

Spokane Employees' Retirement System

December 31, 2016 Performance Report

February 2017



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Section 1



Markets and Economic Update Fourth Quarter 2016

Trump Effect

The fourth quarter of 2016 proved to be full of surprises with Donald Trump winning the Presidential Election despite pre-election polls strongly indicating the contrary. Prior to November 8, market expectations appeared to suggest that an upset Trump victory would result in a strong equity market sell-off and a bond market rally, a reflection of the uncertainty surrounding Trump's world views and his policy impacts. While immediate market reaction to the expected Trump victory strongly supported initial expectations, the end result proved the early expectations were widely amiss. Equity markets, in fact, staged a strong, relentless rally through the end of the year and the bond market fell precipitously as investors sought to better project Trump policy impacts.

So what drove this sudden change of market sentiment? Despite the lack of certainty surrounding specific policies, investors quickly and broadly labeled the President Elect as pro-growth. This seemingly stemmed from general tones of government deregulation, aggressive fiscal spending, and domestic job creation. The pro-growth label sent domestic equities sharply higher and bond markets gapped lower, with the latter reacting to expectations of higher inflation and rising interest rates. In November, the broad equity markets rallied nearly 4.0% and smaller-capitalization stocks, prospectively the largest beneficiaries of domestic pro-growth policies, rose 11%. The pro-growth tone for the markets continued throughout the remainder of the year.

The outbreak of optimism following the election was both completely unexpected and unrelenting. Akin to a market driven by the suggestion of every pro-growth policy being enacted and any policy that stands against higher growth being dismissed. Inevitably, this will not be the case and the markets will adjust accordingly. As we enter the new year of 2017, the equity and fixed income markets appear poised to weigh pro-growth optimism against the economic and political realities of actual policy enactment.

Global Economic Landscape

- The Fed raised short-term borrowing rates by 25 basis points in the fourth quarter, only the second time in the past decade the Fed has raised rates. As we look forward into 2017, expectations are for a more hawkish Fed, including 2-to-3 quarter point hikes throughout the year. It bears mention that Fed leaders originally projected raising rates four times in 2016.
- The Fed most recently adjusted their economic growth (GDP) forecast to 2.1% for 2017, slightly better than their previous projection.
- The US economy has added jobs for 74 consecutive months. The unemployment rate is at 4.7%, well below the 50-year average of 6.2%.
- While unemployment claims remain historically low, so too is wage growth. Wage growth is currently at 2.4% vs. a 50-year average of 4.6%. This key inflationary indicator has yet to support broad market expectations for higher inflation.

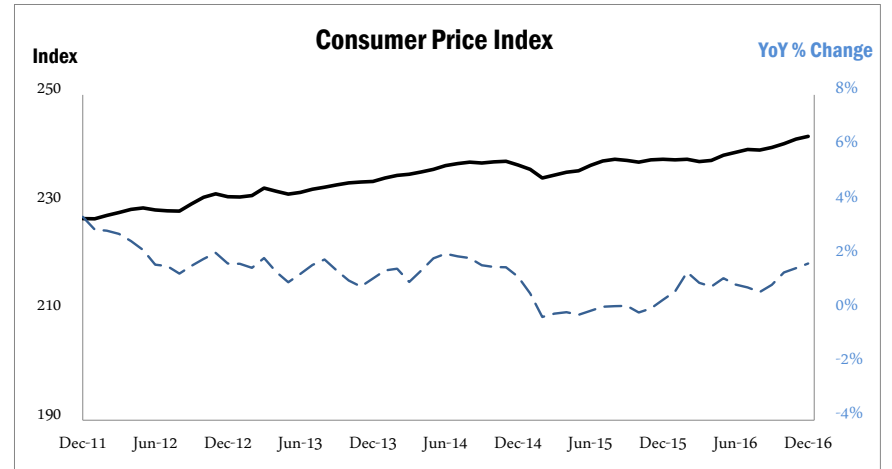
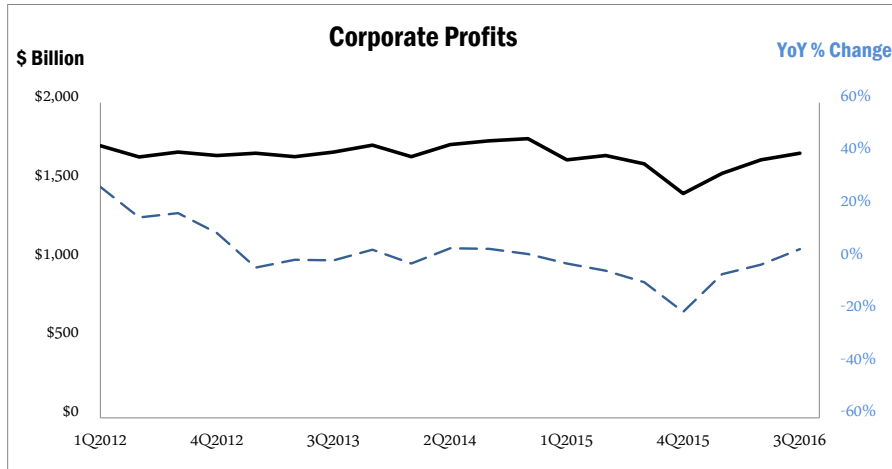
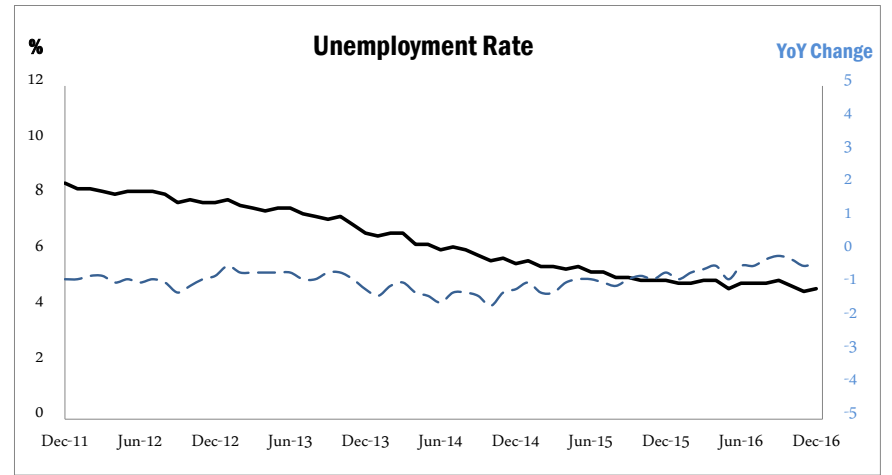
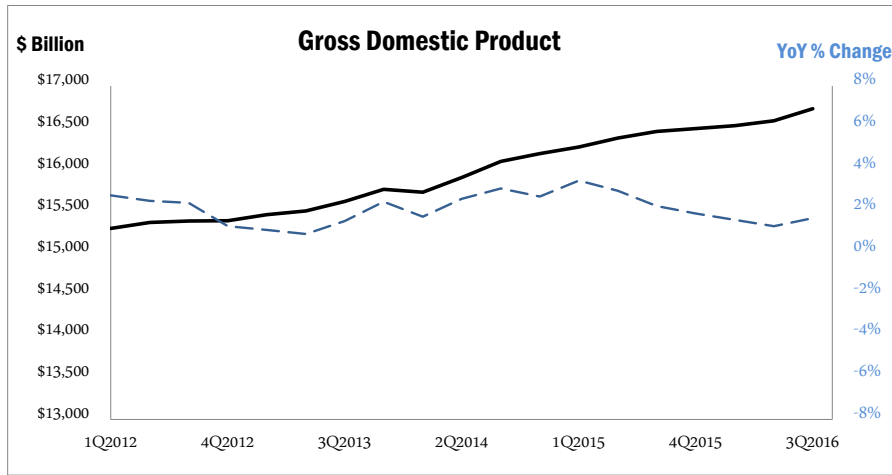
- Small business and consumer sentiment appear to finally be in agreement. After an extended period of poor small business sentiment, optimism skyrocketed post-election and now both stand at 12-year highs, reflecting increased levels of optimism about the economy. This alignment historically bodes well for future capital expenditures and wage growth.
- Eurozone economic growth continues at a modest but consistent 1.4%. Meanwhile the unemployment rate continues its steady decline from a peak of 12.1% in July of 2013 to the current rate of 9.8%.
- Lower growth in China continues to weigh on global economic growth. China's real GDP has declined from nearly 10.0% in 2009 to 6.7% in 3Q2016 despite substantial monetary stimulus. Foreign account reserves have declined sharply as a result, falling by nearly a trillion dollars in the past two years.

Global Financial Markets

- The US equity markets have risen relentlessly since 2009, establishing one of history's longest bull markets. The domestic equity market has returned an annualized 14.7% and 7.0% over the trailing 5 and 10-year periods, respectively. In sharp contrast, international equity markets have returned 5.0% and 1.0% over similar time periods. Historical valuation metrics would indicate that international markets appear attractively priced relative to domestic markets.
- Strong style trends dominated US equity markets for the quarter and calendar year. During 2016, value stocks dominated growth stocks across the entire capitalization range. In addition, small cap stocks handily outperformed their mid and large cap counterparts. Small value stocks, led by Financials, returned an impressive 31.7%.
- Within a persistently low global growth environment, companies have often relied upon cost-cutting and financial engineering (financial leverage and share buybacks) to enhance profitability. Should broader economic growth improve, many of our active managers expect to see a shift in corporate policy targets toward top-line growth and increased operational leverage.
- The US Dollar strengthened dramatically following the election results with the Dollar increasing by 6% versus the Euro, 5% versus the Pound and a staggering 13% versus the Yen for the quarter.
- Domestic interest rates spiked in the fourth quarter, reflecting the pro-growth expectations of a new President-elect. Real yields on 10-year Treasuries climbed back into positive territory as nominal yields closed at 2.45%.
- For every 1% rise in interest rates, the 10-Year Treasury bond is expected to decline in value by -8.6%. This same rise in rates results in an expected loss of -17.7% for 30-Year Treasury bonds.
- Stabilization of oil prices at higher levels bodes well for commodity-producing emerging market economies. Emerging equity markets remain a potential relative value with current valuations well below those of developed markets and low relative to 25-year historical valuation metrics.

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4Q2016 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	209,450	Dec-16
Unemployment Rate	4.7%	8.5%	4.6%	6.4%	Dec-16
Median Unemployment Length (Weeks)	10.5	22.3	8.3	14.5	Dec-16
Average Hourly Earnings	\$26.00	\$26.00	\$23.26	\$24.52	Dec-16

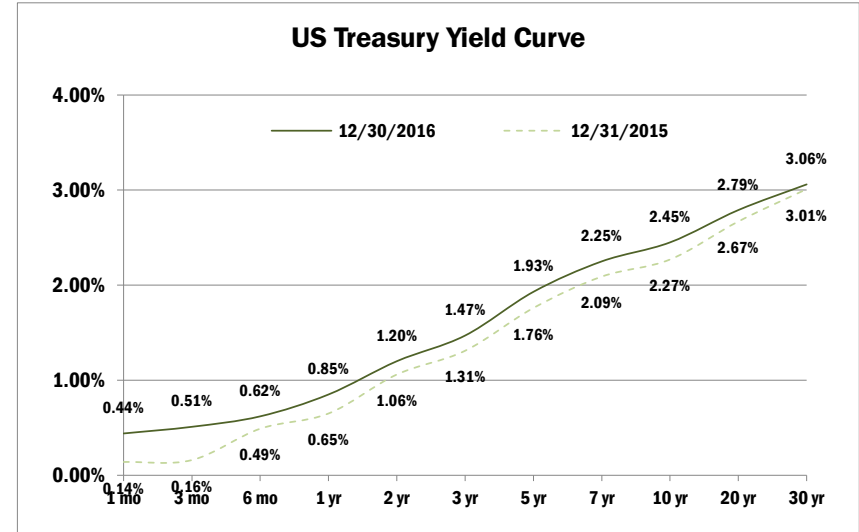
Source: Federal Reserve Bank of St. Louis and Bureau of Labor Statistics

Other Prices and Indexes (Monthly)					
Category	Recent	5-Yr High	5-Yr Low	% Off Peak	Date
Gas: Price per Gallon	\$2.30	\$3.89	\$1.79	-40.8%	Dec-16
Spot Oil	\$45.71	\$106.57	\$30.32	-57.1%	Nov-16
Case-Shiller Home Price Index	190.5	190.5	136.9	39.1%*	Oct-16
Medical Care CPI	470.0	470.0	407.3	15.4%*	Nov-16

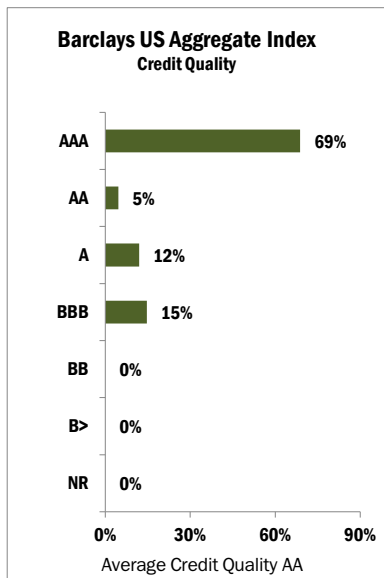
*% Off Low

4Q2016 Bond Market Data

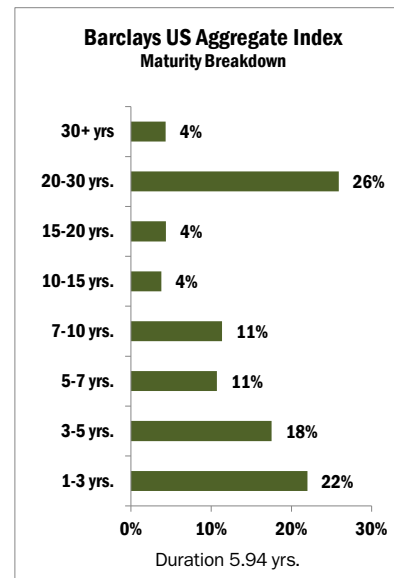
Index	QTR	YTD	1 yr.	3 yrs.	5 yrs.	10 yrs.
90-Day T-Bill	0.07%	0.25%	0.25%	0.11%	0.10%	0.79%
Barclays US Aggregate	-2.98%	2.65%	2.65%	3.03%	2.23%	4.34%
Barclays Short US Treasury	0.09%	0.53%	0.53%	0.25%	0.21%	0.99%
Barclays Int. US Treasury	-2.25%	1.06%	1.06%	1.60%	1.03%	3.50%
Barclays Long US Treasury	-11.67%	1.33%	1.33%	7.78%	2.52%	6.68%
Barclays US TIPS	-2.41%	4.68%	4.68%	2.26%	0.89%	4.36%
Barclays US Credit	-2.97%	5.63%	5.63%	4.07%	3.85%	5.31%
Barclays US Mortgage-Backed	-1.97%	1.67%	1.67%	3.07%	2.06%	4.28%
Barclays US Asset-Backed	-0.70%	2.03%	2.03%	1.72%	1.70%	3.02%
Barclays US 20-Yr Municipal	-4.52%	0.49%	0.49%	5.69%	4.42%	4.84%
Barclays US High Yield	1.75%	17.13%	17.13%	4.66%	7.36%	7.45%
Barclays Global	-7.07%	2.09%	2.09%	-0.19%	0.21%	3.29%
Barclays International	-10.26%	1.49%	1.49%	-2.59%	-1.39%	2.44%
Barclays Emerging Market	-2.61%	9.88%	9.88%	5.25%	5.69%	6.71%



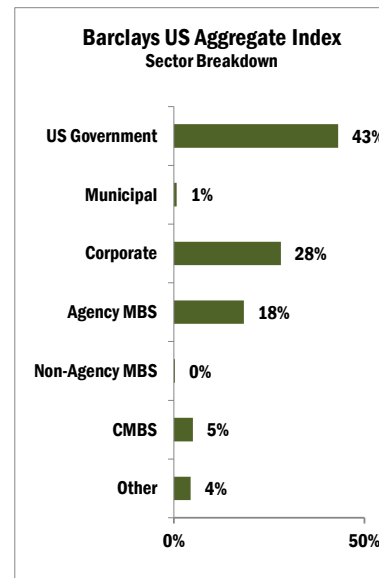
Source: Department of US Treasury



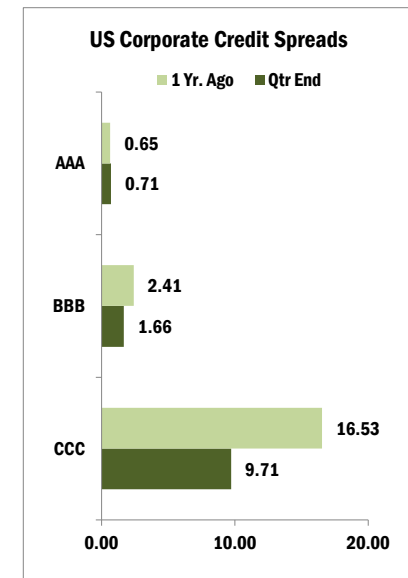
Source: Morningstar



Source: Morningstar



Source: Morningstar



Source: Federal Reserve / Bank of America

4Q2016 US Equity Market Data

Sectors Weights/Returns (ranked by quarter performance)

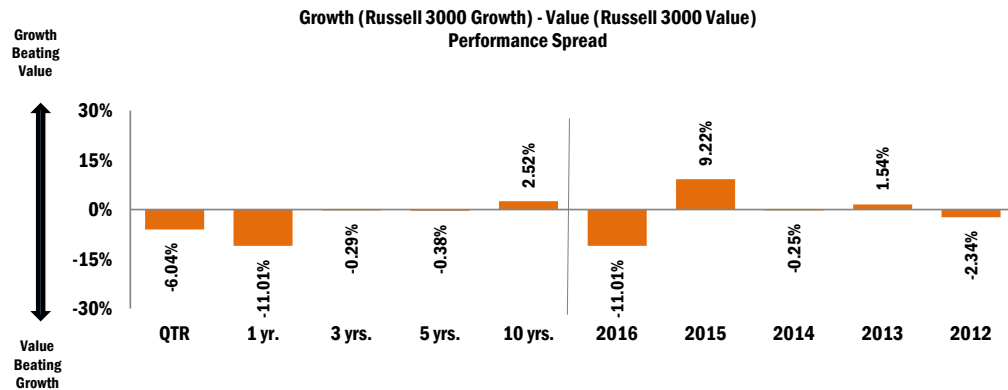
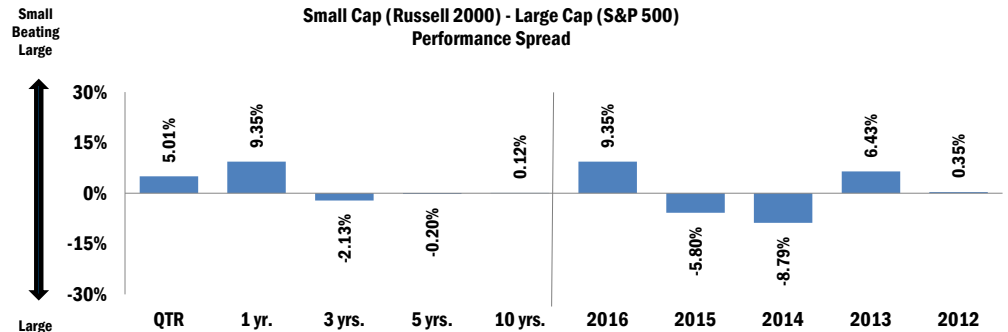
	Wgt.	Sector	S&P 500 Index	
			QTR	1 Yr.
	15%	Financials	21.10%	22.80%
	8%	Energy	7.28%	27.36%
	10%	Industrials	7.21%	18.86%
	3%	Telecom Services	4.78%	23.49%
	3%	Materials	4.70%	16.69%
	12%	Consumer Discretionary	2.31%	6.03%
	21%	Information Technology	1.19%	13.85%
	3%	Utilities	0.14%	16.29%
	3%	Real Estate	-1.53%	14.97%
	9%	Consumer Staples	-2.02%	5.38%
	14%	Health Care	-4.00%	-2.69%

