and utilities), giving it a tendency to lead when value is in favor over growth. The strategy performed well in 2Q23, returning 4.7% versus 3.9% for the Russell Mid Cap Value Index. Substantial underweights to the REIT and utilities sectors aided relative performance as rising interest rates served as a headwind to these sectors. An overweight to other financial stocks helped as well. Retaining watch status for a slightly time longer may be warranted, but the Hyas Group is suggesting eliminating the allocation as part of the implementation of the new asset allocation.
- **MFS Growth** – MFS Growth was placed on watch in 1Q23 for management changes. In February of 2023, it was announced that longstanding co-manager Paul Gordon would be taking an extended leave of absence of unknown duration. Shortly thereafter, MFS stated that Paul Gordon would be retiring from his post for medical reasons and that they were not pursuing a replacement. The fund remains managed by co-managers Eric Fischman and Bradford Mak, who have served in their current roles since 2002 and 2021 respectively. Additionally, the strategy retains the extensive support of the MFS global research platform, which boasts numerous sector analysts within the US equity space. The Hyas Group recommends retaining watch status.

- **Contrarian Emerging Markets Fund** – Contrarian Emerging Markets follows the strategy of investing in distressed securities from emerging market issuers which are believed to trade at a substantial discount to their fair value. The fund generally gravitates towards countries whose courts have a strong history of enforcing creditor rights. Underlying positions are a mix of performing credits, restructuring situations, and equity exposure. In its 1Q23 meeting, the watch criteria for the SERS Investment Policy Statement were revised to allow a fund-of-funds index to serve as a proxy for a peer group median. Underperformance of such a benchmark in combination with one of a market index for the trailing five-year period may thereby render a fund as a watch candidate. As of 2Q23, Contrarian Emerging Markets lagged such a benchmark (the HFRI Emerging Markets Global Index) by -4.65% and the MSCI Emerging Markets Index by -2.56% for the trailing five-year period and as such is a watch candidate. In terms of process consistency, the Hyas Group believes watch to be appropriate. In terms of investment merit however, the fund has performed strongly for the trailing three years and the Hyas Group currently believes the best course of action is to retain the position.

# Spokane Employees' Retirement System

As of June 30, 2023

## Manager Performance

	Performance (%)													
	1 Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years	Since Inception	2022	2021	2020	2019	2018	2017	Inception Date
<b>Capital Preservation</b>														
<b>Total Return Bond</b>														
Sterling Capital Total Return Bond I	-0.55	2.42	-0.62	-3.24	1.18	2.02	0.87	-13.24	-1.22	9.24	9.26	-0.35	4.33	08/01/2016
Blmbg. U.S. Aggregate Index	-0.84	2.09	-0.94	-3.97	0.77	1.52	0.36	-13.01	-1.55	7.51	8.72	0.01	3.54	
Over/Under	0.29	0.33	0.32	0.73	0.41	0.50	0.51	-0.23	0.33	1.73	0.54	-0.36	0.79	
Intermediate Core Bond Rank	12	29	25	18	15	7	11	40	32	17	20	47	12	
Fidelity US Bond Index	-0.83	2.20	-0.95	-4.05	0.77	1.49	5.08	-13.03	-1.79	7.80	8.48	0.01	3.50	04/01/1990
Blmbg. U.S. Aggregate Index	-0.84	2.09	-0.94	-3.97	0.77	1.52	5.15	-13.01	-1.55	7.51	8.72	0.01	3.54	
Over/Under	0.01	0.11	-0.01	-0.08	0.00	-0.03	-0.07	-0.02	-0.24	0.29	-0.24	0.00	-0.04	
Intermediate Core Bond Rank	46	52	47	65	40	42	25	30	64	50	50	27	45	
Loomis Sayles Core Plus Bond N	-0.75	3.08	1.14	-2.74	1.55	2.41	-0.30	-12.65	-1.34	10.71	9.05	-0.52	5.31	06/22/2023
Blmbg. U.S. Aggregate Index	-0.84	2.09	-0.94	-3.97	0.77	1.52	-0.10	-13.01	-1.55	7.51	8.72	0.01	3.54	
Over/Under	0.09	0.99	2.08	1.23	0.78	0.89	-0.20	0.36	0.21	3.20	0.33	-0.53	1.77	
Intermediate Core-Plus Bond Rank	58	10	9	27	15	10	65	18	76	13	57	37	17	
<b>High Yield</b>														
Hotchkis & Wiley High Yield Z	1.77	5.73	9.23	5.10	2.37	3.76	3.15	-9.69	6.83	3.83	9.77	-3.34	8.24	06/01/2015
Blmbg. U.S. Corp: High Yield Index	1.75	5.38	9.06	3.13	3.36	4.43	3.93	-11.19	5.28	7.11	14.32	-2.08	7.50	
Over/Under	0.02	0.35	0.17	1.97	-0.99	-0.67	-0.78	1.50	1.55	-3.28	-4.55	-1.26	0.74	
High Yield Bond Rank	27	10	22	8	68	40	46	31	12	75	87	65	13	
BlackRock High Yield Bond K	1.75	5.74	9.74	3.86	3.53	4.65	6.62	-10.34	5.86	5.93	15.58	-2.76	8.31	11/01/1998
Blmbg. U.S. Corp: High Yield Index	1.75	5.38	9.06	3.13	3.36	4.43	6.27	-11.19	5.28	7.11	14.32	-2.08	7.50	
Over/Under	0.00	0.36	0.68	0.73	0.17	0.22	0.35	0.85	0.58	-1.18	1.26	-0.68	0.81	
High Yield Bond Rank	28	9	12	27	17	7	7	42	25	36	11	45	12	

# Spokane Employees' Retirement System

As of June 30, 2023

	Performance (%)													Inception Date
	1 Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years	Since Inception	2022	2021	2020	2019	2018	2017	
<b>Absolute Return</b>														
PIMCO Dynamic Bond Instl	0.90	2.34	1.90	-0.03	1.25	1.89	-2.34	-6.88	0.31	5.43	4.81	1.97	6.41	04/01/2021
HFRI FOF: Conservative Index	1.05	1.98	3.67	6.08	3.93	3.47	2.64	0.08	7.62	6.47	6.30	-0.87	4.12	
Over/Under	-0.15	0.36	-1.77	-6.11	-2.68	-1.58	-4.98	-6.96	-7.31	-1.04	-1.49	2.84	2.29	
Blmbg. U.S. Aggregate Index	-0.84	2.09	-0.94	-3.97	0.77	1.52	-4.34	-13.01	-1.55	7.51	8.72	0.01	3.54	
Over/Under	1.74	0.25	2.84	3.94	0.48	0.37	2.00	6.13	1.86	-2.08	-3.91	1.96	2.87	
Polar Long/Short Fund	2.06	1.23	6.41	6.35	5.77	4.85	4.91	3.22	3.25	13.07	8.49	0.24	4.20	10/01/2011
HFRI FOF: Conservative Index	1.05	1.98	3.67	6.08	3.93	3.47	3.63	0.08	7.62	6.47	6.30	-0.87	4.12	
Over/Under	1.01	-0.75	2.74	0.27	1.84	1.38	1.28	3.14	-4.37	6.60	2.19	1.11	0.08	
Blmbg. U.S. Aggregate Index	-0.84	2.09	-0.94	-3.97	0.77	1.52	1.53	-13.01	-1.55	7.51	8.72	0.01	3.54	
Over/Under	2.90	-0.86	7.35	10.32	5.00	3.33	3.38	16.23	4.80	5.56	-0.23	0.23	0.66	
<b>Domestic Equity</b>														
<b>Domestic Large Cap Equity</b>														
Hotchkis & Wiley Diversified Value I	3.79	7.39	16.88	21.46	8.58	9.82	10.50	-4.35	32.47	0.41	29.26	-14.74	18.39	10/01/2008
Russell 1000 Value Index	4.07	5.12	11.54	14.30	8.11	9.22	8.98	-7.54	25.16	2.80	26.54	-8.27	13.66	
Over/Under	-0.28	2.27	5.34	7.16	0.47	0.60	1.52	3.19	7.31	-2.39	2.72	-6.47	4.73	
Large Value Rank	47	16	8	2	38	26	9	38	6	73	13	95	26	
Fidelity® 500 Index	8.73	16.89	19.57	14.59	12.29	12.85	15.56	-18.13	28.69	18.40	31.47	-4.40	21.81	01/01/2019
S&P 500 Index	8.74	16.89	19.59	14.60	12.31	12.86	15.57	-18.11	28.71	18.40	31.49	-4.38	21.83	
Over/Under	-0.01	0.00	-0.02	-0.01	-0.02	-0.01	-0.01	-0.02	-0.02	0.00	-0.02	-0.02	-0.02	
Large Blend Rank	23	20	26	24	15	10	18	51	22	37	23	24	33	
MFS Growth R6	12.18	24.23	21.10	8.26	11.99	14.32	11.12	-31.08	23.76	31.74	37.81	2.68	30.99	09/01/2019
Russell 1000 Growth Index	12.81	29.02	27.11	13.73	15.14	15.74	16.36	-29.14	27.60	38.49	36.39	-1.51	30.21	
Over/Under	-0.63	-4.79	-6.01	-5.47	-3.15	-1.42	-5.24	-1.94	-3.84	-6.75	1.42	4.19	0.78	
Large Growth Rank	44	59	68	67	44	27	66	52	36	65	11	13	32	

