

# Spokane Employees' Retirement System

June 30, 2017 Performance Report

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# Section 1



### PHILLIPS CURVE

One of the early economic theories published by William Phillips described a historically inverse relationship between unemployment rates and inflation. In theory, the relationship appeared fairly straight forward. When unemployment rates are low we should expect inflation to be high, and vice versa. The intuitive case seems very strong. Increased levels of employment should result in higher wages and inflation. So why then is the current domestic economy sporting near all-time unemployment lows, yet wage growth and inflation remain stubbornly subdued? The Fed (and frankly the majority of investors) has been wrangling with this seeming disconnect for several years now.

The Fed officially adopted an inflation target of 2% in 2012. Since this target was set, inflation has been above target only 6% of the time. In February of this year, inflation reached 1.8% and the economy appeared on track to finally reach the 2% inflation target. However, the May report showed inflation stood at 1.4%, a 17-month low. The recent drop in inflation in the face of falling unemployment rates stands in direct conflict with the concepts of the Phillips Curve. Has the relationship suddenly broken down? Over history there have been rare times when the relationship appears to have broken down. Most notable is a multi-year period of stagflation in the 1970s and early 1980s when the economy experienced virtually no growth, yet faced high unemployment and high inflation. Many economists have since used this time period to challenge the validity of the Phillips Curve. However, this period of time also corresponded to a period of wage and price controls under the Nixon administration and artificial supply constraints by OPEC that sent energy prices skyrocketing. We believe this outlier event was more reflective of economic intervention and the lack of free market forces than a failure of the underlying economic theory.

Most economists now argue that the original theory proposed by Phillips remains valid in the short-term, but is too simple and over time the curve has actually flattened (inflation being less responsive to unemployment rates) to where the relationship is less pronounced. Early observations were done during periods in which most economies were largely closed economic systems with strong labor union power and low labor mobility. We now live in a global economy with less union representation and higher levels of labor mobility and traded goods. Globalization's largest impact on inflation has come through the deflationary effect on traded goods prices. In particular, the entry of China into the global economy has been deflationary on a global scale. Prices and wage inflation are no longer constrained within the domestic economy, they are driven by global economic factors. This also helps explain why low unemployment rates in the UK, Germany and Japan have failed to drive any meaningful acceleration in inflation, they are facing the same global economic factors.

Globalization has reduced the Fed's level of influence on domestic inflation. Open borders and immigration policy help to reduce wage inflation pressures and global trade helps export goods inflation. To make the Fed's job even more complicated, globalization influences vary significantly across US economic sectors. The US service and healthcare sectors tend to be more sheltered from global influences, while consumer goods are highly exposed. Bottom line, the Fed's 2% inflation target is proving harder to achieve than expected. The 2% target may likely be achieved only through an acceleration of global growth and/or overheating of certain sectors within the US economy.

## GLOBAL ECONOMIC LANDSCAPE

- The US June jobs report came in stronger than expected with non-farm payroll up 220,000 jobs. This represented a re-acceleration in job creation up from 170,000 new jobs in May.
- Domestic unemployment ticked up slightly from 4.3% to 4.4% reflecting a modest rise in labor participation rates.
- The Jolts job opening report currently shows 6 million jobs are currently unfilled, the highest level since the inception of the report in 2000.
- Consumer Confidence in labor markets is presently at a 16-year high.
- Wage growth remains subdued with a year-over-year gain of 2.6%.
- The Bank of Canada recently became the first major central bank outside the US to raise interest rates since the US began tightening in 2015.
- The economic recovery across Europe continues to show positive momentum. The UK labor market added 175,000 jobs over the last three months while the unemployment rate dropped from 4.6% to 4.5%. Euro-zone industrial production rose by 1.3% in May to its highest level since 2008.
- Global inflation rates also reflect continued slow growth in the world economy. Developed market inflation rates have increased from 0.6% in June of 2016 to 1.7% currently.
- The Japanese economy has posted positive growth for the past eight consecutive quarters. The current growth rate is 1.3%, twice the 20-year average. Unemployment rates have dropped to 3.1%, a 20-year low yet wage growth remains nearly non-existent.
- Emerging market growth rates are nearly twice that of the developed markets despite continued weakness in commodity prices.

## GLOBAL FINANCIAL MARKETS

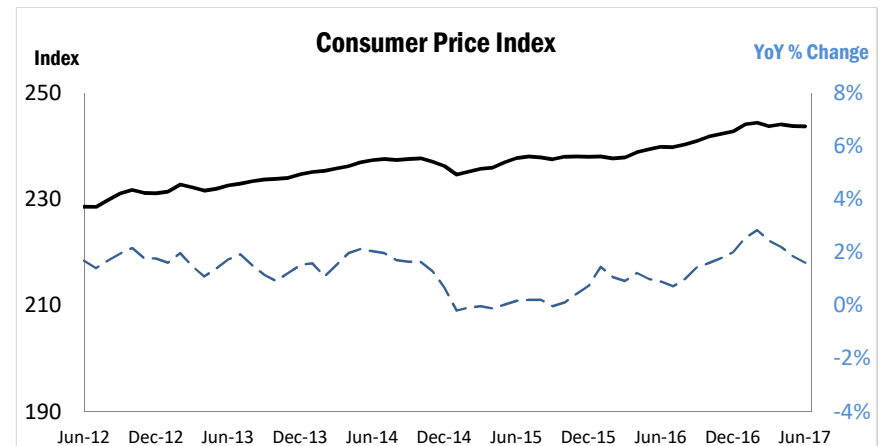
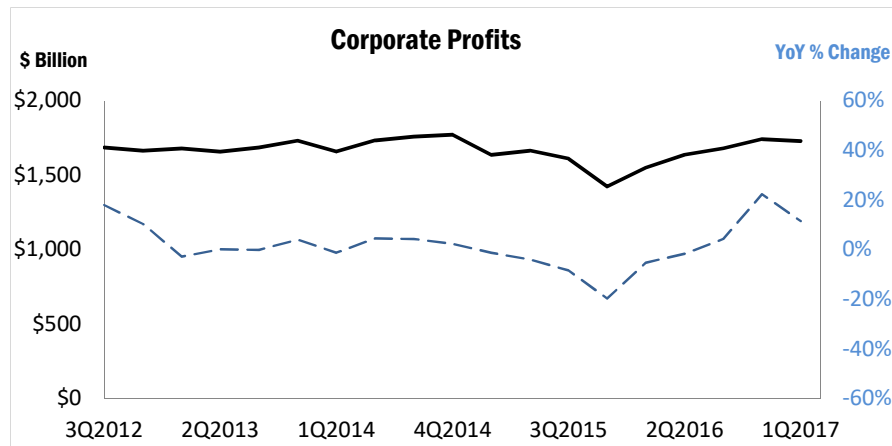
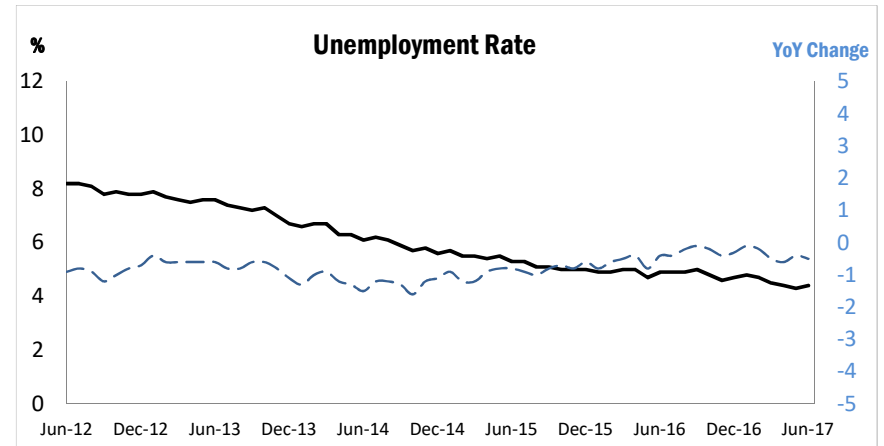
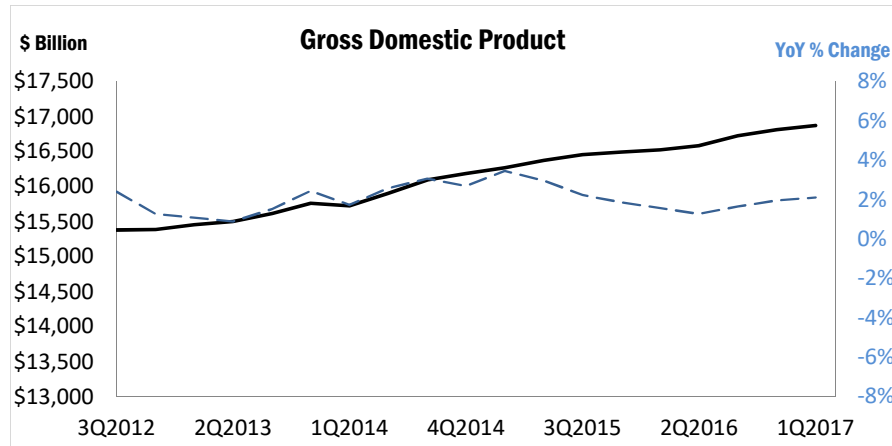
- The current bull market in domestic stocks, presently in its 9<sup>th</sup> year, is the second-longest in American history. No bull market has ever seen a 10<sup>th</sup> birthday, could this be the first?
- Cyclical stocks have been trading at a discount in recent years. However, post-election cyclical stocks have rebounded strongly (ex-energy) and now trade roughly at parity with defensive stocks.
- Growth stocks handily outperformed value stocks for the quarter and year-to-date.
- Large cap stocks continued to outpace smaller cap stocks for the quarter and year-to-date.
- International stocks outperformed domestic stocks for the quarter and year-to-date. Returns have been buoyed by stronger economic data out of a broad range of developed and emerging markets.

- Both emerging market equity and debt markets have seen strong inflows following a period of improved financial conditions and corporate earnings. Generally, periods of strong inflows have coincided with strong returns.
- Global equity market correlations peaked during the great recession in 2009 at 0.77. Current correlations are at 0.39, the lowest levels since 2004. The lower correlation is generally viewed as a positive for active management.
- The US dollar came under pressure late in the quarter against the Euro and Pound, reversing an extended strong US dollar trend. This reversal reflected stronger economic data out of Europe and the likelihood of a regime change toward tighter monetary policy in those markets going forward.

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## 2Q2017 Economic Data



Labor Market Statistics (Monthly)					
Category	Recent	5-Yr High	5-Yr Low	5-Yr Avg.	Date
Jobs Added/Lost Monthly	222,000	344,000	43,000	206,283	Jun-17
Unemployment Rate	4.4%	8.2%	4.3%	6.0%	Jun-17
Median Unemployment Length (Weeks)	7.6	20.3	7.6	13.6	Jun-17
Average Hourly Earnings	\$26.25	\$26.25	\$23.49	\$24.79	Jun-17

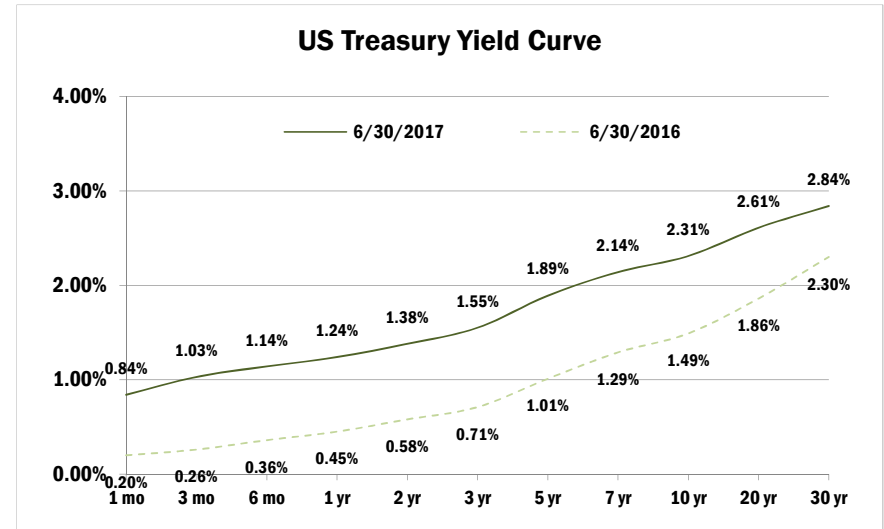
Source: Federal Reserve Bank of St. Louis and Bureau of Labor Statistics

Other Prices and Indexes (Monthly)					
Category	Recent	5-Yr High	5-Yr Low	% Off Peak	Date
Gas: Price per Gallon	\$2.37	\$3.86	\$1.79	-38.6%	Jun-17
Spot Oil	\$45.18	\$106.57	\$30.32	-57.6%	Jun-17
Case-Shiller Home Price Index	198.5	198.5	139.8	41.9%*	Apr-17
Medical Care CPI	474.4	474.4	416.8	13.8%*	Jun-17

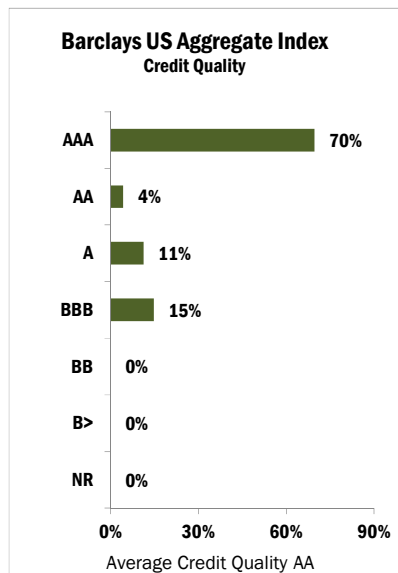
\*% Off Low

## 2Q2017 Bond Market Data

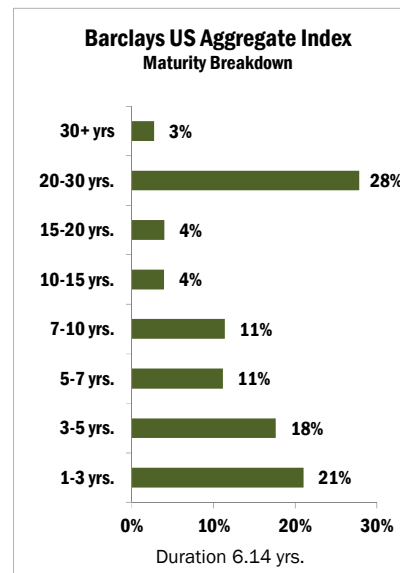
Index	QTR	YTD	1 yr.	3 yrs.	5 yrs.	10 yrs.
90-Day T-Bill	0.16%	0.25%	0.39%	0.18%	0.14%	0.56%
Barclays US Aggregate	1.45%	2.27%	-0.31%	2.48%	2.21%	4.48%
Barclays Short US Treasury	0.18%	0.30%	0.48%	0.33%	0.26%	0.77%
Barclays Int. US Treasury	0.66%	1.21%	-1.33%	1.48%	1.06%	3.47%
Barclays Long US Treasury	3.96%	5.41%	-7.22%	5.58%	2.76%	7.34%
Barclays US TIPS	-0.40%	0.85%	-0.63%	0.63%	0.27%	4.27%
Barclays US Credit	2.35%	3.68%	1.84%	3.40%	3.68%	5.61%
Barclays US Mortgage-Backed	0.87%	1.35%	-0.06%	2.17%	2.00%	4.31%
Barclays US Asset-Backed	0.60%	1.14%	0.63%	1.66%	1.49%	2.98%
Barclays US 20-Yr Municipal	2.49%	4.02%	-1.02%	4.24%	4.15%	5.29%
Barclays US High Yield	2.17%	4.93%	12.70%	4.48%	6.89%	7.67%
Barclays Global	2.60%	4.41%	-2.18%	-0.35%	0.78%	3.69%
Barclays International	3.55%	6.12%	-3.80%	-2.42%	-0.36%	3.05%
Barclays Emerging Market	1.77%	5.11%	5.57%	4.49%	5.32%	7.14%