	Wgt.	Sector	S&P Midcap 400 Index	
			QTR	1 Yr.
	17%	Financials	19.48%	29.82%
	15%	Industrials	12.66%	28.73%
	4%	Energy	7.66%	20.61%
	18%	Information Technology	6.97%	21.47%
	0%	Telecom Services	6.75%	13.90%
	7%	Materials	6.50%	37.25%
	11%	Consumer Discretionary	5.22%	9.59%
	5%	Utilities	4.74%	27.35%
	4%	Consumer Staples	2.34%	13.07%
	8%	Health Care	-1.01%	8.71%
	10%	Real Estate	-1.53%	14.97%

	Wgt.	Sector	S&P Smallcap 600 Index	
			QTR	1 Yr.
	18%	Financials	24.11%	39.28%
	6%	Materials	19.00%	54.70%
	1%	Telecom Services	17.66%	20.10%
	4%	Energy	15.53%	37.67%
	18%	Industrials	11.90%	29.54%
	15%	Information Technology	9.90%	33.85%
	14%	Consumer Discretionary	8.50%	15.91%
	3%	Utilities	5.32%	23.13%
	3%	Consumer Staples	5.21%	26.66%
	11%	Health Care	-1.11%	2.20%
	6%	Real Estate	-4.41%	3.39%

Index Performance Data

Index	QTR	YTD	Annualized			
			1 yr.	3 yrs.	5 yrs.	10 yrs.
S&P 500	3.82%	11.96%	11.96%	8.87%	14.66%	6.95%
Russell 1000 Value	6.68%	17.34%	17.34%	8.59%	14.80%	5.72%
Russell 1000 Growth	1.01%	7.08%	7.08%	8.55%	14.50%	8.33%
Russell Mid Cap	3.21%	13.80%	13.80%	7.92%	14.72%	7.86%
Russell Mid Cap Value	5.52%	20.00%	20.00%	9.45%	15.70%	7.59%
Russell Mid Cap Growth	0.46%	7.33%	7.33%	6.23%	13.51%	7.83%
Russell 2000	8.83%	21.31%	21.31%	6.74%	14.46%	7.07%
Russell 2000 Value	14.07%	31.74%	31.74%	8.31%	15.07%	6.26%
Russell 2000 Growth	3.57%	11.32%	11.32%	5.05%	13.74%	7.76%
Russell 3000	4.21%	12.74%	12.74%	8.43%	14.67%	7.07%
DJ US Select REIT	-2.53%	6.68%	6.68%	13.73%	11.77%	4.63%



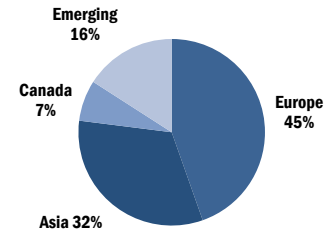
4Q2016 International Market Data

Index Performance Data (net)

Index (US\$)	QTR	YTD	1 yr.	3 yrs.	5 yrs.	10 yrs.
MSCI ACWI ex-US	-1.25%	4.50%	4.50%	-1.78%	5.00%	0.96%
MSCI EAFE	-0.71%	1.00%	1.00%	-1.60%	6.53%	0.75%
Europe	-0.40%	-0.40%	-0.40%	-3.17%	6.25%	0.36%
United Kingdom	-0.90%	-0.10%	-0.10%	-4.40%	3.97%	0.32%
Germany	1.45%	2.75%	2.75%	-3.32%	9.22%	2.37%
France	2.93%	4.88%	4.88%	-1.91%	7.66%	-0.24%
Pacific	-1.03%	4.18%	4.18%	1.43%	7.15%	1.62%
Japan	-0.16%	2.38%	2.38%	2.49%	8.17%	0.54%
Hong Kong	-8.97%	2.27%	2.27%	2.24%	8.78%	5.69%
Australia	0.69%	11.45%	11.45%	-1.03%	4.27%	3.45%
Canada	3.26%	24.56%	24.56%	-1.39%	2.02%	2.51%
MSCI EM	-4.16%	11.19%	11.19%	-2.55%	1.28%	1.84%
MSCI EM Latin America	-0.88%	31.04%	31.04%	-7.46%	-5.69%	0.27%
MSCI EM Asia	-6.06%	6.14%	6.14%	0.14%	4.35%	3.43%
MSCI EM Eur/Mid East	7.39%	22.19%	22.19%	-9.62%	-2.60%	-3.84%
MSCI ACWI Value ex-US	3.29%	8.92%	8.92%	-2.40%	4.58%	0.34%
MSCI ACWI Growth ex-US	-5.72%	0.12%	0.12%	-1.27%	5.34%	1.52%
MSCI AC World Sm Cap ex-US	-3.52%	3.91%	3.91%	0.76%	7.74%	2.90%

Regional Exposure

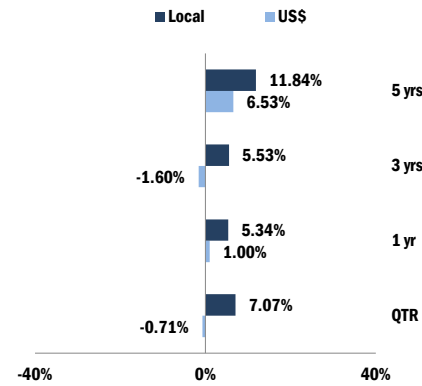
MSCI ACWI ex-USA



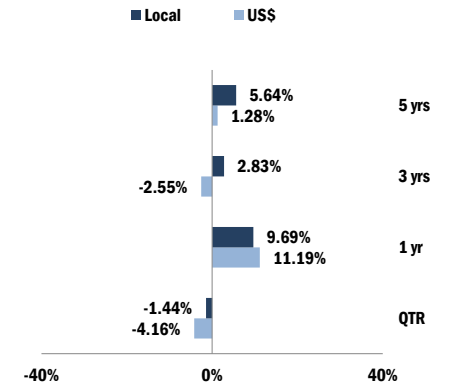
Top 10 Countries (MSCI AC World ex-USA)

Japan	18%
UK	12%
Canada	7%
France	7%
Germany	6%
Switzerland	6%
China	6%
Australia	5%
South Korea	3%
Hong Kong	3%

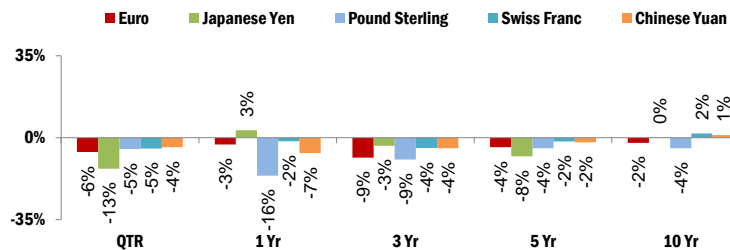
MSCI EAFE Index Return



MSCI Emerging Index Return

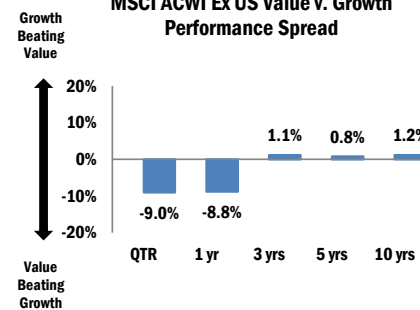


Foreign Currency v. US\$ Returns

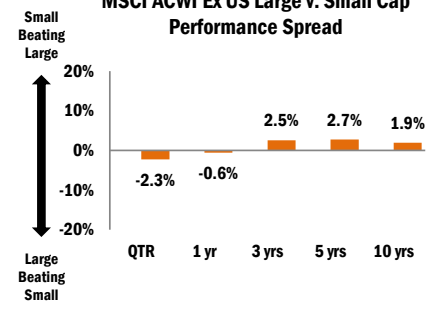


Exchange Rates	4Q16	3Q16	2Q16	1Q16	4Q15	3Q15
Japanese Yen	116.80	101.21	102.77	112.42	120.27	119.81
Euro	0.95	0.89	0.91	0.88	0.92	0.89
British Pound	0.81	0.77	0.76	0.70	0.68	0.66
Swiss Franc	1.02	0.97	0.98	0.96	1.00	0.98
Chinese Yuan	6.94	6.67	6.65	6.45	6.48	6.36

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	4Q16
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%	Small Cap 21.30%	Small Cap 8.83%
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 17.12%	Large Cap 3.82%
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%	Mid Cap 13.79%	Mid Cap 3.21%
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%	Large Cap 11.95%	Commod. 2.66%
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%	Commod. 11.76%	Core Real Estate 1.83%
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%	Emerging Markets 11.18%	High Yield 1.75%
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%	Core Real Estate 7.76%	Cash 0.07%
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%	Global Balanced 5.38%	Intl -1.25%
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%	TIPS 4.68%	Global Balanced -1.35%
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 4.50%	TIPS -2.40%
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%	US Bonds 2.65%	US Bonds -2.97%
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%	Global Bonds 2.09%	Emerging Markets -4.16%
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 0.25%	Global Bonds -7.06%

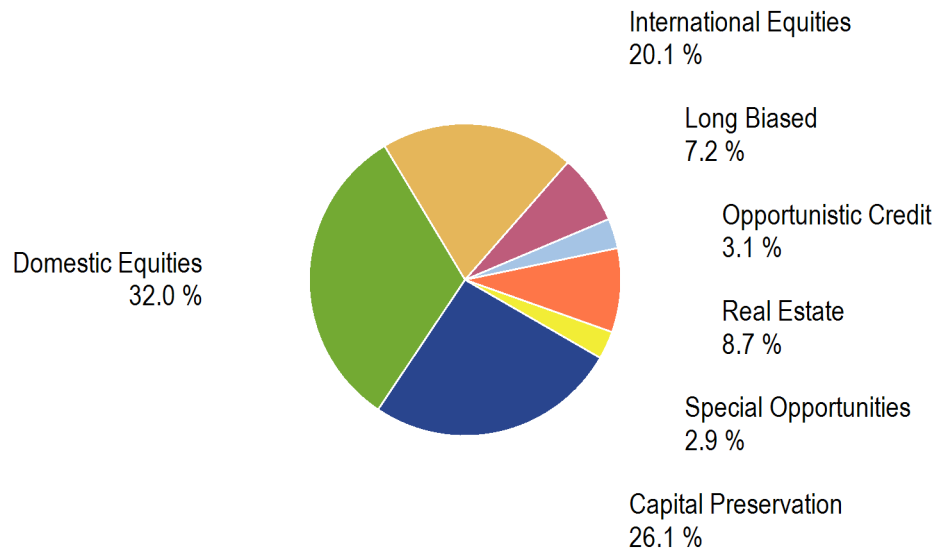
Global Balanced is composed of 60% MSCI World Stock Index, 35% Barclays Global Aggregate Bond Index, and 5% US 90-Day T-Bills.

Section 2

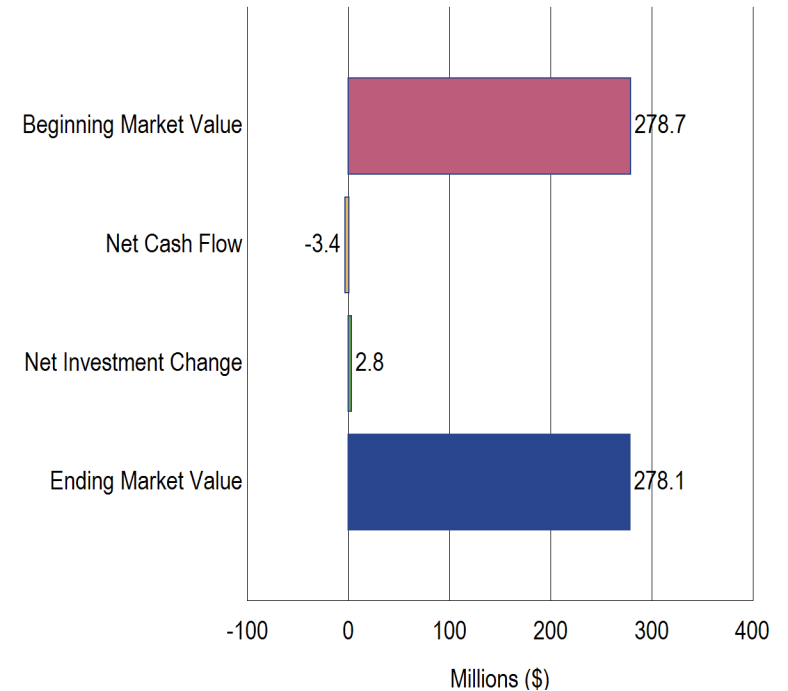
Spokane Employees' Retirement System

As of December 31, 2016

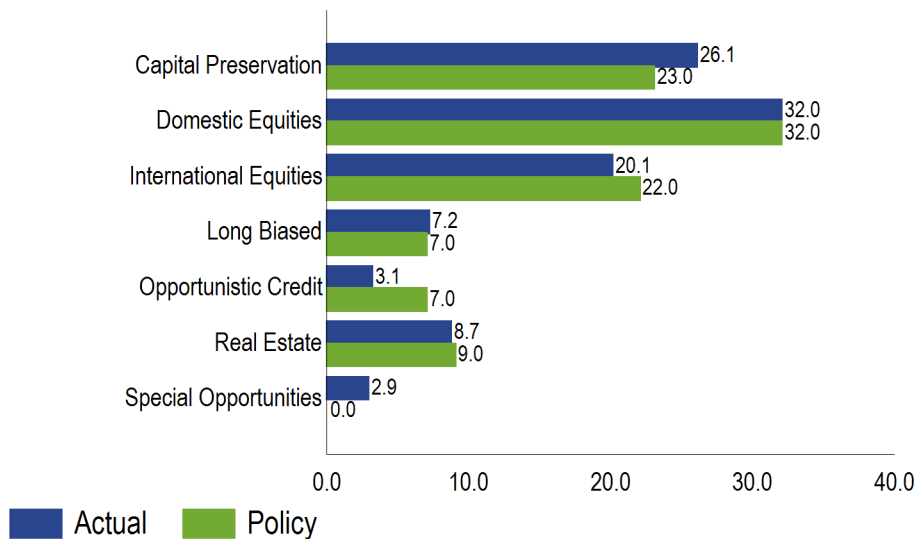
Current Allocation



Current Quarter



Actual vs Target Allocation (%)



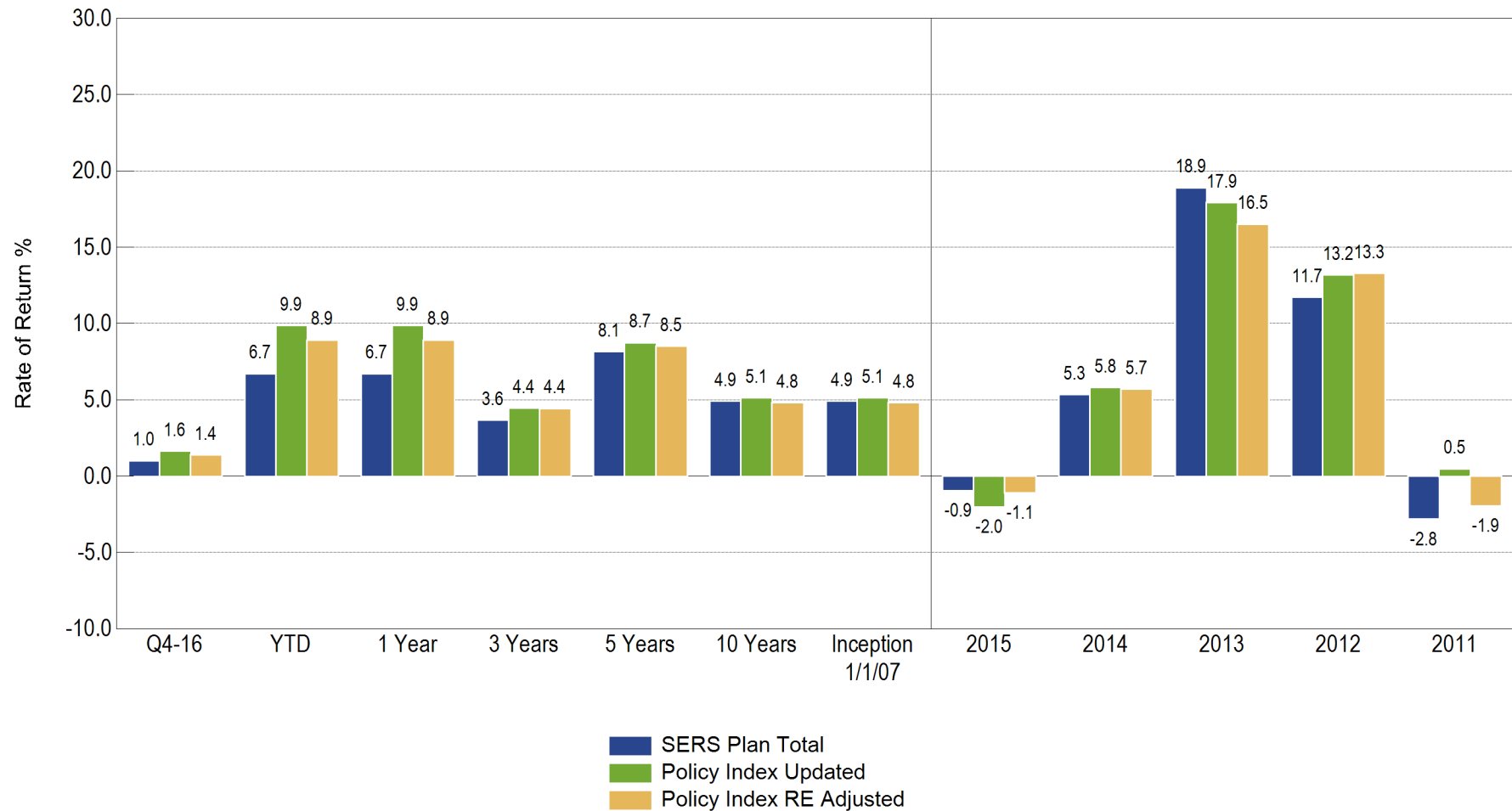
Current Market Value:

\$278,089,857

Policy Index

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

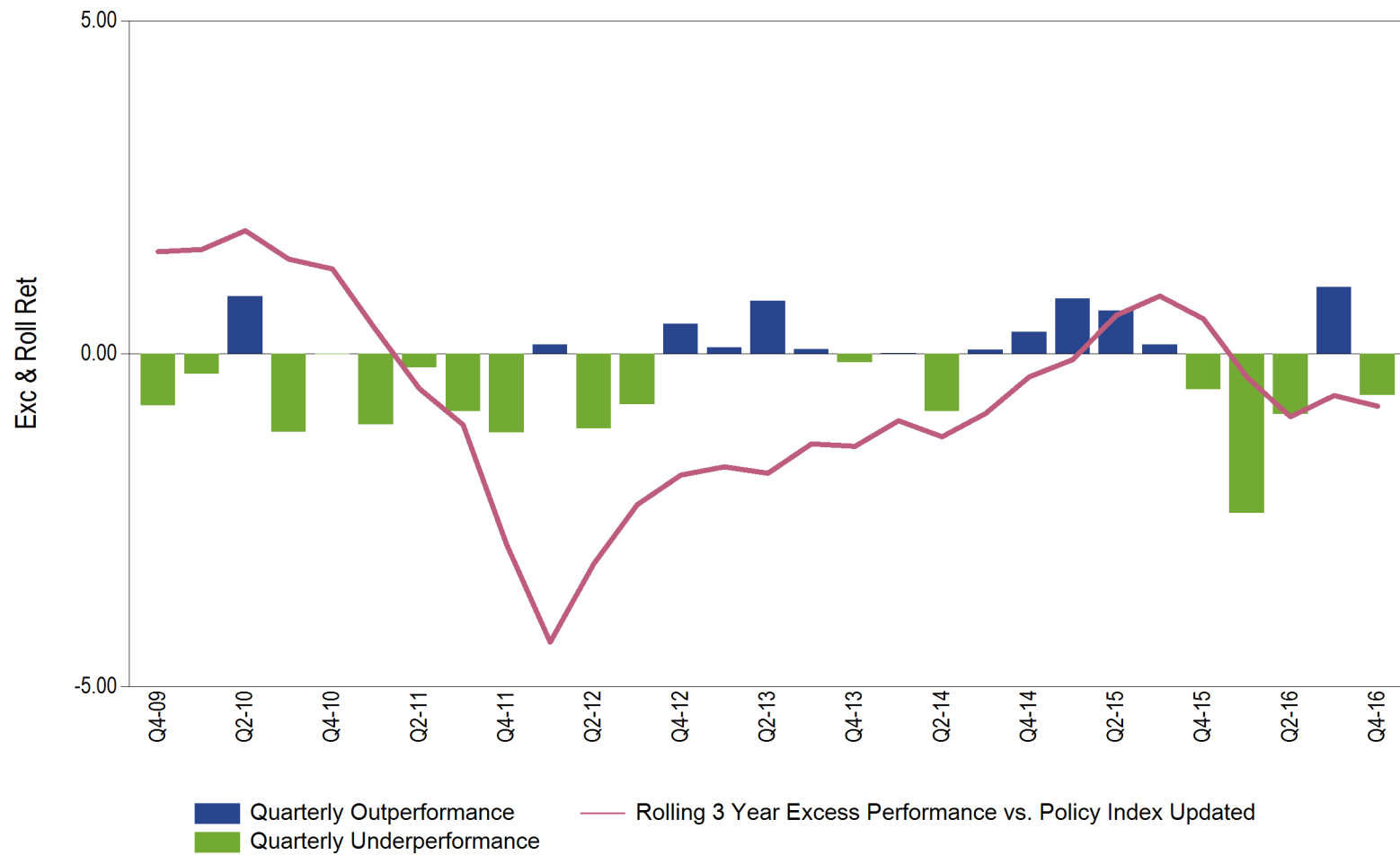
Return Summary



Performance Net of Fees

Performance greater than 1 year is annualized

Rolling Annualized Excess Performance



Spokane Employees' Retirement System

As of December 31, 2016

RISK RETURN STATISTICS

January 01, 2007 Through December 31, 2016

	SERS Plan Total	Policy Index Updated
RETURN SUMMARY STATISTICS		
Number of Periods	40	40
Maximum Return	12.42	16.64
Minimum Return	-14.46	-17.38
Annualized Return	4.92	5.11
Total Return	61.62	64.64
Annualized Excess Return Over Risk Free	4.27	4.46
Annualized Excess Return	-0.19	0.00
RISK SUMMARY STATISTICS		
Beta	0.86	1.00
Upside Deviation	6.40	7.89
Downside Deviation	8.95	10.38
RISK/RETURN SUMMARY STATISTICS		
Annualized Standard Deviation	11.54	13.26
Alpha	0.11	0.00
Sharpe Ratio	0.37	0.34
Excess Return Over Market / Risk	-0.02	0.00
Tracking Error	2.79	0.00
Information Ratio	-0.07	--
CORRELATION STATISTICS		
R-Squared	0.97	1.00
Correlation	0.98	1.00

Market Proxy: Policy Index Updated

Risk-Free Proxy: 91 Day T-Bills

Spokane Employees' Retirement System

As of December 31, 2016

Total Account Performance Summary

	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	Return (%)	Since
SERS Plan Total	1.00	6.71	6.71	3.65	8.14	4.92	6.71	-0.94	5.34	18.89	11.70	-2.80	4.92	Jan-07
Policy Index Updated	<u>1.62</u>	<u>9.87</u>	<u>9.87</u>	<u>4.44</u>	<u>8.74</u>	<u>5.11</u>	<u>9.87</u>	<u>-2.00</u>	<u>5.79</u>	<u>17.92</u>	<u>13.18</u>	<u>0.47</u>	<u>5.11</u>	Jan-07
Over/Under	-0.62	-3.16	-3.16	-0.79	-0.60	-0.19	-3.16	1.06	-0.45	0.97	-1.48	-3.27	-0.19	
70/30 ACWI/Barclays Aggregate Bond	-0.06	6.42	6.42	3.25	7.33	4.12	6.42	-1.30	4.77	14.87	12.66	-2.67	4.12	Jan-07
InvestorForce All DB \$250mm-\$1B Net Rank	26	74	74	75	38	48	74	47	63	8	61	97	48	Jan-07
Capital Preservation	1.17	8.12	8.12	2.60	--	--	8.12	-1.74	1.65	2.70	--	--	3.20	Jul-12
Capital Preservation Index	<u>-0.36</u>	<u>5.43</u>	<u>5.43</u>	<u>2.99</u>	<u>3.78</u>	<u>4.04</u>	<u>5.43</u>	<u>-0.58</u>	<u>4.23</u>	<u>3.33</u>	<u>6.66</u>	<u>3.22</u>	<u>3.56</u>	Jul-12
Over/Under	1.53	2.69	2.69	-0.39			2.69	-1.16	-2.58	-0.63			-0.36	
Domestic Equity	4.39	10.91	10.91	7.09	--	--	10.91	-0.32	11.10	36.38	--	--	13.65	Jul-12
Domestic Equity Index	<u>4.64</u>	<u>13.92</u>	<u>13.92</u>	<u>8.26</u>	<u>14.67</u>	<u>7.26</u>	<u>13.92</u>	<u>-0.06</u>	<u>11.44</u>	<u>33.91</u>	<u>16.67</u>	<u>0.55</u>	<u>14.19</u>	Jul-12
Over/Under	-0.25	-3.01	-3.01	-1.17			-3.01	-0.26	-0.34	2.47			-0.54	
All Cap Blend MStar MF Rank	58	70	70	54	--	--	70	33	38	35	--	--	57	Jul-12
International Equity Total	-2.36	3.91	3.91	-0.38	7.21	--	3.91	-1.32	-3.58	20.93	18.48	-13.72	3.24	Apr-07
International Equity Index	<u>-2.06</u>	<u>5.34</u>	<u>5.34</u>	<u>-1.37</u>	<u>5.02</u>	<u>1.49</u>	<u>5.34</u>	<u>-5.49</u>	<u>-3.63</u>	<u>13.48</u>	<u>17.36</u>	<u>-15.20</u>	<u>1.10</u>	Apr-07
Over/Under	-0.30	-1.43	-1.43	0.99	2.19		-1.43	4.17	0.05	7.45	1.12	1.48	2.14	
Foreign MStar MF Rank	48	22	22	25	35	--	22	66	34	54	53	54	9	Apr-07
Long Biased	0.92	-2.99	-2.99	1.51	--	--	-2.99	4.04	3.62	9.56	--	--	4.06	Jul-12
HFRI Fund of Funds Composite Index	<u>0.87</u>	<u>0.52</u>	<u>0.52</u>	<u>1.19</u>	<u>3.42</u>	<u>1.31</u>	<u>0.52</u>	<u>-0.27</u>	<u>3.36</u>	<u>8.96</u>	<u>4.79</u>	<u>-5.72</u>	<u>3.58</u>	Jul-12
Over/Under	0.05	-3.51	-3.51	0.32			-3.51	4.31	0.26	0.60			0.48	
S&P 500	3.82	11.96	11.96	8.87	14.66	6.95	11.96	1.38	13.69	32.39	16.00	2.11	14.09	Jul-12
Opportunistic Credit	3.25	14.52	14.52	6.25	--	--	14.52	2.35	2.32	--	--	--	7.09	Oct-13
HFRI ED: Distressed/Restructuring Index	<u>5.63</u>	<u>15.18</u>	<u>15.18</u>	<u>1.46</u>	<u>5.57</u>	<u>3.82</u>	<u>15.18</u>	<u>-8.06</u>	<u>-1.39</u>	<u>14.05</u>	<u>10.12</u>	<u>-1.79</u>	<u>2.68</u>	Oct-13
Over/Under	-2.38	-0.66	-0.66	4.79			-0.66	10.41	3.71				4.41	

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

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

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

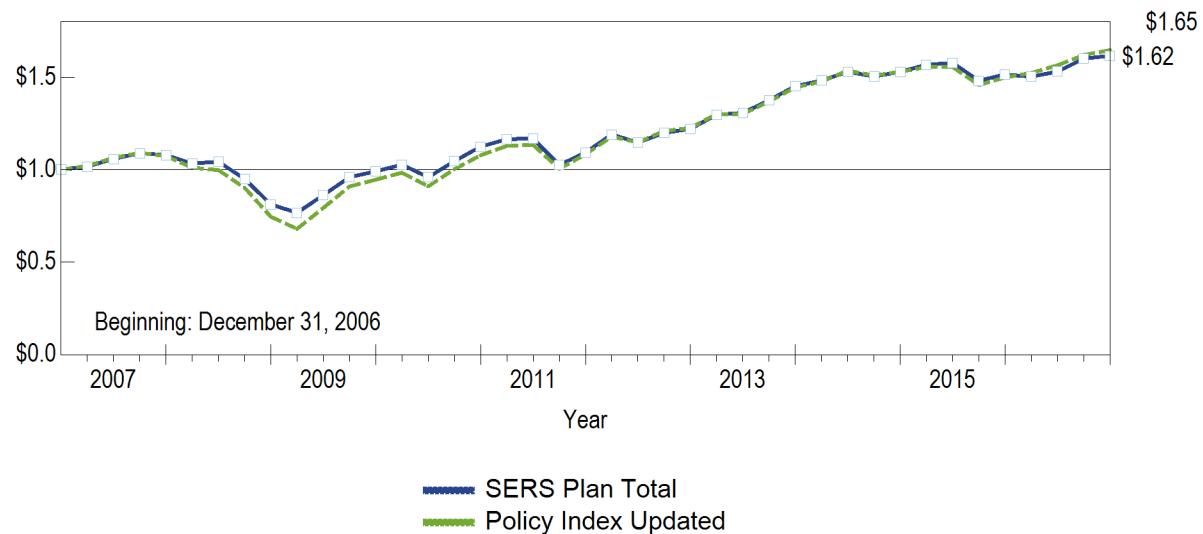
Spokane Employees' Retirement System

As of December 31, 2016

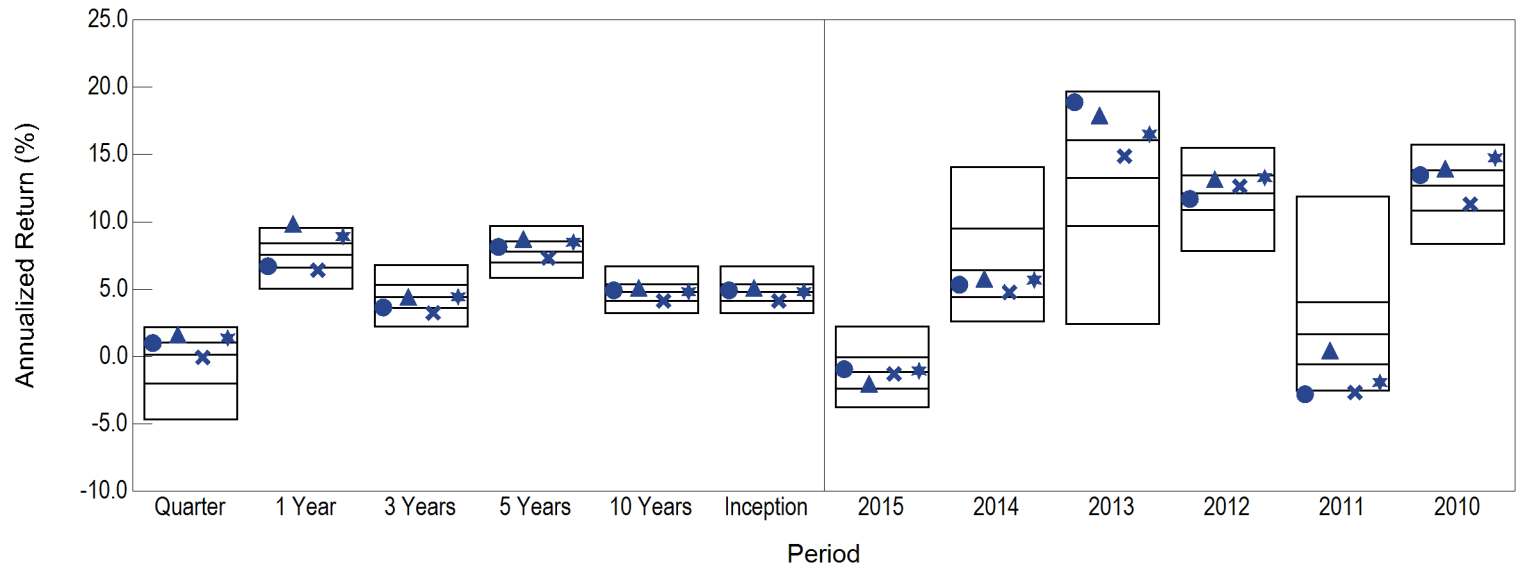
Total Account Performance Summary

	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	Return (%)	Since
Real Estate Total	-1.26	8.09	8.09	12.95	12.53	--	8.09	6.66	25.00	8.71	15.17	9.44	4.80	Apr-07
NCREIF-ODCE	2.11	8.76	8.76	12.06	12.21	5.81	8.76	15.02	12.48	13.94	10.94	15.99	5.55	Apr-07
Over/Under	-3.37	-0.67	-0.67	0.89	0.32		-0.67	-8.36	12.52	-5.23	4.23	-6.55	-0.75	
FTSE NAREIT All REIT	-2.92	9.28	9.28	12.43	12.00	4.70	9.28	2.29	27.15	3.21	20.14	7.28	4.60	Apr-07
US Real Estate Equity Rank	14	32	32	81	38	--	32	7	94	7	98	62	76	Apr-07
Special Opportunities	-8.78	-21.90	-21.90	0.13	--	--	-21.90	2.13	25.88	31.60	--	--	6.24	Jul-12
Russell 3000	4.21	12.73	12.73	8.44	14.67	7.07	12.73	0.48	12.56	33.55	16.42	1.02	14.14	Jul-12
Over/Under	-12.99	-34.63	-34.63	-8.31			-34.63	1.65	13.32	-1.95			-7.90	

GROWTH OF A DOLLAR



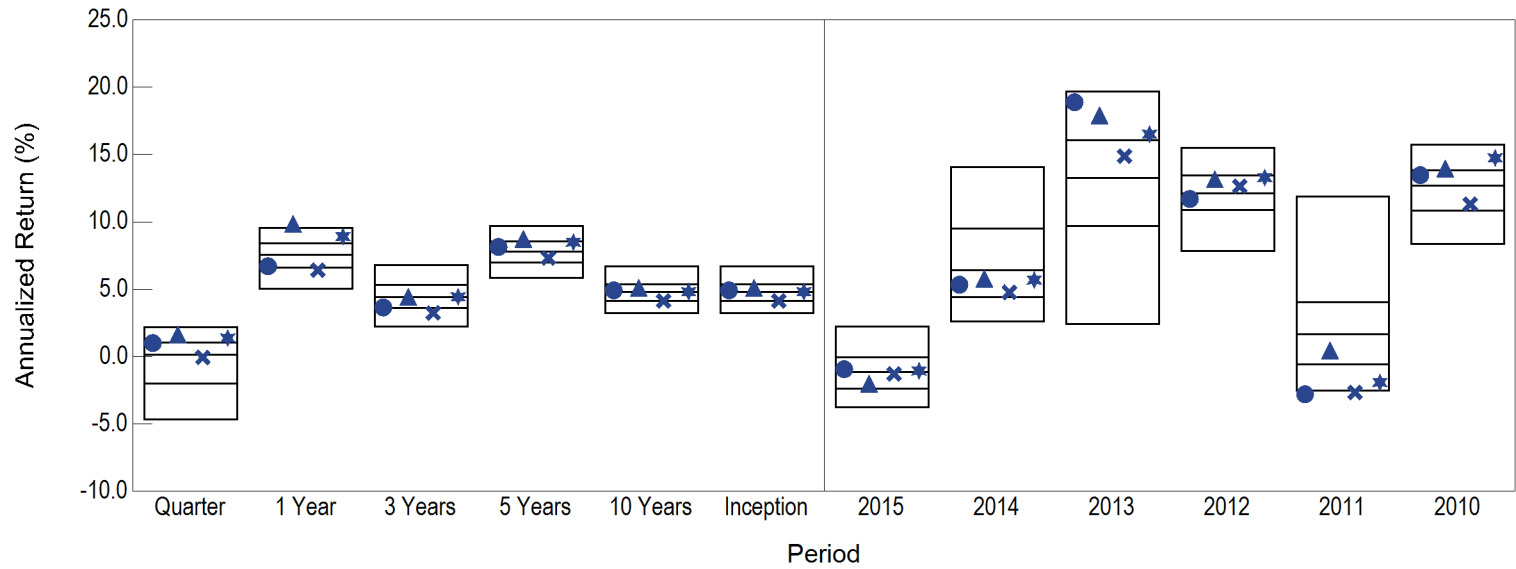
InvestorForce All DB \$250mm-\$1B Net Accounts
Ending December 31, 2016



Return (Rank)

	Quarter	1 Year	3 Years	5 Years	10 Years	Inception	2015	2014	2013	2012	2011	2010
5th Percentile	2.2	9.6	6.8	9.7	6.7	6.7	2.2	14.1	19.7	15.5	11.9	15.7
25th Percentile	1.1	8.5	5.4	8.6	5.4	5.4	0.0	9.6	16.1	13.5	4.1	13.9
Median	0.2	7.6	4.5	7.9	4.8	4.8	-1.1	6.4	13.3	12.2	1.7	12.7
75th Percentile	-1.9	6.6	3.6	7.0	4.2	4.2	-2.4	4.5	9.8	10.9	-0.5	10.9
95th Percentile	-4.6	5.1	2.3	5.9	3.3	3.3	-3.7	2.6	2.5	7.9	-2.5	8.4
# of Portfolios	250	248	240	225	173	173	231	212	190	178	157	148
● SERS Plan Total	1.0 (26)	6.7 (74)	3.6 (75)	8.1 (38)	4.9 (48)	4.9 (48)	-0.9 (47)	5.3 (63)	18.9 (8)	11.7 (61)	-2.8 (97)	13.5 (28)
▲ Policy Index Updated	1.6 (13)	9.9 (4)	4.4 (52)	8.7 (19)	5.1 (38)	5.1 (38)	-2.0 (69)	5.8 (61)	17.9 (14)	13.2 (32)	0.5 (65)	14.0 (25)
× 70/30 ACWI/Barclays Aggregate Bond	-0.1 (58)	6.4 (78)	3.2 (83)	7.3 (67)	4.1 (77)	4.1 (77)	-1.3 (56)	4.8 (73)	14.9 (37)	12.7 (43)	-2.7 (97)	11.3 (70)
* Policy Index RE Adjusted	1.4 (18)	8.9 (14)	4.4 (52)	8.5 (28)	4.8 (51)	4.8 (51)	-1.1 (50)	5.7 (61)	16.5 (23)	13.3 (29)	-1.9 (91)	14.7 (14)

