

Spokane Employees' Retirement System

September 30, 2016 Performance Report

November 2016



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Section 1



Markets and Economic Update Third Quarter 2016

Money Market Yields Spike!

Money market rates/yields have spent the better part of the last seven years at nearly zero percent; held in check by historically unprecedented support from the Federal Reserve's (Fed) accommodative interest rate policy. Money market sponsors have in most cases been forced to subsidize net yield to investors, by waiving or reducing their management fees, merely to keep yields in positive territory.

So why have yields on non-government money market securities taken a sudden turn higher? Well don't look to any sudden change in Fed policy for the answer. In September, they elected to sit on their hands again and retain target rates at 0.25%. The primary driver of higher yields would appear to be the impact of long awaited money market reform. Effective October 14, 2016, Institutional Prime (IP) money market funds are required to allow their net asset values (NAVs) to effectively float at a market-determined price- moving away from the old standard of maintaining a constant \$1 NAV. Couple this floating NAV with new rules that allow these funds to implement liquidity fees and even redemption gates, and suddenly the attractive liquidity and safety of principal features of prime money market funds is called into question. Alternatively, if your money market fund of choice invests exclusively in US Government securities, you are exempt from most of these new rules, and it is business as usual.

As a result of the changes being brought about by the new reforms, the market has seen substantial cash flows out of IP money market funds into US government funds. Prime fund assets have declined from nearly \$1.4 trillion in late 2015 to less than \$700 billion as of the end of the third quarter of 2016. Not surprisingly, US Government fund assets have increased by half a trillion dollars year-to-date. These cash flows reflect increased demand for US Government assets and a sudden sharp decline in demand for short-term non-government (spread) securities. As a result of this change in demand, interest rates have followed the same script, with high quality short-term spread product yields increasing to nearly 1% while US Treasury Bill rates have plunged below the Fed Funds target rate of 0.25%.

What we are witnessing is the market setting the price for this increased regulation in the money market space. At the present time, the wide yield spread would indicate that most investors are willing to forgo additional yield to ensure liquidity and avoid potential fees. Whether this is a temporary phenomenon or a long-term structural spread in yield remains to be seen.

Global Economic Landscape

- The Fed kept interest rates unchanged at their September meeting, though several members voted against the majority decision.
- US jobless claims remain at a 43-year low, indicating sustained labor market strength.
- 84th consecutive week of unemployment claims below the 300,000 threshold, a level associated with robust labor market conditions.

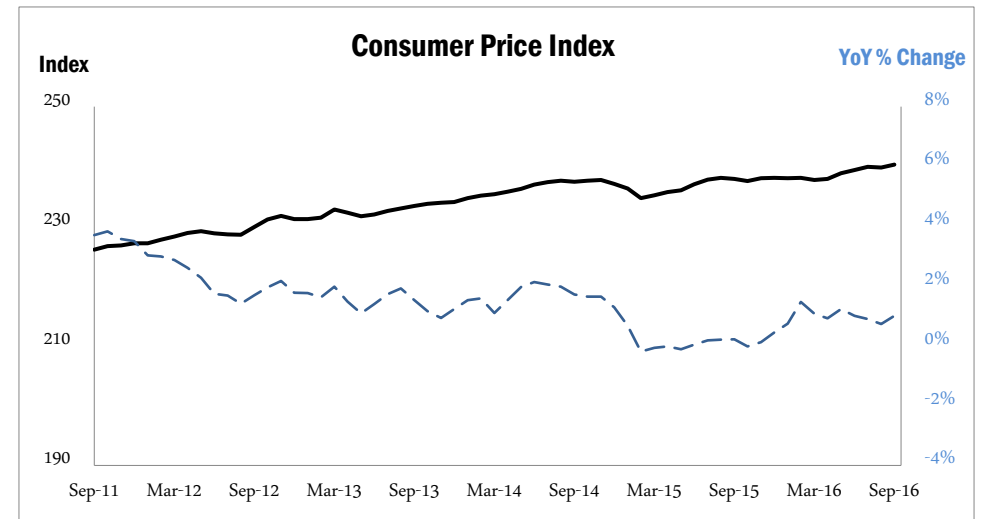
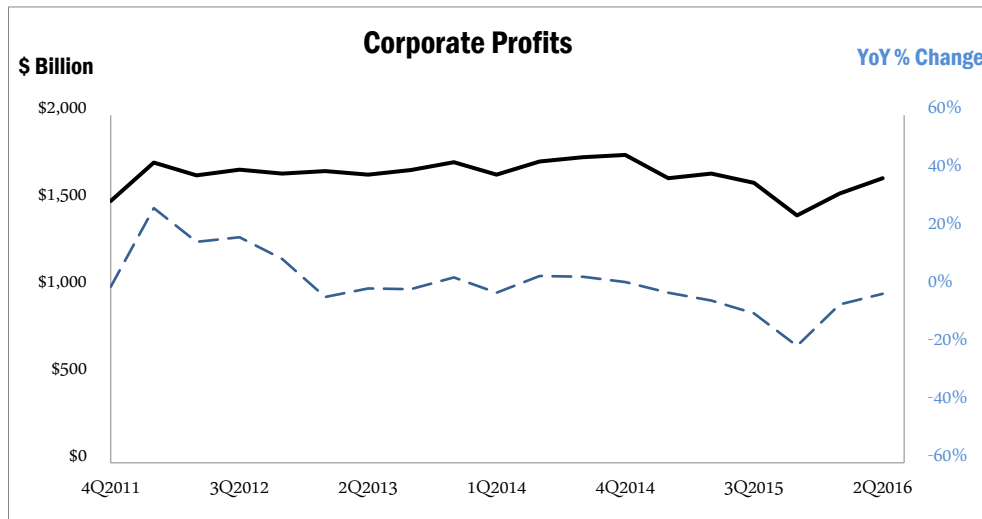
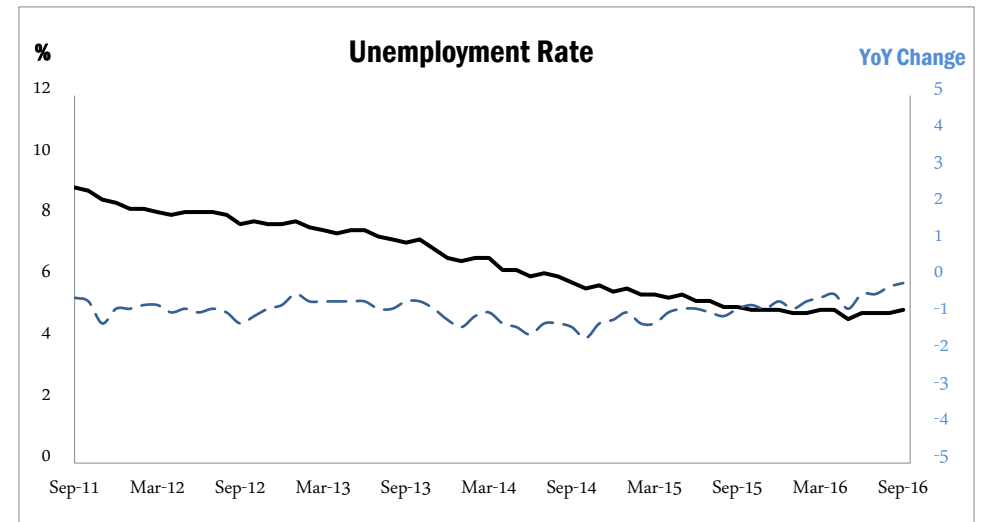
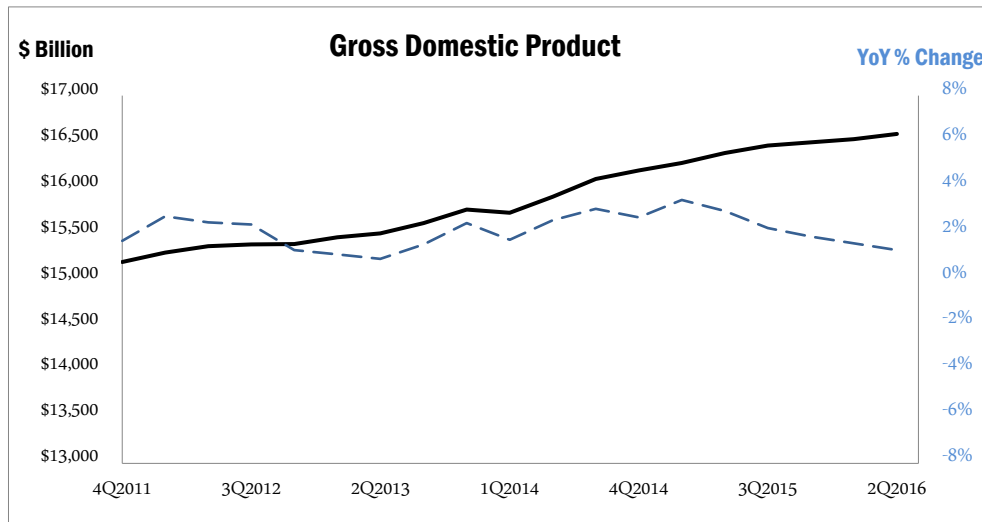
- In the 12 months through September, import prices fell 1.1 percent, representing the smallest decrease since 2014. Any improvement in imported inflation is expected to help stabilize or raise the core CPI (Consumer Price Index).
- September auto sales and manufacturing surveys reinforce the view that economic growth continues to strengthen.
- The recent US Census report indicated median household income rose by 5.2% in real terms between 2014 and 2015. This was the largest increase on record. These increases were broadly distributed.
- Global economic growth appears to be stabilizing, supported by further strengthening of commodity prices/exports.
- Corporate debt in China is reported at \$18 trillion, or 169% of GDP. A recent Reuters study showed that roughly 25% of Chinese companies did not have enough profits in the first half of 2016 to meet their debt servicing obligations.

Global Financial Markets

- The average forward looking P/E ratio for the S&P 500 Index has been 15.9x over the past 25 years. The current P/E ratio is 16.8x, indicating valuations are at or slightly above fair value.
- We increasingly live in a global economy. The largest US corporations as represented by the S&P 500 Index currently generate 44% of their income outside of the US. Global policies increasingly impact domestic policies and profits.
- In 2015, stocks with strong price momentum and quality balance sheets provided market leadership. In contrast, 2016 has been led by high yielding stocks in defensive sectors with generally lower average volatility. This leadership started to change in the third quarter, as active managers increasingly sold out of high yielding sectors on concerns over historically high valuations and potential for rising interest rates.
- Domestic equity markets saw significant sector rotations occur during the quarter. Yield-seeking sectors, including Utilities, REITs and Consumer Staples were amongst the worst performers as momentum-chasing and high valuations finally gave way to company fundamentals.
- Consumer Discretionary stocks in general appear statistically inexpensive, but higher earnings volatility underpins the challenges of true value identification.
- There is an increasing concern that investors may be facing an extended period of low interest rates. While this may very well be true, history would indicate that significant changes in interest rates, both to the upside and down, are the norm rather than the exception. Interest rates have changed +/- 1% in 35 of the past 35 years.
- Effective September 1, 2016 real estate became the 11th sector in MSCI's Global Industry Classification Standard (GICS). This is the first time a new sector has been added since the inception of GICS in 1999. Previously, most real estate exposure was classified as part of the financial sector. The change reflects the maturation of the Real Estate Investment Trust (REIT) space and will provide investors with significantly better transparency into what types of stocks their investment managers hold.

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3Q2016 Economic Data



Labor Market Statistics (Monthly)					
Category	Recent	5-Yr High	5-Yr Low	5-Yr Avg.	Date
Jobs Added/Lost Monthly	156,000	423,000	24,000	209,433	Sep-16
Unemployment Rate	5.0%	9.0%	4.7%	6.6%	Sep-16
Median Unemployment Length (Weeks)	10.2	22.3	8.3	15.1	Sep-16
Average Hourly Earnings	\$25.79	\$25.79	\$23.20	\$24.38	Sep-16

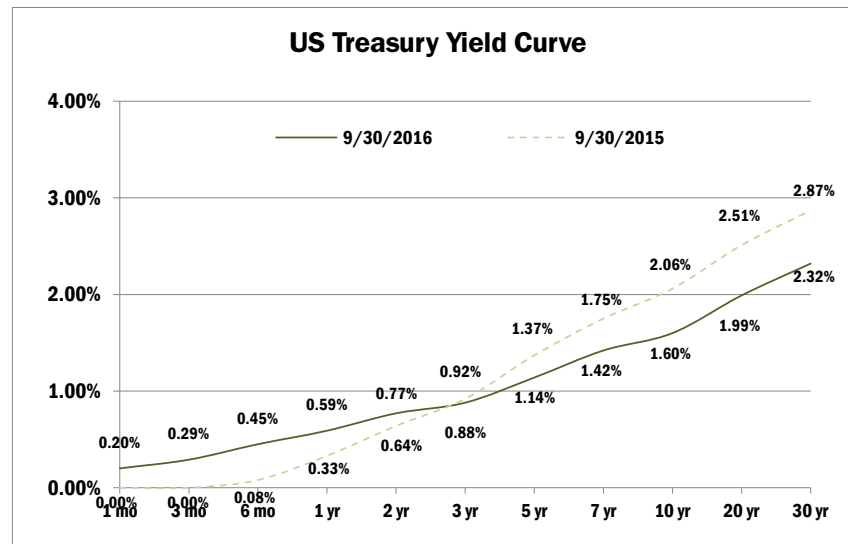
Other Prices and Indexes (Monthly)					
Category	Recent	5-Yr High	5-Yr Low	% Off Peak	Date
Gas: Price per Gallon	\$2.27	\$3.89	\$1.79	-41.7%	Sep-16
Spot Oil	\$45.18	\$106.57	\$30.32	-57.6%	Sep-16
Case-Shiller Home Price Index	187.7	188.4	136.9	37.2%*	Jul-16
Medical Care CPI	469.2	469.2	402.2	16.6%*	Aug-16

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

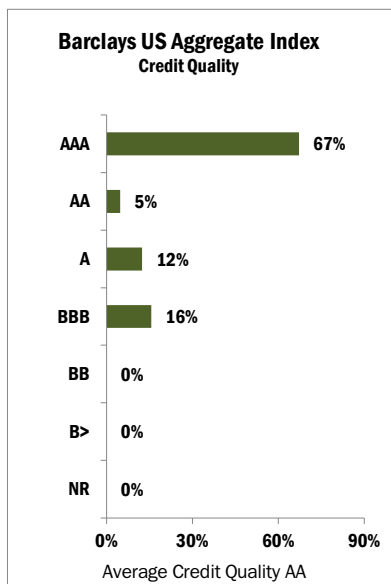
*% Off Low

3Q2016 Bond Market Data

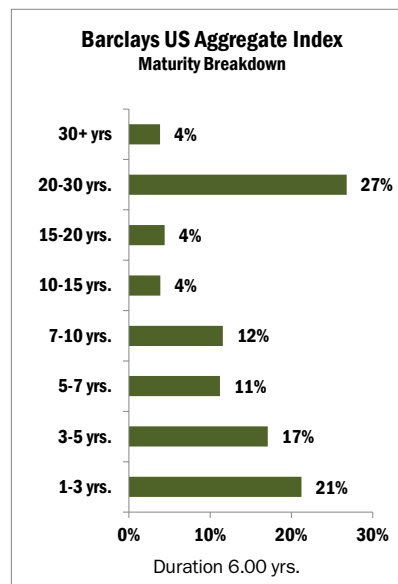
Index	QTR	YTD	1 yr.	3 yrs.	5 yrs.	10 yrs.
90-Day T-Bill	0.07%	0.19%	0.18%	0.09%	0.08%	0.90%
Barclays US Aggregate	0.46%	5.80%	5.19%	4.03%	3.08%	4.79%
Barclays Short US Treasury	0.09%	0.44%	0.41%	0.22%	0.20%	1.10%
Barclays Int. US Treasury	-0.26%	3.39%	2.50%	2.22%	1.64%	3.82%
Barclays Long US Treasury	-0.36%	14.71%	13.13%	11.16%	5.48%	8.06%
Barclays US TIPS	0.96%	7.27%	6.58%	2.40%	1.93%	4.48%
Barclays US Credit	1.23%	8.86%	8.30%	5.44%	4.83%	5.77%
Barclays US Mortgage-Backed	0.60%	3.72%	3.61%	3.61%	2.65%	4.65%
Barclays US Asset-Backed	0.20%	2.74%	2.16%	2.06%	1.89%	3.21%
Barclays US 20-Yr Municipal	-0.34%	5.25%	7.48%	7.53%	5.94%	5.48%
Barclays US High Yield	5.55%	15.11%	12.73%	5.28%	8.34%	7.71%
Barclays Global	0.82%	9.85%	8.83%	2.13%	1.74%	4.26%
Barclays International	1.03%	13.09%	11.67%	0.75%	0.70%	3.82%
Barclays Emerging Market	3.13%	12.82%	13.93%	6.60%	7.27%	7.41%



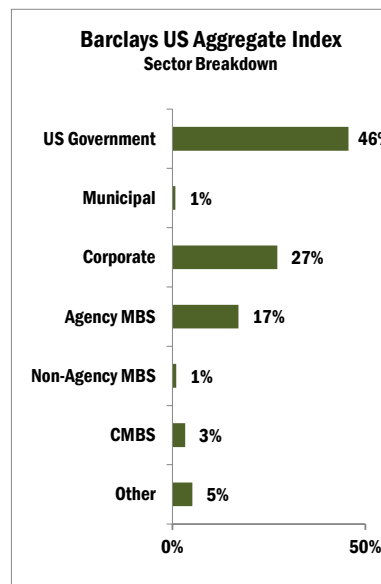
Source: Department of US Treasury



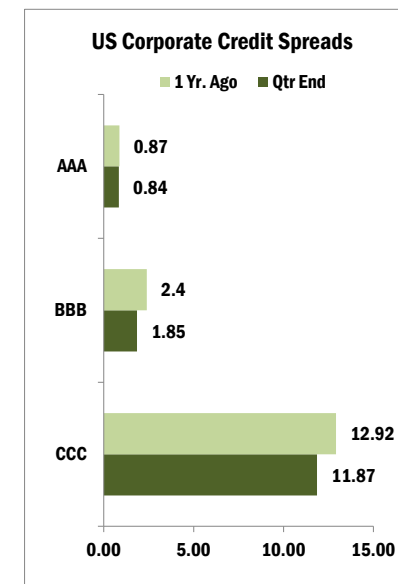
Source: Morningstar



Source: Morningstar



Source: Morningstar



Source: Federal Reserve / Bank of America

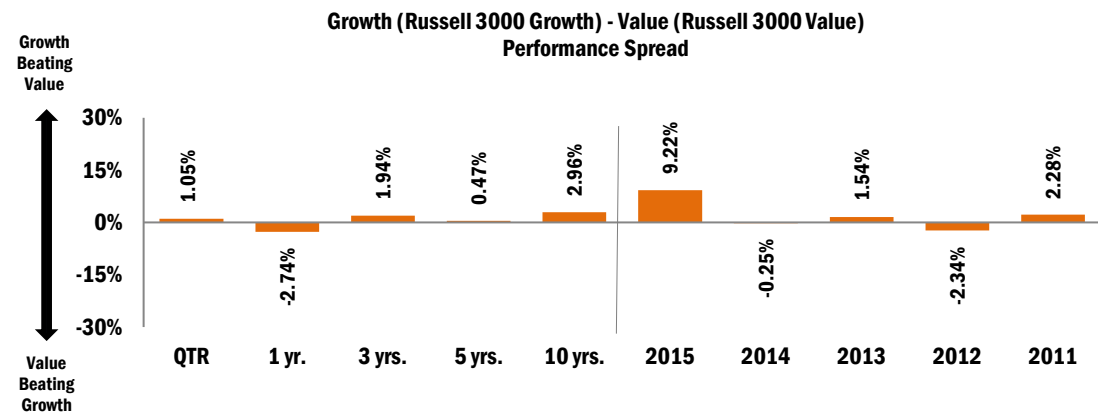
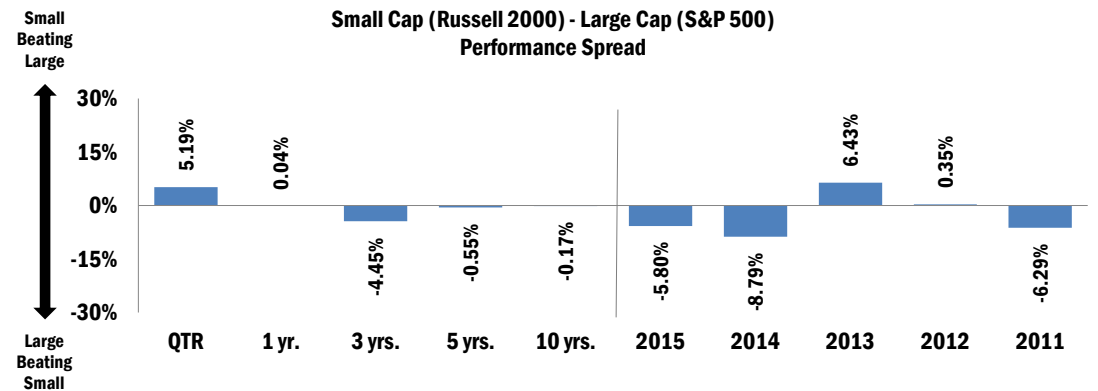
3Q2016 US Equity Market Data