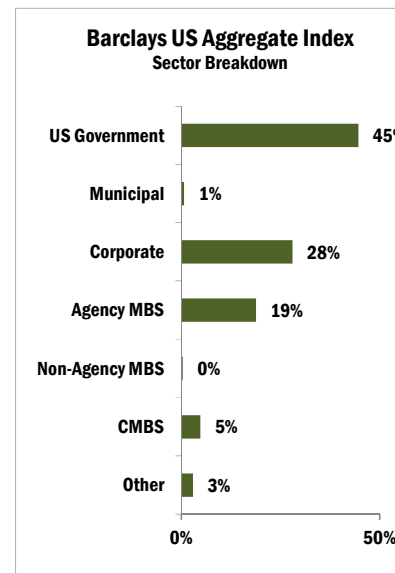
Source: Department of US Treasury



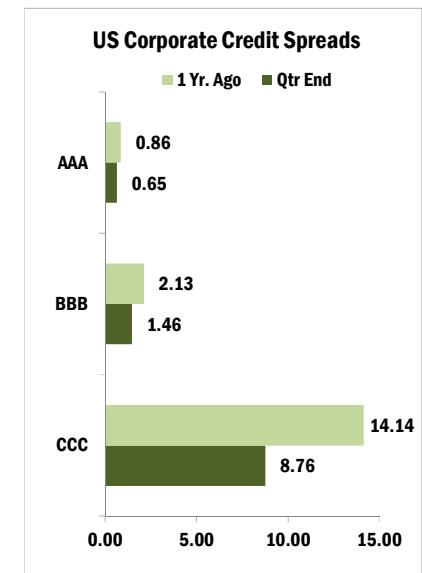
Source: Morningstar



Source: Morningstar



Source: Morningstar



Source: Federal Reserve / Bank of America



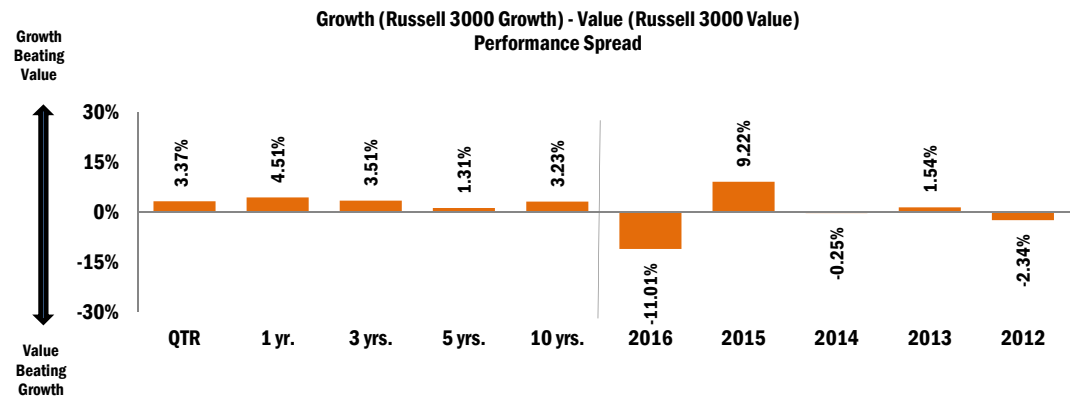
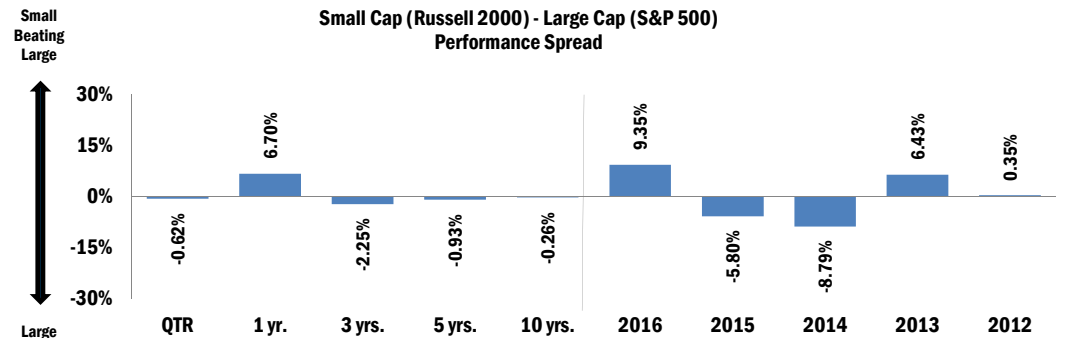
# 2Q2017 US Equity Market Data

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

	Wgt.	Sector	QTR	1 Yr.
S&P 500 Index	15%	Health Care	7.10%	12.47%
	10%	Industrials	4.73%	22.27%
	15%	Financials	4.25%	35.37%
	22%	Information Technology	4.14%	33.89%
	3%	Materials	3.17%	18.59%
	3%	Real Estate	2.76%	-0.42%
	12%	Consumer Discretionary	2.35%	16.90%
	3%	Utilities	2.21%	2.47%
	9%	Consumer Staples	1.57%	3.06%
	6%	Energy	-6.36%	-4.14%
2%	Telecom Services	-7.05%	-11.71%	
S&P Midcap 400 Index	9%	Health Care	11.72%	27.00%
	18%	Information Technology	4.34%	31.83%
	15%	Industrials	3.62%	28.47%
	12%	Consumer Discretionary	1.98%	14.90%
	16%	Financials	1.07%	25.41%
	8%	Materials	1.07%	22.45%
	10%	Real Estate	0.92%	0.46%
	5%	Utilities	0.33%	5.82%
	4%	Consumer Staples	-3.93%	-3.04%
	3%	Energy	-18.55%	-19.98%
0%	Telecom Services	-19.53%	-32.36%	
S&P Smallcap 600 Index	13%	Health Care	9.54%	24.16%
	1%	Telecom Services	5.95%	7.11%
	3%	Utilities	4.08%	8.00%
	15%	Consumer Discretionary	3.85%	15.62%
	7%	Real Estate	2.03%	8.22%
	19%	Industrials	1.57%	24.63%
	14%	Information Technology	1.43%	33.80%
	17%	Financials	0.95%	29.87%
	5%	Materials	0.32%	35.11%
	3%	Consumer Staples	-2.73%	1.43%
3%	Energy	-26.99%	-17.53%	

## Index Performance Data

Index	QTR	YTD	1 yr.	Annualized		
				3 yrs.	5 yrs.	10 yrs.
S&P 500	3.09%	9.34%	17.90%	9.61%	14.63%	7.18%
Russell 1000 Value	1.34%	4.66%	15.53%	7.36%	13.94%	5.57%
Russell 1000 Growth	4.67%	13.99%	20.42%	11.11%	15.30%	8.91%
Russell Mid Cap	2.70%	7.99%	16.48%	7.69%	14.72%	7.67%
Russell Mid Cap Value	1.37%	5.18%	15.93%	7.46%	15.14%	7.23%
Russell Mid Cap Growth	4.21%	11.40%	17.05%	7.83%	14.19%	7.87%
Russell 2000	2.46%	4.99%	24.60%	7.36%	13.70%	6.92%
Russell 2000 Value	0.67%	0.54%	24.86%	7.02%	13.39%	5.92%
Russell 2000 Growth	4.39%	9.97%	24.40%	7.64%	13.98%	7.82%
Russell 3000	3.02%	8.93%	18.51%	9.10%	14.58%	7.26%
DJ US Select REIT	1.64%	1.36%	-2.43%	8.04%	9.00%	5.42%

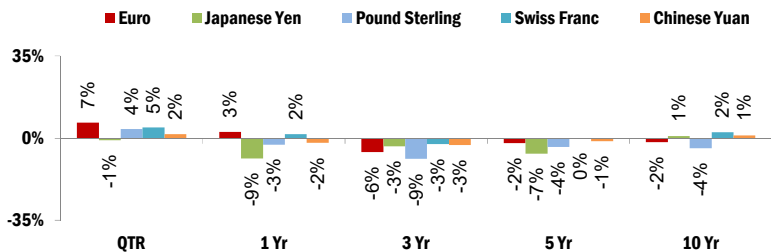


# 2Q2017 International Market Data

## Index Performance Data (net)

Index (US\$)	QTR	YTD	1 yr.	3 yrs.	5 yrs.	10 yrs.
<b>MSCI ACWI ex-US</b>	<b>5.78%</b>	<b>14.10%</b>	<b>20.45%</b>	<b>0.80%</b>	<b>7.22%</b>	<b>1.13%</b>
<b>MSCI EAFE</b>	<b>6.12%</b>	<b>13.81%</b>	<b>20.27%</b>	<b>1.15%</b>	<b>8.69%</b>	<b>1.03%</b>
<b>Europe</b>	<b>7.37%</b>	<b>15.36%</b>	<b>21.11%</b>	<b>-0.24%</b>	<b>8.82%</b>	<b>0.62%</b>
United Kingdom	4.72%	10.00%	13.35%	-2.96%	5.28%	0.25%
Germany	6.42%	15.32%	28.71%	0.95%	11.10%	1.63%
France	9.11%	17.05%	28.14%	1.82%	10.64%	0.12%
<b>Pacific</b>	<b>3.92%</b>	<b>11.11%</b>	<b>19.26%</b>	<b>3.99%</b>	<b>8.54%</b>	<b>2.01%</b>
Japan	5.19%	9.92%	19.18%	5.54%	9.56%	1.21%
Hong Kong	7.19%	21.56%	23.84%	7.48%	11.41%	7.11%
Australia	-1.87%	8.90%	18.33%	-1.02%	5.35%	2.41%
<b>Canada</b>	<b>0.64%</b>	<b>3.16%</b>	<b>11.68%</b>	<b>-3.94%</b>	<b>3.04%</b>	<b>1.09%</b>
<b>MSCI EM</b>	<b>6.27%</b>	<b>18.43%</b>	<b>23.75%</b>	<b>1.07%</b>	<b>3.96%</b>	<b>1.91%</b>
<b>MSCI EM Latin America</b>	<b>-1.74%</b>	<b>10.12%</b>	<b>15.01%</b>	<b>-6.62%</b>	<b>-3.76%</b>	<b>-1.15%</b>
<b>MSCI EM Asia</b>	<b>8.64%</b>	<b>23.18%</b>	<b>27.86%</b>	<b>5.00%</b>	<b>7.75%</b>	<b>3.83%</b>
<b>MSCI EM Eur/Mid East</b>	<b>1.04%</b>	<b>2.56%</b>	<b>15.51%</b>	<b>-8.16%</b>	<b>-3.35%</b>	<b>-4.33%</b>
<b>MSCI ACWI Value ex-US</b>	<b>4.08%</b>	<b>11.03%</b>	<b>23.62%</b>	<b>-1.00%</b>	<b>6.35%</b>	<b>0.31%</b>
<b>MSCI ACWI Growth ex-US</b>	<b>7.56%</b>	<b>17.38%</b>	<b>17.38%</b>	<b>2.55%</b>	<b>8.04%</b>	<b>1.89%</b>
<b>MSCI AC World Sm Cap ex-US</b>	<b>6.24%</b>	<b>15.56%</b>	<b>20.32%</b>	<b>3.31%</b>	<b>10.02%</b>	<b>2.91%</b>

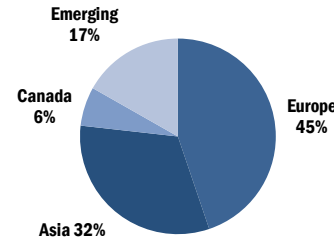
## Foreign Currency v. US\$ Returns



Exchange Rates	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16
Japanese Yen	112.40	111.41	116.80	101.21	102.77	112.42
Euro	0.88	0.93	0.95	0.89	0.91	0.88
British Pound	0.77	0.80	0.81	0.77	0.76	0.70
Swiss Franc	0.96	1.00	1.02	0.97	0.98	0.96
Chinese Yuan	6.78	6.88	6.94	6.67	6.65	6.45

## Regional Exposure

MSCI ACWI ex-USA

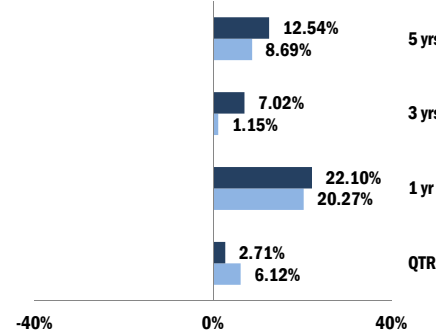


## Top 10 Countries (MSCI AC World ex-USA)

Japan	17%
UK	11%
France	7%
China	7%
Germany	7%
Canada	7%
Switzerland	6%
Australia	5%
South Korea	4%
Hong Kong	4%

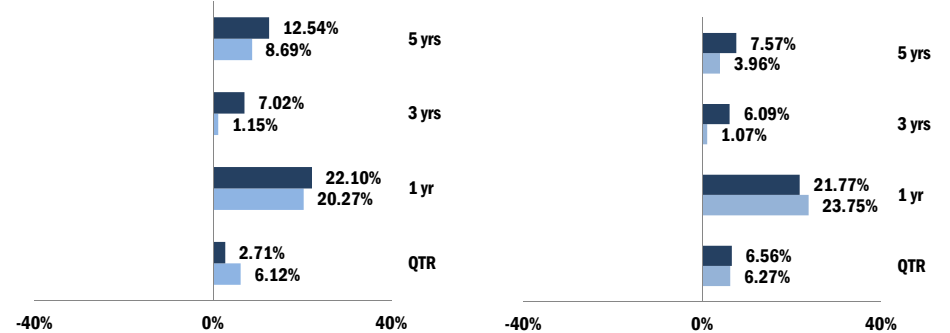
## MSCI EAFE Index Return

Local (Dark Blue), US\$ (Light Blue)



## MSCI Emerging Index Return

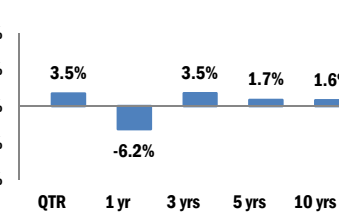
Local (Dark Blue), US\$ (Light Blue)