# Spokane Employees' Retirement System

As of June 30, 2023

	Performance (%)													Inception Date
	1 Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years	Since Inception	2022	2021	2020	2019	2018	2017	
<b>Domestic Small/Mid Equity</b>														
Sterling Mid Cap Value	4.70	3.85	4.16	13.48	5.25	7.98	9.46	-12.29	22.22	9.62	29.75	-17.67	14.27	01/01/2002
Russell Midcap Value Index	3.86	5.23	10.50	15.04	6.84	9.03	9.35	-12.03	28.34	4.96	27.06	-12.29	13.34	
Over/Under	0.84	-1.38	-6.34	-1.56	-1.59	-1.05	0.11	-0.26	-6.12	4.66	2.69	-5.38	0.93	
Mid-Cap Value Rank	37	64	96	85	83	68	22	87	90	8	22	83	39	
Fidelity® Mid Cap Index	4.75	8.99	14.97	12.51	8.47	10.32	12.35	-17.28	22.56	17.11	30.51	-9.05	18.47	01/01/2019
Russell Midcap Index	4.76	9.01	14.92	12.50	8.46	10.32	12.35	-17.32	22.58	17.10	30.54	-9.06	18.52	
Over/Under	-0.01	-0.02	0.05	0.01	0.01	0.00	0.00	0.04	-0.02	0.01	-0.03	0.01	-0.05	
Mid-Cap Blend Rank	50	33	45	62	26	19	32	69	62	25	25	28	29	
Westfield Mid Cap Growth CIT	7.20	15.73	20.53	8.87	10.49	12.47	16.65	-25.77	16.59	28.83	42.73	-3.07	24.72	04/01/2020
Russell Midcap Growth Index	6.23	15.94	23.13	7.63	9.71	11.53	16.09	-26.72	12.73	35.59	35.47	-4.75	25.27	
Over/Under	0.97	-0.21	-2.60	1.24	0.78	0.94	0.56	0.95	3.86	-6.76	7.26	1.68	-0.55	
Mid-Cap Growth Rank	26	34	32	28	19	11	35	32	25	78	3	29	54	
Fidelity® Small Cap Index	5.24	8.19	12.56	10.89	4.31	8.42	9.31	-20.27	14.71	19.99	25.71	-10.88	14.85	01/01/2019
Russell 2000 Index	5.21	8.09	12.31	10.82	4.21	8.26	9.21	-20.44	14.82	19.96	25.53	-11.01	14.65	
Over/Under	0.03	0.10	0.25	0.07	0.10	0.16	0.10	0.17	-0.11	0.03	0.18	0.13	0.20	
Small Blend Rank	26	41	51	83	68	51	66	81	90	14	35	35	27	
Champlain Small Cap	5.39	10.09	18.34	9.58	5.49	9.87	11.50	-21.07	12.81	24.56	25.54	-3.03	10.90	01/01/2003
Russell 2000 Index	5.21	8.09	12.31	10.82	4.21	8.26	9.54	-20.44	14.82	19.96	25.53	-11.01	14.65	
Over/Under	0.18	2.00	6.03	-1.24	1.28	1.61	1.96	-0.63	-2.01	4.60	0.01	7.98	-3.75	
Small Blend Rank	21	15	8	91	44	7	4	90	99	5	38	2	72	
Bridge City Small Cap Growth	4.59	8.10	10.90	11.27	7.18	11.73	14.44	-20.07	20.73	20.48	24.61	0.97	15.93	07/01/2009
Russell 2000 Growth Index	7.05	13.55	18.53	6.10	4.22	8.83	11.77	-26.36	2.83	34.63	28.48	-9.31	22.17	
Over/Under	-2.46	-5.45	-7.63	5.17	2.96	2.90	2.67	6.29	17.90	-14.15	-3.87	10.28	-6.24	
Small Growth Rank	61	88	85	12	36	12	6	9	13	93	75	15	81	

# Spokane Employees' Retirement System

As of June 30, 2023

	Performance (%)													Inception Date
	1 Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years	Since Inception	2022	2021	2020	2019	2018	2017	
<b>International Equity Total</b>														
Artisan International Value Instl	4.02	14.62	22.96	16.98	8.65	8.24	9.26	-6.80	16.97	8.81	24.20	-15.42	24.06	10/01/2008
MSCI AC World ex USA Value (Net)	2.95	8.26	12.19	10.42	2.65	3.70	3.83	-8.59	10.46	-0.77	15.72	-13.97	22.66	
Over/Under	1.07	6.36	10.77	6.56	6.00	4.54	5.43	1.79	6.51	9.58	8.48	-1.45	1.40	
Foreign Large Value Rank	16	13	7	2	1	1	1	28	9	7	8	38	38	
American Funds Europacific Growth R6	2.16	12.25	15.80	5.47	4.29	6.30	4.64	-22.72	2.84	25.27	27.40	-14.91	31.17	07/01/2008
MSCI AC World ex USA (Net)	2.44	9.47	12.72	7.22	3.52	4.75	2.87	-16.00	7.82	10.65	21.51	-14.20	27.19	
Over/Under	-0.28	2.78	3.08	-1.75	0.77	1.55	1.77	-6.72	-4.98	14.62	5.89	-0.71	3.98	
Foreign Large Blend Rank	81	29	53	91	38	11	15	96	95	3	10	48	6	
Victory Trivalent International Sm-Cp I	2.77	10.08	13.62	6.37	2.46	7.29	5.72	-23.14	12.39	15.42	27.88	-20.21	37.13	09/01/2015
MSCI AC World ex USA Small Cap (Net)	2.05	6.84	10.93	8.15	2.62	5.75	5.71	-19.97	12.93	14.24	22.42	-18.20	31.65	
Over/Under	0.72	3.24	2.69	-1.78	-0.16	1.54	0.01	-3.17	-0.54	1.18	5.46	-2.01	5.48	
Foreign Small/Mid Blend Rank	5	12	27	73	37	5	31	84	64	12	3	57	11	
Vanguard Emerging Mkts Stock Idx Adm	1.10	4.75	1.15	3.43	2.09	3.19	1.47	-17.78	0.86	15.24	20.31	-14.58	31.38	08/01/2018
MSCI Emerging Markets (Net)	0.90	4.89	1.75	2.32	0.93	2.95	0.50	-20.09	-2.54	18.31	18.42	-14.57	37.28	
Over/Under	0.20	-0.14	-0.60	1.11	1.16	0.24	0.97	2.31	3.40	-3.07	1.89	-0.01	-5.90	
Diversified Emerging Mkts Rank	69	82	80	38	33	44	37	20	36	66	51	30	70	
ABS Emerging Markets Strategic Portfolio LP	3.72	7.74	5.60	5.17	3.30	-	4.33	-23.25	5.82	23.81	19.98	-14.99	-	10/01/2018
MSCI Emerging Markets (Net)	0.90	4.89	1.75	2.32	0.93	2.95	1.21	-20.09	-2.54	18.31	18.42	-14.57	37.28	
Over/Under	2.82	2.85	3.85	2.85	2.37	-	3.12	-3.16	8.36	5.50	1.56	-0.42	-	
Diversified Emerging Mkts Rank	23	40	44	25	20	-	17	59	17	30	52	37	-	
<b>Long Biased</b>														
The Weatherlow Offshore Fund I Ltd	2.99	3.69	6.04	5.43	5.46	5.15	4.40	-8.82	5.39	24.58	13.23	-3.10	5.67	04/01/2008
HFRI Fund of Funds Composite Index	1.53	2.30	3.70	5.05	3.33	3.40	2.13	-5.31	6.17	10.88	8.39	-4.02	7.77	
Over/Under	1.46	1.39	2.34	0.38	2.13	1.75	2.27	-3.51	-0.78	13.70	4.84	0.92	-2.10	

# Spokane Employees' Retirement System

As of June 30, 2023

## Manager Performance

	Performance (%)													
	1 Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years	Since Inception	2022	2021	2020	2019	2018	2017	Inception Date
<b>Private Credit</b>														
Beach Point Select Fund LP	3.11	5.33	3.77	8.69	5.83	6.58	6.37	-7.37	14.47	8.97	11.48	0.28	7.08	10/01/2013
HFRI ED: Distressed/Restructuring Index	1.36	2.26	1.61	9.32	4.48	4.27	4.12	-4.27	15.61	11.82	2.94	-1.70	6.25	
Over/Under	1.75	3.07	2.16	-0.63	1.35	2.31	2.25	-3.10	-1.14	-2.85	8.54	1.98	0.83	
Contrarian Capital Fund I LP	3.25	5.26	4.91	13.38	-2.67	1.95	-2.56	-9.06	29.86	-7.38	-9.89	-12.43	4.77	10/01/2018
HFRI ED: Distressed/Restructuring Index	1.36	2.26	1.61	9.32	4.48	4.27	4.43	-4.27	15.61	11.82	2.94	-1.70	6.25	
Over/Under	1.89	3.00	3.30	4.06	-7.15	-2.32	-6.99	-4.79	14.25	-19.20	-12.83	-10.73	-1.48	
Contrarian Emerging Markets Fund LP	5.77	7.47	17.70	12.04	-1.63	5.72	-1.85	-1.74	9.57	-17.52	-4.09	0.96	20.36	10/01/2018
HFRI Emerging Markets: Global Index	3.11	4.21	8.05	4.78	3.02	2.88	3.44	-6.73	4.98	9.56	8.42	-6.83	12.50	
Over/Under	2.66	3.26	9.65	7.26	-4.65	2.84	-5.29	4.99	4.59	-27.08	-12.51	7.79	7.86	
MSCI Emerging Markets (Net)	0.90	4.89	1.75	2.32	0.93	2.95	1.21	-20.09	-2.54	18.31	18.42	-14.57	37.28	
Over/Under	4.87	2.58	15.95	9.72	-2.56	2.77	-3.06	18.35	12.11	-35.83	-22.51	15.53	-16.92	
<b>Real Estate Total</b>														
Principal REITS SERS	1.92	5.20	-1.41	7.32	5.82	7.85	10.43	-25.12	39.98	-3.17	31.24	-4.13	9.16	01/01/2003
FTSE NAREIT All REITs Index	1.60	3.12	-4.28	6.17	4.32	6.63	8.84	-25.10	39.88	-5.86	28.07	-4.10	9.27	
Over/Under	0.32	2.08	2.87	1.15	1.50	1.22	1.59	-0.02	0.10	2.69	3.17	-0.03	-0.11	
Real Estate Rank	43	36	29	42	14	5	1	26	67	29	15	17	12	
Prime Property Fund, LLC	-2.24	-1.07	-4.63	9.41	7.38	9.47	6.22	6.25	21.47	1.24	6.14	8.03	8.67	10/01/2007
NCREIF ODCE VW NET	-2.88	-6.16	-10.73	7.04	5.56	7.77	4.72	6.55	21.02	0.34	4.39	7.36	6.66	
Over/Under	0.64	5.09	6.10	2.37	1.82	1.70	1.50	-0.30	0.45	0.90	1.75	0.67	2.01	
Real Estate Rank	100	99	73	6	3	2	13	1	93	8	100	1	16	

\* Prime Property Fund's gross returns as of this report's performance measurement date are estimated to be ranked in the third, second and first quartiles of the ODCE universe for trailing three-, five-, and ten-year periods, respectively.