Sectors Weights/Returns (ranked by quarter performance)

	Wgt.	Sector	QTR	1 Yr.
S&P 500 Index	21%	Information Technology	12.86%	22.82%
	16%	Financials	4.59%	7.44%
	10%	Industrials	4.14%	19.74%
	3%	Materials	3.71%	22.25%
	13%	Consumer Discretionary	2.94%	9.64%
	7%	Energy	2.26%	18.96%
	15%	Health Care	0.94%	10.71%
	10%	Consumer Staples	-2.63%	15.77%
	3%	Telecom Services	-5.60%	26.82%
	3%	Utilities	-5.91%	17.37%
S&P Midcap 400 Index	18%	Information Technology	10.06%	19.42%
	14%	Industrials	6.48%	19.22%
	4%	Energy	6.12%	1.79%
	7%	Materials	5.38%	35.90%
	8%	Health Care	4.74%	15.31%
	12%	Consumer Discretionary	2.43%	-1.87%
	27%	Financials	1.65%	13.72%
	4%	Consumer Staples	-3.59%	9.50%
	6%	Utilities	-4.69%	26.44%
	0%	Telecom Services	-7.85%	11.27%
S&P Smallcap 600 Index	5%	Materials	15.45%	30.68%
	16%	Information Technology	14.38%	31.70%
	3%	Energy	12.92%	15.17%
	18%	Industrials	8.94%	20.68%
	24%	Financials	6.74%	14.78%
	12%	Health Care	4.75%	14.26%
	14%	Consumer Discretionary	2.05%	2.51%
	3%	Consumer Staples	-0.46%	21.41%
	4%	Utilities	-5.30%	25.00%
	1%	Telecom Services	-10.19%	19.48%

Index Performance Data

Index	QTR	YTD	1 yr.	Annualized		
				3 yrs.	5 yrs.	10 yrs.
S&P 500	3.85%	7.84%	15.43%	11.16%	16.37%	7.24%
Russell 1000 Value	3.48%	10.00%	16.20%	9.70%	16.15%	5.85%
Russell 1000 Growth	4.58%	6.00%	13.76%	11.83%	16.60%	8.85%
Russell Mid Cap	4.52%	10.26%	14.25%	9.70%	16.67%	8.32%
Russell Mid Cap Value	4.45%	13.72%	17.26%	10.49%	17.38%	7.89%
Russell Mid Cap Growth	4.59%	6.84%	11.24%	8.90%	15.85%	8.51%
Russell 2000	9.05%	11.46%	15.47%	6.71%	15.82%	7.07%
Russell 2000 Value	8.87%	15.49%	18.81%	6.77%	15.45%	5.78%
Russell 2000 Growth	9.22%	7.48%	12.12%	6.58%	16.15%	8.29%
Russell 3000	4.40%	8.18%	14.96%	10.44%	16.36%	7.37%
DJ US Select REIT	-1.24%	9.45%	17.70%	14.29%	15.60%	5.80%



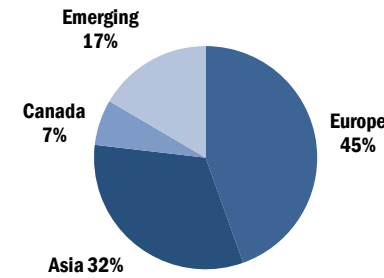
3Q2016 International Market Data

Index Performance Data (net)

Index (US\$)	QTR	YTD	1 yr.	3 yrs.	5 yrs.	10 yrs.
MSCI ACWI ex-US	6.91%	5.82%	9.26%	0.18%	6.04%	2.16%
MSCI EAFE	6.43%	1.73%	6.52%	0.48%	7.39%	1.82%
Europe	5.40%	0.00%	2.49%	-0.56%	7.46%	1.50%
United Kingdom	3.98%	0.80%	1.53%	-1.80%	5.99%	1.40%
Germany	10.01%	1.28%	9.08%	0.30%	9.75%	3.61%
France	6.36%	1.90%	3.60%	-0.94%	7.60%	0.47%
Pacific	8.46%	5.26%	14.74%	2.31%	7.31%	2.50%
Japan	8.60%	2.54%	12.13%	3.33%	7.36%	1.05%
Hong Kong	11.92%	12.34%	19.09%	6.66%	12.20%	8.14%
Australia	7.91%	10.69%	21.71%	-1.55%	5.64%	4.94%
Canada	4.85%	20.63%	14.47%	-1.15%	2.36%	2.87%
MSCI EM	9.03%	16.02%	16.78%	-0.56%	3.03%	3.95%
MSCI EM Latin America	5.37%	32.21%	28.65%	-7.91%	-3.93%	2.37%
MSCI EM Asia	10.51%	12.99%	16.90%	3.48%	6.35%	5.56%
MSCI EM Eur/Mid East	4.87%	13.78%	6.62%	-12.21%	-3.90%	-3.09%
MSCI ACWI Value ex-US	7.79%	5.45%	6.96%	-1.91%	4.59%	1.14%
MSCI ACWI Growth ex-US	6.06%	6.20%	11.51%	2.23%	7.45%	3.14%
MSCI AC World Sm Cap ex-US	7.91%	7.70%	13.38%	3.52%	8.60%	4.59%

Regional Exposure

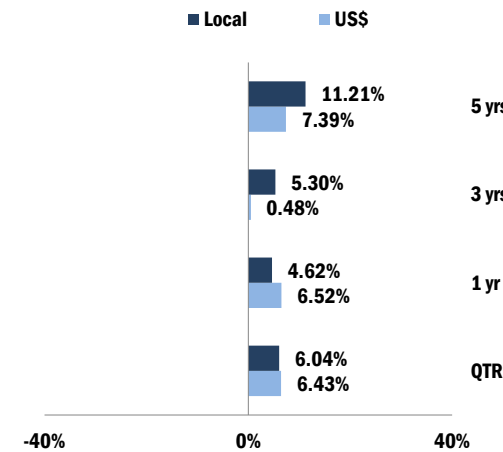
MSCI ACWI ex-USA



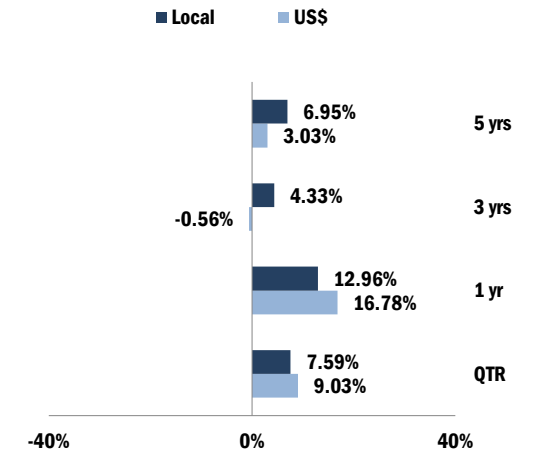
Top 10 Countries (MSCI AC World ex-USA)

Japan	17%
UK	12%
Canada	7%
France	7%
Switzerland	6%
China	6%
Germany	6%
Australia	5%
South Korea	3%
Hong Kong	3%

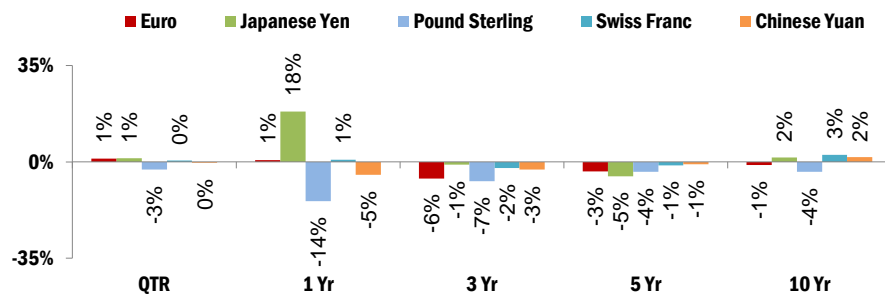
MSCI EAFE Index Return



MSCI Emerging Index Return

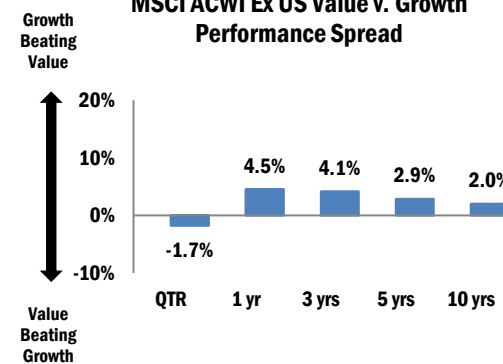


Foreign Currency v. US\$ Returns

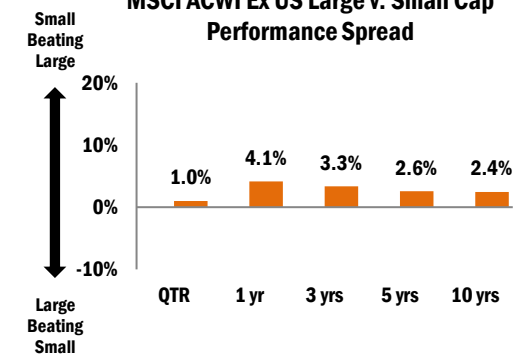


Exchange Rates	3Q16	2Q16	1Q16	4Q15	3Q15	2Q15
Japanese Yen	101.21	102.77	112.42	120.27	119.81	122.10
Euro	0.89	0.91	0.88	0.92	0.89	0.90
British Pound	0.77	0.76	0.70	0.68	0.66	0.64
Swiss Franc	0.97	0.98	0.96	1.00	0.98	0.93
Chinese Yuan	6.67	6.65	6.45	6.48	6.36	6.20

MSCI ACWI Ex US Value v. Growth Performance Spread



MSCI ACWI Ex US Large v. Small Cap Performance Spread



Historical Market Returns

Ranked by Performance

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	YTD	3Q16
Commod. 25.91%	Emerging Markets 55.82%	Emerging Markets 25.55%	Emerging Markets 34.00%	Emerging Markets 32.14%	Emerging Markets 39.42%	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%	Emerging Markets 16.01%	Small Cap 9.05%
TIPS 16.57%	Small Cap 47.25%	Intl 20.91%	Commod. 21.36%	Intl 26.65%	Intl 16.65%	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 15.11%	Emerging Markets 9.03%
Global Bonds 16.52%	Intl 40.83%	Mid Cap 20.22%	Core Real Estate 20.15%	Small Cap 18.37%	Commod. 16.23%	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%	Small Cap 11.46%	Intl 6.91%
US Bonds 10.26%	Mid Cap 40.06%	Small Cap 18.33%	Intl 16.62%	Large Cap 15.79%	Core Real Estate 14.84%	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%	Mid Cap 10.26%	High Yield 5.55%
Core Real Estate 4.58%	High Yield 28.97%	Global Balanced 12.18%	Mid Cap 12.65%	Core Real Estate 15.27%	TIPS 11.64%	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%	Global Bonds 9.85%	Mid Cap 4.52%
Cash 1.63%	Large Cap 28.68%	Core Real Estate 12.00%	Large Cap 4.91%	Mid Cap 15.26%	Global Bonds 9.48%	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%	Commod. 8.87%	Large Cap 3.85%
High Yield -1.41%	Global Balanced 24.27%	High Yield 11.13%	Small Cap 4.55%	Global Balanced 14.53%	Global Balanced 9.07%	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%	Large Cap 7.84%	Global Balanced 3.21%
Emerging Markets -6.17%	Commod. 23.93%	Large Cap 10.88%	Global Balanced 4.16%	High Yield 11.85%	US Bonds 6.97%	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%	TIPS 7.27%	Core Real Estate 1.83%
Global Balanced -6.58%	Global Bonds 12.51%	Global Bonds 9.27%	Cash 3.25%	Global Bonds 6.64%	Mid Cap 5.60%	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%	Global Balanced 6.83%	TIPS 0.96%
Intl -14.95%	TIPS 8.40%	Commod. 9.15%	TIPS 2.84%	Cash 4.85%	Large Cap 5.49%	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 5.82%	Global Bonds 0.82%
Mid Cap -16.19%	Core Real Estate 8.28%	TIPS 8.46%	High Yield 2.74%	US Bonds 4.33%	Cash 4.44%	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%	Core Real Estate 5.82%	US Bonds 0.46%
Small Cap -20.48%	US Bonds 4.10%	US Bonds 4.34%	US Bonds 2.43%	Commod. 2.07%	High Yield 1.87%	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%	US Bonds 5.80%	Cash 0.07%
Large Cap -22.10%	Cash 1.03%	Cash 1.44%	Global Bonds -4.49%	TIPS 0.41%	Small Cap -1.57%	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 0.19%	Commod. -3.86%

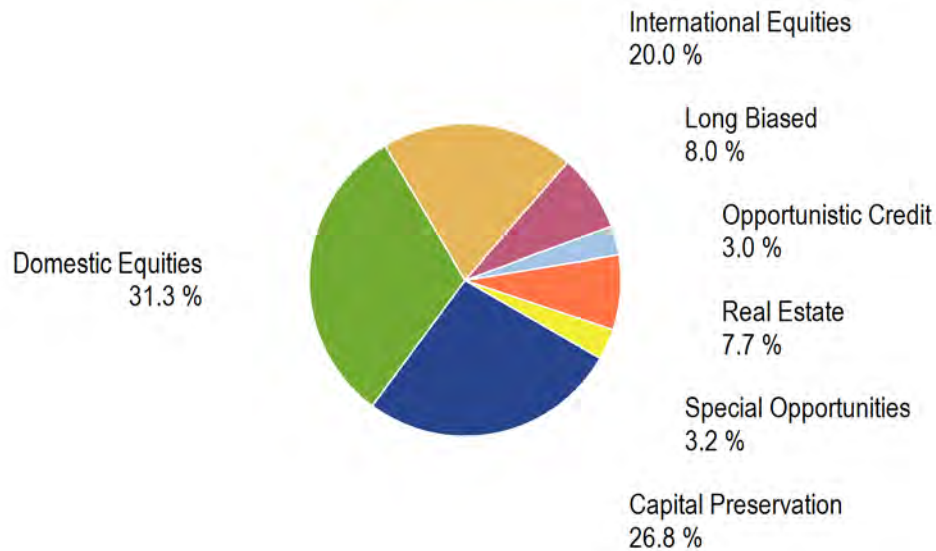
Global Balanced is composed of 60% MSCI World Stock Index, 35% Barclays Global Aggregate Bond Index, and 5% US 90-Day T-Bills.

Section 2

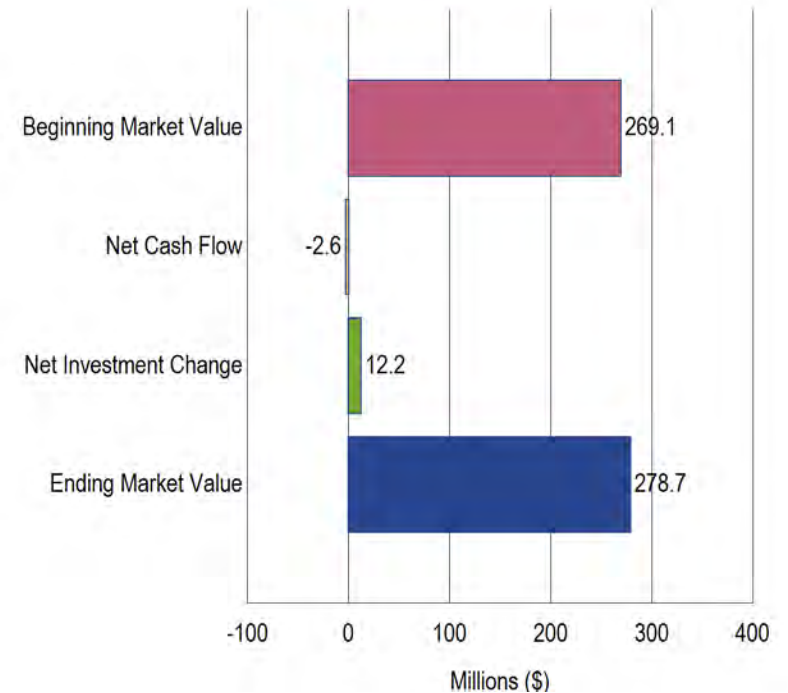
Spokane Employees' Retirement System

As of September 30, 2016

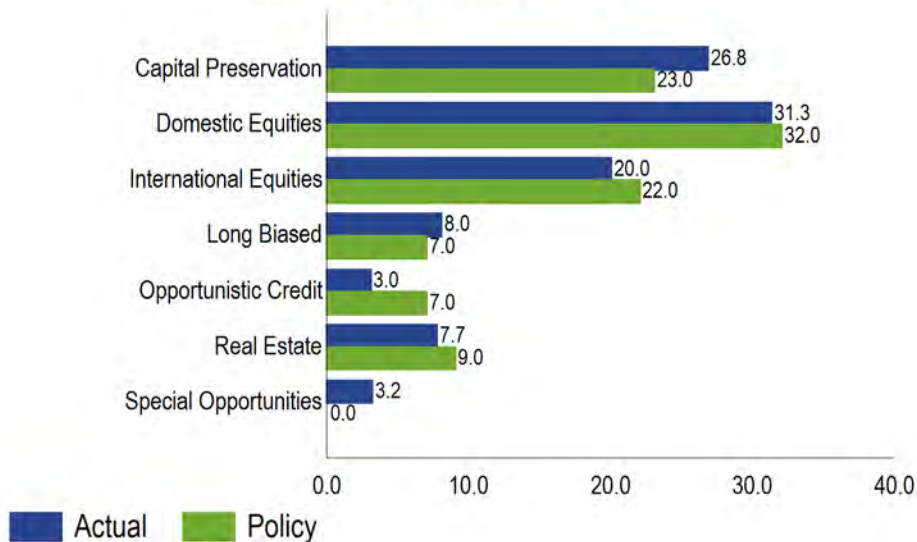
Current Allocation



Current Quarter



Actual vs Target Allocation (%)



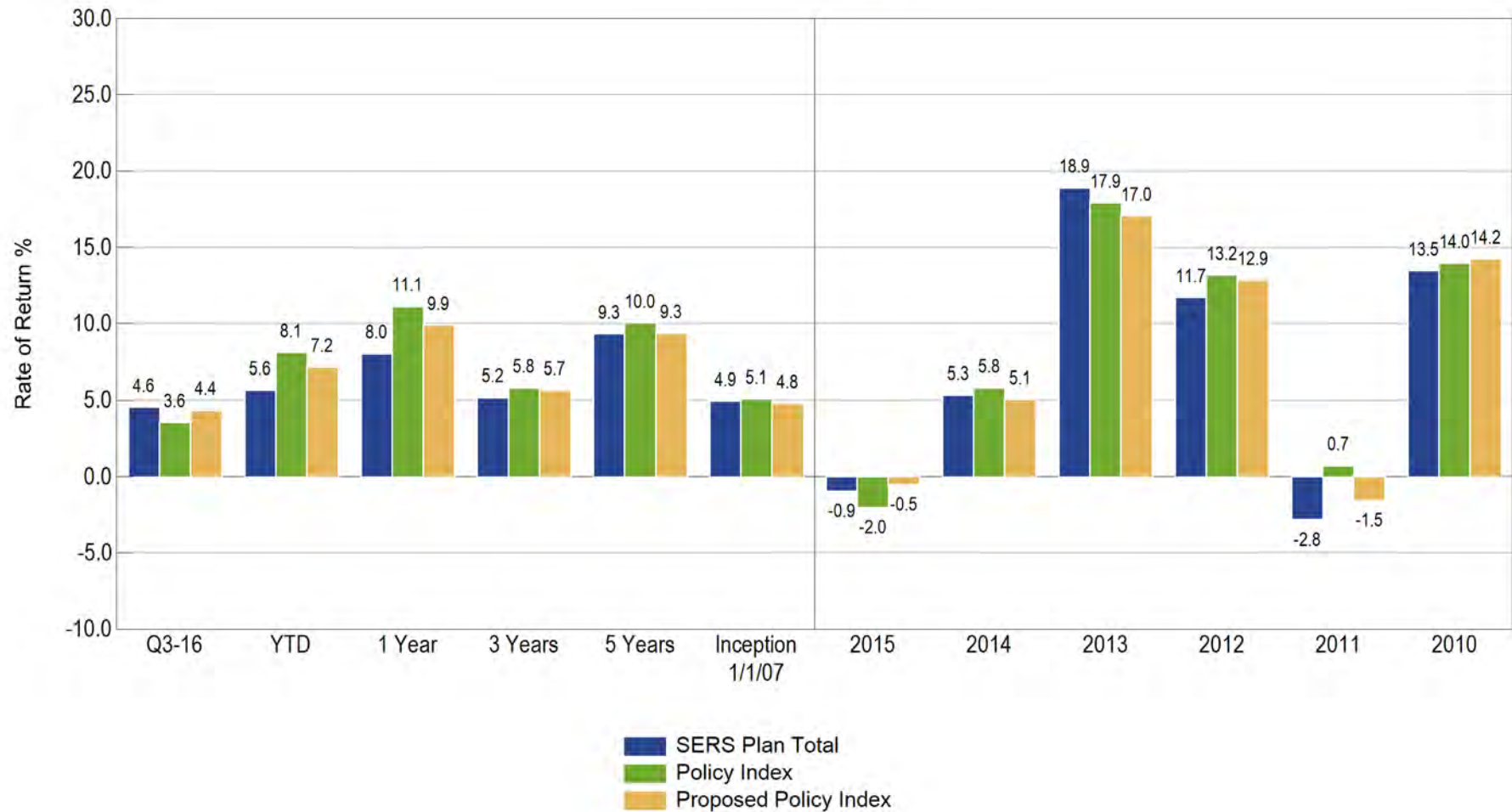
Current Market Value:

\$278,722,028

Policy Index

Index	Weight
US 90 Day T-Bill	1%
Barclays US Aggregate Bond Index	15%
Barclays Corporate High Yield Index	5%
Barclays Global Aggregate Bond Index	5%
S&P 500 Index	34%
Russell Mid Cap Index	8%
Russell 2000 Index	5%
MSCI ACWI ex-US	17%
S&P GSCI Index	4%
NAREIT Composite	3%
NCREIF Property Index	3%

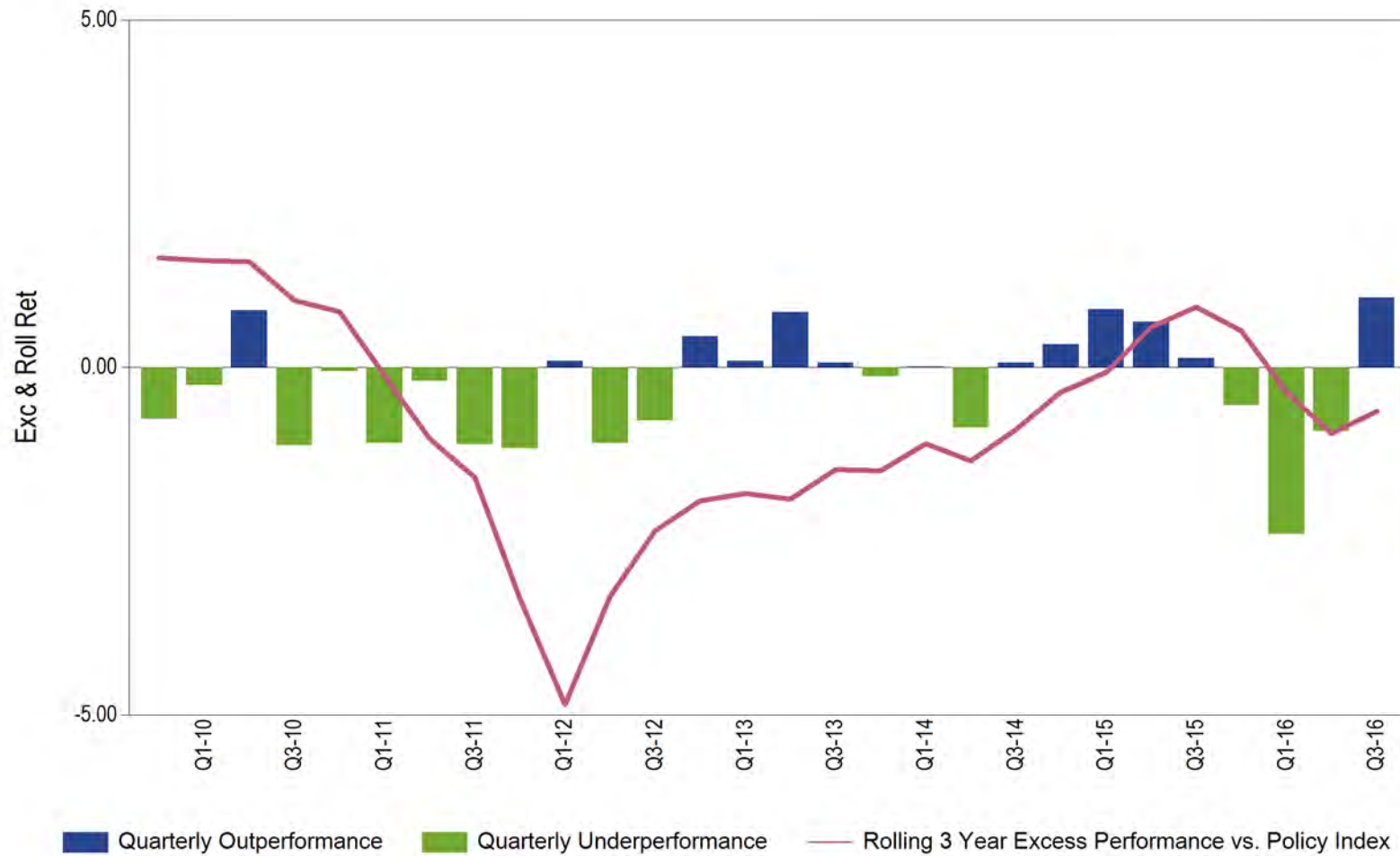
Return Summary



Performance Net of Fees

Performance greater than 1 year is annualized

Rolling Annualized Excess Performance



Spokane Employees' Retirement System

As of September 30, 2016

RISK RETURN STATISTICS

January 01, 2007 Through September 30, 2016

	SERS Plan Total	Policy Index
RETURN SUMMARY STATISTICS		
Number of Periods	39	39
Maximum Return	12.42	17.68
Minimum Return	-14.46	-17.18
Annualized Return	4.94	5.09
Total Return	60.01	62.22
Annualized Excess Return Over Risk Free	4.28	4.43
Annualized Excess Return	-0.15	0.00
RISK SUMMARY STATISTICS		
Beta	0.85	1.00
Upside Deviation	6.40	8.28
Downside Deviation	8.95	10.23
RISK/RETURN SUMMARY STATISTICS		
Annualized Standard Deviation	11.69	13.49
Alpha	0.13	0.00
Sharpe Ratio	0.37	0.33
Excess Return Over Market / Risk	-0.01	0.00
Tracking Error	3.01	0.00
Information Ratio	-0.05	--
CORRELATION STATISTICS		
R-Squared	0.96	1.00
Correlation	0.98	1.00

Market Proxy: Policy Index

Risk-Free Proxy: 91 Day T-Bills

Spokane Employees' Retirement System

As of September 30, 2016

Total Account Performance Summary

	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	Return (%)	Since
SERS Plan Total	4.56	5.65	8.02	5.17	9.32	-0.94	5.34	18.89	11.70	-2.80	13.47	4.94	Jan-07
Policy Index	<u>3.56</u>	<u>8.11</u>	<u>11.12</u>	<u>5.80</u>	<u>10.03</u>	<u>-2.00</u>	<u>5.79</u>	<u>17.92</u>	<u>13.18</u>	<u>0.72</u>	<u>13.97</u>	<u>5.09</u>	Jan-07
Over/Under	1.00	-2.46	-3.10	-0.63	-0.71	1.06	-0.45	0.97	-1.48	-3.52	-0.50	-0.15	
InvestorForce All DB \$250mm-\$1B Net Rank	5	84	87	75	42	47	63	8	61	97	28	51	Jan-07
Capital Preservation	3.01	6.88	6.63	2.66	--	-1.74	1.65	2.70	--	--	--	3.11	Jul-12
Capital Preservation Index	<u>2.07</u>	<u>5.84</u>	<u>5.11</u>	<u>3.69</u>	<u>4.26</u>	<u>-0.58</u>	<u>4.23</u>	<u>3.33</u>	<u>6.66</u>	<u>3.22</u>	<u>7.89</u>	<u>3.87</u>	Jul-12
Over/Under	0.94	1.04	1.52	-1.03	--	-1.16	-2.58	-0.63	--	--	--	-0.76	
Domestic Equity	6.08	6.24	11.76	9.02	--	-0.32	11.10	36.38	--	--	--	13.36	Jul-12
Domestic Equity Index	<u>4.78</u>	<u>8.87</u>	<u>15.13</u>	<u>10.04</u>	<u>16.39</u>	<u>-0.06</u>	<u>11.44</u>	<u>33.91</u>	<u>16.67</u>	<u>0.55</u>	<u>18.99</u>	<u>13.87</u>	Jul-12
Over/Under	1.30	-2.63	-3.37	-1.02	--	-0.26	-0.34	2.47	--	--	--	-0.51	
All Cap Blend MStar MF Rank	32	70	63	41	--	33	38	35	--	--	--	48	Jul-12
International Equity Total	7.21	6.43	9.67	2.49	8.36	-1.32	-3.58	20.93	18.48	-13.72	17.28	3.59	Apr-07
International Equity Index	<u>7.38</u>	<u>7.55</u>	<u>11.06</u>	<u>0.73</u>	<u>6.13</u>	<u>-5.49</u>	<u>-3.63</u>	<u>13.48</u>	<u>17.36</u>	<u>-15.20</u>	<u>14.67</u>	<u>1.36</u>	Apr-07
Over/Under	-0.17	-1.12	-1.39	1.76	2.23	4.17	0.05	7.45	1.12	1.48	2.61	2.23	
Foreign MStar MF Rank	27	23	28	31	43	66	34	54	53	54	18	14	Apr-07
Long Biased	0.70	-3.87	-2.06	1.69	--	4.04	3.62	9.56	--	--	--	4.07	Jul-12
HFRI Fund of Funds Composite Index	<u>2.44</u>	<u>-0.20</u>	<u>0.52</u>	<u>2.17</u>	<u>3.17</u>	<u>-0.27</u>	<u>3.36</u>	<u>8.96</u>	<u>4.79</u>	<u>-5.72</u>	<u>5.70</u>	<u>3.62</u>	Jul-12
Over/Under	-1.74	-3.67	-2.58	-0.48	--	4.31	0.26	0.60	--	--	--	0.45	
Opportunistic Credit	4.93	10.91	9.08	6.56	--	2.35	2.32	--	--	--	--	--	Jul-12
HFRI ED: Distressed/Restructuring Index	<u>5.34</u>	<u>8.99</u>	<u>5.41</u>	<u>1.02</u>	<u>4.91</u>	<u>-8.06</u>	<u>-1.39</u>	<u>14.05</u>	<u>10.12</u>	<u>-1.79</u>	<u>12.12</u>	<u>4.59</u>	Jul-12
Over/Under	-0.41	1.92	3.67	5.54	--	10.41	3.71	--	--	--	--	--	

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

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

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

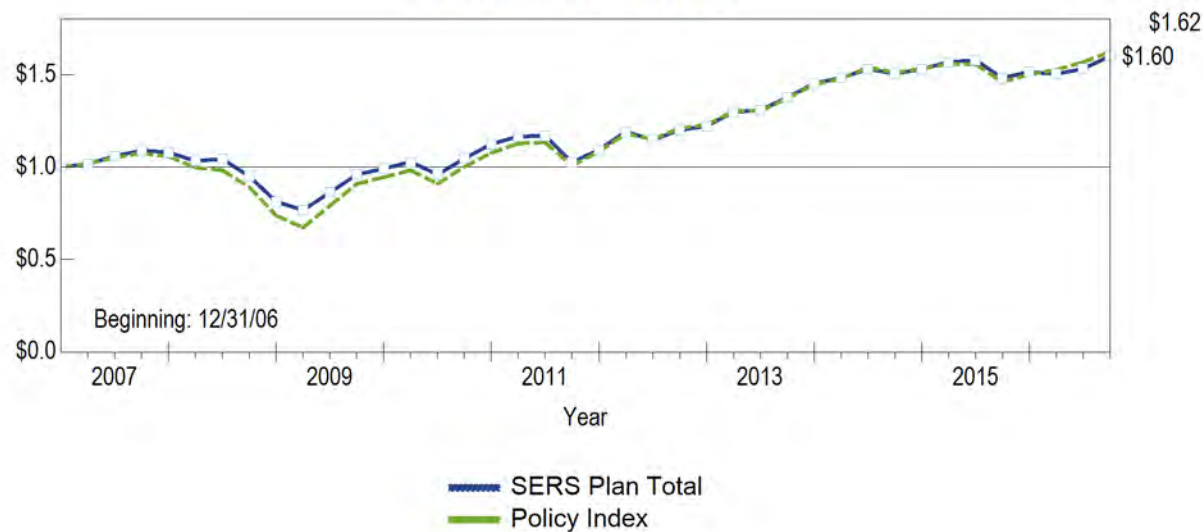
Spokane Employees' Retirement System

As of September 30, 2016

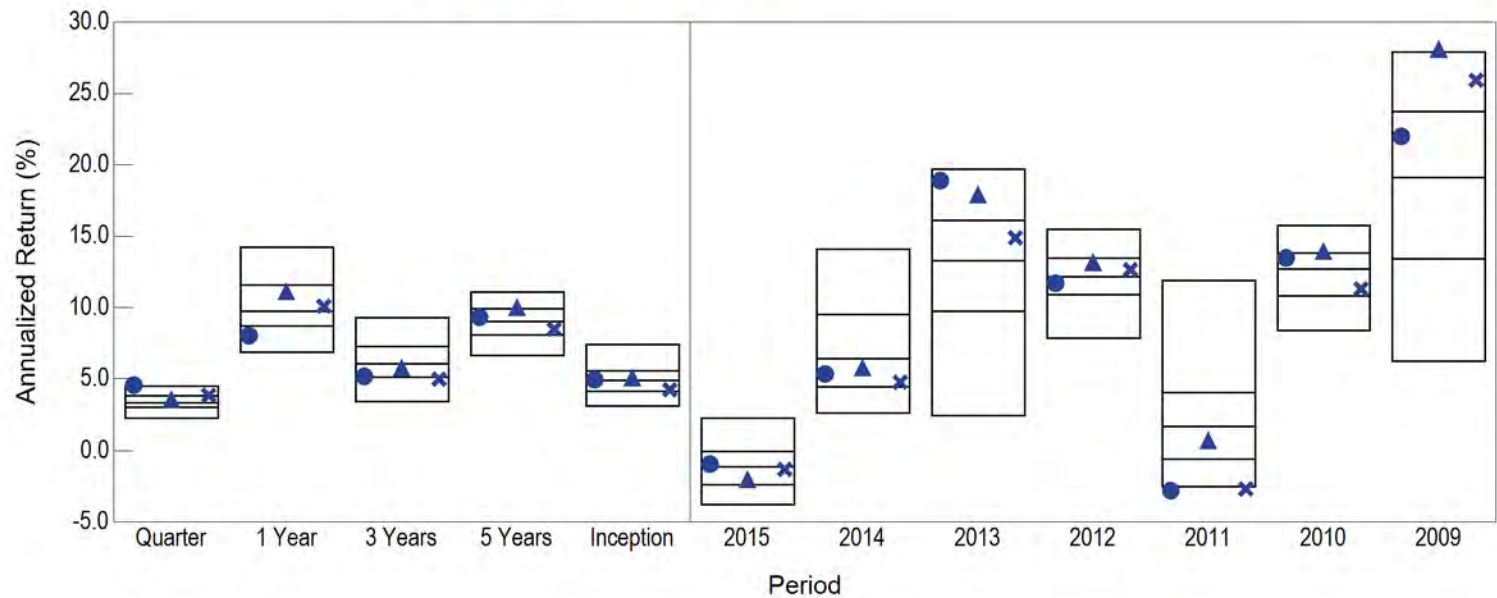
Total Account Performance Summary

	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	Return (%)	Since
Real Estate Total	0.65	9.47	12.60	13.58	16.05	6.66	25.00	8.71	15.17	9.44	23.35	5.07	Apr-07
NCREIF-ODCE	2.07	6.52	10.07	12.45	12.40	15.02	12.48	13.94	10.94	15.99	16.36	5.47	Apr-07
Over/Under	-1.42	2.95	2.53	1.13	3.65	-8.36	12.52	-5.23	4.23	-6.55	6.99	-0.40	
US Real Estate Equity Rank	16	63	97	78	60	7	94	7	98	62	89	80	Apr-07
Special Opportunities	4.51	-14.38	-8.44	6.78	--	2.13	25.88	31.60	--	--	--	8.95	Jul-12
Russell 3000	4.40	8.18	14.96	10.44	16.36	0.48	12.56	33.55	16.42	1.02	16.93	13.92	Jul-12
Over/Under	0.11	-22.56	-23.40	-3.66		1.65	13.32	-1.95				-4.97	

GROWTH OF A DOLLAR

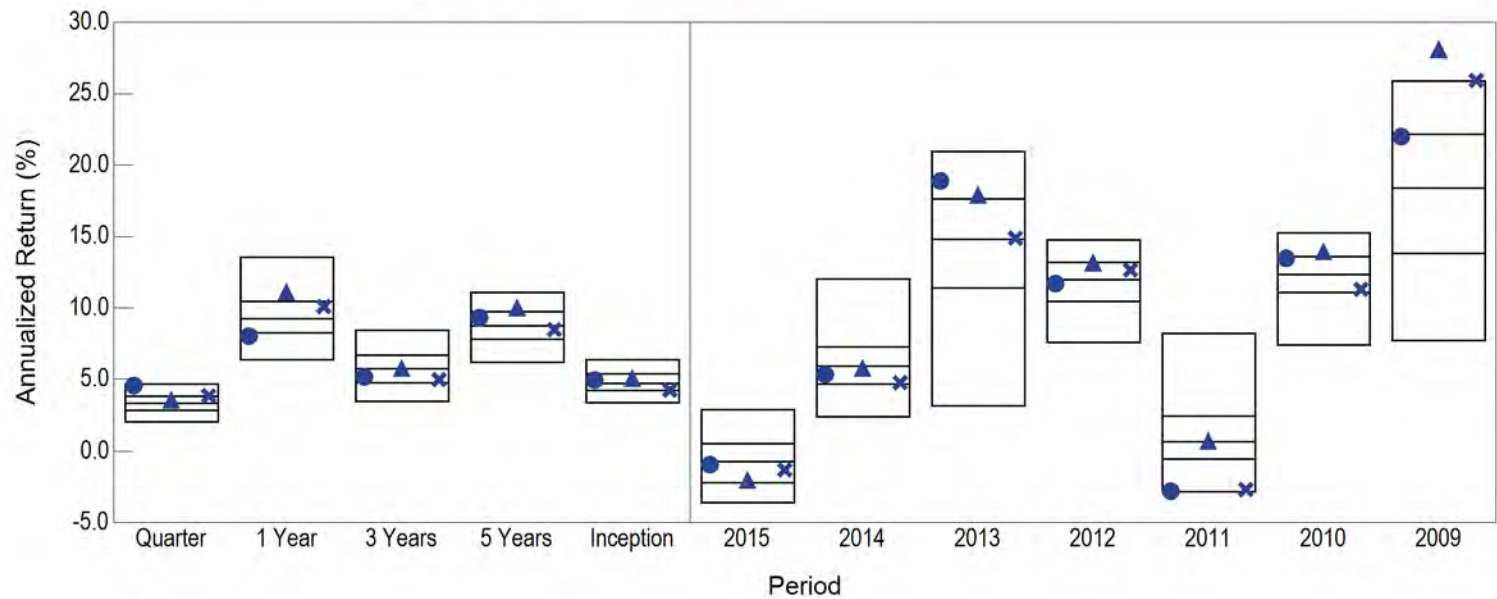


InvestorForce All DB \$250mm-\$1B Net Accounts
Ending September 30, 2016



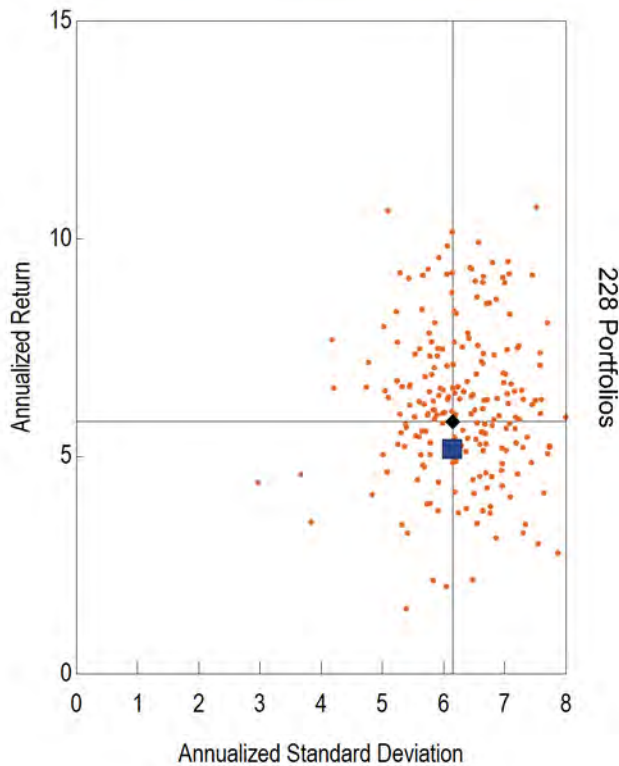
	Return (Rank)											
	Quarter	1 Year	3 Years	5 Years	Inception	2015	2014	2013	2012	2011	2010	2009
5th Percentile	4.5	14.2	9.3	11.1	7.4	2.2	14.1	19.7	15.5	11.9	15.7	27.9
25th Percentile	3.8	11.6	7.3	9.9	5.6	0.0	9.6	16.1	13.5	4.1	13.9	23.8
Median	3.4	9.8	6.1	9.1	4.9	-1.1	6.4	13.3	12.2	1.7	12.7	19.1
75th Percentile	3.0	8.7	5.1	8.1	4.2	-2.4	4.5	9.8	10.9	-0.5	10.9	13.4
95th Percentile	2.3	6.9	3.4	6.7	3.2	-3.7	2.6	2.5	7.9	-2.5	8.4	6.3
# of Portfolios	239	238	228	218	174	231	212	190	178	157	148	136
● SERS Plan Total	4.6 (5)	8.0 (87)	5.2 (75)	9.3 (42)	4.9 (51)	-0.9 (47)	5.3 (63)	18.9 (8)	11.7 (61)	-2.8 (97)	13.5 (28)	22.0 (37)
▲ Policy Index	3.6 (43)	11.1 (30)	5.8 (60)	10.0 (22)	5.1 (45)	-2.0 (69)	5.8 (61)	17.9 (14)	13.2 (32)	0.7 (62)	14.0 (24)	28.1 (5)
× 70/30 ACWI/Barclays Aggregate Bon	3.8 (25)	10.1 (45)	5.0 (80)	8.5 (67)	4.2 (74)	-1.3 (56)	4.8 (73)	14.9 (37)	12.7 (43)	-2.7 (97)	11.3 (70)	25.9 (12)