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

Growth Beating Value

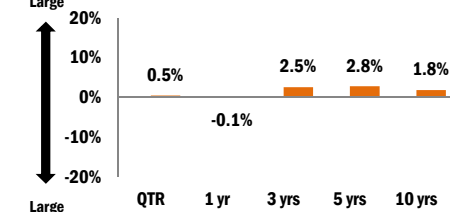
Value Beating Growth



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

Small Beating Large

Large Beating Small



## Historical Market Returns

Ranked by Performance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	YTD	2017
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%	Emerging Markets 18.43%	Emerging Markets 6.27%
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%	Intl 14.09%	Intl 5.78%
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%	Large Cap 9.34%	Global Balanced 3.33%
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%	Mid Cap 7.99%	Large Cap 3.09%
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	Global Balanced 7.93%	Mid Cap 2.70%
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%	Small Cap 4.99%	Global Bonds 2.60%
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%	High Yield 4.93%	Small Cap 2.46%
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%	Global Bonds 4.41%	High Yield 2.17%
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%	Core Real Estate 3.05%	Core Real Estate 1.49%
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%	US Bonds 2.27%	US Bonds 1.45%
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%	TIPS 0.85%	Cash 0.16%
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%	Cash 0.25%	TIPS -0.40%
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%	Commod. -5.25%	Commod. -3.00%

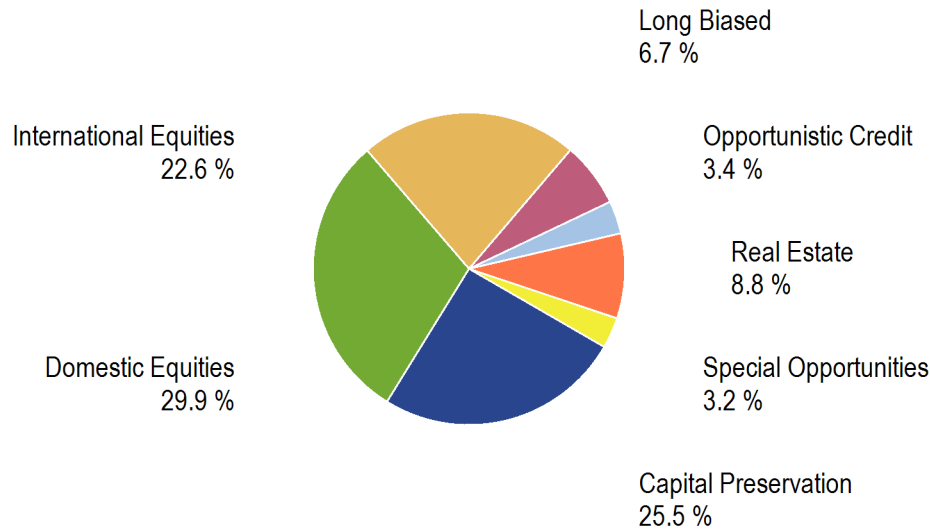
Global Balanced is composed of 60% MSCI World Stock Index, 35% Barclays Global Aggregate Bond Index, and 5% US 90-Day T-Bills.

# Section 2

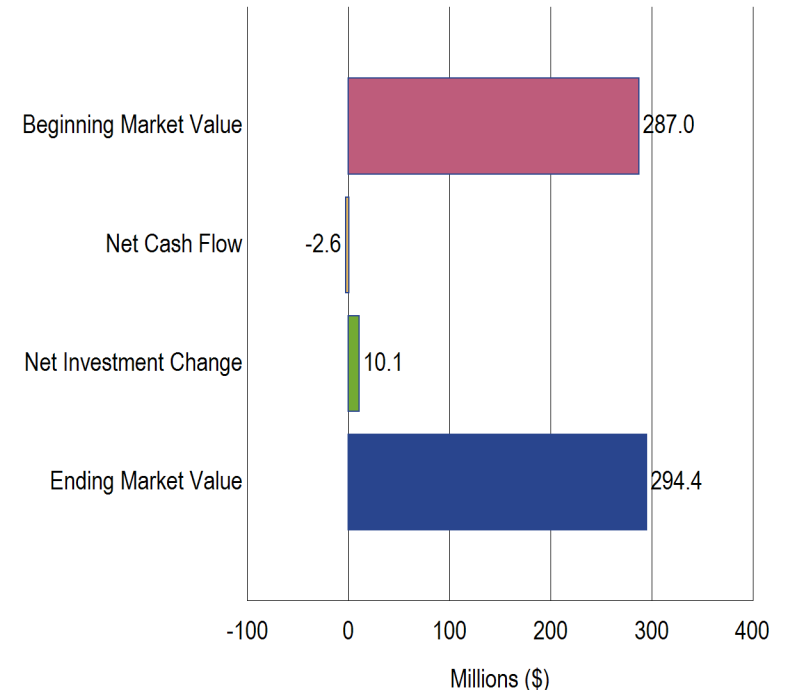
# Spokane Employees' Retirement System

As of June 30, 2017

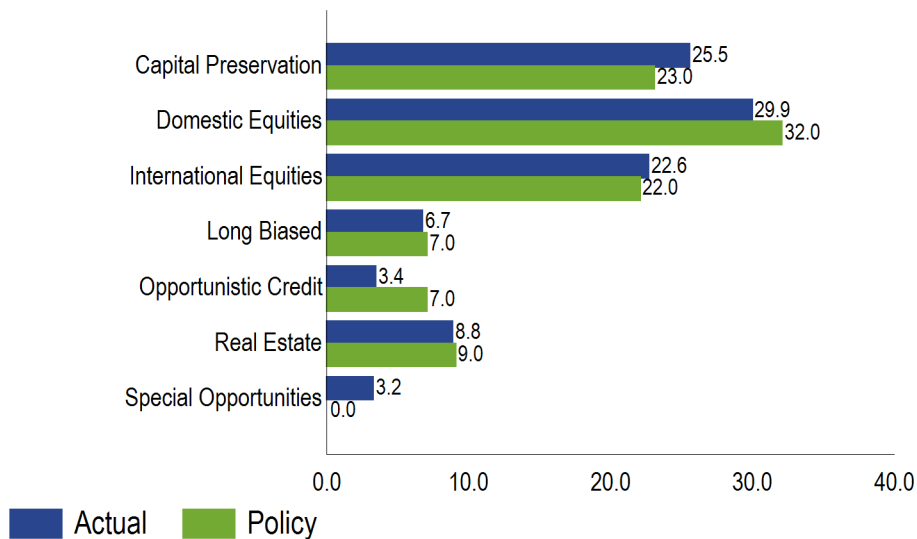
### Current Allocation



### Current Quarter



### Actual vs Target Allocation (%)



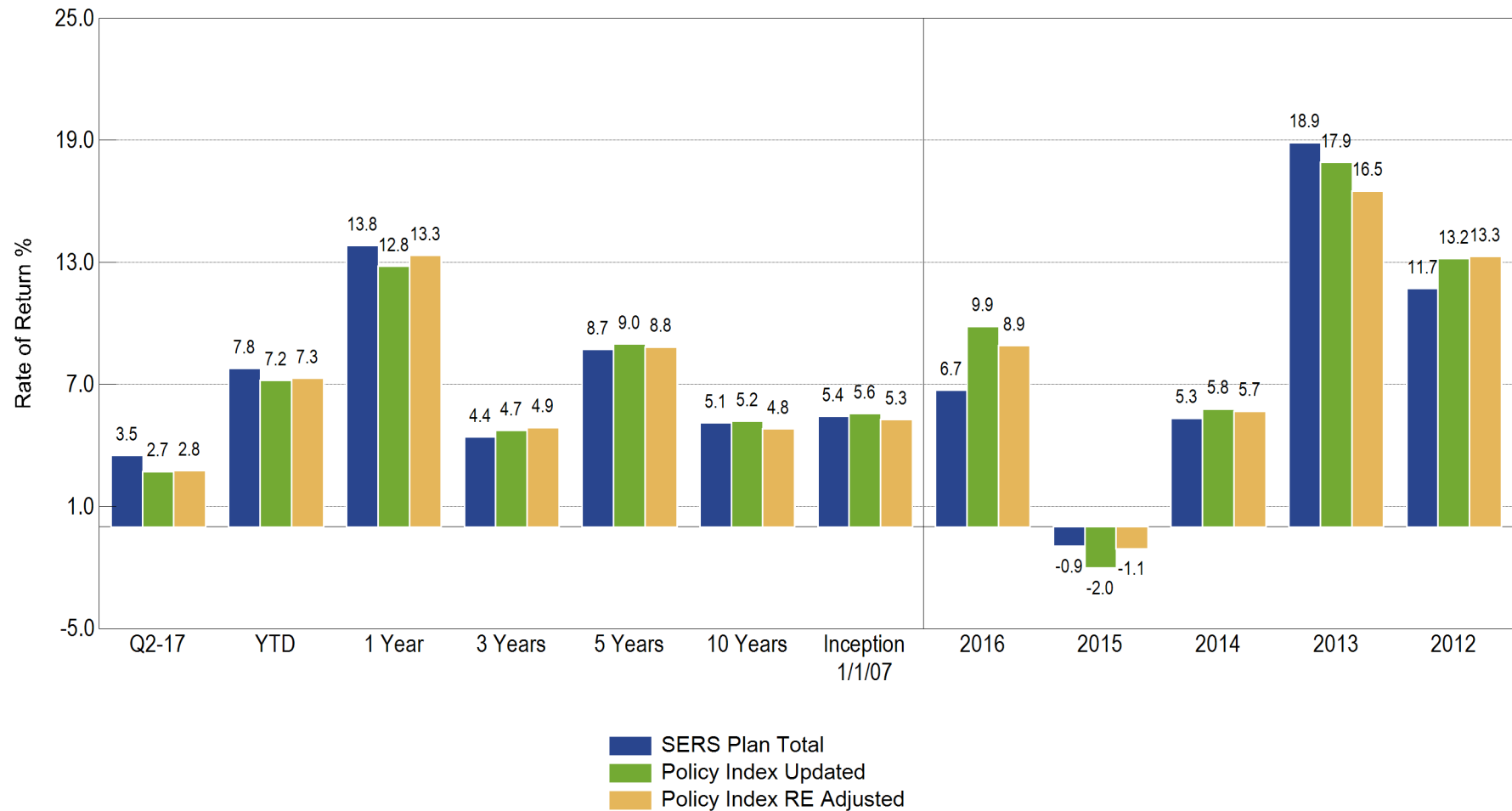
## Current Market Value:

**\$294,413,101**

### Policy Index

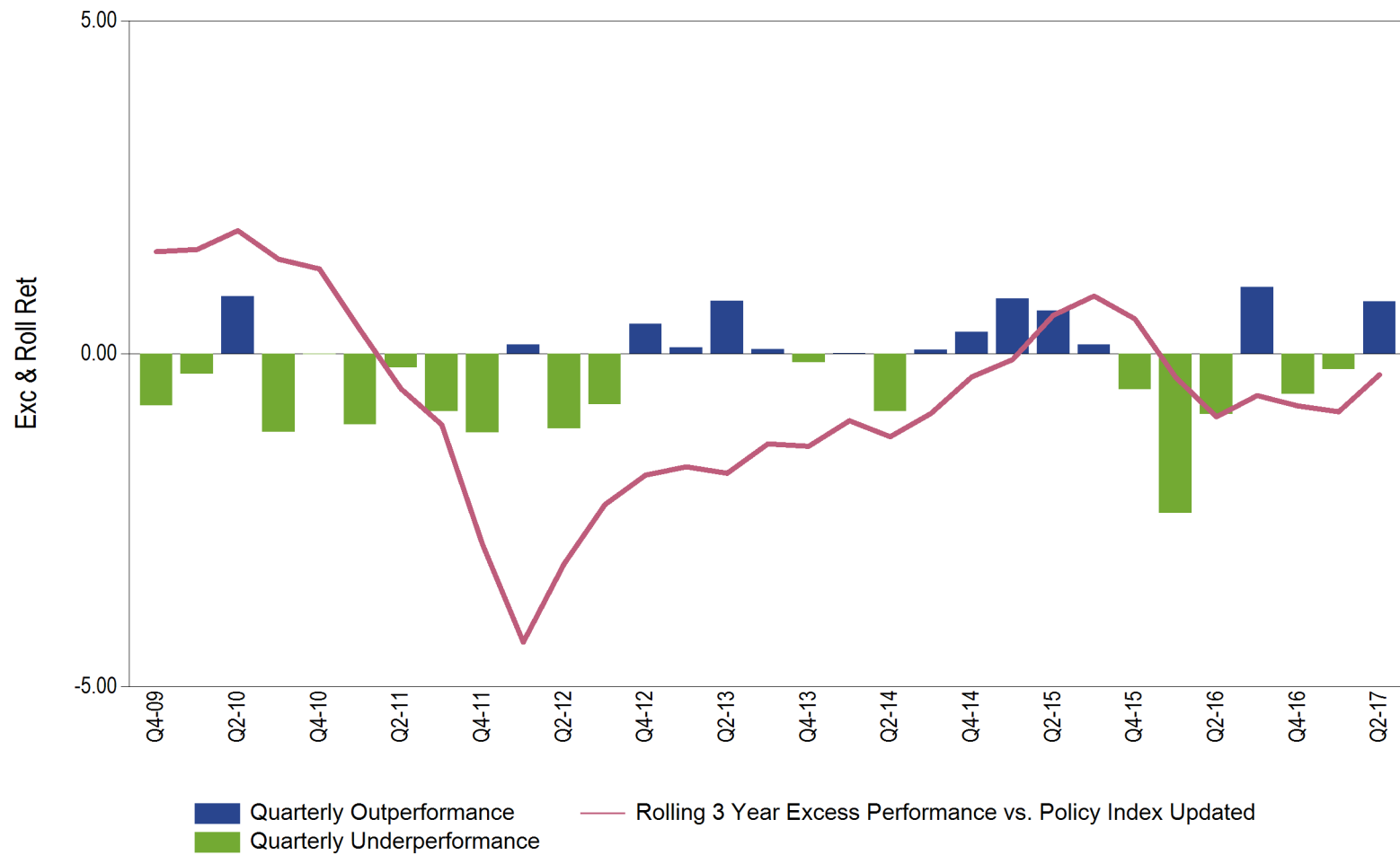
Index	Weight
US 90 Day T-Bill	0%
Barclays US Aggregate Bond Index	10%
Barclays Corporate High Yield Index	5%
HFRI FOF Conservative Index	8%
S&P 500 Index	21%
Russell 2500 Index	11%
MSCI ACWI ex-US Index	15%
MSCI ACWI ex-US Small Cap Index	4%
MSCI Emerging Markets Free Index	3%
HFRI FOF Composite Index	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 June 30, 2017

## RISK RETURN STATISTICS

January 01, 2007 Through June 30, 2017

	SERS Plan Total	Policy Index Updated
<b>RETURN SUMMARY STATISTICS</b>		
Number of Periods	42	42
Maximum Return	12.42	16.64
Minimum Return	-14.46	-17.38
Annualized Return	5.43	5.56
Total Return	74.19	76.48
Annualized Excess Return Over Risk Free	4.77	4.90
Annualized Excess Return	-0.13	0.00
<b>RISK SUMMARY STATISTICS</b>		
Beta	0.86	1.00
Upside Deviation	6.19	7.65
Downside Deviation	8.95	10.38
<b>RISK/RETURN SUMMARY STATISTICS</b>		
Annualized Standard Deviation	11.31	12.97
Alpha	0.14	0.00
Sharpe Ratio	0.42	0.38
Excess Return Over Market / Risk	-0.01	0.00
Tracking Error	2.73	0.00
Information Ratio	-0.05	--
<b>CORRELATION STATISTICS</b>		
R-Squared	0.97	1.00
Correlation	0.98	1.00