# Spokane Employees' Retirement System

As of June 30, 2023

## Non-Marketable Securities Overview

Partnerships	Vintage Year	Investment Strategy	Capital Commitment \$	Drawn Down \$	Distributed \$	Market Value \$	Remaining Commitment	% Funded	IRR (%)
Morrison Street Fund VI, LP	2020	Opportunistic Real Estate	\$7,000,000	\$6,310,382	\$779,442	\$6,845,318	\$689,618	90.15	11.53

## Time Weighted Returns

	Performance (%)							
	1 Quarter	Year To Date	1 Year	2 Years	3 Years	2022	Since Inception	Inception Date
Morrison Street Fund VI, LP	3.10	5.04	17.23	31.10	-	57.55	18.70	10/01/2020
NCREIF Property Index	-1.98	-3.76	-6.60	6.51	6.79	5.52	7.15	

## Dollar Weighted Returns

	1 Quarter	Year To Date	1 Year	2 Years	3 Years	2022	Since Inception	Inception Date
Morrison Street Fund VI, LP	3.10	5.03	17.20	15.15	-	19.93	11.53	09/30/2020

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 the 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 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 June 30, 2023

## Non-Marketable Securities Overview

Partnerships	Vintage Year	Investment Strategy	Capital Commitment \$	Drawn Down \$	Distributed \$	Market Value \$	Remaining Commitment	% Funded	IRR (%)
Morrison Street Income Fund	2021	Real Estate - Other	\$2,760,307	\$2,760,307	\$402,695	\$2,544,161	-	100.00	4.71

## Time Weighted Returns

	Performance (%)							
	1 Quarter	Year To Date	1 Year	2 Years	3 Years	2022	Since Inception	Inception Date
Morrison Street Income Fund	0.21	0.94	1.19	-	-	4.20	4.38	12/01/2021
NCREIF Property Index	-1.98	-3.76	-6.60	6.51	6.79	5.52	2.26	

## Dollar Weighted Returns

	Performance (%)							
	1 Quarter	Year To Date	1 Year	2 Years	3 Years	2022	Since Inception	Inception Date
Morrison Street Income Fund	0.21	0.95	2.68	-	-	5.76	4.71	12/27/2021

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 the 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 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 June 30, 2023

## Non-Marketable Securities Overview

Partnerships	Vintage Year	Investment Strategy	Capital Commitment \$	Drawn Down \$	Distributed \$	Market Value \$	Remaining Commitment	% Funded	IRR (%)
Orbimed Royalty Opportunities	2011	Other	\$5,000,000	\$5,000,000	\$4,582,461	\$674,022	-	100.00	1.20

## Time Weighted Returns

	Performance (%)														
	1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years	2022	2021	2020	2019	2018	2017	Since Inception	Inception Date
Orbimed Royalty Opportunities	25.65	23.57	27.71	-1.33	-9.45	-8.43	-3.31	1.40	-32.47	-24.08	-12.50	22.03	4.47	-0.80	09/01/2011
HFRI Fund of Funds Composite Index	1.53	2.30	3.70	5.05	3.33	4.04	3.40	-5.31	6.17	10.88	8.39	-4.02	7.77	3.27	
S&P 500 Index	8.74	16.89	19.59	14.60	12.31	13.38	12.86	-18.11	28.71	18.40	31.49	-4.38	21.83	13.77	

## Dollar Weighted Returns

	1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years	2022	2021	2020	2019	2018	2017	Since Inception	Inception Date
Orbimed Royalty Opportunities	25.65	23.57	29.07	0.84	-7.78	-7.12	0.27	3.30	-25.45	-23.36	-12.20	25.47	4.57	1.20	09/15/2011

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 the 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 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 June 30, 2023

## Non-Marketable Securities Overview

Partnerships	Vintage Year	Investment Strategy	Capital Commitment \$	Drawn Down \$	Distributed \$	Market Value \$	Remaining Commitment	% Funded	IRR (%)
Orbimed Royalty Opportunities II	2015	Other	\$5,000,000	\$4,167,500	\$5,203,507	\$245,207	\$832,500	83.35	11.79

## Time Weighted Returns

	Performance (%)											Inception Date
	1 Quarter	Year To Date	1 Year	3 Years	5 Years	2022	2021	2020	2019	2018	Since Inception	
Orbimed Royalty Opportunities II	-0.59	0.57	9.94	7.32	9.25	14.80	-10.77	18.63	15.45	15.59	9.70	04/01/2015
HFRI Fund of Funds Composite Index	1.53	2.30	3.70	5.05	3.33	-5.31	6.17	10.88	8.39	-4.02	2.75	
S&P 500 Index	8.74	16.89	19.59	14.60	12.31	-18.11	28.71	18.40	31.49	-4.38	11.81	

## Dollar Weighted Returns

	1 Quarter	Year To Date	1 Year	3 Years	5 Years	2022	2021	2020	2019	2018	Since Inception	Inception Date
Orbimed Royalty Opportunities II	-0.59	0.57	10.13	14.89	13.81	13.49	0.14	6.40	17.10	15.14	11.79	04/07/2015

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 the 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 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 June 30, 2023

## Non-Marketable Securities Overview

Partnerships	Vintage Year	Investment Strategy	Capital Commitment \$	Drawn Down \$	Distributed \$	Market Value \$	Remaining Commitment	% Funded	IRR (%)
Morrison Street Fund VII	2022	Opportunistic Real Estate	\$6,000,000	\$1,695,000	\$43,322	\$1,607,123	\$4,305,000	28.25	-3.28

## Time Weighted Returns

	Performance (%)							
	1 Quarter	Year To Date	1 Year	2 Years	3 Years	2022	Since Inception	Inception Date
Morrison Street Fund VII	1.35	0.04	-	-	-	-	-12.31	12/01/2022
NCREIF Property Index	-1.98	-3.76	-6.60	6.51	6.79	5.52	-4.85	

## Dollar Weighted Returns

	1 Quarter	Year To Date	1 Year	2 Years	3 Years	2022	Since Inception	Inception Date
Morrison Street Fund VII	1.35	0.55	-	-	-	-	-3.28	12/19/2022

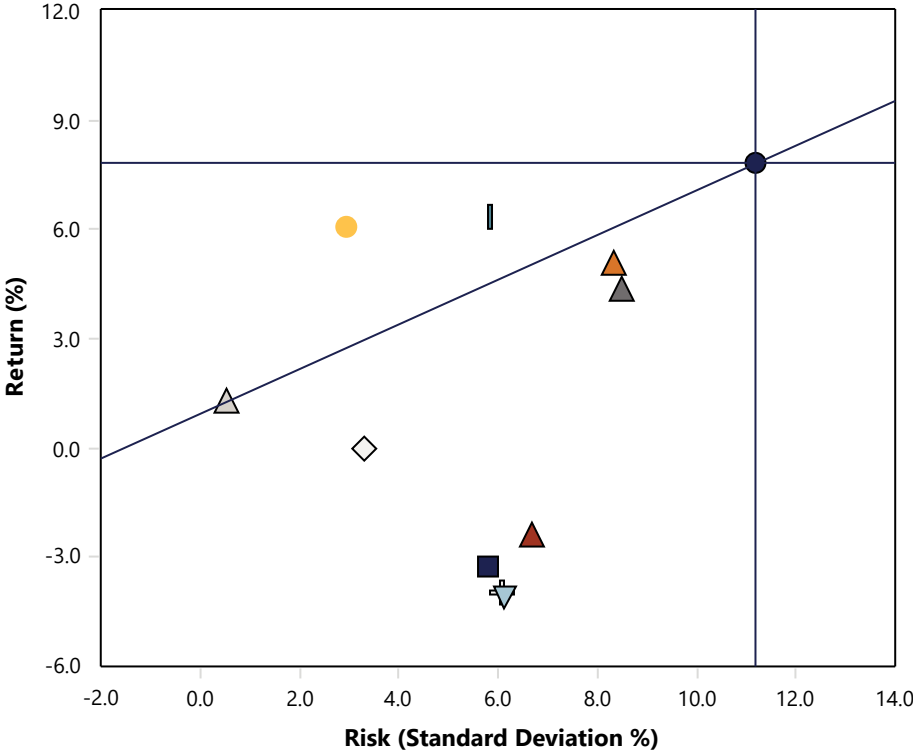
Time-Weighted Return - The current reporting system utilizes the Modified Dietz methodology for calculating time-weighted returns. This methodology accounts for inter-period cash flows by comparing the net gain in the value with the average market value over the time interval. Average capital allows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

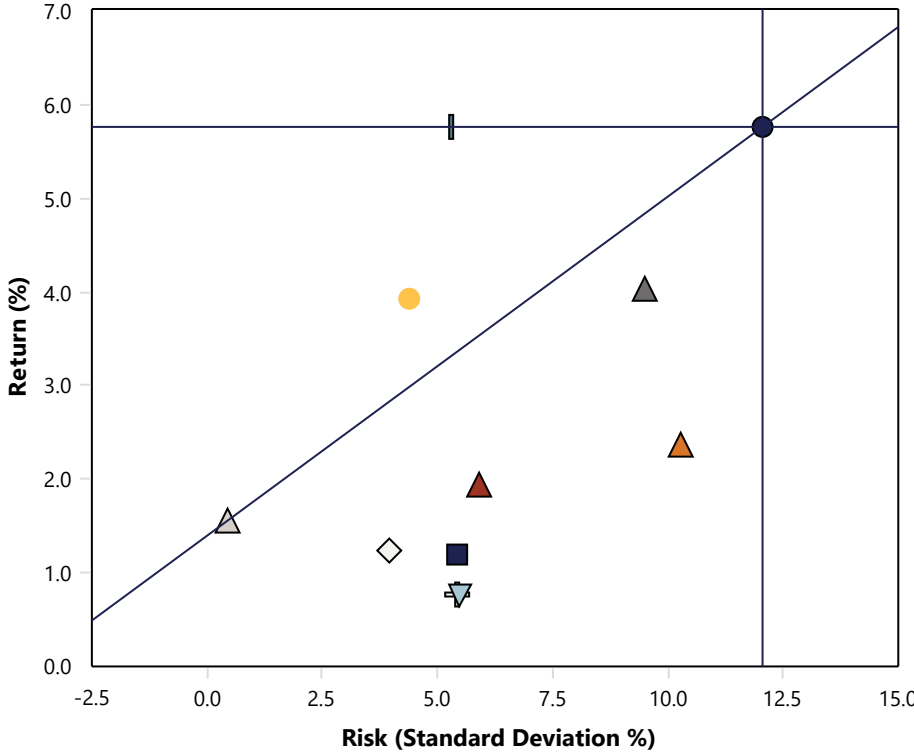
# Spokane Employees' Retirement System

As of June 30, 2023

### Annualized Return vs Annualized Standard Deviation 3 Years Ending June 30, 2023



### Annualized Return vs Annualized Standard Deviation 5 Years Ending June 30, 2023



- Sterling Capital Total Return Bond I
- ▲ Loomis Sayles Core Plus Bond N
- ▲ BlackRock High Yield Bond K
- ▮ Polar Long/Short Fund
- HFRI FOF: Conservative Index
- ▲ 90 Day U.S. Treasury Bill
- ▼ Fidelity US Bond Index
- ▲ Hotchkis & Wiley High Yield Z
- ◇ PIMCO Dynamic Bond Instl
- ⊕ Blmbg. U.S. Aggregate Index
- Policy Index Updated