InvestorForce All DB \$50mm-\$250mm Net Accounts
Ending September 30, 2016



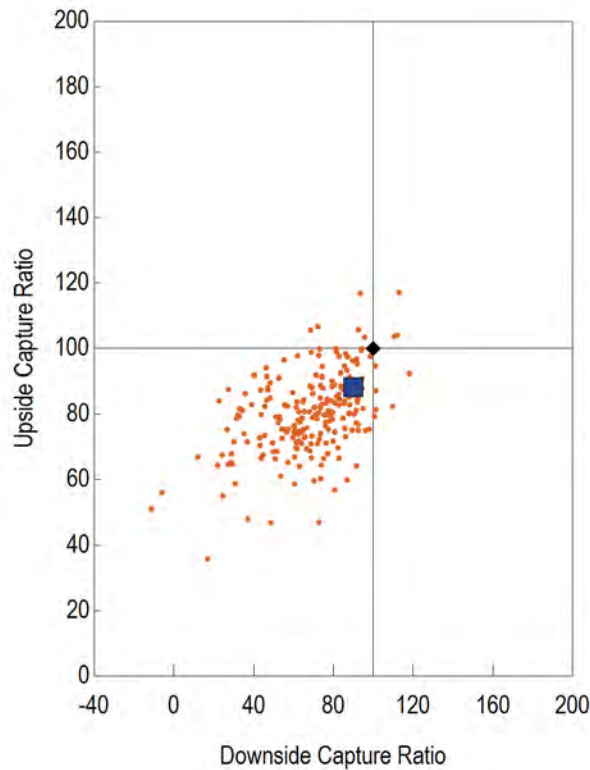
	Return (Rank)											
	Quarter	1 Year	3 Years	5 Years	Inception	2015	2014	2013	2012	2011	2010	2009
5th Percentile	4.6	13.6	8.4	11.1	6.4	2.9	12.0	20.9	14.8	8.2	15.3	25.9
25th Percentile	3.8	10.5	6.7	9.8	5.4	0.6	7.3	17.7	13.2	2.5	13.6	22.2
Median	3.4	9.3	5.8	8.8	4.8	-0.7	6.0	14.9	12.0	0.7	12.4	18.4
75th Percentile	2.9	8.3	4.8	7.8	4.2	-2.1	4.7	11.4	10.5	-0.5	11.1	13.9
95th Percentile	2.1	6.4	3.5	6.2	3.4	-3.5	2.4	3.2	7.6	-2.8	7.5	7.7
# of Portfolios	340	339	312	291	243	330	285	268	261	227	219	213
● SERS Plan Total	4.6 (6)	8.0 (82)	5.2 (68)	9.3 (35)	4.9 (43)	-0.9 (55)	5.3 (66)	18.9 (17)	11.7 (55)	-2.8 (95)	13.5 (28)	22.0 (26)
▲ Policy Index	3.6 (40)	11.1 (18)	5.8 (50)	10.0 (18)	5.1 (38)	-2.0 (72)	5.8 (54)	17.9 (24)	13.2 (26)	0.7 (50)	14.0 (19)	28.1 (3)
× 70/30 ACWI/Barclays Aggregate Bon	3.8 (25)	10.1 (33)	5.0 (73)	8.5 (60)	4.2 (76)	-1.3 (60)	4.8 (74)	14.9 (50)	12.7 (36)	-2.7 (95)	11.3 (72)	25.9 (5)

Annualized Return vs. Annualized Standard Deviation
3 Years Ending September 30, 2016



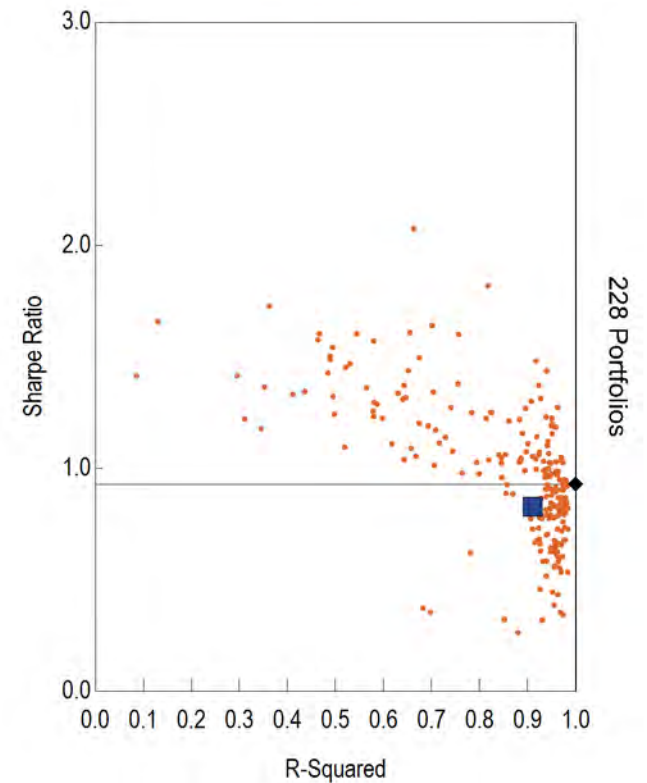
- SERS Plan Total
- ◆ Policy Index
- InvestorForce All DB \$250mm-\$1B Net

Upside Capture Ratio vs. Downside Capture Ratio
3 Years Ending September 30, 2016



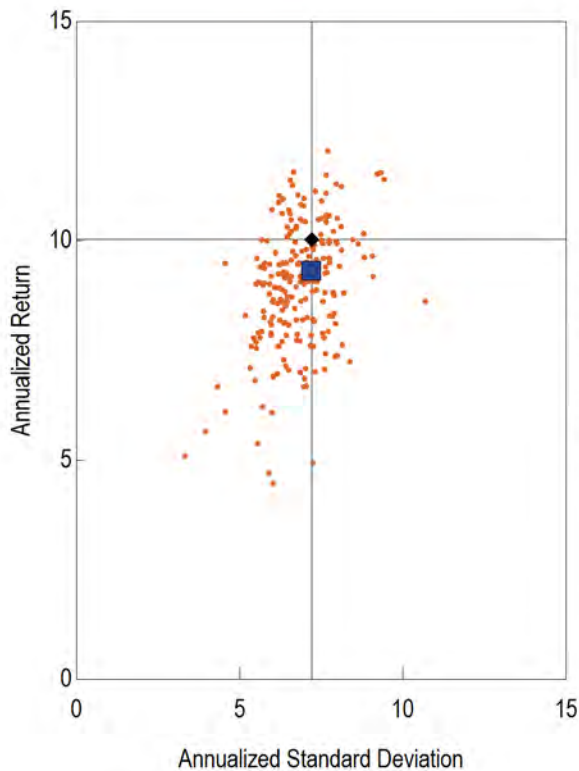
- SERS Plan Total
- ◆ Policy Index
- InvestorForce All DB \$250mm-\$1B Net

Sharpe Ratio vs. R-Squared
3 Years Ending September 30, 2016



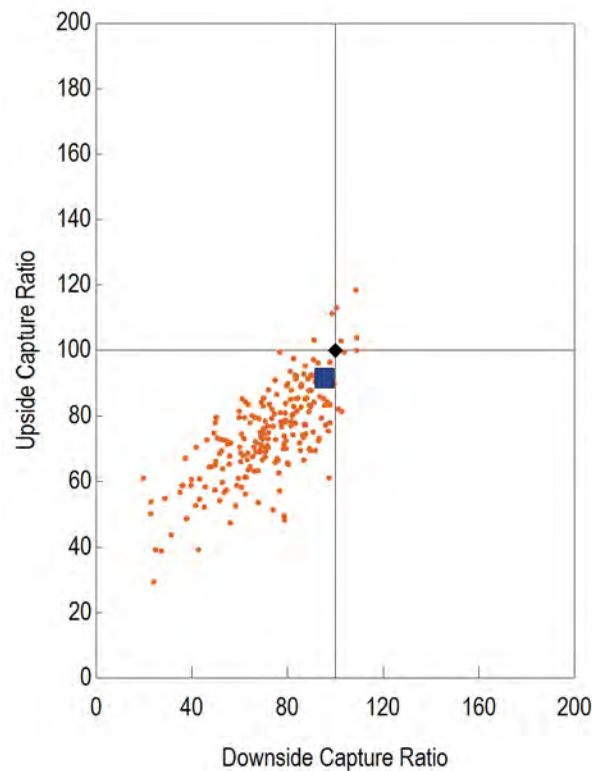
- SERS Plan Total
- ◆ Policy Index
- InvestorForce All DB \$250mm-\$1B Net

Annualized Return vs. Annualized Standard Deviation
5 Years Ending September 30, 2016



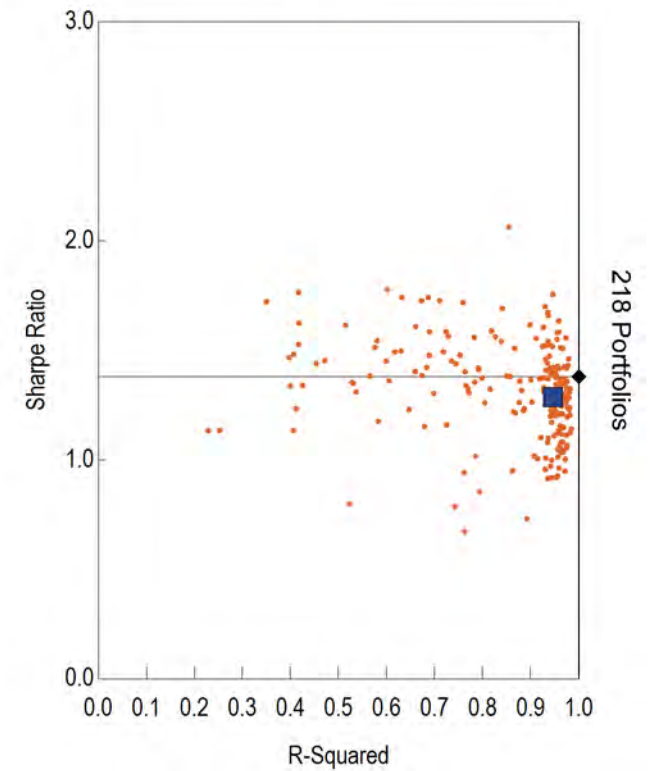
- SERS Plan Total
- ◆ Policy Index
- InvestorForce All DB \$250mm-\$1B Net

Upside Capture Ratio vs. Downside Capture Ratio
5 Years Ending September 30, 2016



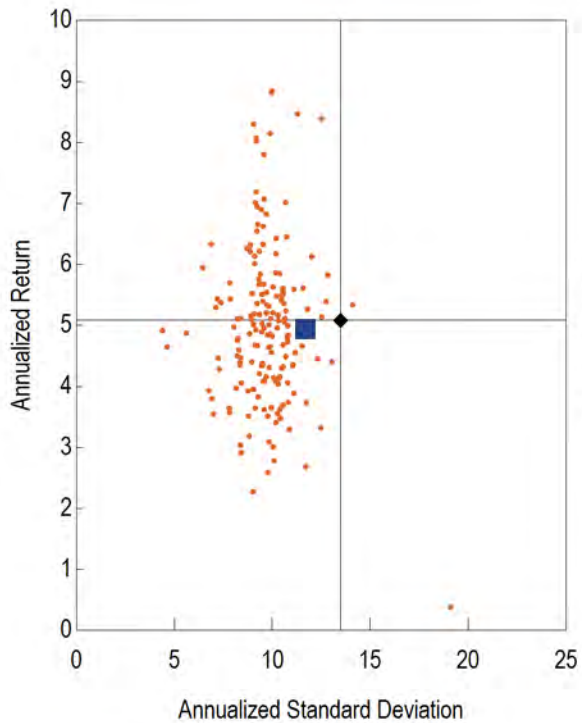
- SERS Plan Total
- ◆ Policy Index
- InvestorForce All DB \$250mm-\$1B Net

Sharpe Ratio vs. R-Squared
5 Years Ending September 30, 2016



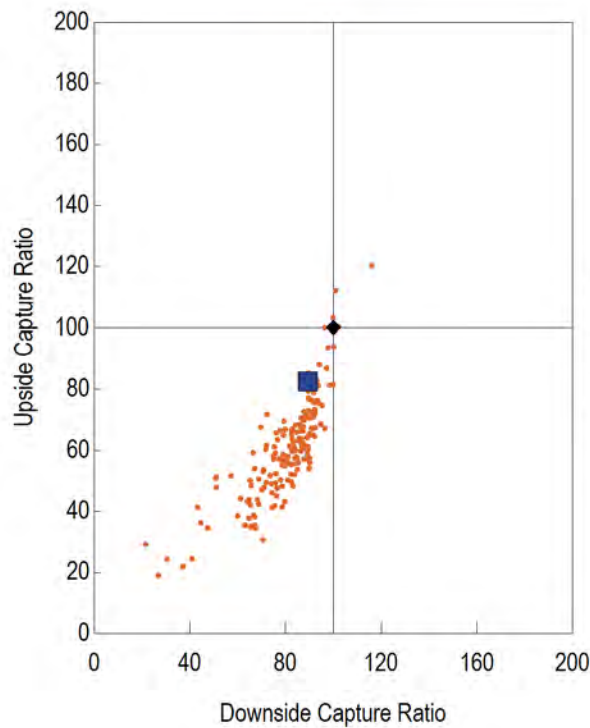
- SERS Plan Total
- ◆ Policy Index
- InvestorForce All DB \$250mm-\$1B Net

Annualized Return vs. Annualized Standard Deviation
9 Years 9 Months Ending September 30, 2016



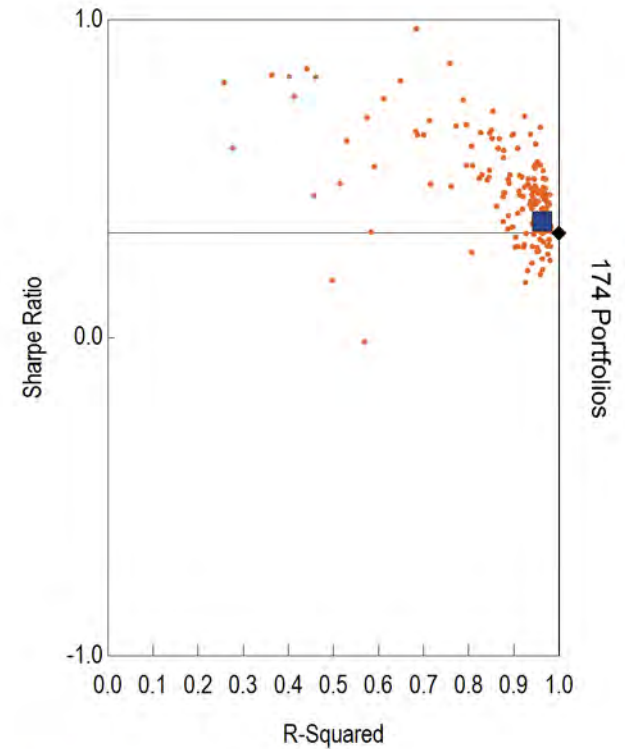
- SERS Plan Total
- ◆ Policy Index
- InvestorForce All DB \$250mm-\$1B Net

Upside Capture Ratio vs. Downside Capture Ratio
9 Years 9 Months Ending September 30, 2016



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

Sharpe Ratio vs. R-Squared
9 Years 9 Months Ending September 30, 2016



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

Spokane Employees' Retirement System

As of September 30, 2016

Asset Class Performance

	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	Return (%)	Since
Capital Preservation	3.01	6.88	6.63	2.66	--	-1.74	1.65	2.70	--	--	--	3.11	Jul-12
Capital Preservation Index	2.07	5.84	5.11	3.69	4.26	-0.58	4.23	3.33	6.66	3.22	7.89	3.87	Jul-12
Over/Under	0.94	1.04	1.52	-1.03		-1.16	-2.58	-0.63				-0.76	
Total Return Bond	--	--	--	--	--	--	--	--	--	--	--	-2.10	Aug-16
Barclays Aggregate	0.46	5.80	5.19	4.03	3.08	0.55	5.97	-2.02	4.21	7.84	6.54	-0.06	Aug-16
Over/Under												-2.04	
Intermediate-Term Bond MStar MF Rank	--	--	--	--	--	--	--	--	--	--	--	99	Aug-16
High Yield	5.77	14.11	10.46	3.24	6.90	-7.05	0.68	7.00	14.35	1.05	14.22	5.18	Jul-12
Barclays High Yield	5.55	15.11	12.73	5.28	8.34	-4.47	2.45	7.44	15.81	4.98	15.12	6.50	Jul-12
Over/Under	0.22	-1.00	-2.27	-2.04	-1.44	-2.58	-1.77	-0.44	-1.46	-3.93	-0.90	-1.32	
High Yield Bond MStar MF Rank	13	13	38	80	76	92	70	51	69	85	63	75	Jul-12
Absolute Return	2.61	4.58	4.99	3.21	4.30	0.29	3.15	4.65	6.68	2.63	-0.34	2.61	Jul-16
HFRI FOF: Conservative Index	1.93	0.33	0.33	2.17	3.13	0.37	3.14	7.70	4.22	-3.55	5.07	1.93	Jul-16
Over/Under	0.68	4.25	4.66	1.04	1.17	-0.08	0.01	-3.05	2.46	6.18	-5.41	0.68	
Barclays Aggregate	0.46	5.80	5.19	4.03	3.08	0.55	5.97	-2.02	4.21	7.84	6.54	0.46	Jul-16
Domestic Equity	6.08	6.24	11.76	9.02	--	-0.32	11.10	36.38	--	--	--	13.36	Jul-12
Domestic Equity Index	4.78	8.87	15.13	10.04	16.39	-0.06	11.44	33.91	16.67	0.55	18.99	13.87	Jul-12
Over/Under	1.30	-2.63	-3.37	-1.02		-0.26	-0.34	2.47				-0.51	
All Cap Blend MStar MF Rank	32	70	63	41	--	33	38	35	--	--	--	48	Jul-12
Domestic Large Cap Equity	5.88	4.92	11.29	9.35	15.46	-0.32	12.85	34.81	15.42	-0.61	15.76	6.76	Apr-07
S&P 500	3.85	7.84	15.43	11.16	16.37	1.38	13.69	32.39	16.00	2.11	15.06	6.83	Apr-07
Over/Under	2.03	-2.92	-4.14	-1.81	-0.91	-1.70	-0.84	2.42	-0.58	-2.72	0.70	-0.07	
Large Blend MStar MF Rank	14	76	68	54	56	53	39	26	56	59	24	30	Apr-07
Domestic Small/Mid Equity	6.37	8.20	12.45	8.54	--	-0.39	8.69	38.60	--	--	--	13.68	Jul-12
Russell 2500	6.56	10.80	14.43	7.77	16.30	-2.90	7.07	36.80	17.88	-2.51	26.71	13.53	Jul-12
Over/Under	-0.19	-2.60	-1.98	0.77		2.51	1.62	1.80				0.15	
Russell 2500	6.56	10.80	14.43	7.77	16.30	-2.90	7.07	36.80	17.88	-2.51	26.71	13.53	Jul-12
SMID Blend MStar MF Rank	49	68	56	24	--	10	24	34	--	--	--	37	Jul-12