Market Proxy: Policy Index Updated

Risk-Free Proxy: 91 Day T-Bills



# Spokane Employees' Retirement System

As of June 30, 2017

## Total Account Performance Summary

	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	Return (%)	Since
<b>SERS Plan Total</b>	<b>3.50</b>	<b>7.78</b>	<b>13.83</b>	<b>4.42</b>	<b>8.72</b>	<b>5.11</b>	<b>6.71</b>	<b>-0.94</b>	<b>5.34</b>	<b>18.89</b>	<b>11.70</b>	<b>-2.80</b>	<b>5.43</b>	<b>Jan-07</b>
Policy Index Updated	<u>2.72</u>	<u>7.20</u>	<u>12.81</u>	<u>4.74</u>	<u>8.98</u>	<u>5.19</u>	<u>9.86</u>	<u>-2.00</u>	<u>5.79</u>	<u>17.92</u>	<u>13.18</u>	<u>0.47</u>	<u>5.56</u>	Jan-07
Over/Under	0.78	0.58	1.02	-0.32	-0.26	-0.08	-3.15	1.06	-0.45	0.97	-1.48	-3.27	-0.13	
70/30 ACWI/Barclays Aggregate Bond	3.42	8.65	12.75	4.24	8.09	4.26	6.42	-1.30	4.77	14.87	12.66	-2.67	4.75	Jan-07
InvestorForce All DB \$250mm-\$1B Net Rank	35	40	7	75	36	44	74	47	63	8	61	97	45	Jan-07
<b>Capital Preservation</b>	<b>1.42</b>	<b>3.54</b>	<b>7.91</b>	<b>2.64</b>	<b>3.59</b>	<b>--</b>	<b>8.12</b>	<b>-1.74</b>	<b>1.65</b>	<b>2.70</b>	<b>--</b>	<b>--</b>	<b>3.59</b>	<b>Jul-12</b>
Capital Preservation Index	<u>1.22</u>	<u>2.59</u>	<u>4.31</u>	<u>2.59</u>	<u>3.73</u>	<u>3.97</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>3.73</u>	Jul-12
Over/Under	0.20	0.95	3.60	0.05	-0.14		2.69	-1.16	-2.58	-0.63			-0.14	
<b>Domestic Equity</b>	<b>3.31</b>	<b>8.77</b>	<b>20.44</b>	<b>8.04</b>	<b>14.11</b>	<b>--</b>	<b>10.91</b>	<b>-0.32</b>	<b>11.10</b>	<b>36.38</b>	<b>--</b>	<b>--</b>	<b>14.11</b>	<b>Jul-12</b>
Domestic Equity Index	<u>2.77</u>	<u>8.19</u>	<u>18.62</u>	<u>8.74</u>	<u>14.47</u>	<u>7.32</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>14.47</u>	Jul-12
Over/Under	0.54	0.58	1.82	-0.70	-0.36		-3.01	-0.26	-0.34	2.47			-0.36	
All Cap Blend MStar MF Rank	21	31	31	39	46	--	70	33	38	35	--	--	46	Jul-12
<b>International Equity Total</b>	<b>7.21</b>	<b>15.96</b>	<b>21.39</b>	<b>2.99</b>	<b>9.56</b>	<b>3.99</b>	<b>3.91</b>	<b>-1.32</b>	<b>-3.58</b>	<b>20.93</b>	<b>18.48</b>	<b>-13.72</b>	<b>4.58</b>	<b>Apr-07</b>
International Equity Index	<u>5.93</u>	<u>14.95</u>	<u>20.89</u>	<u>1.34</u>	<u>7.32</u>	<u>1.62</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>2.43</u>	Apr-07
Over/Under	1.28	1.01	0.50	1.65	2.24	2.37	-1.43	4.17	0.05	7.45	1.12	1.48	2.15	
Foreign MStar MF Rank	38	39	29	31	31	10	22	66	34	54	53	54	10	Apr-07
<b>Long Biased</b>	<b>0.05</b>	<b>-2.86</b>	<b>-1.28</b>	<b>-0.28</b>	<b>3.04</b>	<b>--</b>	<b>-2.99</b>	<b>4.04</b>	<b>3.62</b>	<b>9.56</b>	<b>--</b>	<b>--</b>	<b>3.04</b>	<b>Jul-12</b>
HFRI Fund of Funds Composite Index	<u>0.74</u>	<u>3.14</u>	<u>6.41</u>	<u>1.53</u>	<u>3.86</u>	<u>0.86</u>	<u>0.51</u>	<u>-0.27</u>	<u>3.36</u>	<u>8.96</u>	<u>4.79</u>	<u>-5.72</u>	<u>3.86</u>	Jul-12
Over/Under	-0.69	-6.00	-7.69	-1.81	-0.82		-3.50	4.31	0.26	0.60			-0.82	
S&P 500	3.09	9.34	17.90	9.61	14.63	7.18	11.96	1.38	13.69	32.39	16.00	2.11	14.63	Jul-12
<b>Opportunistic Credit</b>	<b>1.60</b>	<b>3.73</b>	<b>12.39</b>	<b>5.81</b>	<b>--</b>	<b>--</b>	<b>14.52</b>	<b>2.35</b>	<b>2.32</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>7.16</b>	<b>Oct-13</b>
HFRI ED: Distressed/Restructuring Index	<u>0.68</u>	<u>3.28</u>	<u>14.94</u>	<u>0.74</u>	<u>5.72</u>	<u>3.44</u>	<u>15.15</u>	<u>-8.06</u>	<u>-1.39</u>	<u>14.05</u>	<u>10.12</u>	<u>-1.79</u>	<u>3.19</u>	Oct-13
Over/Under	0.92	0.45	-2.55	5.07			-0.63	10.41	3.71				3.97	

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%

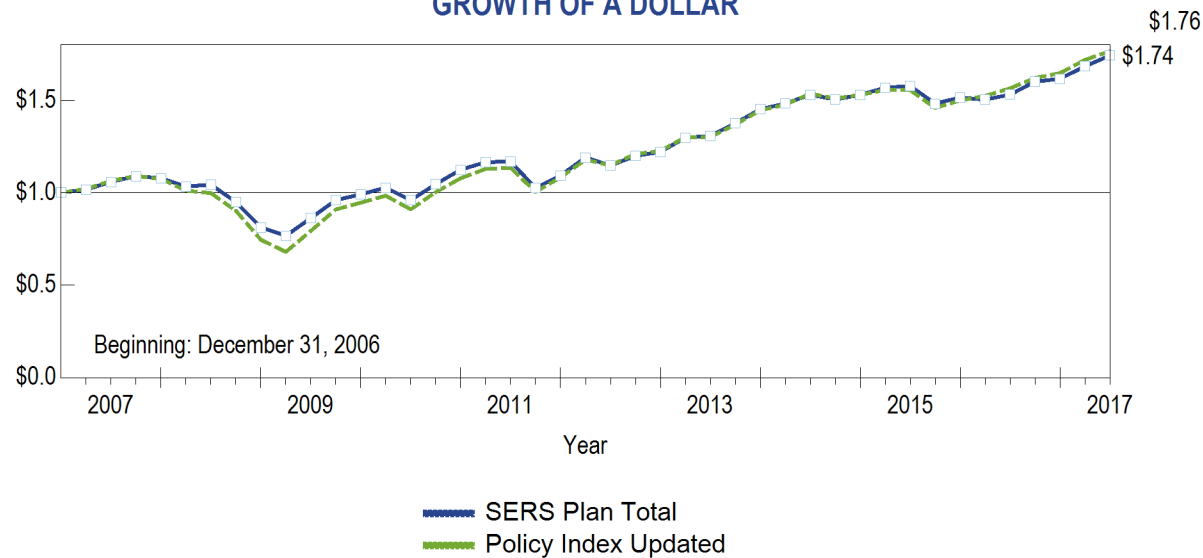
# Spokane Employees' Retirement System

As of June 30, 2017

## Total Account Performance Summary

	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	Return (%)	Since
<b>Real Estate Total</b>	2.83	4.42	3.77	9.68	11.06	6.34	8.09	6.66	25.00	8.71	15.17	9.44	5.00	Apr-07
NCREIF-ODCE	1.70	3.50	7.87	11.34	11.78	5.25	8.76	15.02	12.48	13.94	10.94	15.99	5.63	Apr-07
Over/Under	1.13	0.92	-4.10	-1.66	-0.72	1.09	-0.67	-8.36	12.52	-5.23	4.23	-6.55	-0.63	
FTSE NAREIT All REIT	2.40	5.43	1.38	8.87	9.99	6.02	9.28	2.29	27.15	3.21	20.14	7.28	4.91	Apr-07
US Real Estate Equity Rank	24	21	10	14	14	65	32	7	94	7	98	62	67	Apr-07
<b>Special Opportunities</b>	7.63	16.90	11.44	2.44	8.95	--	-21.90	2.13	25.88	31.60	--	--	8.95	Jul-12
Russell 3000	3.02	8.93	18.51	9.10	14.58	7.26	12.73	0.48	12.56	33.55	16.42	1.02	14.58	Jul-12
Over/Under	4.61	7.97	-7.07	-6.66	-5.63		-34.63	1.65	13.32	-1.95			-5.63	

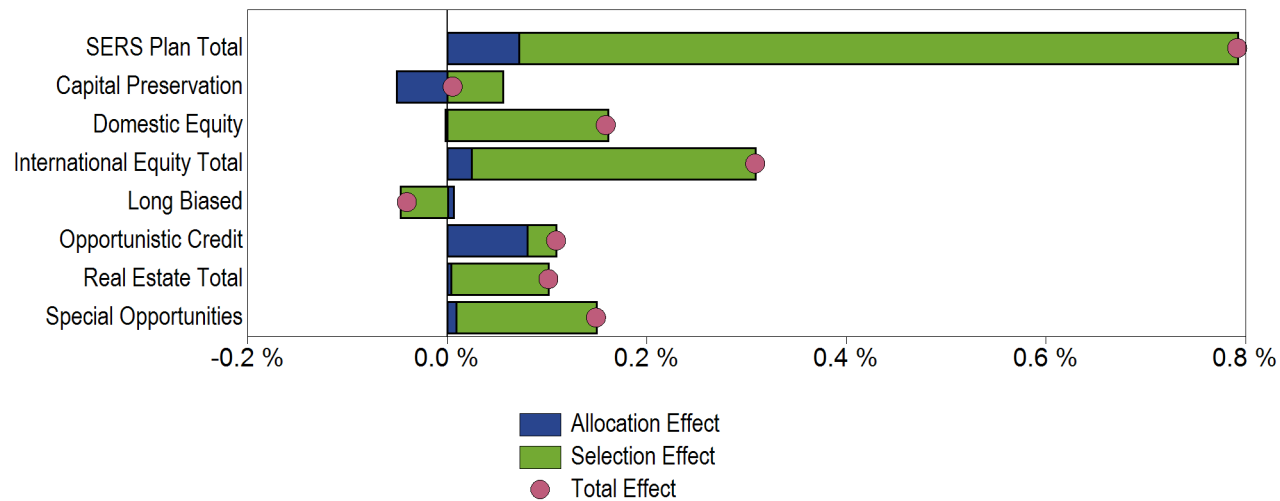
### GROWTH OF A DOLLAR



**Attribution Summary**  
**3 Months Ending June 30, 2017**

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
Capital Preservation	1.4%	1.2%	0.2%	0.1%	-0.1%	0.0%
Domestic Equity	3.3%	2.8%	0.5%	0.2%	0.0%	0.2%
International Equity Total	7.2%	5.9%	1.3%	0.3%	0.0%	0.3%
Long Biased	0.1%	0.7%	-0.7%	0.0%	0.0%	0.0%
Opportunistic Credit	1.6%	0.7%	0.9%	0.0%	0.1%	0.1%
Real Estate Total	2.8%	1.7%	1.1%	0.1%	0.0%	0.1%
Special Opportunities	7.6%	3.0%	4.6%	0.1%	0.0%	0.1%
<b>Total</b>	<b>3.5%</b>	<b>2.7%</b>	<b>0.8%</b>	<b>0.7%</b>	<b>0.1%</b>	<b>0.8%</b>