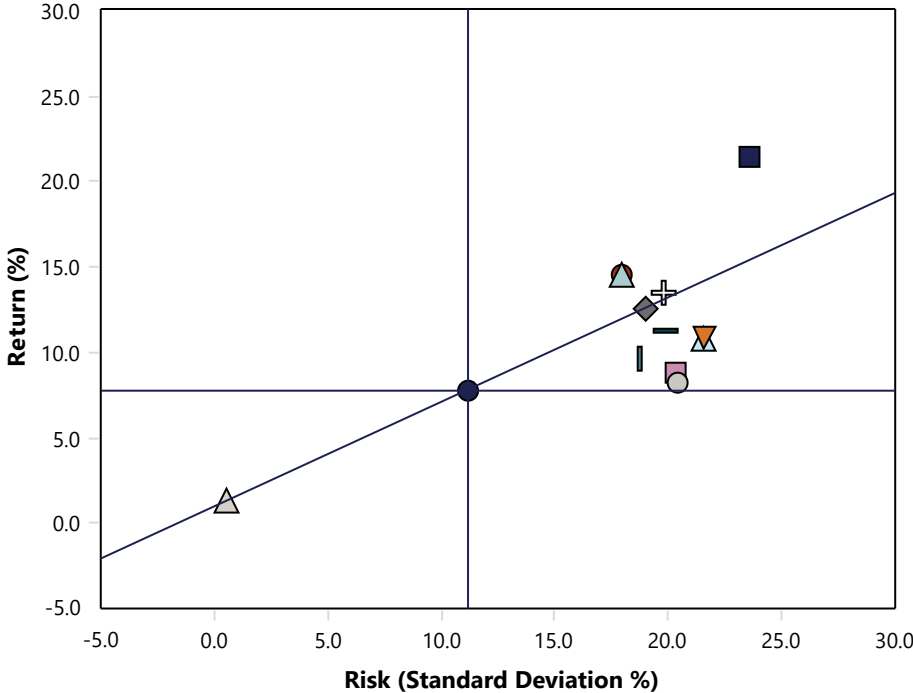
- Sterling Capital Total Return Bond I
- ▲ Loomis Sayles Core Plus Bond N
- ▲ BlackRock High Yield Bond K
- ▮ Polar Long/Short Fund
- HFRI FOF: Conservative Index
- ▲ 90 Day U.S. Treasury Bill
- ▼ Fidelity US Bond Index
- ▲ Hotchkis & Wiley High Yield Z
- ◇ PIMCO Dynamic Bond Instl
- ⊕ Blmbg. U.S. Aggregate Index
- Policy Index Updated

Calculation based on monthly periodicity.

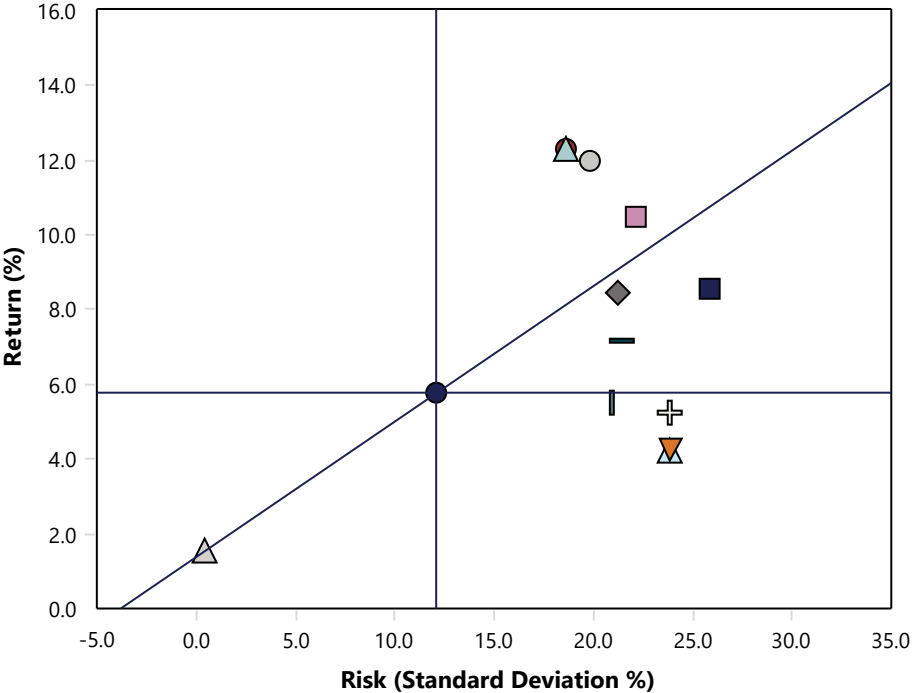
# Spokane Employees' Retirement System

As of June 30, 2023

### Annualized Return vs Annualized Standard Deviation 3 Years Ending June 30, 2023



### Annualized Return vs Annualized Standard Deviation 5 Years Ending June 30, 2023



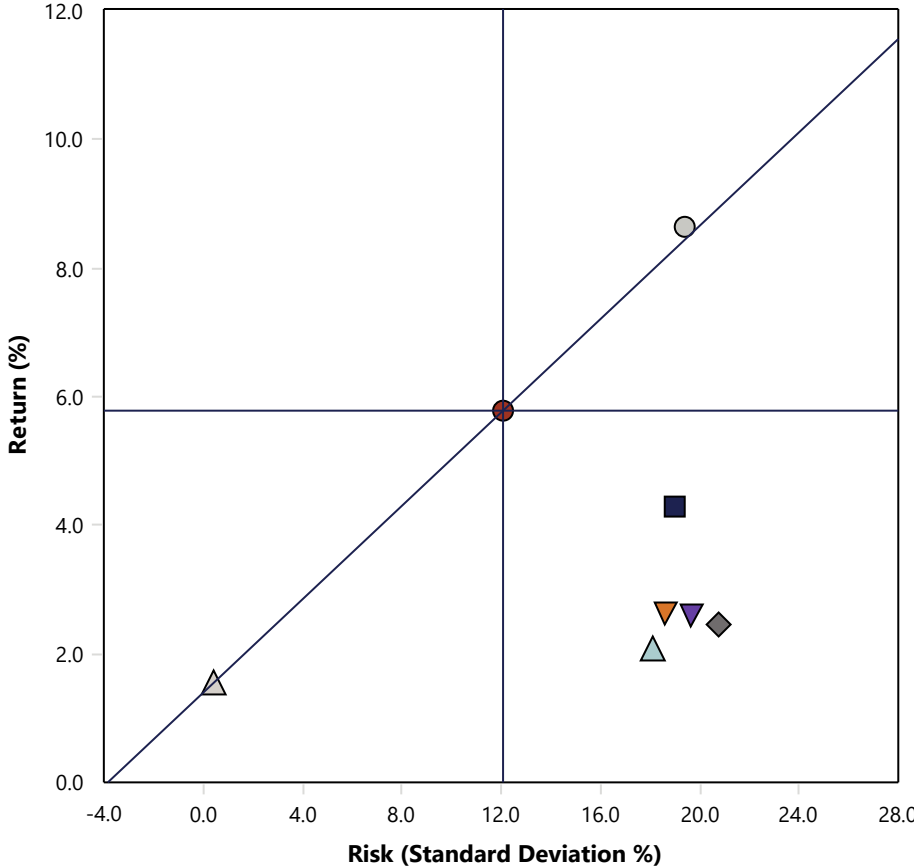
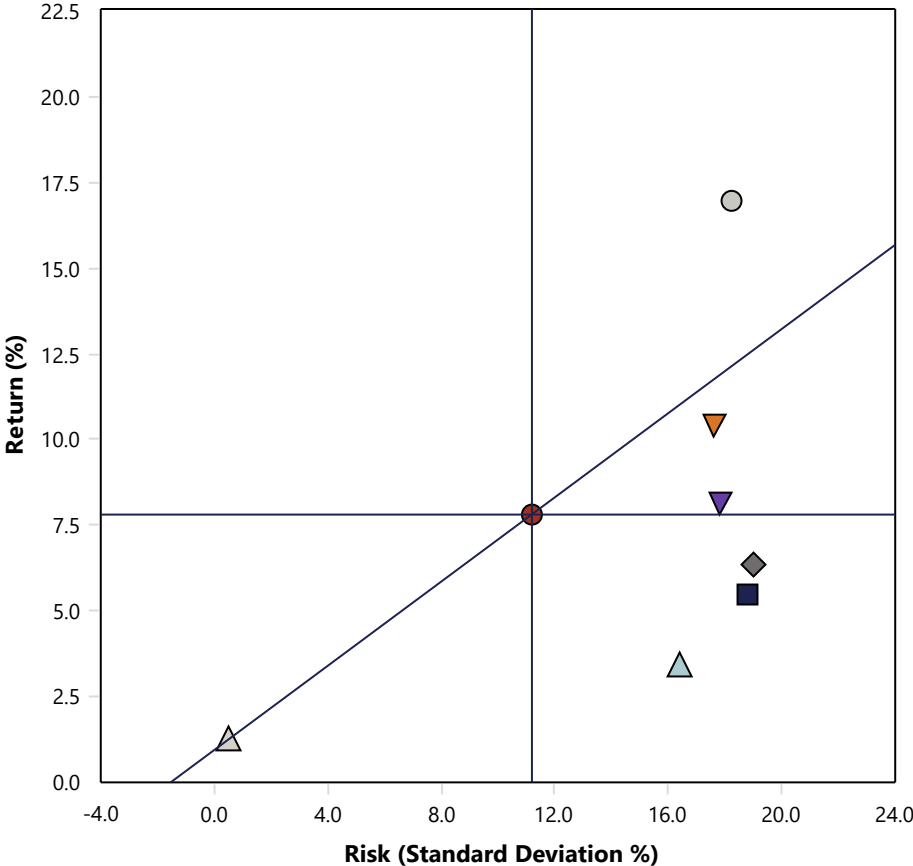
- Hotchkis & Wiley Diversified Value I
- Fidelity® 500 Index
- Fidelity® Small Cap Index
- Champlain Small Cap
- Westfield Mid Cap Growth CIT
- Russell 2000 Index
- 90 Day U.S. Treasury Bill
- MFS Growth R6
- Fidelity® Mid Cap Index
- Bridge City Small Cap Growth
- Sterling Mid Cap Value
- S&P 500 Index
- Policy Index Updated

- Hotchkis & Wiley Diversified Value I
- Fidelity® 500 Index
- Fidelity® Small Cap Index
- Champlain Small Cap
- Westfield Mid Cap Growth CIT
- Russell 2000 Index
- 90 Day U.S. Treasury Bill
- MFS Growth R6
- Fidelity® Mid Cap Index
- Bridge City Small Cap Growth
- Sterling Mid Cap Value
- S&P 500 Index
- Policy Index Updated

Calculation based on monthly periodicity.