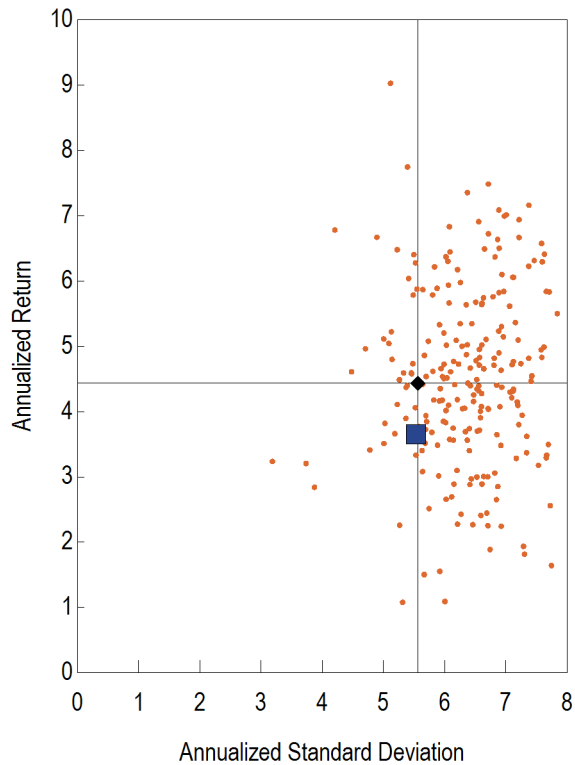
InvestorForce All DB \$250mm-\$1B Net Accounts
Ending December 31, 2016



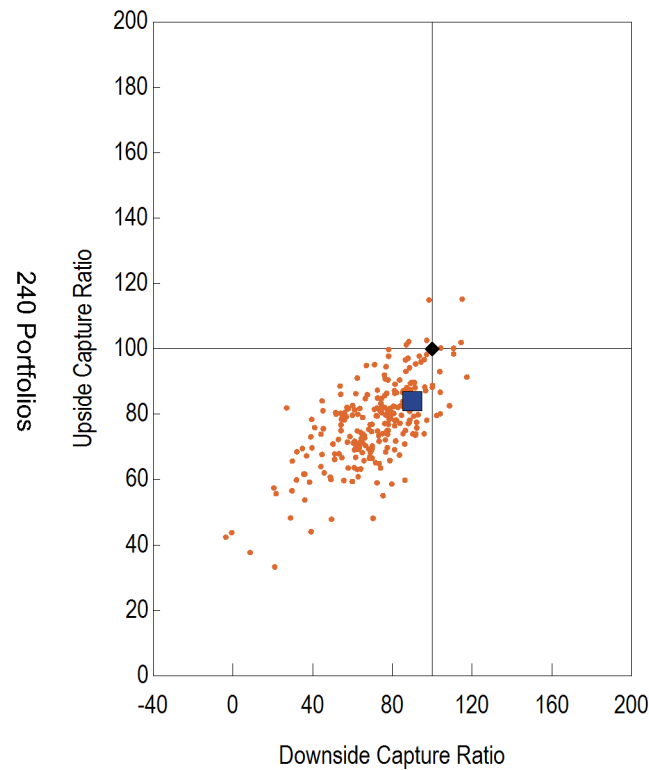
Return (Rank)

	Quarter	1 Year	3 Years	5 Years	10 Years	Inception	2015	2014	2013	2012	2011	2010
5th Percentile	2.2	9.6	6.8	9.7	6.7	6.7	2.2	14.1	19.7	15.5	11.9	15.7
25th Percentile	1.1	8.5	5.4	8.6	5.4	5.4	0.0	9.6	16.1	13.5	4.1	13.9
Median	0.2	7.6	4.5	7.9	4.8	4.8	-1.1	6.4	13.3	12.2	1.7	12.7
75th Percentile	-1.9	6.6	3.6	7.0	4.2	4.2	-2.4	4.5	9.8	10.9	-0.5	10.9
95th Percentile	-4.6	5.1	2.3	5.9	3.3	3.3	-3.7	2.6	2.5	7.9	-2.5	8.4
# of Portfolios	250	248	240	225	173	173	231	212	190	178	157	148
● SERS Plan Total	1.0 (26)	6.7 (74)	3.6 (75)	8.1 (38)	4.9 (48)	4.9 (48)	-0.9 (47)	5.3 (63)	18.9 (8)	11.7 (61)	-2.8 (97)	13.5 (28)
▲ Policy Index Updated	1.6 (13)	9.9 (4)	4.4 (52)	8.7 (19)	5.1 (38)	5.1 (38)	-2.0 (69)	5.8 (61)	17.9 (14)	13.2 (32)	0.5 (65)	14.0 (25)
× 70/30 ACWI/Barclays Aggregate Bon	-0.1 (58)	6.4 (78)	3.2 (83)	7.3 (67)	4.1 (77)	4.1 (77)	-1.3 (56)	4.8 (73)	14.9 (37)	12.7 (43)	-2.7 (97)	11.3 (70)
* Policy Index RE Adjusted	1.4 (18)	8.9 (14)	4.4 (52)	8.5 (28)	4.8 (51)	4.8 (51)	-1.1 (50)	5.7 (61)	16.5 (23)	13.3 (29)	-1.9 (91)	14.7 (14)

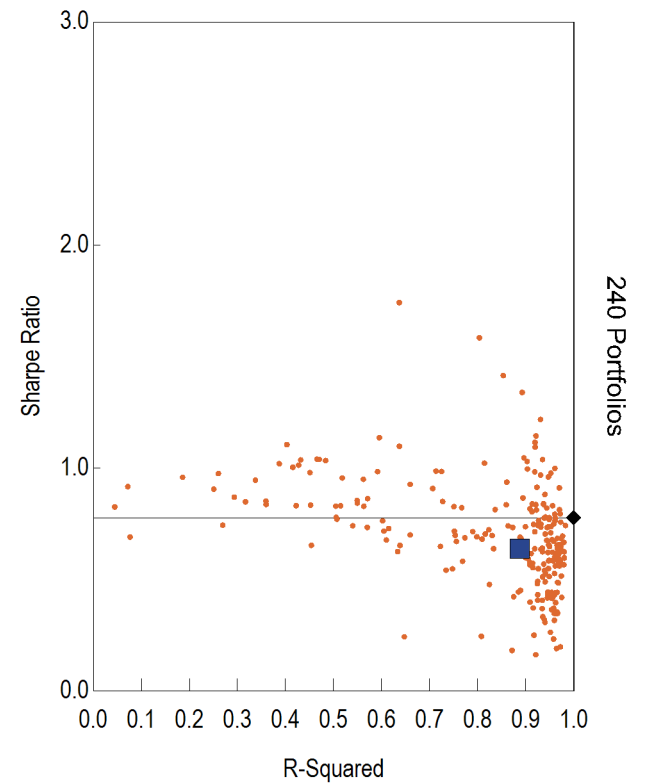
Annualized Return vs. Annualized Standard Deviation
3 Years Ending December 31, 2016



Upside Capture Ratio vs. Downside Capture Ratio
3 Years Ending December 31, 2016



Sharpe Ratio vs. R-Squared
3 Years Ending December 31, 2016

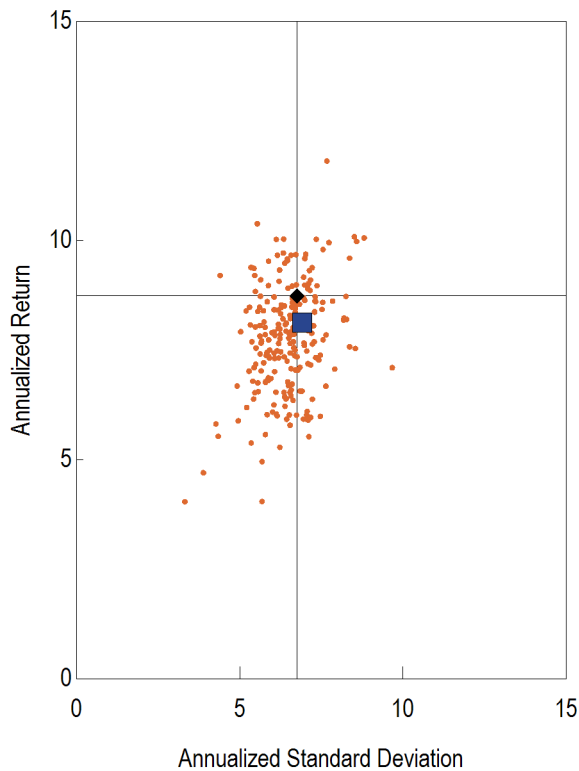


- SERS Plan Total
- ◆ Policy Index Updated
- InvestorForce All DB \$250mm-\$1B Net

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

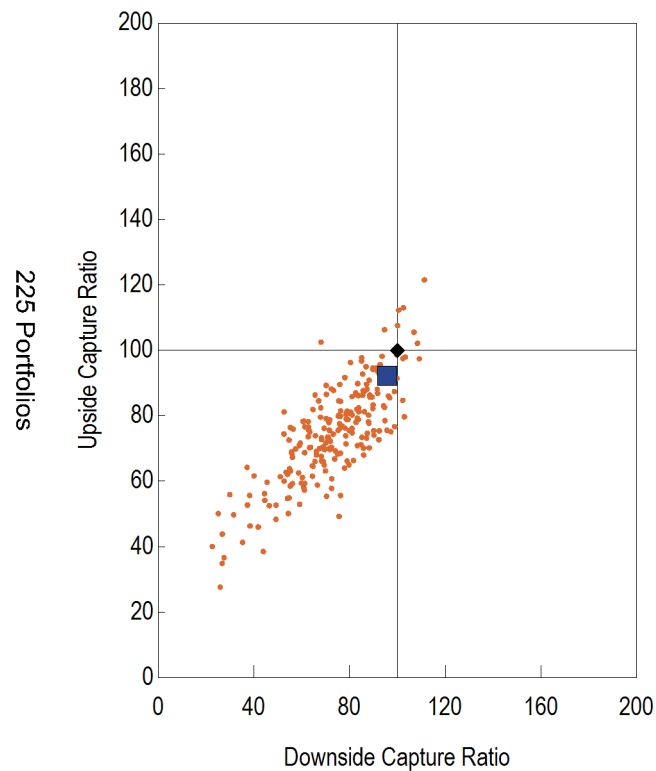
- SERS Plan Total
- ◆ Policy Index Updated
- InvestorForce All DB \$250mm-\$1B Net

Annualized Return vs. Annualized Standard Deviation
5 Years Ending December 31, 2016



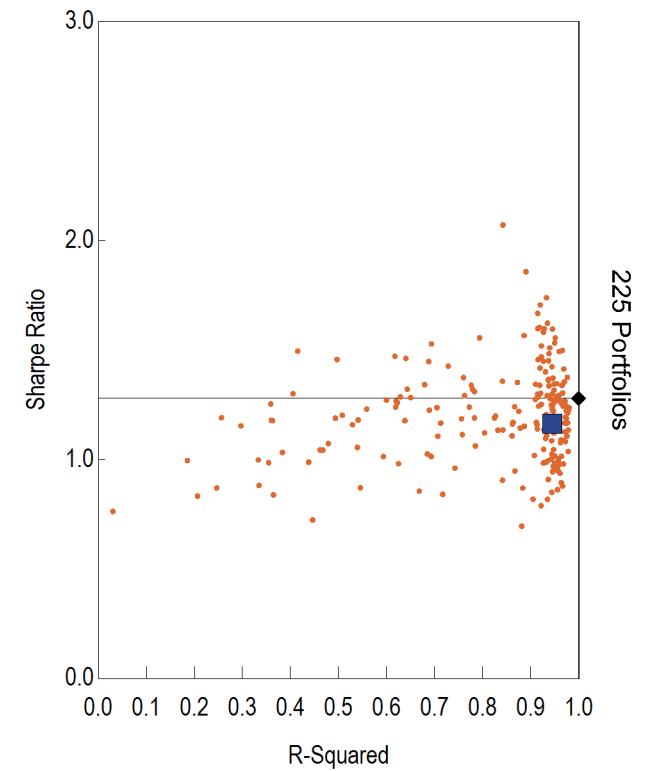
- SERS Plan Total
- ◆ Policy Index Updated
- InvestorForce All DB \$250mm-\$1B Net

Upside Capture Ratio vs. Downside Capture Ratio
5 Years Ending December 31, 2016



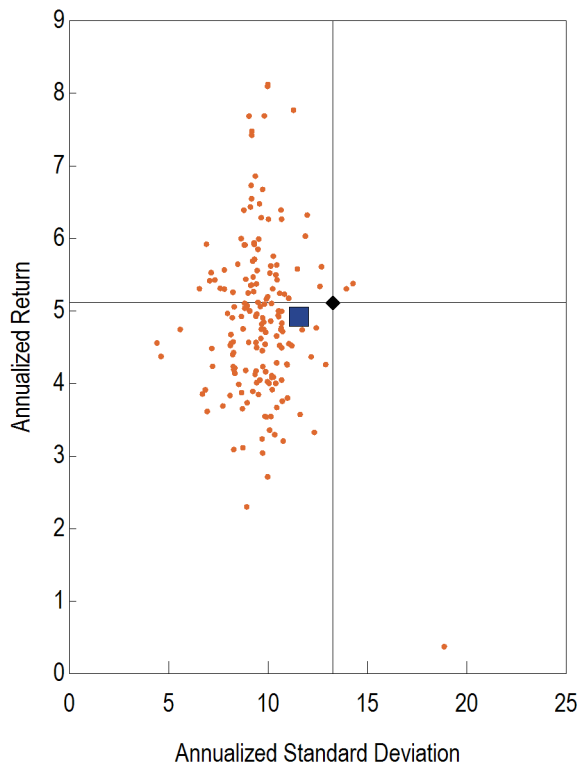
- SERS Plan Total
- ◆ Policy Index Updated
- InvestorForce All DB \$250mm-\$1B Net

Sharpe Ratio vs. R-Squared
5 Years Ending December 31, 2016



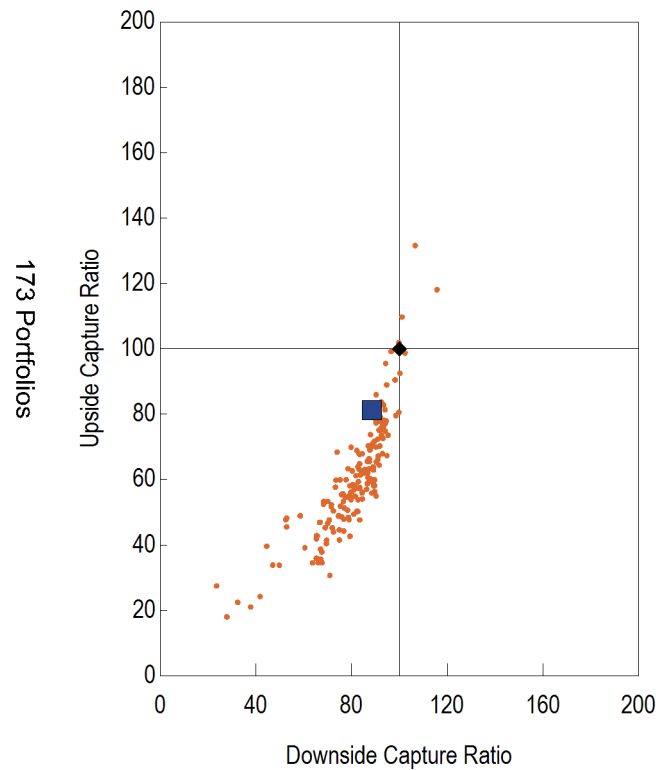
- SERS Plan Total
- ◆ Policy Index Updated
- InvestorForce All DB \$250mm-\$1B Net

Annualized Return vs. Annualized Standard Deviation
10 Years Ending December 31, 2016



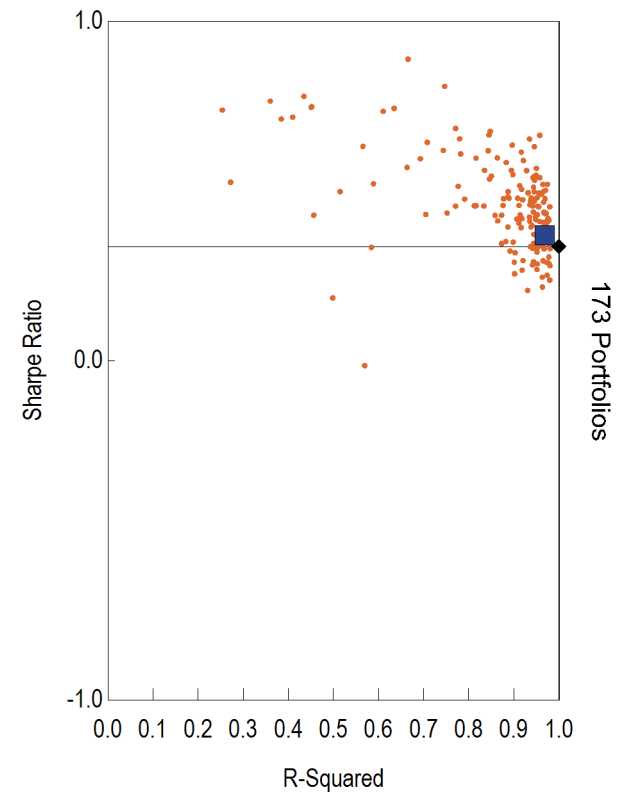
- SERS Plan Total
- ◆ Policy Index Updated
- InvestorForce All DB \$250mm-\$1B Net

Upside Capture Ratio vs. Downside Capture Ratio
10 Years Ending December 31, 2016