**Attribution Effects**  
**3 Months Ending June 30, 2017**

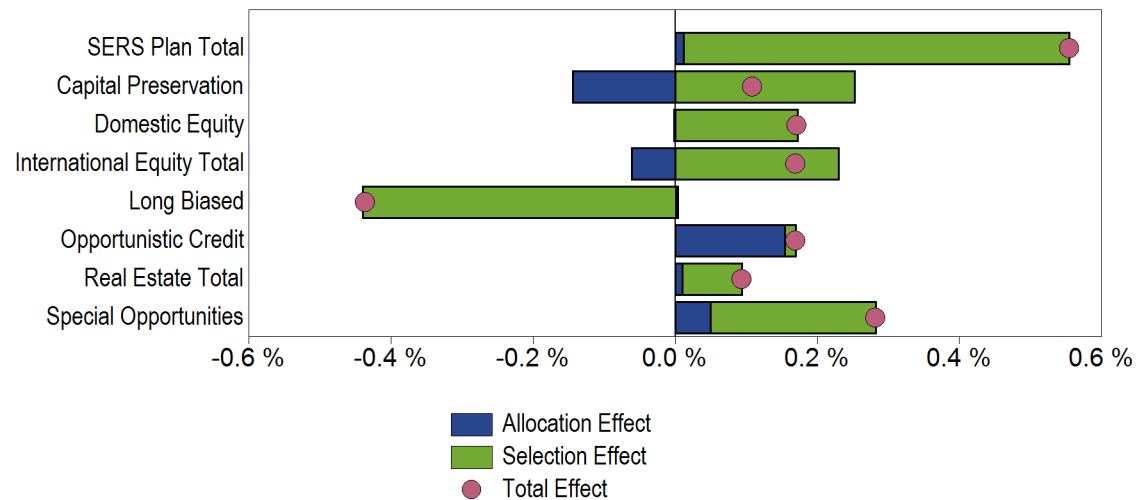


Attributions reflect new policy index

**Attribution Summary**  
**6 Months Ending June 30, 2017**

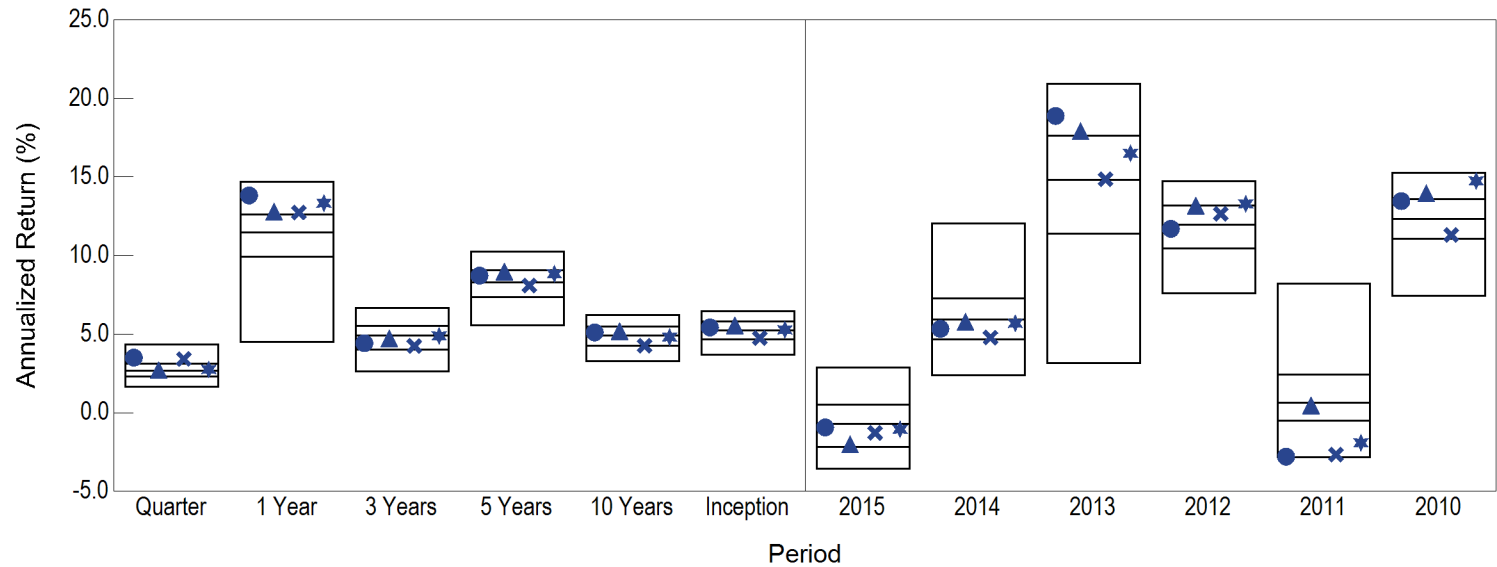
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
Capital Preservation	3.5%	2.6%	0.9%	0.3%	-0.1%	0.1%
Domestic Equity	8.8%	8.2%	0.6%	0.2%	0.0%	0.2%
International Equity Total	16.0%	15.0%	1.0%	0.2%	-0.1%	0.2%
Long Biased	-2.9%	3.1%	-6.0%	-0.4%	0.0%	-0.4%
Opportunistic Credit	3.7%	3.3%	0.5%	0.0%	0.2%	0.2%
Real Estate Total	4.4%	3.5%	0.9%	0.1%	0.0%	0.1%
Special Opportunities	16.9%	8.9%	8.0%	0.2%	0.0%	0.3%
<b>Total</b>	<b>7.8%</b>	<b>7.2%</b>	<b>0.6%</b>	<b>0.5%</b>	<b>0.0%</b>	<b>0.6%</b>

**Attribution Effects**  
**6 Months Ending June 30, 2017**



Attributions reflect new policy index

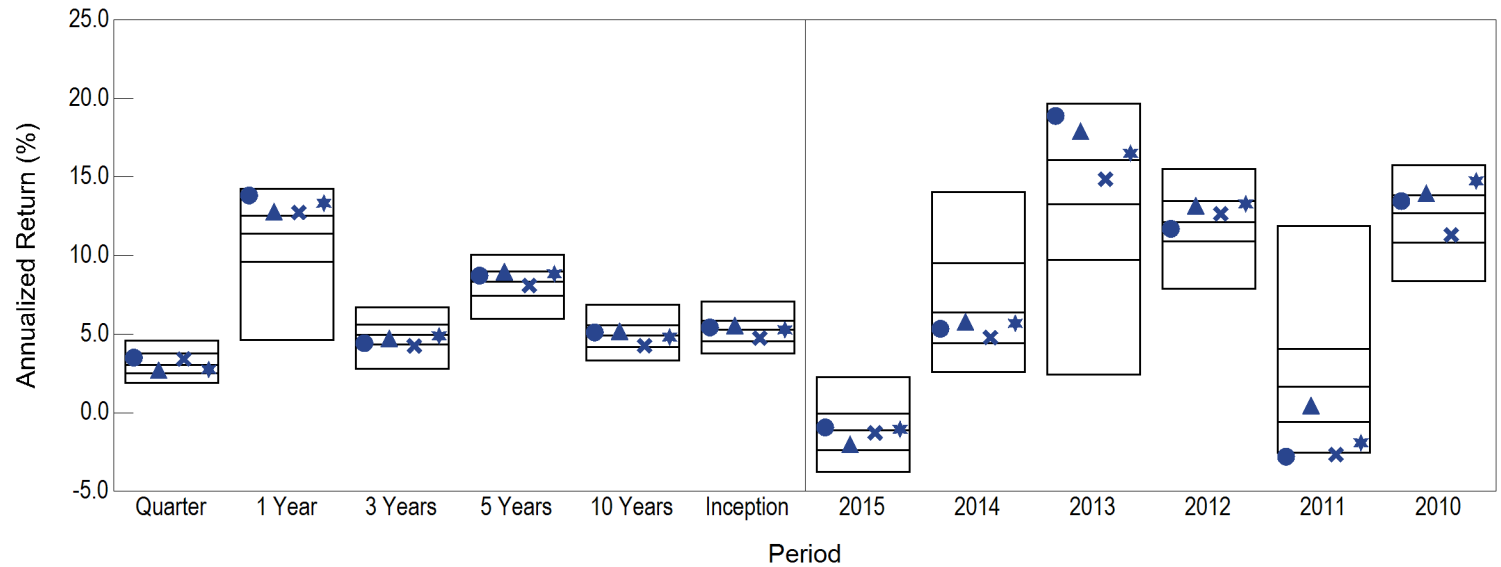
InvestorForce All DB \$50mm-\$250mm Net Accounts  
Ending June 30, 2017



Return (Rank)

5th Percentile	4.3	14.7	6.7	10.3	6.2	6.5	2.9	12.0	20.9	14.8	8.2	15.3
25th Percentile	3.2	12.6	5.6	9.1	5.5	5.9	0.6	7.3	17.7	13.2	2.5	13.6
Median	2.7	11.5	5.0	8.3	4.9	5.3	-0.7	6.0	14.9	12.0	0.7	12.4
75th Percentile	2.3	10.0	4.0	7.4	4.3	4.7	-2.1	4.7	11.4	10.5	-0.5	11.1
95th Percentile	1.7	4.6	2.7	5.6	3.3	3.7	-3.5	2.4	3.2	7.6	-2.8	7.5
# of Portfolios	388	380	367	340	283	280	330	285	268	261	227	219
● SERS Plan Total	3.5 (15)	13.8 (10)	4.4 (68)	8.7 (37)	5.1 (43)	5.4 (41)	-0.9 (55)	5.3 (66)	18.9 (17)	11.7 (55)	-2.8 (95)	13.5 (28)
▲ Policy Index Updated	2.7 (52)	12.8 (22)	4.7 (58)	9.0 (29)	5.2 (41)	5.6 (35)	-2.0 (72)	5.8 (54)	17.9 (24)	13.2 (26)	0.5 (58)	14.0 (19)
× 70/30 ACWI/Barclays Aggregate Bon	3.4 (17)	12.7 (23)	4.2 (71)	8.1 (56)	4.3 (76)	4.7 (74)	-1.3 (60)	4.8 (74)	14.9 (50)	12.7 (36)	-2.7 (95)	11.3 (72)
* Policy Index RE Adjusted	2.8 (48)	13.3 (15)	4.9 (54)	8.8 (34)	4.8 (56)	5.3 (49)	-1.1 (57)	5.7 (56)	16.5 (36)	13.3 (23)	-1.9 (89)	14.7 (9)

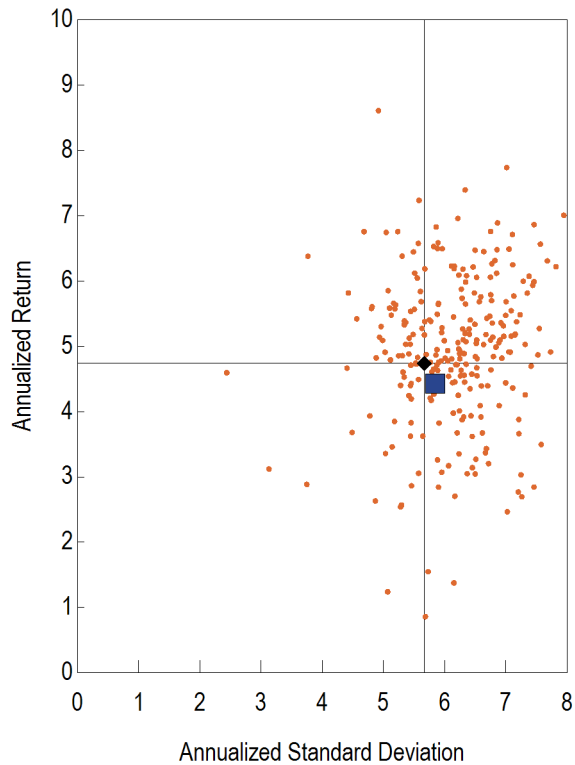
InvestorForce All DB \$250mm-\$1B Net Accounts  
Ending June 30, 2017



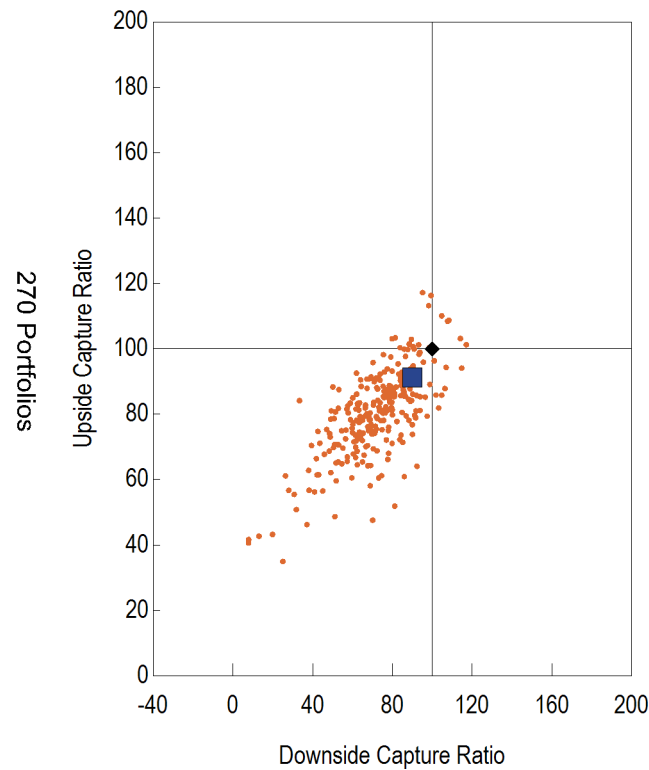
Return (Rank)

5th Percentile	4.6	14.2	6.7	10.1	6.9	7.1	2.2	14.1	19.7	15.5	11.9	15.7
25th Percentile	3.8	12.6	5.7	9.0	5.6	5.9	0.0	9.6	16.1	13.5	4.1	13.9
Median	3.1	11.4	5.0	8.4	4.9	5.3	-1.1	6.4	13.3	12.2	1.7	12.7
75th Percentile	2.6	9.7	4.4	7.5	4.2	4.6	-2.4	4.5	9.8	10.9	-0.5	10.9
95th Percentile	1.9	4.7	2.8	6.0	3.3	3.8	-3.7	2.6	2.5	7.9	-2.5	8.4
# of Portfolios	281	275	270	252	204	197	231	212	190	178	157	148
● SERS Plan Total	3.5 (35)	13.8 (7)	4.4 (75)	8.7 (36)	5.1 (44)	5.4 (45)	-0.9 (47)	5.3 (63)	18.9 (8)	11.7 (61)	-2.8 (97)	13.5 (28)
▲ Policy Index Updated	2.7 (65)	12.8 (19)	4.7 (63)	9.0 (26)	5.2 (40)	5.6 (39)	-2.0 (69)	5.8 (61)	17.9 (14)	13.2 (32)	0.5 (65)	14.0 (25)
× 70/30 ACWI/Barclays Aggregate Bon	3.4 (38)	12.7 (21)	4.2 (79)	8.1 (59)	4.3 (74)	4.7 (72)	-1.3 (56)	4.8 (73)	14.9 (37)	12.7 (43)	-2.7 (97)	11.3 (70)
* Policy Index RE Adjusted	2.8 (63)	13.3 (11)	4.9 (55)	8.8 (33)	4.8 (59)	5.3 (54)	-1.1 (50)	5.7 (61)	16.5 (23)	13.3 (29)	-1.9 (91)	14.7 (14)

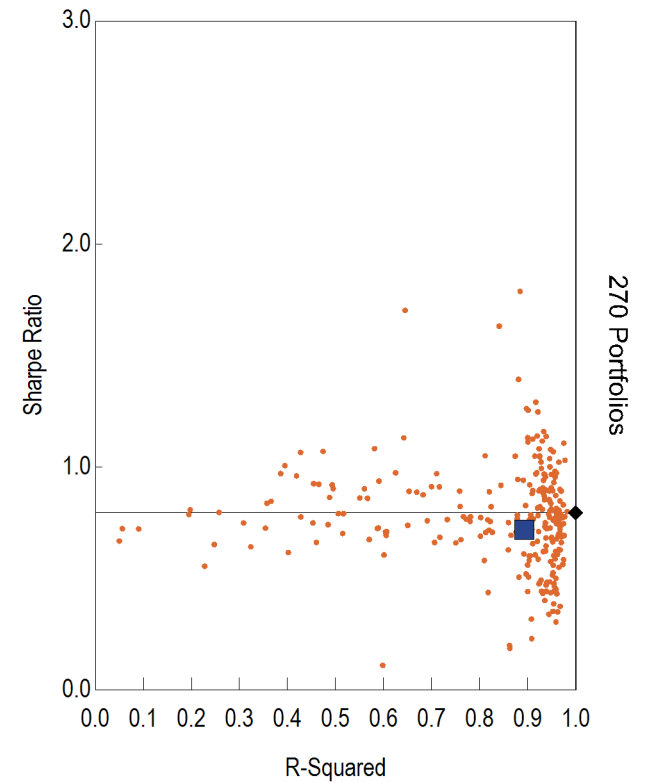
**Annualized Return vs. Annualized Standard Deviation**  
3 Years Ending June 30, 2017