Annualized Return vs Annualized Standard Deviation  
3 Years Ending June 30, 2023

Annualized Return vs Annualized Standard Deviation  
5 Years Ending June 30, 2023



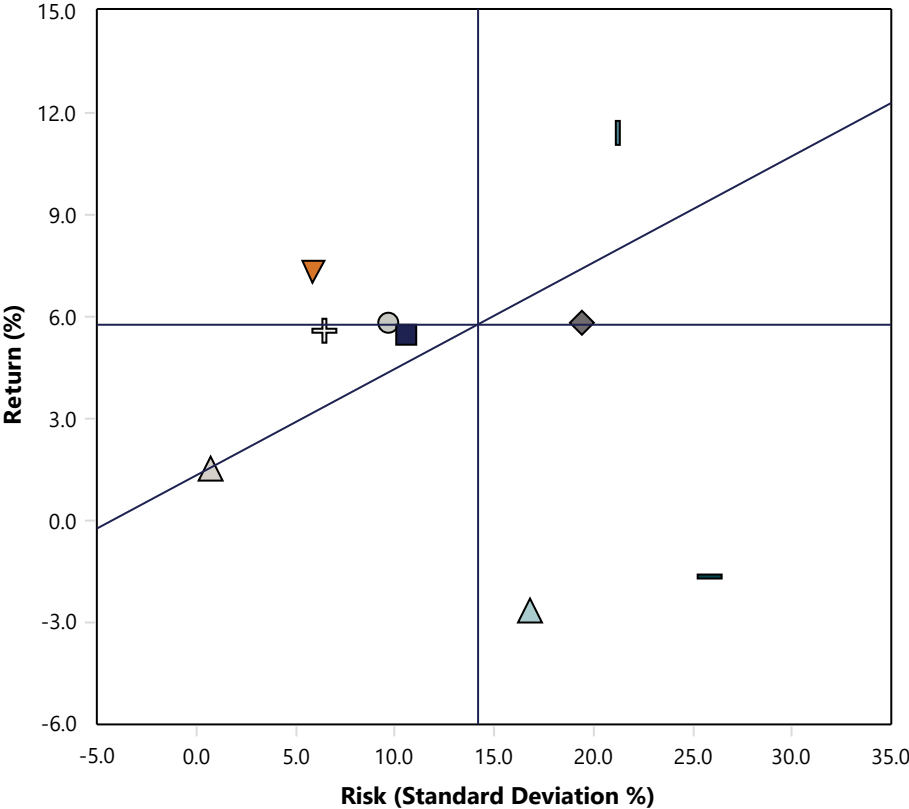
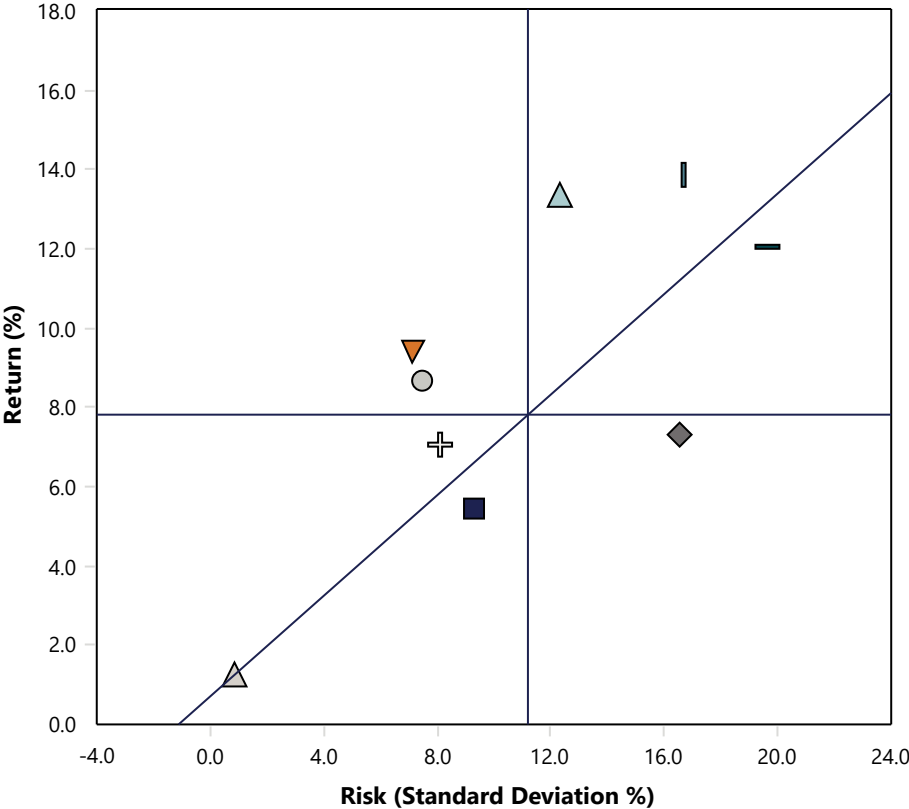
- American Funds Europacific Growth R6
- Artisan International Value Instl
- Vanguard Emerging Mkts Stock Idx Adm
- Victory Trivalent International Sm-Cp I
- MSCI AC World ex USA Value (Net)
- MSCI AC World ex USA Small Cap (Net)
- Policy Index Updated
- 90 Day U.S. Treasury Bill

- American Funds Europacific Growth R6
- Artisan International Value Instl
- Vanguard Emerging Mkts Stock Idx Adm
- Victory Trivalent International Sm-Cp I
- MSCI AC World ex USA Value (Net)
- MSCI AC World ex USA Small Cap (Net)
- Policy Index Updated
- 90 Day U.S. Treasury Bill

Calculation based on monthly periodicity.

**Annualized Return vs Annualized Standard Deviation  
3 Years Ending June 30, 2023**

**Annualized Return vs Annualized Standard Deviation  
5 Years Ending June 30, 2023**



- The Weatherlow Offshore Fund I Ltd
- Beach Point Select Fund LP
- Contrarian Capital Fund I LP
- Principal REITS SERS
- Prime Property Fund, LLC
- Contrarian Emerging Markets Fund LP
- Russell 3000 Index
- NCREIF ODCE VW NET
- 90 Day U.S. Treasury Bill

- The Weatherlow Offshore Fund I Ltd
- Beach Point Select Fund LP
- Contrarian Capital Fund I LP
- Principal REITS SERS
- Prime Property Fund, LLC
- Contrarian Emerging Markets Fund LP
- Russell 3000 Index
- NCREIF ODCE VW NET
- 90 Day U.S. Treasury Bill

Calculation based on quarterly periodicity.



# Spokane Employees' Retirement System

As of June 30, 2023

## Fee Schedule

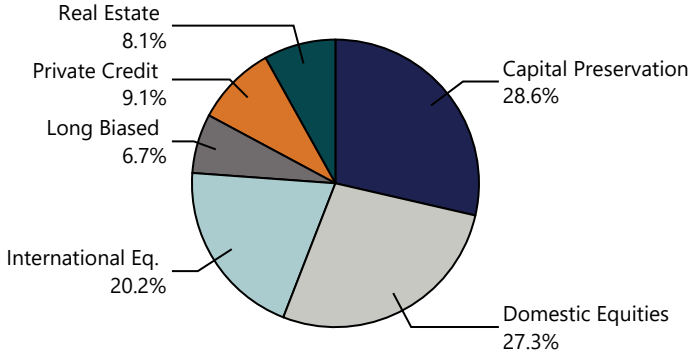
	Vehicle Type	Ticker	Universe Name	Market Value As of 06/30/2023 \$	Net Expense Ratio (%)
Artisan Int'l Value	Mutual Fund	APHKX	Foreign Value	\$20,133,785	1.03
Bridge City Small Growth	Separate Account		Small Growth	\$7,677,055	0.35
Champlain Small Cap	Commingled Fund		Small Growth	\$8,500,827	1.00
EuroPacific Growth R6	Mutual Fund	REGX	Foreign	\$14,482,134	0.47
Fidelity Instl Govt Money Market	Mutual Fund	FIGXX	Money Market-Taxable	\$15,838,088	0.18
Fidelity Mid Cap Index	Mutual Fund	FSMDX	Mid Cap	\$2,995,796	0.03
Fidelity S&P 500	Mutual Fund	FXAIX	Large Cap	\$38,327,426	0.02
Fidelity Small Cap Index	Mutual Fund	FSSNX	Small Cap	\$503,579	0.03
Fidelity US Bond Index	Mutual Fund	FXNAX	Intermediate Core Bond	\$26,760	0.03
Hotchkis & Wiley Div Value I	Mutual Fund	HWCIX	Large Value	\$9,850,212	0.80
Hotchkis & Wiley High Yield	Mutual Fund	HWHZX	High Yield Bond	\$15,687,894	0.60
BlackRock High Yield Bond K	Mutual Fund	BRHYX	High Yield Bond	\$6,032,479	0.51
MFS Growth Fund CI R6	Mutual Fund	MFEKX	Large Growth	\$11,584,574	0.50
Pimco Dynamic Bond Fund	Mutual Fund	PFIUX	Nontraditional Bond	\$5,683,298	0.84
Principal Global Investors REIT	Separate Account		Real Estate	\$7,393,075	0.75
Sterling Core Bond	Separate Account		Intermediate Core Bond	\$24,640,261	0.25
Loomis Sayles Core Plus Bond N	Mutual Fund	NERNX	Intermediate Core-Plus Bond	\$15,956,488	0.38
Sterling Mid Cap Value	Separate Account		Mid-Cap Value	\$5,090,668	0.75
Vanguard Emerging Markets Stock Index Fd	Mutual Fund	VEMAX	Diversified Emerging Mkts	\$6,375,462	0.14
Victory Trivalent International Small Cap	Mutual Fund	MISIX	Foreign Small/Mid Growth	\$15,863,406	0.97
Westfield Mid Cap Growth	Commingled Fund		Mid-Cap Growth	\$5,360,978	0.65