Spokane Employees' Retirement System

As of September 30, 2016

Asset Class Performance

	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	Return (%)	Since
International Equity Total	7.21	6.43	9.67	2.49	8.36	-1.32	-3.58	20.93	18.48	-13.72	17.28	3.59	Apr-07
International Equity Index	7.38	7.55	11.06	0.73	6.13	-5.49	-3.63	13.48	17.36	-15.20	14.67	1.36	Apr-07
Over/Under	-0.17	-1.12	-1.39	1.76	2.23	4.17	0.05	7.45	1.12	1.48	2.61	2.23	
Foreign MStar MF Rank	27	23	28	31	43	66	34	54	53	54	18	14	Apr-07
International Large Cap Equity	7.92	6.28	9.56	3.53	--	-1.13	-1.38	24.43	--	--	--	9.68	Jul-12
MSCI ACWI ex USA	6.91	5.82	9.26	0.18	6.04	-5.66	-3.87	15.29	16.83	-13.71	11.15	5.55	Jul-12
Over/Under	1.01	0.46	0.30	3.35		4.53	2.49	9.14				4.13	
Foreign Large Blend MStar MF Rank	6	20	21	6	--	56	12	14	--	--	--	7	Jul-12
International Small/Mid Cap Equity	7.56	3.51	9.11	1.73	--	7.56	-12.10	28.79	--	--	--	8.99	Jul-12
MSCI ACWI xUS Small (net)	7.91	7.70	13.38	3.52	8.60	2.60	-4.03	19.73	18.52	-18.50	25.21	9.06	Jul-12
Over/Under	-0.35	-4.19	-4.27	-1.79		4.96	-8.07	9.06				-0.07	
Emerging Markets Equity	4.51	8.96	9.88	0.11	--	-8.73	-2.07	6.06	--	--	--	3.24	Jul-12
MSCI Emerging Markets	9.03	16.02	16.78	-0.56	3.03	-14.92	-2.19	-2.60	18.23	-18.42	18.88	1.60	Jul-12
Over/Under	-4.52	-7.06	-6.90	0.67		6.19	0.12	8.66				1.64	
Diversified Emerging Mkts MStar MF Rank	91	91	89	50	--	16	49	14	--	--	--	37	Jul-12
Long Biased	0.70	-3.87	-2.06	1.69	--	4.04	3.62	9.56	--	--	--	4.07	Jul-12
HFRI Fund of Funds Composite Index	2.44	-0.20	0.52	2.17	3.17	-0.27	3.36	8.96	4.79	-5.72	5.70	3.62	Jul-12
Over/Under	-1.74	-3.67	-2.58	-0.48		4.31	0.26	0.60				0.45	
S&P 500	3.85	7.84	15.43	11.16	16.37	1.38	13.69	32.39	16.00	2.11	15.06	13.97	Jul-12
Opportunistic Credit	4.93	10.91	9.08	6.56	--	2.35	2.32	--	--	--	--	6.56	Oct-13
HFRI ED: Distressed/Restructuring Index	5.34	8.99	5.41	1.02	4.91	-8.06	-1.39	14.05	10.12	-1.79	12.12	1.02	Oct-13
Over/Under	-0.41	1.92	3.67	5.54		10.41	3.71					5.54	
Real Estate Total	0.65	9.47	12.60	13.58	16.05	6.66	25.00	8.71	15.17	9.44	23.35	5.07	Apr-07
NCREIF-ODCE	2.07	6.52	10.07	12.45	12.40	15.02	12.48	13.94	10.94	15.99	16.36	5.47	Apr-07
Over/Under	-1.42	2.95	2.53	1.13	3.65	-8.36	12.52	-5.23	4.23	-6.55	6.99	-0.40	
US Real Estate Equity Rank	16	63	97	78	60	7	94	7	98	62	89	80	Apr-07
Special Opportunities	4.51	-14.38	-8.44	6.78	--	2.13	25.88	31.60	--	--	--	8.95	Jul-12
Russell 3000	4.40	8.18	14.96	10.44	16.36	0.48	12.56	33.55	16.42	1.02	16.93	13.92	Jul-12
Over/Under	0.11	-22.56	-23.40	-3.66		1.65	13.32	-1.95				-4.97	

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Manager Performance

	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	Return (%)	Since
Capital Preservation															
Sterling Core Bond	1.03	6.49	6.10	4.55	3.91	5.44	0.54	5.99	-0.97	6.14	6.73	7.98	11.70	0.03	Aug-16
Barclays Aggregate	0.46	5.80	5.19	4.03	3.08	4.79	0.55	5.97	-2.02	4.21	7.84	6.54	5.93	-0.17	Aug-16
Excess Return	0.57	0.69	0.91	0.52	0.83	0.65	-0.01	0.02	1.05	1.93	-1.11	1.44	5.77	0.20	
Intermediate-Term Bond MStar MF Rank	45	42	32	18	41	25	29	35	35	66	51	47	59	58	Aug-16
Hotchkis & Wiley High Yield	5.80	13.49	9.86	4.45	8.39	--	-4.30	1.09	8.71	17.96	2.28	19.10	--	2.47	Jun-15
Barclays High Yield	5.55	15.11	12.73	5.28	8.34	7.71	-4.47	2.45	7.44	15.81	4.98	15.12	58.21	4.22	Jun-15
Excess Return	0.25	-1.62	-2.87	-0.83	0.05		0.17	-1.36	1.27	2.15	-2.70	3.98		-1.75	
High Yield Bond MStar MF Rank	12	21	52	41	17	--	61	65	20	11	72	3	--	57	Jun-15
Absolute Return															
Post Lmt'd Term High Yield	1.55	4.86	4.21	3.64	6.06	6.32	0.84	2.96	7.49	9.61	6.16	12.36	21.17	6.19	Jun-10
HFRI FOF: Conservative Index	1.93	0.33	0.33	2.17	3.13	1.51	0.37	3.14	7.70	4.22	-3.55	5.07	9.65	2.67	Jun-10
Excess Return	-0.38	4.53	3.88	1.47	2.93	4.81	0.47	-0.18	-0.21	5.39	9.71	7.29	11.52	3.52	
Barclays Aggregate	0.46	5.80	5.19	4.03	3.08	4.79	0.55	5.97	-2.02	4.21	7.84	6.54	5.93	3.71	Jun-10
Rimrock Low Volatility Offshore	2.52	3.02	0.76	1.93	4.44	--	-1.90	2.31	7.82	11.33	2.29	14.97	26.85	5.22	Jun-10
HFRI FOF: Conservative Index	1.93	0.33	0.33	2.17	3.13	1.51	0.37	3.14	7.70	4.22	-3.55	5.07	9.65	2.67	Jun-10
Excess Return	0.59	2.69	0.43	-0.24	1.31		-2.27	-0.83	0.12	7.11	5.84	9.90	17.20	2.55	
Barclays Aggregate	0.46	5.80	5.19	4.03	3.08	4.79	0.55	5.97	-2.02	4.21	7.84	6.54	5.93	3.71	Jun-10
Castine Partners II	3.88	5.15	9.14	7.16	6.02	6.28	6.57	7.48	6.16	2.53	2.14	-3.31	6.61	4.89	Jun-11
HFRI FOF: Conservative Index	1.93	0.33	0.33	2.17	3.13	1.51	0.37	3.14	7.70	4.22	-3.55	5.07	9.65	2.20	Jun-11
Excess Return	1.95	4.82	8.81	4.99	2.89	4.77	6.20	4.34	-1.54	-1.69	5.69	-8.38	-3.04	2.69	
Barclays Aggregate	0.46	5.80	5.19	4.03	3.08	4.79	0.55	5.97	-2.02	4.21	7.84	6.54	5.93	3.67	Jun-11
Polar Altairis Offshore	2.44	6.89	9.43	4.62	4.96	5.91	1.73	3.46	5.60	4.42	2.02	1.04	14.74	4.96	Sep-11
HFRI FOF: Conservative Index	1.93	0.33	0.33	2.17	3.13	1.51	0.37	3.14	7.70	4.22	-3.55	5.07	9.65	3.13	Sep-11
Excess Return	0.51	6.56	9.10	2.45	1.83	4.40	1.36	0.32	-2.10	0.20	5.57	-4.03	5.09	1.83	
Barclays Aggregate	0.46	5.80	5.19	4.03	3.08	4.79	0.55	5.97	-2.02	4.21	7.84	6.54	5.93	3.08	Sep-11

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Manager Performance

	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	Return (%)	Since
Domestic Equity															
Large Cap Equity															
Hotchkis & Wiley Diversified Value I	7.97	8.80	11.46	7.17	15.67	4.06	-7.90	12.74	36.54	19.78	-5.67	19.50	37.46	10.47	Sep-08
Russell 1000 Value	<u>3.48</u>	<u>10.00</u>	<u>16.19</u>	<u>9.70</u>	<u>16.15</u>	<u>5.85</u>	<u>-3.83</u>	<u>13.45</u>	<u>32.53</u>	<u>17.51</u>	<u>0.39</u>	<u>15.51</u>	<u>19.69</u>	<u>9.18</u>	Sep-08
Excess Return	4.49	-1.20	-4.73	-2.53	-0.48	-1.79	-4.07	-0.71	4.01	2.27	-6.06	3.99	17.77	1.29	
S&P 500	3.85	7.84	15.43	11.16	16.37	7.24	1.38	13.69	32.39	16.00	2.11	15.06	26.46	10.44	Sep-08
Large Value MStar MF Rank	4	37	70	75	25	92	90	20	14	8	87	7	6	11	Sep-08
Vanguard Institutional Index	3.85	7.81	15.41	11.13	16.35	7.24	1.37	13.65	32.35	15.98	2.09	15.04	26.63	8.96	Jun-08
S&P 500	<u>3.85</u>	<u>7.84</u>	<u>15.43</u>	<u>11.16</u>	<u>16.37</u>	<u>7.24</u>	<u>1.38</u>	<u>13.69</u>	<u>32.39</u>	<u>16.00</u>	<u>2.11</u>	<u>15.06</u>	<u>26.46</u>	<u>8.95</u>	Jun-08
Excess Return	0.00	-0.03	-0.02	-0.03	-0.02	0.00	-0.01	-0.04	-0.04	-0.02	-0.02	-0.02	0.17	0.01	
Large Blend MStar MF Rank	53	22	10	9	19	29	24	21	45	41	23	31	51	23	Jun-08
MFS Blended Research Core	3.98	5.54	12.39	10.79	16.18	7.90	1.34	12.44	36.37	15.68	2.21	16.92	25.31	14.43	Dec-11
S&P 500	<u>3.85</u>	<u>7.84</u>	<u>15.43</u>	<u>11.16</u>	<u>16.37</u>	<u>7.24</u>	<u>1.38</u>	<u>13.69</u>	<u>32.39</u>	<u>16.00</u>	<u>2.11</u>	<u>15.06</u>	<u>26.46</u>	<u>14.58</u>	Dec-11
Excess Return	0.13	-2.30	-3.04	-0.37	-0.19	0.66	-0.04	-1.25	3.98	-0.32	0.10	1.86	-1.15	-0.15	
Large Blend MStar MF Rank	47	69	58	26	30	11	25	44	16	51	22	13	67	28	Dec-11
Jackson Square Large Cap Growth Eq	7.21	-0.97	7.66	9.27	15.57	8.27	5.19	12.76	34.81	16.51	8.04	14.14	43.14	12.47	Sep-12
Russell 1000 Growth	<u>4.58</u>	<u>6.00</u>	<u>13.76</u>	<u>11.83</u>	<u>16.60</u>	<u>8.85</u>	<u>5.67</u>	<u>13.05</u>	<u>33.48</u>	<u>15.26</u>	<u>2.64</u>	<u>16.71</u>	<u>37.21</u>	<u>13.89</u>	Sep-12
Excess Return	2.63	-6.97	-6.10	-2.56	-1.03	-0.58	-0.48	-0.29	1.33	1.25	5.40	-2.57	5.93	-1.42	
S&P 500	3.85	7.84	15.43	11.16	16.37	7.24	1.38	13.69	32.39	16.00	2.11	15.06	26.46	13.57	Sep-12
Large Growth MStar MF Rank	21	97	86	65	49	44	44	29	43	38	1	67	19	60	Sep-12

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Manager Performance

	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	Return (%)	Since
Small/Mid Cap Equity															
Sterling Mid Cap Value	7.71	9.26	13.71	7.84	16.21	8.07	-1.71	5.85	46.25	12.50	-3.37	20.40	38.70	11.36	Sep-08
Russell MidCap Value	4.45	13.72	17.26	10.49	17.38	7.89	-4.78	14.75	33.46	18.51	-1.38	24.75	34.21	11.35	Sep-08
Excess Return	3.26	-4.46	-3.55	-2.65	-1.17	0.18	3.07	-8.90	12.79	-6.01	-1.99	-4.35	4.49	0.01	
Russell MidCap	4.52	10.26	14.25	9.70	16.67	8.32	-2.44	13.22	34.76	17.28	-1.55	25.48	40.48	11.73	Sep-08
Mid-Cap Value MStar MF Rank	10	66	51	60	42	26	19	87	2	85	49	74	30	32	Sep-08
Vanguard Mid Cap Index	5.19	8.90	12.65	9.92	16.54	8.23	-1.33	13.78	35.17	16.01	-1.95	25.66	40.52	14.10	Sep-09
Russell MidCap	4.52	10.26	14.25	9.70	16.67	8.32	-2.44	13.22	34.76	17.28	-1.55	25.48	40.48	14.11	Sep-09
Excess Return	0.67	-1.36	-1.60	0.22	-0.13	-0.09	1.11	0.56	0.41	-1.27	-0.40	0.18	0.04	-0.01	
Mid-Cap Blend MStar MF Rank	39	55	49	9	21	39	18	7	47	62	35	35	25	8	Sep-09
Vanguard Mid Cap Growth	3.85	-0.27	2.22	6.27	13.60	8.11	0.21	10.86	34.15	14.84	1.17	23.83	38.42	4.11	Jun-14
Russell MidCap Growth	4.59	6.84	11.24	8.90	15.85	8.51	-0.20	11.90	35.74	15.81	-1.65	26.38	46.29	6.38	Jun-14
Excess Return	-0.74	-7.11	-9.02	-2.63	-2.25	-0.40	0.41	-1.04	-1.59	-0.97	2.82	-2.55	-7.87	-2.27	
Mid-Cap Growth MStar MF Rank	68	95	94	57	57	42	41	21	61	47	22	61	58	64	Jun-14
Frontier Phocas Small Cap Value I	5.68	9.61	11.43	7.74	15.61	7.65	-4.35	7.19	45.63	9.75	-5.99	29.94	24.28	12.91	Dec-11
Russell 2000 Value	8.87	15.49	18.81	6.77	15.45	5.78	-7.47	4.22	34.52	18.05	-5.50	24.50	20.58	12.88	Dec-11
Excess Return	-3.19	-5.88	-7.38	0.97	0.16	1.87	3.12	2.97	11.11	-8.30	-0.49	5.44	3.70	0.03	
Russell 2000	9.05	11.46	15.47	6.71	15.82	7.07	-4.41	4.89	38.82	16.35	-4.18	26.86	27.17	13.15	Dec-11
Small Value MStar MF Rank	84	74	76	27	45	26	36	23	3	95	75	24	81	49	Dec-11
Vanguard Small Cap Index	6.15	11.49	14.96	7.93	16.72	8.45	-3.63	7.53	37.80	18.26	-2.65	27.95	36.40	13.60	Sep-09
Russell 2000	9.05	11.46	15.47	6.71	15.82	7.07	-4.41	4.89	38.82	16.35	-4.18	26.86	27.17	12.49	Sep-09
Excess Return	-2.90	0.03	-0.51	1.22	0.90	1.38	0.78	2.64	-1.02	1.91	1.53	1.09	9.23	1.11	
Small Blend MStar MF Rank	68	38	40	24	27	15	42	15	56	22	49	30	24	20	Sep-09

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Manager Performance

	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	Return (%)	Since
Champlain Small Cap	10.04	16.86	23.67	9.34	15.87	10.44	-0.65	4.43	36.61	11.06	4.01	24.59	24.52	10.73	Sep-08
Russell 2000	9.05	11.46	15.47	6.71	15.82	7.07	-4.41	4.89	38.82	16.35	-4.18	26.86	27.17	9.47	Sep-08
Excess Return	0.99	5.40	8.20	2.63	0.05	3.37	3.76	-0.46	-2.21	-5.29	8.19	-2.27	-2.65	1.26	
Russell 2000 Growth	9.22	7.48	12.12	6.58	16.15	8.29	-1.38	5.60	43.30	14.59	-2.91	29.09	34.47	10.65	Sep-08
Small Blend MStar MF Rank	7	3	2	5	45	3	11	60	68	88	5	62	81	30	Sep-08
Bridge City Small Growth	12.26	15.34	23.71	13.03	18.60	--	6.81	7.06	40.81	10.99	3.16	31.97	--	16.45	Dec-11
Russell 2000 Growth	9.22	7.48	12.12	6.58	16.15	8.29	-1.38	5.60	43.30	14.59	-2.91	29.09	34.47	13.67	Dec-11
Excess Return	3.04	7.86	11.59	6.45	2.45		8.19	1.46	-2.49	-3.60	6.07	2.88		2.78	
Russell 2000	9.05	11.46	15.47	6.71	15.82	7.07	-4.41	4.89	38.82	16.35	-4.18	26.86	27.17	13.24	Dec-11
Small Growth MStar MF Rank	14	6	2	1	6	--	4	15	61	79	10	22	--	4	Dec-11

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Manager Performance

	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	Return (%)	Since
International Equity															
Artisan International Value	6.61	5.97	9.27	3.68	12.34	6.69	-1.49	-0.39	30.72	22.48	-6.98	19.15	33.81	9.57	Sep-08
MSCI ACWI ex USA Value	<u>7.79</u>	<u>5.45</u>	<u>6.96</u>	<u>-1.91</u>	<u>4.59</u>	<u>1.14</u>	<u>-10.06</u>	<u>-5.10</u>	<u>15.04</u>	<u>16.97</u>	<u>-13.20</u>	<u>7.84</u>	<u>44.29</u>	<u>3.05</u>	Sep-08
Excess Return	-1.18	0.52	2.31	5.59	7.75	5.55	8.57	4.71	15.68	5.51	6.22	11.31	-10.48	6.52	
MSCI ACWI ex USA	6.91	5.82	9.26	0.18	6.04	2.17	-5.66	-3.87	15.29	16.83	-13.71	11.15	41.45	3.94	Sep-08
Foreign Large Value MStar MF Rank	49	17	19	6	1	1	45	2	1	8	7	1	25	1	Sep-08
EuroPacific Growth R6	8.23	5.38	8.52	3.34	9.11	4.19	-0.48	-2.29	20.58	19.64	-13.31	9.76	39.35	3.20	Jun-08
MSCI ACWI ex USA	<u>6.91</u>	<u>5.82</u>	<u>9.26</u>	<u>0.18</u>	<u>6.04</u>	<u>2.17</u>	<u>-5.66</u>	<u>-3.87</u>	<u>15.29</u>	<u>16.83</u>	<u>-13.71</u>	<u>11.15</u>	<u>41.45</u>	<u>0.75</u>	Jun-08
Excess Return	1.32	-0.44	-0.74	3.16	3.07	2.02	5.18	1.58	5.29	2.81	0.40	-1.39	-2.10	2.45	
Foreign Large Blend MStar MF Rank	4	24	33	7	17	11	42	18	50	28	43	63	19	15	Jun-08
Victory Trivalent International Small Cap	7.53	3.49	9.09	6.74	13.83	--	8.20	-0.20	32.98	24.32	-11.55	25.49	37.58	4.54	Aug-15
MSCI ACWI xUS Small (net)	<u>7.91</u>	<u>7.70</u>	<u>13.38</u>	<u>3.52</u>	<u>8.60</u>	<u>4.59</u>	<u>2.60</u>	<u>-4.03</u>	<u>19.73</u>	<u>18.52</u>	<u>-18.50</u>	<u>25.21</u>	<u>62.91</u>	<u>9.33</u>	Aug-15
Excess Return	-0.38	-4.21	-4.29	3.22	5.23		5.60	3.83	13.25	5.80	6.95	0.28	-25.33	-4.79	
MSCI ACWI ex USA	6.91	5.82	9.26	0.18	6.04	2.17	-5.66	-3.87	15.29	16.83	-13.71	11.15	41.45	3.86	Aug-15
Foreign Small/Mid Growth MStar MF Rank	29	52	58	18	9	--	60	26	24	22	25	32	82	61	Aug-15
Berens Global Value Ltd	4.62	9.21	10.25	0.31	2.28	4.58	-8.84	-1.50	6.16	10.77	-14.07	20.68	43.00	0.24	Dec-07
MSCI ACWI ex USA	<u>6.91</u>	<u>5.82</u>	<u>9.26</u>	<u>0.18</u>	<u>6.04</u>	<u>2.17</u>	<u>-5.66</u>	<u>-3.87</u>	<u>15.29</u>	<u>16.83</u>	<u>-13.71</u>	<u>11.15</u>	<u>41.45</u>	<u>-0.52</u>	Dec-07
Excess Return	-2.29	3.39	0.99	0.13	-3.76	2.41	-3.18	2.37	-9.13	-6.06	-0.36	9.53	1.55	0.76	
MSCI Emerging Markets	9.03	16.02	16.78	-0.56	3.03	3.94	-14.92	-2.19	-2.60	18.23	-18.42	18.88	78.51	-1.22	Dec-07