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

Sharpe Ratio vs. R-Squared
10 Years Ending December 31, 2016



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

Spokane Employees' Retirement System

As of December 31, 2016

Asset Class Performance

	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	Return (%)	Since
Capital Preservation	1.17	8.12	8.12	2.60	--	8.12	-1.74	1.65	2.70	--	--	3.20	Jul-12
Capital Preservation Index	-0.36	5.43	5.43	2.99	3.78	5.43	-0.58	4.23	3.33	6.66	3.22	3.56	Jul-12
Over/Under	1.53	2.69	2.69	-0.39		2.69	-1.16	-2.58	-0.63			-0.36	
Total Return Bond	-2.47	--	--	--	--	--	--	--	--	--	--	-2.47	Sep-16
BBgBarc US Aggregate TR	-2.98	2.65	2.65	3.03	2.23	2.65	0.55	5.97	-2.02	4.21	7.84	-2.98	Sep-16
Over/Under	0.51											0.51	
Intermediate-Term Bond MStar MF Rank	46	--	--	--	--	--	--	--	--	--	--	46	Sep-16
High Yield	2.24	16.67	16.67	2.97	5.96	16.67	-7.05	0.68	7.00	14.35	1.05	5.40	Jul-12
BBgBarc US High Yield TR	1.75	17.13	17.13	4.66	7.36	17.13	-4.47	2.45	7.44	15.81	4.98	6.54	Jul-12
Over/Under	0.49	-0.46	-0.46	-1.69	-1.40	-0.46	-2.58	-1.77	-0.44	-1.46	-3.93	-1.14	
High Yield Bond MStar MF Rank	26	13	13	73	81	13	92	70	51	69	85	67	Jul-12
Absolute Return	3.03	7.75	7.75	3.68	4.47	7.75	0.29	3.15	4.65	6.68	2.63	4.11	Jul-12
HFRI FOF: Conservative Index	1.64	1.90	1.90	1.79	3.43	1.90	0.37	3.14	7.70	4.22	-3.55	3.66	Jul-12
Over/Under	1.39	5.85	5.85	1.89	1.04	5.85	-0.08	0.01	-3.05	2.46	6.18	0.45	
BBgBarc US Aggregate TR	-2.98	2.65	2.65	3.03	2.23	2.65	0.55	5.97	-2.02	4.21	7.84	1.95	Jul-12
Domestic Equity	4.39	10.91	10.91	7.09	--	10.91	-0.32	11.10	36.38	--	--	13.65	Jul-12
Domestic Equity Index	4.64	13.92	13.92	8.26	14.67	13.92	-0.06	11.44	33.91	16.67	0.55	14.19	Jul-12
Over/Under	-0.25	-3.01	-3.01	-1.17		-3.01	-0.26	-0.34	2.47			-0.54	
All Cap Blend MStar MF Rank	58	70	70	54	--	70	33	38	35	--	--	57	Jul-12
Domestic Large Cap Equity	3.16	8.24	8.24	6.78	13.63	8.24	-0.32	12.85	34.81	15.42	-0.61	6.93	Apr-07
S&P 500	3.82	11.96	11.96	8.87	14.66	11.96	1.38	13.69	32.39	16.00	2.11	7.06	Apr-07
Over/Under	-0.66	-3.72	-3.72	-2.09	-1.03	-3.72	-1.70	-0.84	2.42	-0.58	-2.72	-0.13	
Large Blend MStar MF Rank	70	83	83	67	60	83	53	39	26	56	59	36	Apr-07
Domestic Small/Mid Equity	6.62	15.37	15.37	7.69	--	15.37	-0.39	8.69	38.60	--	--	14.50	Jul-12
Russell 2500	6.12	17.59	17.59	6.93	14.54	17.59	-2.90	7.07	36.80	17.88	-2.51	14.24	Jul-12
Over/Under	0.50	-2.22	-2.22	0.76		-2.22	2.51	1.62	1.80			0.26	
SMID Blend MStar MF Rank	71	75	75	36	--	75	10	24	34	--	--	42	Jul-12

Spokane Employees' Retirement System

As of December 31, 2016

Asset Class Performance

	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	Return (%)	Since
International Equity Total	-2.36	3.91	3.91	-0.38	7.21	3.91	-1.32	-3.58	20.93	18.48	-13.72	3.24	Apr-07
International Equity Index	-2.06	5.34	5.34	-1.37	5.02	5.34	-5.49	-3.63	13.48	17.36	-15.20	1.10	Apr-07
Over/Under	-0.30	-1.43	-1.43	0.99	2.19	-1.43	4.17	0.05	7.45	1.12	1.48	2.14	
Foreign MStar MF Rank	48	22	22	25	35	22	66	34	54	53	54	9	Apr-07
International Large Cap Equity	-2.13	4.02	4.02	0.47	--	4.02	-1.13	-1.38	24.43	--	--	8.60	Jul-12
MSCI ACWI ex USA	-1.25	4.50	4.50	-1.78	5.00	4.50	-5.66	-3.87	15.29	16.83	-13.71	4.93	Jul-12
Over/Under	-0.88	-0.48	-0.48	2.25		-0.48	4.53	2.49	9.14			3.67	
Foreign Large Blend MStar MF Rank	52	23	23	8	--	23	56	12	14	--	--	5	Jul-12
International Small/Mid Cap Equity	-4.05	-0.68	-0.68	-2.08	--	-0.68	7.56	-12.10	28.79	--	--	7.47	Jul-12
MSCI ACWI xUS Small (net)	-3.52	3.91	3.91	0.76	7.74	3.91	2.60	-4.03	19.73	18.52	-18.50	7.67	Jul-12
Over/Under	-0.53	-4.59	-4.59	-2.84		-4.59	4.96	-8.07	9.06			-0.20	
Emerging Markets Equity	-1.77	7.03	7.03	-1.47	--	7.03	-8.73	-2.07	6.06	--	--	2.65	Jul-12
MSCI Emerging Markets	-4.16	11.19	11.19	-2.55	1.28	11.19	-14.92	-2.19	-2.60	18.23	-18.42	0.55	Jul-12
Over/Under	2.39	-4.16	-4.16	1.08		-4.16	6.19	0.12	8.66			2.10	
Diversified Emerging Mkts MStar MF Rank	10	56	56	28	--	56	16	49	14	--	--	19	Jul-12
Long Biased	0.92	-2.99	-2.99	1.51	--	-2.99	4.04	3.62	9.56	--	--	4.06	Jul-12
HFRI Fund of Funds Composite Index	0.87	0.52	0.52	1.19	3.42	0.52	-0.27	3.36	8.96	4.79	-5.72	3.58	Jul-12
Over/Under	0.05	-3.51	-3.51	0.32		-3.51	4.31	0.26	0.60			0.48	
S&P 500	3.82	11.96	11.96	8.87	14.66	11.96	1.38	13.69	32.39	16.00	2.11	14.09	Jul-12
Opportunistic Credit	3.25	14.52	14.52	6.25	--	14.52	2.35	2.32	--	--	--	7.09	Oct-13
HFRI ED: Distressed/Restructuring Index	5.63	15.18	15.18	1.46	5.57	15.18	-8.06	-1.39	14.05	10.12	-1.79	2.68	Oct-13
Over/Under	-2.38	-0.66	-0.66	4.79		-0.66	10.41	3.71				4.41	
Real Estate Total	-1.26	8.09	8.09	12.95	12.53	8.09	6.66	25.00	8.71	15.17	9.44	4.80	Apr-07
NCREIF-ODCE	2.11	8.76	8.76	12.06	12.21	8.76	15.02	12.48	13.94	10.94	15.99	5.55	Apr-07
Over/Under	-3.37	-0.67	-0.67	0.89	0.32	-0.67	-8.36	12.52	-5.23	4.23	-6.55	-0.75	
FTSE NAREIT All REIT	-2.92	9.28	9.28	12.43	12.00	9.28	2.29	27.15	3.21	20.14	7.28	4.60	Apr-07
US Real Estate Equity Rank	14	32	32	81	38	32	7	94	7	98	62	76	Apr-07
Special Opportunities	-8.78	-21.90	-21.90	0.13	--	-21.90	2.13	25.88	31.60	--	--	6.24	Jul-12
Russell 3000	4.21	12.73	12.73	8.44	14.67	12.73	0.48	12.56	33.55	16.42	1.02	14.14	Jul-12
Over/Under	-12.99	-34.63	-34.63	-8.31		-34.63	1.65	13.32	-1.95			-7.90	

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Manager Performance

	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	Return (%)	Since
Capital Preservation															
Sterling Core Bond	-2.57	3.75	3.75	3.40	3.05	5.01	3.75	0.54	5.99	-0.97	6.14	6.73	7.98	-2.54	Aug-16
BBgBarc US Aggregate TR	-2.98	2.65	2.65	3.03	2.23	4.34	2.65	0.55	5.97	-2.02	4.21	7.84	6.54	-3.14	Aug-16
Excess Return	0.41	1.10	1.10	0.37	0.82	0.67	1.10	-0.01	0.02	1.05	1.93	-1.11	1.44	0.60	
Intermediate-Term Bond MStar MF Rank	52	40	40	25	39	25	40	29	35	35	66	51	47	56	Aug-16
Hotchkis & Wiley High Yield	2.23	16.02	16.02	3.93	7.56	--	16.02	-4.30	1.09	8.71	17.96	2.28	19.10	3.51	Jun-15
BBgBarc US High Yield TR	1.75	17.13	17.13	4.66	7.36	7.45	17.13	-4.47	2.45	7.44	15.81	4.98	15.12	4.68	Jun-15
Excess Return	0.48	-1.11	-1.11	-0.73	0.20		-1.11	0.17	-1.36	1.27	2.15	-2.70	3.98	-1.17	
High Yield Bond MStar MF Rank	26	20	20	41	15	--	20	61	65	20	11	72	3	44	Jun-15
Absolute Return															
Post Lmted Term High Yield	0.77	5.66	5.66	3.14	5.27	6.17	5.66	0.84	2.96	7.49	9.61	6.16	12.36	6.07	Jun-10
HFRI FOF: Conservative Index	1.63	1.88	1.88	1.79	3.43	1.27	1.88	0.37	3.14	7.70	4.22	-3.55	5.07	2.81	Jun-10
Excess Return	-0.86	3.78	3.78	1.35	1.84	4.90	3.78	0.47	-0.18	-0.21	5.39	9.71	7.29	3.26	
BBgBarc US Aggregate TR	-2.98	2.65	2.65	3.03	2.23	4.34	2.65	0.55	5.97	-2.02	4.21	7.84	6.54	3.08	Jun-10
Rimrock Low Volatility Offshore	1.83	4.90	4.90	1.73	4.80	9.35	4.90	-1.90	2.31	7.82	11.33	2.29	14.97	5.31	Jun-10
HFRI FOF: Conservative Index	1.63	1.88	1.88	1.79	3.43	1.27	1.88	0.37	3.14	7.70	4.22	-3.55	5.07	2.81	Jun-10
Excess Return	0.20	3.02	3.02	-0.06	1.37	8.08	3.02	-2.27	-0.83	0.12	7.11	5.84	9.90	2.50	
BBgBarc US Aggregate TR	-2.98	2.65	2.65	3.03	2.23	4.34	2.65	0.55	5.97	-2.02	4.21	7.84	6.54	3.08	Jun-10
Castine Partners II	9.91	15.57	15.57	9.80	7.58	6.93	15.57	6.57	7.48	6.16	2.53	2.14	-3.31	6.48	Jun-11
HFRI FOF: Conservative Index	1.63	1.88	1.88	1.79	3.43	1.27	1.88	0.37	3.14	7.70	4.22	-3.55	5.07	2.38	Jun-11
Excess Return	8.28	13.69	13.69	8.01	4.15	5.66	13.69	6.20	4.34	-1.54	-1.69	5.69	-8.38	4.10	
BBgBarc US Aggregate TR	-2.98	2.65	2.65	3.03	2.23	4.34	2.65	0.55	5.97	-2.02	4.21	7.84	6.54	2.93	Jun-11
Polar Altairis Offshore	-0.28	6.60	6.60	3.91	4.35	5.50	6.60	1.73	3.46	5.60	4.42	2.02	1.04	4.66	Sep-11
HFRI FOF: Conservative Index	1.63	1.88	1.88	1.79	3.43	1.27	1.88	0.37	3.14	7.70	4.22	-3.55	5.07	3.28	Sep-11
Excess Return	-1.91	4.72	4.72	2.12	0.92	4.23	4.72	1.36	0.32	-2.10	0.20	5.57	-4.03	1.38	
BBgBarc US Aggregate TR	-2.98	2.65	2.65	3.03	2.23	4.34	2.65	0.55	5.97	-2.02	4.21	7.84	6.54	2.34	Sep-11

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Manager Performance

	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	Return (%)	Since
Domestic Equity															
Large Cap Equity															
Hotchkis & Wiley Diversified Value I	10.24	19.94	19.94	7.59	15.29	4.25	19.94	-7.90	12.74	36.54	19.78	-5.67	19.50	11.45	Sep-08
Russell 1000 Value	<u>6.68</u>	<u>17.34</u>	<u>17.34</u>	<u>8.59</u>	<u>14.80</u>	<u>5.72</u>	<u>17.34</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>9.74</u>	Sep-08
Excess Return	3.56	2.60	2.60	-1.00	0.49	-1.47	2.60	-4.07	-0.71	4.01	2.27	-6.06	3.99	1.71	
S&P 500	3.82	11.96	11.96	8.87	14.66	6.95	11.96	1.38	13.69	32.39	16.00	2.11	15.06	10.61	Sep-08
Large Value MStar MF Rank	6	9	9	41	11	90	9	90	20	14	8	87	7	6	Sep-08
Vanguard Institutional Index	3.82	11.93	11.93	8.85	14.63	6.95	11.93	1.37	13.65	32.35	15.98	2.09	15.04	9.17	Jun-08
S&P 500	<u>3.82</u>	<u>11.96</u>	<u>11.96</u>	<u>8.87</u>	<u>14.66</u>	<u>6.95</u>	<u>11.96</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>9.16</u>	Jun-08
Excess Return	0.00	-0.03	-0.03	-0.02	-0.03	0.00	-0.03	-0.01	-0.04	-0.04	-0.02	-0.02	-0.02	0.01	
Large Blend MStar MF Rank	46	28	28	8	23	31	28	24	21	45	41	23	31	25	Jun-08
MFS Blended Research Core	2.87	8.57	8.57	7.35	14.31	7.53	8.57	1.34	12.44	36.37	15.68	2.21	16.92	14.31	Dec-11
S&P 500	<u>3.82</u>	<u>11.96</u>	<u>11.96</u>	<u>8.87</u>	<u>14.66</u>	<u>6.95</u>	<u>11.96</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>14.66</u>	Dec-11
Excess Return	-0.95	-3.39	-3.39	-1.52	-0.35	0.58	-3.39	-0.04	-1.25	3.98	-0.32	0.10	1.86	-0.35	
Large Blend MStar MF Rank	78	81	81	58	43	11	81	25	44	16	51	22	13	43	Dec-11
Jackson Square Large Cap Growth Eq	-4.09	-5.03	-5.03	4.05	12.09	7.19	-5.03	5.19	12.76	34.81	16.51	8.04	14.14	10.64	Sep-12
Russell 1000 Growth	<u>1.01</u>	<u>7.08</u>	<u>7.08</u>	<u>8.55</u>	<u>14.50</u>	<u>8.33</u>	<u>7.08</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>13.30</u>	Sep-12
Excess Return	-5.10	-12.11	-12.11	-4.50	-2.41	-1.14	-12.11	-0.48	-0.29	1.33	1.25	5.40	-2.57	-2.66	
S&P 500	3.82	11.96	11.96	8.87	14.66	6.95	11.96	1.38	13.69	32.39	16.00	2.11	15.06	13.72	Sep-12
Large Growth MStar MF Rank	91	96	96	84	78	57	96	44	29	43	38	1	67	79	Sep-12

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Manager Performance

	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	Return (%)	Since
Small/Mid Cap Equity															
Sterling Mid Cap Value	7.06	16.97	16.97	6.77	14.90	7.92	16.97	-1.71	5.85	46.25	12.50	-3.37	20.40	11.92	Sep-08
Russell MidCap Value	5.52	20.00	20.00	9.45	15.70	7.59	20.00	-4.78	14.75	33.46	18.51	-1.38	24.75	11.71	Sep-08
Excess Return	1.54	-3.03	-3.03	-2.68	-0.80	0.33	-3.03	3.07	-8.90	12.79	-6.01	-1.99	-4.35	0.21	
Russell MidCap	3.21	13.80	13.80	7.92	14.72	7.86	13.80	-2.44	13.22	34.76	17.28	-1.55	25.48	11.79	Sep-08
Mid-Cap Value MStar MF Rank	51	69	69	73	43	28	69	19	87	2	85	49	74	36	Sep-08
Vanguard Mid Cap Index	2.13	11.23	11.23	7.68	14.38	7.69	11.23	-1.33	13.78	35.17	16.01	-1.95	25.66	13.91	Sep-09
Russell MidCap	3.21	13.80	13.80	7.92	14.72	7.86	13.80	-2.44	13.22	34.76	17.28	-1.55	25.48	14.08	Sep-09
Excess Return	-1.08	-2.57	-2.57	-0.24	-0.34	-0.17	-2.57	1.11	0.56	0.41	-1.27	-0.40	0.18	-0.17	
Mid-Cap Blend MStar MF Rank	92	74	74	37	52	47	74	18	7	47	62	35	35	26	Sep-09
Vanguard Mid Cap Growth	0.71	0.44	0.44	3.72	11.44	7.52	0.44	0.21	10.86	34.15	14.84	1.17	23.83	3.99	Jun-14
Russell MidCap Growth	0.46	7.33	7.33	6.23	13.51	7.83	7.33	-0.20	11.90	35.74	15.81	-1.65	26.38	5.93	Jun-14
Excess Return	0.25	-6.89	-6.89	-2.51	-2.07	-0.31	-6.89	0.41	-1.04	-1.59	-0.97	2.82	-2.55	-1.94	
Mid-Cap Growth MStar MF Rank	46	93	93	60	61	47	93	41	21	61	47	22	61	69	Jun-14
Frontier Phocas Small Cap Value I	12.49	23.31	23.31	8.13	15.11	7.91	23.31	-4.35	7.19	45.63	9.75	-5.99	29.94	14.87	Dec-11
Russell 2000 Value	14.07	31.74	31.74	8.31	15.07	6.26	31.74	-7.47	4.22	34.52	18.05	-5.50	24.50	15.16	Dec-11
Excess Return	-1.58	-8.43	-8.43	-0.18	0.04	1.65	-8.43	3.12	2.97	11.11	-8.30	-0.49	5.44	-0.29	
Russell 2000	8.83	21.31	21.31	6.74	14.46	7.07	21.31	-4.41	4.89	38.82	16.35	-4.18	26.86	14.35	Dec-11
Small Value MStar MF Rank	51	71	71	37	42	29	71	36	23	3	95	75	24	46	Dec-11
Vanguard Small Cap Index	6.13	18.32	18.32	7.03	14.85	8.21	18.32	-3.63	7.53	37.80	18.26	-2.65	27.95	14.03	Sep-09
Russell 2000	8.83	21.31	21.31	6.74	14.46	7.07	21.31	-4.41	4.89	38.82	16.35	-4.18	26.86	13.35	Sep-09
Excess Return	-2.70	-2.99	-2.99	0.29	0.39	1.14	-2.99	0.78	2.64	-1.02	1.91	1.53	1.09	0.68	
Small Blend MStar MF Rank	92	68	68	45	41	20	68	42	15	56	22	49	30	34	Sep-09

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	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	Return (%)	Since
Champlain Small Cap	9.47	27.93	27.93	9.90	15.03	10.62	27.93	-0.65	4.43	36.61	11.06	4.01	24.59	11.61	Sep-08
Russell 2000	8.83	21.31	21.31	6.74	14.46	7.07	21.31	-4.41	4.89	38.82	16.35	-4.18	26.86	10.29	Sep-08
Excess Return	0.64	6.62	6.62	3.16	0.57	3.55	6.62	3.76	-0.46	-2.21	-5.29	8.19	-2.27	1.32	
Russell 2000 Growth	3.57	11.32	11.32	5.05	13.74	7.76	11.32	-1.38	5.60	43.30	14.59	-2.91	29.09	10.78	Sep-08
Small Blend MStar MF Rank	54	8	8	4	39	1	8	11	60	68	88	5	62	30	Sep-08
Bridge City Small Growth	8.29	24.90	24.90	12.62	17.42	--	24.90	6.81	7.06	40.81	10.99	3.16	31.97	17.42	Dec-11
Russell 2000 Growth	3.57	11.32	11.32	5.05	13.74	7.76	11.32	-1.38	5.60	43.30	14.59	-2.91	29.09	13.74	Dec-11
Excess Return	4.72	13.58	13.58	7.57	3.68		13.58	8.19	1.46	-2.49	-3.60	6.07	2.88	3.68	
Russell 2000	8.83	21.31	21.31	6.74	14.46	7.07	21.31	-4.41	4.89	38.82	16.35	-4.18	26.86	14.46	Dec-11
Small Growth MStar MF Rank	12	5	5	1	2	--	5	4	15	61	79	10	22	2	Dec-11