## **Section 3 | Allocation Review**

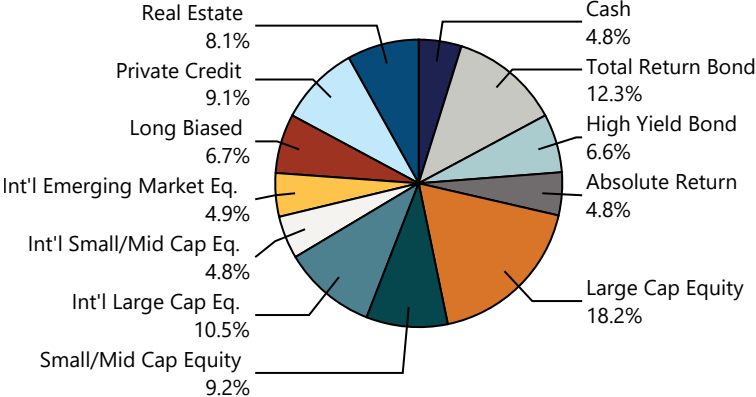
# Spokane Employees' Retirement System

As of June 30, 2023

## Current Allocation



## Current Implementation Allocation



# Spokane Employees' Retirement System

As of June 30, 2023

	Implementation Review								
	Target Alloc. \$	Target Alloc. (%)	Min Alloc. (%)	Max Alloc. (%)	Asset Alloc. \$	Asset Alloc. (%)	Difference \$	Difference (%)	Within Range
<b>Cash</b>		<b>0.0</b>	<b>0.0</b>	<b>2.0</b>	<b>\$15,838,088</b>	<b>4.8</b>	<b>\$15,838,088</b>	<b>4.8</b>	<b>No</b>
Fidelity Instl Govt Money Market					\$15,838,088	4.8			
<b>Total Return Bond</b>	<b>\$55,922,522</b>	<b>17.0</b>	<b>12.0</b>	<b>22.0</b>	<b>\$40,623,510</b>	<b>12.3</b>	<b>-\$15,299,013</b>	<b>-4.7</b>	<b>Yes</b>
Sterling Core Bond					\$24,640,261	7.5			
Fidelity US Bond Index					\$26,760	0.0			
Loomis Sayles Core Plus Bond N					\$15,956,488	4.9			
<b>High Yield Bond</b>	<b>\$26,316,481</b>	<b>8.0</b>	<b>3.0</b>	<b>13.0</b>	<b>\$21,720,372</b>	<b>6.6</b>	<b>-\$4,596,109</b>	<b>-1.4</b>	<b>Yes</b>
Hotchkis & Wiley High Yield					\$15,687,894	4.8			
BlackRock High Yield Bond K					\$6,032,479	1.8			
<b>Absolute Return</b>	<b>\$16,447,801</b>	<b>5.0</b>	<b>0.0</b>	<b>10.0</b>	<b>\$15,849,404</b>	<b>4.8</b>	<b>-\$598,397</b>	<b>-0.2</b>	<b>Yes</b>
Polar Long/Short Fund					\$9,302,168	2.8			
Post Lmtd Term High Yield					\$333,550	0.1			
Pimco Dynamic Bond Fund					\$5,683,298	1.7			
Rimrock Low Volatility Offshore					\$530,389	0.2			
<b>Large Cap Equity</b>	<b>\$52,632,962</b>	<b>16.0</b>	<b>11.0</b>	<b>21.0</b>	<b>\$59,762,212</b>	<b>18.2</b>	<b>\$7,129,250</b>	<b>2.2</b>	<b>Yes</b>
Hotchkis & Wiley Div Value I					\$9,850,212	3.0			
Fidelity S&P 500					\$38,327,426	11.7			
MFS Growth Fund CI R6					\$11,584,574	3.5			
<b>Small/Mid Cap Equity</b>	<b>\$26,316,481</b>	<b>8.0</b>	<b>3.0</b>	<b>13.0</b>	<b>\$30,128,904</b>	<b>9.2</b>	<b>\$3,812,423</b>	<b>1.2</b>	<b>Yes</b>
Sterling Mid Cap Value					\$5,090,668	1.5			
Fidelity Mid Cap Index					\$2,995,796	0.9			
Westfield Mid Cap Growth					\$5,360,978	1.6			
Fidelity Small Cap Index					\$503,579	0.2			
Bridge City Small Growth					\$7,677,055	2.3			
Champlain Small Cap					\$8,500,827	2.6			
<b>Int'l Large Cap Eq.</b>	<b>\$32,895,601</b>	<b>10.0</b>	<b>5.0</b>	<b>15.0</b>	<b>\$34,615,919</b>	<b>10.5</b>	<b>\$1,720,318</b>	<b>0.5</b>	<b>Yes</b>

## Spokane Employees' Retirement System

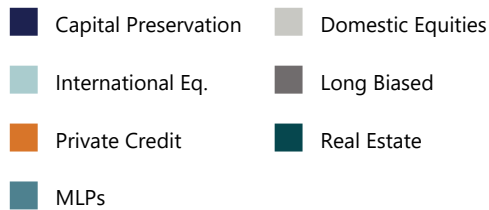
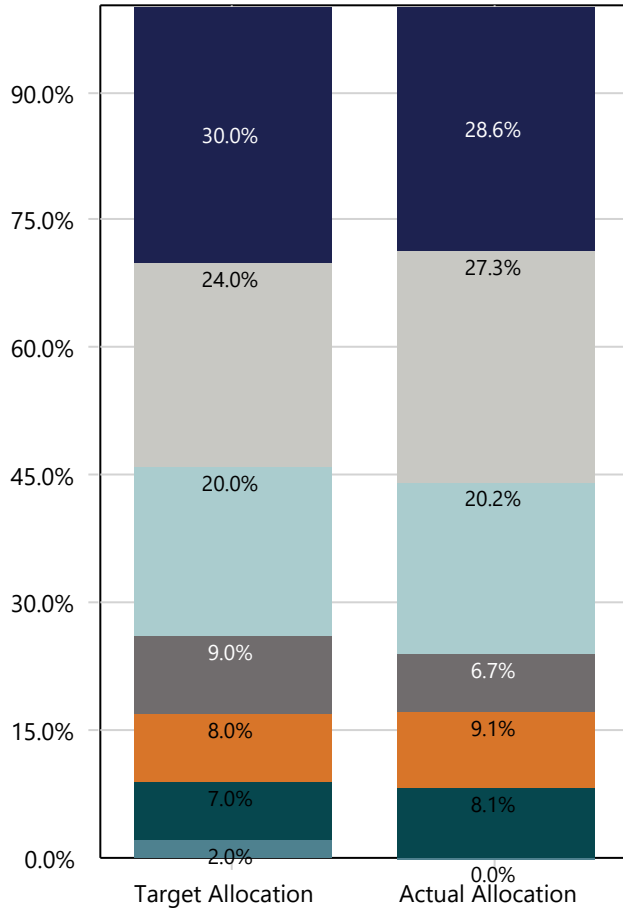
As of June 30, 2023

	Target Alloc. \$	Target Alloc. (%)	Min Alloc. (%)	Max Alloc. (%)	Asset Alloc. \$	Asset Alloc. (%)	Difference \$	Difference (%)	Within Range
EuroPacific Growth R6					\$14,482,134	4.4			
Artisan Int'l Value					\$20,133,785	6.1			
<b>Int'l Small/Mid Cap Eq.</b>	<b>\$16,447,801</b>	<b>5.0</b>	<b>0.0</b>	<b>10.0</b>	<b>\$15,863,406</b>	<b>4.8</b>	<b>-\$584,395</b>	<b>-0.2</b>	<b>Yes</b>
Victory Trivalent International Small Cap					\$15,863,406	4.8			
<b>Int'l Emerging Market Eq.</b>	<b>\$16,447,801</b>	<b>5.0</b>	<b>0.0</b>	<b>10.0</b>	<b>\$16,116,092</b>	<b>4.9</b>	<b>-\$331,708</b>	<b>-0.1</b>	<b>Yes</b>
Vanguard Emerging Markets Stock Index Fd					\$6,375,462	1.9			
ABS Emerging Markets Strategic					\$9,740,630	3.0			
<b>Long Biased</b>	<b>\$29,606,041</b>	<b>9.0</b>	<b>4.0</b>	<b>14.0</b>	<b>\$21,960,821</b>	<b>6.7</b>	<b>-\$7,645,221</b>	<b>-2.3</b>	<b>Yes</b>
Weatherlow Offshore					\$21,041,592	6.4			
OrbiMed Royalty Opps II					\$245,207	0.1			
OrbiMed Royalty Opportunities					\$674,022	0.2			
<b>Private Credit</b>	<b>\$26,316,481</b>	<b>8.0</b>	<b>3.0</b>	<b>13.0</b>	<b>\$29,801,489</b>	<b>9.1</b>	<b>\$3,485,008</b>	<b>1.1</b>	<b>Yes</b>
Beach Point Select Fund LP					\$13,999,845	4.3			
Contrarian Capital Fund I LP					\$10,310,929	3.1			
Contrarian Emerging Markets					\$5,490,716	1.7			
<b>Real Estate</b>	<b>\$23,026,921</b>	<b>7.0</b>	<b>2.0</b>	<b>12.0</b>	<b>\$26,675,797</b>	<b>8.1</b>	<b>\$3,648,876</b>	<b>1.1</b>	<b>Yes</b>
Principal Global Investors REIT					\$7,393,075	2.2			
Morgan Stanley Prime Property Fund					\$8,058,463	2.4			
Morrison Street Fund VI					\$6,975,822	2.1			
Morrison Street Fund VII					\$1,650,445	0.5			
Morrison Street Income Fund					\$2,597,992	0.8			
<b>MLPs</b>	<b>\$6,579,120</b>	<b>2.0</b>	<b>0.0</b>	<b>4.0</b>	<b>\$0</b>	<b>0.0</b>	<b>-\$6,579,120</b>	<b>-2.0</b>	<b>Yes</b>
<b>Total</b>	<b>\$328,956,014</b>	<b>100.0</b>			<b>\$328,956,014</b>	<b>100.0</b>		<b>0.0</b>	

# Spokane Employees' Retirement System

As of June 30, 2023

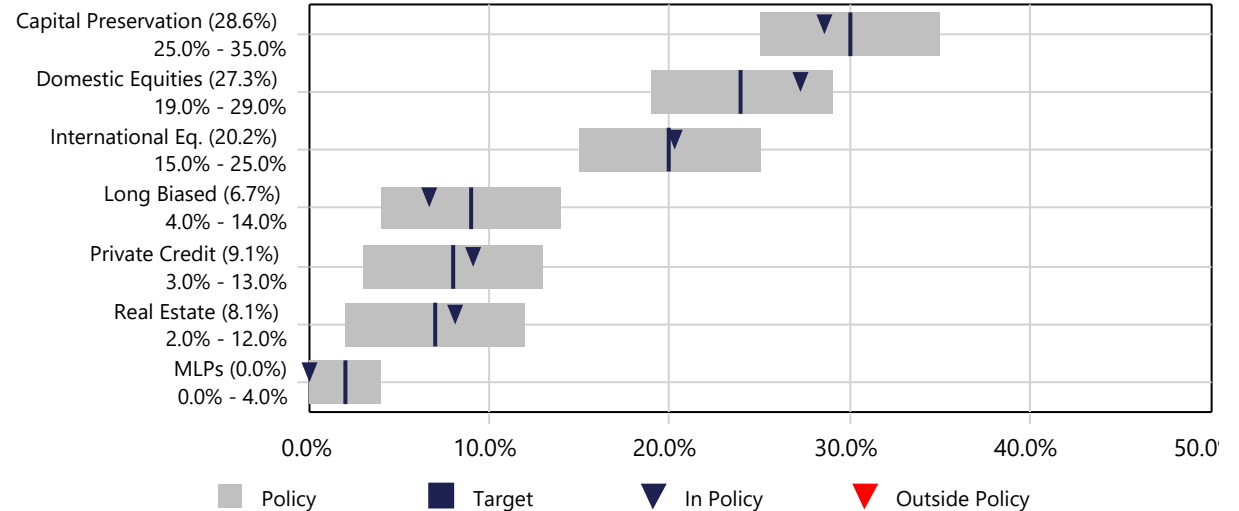
## Asset Allocation Compliance



## Current Allocation vs Investment Policy

	Asset Alloc. \$	Asset Alloc. (%)	Min Alloc. (%)	Max Alloc. (%)	Target Alloc. (%)	Difference \$	Difference (%)
Capital Preservation	94,031,374	28.6	25.0	35.0	30.0	-4,655,430	-1.4
Domestic Equities	89,891,116	27.3	19.0	29.0	24.0	10,941,673	3.3
International Eq.	66,595,417	20.2	15.0	25.0	20.0	804,215	0.2
Long Biased	21,960,821	6.7	4.0	14.0	9.0	-7,645,221	-2.3
Private Credit	29,801,489	9.1	3.0	13.0	8.0	3,485,008	1.1
Real Estate	26,675,797	8.1	2.0	12.0	7.0	3,648,876	1.1
MLPs		0.0	0.0	4.0	2.0	-6,579,120	-2.0
<b>Total</b>	<b>328,956,014</b>	<b>100.0</b>			<b>100.0</b>		<b>0.0</b>