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Manager Performance

	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	Return (%)	Since
Long Biased															
Weatherlow Offshore	3.95	0.13	1.35	3.33	5.65	5.12	1.49	4.91	13.56	8.47	-5.89	9.69	20.99	3.39	Mar-08
HFRI Fund of Funds Composite Index	<u>2.44</u>	<u>-0.20</u>	<u>0.52</u>	<u>2.17</u>	<u>3.17</u>	<u>1.77</u>	<u>-0.27</u>	<u>3.36</u>	<u>8.96</u>	<u>4.79</u>	<u>-5.72</u>	<u>5.70</u>	<u>11.47</u>	<u>0.81</u>	Mar-08
Excess Return	1.51	0.33	0.83	1.16	2.48	3.35	1.76	1.55	4.60	3.68	-0.17	3.99	9.52	2.58	
S&P 500	3.85	7.84	15.43	11.16	16.37	7.24	1.38	13.69	32.39	16.00	2.11	15.06	26.46	8.32	Mar-08
Opportunistic Credit															
Beach Point Select Fund	4.94	10.92	9.33	6.69	--	--	2.58	2.35	15.93	17.58	--	--	--	6.69	Oct-13
HFRI ED: Distressed/Restructuring Index	<u>5.34</u>	<u>8.99</u>	<u>5.41</u>	<u>1.02</u>	<u>4.91</u>	<u>3.81</u>	<u>-8.06</u>	<u>-1.39</u>	<u>14.05</u>	<u>10.12</u>	<u>-1.79</u>	<u>12.12</u>	<u>28.14</u>	<u>1.02</u>	Oct-13
Excess Return	-0.40	1.93	3.92	5.67			10.64	3.74	1.88	7.46				5.67	
HFRX Distressed Securities Index	5.75	13.56	5.93	0.66	1.46	-2.59	-11.14	0.42	5.37	0.94	-8.04	8.34	-5.60	0.66	Oct-13
Real Estate															
SERS Principal Global Investors REIT	-1.40	10.38	18.09	14.95	16.45	6.96	4.19	32.23	3.91	16.99	9.03	25.31	27.67	6.15	Dec-06
FTSE NAREIT All REIT	<u>-0.95</u>	<u>12.57</u>	<u>20.60</u>	<u>13.67</u>	<u>15.72</u>	<u>5.99</u>	<u>2.29</u>	<u>27.15</u>	<u>3.21</u>	<u>20.14</u>	<u>7.28</u>	<u>27.58</u>	<u>27.45</u>	<u>5.14</u>	Dec-06
Excess Return	-0.45	-2.19	-2.51	1.28	0.73	0.97	1.90	5.08	0.70	-3.15	1.75	-2.27	0.22	1.01	
US Real Estate Equity Rank	79	43	53	38	39	56	54	37	26	87	72	81	74	54	Dec-06
Special Opportunities															
OrbiMed Partners II	4.51	-14.38	-8.44	6.83	12.28	10.09	2.14	25.88	32.19	16.19	8.28	9.78	34.15	11.09	Dec-10
S&P Composite 1500 Health Care	<u>1.22</u>	<u>1.81</u>	<u>11.01</u>	<u>14.55</u>	<u>20.33</u>	<u>10.57</u>	<u>7.41</u>	<u>24.79</u>	<u>42.19</u>	<u>18.35</u>	<u>11.88</u>	<u>5.20</u>	<u>20.76</u>	<u>17.84</u>	Dec-10
Excess Return	3.29	-16.19	-19.45	-7.72	-8.05	-0.48	-5.27	1.09	-10.00	-2.16	-3.60	4.58	13.39	-6.75	
Russell 3000	4.40	8.18	14.96	10.44	16.36	7.37	0.48	12.56	33.55	16.42	1.02	16.93	28.34	12.03	Dec-10

Non-Marketable Securities Overview
As of September 30, 2016

Account Type	Account	Vintage Year	Commitment	Cumulative Takedown	Cumulative Distributions	Value (RV)	Total Value (RV + Dist)	Unfunded Commitment	Takedown (takedowns / commit)	IRR
Real Estate	Legacy Partners Realty Fund III, LLC	2008	\$2,356,350	\$2,084,282	\$993,977	\$75,533	\$1,069,510	\$272,068	88.45%	-10.00

Time and Dollar Weighted Returns

Legacy Partners Realty Fund III, LLC	Q3-16	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs
Time Weighted	-0.39%	-0.21%	-28.82%	-14.76%	-3.90%	0.82%	6.91%
Dollar Weighted	-0.25%	-0.05%	-35.20%	-16.36%	-3.82%	1.39%	7.85%
NCREIF Property Index	1.77%	6.13%	9.22%	11.32%	11.30%	11.23%	11.18%

Legacy Partners Realty Fund III, LLC	2015	2014	2013	2012	2011	2010	Inception 5/31/08
Time Weighted	-26.87%	3.09%	21.14%	18.41%	29.91%	-99.80%	-70.72%
Dollar Weighted	-26.87%	3.09%	20.46%	18.35%	54.53%		-10.00%
NCREIF Property Index	13.33%	11.81%	10.99%	10.54%	14.26%	13.11%	6.06%

Effective 4Q2013, Legacy Partners reduced SERS commitment by \$143,650 due to increased Fund reserves.

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

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

Non-Marketable Securities Overview

As of September 30, 2016

Account Type	Account	Vintage Year	Commitment	Cumulative Takedown	Cumulative Distributions	Value (RV)	Total Value (RV + Dist)	Unfunded Commitment	Takedown (takedowns / commit)	IRR
Real Estate	Metropolitan Real Estate Partners V	2007	\$2,000,000	\$1,885,000	\$1,851,556	\$432,689	\$2,284,245	\$115,000	94.25%	3.80

Time and Dollar Weighted Returns

Metropolitan Real Estate Partners V	Q3-16	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs
Time Weighted	3.25%	3.43%	1.96%	11.49%	13.23%	13.60%	13.21%
Dollar Weighted	3.02%	2.67%	0.82%	14.70%	15.63%	15.28%	14.23%
NCREIF Property Index	1.77%	6.13%	9.22%	11.32%	11.30%	11.23%	11.18%

Metropolitan Real Estate Partners V	2015	2014	2013	2012	2011	2010	Inception 11/30/07
Time Weighted	9.75%	20.70%	14.26%	13.32%	13.40%	7.07%	-4.76%
Dollar Weighted	11.04%	19.67%	13.59%	13.15%	14.07%	8.78%	3.80%
NCREIF Property Index	13.33%	11.81%	10.99%	10.54%	14.26%	13.11%	6.27%

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

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Non-Marketable Securities Overview
As of September 30, 2016

Account Type	Account	Vintage Year	Commitment	Cumulative Takedown	Cumulative Distributions	Value (RV)	Total Value (RV + Dist)	Unfunded Commitment	Takedown (takedowns / commit)	IRR
Real Estate	Morrison Street Fund IV Q, LP	2012	\$5,200,000	\$5,038,214	\$4,945,929	\$2,347,607	\$7,293,536	\$161,786	96.89%	17.03

Time and Dollar Weighted Returns

Morrison Street Fund IV Q, LP	Q3-16	YTD	1 Yr	2 Yrs	3 Yrs
Time Weighted	9.20%	17.07%	25.22%	18.80%	17.95%
Dollar Weighted	8.66%	19.15%	27.36%	18.00%	17.19%
NCREIF Property Index	1.77%	6.13%	9.22%	11.32%	11.30%

Morrison Street Fund IV Q, LP	2015	2014	2013	2012	Inception 7/1/12
Time Weighted	18.03%	18.77%	19.04%		20.35%
Dollar Weighted	17.41%	18.88%	18.85%		17.03%
NCREIF Property Index	13.33%	11.81%	10.99%	10.54%	11.13%

Contributions paid into Morrison Street Fund IV Q, LP are higher than what is reflected on the Manager statement. This is due to the interest charge of \$122,762.15 paid at the time of initial investment. Therefore the Unfunded Commitment also varies from the Manager statement.

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

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

Non-Marketable Securities Overview

As of September 30, 2016

Account Type	Account	Vintage Year	Commitment	Cumulative Takedown	Cumulative Distributions	Value (RV)	Total Value (RV + Dist)	Unfunded Commitment	Takedown (takedowns / commit)	IRR
Real Estate	Morrison Street Fund V, LP	2014	\$6,080,000	\$5,960,493	\$1,450,756	\$5,347,312	\$6,798,068	\$119,507	98.03%	10.74

Time and Dollar Weighted Returns

Morrison Street Fund V, LP	Q3-16	YTD	1 Yr	2 Yrs	3 Yrs
Time Weighted	1.93%	8.56%	10.64%	10.86%	
Dollar Weighted	2.11%	8.87%	10.79%	12.14%	
NCREIF Property Index	1.77%	6.13%	9.22%	11.32%	11.30%

Morrison Street Fund V, LP	2015	2014	2013	2012	Inception 6/30/14
Time Weighted	11.89%				9.12%
Dollar Weighted	13.31%				10.74%
NCREIF Property Index	13.33%	11.81%	10.99%	10.54%	11.28%

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

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Non-Marketable Securities Overview

As of June 30, 2016

Account Type	Account	Vintage Year	Commitment	Cumulative Takedown	Cumulative Distributions	Value (RV)	Total Value (RV + Dist)	Unfunded Commitment	Takedown (takedowns / commit)	IRR
Special Situations	Orbimed Royalty Opportunities	2011	\$5,000,000	\$5,000,000	\$1,781,156	\$4,460,440	\$6,241,596	\$0	100.00%	10.18

Time and Dollar Weighted Returns

Orbimed Royalty Opportunities	Q2-16	YTD	1 Yr	2 Yrs	3 Yrs
Time Weighted	2.42%	4.99%	8.73%	10.02%	9.75%
Dollar Weighted	2.42%	4.97%	8.57%	10.00%	9.87%
HFRI Fund of Funds Composite Index	0.56%	-2.58%	-5.40%	-0.83%	1.91%
S&P 500	2.46%	3.84%	3.99%	5.69%	11.66%

Orbimed Royalty Opportunities	2015	2014	2013	2012	Inception 9/1/11
Time Weighted	9.95%	9.99%	6.17%	12.99%	11.39%
Dollar Weighted	9.99%	10.00%	6.90%	14.12%	10.18%
HFRI Fund of Funds Composite Index	-0.27%	3.36%	8.96%	4.79%	2.17%
S&P 500	1.38%	13.69%	32.39%	16.00%	14.34%

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

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Non-Marketable Securities Overview
As of June 30, 2016

Account Type	Account	Vintage Year	Commitment	Cumulative Takedown	Cumulative Distributions	Value (RV)	Total Value (RV + Dist)	Unfunded Commitment	Takedown (takedowns / commit)	IRR
Absolute Return	Orbimed Royalty Opportunities II	2015	\$5,000,000	\$805,000	\$120,048	\$739,939	\$859,987	\$4,195,000	16.10%	11.11

Time and Dollar Weighted Returns

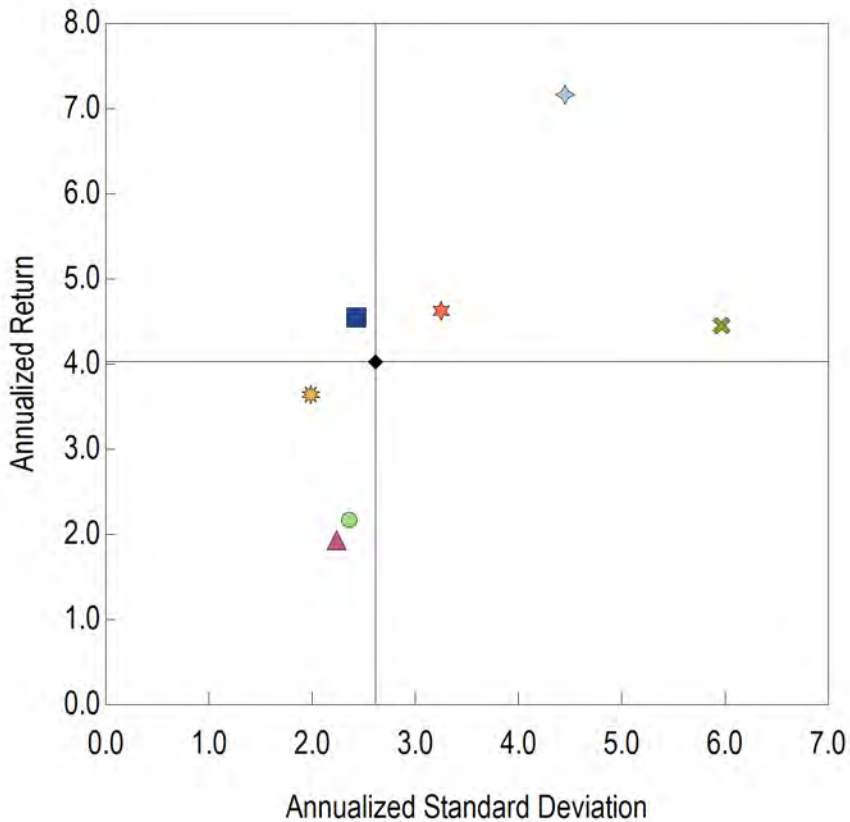
Orbimed Royalty Opportunities II	Q2-16	YTD	1 Yr	2 Yrs	3 Yrs
Time Weighted	1.33%	1.47%	20.92%		
Dollar Weighted	1.30%	1.84%	15.05%		
HFRI Fund of Funds Composite Index	0.56%	-2.58%	-5.40%	-0.83%	1.91%
S&P 500	2.46%	3.84%	3.99%	5.69%	11.66%

Orbimed Royalty Opportunities II	2015	2014	2013	2012	Inception 4/1/15
Time Weighted					14.33%
Dollar Weighted					11.11%
HFRI Fund of Funds Composite Index	-0.27%	3.36%	8.96%	4.79%	-4.19%
S&P 500	1.38%	13.69%	32.39%	16.00%	3.41%

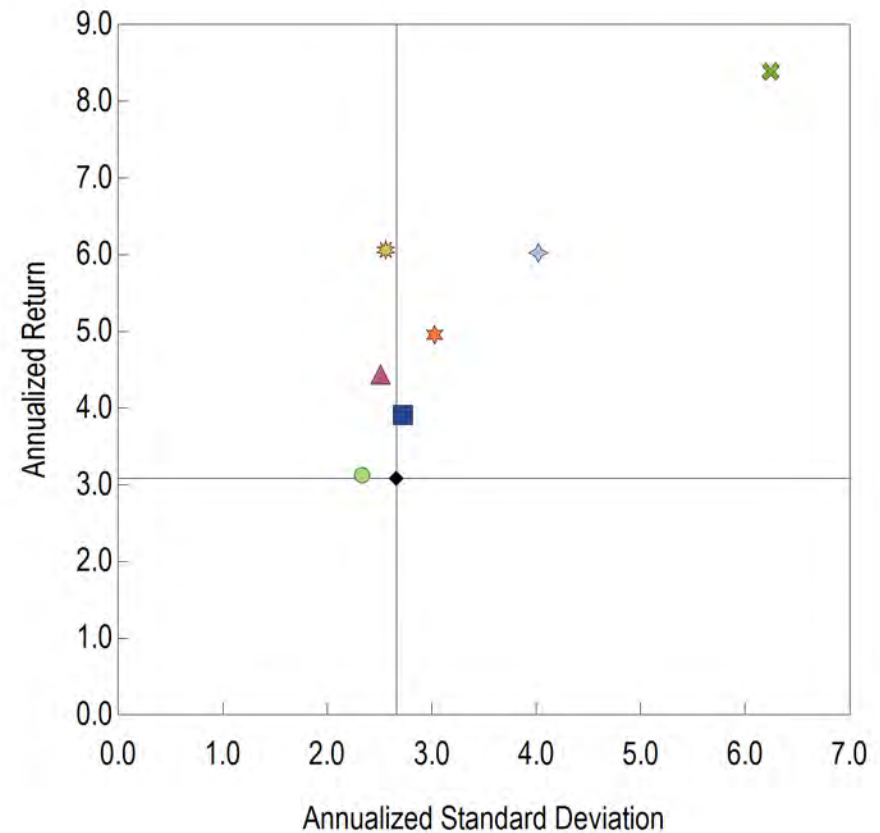
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Annualized Return vs. Annualized Standard Deviation
3 Years Ending September 30, 2016



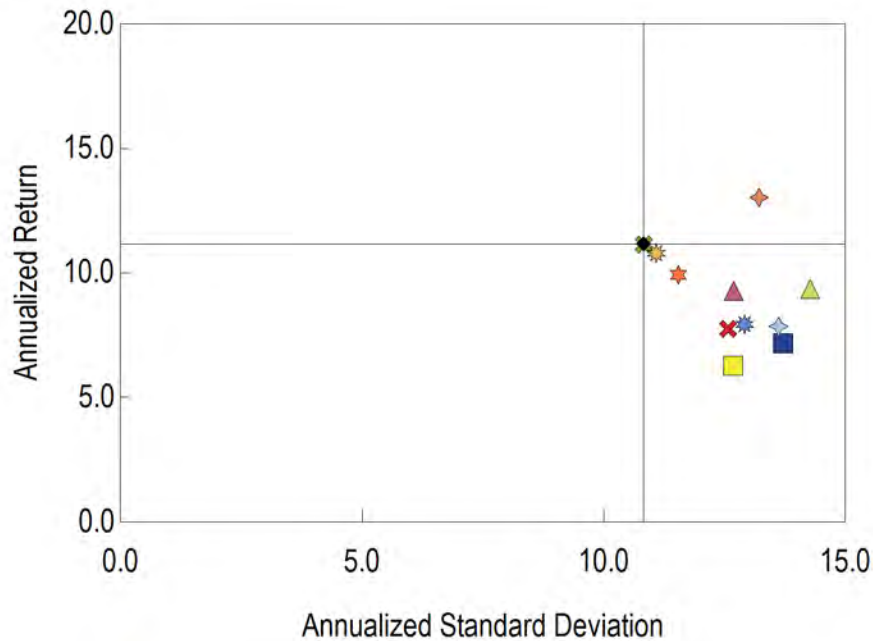
Annualized Return vs. Annualized Standard Deviation
5 Years Ending September 30, 2016



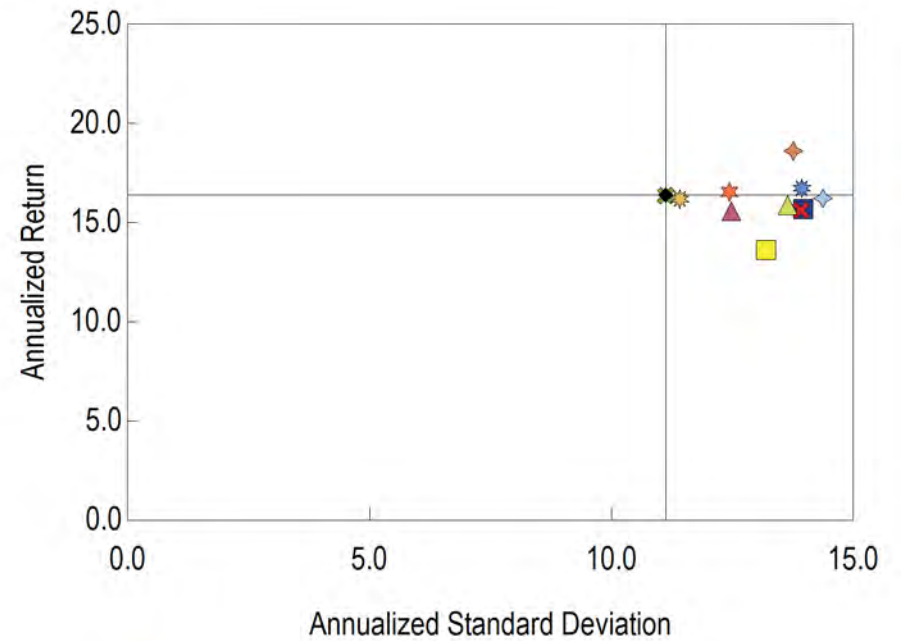
- Sterling Core Bond
- ✕ Hotchkis & Wiley High Yield
- ⚡ Post Lmtd Term High Yield
- ▲ Rimrock Low Volatility Offshore
- ◇ Castine Partners II
- ★ Polar Altairis Offshore
- ◆ Barclays Aggregate
- HFRI FOF: Conservative Index

- Sterling Core Bond
- ✕ Hotchkis & Wiley High Yield
- ⚡ Post Lmtd Term High Yield
- ▲ Rimrock Low Volatility Offshore
- ◇ Castine Partners II
- ★ Polar Altairis Offshore
- ◆ Barclays Aggregate
- HFRI FOF: Conservative Index

Annualized Return vs. Annualized Standard Deviation
3 Years Ending September 30, 2016