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Manager Performance

	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	Return (%)	Since
International Equity															
Artisan International Value	-0.22	5.74	5.74	1.24	10.68	5.55	5.74	-1.49	-0.39	30.72	22.48	-6.98	19.15	9.24	Sep-08
MSCI ACWI ex USA Value	<u>3.29</u>	<u>8.92</u>	<u>8.92</u>	<u>-2.40</u>	<u>4.58</u>	<u>0.34</u>	<u>8.92</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>3.36</u>	Sep-08
Excess Return	-3.51	-3.18	-3.18	3.64	6.10	5.21	-3.18	8.57	4.71	15.68	5.51	6.22	11.31	5.88	
MSCI ACWI ex USA	-1.25	4.50	4.50	-1.78	5.00	0.96	4.50	-5.66	-3.87	15.29	16.83	-13.71	11.15	3.66	Sep-08
Foreign Large Value MStar MF Rank	57	29	29	6	2	1	29	45	2	1	8	7	1	1	Sep-08
EuroPacific Growth R6	-4.15	1.01	1.01	-0.60	7.22	2.89	1.01	-0.48	-2.29	20.58	19.64	-13.31	9.76	2.59	Jun-08
MSCI ACWI ex USA	<u>-1.25</u>	<u>4.50</u>	<u>4.50</u>	<u>-1.78</u>	<u>5.00</u>	<u>0.96</u>	<u>4.50</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>0.58</u>	Jun-08
Excess Return	-2.90	-3.49	-3.49	1.18	2.22	1.93	-3.49	5.18	1.58	5.29	2.81	0.40	-1.39	2.01	
Foreign Large Blend MStar MF Rank	83	53	53	23	25	12	53	42	18	50	28	43	63	15	Jun-08
Victory Trivalent International Small Cap	-4.05	-0.70	-0.70	2.35	12.13	--	-0.70	8.20	-0.20	32.98	24.32	-11.55	25.49	0.51	Aug-15
MSCI ACWI xUS Small (net)	<u>-3.52</u>	<u>3.91</u>	<u>3.91</u>	<u>0.76</u>	<u>7.74</u>	<u>2.90</u>	<u>3.91</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>4.67</u>	Aug-15
Excess Return	-0.53	-4.61	-4.61	1.59	4.39		-4.61	5.60	3.83	13.25	5.80	6.95	0.28	-4.16	
MSCI ACWI ex USA	-1.25	4.50	4.50	-1.78	5.00	0.96	4.50	-5.66	-3.87	15.29	16.83	-13.71	11.15	2.15	Aug-15
Foreign Small/Mid Growth MStar MF Rank	3	36	36	20	11	--	36	60	26	24	22	25	32	37	Aug-15
Berens Global Value Ltd	-1.82	7.23	7.23	-1.25	2.52	3.41	7.23	-8.84	-1.50	6.16	10.77	-14.07	20.68	0.03	Dec-07
MSCI ACWI ex USA	<u>-1.25</u>	<u>4.50</u>	<u>4.50</u>	<u>-1.78</u>	<u>5.00</u>	<u>0.96</u>	<u>4.50</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>-0.65</u>	Dec-07
Excess Return	-0.57	2.73	2.73	0.53	-2.48	2.45	2.73	-3.18	2.37	-9.13	-6.06	-0.36	9.53	0.68	
MSCI Emerging Markets	-4.16	11.19	11.19	-2.55	1.28	1.84	11.19	-14.92	-2.19	-2.60	18.23	-18.42	18.88	-1.65	Dec-07

Spokane Employees' Retirement System

As of December 31, 2016

Manager Performance

	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	Return (%)	Since
Long Biased															
Weatherlow Offshore	0.85	0.99	0.99	2.45	5.78	4.70	0.99	1.49	4.91	13.56	8.47	-5.89	9.69	3.39	Mar-08
HFRI Fund of Funds Composite Index	0.88	0.53	0.53	1.20	3.42	1.31	0.53	-0.27	3.36	8.96	4.79	-5.72	5.70	0.88	Mar-08
Excess Return	-0.03	0.46	0.46	1.25	2.36	3.39	0.46	1.76	1.55	4.60	3.68	-0.17	3.99	2.51	
S&P 500	3.82	11.96	11.96	8.87	14.66	6.95	11.96	1.38	13.69	32.39	16.00	2.11	15.06	8.54	Mar-08
Opportunistic Credit															
Beach Point Select Fund	3.25	14.52	14.52	6.33	10.38	--	14.52	2.58	2.35	15.93	17.58	--	--	7.21	Oct-13
HFRI ED: Distressed/Restructuring Index	5.77	15.33	15.33	1.50	5.60	3.83	15.33	-8.06	-1.39	14.05	10.12	-1.79	12.12	2.72	Oct-13
Excess Return	-2.52	-0.81	-0.81	4.83	4.78		-0.81	10.64	3.74	1.88	7.46			4.49	
HFRX Distressed Securities Index	5.43	19.72	19.72	2.23	2.59	-2.58	19.72	-11.14	0.42	5.37	0.94	-8.04	8.34	2.26	Oct-13
Real Estate															
SERS Principal Global Investors REIT	-3.60	6.40	6.40	13.60	12.25	5.60	6.40	4.19	32.23	3.91	16.99	9.03	25.31	5.60	Dec-06
FTSE NAREIT All REIT	-2.92	9.28	9.28	12.43	12.00	4.70	9.28	2.29	27.15	3.21	20.14	7.28	27.58	4.70	Dec-06
Excess Return	-0.68	-2.88	-2.88	1.17	0.25	0.90	-2.88	1.90	5.08	0.70	-3.15	1.75	-2.27	0.90	
US Real Estate Equity Rank	85	70	70	57	52	57	70	54	37	26	87	72	81	57	Dec-06
Special Opportunities															
OrbiMed Partners II	-8.79	-21.91	-21.91	0.13	9.05	8.30	-21.91	2.14	25.88	32.19	16.19	8.28	9.78	8.92	Dec-10
S&P Composite 1500 Health Care	-3.79	-2.05	-2.05	9.50	17.18	9.97	-2.05	7.41	24.79	42.19	18.35	11.88	5.20	16.28	Dec-10
Excess Return	-5.00	-19.86	-19.86	-9.37	-8.13	-1.67	-19.86	-5.27	1.09	-10.00	-2.16	-3.60	4.58	-7.36	
Russell 3000	4.21	12.73	12.73	8.44	14.67	7.07	12.73	0.48	12.56	33.55	16.42	1.02	16.93	12.27	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

	Q3-16	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs
Metropolitan Real Estate Partners V							
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%

	2015	2014	2013	2012	2011	2010	Inception 11/30/07
Metropolitan Real Estate Partners V							
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 December 31, 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	\$4,979,026	\$2,397,177	\$7,376,203	\$161,786	96.89%	16.97

Time and Dollar Weighted Returns

	Q4-16	YTD	1 Yr	2 Yrs	3 Yrs
Morrison Street Fund IV Q, LP					
Time Weighted	3.52%	21.19%	21.19%	19.60%	19.32%
Dollar Weighted	3.52%	23.73%	23.73%	19.99%	19.44%
NCREIF Property Index	1.73%	7.97%	7.97%	10.61%	11.01%

	2016	2015	2014	2013	Inception 7/1/12
Morrison Street Fund IV Q, LP					
Time Weighted	21.19%	18.03%	18.77%	19.04%	20.03%
Dollar Weighted	23.73%	17.41%	18.88%	18.85%	16.97%
NCREIF Property Index	7.97%	13.33%	11.81%	10.99%	10.91%

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.

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Non-Marketable Securities Overview

As of December 31, 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	\$1,493,038	\$5,429,971	\$6,923,009	\$119,507	98.03%	10.59

Time and Dollar Weighted Returns

	Q4-16	YTD	1 Yr	2 Yrs	3 Yrs
Morrison Street Fund V, LP					
Time Weighted	2.34%	11.10%	11.10%	11.49%	
Dollar Weighted	2.34%	11.31%	11.31%	12.27%	
NCREIF Property Index	1.73%	7.97%	7.97%	10.61%	11.01%
					Inception 6/30/14
Morrison Street Fund V, LP	2016	2015	2014	2013	
Time Weighted	11.10%	11.89%			9.18%
Dollar Weighted	11.31%	13.31%			10.59%
NCREIF Property Index	7.97%	13.33%	11.81%	10.99%	10.86%

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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
Special Situations	Orbimed Royalty Opportunities	2011	\$5,000,000	\$5,000,000	\$2,614,700	\$3,680,105	\$6,294,805	\$0	100.00%	9.91

Time and Dollar Weighted Returns

	Q3-16	YTD	1 Yr	2 Yrs	3 Yrs
Orbimed Royalty Opportunities					
Time Weighted	1.47%	6.53%	9.03%	9.50%	9.03%
Dollar Weighted	1.41%	6.60%	9.07%	9.57%	9.36%
HFRI Fund of Funds Composite Index	2.29%	-0.35%	0.38%	0.16%	2.12%
S&P 500	3.85%	7.84%	15.43%	7.11%	11.16%

	2015	2014	2013	2012	Inception 9/1/11
Orbimed Royalty Opportunities					
Time Weighted	9.95%	9.99%	6.17%	12.99%	11.12%
Dollar Weighted	9.99%	10.00%	6.90%	14.12%	9.91%
HFRI Fund of Funds Composite Index	-0.27%	3.36%	8.96%	4.79%	2.52%
S&P 500	1.38%	13.69%	32.39%	16.00%	14.43%

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
Absolute Return	Orbimed Royalty Opportunities II	2015	\$5,000,000	\$1,542,500	\$160,014	\$1,426,037	\$1,586,051	\$3,457,500	30.85%	6.09

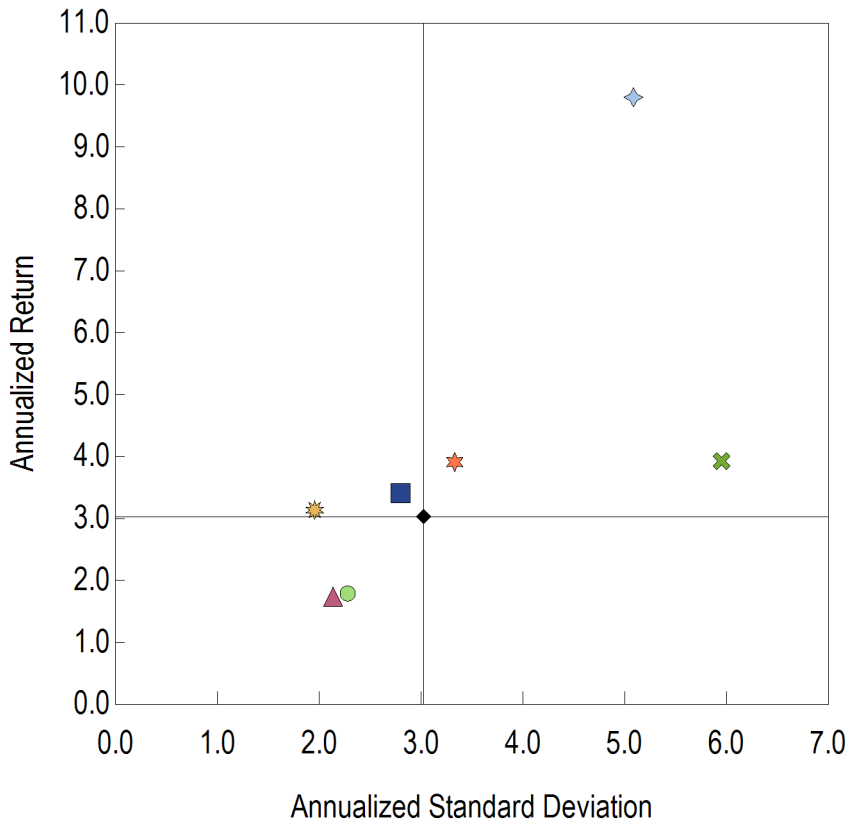
Time and Dollar Weighted Returns

	Q3-16	YTD	1 Yr	2 Yrs	3 Yrs
Orbimed Royalty Opportunities II					
Time Weighted	-0.87%	0.58%	19.77%		
Dollar Weighted	-1.24%	-0.08%	9.08%		
HFRI Fund of Funds Composite Index	2.29%	-0.35%	0.38%	0.16%	2.12%
S&P 500	3.85%	7.84%	15.43%	7.11%	11.16%
Orbimed Royalty Opportunities II	2015	2014	2013	2012	Inception 4/1/15
Time Weighted					11.15%
Dollar Weighted					6.09%
HFRI Fund of Funds Composite Index	-0.27%	3.36%	8.96%	4.79%	-2.03%
S&P 500	1.38%	13.69%	32.39%	16.00%	5.46%

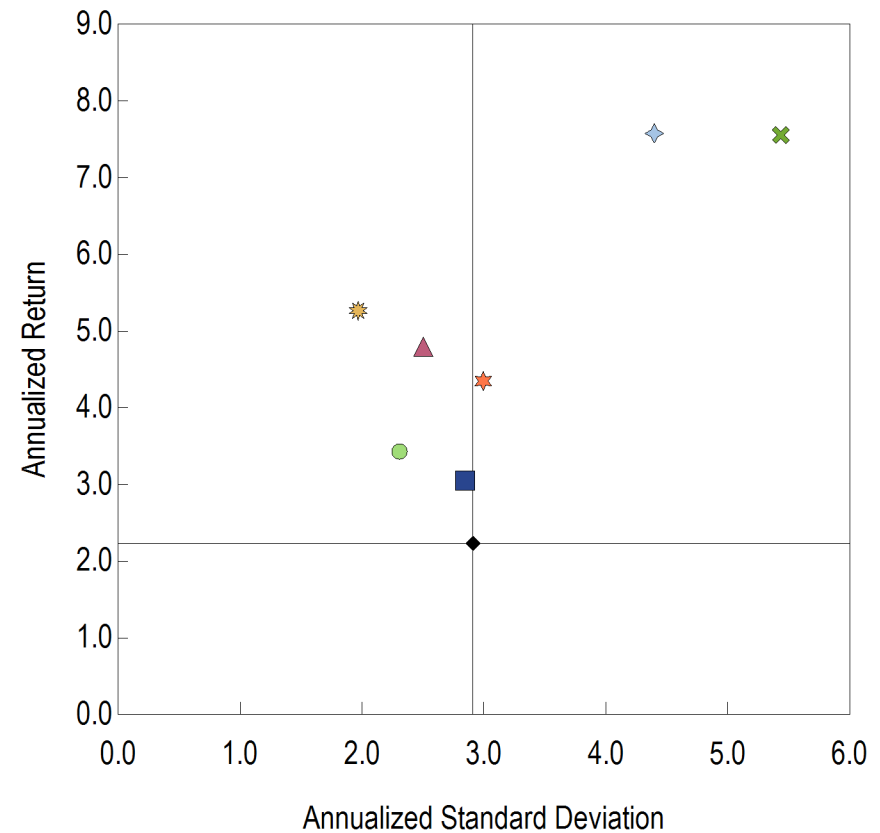
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Annualized Return vs. Annualized Standard Deviation
3 Years Ending December 31, 2016



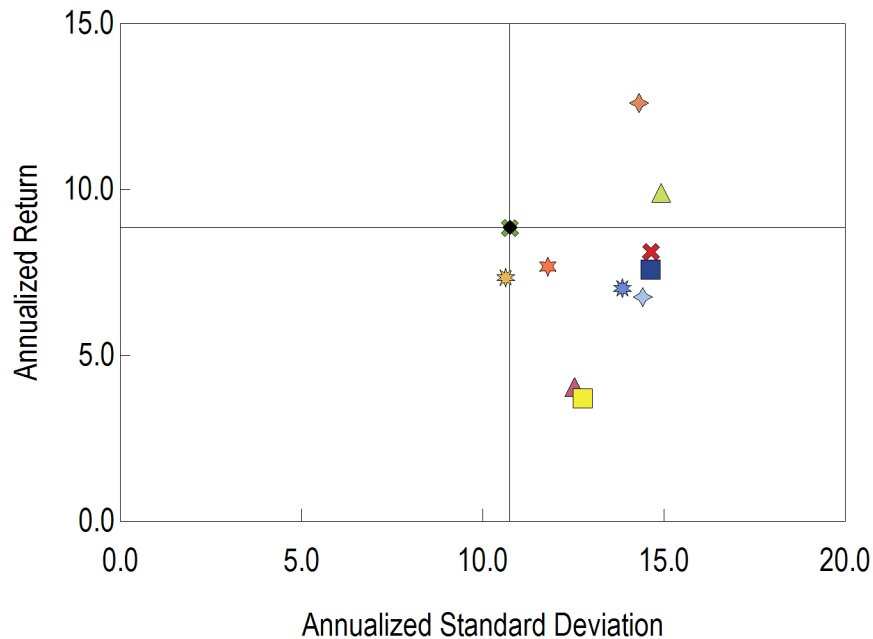
Annualized Return vs. Annualized Standard Deviation
5 Years Ending December 31, 2016



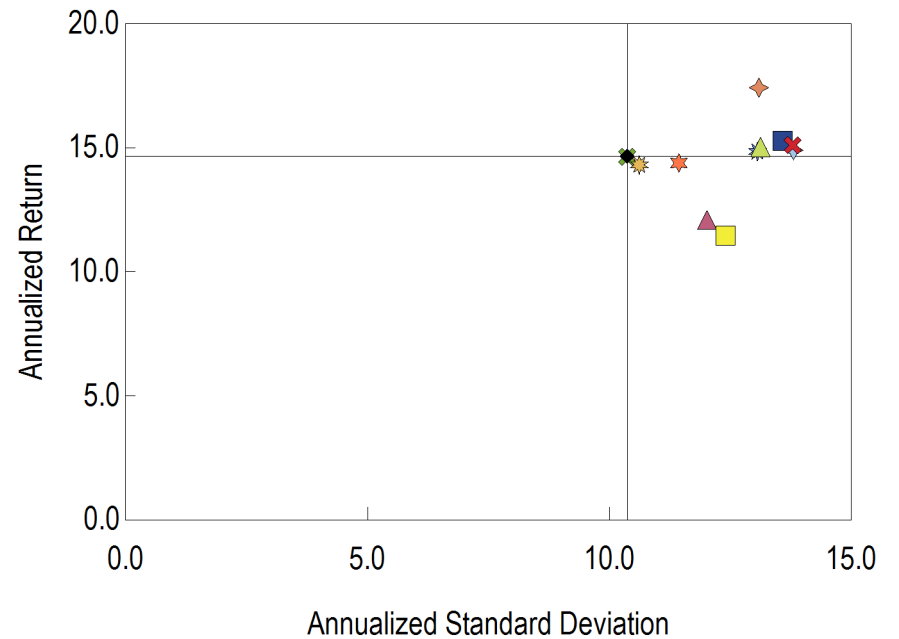
- Sterling Core Bond
- ✕ Hotchkis & Wiley High Yield
- ⚡ Post Lmtd Term High Yield
- ▲ Rimrock Low Volatility Offshore
- ◆ Castine Partners II
- ★ Polar Altairis Offshore
- ◆ BBgBarc US Aggregate TR
- HFRI FOF: Conservative Index

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- ⚡ Post Lmtd Term High Yield
- ▲ Rimrock Low Volatility Offshore
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- ★ Polar Altairis Offshore
- ◆ BBgBarc US Aggregate TR
- HFRI FOF: Conservative Index

Annualized Return vs. Annualized Standard Deviation
3 Years Ending December 31, 2016