## Actual vs Target

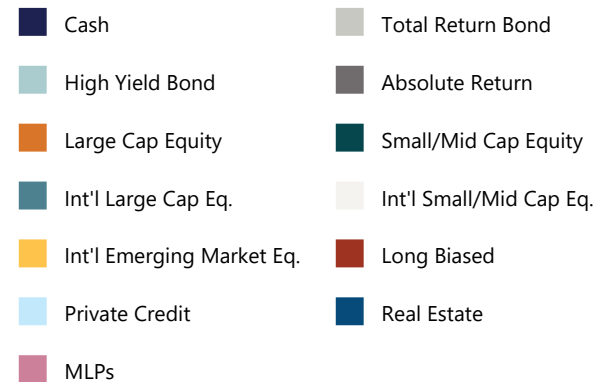
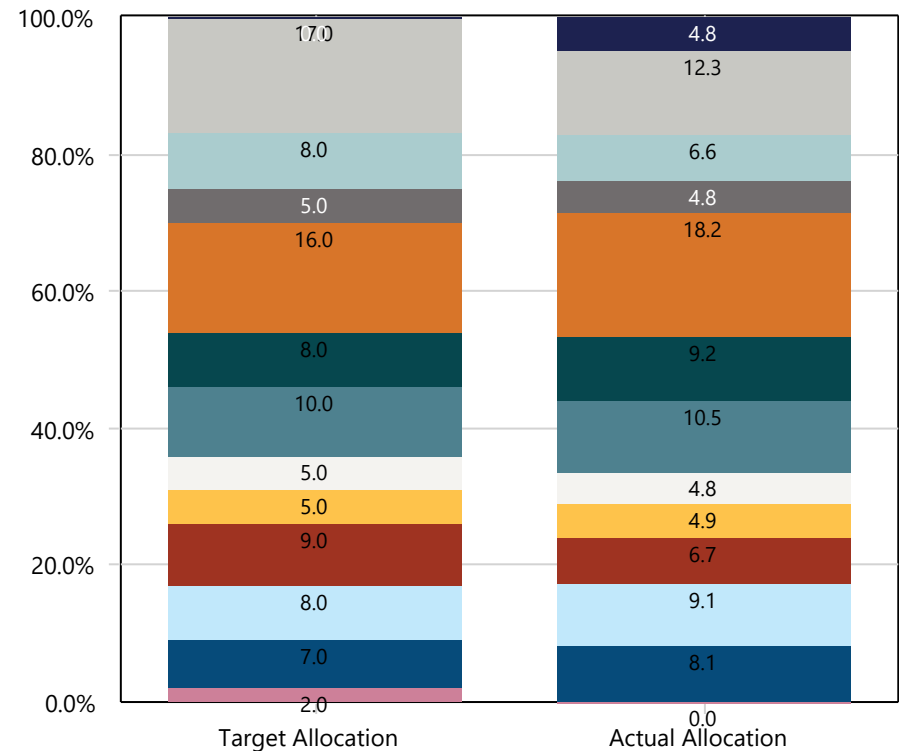


# Spokane Employees' Retirement System

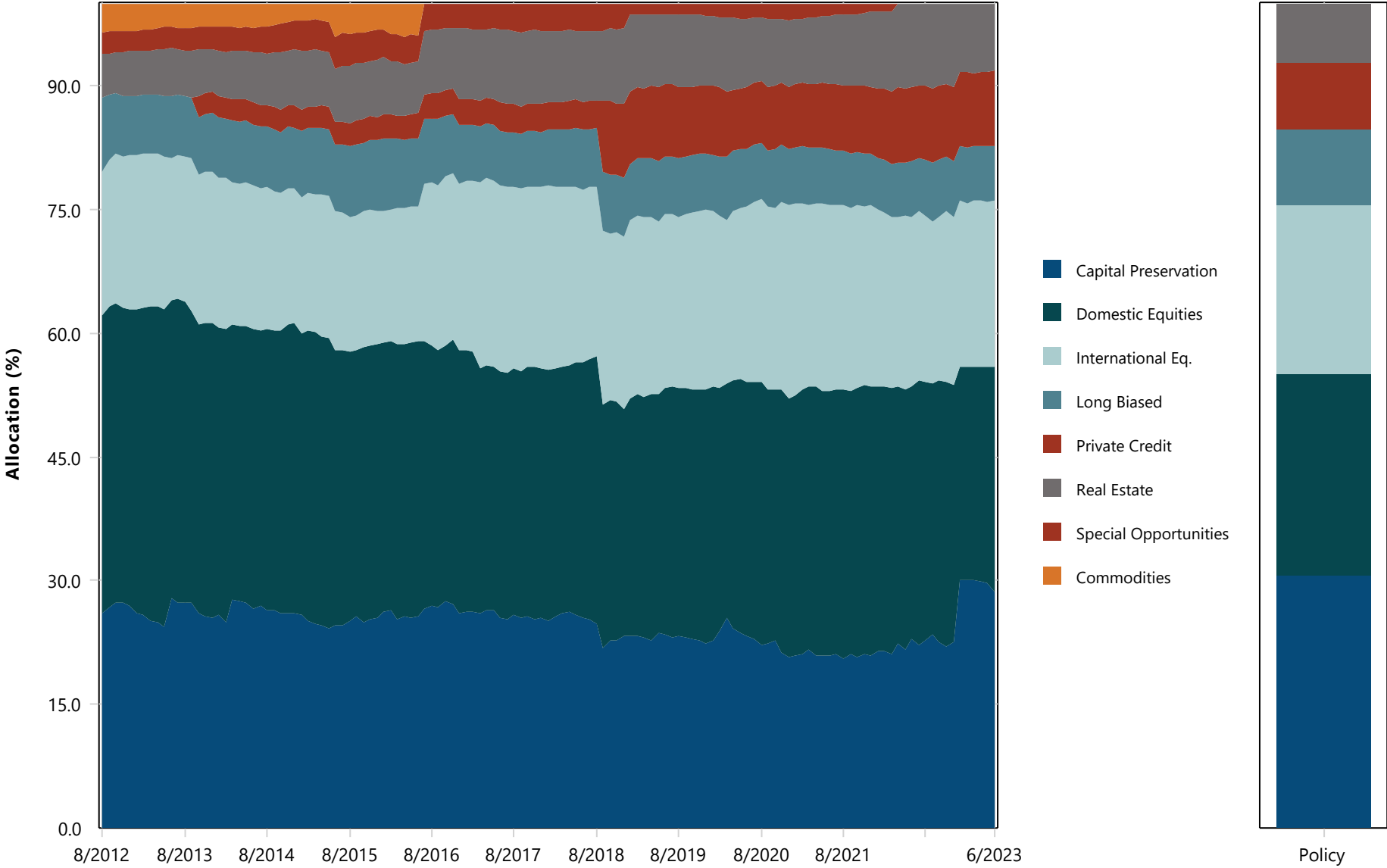
As of June 30, 2023

	Asset Alloc. \$	Asset Alloc. (%)	Target Alloc. (%)
Cash	15,838,088	4.8	0.0
Total Return Bond	40,623,510	12.3	17.0
High Yield Bond	21,720,372	6.6	8.0
Absolute Return	15,849,404	4.8	5.0
Large Cap Equity	59,762,212	18.2	16.0
Small/Mid Cap Equity	30,128,904	9.2	8.0
Int'l Large Cap Eq.	34,615,919	10.5	10.0
Int'l Small/Mid Cap Eq.	15,863,406	4.8	5.0
Int'l Emerging Market Eq.	16,116,092	4.9	5.0
Long Biased	21,960,821	6.7	9.0
Private Credit	29,801,489	9.1	8.0
Real Estate	26,675,797	8.1	7.0
MLPs		0.0	2.0
<b>Total</b>	<b>328,956,014</b>	<b>100.0</b>	<b>100.0</b>

## Implementation Policy vs. Actual Allocation



Asset Allocation History vs. Target Allocation



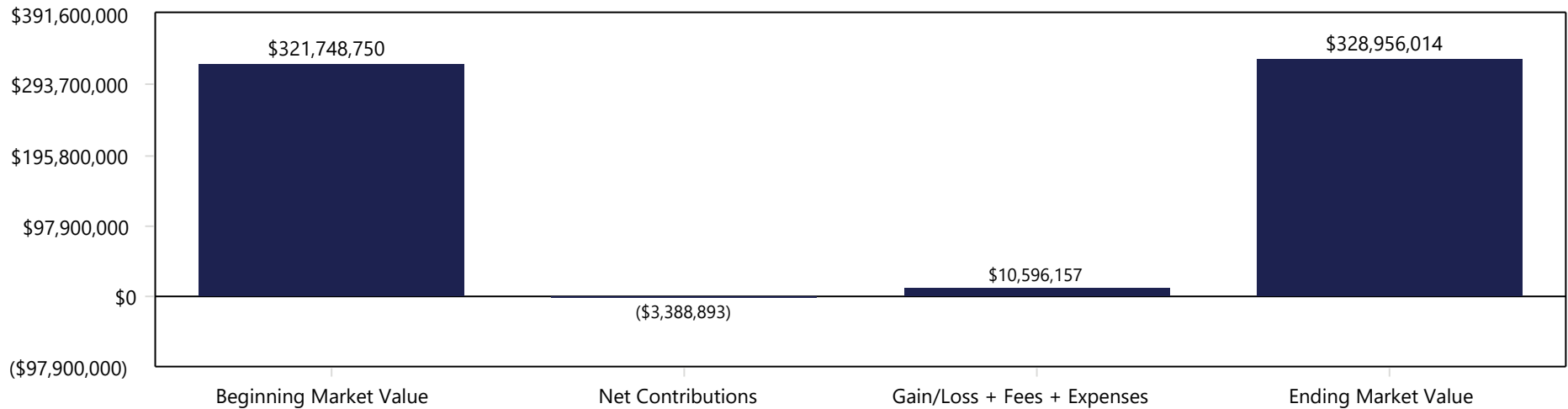


## **Section 4 | Summary of Cash Flow**

# Spokane Employees' Retirement System

As of June 30, 2023

## Change in Market Value



## Cash Flow Summary Current Quarter

	Market Value As of 04/01/2023	Contributions	Distributions	Net Flows	Return On Investment	Market Value As of 06/30/2023
Fidelity Instl Govt Money Market	2,312,853	22,860,451	-9,403,562	13,431,485	68,346	15,838,088
Sterling Core Bond	24,789,444	-	-	-	-149,183	24,640,261
Fidelity US Bond Index	16,043,926	-	-15,950,333	-15,950,333	-66,833	26,760
Loomis Sayles Core Plus Bond N	-	15,950,333	-	15,950,333	6,155	15,956,488
Hotchkis & Wiley High Yield	21,316,929	-	-6,000,000	-6,000,000	370,964	15,687,894
BlackRock High Yield Bond K	-	6,000,000	-	6,000,000	32,479	6,032,479
Polar Long/Short Fund	9,095,816	-	-	-	206,352	9,302,168
Post Lmted Term High Yield	6,859,561	-	-6,516,583	-6,516,583	-9,428	333,550
Pimco Dynamic Bond Fund	5,632,783	-	-	-	50,515	5,683,298
Rimrock Low Volatility Offshore	10,479,026	-	-10,077,385	-10,077,385	128,748	530,389