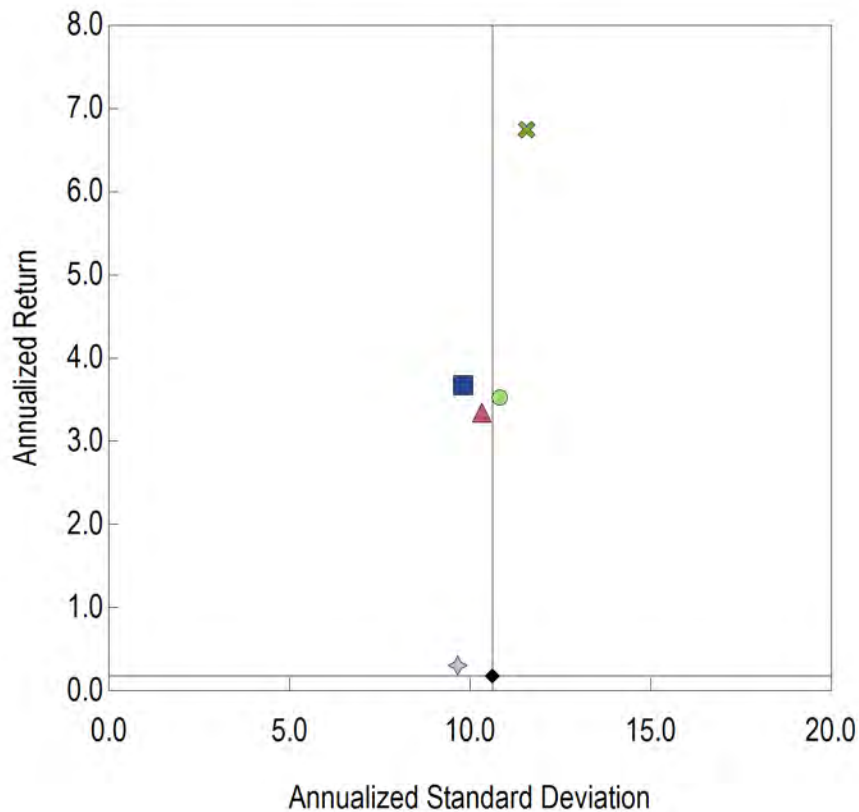
Annualized Return vs. Annualized Standard Deviation
5 Years Ending September 30, 2016



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

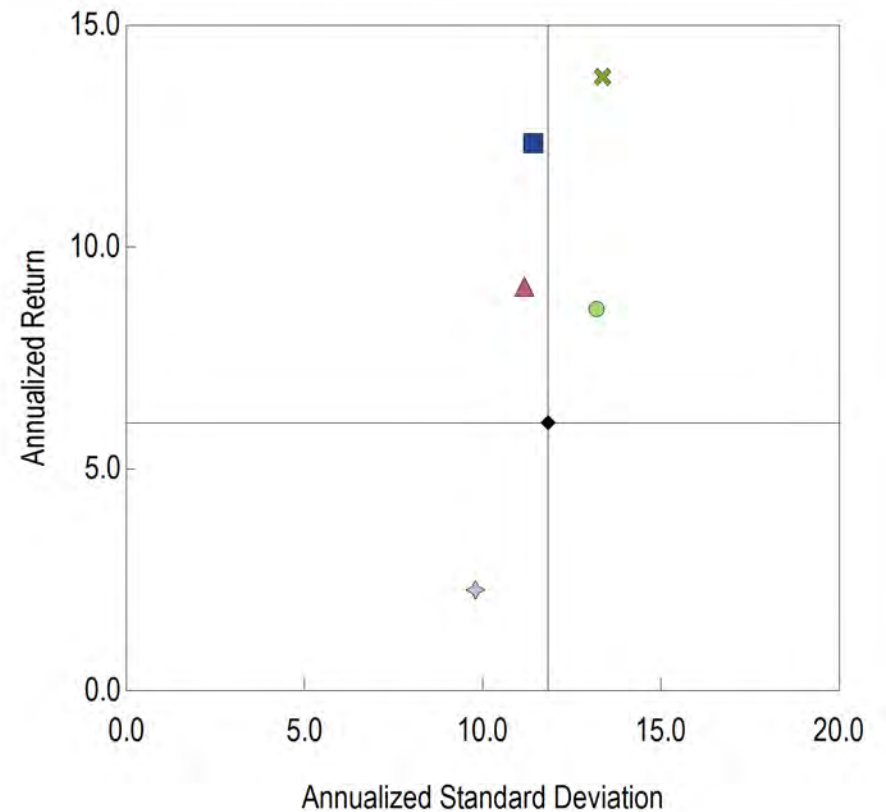
- Hotchkis & Wiley Diversified Value I
- ✕ Vanguard Institutional Index
- ⊙ MFS Blended Research Core
- ▲ Jackson Square Large Cap Growth Eq
- ◇ Sterling Mid Cap Value
- ★ Vanguard Mid Cap Index
- Vanguard Mid Cap Growth
- ✕ Frontier Phocas Small Cap Value I
- ⊙ Vanguard Small Cap Index
- ▲ Champlain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

Annualized Return vs. Annualized Standard Deviation
3 Years Ending September 30, 2016



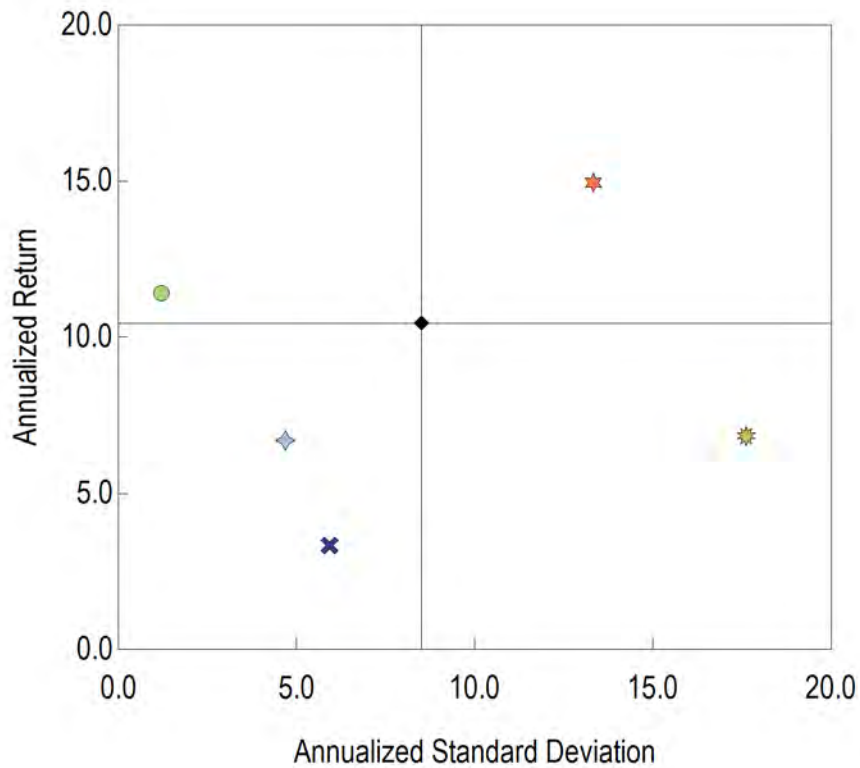
- Artisan International Value
- ✕ Victory Trivalent International Small Cap
- ▲ EuroPacific Growth R6
- ◆ Berens Global Value Ltd
- ◆ MSCI ACWI ex USA
- MSCI ACWI xUS Small (net)

Annualized Return vs. Annualized Standard Deviation
5 Years Ending September 30, 2016



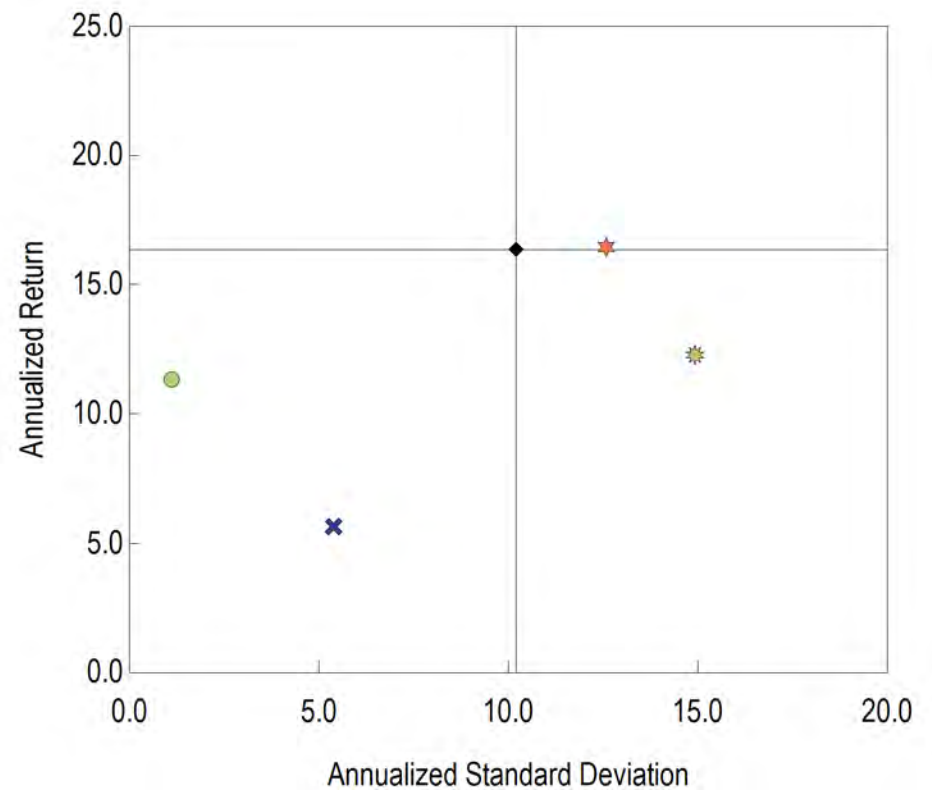
- Artisan International Value
- ✕ Victory Trivalent International Small Cap
- ▲ EuroPacific Growth R6
- ◆ Berens Global Value Ltd
- ◆ MSCI ACWI ex USA
- MSCI ACWI xUS Small (net)

Annualized Return vs. Annualized Standard Deviation
3 Years Ending September 30, 2016



- ✕ Weatherlow Offshore
- ✱ OrbiMed Partners II
- ◇ Beach Point Select Fund
- ★ SERS Principal Global Investors REIT
- ◆ Russell 3000
- NCREIF - ODCE NET

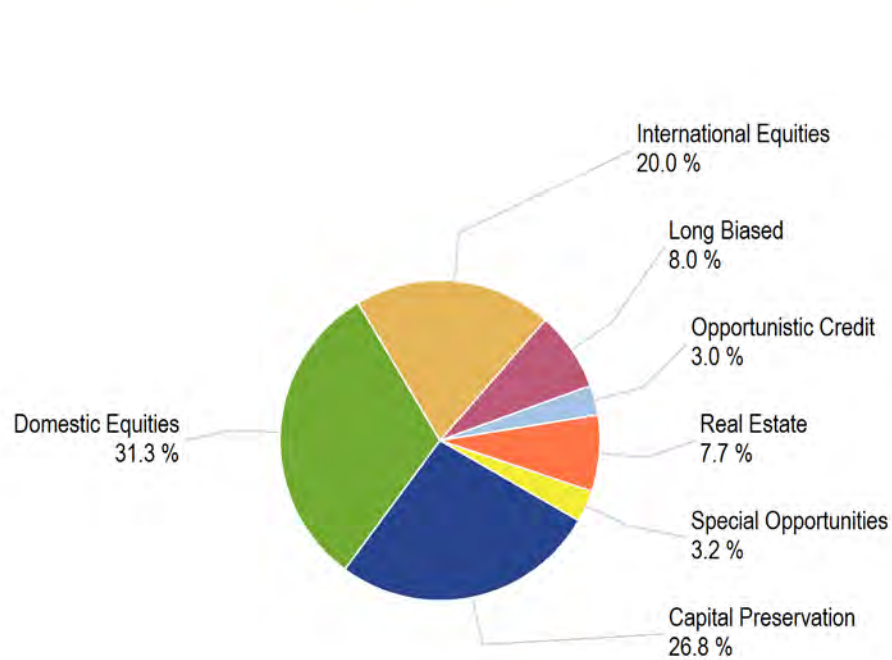
Annualized Return vs. Annualized Standard Deviation
5 Years Ending September 30, 2016



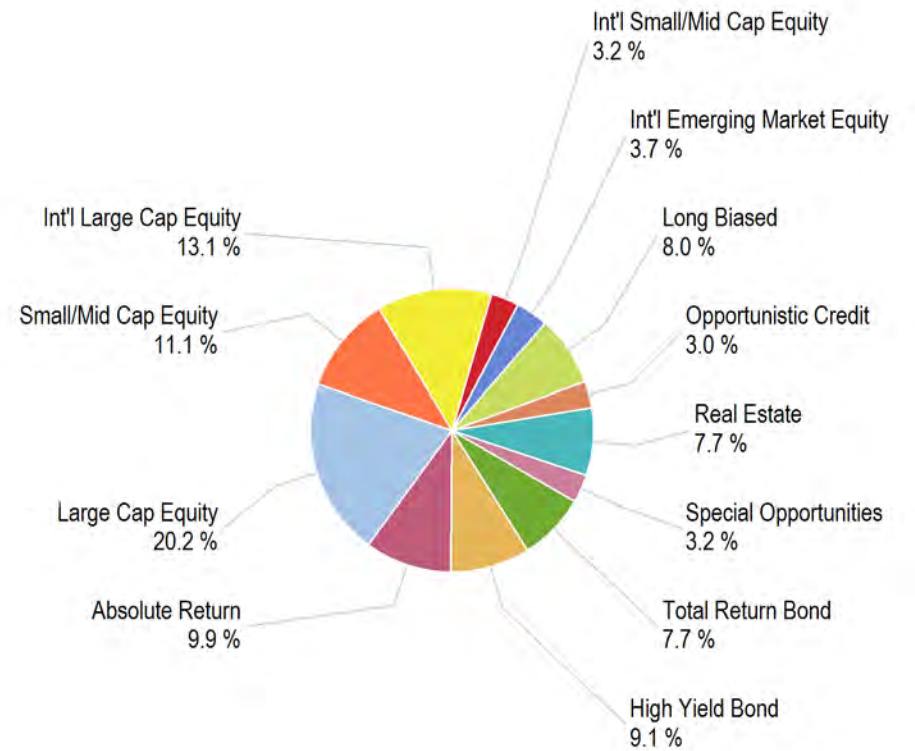
- ✕ Weatherlow Offshore
- ✱ OrbiMed Partners II
- ★ SERS Principal Global Investors REIT
- ◆ Russell 3000
- NCREIF - ODCE NET

Section 3

Current Allocation



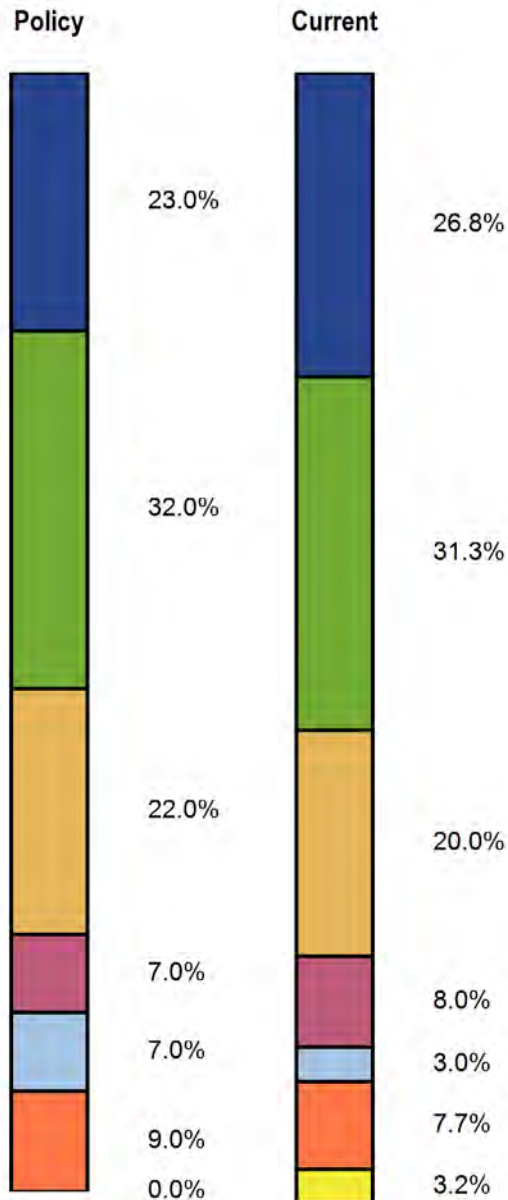
Current Implementation Allocation



Spokane Employees' Retirement System

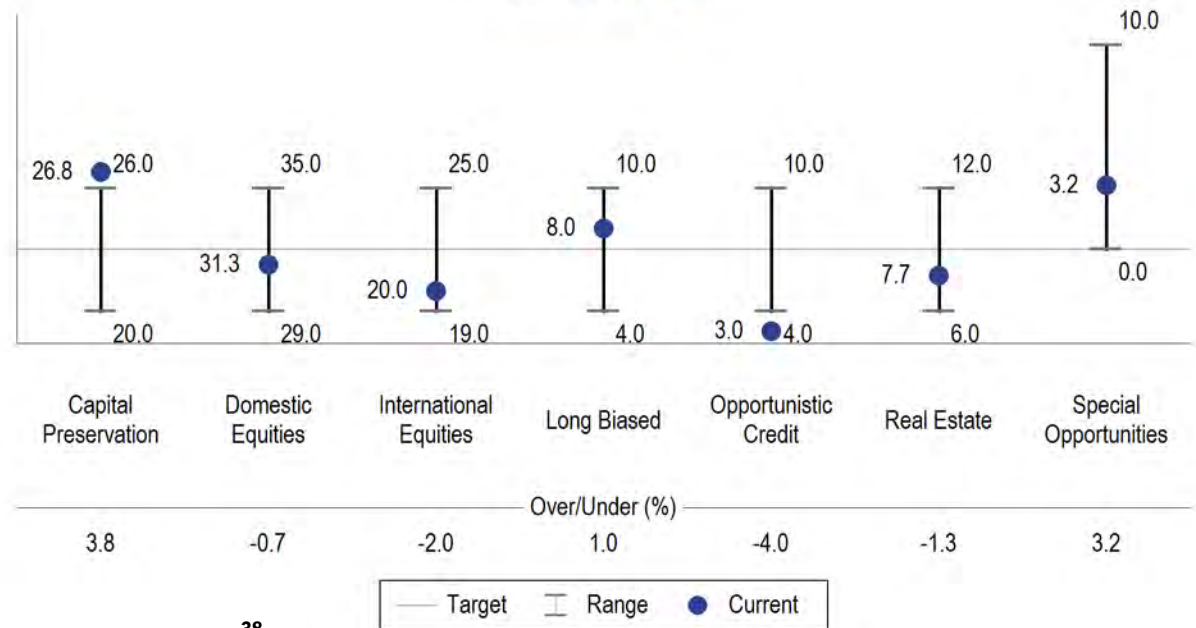
As of September 30, 2016

Asset Allocation vs. Target



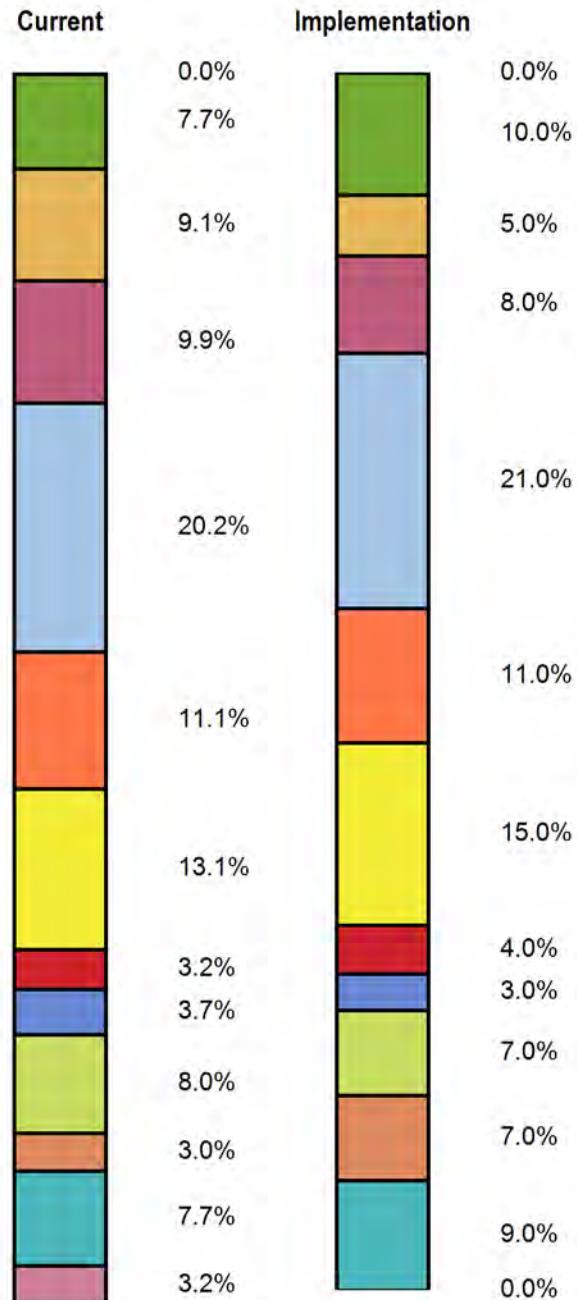
	Inv Pol Stmt	%	Inv Pol Stmt Range	Current	%	Difference	%
Capital Preservation	\$64,106,066	23.0%	20.0% - 26.0%	\$74,714,967	26.8%	\$10,608,900	3.8%
Domestic Equities	\$89,191,049	32.0%	29.0% - 35.0%	\$87,134,962	31.3%	-\$2,056,087	-0.7%
International Equities	\$61,318,846	22.0%	19.0% - 25.0%	\$55,674,653	20.0%	-\$5,644,193	-2.0%
Long Biased	\$19,510,542	7.0%	4.0% - 10.0%	\$22,404,449	8.0%	\$2,893,907	1.0%
Opportunistic Credit	\$19,510,542	7.0%	4.0% - 10.0%	\$8,470,588	3.0%	-\$11,039,954	-4.0%
Real Estate	\$25,084,982	9.0%	6.0% - 12.0%	\$21,538,023	7.7%	-\$3,546,959	-1.3%
Special Opportunities	\$0	0.0%	0.0% - 10.0%	\$8,784,386	3.2%	\$8,784,386	3.2%
Total	\$278,722,028	100.0%		\$278,722,028	100.0%		