**Upside Capture Ratio vs. Downside Capture Ratio**  
3 Years Ending June 30, 2017



**Sharpe Ratio vs. R-Squared**  
3 Years Ending June 30, 2017

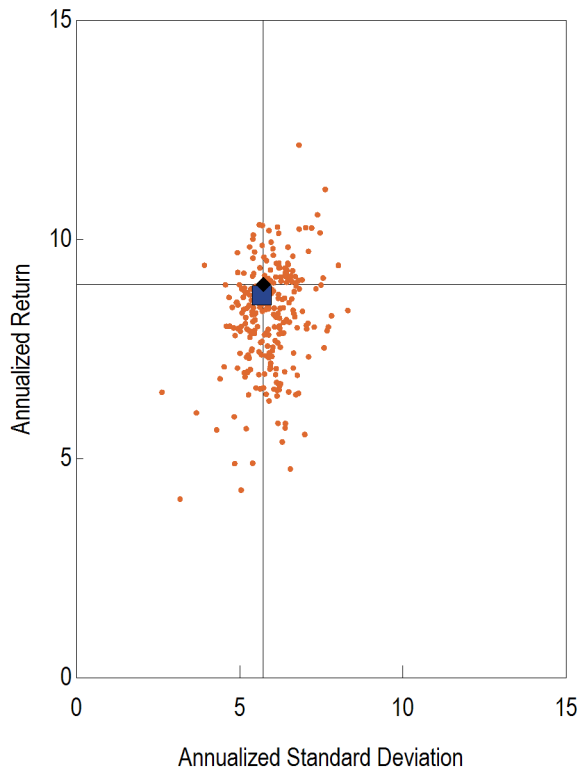


- SERS Plan Total
- ◆ Policy Index Updated
- InvestorForce All DB \$250mm-\$1B Net

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

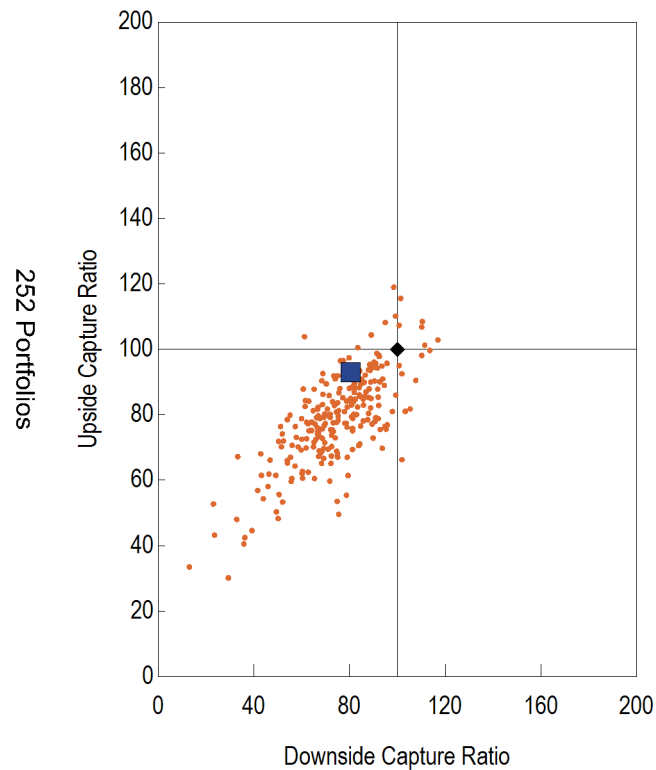
- SERS Plan Total
- ◆ Policy Index Updated
- InvestorForce All DB \$250mm-\$1B Net

**Annualized Return vs. Annualized Standard Deviation  
5 Years Ending June 30, 2017**



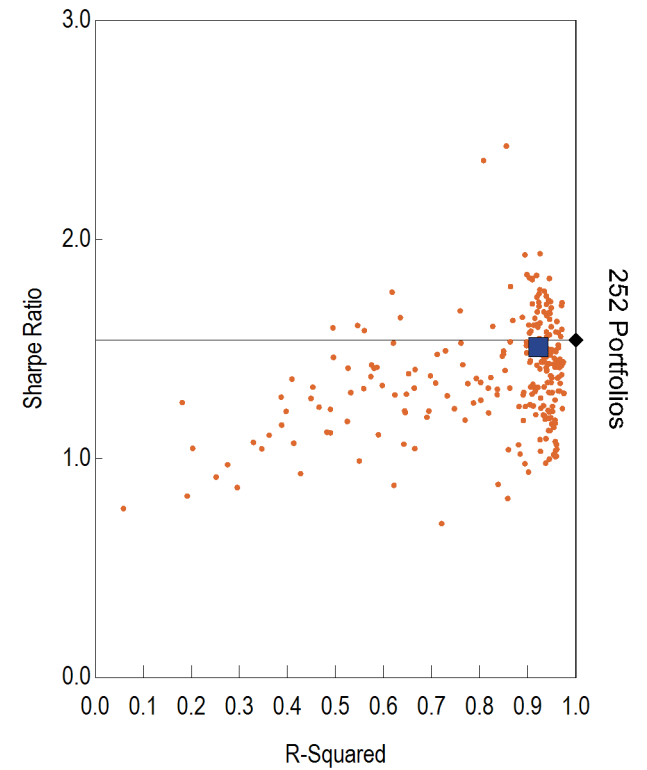
- SERS Plan Total
- ◆ Policy Index Updated
- InvestorForce All DB \$250mm-\$1B Net

**Upside Capture Ratio vs. Downside Capture Ratio  
5 Years Ending June 30, 2017**



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

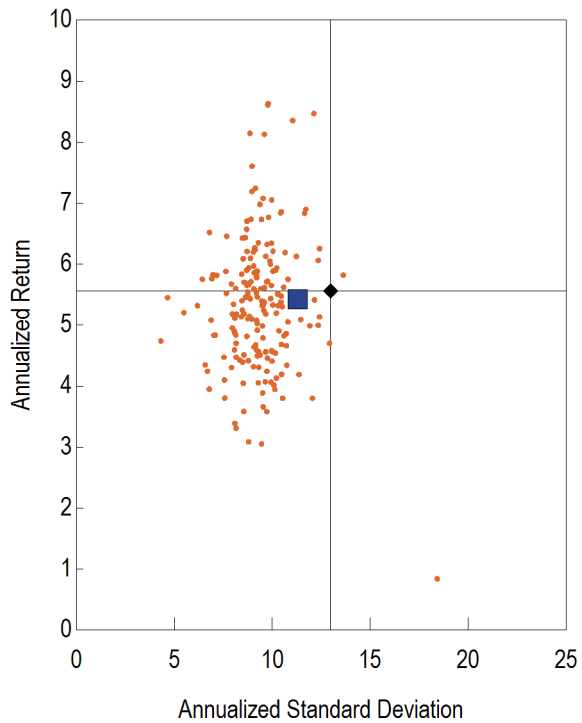
**Sharpe Ratio vs. R-Squared  
5 Years Ending June 30, 2017**



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

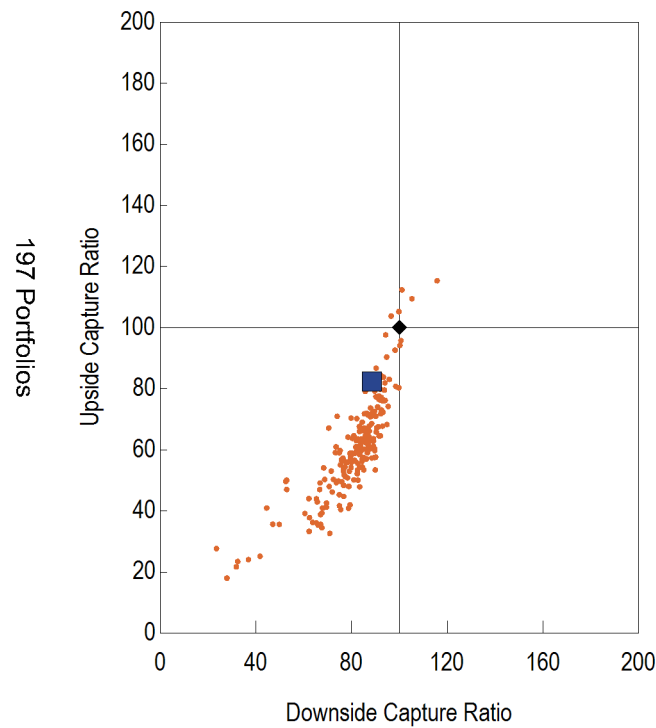


**Annualized Return vs. Annualized Standard Deviation**  
 10 Years 6 Months Ending June 30, 2017



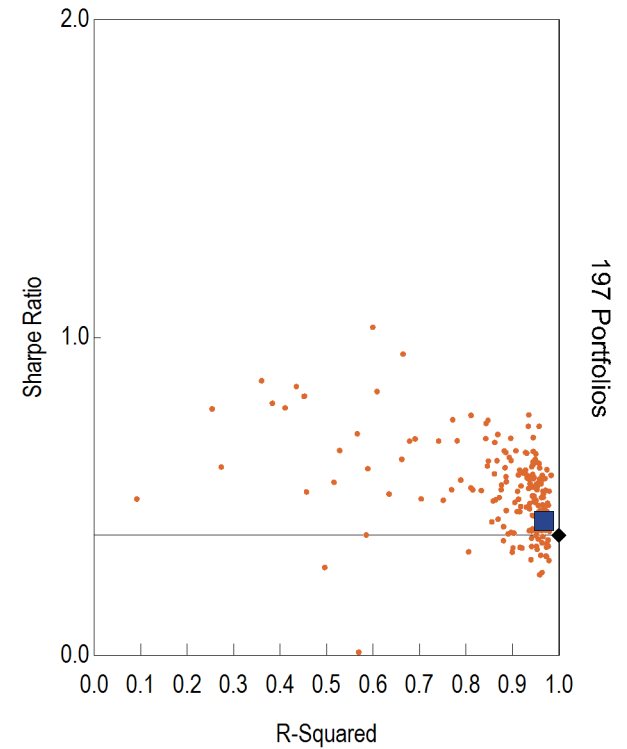
- SERS Plan Total
- ◆ Policy Index Updated
- InvestorForce All DB \$250mm-\$1B Net

**Upside Capture Ratio vs. Downside Capture Ratio**  
 10 Years 6 Months Ending June 30, 2017



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

**Sharpe Ratio vs. R-Squared**  
 10 Years 6 Months Ending June 30, 2017



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

# Spokane Employees' Retirement System

As of June 30, 2017

## Asset Class Performance

	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	Return (%)	Since
<b>Capital Preservation</b>	1.42	3.54	7.91	2.64	3.59	8.12	-1.74	1.65	2.70	--	--	3.59	Jul-12
Capital Preservation Index	1.22	2.59	4.31	2.59	3.73	5.43	-0.58	4.23	3.33	6.66	3.22	3.73	Jul-12
Over/Under	0.20	0.95	3.60	0.05	-0.14	2.69	-1.16	-2.58	-0.63			-0.14	
<b>Total Return Bond</b>	1.58	2.57	--	--	--	--	--	--	--	--	--	0.04	Sep-16
BBgBarc US Aggregate TR	1.45	2.27	-0.31	2.48	2.21	2.65	0.55	5.97	-2.02	4.21	7.84	-0.77	Sep-16
Over/Under	0.13	0.30										0.81	
Intermediate-Term Bond MStar MF Rank	45	53	--	--	--	--	--	--	--	--	--	45	Sep-16
<b>High Yield</b>	1.88	5.16	13.72	3.22	5.91	16.67	-7.05	0.68	7.00	14.35	1.05	5.91	Jul-12
BBgBarc US High Yield TR	2.17	4.93	12.70	4.48	6.89	17.13	-4.47	2.45	7.44	15.81	4.98	6.89	Jul-12
Over/Under	-0.29	0.23	1.02	-1.26	-0.98	-0.46	-2.58	-1.77	-0.44	-1.46	-3.93	-0.98	
High Yield Bond MStar MF Rank	53	20	15	58	62	13	92	70	51	69	85	62	Jul-12
<b>Absolute Return</b>	0.97	3.03	8.92	3.75	4.31	7.75	0.29	3.15	4.65	6.68	2.63	4.31	Jul-12
HFRI FOF: Conservative Index	0.33	1.55	5.11	1.43	3.61	1.89	0.37	3.14	7.70	4.22	-3.55	3.61	Jul-12
Over/Under	0.64	1.48	3.81	2.32	0.70	5.86	-0.08	0.01	-3.05	2.46	6.18	0.70	
BBgBarc US Aggregate TR	1.45	2.27	-0.31	2.48	2.21	2.65	0.55	5.97	-2.02	4.21	7.84	2.21	Jul-12
<b>Domestic Equity</b>	3.31	8.77	20.44	8.04	14.11	10.91	-0.32	11.10	36.38	--	--	14.11	Jul-12
Domestic Equity Index	2.77	8.19	18.62	8.74	14.47	13.92	-0.06	11.44	33.91	16.67	0.55	14.47	Jul-12
Over/Under	0.54	0.58	1.82	-0.70	-0.36	-3.01	-0.26	-0.34	2.47			-0.36	
All Cap Blend MStar MF Rank	21	31	31	39	46	70	33	38	35	--	--	46	Jul-12
<b>Domestic Large Cap Equity</b>	3.92	10.07	20.22	7.89	13.90	8.24	-0.32	12.85	34.81	15.42	-0.61	7.58	Apr-07
S&P 500	3.09	9.34	17.90	9.61	14.63	11.96	1.38	13.69	32.39	16.00	2.11	7.64	Apr-07
Over/Under	0.83	0.73	2.32	-1.72	-0.73	-3.72	-1.70	-0.84	2.42	-0.58	-2.72	-0.06	
Large Blend MStar MF Rank	13	18	18	55	55	83	53	39	26	56	59	31	Apr-07
<b>Domestic Small/Mid Equity</b>	2.14	6.39	20.66	8.21	14.37	15.37	-0.39	8.69	38.60	--	--	14.37	Jul-12
Russell 2500	2.13	5.97	19.84	6.93	14.04	17.59	-2.90	7.07	36.80	17.88	-2.51	14.04	Jul-12
Over/Under	0.01	0.42	0.82	1.28	0.33	-2.22	2.51	1.62	1.80			0.33	
SMID Blend MStar MF Rank	38	23	43	22	35	75	10	24	34	--	--	35	Jul-12