## Spokane Employees' Retirement System

As of June 30, 2023

	Market Value As of 04/01/2023	Contributions	Distributions	Net Flows	Return On Investment	Market Value As of 06/30/2023
Hotchkis & Wiley Div Value I	9,490,797	-	-	-	359,415	9,850,212
Fidelity S&P 500	35,248,971	-	-	-	3,078,455	38,327,426
MFS Growth Fund CI R6	10,327,204	-	-	-	1,257,371	11,584,574
Sterling Mid Cap Value	4,864,208	-	-	-	226,461	5,090,668
Fidelity Mid Cap Index	2,859,911	-	-	-	135,885	2,995,796
Westfield Mid Cap Growth	5,000,788	-	-	-	360,191	5,360,978
Fidelity Small Cap Index	478,523	-	-	-	25,056	503,579
Bridge City Small Growth	7,337,865	-	-	-	339,190	7,677,055
Champlain Small Cap	8,074,113	-	-	-	426,714	8,500,827
EuroPacific Growth R6	14,175,281	-	-	-	306,853	14,482,134
Artisan Int'l Value	19,355,382	-	-	-	778,403	20,133,785
Victory Trivalent International Small Cap	15,435,578	-	-	-	427,828	15,863,406
Vanguard Emerging Markets Stock Index Fd	6,306,156	-	-	-	69,306	6,375,462
ABS Emerging Markets Strategic	9,392,184	-	-	-	348,446	9,740,630
Weatherlow Offshore	20,429,764	-	-	-	611,828	21,041,592
OrbiMed Royalty Opps II	259,765	-	-13,030	-13,030	-1,528	245,207
OrbiMed Royalty Opportunities	536,437	-	-	-	137,585	674,022
Beach Point Select Fund LP	13,577,422	-	-	-	422,423	13,999,845
Contrarian Capital Fund I LP	9,987,118	-	-	-	323,811	10,310,929
Principal Global Investors REIT	7,253,902	-	-	-	139,173	7,393,075
Morrison Street Fund VI	6,830,554	-	-64,418	-64,418	209,686	6,975,822
Morrison Street Fund VII	1,628,519	-	-	-	21,926	1,650,445
Morrison Street Income Fund	2,682,939	-	-90,467	-90,467	5,520	2,597,992
Morgan Stanley Prime Property Fund	8,495,004	-	-83,898	-83,898	-352,642	8,058,463
OrbiMed Partners II	-	-	-	-	-	-
Contrarian Emerging Markets	5,190,028	-	-	-	300,688	5,490,716
<b>SERS Plan Total</b>	<b>321,748,750</b>	<b>44,810,784</b>	<b>-48,199,677</b>	<b>-3,414,296</b>	<b>10,596,157</b>	<b>328,956,014</b>

## **Section 5 | Fund Attributions**

## **Section 6 | Definitions**

## Spokane Employees' Retirement System

As of June 30, 2023

Account Name	From Date	To Date	Benchmark
SERS Plan Total	01/01/2023	Present	17.000% Blmbg. U.S. Aggregate Index, 8.000% Blmbg. U.S. Corp: High Yield Index, 5.000% HFRI FOF: Conservative Index, 16.000% S&P 500 Index, 8.000% Russell 2500 Index, 10.000% MSCI AC World ex USA (Net), 5.000% MSCI AC World ex USA Small Cap (Net), 5.000% MSCI Emerging Markets (Net), 9.000% HFRI Fund of Funds Composite Index, 8.000% HFRI ED: Distressed/Restructuring Index, 3.500% NCREIF ODCE VW NET, 3.500% FTSE NAREIT Comp REIT, 2.000% Alerian MLP Index
	10/01/2016	03/01/2019	10.000% Blmbg. U.S. Aggregate Index, 5.000% Blmbg. U.S. Corp: High Yield Index, 8.000% HFRI FOF: Conservative Index, 21.000% S&P 500 Index, 11.000% Russell 2500 Index, 15.000% MSCI AC World ex USA (Net), 4.000% MSCI AC World ex USA Small Cap (Net), 3.000% MSCI Emerging Markets (Net), 7.000% HFRI Fund of Funds Composite Index, 7.000% HFRI ED: Distressed/Restructuring Index, 9.000% NCREIF ODCE VW NET
	07/01/2010	10/01/2016	1.000% 1 Year U.S. Treasury Note, 5.000% Russell 2000 Index, 8.000% Russell Midcap Index, 34.000% S&P 500 Index, 15.000% Blmbg. U.S. Aggregate Index, 5.000% Blmbg. U.S. Corp: High Yield Index, 3.000% NCREIF Property Index, 17.000% MSCI AC World ex USA (Net), 3.000% FTSE NAREIT All REITs Index, 5.000% Blmbg. Global Aggregate Index, 4.000% S&P GSCI Composite TR Index
	03/01/2019	01/01/2023	10.000% Blmbg. U.S. Aggregate Index, 5.000% Blmbg. U.S. Corp: High Yield Index, 8.000% HFRI FOF: Conservative Index, 21.000% S&P 500 Index, 11.000% Russell 2500 Index, 15.000% MSCI AC World ex USA (Net), 4.000% MSCI AC World ex USA Small Cap (Net), 3.000% MSCI Emerging Markets (Net), 7.000% HFRI Fund of Funds Composite Index, 7.000% HFRI ED: Distressed/Restructuring Index, 6.000% NCREIF ODCE VW NET, 3.000% FTSE NAREIT Comp REIT
	01/01/2007	07/01/2010	1.000% 90 Day U.S. Treasury Bill, 5.000% Russell 2000 Index, 5.000% Russell Midcap Index, 34.000% S&P 500 Index, 13.000% Blmbg. U.S. Aggregate Index, 5.000% Blmbg. U.S. Corp: High Yield Index, 24.000% MSCI AC World ex USA (Net), 4.000% FTSE NAREIT All REITs Index, 6.000% Blmbg. Global Aggregate Index, 3.000% NCREIF Property Index

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PLEASE CONTACT YOUR HYAS GROUP CONSULTANT FOR A COPY OF A FUND'S PROSPECTUS.

PLEASE READ THE PROSPECTUS AND CONSIDER THE FUND'S INVESTMENT OBJECTIVES, RISKS, CHARGES AND EXPENSES CAREFULLY BEFORE INVESTING. THE PROSPECTUS CONTAINS THIS AND OTHER IMPORTANT INFORMATION ABOUT THE FUND.

**Performance.** Performance results illustrated herein do not reflect a deduction of any investment advisory fees charged by Hyas Group or any investment manager but do include the fund's internal expenses. Performance results are annualized for time periods greater than one year and include all cash and cash equivalents, realized and unrealized capital gains and losses, and dividends, interest, and income. The investment results depicted herein represent historical performance. As a result of recent market activity, current performance may vary from the figures shown. Past performance is not a guarantee of future results.

The underlying fund's internal expenses (also known as the expense ratio) generally covers investment management fees, marketing, and distribution fees (also known as 12b-1 fees) and other operating expenses of the fund. The expense ratios being displayed for mutual funds reflect each fund's prospectus "net" expenses as provided by Morningstar. Such "net" expenses are subject to change and may increase at any time.

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Performance data quoted is historical. Past performance does not guarantee future results. Current performance may be higher or lower than the performance quoted. You can obtain performance data current to the most recent month-end for each fund by visiting the fund company website. The investment return and principal value of an investment will fluctuate such that an investor's shares, when redeemed, may be worth more or less than their original cost. Total

returns include reinvestment of dividends and capital gains and are net of all fund fees and expenses.

Performance figures are based on Net Asset Value (NAV) within a qualified retirement plan. If an individual were to purchase shares outside of a qualified plan, they would likely be subject to all, or a portion of, any applicable sales charges. These charges would lower the performance indicated above.

Each fund's performance may, from time to time, have been affected significantly by material market and economic conditions, including interest rates, market trends, and general business and economic cycles, which may or may not be repeated in the future. Also, keep in mind that any double-digit returns are highly unusual and cannot be sustained. Such returns are primarily achieved during favorable market conditions.

Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns include the reinvestment of all dividends, but do not reflect the payment of transaction costs, advisory fees or expenses that are associated with an investment. The indices selected by Hyas Group to measure performance are representative of broad asset classes. Hyas Group retains the right to change representative indices at any time. Performance of indices may be more or less volatile than any investment product. The risk of loss in value of a specific investment is not the same as the risk of loss in a broad market index. Therefore, the historical returns of an index will not be the same as the historical returns of a particular investment a client selects. Past performance does not guarantee future results.

The "Investment Policy Statement Compliance Report" indicates funds that are on the Plan's Watch List, as based on investment monitoring criteria which is provided to Hyas Group by the plan sponsor. The plan sponsor should inform its Hyas Group Consultant of any changes to the plan's investment policy.

Fund data provided by Morningstar.

**Peer Groups.** Peer Groups are a collection of similar investment strategies that essentially group investment products that share the same investment approach. Peer Groups are used for comparison purposes to compare and illustrate a client's investment portfolio versus its peer across various quantitative metrics like performance and risk. Peer Group comparison is conceptually another form of benchmark comparison whereby the actual investment can be ranked versus its peer across various quantitative metrics. All Peer Group data are provided by Investment Metrics, LLC. The URL below provides all the definitions and methodology about the various Peer Groups <https://www.invmetrics.com/style-peer-groups>

**Peer Group Ranking Methodology.** A percentile rank denotes the value of a product in which a certain percent of observations falls within a peer group. The range of percentile rankings is between 1 and 100, where 1 represents a high statistical value and 100 represents a low statistical value. The 30th percentile, for example, is the value in which 30% of the highest observations may be found, the 65th percentile is the value in which 65% of the highest observations may be found, and so on.

Percentile rankings are calculated based on a normalized distribution ranging from 1 to 100 for all products in each peer group, where a ranking of 1 denotes a high statistical value and a ranking of 100 denotes a low statistical value. It is important to note that the same ranking methodology applies to all statistics, implying that a ranking of 1 will always mean highest value across all statistics.

For example, consider a risk/return assessment using standard deviation as a measure of risk. A percentile ranking equal to 1 for return denotes highest return, whereas a percentile ranking of 1 for standard deviation denotes highest risk among peers.

In addition, values may be used to demonstrate quartile rankings. For example, the third quartile is also known as the 75th percentile, and the median is the 50th percentile.

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