Actual vs. Target



Spokane Employees' Retirement System

As of September 30, 2016



Asset Allocation on September 30, 2016

	Actual (\$)	Actual %	Target %
Cash	\$78,329	0.0%	0.0%
Total Return Bond	\$21,574,142	7.7%	10.0%
High Yield Bond	\$25,377,260	9.1%	5.0%
Absolute Return	\$27,685,236	9.9%	8.0%
Large Cap Equity	\$56,297,745	20.2%	21.0%
Small/Mid Cap Equity	\$30,837,217	11.1%	11.0%
Int'l Large Cap Equity	\$36,451,372	13.1%	15.0%
Int'l Small/Mid Cap Equity	\$9,038,507	3.2%	4.0%
Int'l Emerging Market Equity	\$10,184,774	3.7%	3.0%
Long Biased	\$22,404,449	8.0%	7.0%
Opportunistic Credit	\$8,470,588	3.0%	7.0%
Real Estate	\$21,538,023	7.7%	9.0%
Special Opportunities	\$8,784,386	3.2%	0.0%
Total	\$278,722,028	100.0%	100.0%

Spokane Employees' Retirement System

As of September 30, 2016

Asset Allocation vs. Target

	Target Allocation	%	Target Allocation Range	Current	%	Difference	%	Within Range
Capital Preservation	\$64,106,066	23.0%	20.0% - 26.0%	\$74,714,967	26.8%	\$10,608,900	3.8%	No
Cash	\$0	0.0%	0.0% - 2.0%	\$78,329	0.0%	\$78,329	0.0%	Yes
Fidelity Instl Govt Money Market				\$53,270	0.0%			
Vanguard Short-Term Bond Fd				\$25,058	0.0%			
Total Return Bond	\$27,872,203	10.0%	8.0% - 12.0%	\$21,574,142	7.7%	-\$6,298,061	-2.3%	No
Sterling Core Bond				\$21,574,142	7.7%			
High Yield Bond	\$13,936,101	5.0%	3.0% - 7.0%	\$25,377,260	9.1%	\$11,441,159	4.1%	No
Hotchkis & Wiley High Yield				\$25,377,260	9.1%			
Absolute Return	\$22,297,762	8.0%	6.0% - 10.0%	\$27,685,236	9.9%	\$5,387,474	1.9%	Yes
Polar Long/Short Fund				\$6,359,527	2.3%			
Post Lmted Term High Yield				\$5,783,263	2.1%			
Rimrock Low Volatility Offshore				\$9,096,908	3.3%			
Castine Partners				\$6,445,538	2.3%			
Domestic Equities	\$89,191,049	32.0%	29.0% - 35.0%	\$87,134,962	31.3%	-\$2,056,087	-0.7%	Yes
Large Cap Equity	\$58,531,626	21.0%	19.0% - 23.0%	\$56,297,745	20.2%	-\$2,233,881	-0.8%	Yes
Hotchkis & Wiley Div Value I				\$15,458,554	5.5%			
Vanguard Institutional Index				\$8,613,047	3.1%			
MFS Blended Research Core				\$17,337,813	6.2%			
Jackson Square Large-Cap Growth Equity				\$14,888,331	5.3%			

Spokane Employees' Retirement System

As of September 30, 2016

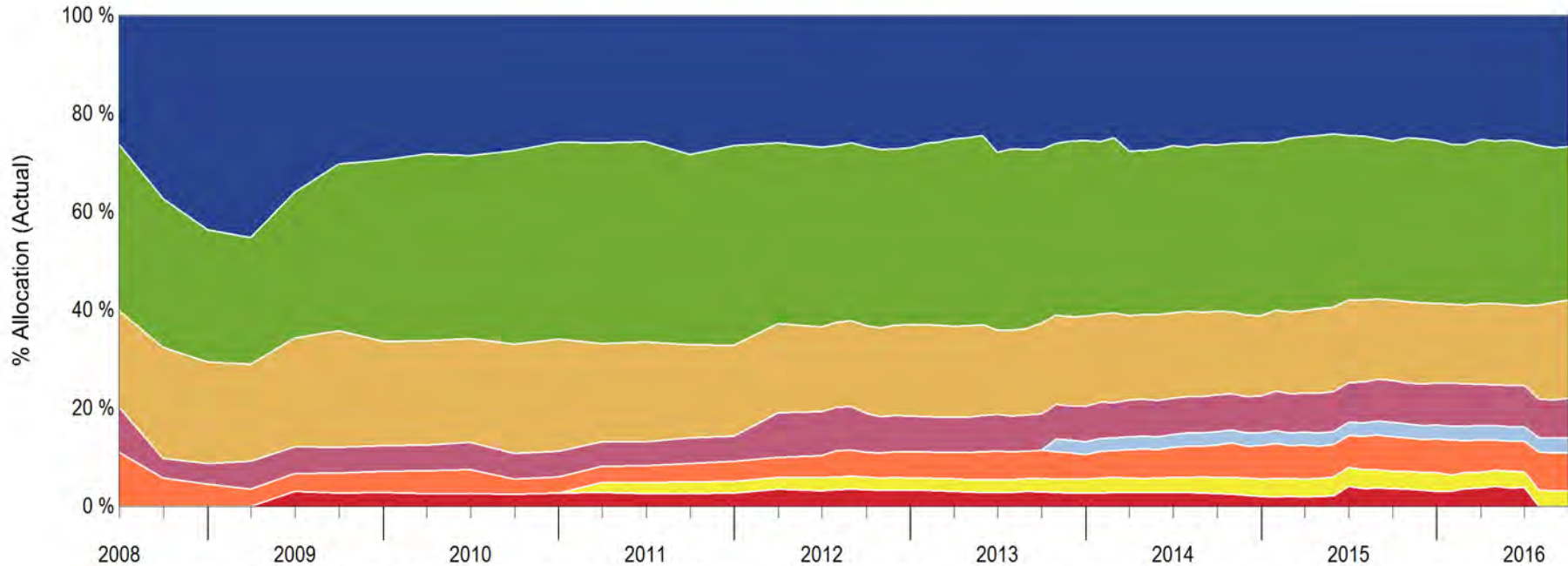
	Target Allocation	%	Target Allocation Range	Current	%	Difference	%	Within Range
Small/Mid Cap Equity	\$30,659,423	11.0%	9.0% - 13.0%	\$30,837,217	11.1%	\$177,794	0.1%	Yes
Bridge City Small Growth				\$4,937,505	1.8%			
Champlain Small Cap				\$4,663,193	1.7%			
Vanguard Small Cap Index				\$854,804	0.3%			
Frontier Sm Cap Value I				\$4,401,864	1.6%			
Vanguard Mid Cap Growth				\$6,093,008	2.2%			
Vanguard Mid Cap Index				\$3,505,920	1.3%			
Sterling Mid Cap Value				\$6,380,923	2.3%			
International Equities	\$61,318,846	22.0%	19.0% - 25.0%	\$55,674,653	20.0%	-\$5,644,193	-2.0%	Yes
Int'l Large Cap Equity	\$41,808,304	15.0%	13.0% - 17.0%	\$36,451,372	13.1%	-\$5,356,932	-1.9%	Yes
EuroPacific Growth R6				\$16,936,782	6.1%			
Artisan Int'l Value				\$19,514,590	7.0%			
Int'l Small/Mid Cap Equity	\$11,148,881	4.0%	2.0% - 6.0%	\$9,038,507	3.2%	-\$2,110,374	-0.8%	Yes
Victory Trivalent International Small Cap				\$9,038,507	3.2%			
Int'l Emerging Market Equity	\$8,361,661	3.0%	1.0% - 5.0%	\$10,184,774	3.7%	\$1,823,113	0.7%	Yes
Berens Global Value				\$10,184,774	3.7%			
Long Biased	\$19,510,542	7.0%	4.0% - 10.0%	\$22,404,449	8.0%	\$2,893,907	1.0%	Yes
Long Biased	\$19,510,542	7.0%	4.0% - 10.0%	\$22,404,449	8.0%	\$2,893,907	1.0%	Yes
Weatherlow Offshore				\$14,485,399	5.2%			
OrbiMed Royalty Opps II				\$1,437,473	0.5%			
TCM Partners				\$2,854,678	1.0%			
OrbiMed Royalty Opportunities				\$3,626,899	1.3%			

Spokane Employees' Retirement System

As of September 30, 2016

	Target Allocation	%	Target Allocation Range	Current	%	Difference	%	Within Range
Opportunistic Credit	\$19,510,542	7.0%	4.0% - 10.0%	\$8,470,588	3.0%	-\$11,039,954	-4.0%	No
Opportunistic Credit	\$19,510,542	7.0%	4.0% - 10.0%	\$8,470,588	3.0%	-\$11,039,954	-4.0%	No
Beach Point Select Fund LP				\$8,470,588	3.0%			
Real Estate	\$25,084,982	9.0%	6.0% - 12.0%	\$21,538,023	7.7%	-\$3,546,959	-1.3%	Yes
Real Estate	\$25,084,982	9.0%	6.0% - 12.0%	\$21,538,023	7.7%	-\$3,546,959	-1.3%	Yes
Principal Global Investors REIT				\$13,245,202	4.8%			
Legacy Partners Realty III				\$75,533	0.0%			
Morrison Street Fund IV				\$2,394,888	0.9%			
Metropolitan Realty V				\$432,689	0.2%			
Morrison Street Fund V				\$5,389,711	1.9%			
Special Opportunities	\$0	0.0%	0.0% - 10.0%	\$8,784,386	3.2%	\$8,784,386	3.2%	Yes
Special Opportunities	\$0	0.0%	0.0% - 10.0%	\$8,784,386	3.2%	\$8,784,386	3.2%	Yes
Orbimed Partners II				\$8,784,386	3.2%			
Total	\$278,722,028	100.0%		\$278,722,028	100.0%			

Asset Allocation History
8 Years 3 Months Ending September 30, 2016

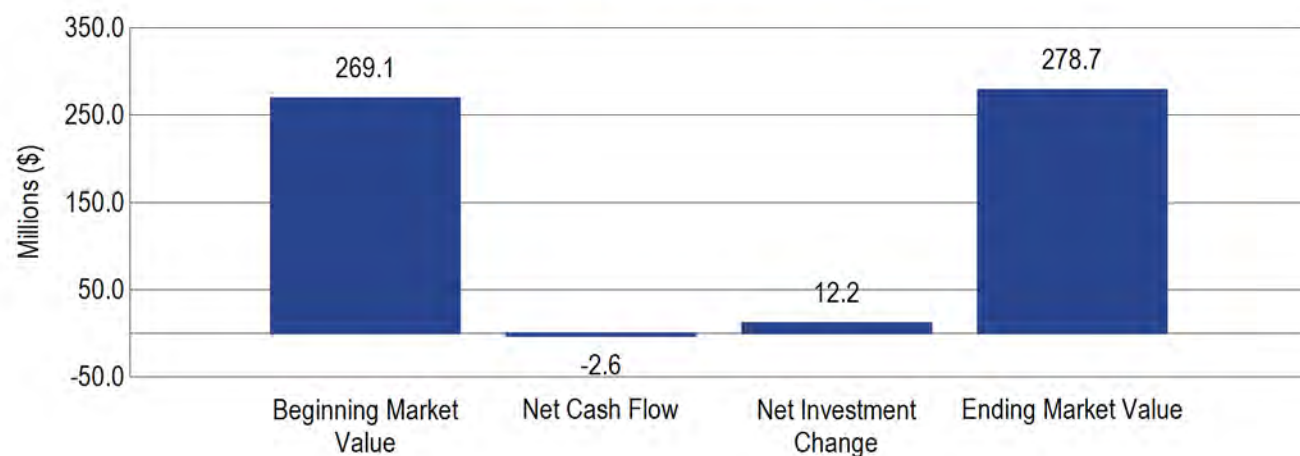


	2008	2009	2010	2011	2012	2013	2014	2015	2016																								
Capital Preservation	37.	43.	45.	36.	30.	29.	28.	28.	27.	25.	26.	25.	28.	26.	26.	26.	27.	25.	28.	27.	25.	27.	26.	26.	26.	24.	24.	25.	25.	25.	25.	26.	
Domestic Equities	30.	26.	25.	29.	33.	36.	38.	37.	39.	40.	40.	40.	38.	40.	36.	36.	36.	36.	38.	36.	35.	35.	33.	34.	33.	35.	35.	33.	32.	33.	33.	33.	31.
International Equities	22.	20.	19.	22.	23.	21.	21.	21.	22.	22.	20.	20.	19.	18.	18.	17.	17.	18.	18.	17.	18.	18.	17.	17.	16.	16.	16.	16.	16.	16.	16.	20.	
Long Biased	4.0	4.2	5.6	5.4	5.2	5.2	5.2	5.6	5.2	5.2	4.9	4.8	5.3	5.2	9.1	8.9	7.9	7.3	7.1	7.5	7.3	7.2	7.4	7.4	7.5	7.5	8.0	8.1	8.5	8.5	8.4	8.3	8.0
Opportunistic Credit	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	2.6	2.6	2.6	2.6	2.7	2.6	2.7	2.7	2.9	2.8	2.9	3.0	3.0
Real Estate	5.7	4.5	3.5	3.7	4.1	4.3	4.6	4.8	3.0	3.3	3.3	3.5	3.7	4.1	4.1	4.4	5.1	5.4	5.4	5.8	5.8	5.0	5.8	6.1	6.6	6.8	6.9	6.4	7.1	6.9	6.5	6.3	7.7
Special Opportunities	--	--	--	--	--	--	--	--	0.0	2.1	2.2	2.4	2.4	2.5	2.7	2.6	2.5	2.5	2.6	2.8	2.8	2.9	3.0	3.3	3.5	3.7	3.9	3.6	3.8	3.2	3.1	3.2	
Commodities	--	--	0.0	3.0	2.7	2.8	2.6	2.6	2.5	2.7	2.8	2.6	2.6	2.7	3.5	3.2	3.4	3.2	3.1	2.8	2.9	2.7	2.8	2.9	2.6	2.0	1.9	4.1	3.6	3.1	3.8	3.9	--

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

Section 4

**Change in Market Value
From July 1, 2016 To September 30, 2016**



Cash Flow Summary

	Beginning Market Value (\$)	Withdrawals (\$)	Contributions (\$)	Net Cash Flow (\$)	Net Investment Change (\$)	Ending Market Value (\$)
Amer Beacon Flexible Bond Inst	7,248,922.07	-7,257,021.81	0.00	-7,257,021.81	8,099.74	--
Artisan Int'l Value	14,285,645.33	0.00	4,000,000.00	4,000,000.00	1,228,945.07	19,514,590.40
Beach Point Select Fund LP	8,072,225.00	0.00	0.00	0.00	398,363.00	8,470,588.00
Berens Global Value	9,745,110.63	0.00	0.00	0.00	439,663.08	10,184,773.71
Bridge City Small Growth	4,620,334.11	0.00	0.00	0.00	317,171.30	4,937,505.41
Castine Partners	6,201,694.00	0.00	0.00	0.00	243,843.55	6,445,537.55
Champlain Small Cap	5,190,047.53	-1,000,000.00	0.00	-1,000,000.00	473,145.84	4,663,193.37
EuroPacific Growth R6	11,595,476.34	0.00	4,000,000.00	4,000,000.00	1,341,305.25	16,936,781.59
Fidelity Instl Govt Money Market	138,335.54	-1,491,855.17	1,405,200.56	-86,654.61	1,589.38	53,270.31
Frontier Sm Cap Value I	4,165,276.78	0.00	0.00	0.00	236,587.16	4,401,863.94
Hotchkis & Wiley Div Value I	14,317,922.83	0.00	0.00	0.00	1,140,631.17	15,458,554.00
Hotchkis & Wiley High Yield	13,583,712.60	0.00	10,441,604.23	10,441,604.23	1,351,943.22	25,377,260.05
Jackson Square Large-Cap Growth Equity	13,887,435.06	0.00	0.00	0.00	1,000,896.22	14,888,331.28

Spokane Employees' Retirement System

As of September 30, 2016

	Beginning Market Value (\$)	Withdrawals (\$)	Contributions (\$)	Net Cash Flow (\$)	Net Investment Change (\$)	Ending Market Value (\$)
Legacy Partners Realty III	144,734.00	-68,913.84	0.00	-68,913.84	-287.16	75,533.00
Metropolitan Realty V	554,286.07	-141,016.55	0.00	-141,016.55	19,419.21	432,688.73
MFS Blended Research Core	16,674,022.24	0.00	0.00	0.00	663,790.54	17,337,812.78
Morrison Street Fund IV	2,471,236.00	-277,982.49	0.00	-277,982.49	201,634.49	2,394,888.00
Morrison Street Fund V	4,564,980.00	-57,187.65	779,820.44	722,632.79	102,098.21	5,389,711.00
Orbimed Partners II	8,405,382.00	0.00	0.00	0.00	379,004.00	8,784,386.00
OrbiMed Royalty Opportunities	4,460,440.00	-833,616.51	0.00	-833,616.51	75.97	3,626,899.46
OrbiMed Royalty Opps II	739,939.00	-39,973.08	737,500.00	697,526.92	6.78	1,437,472.70
PIMCO CommoditiesPlus Strat Fd	10,362,900.77	-10,499,253.91	0.00	-10,499,253.91	136,353.14	--
Pimco Global Adv Bond Fd	10,400,825.02	-10,444,712.18	0.00	-10,444,712.18	43,887.16	--
Polar Long/Short Fund	6,207,058.37	0.00	0.00	0.00	152,468.92	6,359,527.29
Post Lmtd Term High Yield	5,695,113.01	0.00	0.00	0.00	88,150.07	5,783,263.08
Principal Global Investors REIT	9,188,408.46	0.00	4,257,021.81	4,257,021.81	-200,227.88	13,245,202.39
Rimrock Low Volatility Offshore	8,874,535.77	0.00	0.00	0.00	222,372.12	9,096,907.89
Sterling Core Bond	--	0.00	21,619,483.75	21,619,483.75	-45,341.80	21,574,141.95
Sterling Mid Cap Value	8,103,863.95	-2,237,500.00	0.00	-2,237,500.00	514,558.73	6,380,922.68
TCM Partners	3,247,728.13	0.00	0.00	0.00	-393,050.37	2,854,677.76
Vanguard Institutional Index	8,294,146.29	0.00	0.00	0.00	318,900.24	8,613,046.53
Vanguard Mid Cap Growth	7,362,977.45	-1,500,000.00	0.00	-1,500,000.00	230,030.98	6,093,008.43
Vanguard Mid Cap Index	5,267,256.90	-2,029,820.44	0.00	-2,029,820.44	268,483.36	3,505,919.82
Vanguard Short-Term Bond Fd	11,010,273.90	-22,069,483.75	10,965,851.42	-11,103,632.33	118,416.82	25,058.39
Vanguard Small Cap Index	1,801,660.22	-1,000,000.00	0.00	-1,000,000.00	53,143.41	854,803.63
Victory Trivalent International Small Cap	8,280,857.57	0.00	130,000.00	130,000.00	627,649.83	9,038,507.40
Weatherlow Offshore	13,940,111.90	0.00	0.00	0.00	545,287.16	14,485,399.06
Total	269,104,874.84	-60,948,337.38	58,336,482.21	-2,611,855.17	12,229,007.91	278,722,027.58

Section 5

Statistic Definitions

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