# Spokane Employees' Retirement System

As of June 30, 2017

## Asset Class Performance

	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	Return (%)	Since
<b>International Equity Total</b>	7.21	15.96	21.39	2.99	9.56	3.91	-1.32	-3.58	20.93	18.48	-13.72	4.58	Apr-07
International Equity Index	5.93	14.95	20.89	1.34	7.32	5.34	-5.49	-3.63	13.48	17.36	-15.20	2.43	Apr-07
Over/Under	1.28	1.01	0.50	1.65	2.24	-1.43	4.17	0.05	7.45	1.12	1.48	2.15	
Foreign MStar MF Rank	38	39	29	31	31	22	66	34	54	53	54	10	Apr-07
<b>International Large Cap Equity</b>	7.26	15.80	22.31	3.73	10.92	4.02	-1.13	-1.38	24.43	--	--	10.92	Jul-12
MSCI ACWI ex USA	5.78	14.10	20.45	0.80	7.22	4.50	-5.66	-3.87	15.29	16.83	-13.71	7.22	Jul-12
Over/Under	1.48	1.70	1.86	2.93	3.70	-0.48	4.53	2.49	9.14			3.70	
Foreign Large Blend MStar MF Rank	18	25	17	10	7	23	56	12	14	--	--	7	Jul-12
<b>International Small/Mid Cap Equity</b>	9.55	18.69	22.48	2.34	10.42	-0.68	7.56	-12.10	28.79	--	--	10.42	Jul-12
MSCI ACWI xUS Small (net)	6.24	15.56	20.32	3.31	10.02	3.91	2.60	-4.03	19.73	18.52	-18.50	10.02	Jul-12
Over/Under	3.31	3.13	2.16	-0.97	0.40	-4.59	4.96	-8.07	9.06			0.40	
<b>Emerging Markets Equity</b>	4.54	13.76	16.79	1.13	5.05	7.03	-8.73	-2.07	6.06	--	--	5.05	Jul-12
MSCI Emerging Markets	6.27	18.43	23.75	1.07	3.96	11.19	-14.92	-2.19	-2.60	18.23	-18.42	3.96	Jul-12
Over/Under	-1.73	-4.67	-6.96	0.06	1.09	-4.16	6.19	0.12	8.66			1.09	
Diversified Emerging Mkts MStar MF Rank	79	87	77	52	38	56	16	49	14	--	--	38	Jul-12
<b>Long Biased</b>	0.05	-2.86	-1.28	-0.28	3.04	-2.99	4.04	3.62	9.56	--	--	3.04	Jul-12
HFRI Fund of Funds Composite Index	0.74	3.14	6.41	1.53	3.86	0.51	-0.27	3.36	8.96	4.79	-5.72	3.86	Jul-12
Over/Under	-0.69	-6.00	-7.69	-1.81	-0.82	-3.50	4.31	0.26	0.60			-0.82	
S&P 500	3.09	9.34	17.90	9.61	14.63	11.96	1.38	13.69	32.39	16.00	2.11	14.63	Jul-12
<b>Opportunistic Credit</b>	1.60	3.73	12.39	5.81	--	14.52	2.35	2.32	--	--	--	7.16	Oct-13
HFRI ED: Distressed/Restructuring Index	0.68	3.28	14.94	0.74	5.72	15.15	-8.06	-1.39	14.05	10.12	-1.79	3.19	Oct-13
Over/Under	0.92	0.45	-2.55	5.07		-0.63	10.41	3.71				3.97	
<b>Real Estate Total</b>	2.83	4.42	3.77	9.68	11.06	8.09	6.66	25.00	8.71	15.17	9.44	5.00	Apr-07
NCREIF-ODCE	1.70	3.50	7.87	11.34	11.78	8.76	15.02	12.48	13.94	10.94	15.99	5.63	Apr-07
Over/Under	1.13	0.92	-4.10	-1.66	-0.72	-0.67	-8.36	12.52	-5.23	4.23	-6.55	-0.63	
FTSE NAREIT All REIT	2.40	5.43	1.38	8.87	9.99	9.28	2.29	27.15	3.21	20.14	7.28	4.91	Apr-07
US Real Estate Equity Rank	24	21	10	14	14	32	7	94	7	98	62	67	Apr-07
<b>Special Opportunities</b>	7.63	16.90	11.44	2.44	8.95	-21.90	2.13	25.88	31.60	--	--	8.95	Jul-12
Russell 3000	3.02	8.93	18.51	9.10	14.58	12.73	0.48	12.56	33.55	16.42	1.02	14.58	Jul-12
Over/Under	4.61	7.97	-7.07	-6.66	-5.63	-34.63	1.65	13.32	-1.95			-5.63	

# Spokane Employees' Retirement System

As of June 30, 2017

## Manager Performance

	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	Return (%)	Since
<b>Capital Preservation</b>															
Sterling Core Bond	1.62	2.63	1.02	2.78	2.92	5.24	3.75	0.54	5.99	-0.97	6.14	6.73	7.98	0.02	Aug-16
BBgBarc US Aggregate TR	1.45	2.27	-0.31	2.48	2.21	4.48	2.65	0.55	5.97	-2.02	4.21	7.84	6.54	-0.94	Aug-16
Excess Return	0.17	0.36	1.33	0.30	0.71	0.76	1.10	-0.01	0.02	1.05	1.93	-1.11	1.44	0.96	
Intermediate-Term Bond MStar MF Rank	38	48	49	29	36	26	40	29	35	35	66	51	47	53	Aug-16
Hotchkis & Wiley High Yield	1.89	5.17	13.75	3.91	6.93	--	16.02	-4.30	1.09	8.71	17.96	2.28	19.10	5.17	Jun-15
BBgBarc US High Yield TR	2.17	4.93	12.70	4.48	6.89	7.67	17.13	-4.47	2.45	7.44	15.81	4.98	15.12	5.96	Jun-15
Excess Return	-0.28	0.24	1.05	-0.57	0.04		-1.11	0.17	-1.36	1.27	2.15	-2.70	3.98	-0.79	
High Yield Bond MStar MF Rank	53	19	14	34	19	--	20	61	65	20	11	72	3	31	Jun-15
<b>Absolute Return</b>															
Post Lmtd Term High Yield	1.37	2.37	4.75	2.93	4.75	6.09	5.66	0.84	2.96	7.49	9.61	6.16	12.36	5.98	Jun-10
HFRI FOF: Conservative Index	0.33	1.55	5.11	1.43	3.61	0.79	1.89	0.37	3.14	7.70	4.22	-3.55	5.07	2.83	Jun-10
Excess Return	1.04	0.82	-0.36	1.50	1.14	5.30	3.77	0.47	-0.18	-0.21	5.39	9.71	7.29	3.15	
BBgBarc US Aggregate TR	1.45	2.27	-0.31	2.48	2.21	4.48	2.65	0.55	5.97	-2.02	4.21	7.84	6.54	3.19	Jun-10
Rimrock Low Volatility Offshore	0.82	2.95	7.48	2.05	4.35	8.75	4.90	-1.90	2.31	7.82	11.33	2.29	14.97	5.36	Jun-10
HFRI FOF: Conservative Index	0.33	1.55	5.11	1.43	3.61	0.79	1.89	0.37	3.14	7.70	4.22	-3.55	5.07	2.83	Jun-10
Excess Return	0.49	1.40	2.37	0.62	0.74	7.96	3.01	-2.27	-0.83	0.12	7.11	5.84	9.90	2.53	
BBgBarc US Aggregate TR	1.45	2.27	-0.31	2.48	2.21	4.48	2.65	0.55	5.97	-2.02	4.21	7.84	6.54	3.19	Jun-10
Castine Partners	0.89	4.62	19.45	9.62	8.01	6.72	15.57	6.57	7.48	6.16	2.53	2.14	-3.31	6.72	Jun-11
HFRI FOF: Conservative Index	0.33	1.55	5.11	1.43	3.61	0.79	1.89	0.37	3.14	7.70	4.22	-3.55	5.07	2.44	Jun-11
Excess Return	0.56	3.07	14.34	8.19	4.40	5.93	13.68	6.20	4.34	-1.54	-1.69	5.69	-8.38	4.28	
BBgBarc US Aggregate TR	1.45	2.27	-0.31	2.48	2.21	4.48	2.65	0.55	5.97	-2.02	4.21	7.84	6.54	3.07	Jun-11
Polar Altairis Offshore	0.71	1.73	3.92	3.66	4.28	4.94	6.60	1.73	3.46	5.60	4.42	2.02	1.04	4.56	Sep-11
HFRI FOF: Conservative Index	0.33	1.55	5.11	1.43	3.61	0.79	1.89	0.37	3.14	7.70	4.22	-3.55	5.07	3.26	Sep-11
Excess Return	0.38	0.18	-1.19	2.23	0.67	4.15	4.71	1.36	0.32	-2.10	0.20	5.57	-4.03	1.30	
BBgBarc US Aggregate TR	1.45	2.27	-0.31	2.48	2.21	4.48	2.65	0.55	5.97	-2.02	4.21	7.84	6.54	2.54	Sep-11
American Beacon Flexible Bond Inst	1.50	3.86	5.86	1.26	1.86	--	3.83	-2.73	1.32	-1.19	9.01	--	--	1.50	Apr-17
BBgBarc US Aggregate TR	1.45	2.27	-0.31	2.48	2.21	4.48	2.65	0.55	5.97	-2.02	4.21	7.84	6.54	1.45	Apr-17
Excess Return	0.05	1.59	6.17	-1.22	-0.35		1.18	-3.28	-4.65	0.83	4.80			0.05	

# Spokane Employees' Retirement System

As of June 30, 2017

## Manager Performance

	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	Return (%)	Since
<b>Domestic Equity</b>															
<b>Large Cap Equity</b>															
Hotchkis & Wiley Diversified Value I	3.26	7.59	28.05	7.22	14.84	4.45	19.94	-7.90	12.74	36.54	19.78	-5.67	19.50	11.69	Sep-08
Russell 1000 Value	<u>1.34</u>	<u>4.66</u>	<u>15.53</u>	<u>7.36</u>	<u>13.94</u>	<u>5.57</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>9.73</u>	Sep-08
Excess Return	1.92	2.93	12.52	-0.14	0.90	-1.12	2.60	-4.07	-0.71	4.01	2.27	-6.06	3.99	1.96	
S&P 500	3.09	9.34	17.90	9.61	14.63	7.18	11.96	1.38	13.69	32.39	16.00	2.11	15.06	11.11	Sep-08
Large Value MStar MF Rank	8	15	2	38	13	84	9	90	20	14	8	87	7	5	Sep-08
Vanguard Institutional Index	3.08	9.32	17.86	9.59	14.60	7.18	11.93	1.37	13.65	32.35	15.98	2.09	15.04	9.72	Jun-08
S&P 500	<u>3.09</u>	<u>9.34</u>	<u>17.90</u>	<u>9.61</u>	<u>14.63</u>	<u>7.18</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>9.71</u>	Jun-08
Excess Return	-0.01	-0.02	-0.04	-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	39	30	44	12	25	27	28	24	21	45	41	23	31	22	Jun-08
MFS Blended Research Core	2.57	8.67	16.23	8.33	14.27	7.46	8.57	1.34	12.44	36.37	15.68	2.21	16.92	14.65	Dec-11
S&P 500	<u>3.09</u>	<u>9.34</u>	<u>17.90</u>	<u>9.61</u>	<u>14.63</u>	<u>7.18</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>15.10</u>	Dec-11
Excess Return	-0.52	-0.67	-1.67	-1.28	-0.36	0.28	-3.39	-0.04	-1.25	3.98	-0.32	0.10	1.86	-0.45	
Large Blend MStar MF Rank	69	55	70	47	43	15	81	25	44	16	51	22	13	44	Dec-11
Jackson Square Large Cap Growth Eq	6.51	14.22	17.44	6.97	12.94	8.15	-5.03	5.19	12.76	34.81	16.51	8.04	14.14	12.54	Sep-12
Russell 1000 Growth	<u>4.67</u>	<u>13.99</u>	<u>20.42</u>	<u>11.11</u>	<u>15.30</u>	<u>8.91</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>14.92</u>	Sep-12
Excess Return	1.84	0.23	-2.98	-4.14	-2.36	-0.76	-12.11	-0.48	-0.29	1.33	1.25	5.40	-2.57	-2.38	
S&P 500	3.09	9.34	17.90	9.61	14.63	7.18	11.96	1.38	13.69	32.39	16.00	2.11	15.06	14.31	Sep-12
Large Growth MStar MF Rank	20	49	78	83	78	43	96	44	29	43	38	1	67	76	Sep-12

# Spokane Employees' Retirement System

As of June 30, 2017

## Manager Performance

	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	Return (%)	Since
<b>Small/Mid Cap Equity</b>															
Sterling Mid Cap Value	0.08	7.17	23.58	7.78	14.85	7.60	16.97	-1.71	5.85	46.25	12.50	-3.37	20.40	12.08	Sep-08
Russell MidCap Value	1.37	5.18	15.93	7.46	15.14	7.23	20.00	-4.78	14.75	33.46	18.51	-1.38	24.75	11.65	Sep-08
Excess Return	-1.29	1.99	7.65	0.32	-0.29	0.37	-3.03	3.07	-8.90	12.79	-6.01	-1.99	-4.35	0.43	
Russell MidCap	2.70	7.99	16.48	7.69	14.72	7.67	13.80	-2.44	13.22	34.76	17.28	-1.55	25.48	12.06	Sep-08
Mid-Cap Value MStar MF Rank	76	11	14	25	33	26	69	19	87	2	85	49	74	33	Sep-08
Vanguard Mid Cap Index	2.77	9.13	17.25	8.07	14.78	7.50	11.22	-1.34	13.76	35.17	16.01	-1.95	25.66	14.24	Sep-09
Russell MidCap	2.70	7.99	16.48	7.69	14.72	7.67	13.80	-2.44	13.22	34.76	17.28	-1.55	25.48	14.25	Sep-09
Excess Return	0.07	1.14	0.77	0.38	0.06	-0.17	-2.58	1.10	0.54	0.41	-1.27	-0.40	0.18	-0.01	
Custom Vanguard Mid Cap Index	2.79	9.17	17.31	8.12	14.78	7.25	11.25	-1.28	13.83	35.27	15.47	-2.32	25.20	14.09	Sep-09
Mid-Cap Blend MStar MF Rank	19	11	52	20	13	35	74	19	7	47	62	35	35	12	Sep-09
Vanguard Mid Cap Growth	4.08	10.45	15.51	5.70	11.61	7.18	0.44	0.21	10.86	34.15	14.84	1.17	23.83	6.72	Jun-14
Russell MidCap Growth	4.21	11.40	17.05	7.83	14.19	7.87	7.33	-0.20	11.90	35.74	15.81	-1.65	26.38	8.69	Jun-14
Excess Return	-0.13	-0.95	-1.54	-2.13	-2.58	-0.69	-6.89	0.41	-1.04	-1.59	-0.97	2.82	-2.55	-1.97	
Mid-Cap Growth MStar MF Rank	56	66	78	80	77	55	93	41	21	61	47	22	61	83	Jun-14
Frontier Phocas Small Cap Value I	-0.28	-0.40	18.40	5.63	14.22	7.19	23.31	-4.35	7.19	45.63	9.75	-5.99	29.94	13.37	Dec-11
Russell 2000 Value	0.67	0.54	24.86	7.02	13.39	5.92	31.74	-7.47	4.22	34.52	18.05	-5.50	24.50	13.82	Dec-11
Excess Return	-0.95	-0.94	-6.46	-1.39	0.83	1.27	-8.43	3.12	2.97	11.11	-8.30	-0.49	5.44	-0.45	
Russell 2000	2.46	4.99	24.60	7.36	13.70	6.92	21.31	-4.41	4.89	38.82	16.35	-4.18	26.86	13.98	Dec-11
Small Value MStar MF Rank	71	72	83	53	26	29	71	36	23	3	95	75	24	48	Dec-11
Vanguard Small Cap Index	1.94	5.75	19.13	6.78	14.14	7.86	18.32	-3.63	7.53	37.80	18.26	-2.65	27.95	13.89	Sep-09
Russell 2000	2.46	4.99	24.60	7.36	13.70	6.92	21.31	-4.41	4.89	38.82	16.35	-4.18	26.86	13.15	Sep-09
Excess Return	-0.52	0.76	-5.47	-0.58	0.44	0.94	-2.99	0.78	2.64	-1.02	1.91	1.53	1.09	0.74	
Custom Vanguard Small Cap Index	1.93	5.75	19.09	6.75	14.02	7.48	18.26	-3.68	7.54	37.77	17.48	-3.15	27.35	13.61	Sep-09
Small Blend MStar MF Rank	43	19	73	48	37	16	68	42	15	56	22	49	30	27	Sep-09