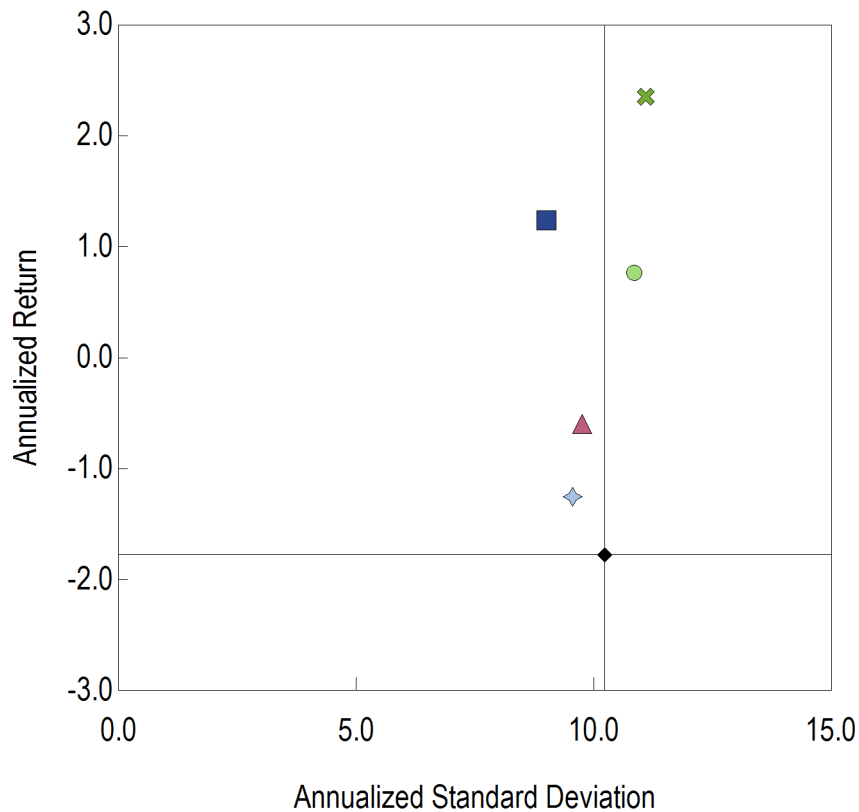
Annualized Return vs. Annualized Standard Deviation
5 Years Ending December 31, 2016



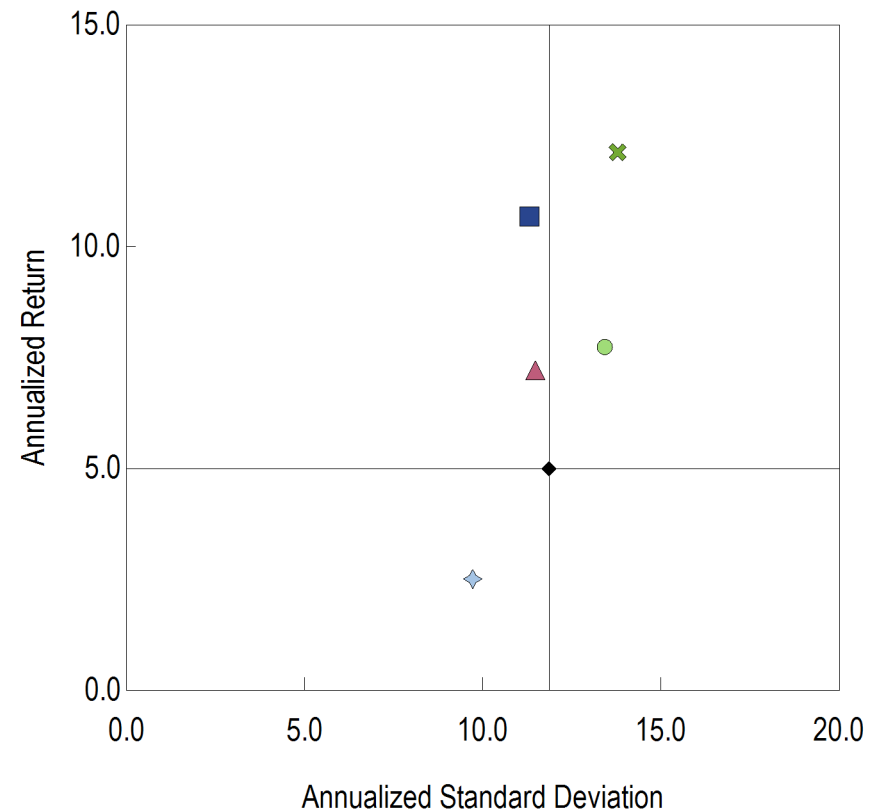
- Hotchkis & Wiley Diversified Value I
- ✕ Vanguard Institutional Index
- ✱ MFS Blended Research Core
- ▲ Jackson Square Large Cap Growth Eq
- ◆ Sterling Mid Cap Value
- ★ Vanguard Mid Cap Index
- Vanguard Mid Cap Growth
- ✕ Frontier Phocas Small Cap Value I
- ✱ Vanguard Small Cap Index
- ▲ Champlain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

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

Annualized Return vs. Annualized Standard Deviation
3 Years Ending December 31, 2016



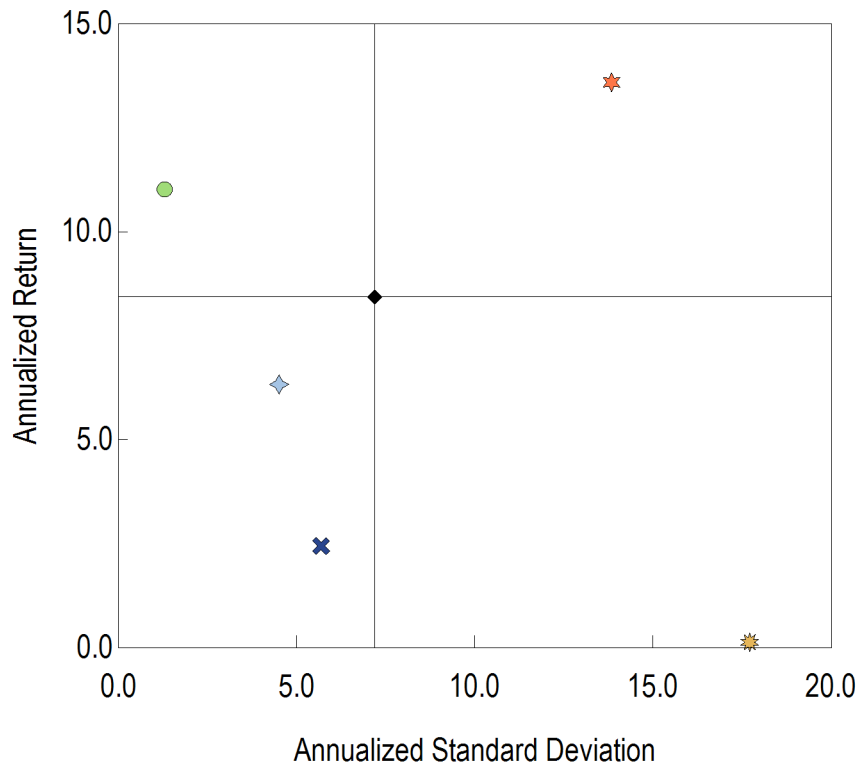
Annualized Return vs. Annualized Standard Deviation
5 Years Ending December 31, 2016



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

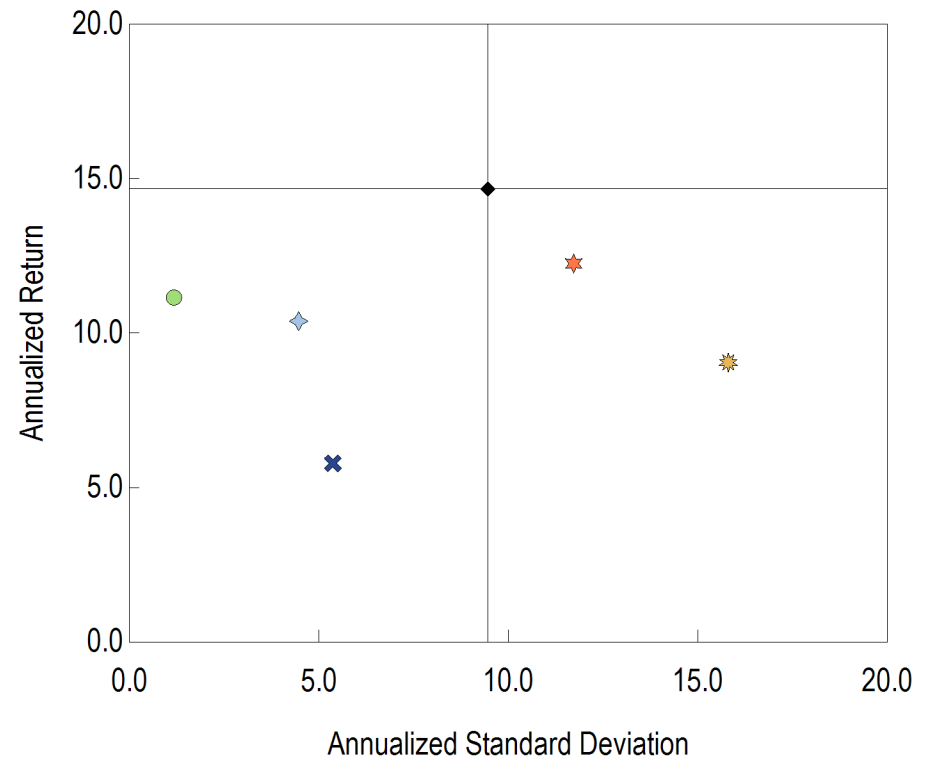
- Artisan International Value
- ✕ Victory Trivalent International Small Cap
- ▲ EuroPacific Growth R6
- ◆ Berens Global Value Ltd
- ◆ MSCI ACWI ex USA
- MSCI ACWI xUS Small (net)

Annualized Return vs. Annualized Standard Deviation
3 Years Ending December 31, 2016



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

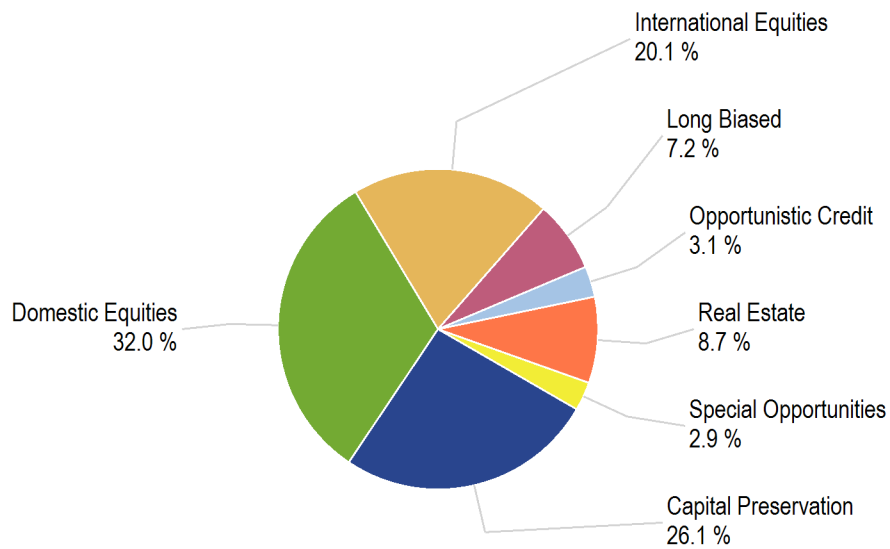
Annualized Return vs. Annualized Standard Deviation
5 Years Ending December 31, 2016



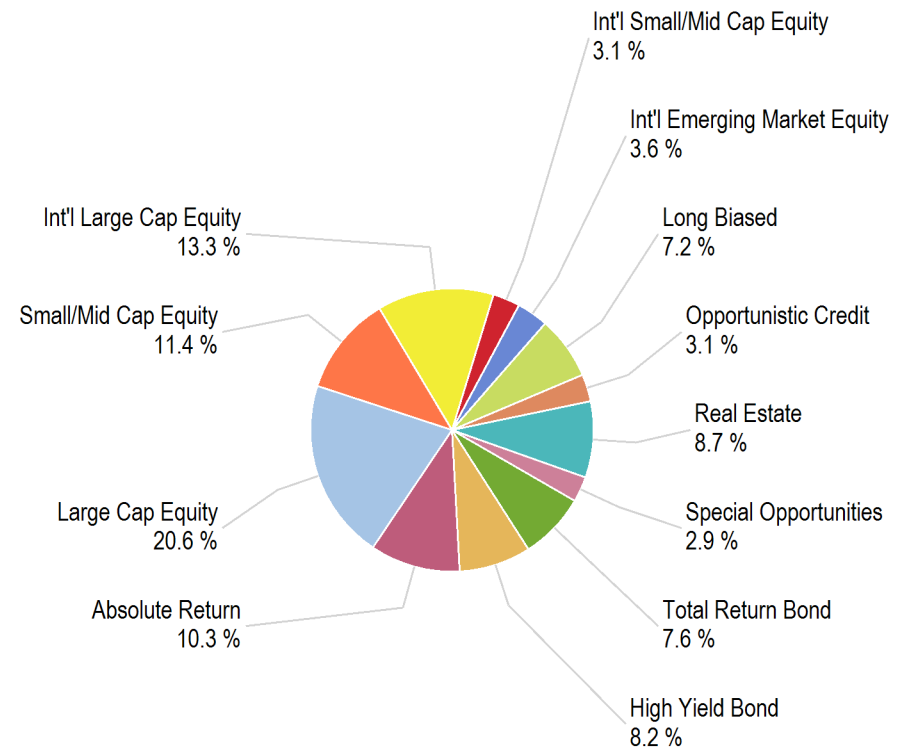
- ✕ Weatherlow Offshore
- ✱ OrbiMed Partners II
- ◇ Beach Point Select Fund
- ★ SERS Principal Global Investors REIT
- ◆ Russell 3000
- NCREIF - ODCE NET

Section 3

Current Allocation



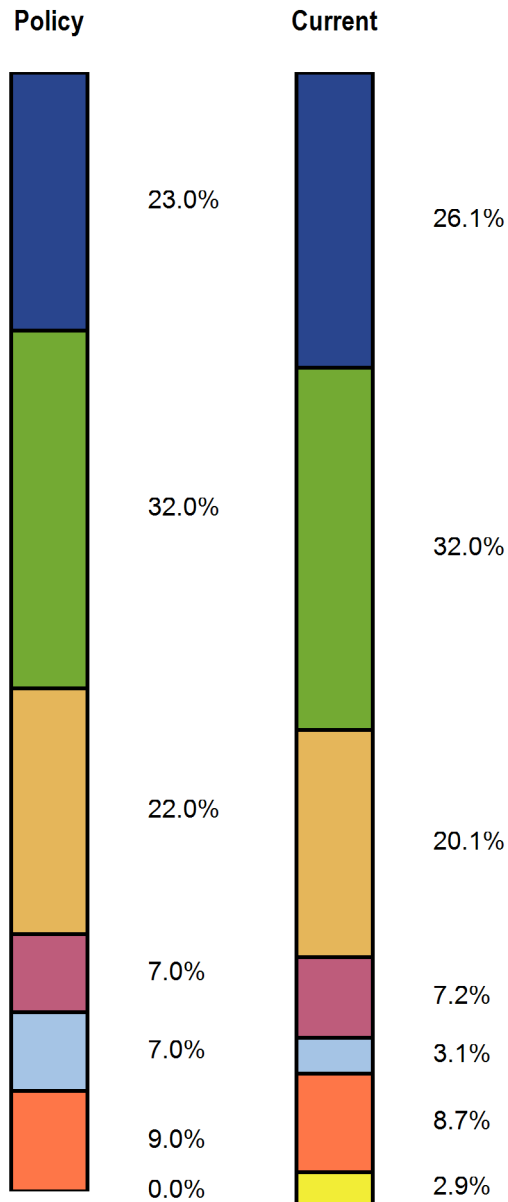
Current Implementation Allocation



Spokane Employees' Retirement System

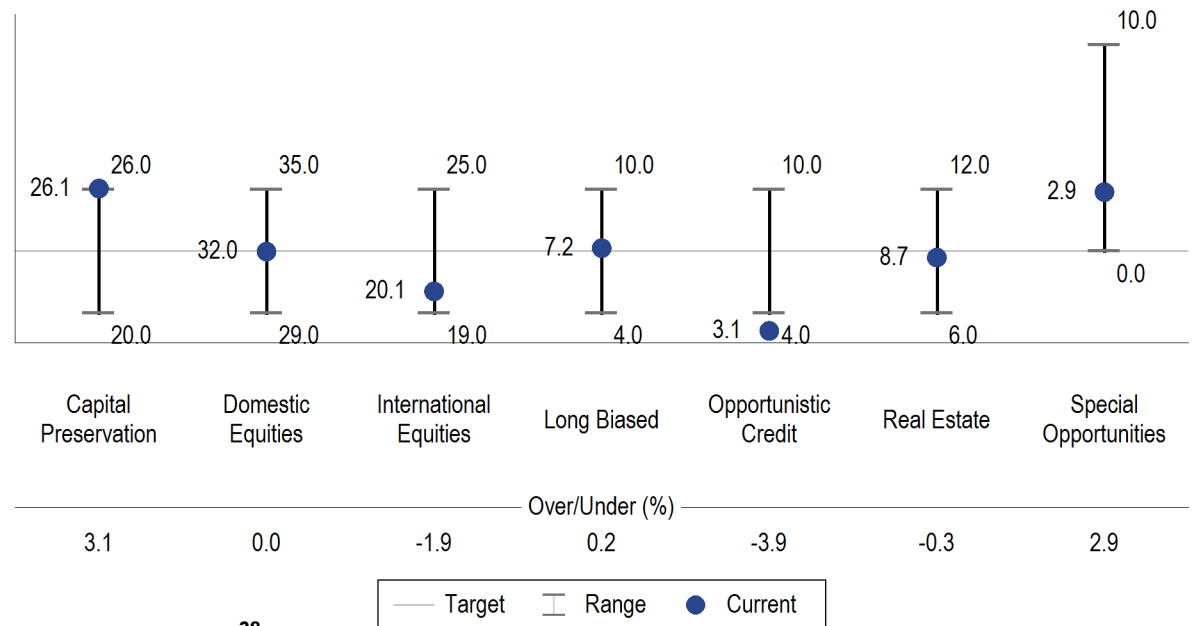
As of December 31, 2016

Asset Allocation vs. Target



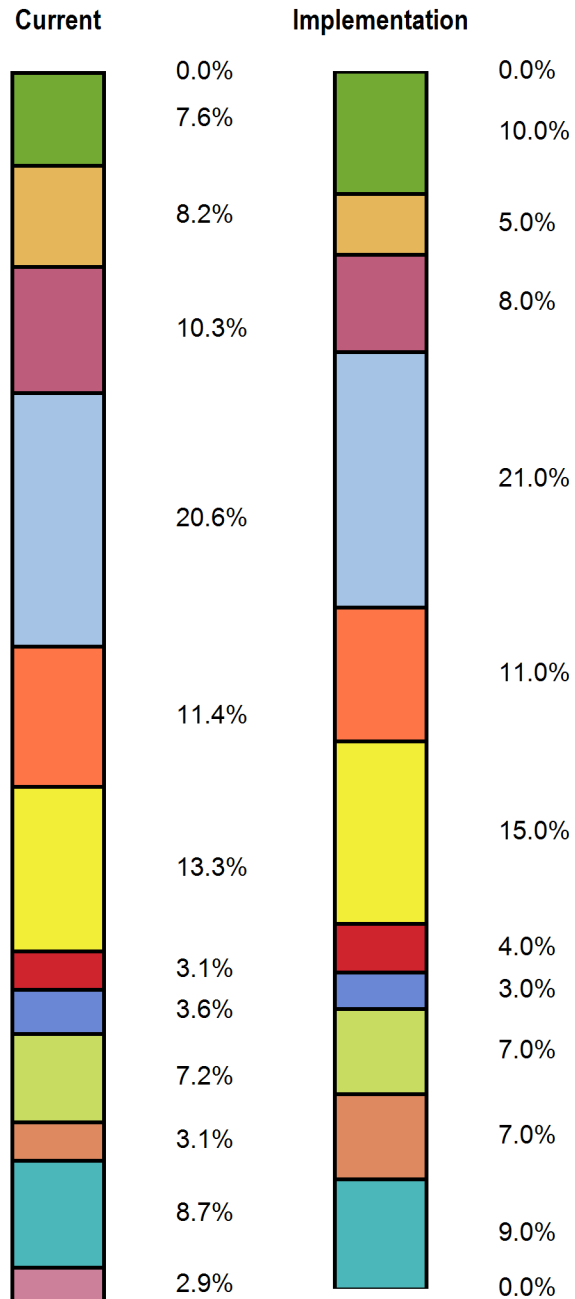
	Inv Pol Stmt	%	Inv Pol Stmt Range	Current	%	Difference	%
Capital Preservation	\$63,960,667	23.0%	20.0% - 26.0%	\$72,457,728	26.1%	\$8,497,061	3.1%
Domestic Equities	\$88,988,754	32.0%	29.0% - 35.0%	\$88,963,827	32.0%	-\$24,928	0.0%
International Equities	\$61,179,769	22.0%	19.0% - 25.0%	\$55,788,391	20.1%	-\$5,391,378	-1.9%
Long Biased	\$19,466,290	7.0%	4.0% - 10.0%	\$19,910,192	7.2%	\$443,902	0.2%
Opportunistic Credit	\$19,466,290	7.0%	4.0% - 10.0%	\$8,745,895	3.1%	-\$10,720,395	-3.9%
Real Estate	\$25,028,087	9.0%	6.0% - 12.0%	\$24,211,034	8.7%	-\$817,053	-0.3%
Special Opportunities	\$0	0.0%	0.0% - 10.0%	\$8,012,791	2.9%	\$8,012,791	2.9%
Total	\$278,089,857	100.0%		\$278,089,857	100.0%		

Actual vs. Target



Spokane Employees' Retirement System

As of December 31, 2016



Asset Allocation on December 31, 2016

	Actual (\$)	Actual %	Target %
Cash	\$108,715	0.0%	0.0%
Total Return Bond	\$21,040,836	7.6%	10.0%
High Yield Bond	\$22,783,756	8.2%	5.0%
Absolute Return	\$28,524,422	10.3%	8.0%
Large Cap Equity	\$57,238,247	20.6%	21.0%
Small/Mid Cap Equity	\$31,725,579	11.4%	11.0%
Int'l Large Cap Equity	\$37,111,511	13.3%	15.0%
Int'l Small/Mid Cap Equity	\$8,672,362	3.1%	4.0%
Int'l Emerging Market Equity	\$10,004,518	3.6%	3.0%
Long Biased	\$19,910,192	7.2%	7.0%
Opportunistic Credit	\$8,745,895	3.1%	7.0%
Real Estate	\$24,211,034	8.7%	9.0%
Special Opportunities	\$8,012,791	2.9%	0.0%
Total	\$278,089,857	100.0%	100.0%

Spokane Employees' Retirement System

As of December 31, 2016

Asset Allocation vs. Target

	Target Allocation	%	Target Allocation Range	Current	%	Difference	%	Within Range
Capital Preservation	\$63,960,667	23.0%	20.0% - 26.0%	\$72,457,728	26.1%	\$8,497,061	3.1%	No
Cash	\$0	0.0%	0.0% - 2.0%	\$108,715	0.0%	\$108,715	0.0%	Yes
Fidelity Instl Govt Money Market				\$108,714	0.0%			
Vanguard Short-Term Bond Fd				\$1	0.0%			
Total Return Bond	\$27,808,986	10.0%	8.0% - 12.0%	\$21,040,836	7.6%	-\$6,768,150	-2.4%	No
Sterling Core Bond				\$21,040,836	7.6%			
High Yield Bond	\$13,904,493	5.0%	3.0% - 7.0%	\$22,783,756	8.2%	\$8,879,263	3.2%	No
Hotchkis & Wiley High Yield				\$22,783,756	8.2%			
Absolute Return	\$22,247,189	8.0%	6.0% - 10.0%	\$28,524,422	10.3%	\$6,277,233	2.3%	No
Polar Long/Short Fund				\$6,346,783	2.3%			
Post Lmtd Term High Yield				\$5,826,198	2.1%			
Rimrock Low Volatility Offshore				\$9,267,312	3.3%			
Castine Partners				\$7,084,129	2.5%			
Domestic Equities	\$88,988,754	32.0%	29.0% - 35.0%	\$88,963,827	32.0%	-\$24,928	0.0%	Yes
Large Cap Equity	\$58,398,870	21.0%	19.0% - 23.0%	\$57,238,247	20.6%	-\$1,160,623	-0.4%	Yes
Hotchkis & Wiley Div Value I				\$16,184,501	5.8%			
Vanguard Institutional Index				\$8,941,854	3.2%			
MFS Blended Research Core				\$17,833,179	6.4%			
Jackson Square Large-Cap Growth Equity				\$14,278,714	5.1%			

Spokane Employees' Retirement System

As of December 31, 2016

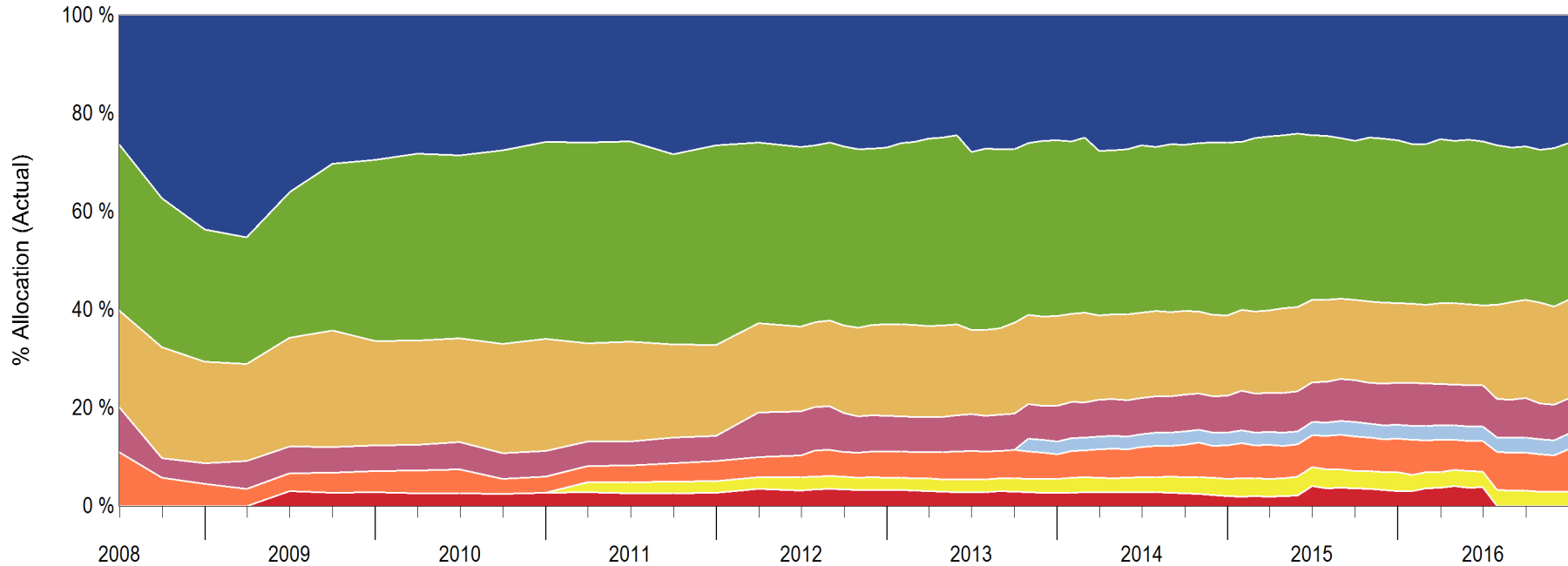
	Target Allocation	%	Target Allocation Range	Current	%	Difference	%	Within Range
Small/Mid Cap Equity	\$30,589,884	11.0%	9.0% - 13.0%	\$31,725,579	11.4%	\$1,135,695	0.4%	Yes
Bridge City Small Growth				\$5,350,118	1.9%			
Champlain Small Cap				\$5,107,626	1.8%			
Vanguard Small Cap Index				\$907,163	0.3%			
Frontier Sm Cap Value I				\$4,951,726	1.8%			
Vanguard Mid Cap Growth				\$4,998,792	1.8%			
Vanguard Mid Cap Index				\$3,580,737	1.3%			
Sterling Mid Cap Value				\$6,829,418	2.5%			
International Equities	\$61,179,769	22.0%	19.0% - 25.0%	\$55,788,391	20.1%	-\$5,391,378	-1.9%	Yes
Int'l Large Cap Equity	\$41,713,479	15.0%	13.0% - 17.0%	\$37,111,511	13.3%	-\$4,601,968	-1.7%	Yes
EuroPacific Growth R6				\$17,640,293	6.3%			
Artisan Int'l Value				\$19,471,218	7.0%			
Int'l Small/Mid Cap Equity	\$11,123,594	4.0%	2.0% - 6.0%	\$8,672,362	3.1%	-\$2,451,232	-0.9%	Yes
Victory Trivalent International Small Cap				\$8,672,362	3.1%			
Int'l Emerging Market Equity	\$8,342,696	3.0%	1.0% - 5.0%	\$10,004,518	3.6%	\$1,661,822	0.6%	Yes
Berens Global Value				\$10,004,518	3.6%			
Long Biased	\$19,466,290	7.0%	4.0% - 10.0%	\$19,910,192	7.2%	\$443,902	0.2%	Yes
Long Biased	\$19,466,290	7.0%	4.0% - 10.0%	\$19,910,192	7.2%	\$443,902	0.2%	Yes
Weatherlow Offshore				\$14,617,970	5.3%			
OrbiMed Royalty Opps II				\$1,359,872	0.5%			
TCM Partners				\$285,487	0.1%			
OrbiMed Royalty Opportunities				\$3,646,864	1.3%			

Spokane Employees' Retirement System

As of December 31, 2016

	Target Allocation	%	Target Allocation Range	Current	%	Difference	%	Within Range
Opportunistic Credit	\$19,466,290	7.0%	4.0% - 10.0%	\$8,745,895	3.1%	-\$10,720,395	-3.9%	No
Opportunistic Credit	\$19,466,290	7.0%	4.0% - 10.0%	\$8,745,895	3.1%	-\$10,720,395	-3.9%	No
Beach Point Select Fund LP				\$8,745,895	3.1%			
Real Estate	\$25,028,087	9.0%	6.0% - 12.0%	\$24,211,034	8.7%	-\$817,053	-0.3%	Yes
Real Estate	\$25,028,087	9.0%	6.0% - 12.0%	\$24,211,034	8.7%	-\$817,053	-0.3%	Yes
Principal Global Investors REIT				\$12,769,988	4.6%			
Legacy Partners Realty III				\$29,597	0.0%			
Morrison Street Fund IV				\$2,430,274	0.9%			
Metropolitan Realty V				\$351,421	0.1%			
Morrison Street Fund V				\$5,472,253	2.0%			
Morrison Street Debt Opportunities Fund LP				\$3,157,500	1.1%			
Special Opportunities	\$0	0.0%	0.0% - 10.0%	\$8,012,791	2.9%	\$8,012,791	2.9%	Yes
Special Opportunities	\$0	0.0%	0.0% - 10.0%	\$8,012,791	2.9%	\$8,012,791	2.9%	Yes
Orbimed Partners II				\$8,012,791	2.9%			
Total	\$278,089,857	100.0%		\$278,089,857	100.0%			

Asset Allocation History
8 Years 6 Months Ending December 31, 2016

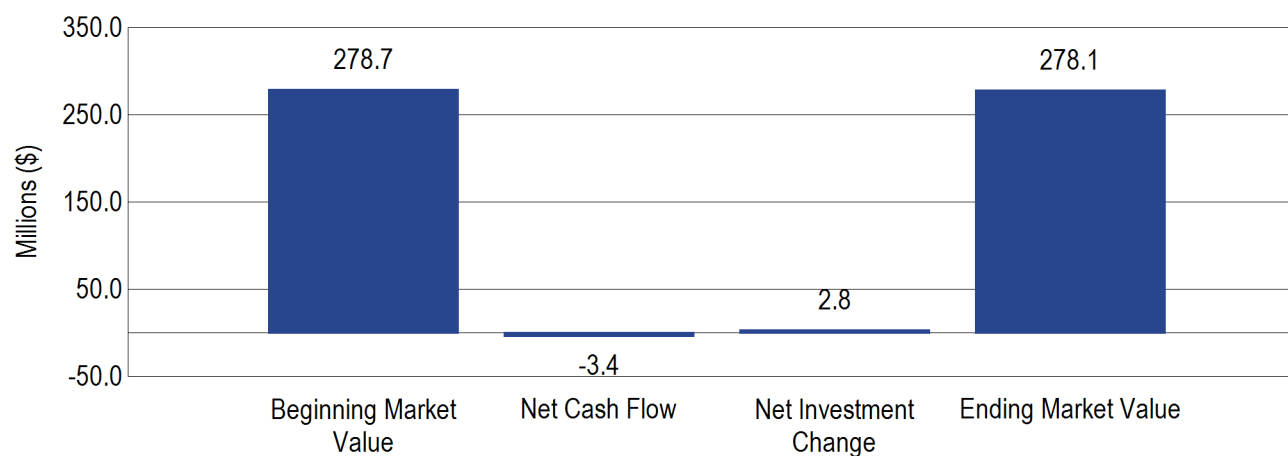


37.	43.	45.	36.	30.	29.	28.	28.	27.	25.	26.	25.	28.	26.	26.	26.	27.	25.	28.	27.	25.	27.	26.	26.	26.	24.	24.	25.	25.	25.	25.	26.	26.		
30.	26.	25.	29.	33.	36.	38.	37.	39.	40.	40.	40.	38.	40.	36.	36.	36.	36.	38.	36.	35.	35.	33.	34.	33.	35.	35.	33.	33.	33.	33.	33.	33.	31.	32.
22.	20.	19.	22.	23.	21.	21.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

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

Section 4

Change in Market Value
From October 1, 2016 To December 31, 2016



Cash Flow Summary

	Beginning Market Value (\$)	Withdrawals (\$)	Contributions (\$)	Net Cash Flow (\$)	Net Investment Change (\$)	Ending Market Value (\$)
Artisan Int'l Value	19,514,590.40	0.00	0.00	0.00	-43,372.77	19,471,217.63
Beach Point Select Fund LP	8,470,588.00	0.00	0.00	0.00	275,307.00	8,745,895.00
Berens Global Value	10,184,773.71	0.00	0.00	0.00	-180,255.61	10,004,518.10
Bridge City Small Growth	4,937,505.41	0.00	0.00	0.00	412,612.09	5,350,117.50
Castine Partners	6,445,537.55	0.00	0.00	0.00	638,591.15	7,084,128.70
Champlain Small Cap	4,663,193.37	0.00	0.00	0.00	444,432.57	5,107,625.94
EuroPacific Growth R6	16,936,781.59	0.00	1,444,209.98	1,444,209.98	-740,698.59	17,640,292.98
Fidelity Instl Govt Money Market	53,270.31	-3,386,313.80	3,441,284.62	54,970.82	473.21	108,714.34
Frontier Sm Cap Value I	4,401,863.94	0.00	0.00	0.00	549,862.37	4,951,726.31
Hotchkis & Wiley Div Value I	15,458,554.00	-825,000.00	0.00	-825,000.00	1,550,946.79	16,184,500.79
Hotchkis & Wiley High Yield	25,377,260.05	-3,157,500.00	0.00	-3,157,500.00	563,995.49	22,783,755.54
Jackson Square Large-Cap Growth Equity	14,888,331.28	0.00	0.00	0.00	-609,617.35	14,278,713.93
Legacy Partners Realty III	75,533.00	-45,936.00	0.00	-45,936.00	0.00	29,597.00

Spokane Employees' Retirement System

As of December 31, 2016

	Beginning Market Value (\$)	Withdrawals (\$)	Contributions (\$)	Net Cash Flow (\$)	Net Investment Change (\$)	Ending Market Value (\$)
Metropolitan Realty V	432,688.73	-81,267.44	0.00	-81,267.44	0.00	351,421.29
MFS Blended Research Core	17,337,812.78	0.00	0.00	0.00	495,366.08	17,833,178.86
Morrison Street Debt Opportunities Fund LP	--	0.00	3,157,500.00	3,157,500.00	0.00	3,157,500.00
Morrison Street Fund IV	2,394,888.00	-47,281.32	0.00	-47,281.32	82,667.32	2,430,274.00
Morrison Street Fund V	5,389,711.00	-42,399.54	0.00	-42,399.54	124,941.54	5,472,253.00
Orbimed Partners II	8,784,386.00	0.00	0.00	0.00	-771,595.00	8,012,791.00
OrbiMed Royalty Opportunities	3,626,899.46	-33,240.67	0.00	-33,240.67	53,205.21	3,646,864.00
OrbiMed Royalty Opps II	1,437,472.70	-66,164.93	0.00	-66,164.93	-11,435.77	1,359,872.00
Polar Long/Short Fund	6,359,527.29	0.00	0.00	0.00	-12,744.58	6,346,782.71
Post Lmted Term High Yield	5,783,263.08	0.00	0.00	0.00	42,935.29	5,826,198.37
Principal Global Investors REIT	13,245,202.39	0.00	0.00	0.00	-475,213.99	12,769,988.40
Rimrock Low Volatility Offshore	9,096,907.89	0.00	0.00	0.00	170,404.00	9,267,311.89
Sterling Core Bond	21,574,141.95	0.00	0.00	0.00	-533,306.38	21,040,835.57
Sterling Mid Cap Value	6,380,922.68	0.00	0.00	0.00	448,495.42	6,829,418.10
TCM Partners	2,854,677.76	-2,569,209.98	0.00	-2,569,209.98	18.76	285,486.54
Vanguard Institutional Index	8,613,046.53	0.00	0.00	0.00	328,807.29	8,941,853.82
Vanguard Mid Cap Growth	6,093,008.43	-1,150,000.00	0.00	-1,150,000.00	55,783.47	4,998,791.90
Vanguard Mid Cap Index	3,505,919.82	0.00	0.00	0.00	74,816.93	3,580,736.75
Vanguard Short-Term Bond Fd	25,058.39	-24,994.72	0.00	-24,994.72	-62.59	1.08
Vanguard Small Cap Index	854,803.63	0.00	0.00	0.00	52,359.08	907,162.71
Victory Trivalent International Small Cap	9,038,507.40	0.00	0.00	0.00	-366,145.27	8,672,362.13
Weatherlow Offshore	14,485,399.06	0.00	0.00	0.00	132,570.53	14,617,969.59
Total	278,722,027.58	-11,429,308.40	8,042,994.60	-3,386,313.80	2,754,143.69	278,089,857.47

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.