# Spokane Employees' Retirement System

As of June 30, 2017

## Manager Performance

	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	Return (%)	Since
Champlain Small Cap	2.94	5.28	26.82	11.47	14.66	10.00	27.93	-0.65	4.43	36.61	11.06	4.01	24.59	11.56	Sep-08
Russell 2000	<u>2.46</u>	<u>4.99</u>	<u>24.60</u>	<u>7.36</u>	<u>13.70</u>	<u>6.92</u>	<u>21.31</u>	<u>-4.41</u>	<u>4.89</u>	<u>38.82</u>	<u>16.35</u>	<u>-4.18</u>	<u>26.86</u>	<u>10.29</u>	Sep-08
Excess Return	0.48	0.29	2.22	4.11	0.96	3.08	6.62	3.76	-0.46	-2.21	-5.29	8.19	-2.27	1.27	
Russell 2000 Growth	4.39	9.97	24.40	7.64	13.98	7.82	11.32	-1.38	5.60	43.30	14.59	-2.91	29.09	11.34	Sep-08
Small Blend MStar MF Rank	17	22	8	3	27	1	8	11	60	68	88	5	62	21	Sep-08
Bridge City Small Growth	3.49	6.82	29.85	14.40	17.54	--	24.90	6.81	7.06	40.81	10.99	3.16	31.97	17.11	Dec-11
Russell 2000 Growth	<u>4.39</u>	<u>9.97</u>	<u>24.40</u>	<u>7.64</u>	<u>13.98</u>	<u>7.82</u>	<u>11.32</u>	<u>-1.38</u>	<u>5.60</u>	<u>43.30</u>	<u>14.59</u>	<u>-2.91</u>	<u>29.09</u>	<u>14.38</u>	Dec-11
Excess Return	-0.90	-3.15	5.45	6.76	3.56		13.58	8.19	1.46	-2.49	-3.60	6.07	2.88	2.73	
Russell 2000	2.46	4.99	24.60	7.36	13.70	6.92	21.31	-4.41	4.89	38.82	16.35	-4.18	26.86	14.07	Dec-11
Small Growth MStar MF Rank	69	78	10	1	4	--	5	4	15	61	79	10	22	4	Dec-11

## Manager Performance

	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	Return (%)	Since
<b>International Equity</b>															
Artisan International Value	6.80	13.89	21.15	3.52	12.37	6.34	5.74	-1.49	-0.39	30.72	22.48	-6.98	19.15	10.32	Sep-08
MSCI ACWI ex USA Value	<u>4.08</u>	<u>11.03</u>	<u>23.62</u>	<u>-1.00</u>	<u>6.35</u>	<u>0.31</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>4.41</u>	Sep-08
Excess Return	2.72	2.86	-2.47	4.52	6.02	6.03	-3.18	8.57	4.71	15.68	5.51	6.22	11.31	5.91	
MSCI ACWI ex USA	5.78	14.10	20.45	0.80	7.22	1.13	4.50	-5.66	-3.87	15.29	16.83	-13.71	11.15	5.01	Sep-08
Foreign Large Value MStar MF Rank	7	27	50	5	3	1	29	45	2	1	8	7	1	1	Sep-08
EuroPacific Growth R6	7.69	17.78	22.18	3.72	9.61	3.44	1.01	-0.48	-2.29	20.58	19.64	-13.31	9.76	4.33	Jun-08
MSCI ACWI ex USA	<u>5.78</u>	<u>14.10</u>	<u>20.45</u>	<u>0.80</u>	<u>7.22</u>	<u>1.13</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>2.03</u>	Jun-08
Excess Return	1.91	3.68	1.73	2.92	2.39	2.31	-3.49	5.18	1.58	5.29	2.81	0.40	-1.39	2.30	
Foreign Large Blend MStar MF Rank	10	7	17	10	17	12	53	42	18	50	28	43	63	13	Jun-08
Victory Trivalent International Small Cap	9.55	18.68	22.45	5.56	14.52	--	-0.70	8.20	-0.20	32.98	24.32	-11.55	25.49	10.20	Aug-15
MSCI ACWI xUS Small (net)	<u>6.24</u>	<u>15.56</u>	<u>20.32</u>	<u>3.31</u>	<u>10.02</u>	<u>2.91</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>11.86</u>	Aug-15
Excess Return	3.31	3.12	2.13	2.25	4.50		-4.61	5.60	3.83	13.25	5.80	6.95	0.28	-1.66	
MSCI ACWI ex USA	5.78	14.10	20.45	0.80	7.22	1.13	4.50	-5.66	-3.87	15.29	16.83	-13.71	11.15	9.14	Aug-15
Foreign Small/Mid Growth MStar MF Rank	33	49	23	31	10	--	36	60	26	24	22	25	32	38	Aug-15
Berens Global Value Ltd	4.67	13.93	17.03	1.36	5.22	3.26	7.23	-8.84	-1.50	6.16	10.77	-14.07	20.68	1.41	Dec-07
MSCI Emerging Markets	<u>6.27</u>	<u>18.43</u>	<u>23.75</u>	<u>1.07</u>	<u>3.96</u>	<u>1.92</u>	<u>11.19</u>	<u>-14.92</u>	<u>-2.19</u>	<u>-2.60</u>	<u>18.23</u>	<u>-18.42</u>	<u>18.88</u>	<u>0.20</u>	Dec-07
Excess Return	-1.60	-4.50	-6.72	0.29	1.26	1.34	-3.96	6.08	0.69	8.76	-7.46	4.35	1.80	1.21	
MSCI ACWI ex USA	5.78	14.10	20.45	0.80	7.22	1.13	4.50	-5.66	-3.87	15.29	16.83	-13.71	11.15	0.78	Dec-07



# Spokane Employees' Retirement System

As of June 30, 2017

## Manager Performance

	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	Return (%)	Since
<b>Long Biased</b>															
Weatherlow Offshore	-0.41	1.14	6.03	1.27	5.38	3.75	0.99	1.49	4.91	13.56	8.47	-5.89	9.69	3.33	Mar-08
HFRI Fund of Funds Composite Index	<u>0.74</u>	<u>3.14</u>	<u>6.41</u>	<u>1.53</u>	<u>3.86</u>	<u>0.86</u>	<u>0.51</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>1.16</u>	Mar-08
Excess Return	-1.15	-2.00	-0.38	-0.26	1.52	2.89	0.48	1.76	1.55	4.60	3.68	-0.17	3.99	2.17	
S&P 500	3.09	9.34	17.90	9.61	14.63	7.18	11.96	1.38	13.69	32.39	16.00	2.11	15.06	9.11	Mar-08
<b>Opportunistic Credit</b>															
Beach Point Select Fund	1.61	3.74	12.40	5.90	9.50	--	14.52	2.58	2.35	15.93	17.58	--	--	7.26	Oct-13
HFRI ED: Distressed/Restructuring Index	<u>0.66</u>	<u>3.26</u>	<u>14.92</u>	<u>0.74</u>	<u>5.71</u>	<u>3.43</u>	<u>15.15</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>3.19</u>	Oct-13
Excess Return	0.95	0.48	-2.52	5.16	3.79		-0.63	10.64	3.74	1.88	7.46			4.07	
HFRX Distressed Securities Index	0.96	2.56	14.34	0.92	2.49	-2.87	19.72	-11.14	0.42	5.37	0.94	-8.04	8.34	2.65	Oct-13
<b>Real Estate</b>															
SERS Principal Global Investors REIT	2.26	3.84	-1.30	8.98	10.12	7.03	6.40	4.19	32.23	3.91	16.99	9.03	25.31	5.71	Dec-06
FTSE NAREIT All REIT	<u>2.40</u>	<u>5.43</u>	<u>1.38</u>	<u>8.87</u>	<u>9.99</u>	<u>6.02</u>	<u>9.28</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>5.00</u>	Dec-06
Excess Return	-0.14	-1.59	-2.68	0.11	0.13	1.01	-2.88	1.90	5.08	0.70	-3.15	1.75	-2.27	0.71	
US Real Estate Equity Rank	40	33	59	33	36	45	70	54	37	26	87	72	81	60	Dec-06
<b>Special Opportunities</b>															
OrbiMed Partners II	7.62	16.88	11.41	2.44	9.09	9.34	-21.91	2.14	25.88	32.19	16.19	8.28	9.78	10.83	Dec-10
MSCI World Healthcare Index	<u>6.94</u>	<u>15.96</u>	<u>9.83</u>	<u>7.08</u>	<u>14.90</u>	<u>8.62</u>	<u>-6.81</u>	<u>6.60</u>	<u>18.10</u>	<u>36.27</u>	<u>17.54</u>	<u>9.46</u>	<u>2.41</u>	<u>14.31</u>	Dec-10
Excess Return	0.68	0.92	1.58	-4.64	-5.81	0.72	-15.10	-4.46	7.78	-4.08	-1.35	-1.18	7.37	-3.48	
NASDAQ Biotech Index	5.87	17.34	21.04	6.89	19.52	15.28	-21.35	11.77	34.40	65.97	32.29	12.08	15.25	20.78	Dec-10
S&P Composite 1500 Health Care	7.39	16.47	13.41	11.53	18.21	10.96	-2.05	7.41	24.79	42.19	18.35	11.88	5.20	17.67	Dec-10

**Non-Marketable Securities Overview**

As of March 31, 2017

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	\$1,039,913	\$26,953	\$1,066,866	\$272,068	88.45%	-10.00

**Time and Dollar Weighted Returns**

Legacy Partners Realty Fund III, LLC	Q1-17	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs
Time Weighted	-2.05%	-2.05%	-6.23%	-18.78%	-12.10%	-4.71%	-0.34%
Money Weighted	-2.05%	-2.05%	9.99%	-21.98%	-12.01%	-2.61%	2.21%
NCREIF Property Index	1.55%	1.55%	7.27%	9.53%	10.58%	10.73%	10.69%

Legacy Partners Realty Fund III, LLC	2016	2015	2014	2013	2012	2011	Inception 5/31/08
Time Weighted	-7.22%	-26.87%	3.09%	21.14%	18.41%	29.91%	-68.94%
Money Weighted	-0.47%	-26.87%	3.09%	20.46%	18.35%	54.53%	-10.00%
NCREIF Property Index	7.97%	13.33%	11.81%	10.99%	10.54%	14.26%	6.09%

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 March 31, 2017

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	\$1,952,306	\$335,121	\$2,287,426	\$115,000	94.25%	3.77

**Time and Dollar Weighted Returns**

Metropolitan Real Estate Partners V	Q1-17	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs
Time Weighted	-0.56%	-0.56%	4.84%	4.49%	10.42%	11.45%	12.02%
Money Weighted	-0.55%	-0.55%	4.96%	5.22%	14.02%	14.05%	14.10%
NCREIF Property Index	1.55%	1.55%	7.27%	9.53%	10.58%	10.73%	10.69%

Metropolitan Real Estate Partners V	2016	2015	2014	2013	2012	2011	Inception 11/30/07
Time Weighted	4.86%	9.75%	20.70%	14.26%	13.32%	13.40%	-4.43%
Money Weighted	3.86%	11.04%	19.67%	13.59%	13.15%	14.07%	3.77%
NCREIF Property Index	7.97%	13.33%	11.81%	10.99%	10.54%	14.26%	6.30%

**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, 2017

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	\$6,171,237	\$1,276,816	\$7,448,053	\$161,786	96.89%	16.58

**Time and Dollar Weighted Returns**

Morrison Street Fund IV Q, LP	Q2-17	YTD	1 Yr	2 Yrs	3 Yrs
Time Weighted	2.29%	4.13%	17.72%	17.56%	18.48%
Money Weighted	2.05%	3.81%	18.37%	19.41%	20.36%
NCREIF Property Index	1.75%	3.33%	6.98%	8.79%	10.16%

Morrison Street Fund IV Q, LP	2016	2015	2014	2013	Inception 7/1/12
Time Weighted	21.19%	18.03%	18.77%	19.04%	18.82%
Money Weighted	23.73%	17.41%	18.88%	18.85%	16.58%
NCREIF Property Index	7.97%	13.33%	11.81%	10.99%	10.49%

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 June 30, 2017

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	\$1,614,094	\$5,766,542	\$7,380,636	\$119,507	98.03%	12.01

**Time and Dollar Weighted Returns**

Morrison Street Fund V, LP	Q2-17	YTD	1 Yr	2 Yrs	3 Yrs
Time Weighted	5.20%	8.50%	13.18%	14.22%	10.56%
Money Weighted	5.19%	8.48%	13.43%	14.59%	12.45%
NCREIF Property Index	1.75%	3.33%	6.98%	8.79%	10.16%

Morrison Street Fund V, LP	2016	2015	2014	2013	Inception 6/30/14
Time Weighted	11.10%	11.89%			10.56%
Money Weighted	11.31%	13.31%			12.01%
NCREIF Property Index	7.97%	13.33%	11.81%	10.99%	10.16%

**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 June 30, 2017

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	\$2,752,649	\$2,719,344	\$5,471,993	\$0	100.00%	3.37

**Time and Dollar Weighted Returns**

Orbimed Royalty Opportunities	Q1-17	YTD	1 Yr	2 Yrs	3 Yrs
Time Weighted	2.97%	2.97%	-20.51%	-6.48%	-1.31%
Money Weighted	2.97%	2.97%	-18.69%	-3.50%	0.81%
HFRI Fund of Funds Composite Index	2.38%	2.38%	6.22%	0.07%	1.80%
S&P 500	6.07%	6.07%	17.17%	9.21%	10.37%

Orbimed Royalty Opportunities	2016	2015	2014	2013	Inception 9/1/11
Time Weighted	-20.87%	9.95%	9.99%	6.17%	4.96%
Money Weighted	-17.15%	9.99%	10.00%	6.90%	3.37%
HFRI Fund of Funds Composite Index	0.51%	-0.27%	3.36%	8.96%	2.89%
S&P 500	11.96%	1.38%	13.69%	32.39%	14.94%

**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 June 30, 2017

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	\$2,392,500	\$373,591	\$2,142,811	\$2,516,402	\$2,607,500	47.85%	6.93

**Time and Dollar Weighted Returns**

	Q2-17	YTD	1 Yr	2 Yrs	3 Yrs
Orbimed Royalty Opportunities II					
Time Weighted	1.09%	5.42%	4.52%	12.42%	
Money Weighted	1.45%	5.51%	5.24%	7.70%	
HFRI Fund of Funds Composite Index	0.74%	3.14%	6.41%	0.33%	1.53%
S&P 500	3.09%	9.34%	17.90%	10.73%	9.61%
Orbimed Royalty Opportunities II	2016	2015	2014	2013	Inception 4/1/15
Time Weighted	0.60%				9.86%
Money Weighted	-0.05%				6.93%
HFRI Fund of Funds Composite Index	0.51%	-0.27%	3.36%	8.96%	0.39%
S&P 500	11.96%	1.38%	13.69%	32.39%	9.61%

**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 June 30, 2017

Account Type	Account	Vintage Year	Commitment	Cumulative Takedown	Cumulative Distributions	Value (RV)	Total Value (RV + Dist)	Unfunded Commitment	Takedown (takedowns / commit)	IRR
Real Estate	Morrison Street Debt Opportunities Fd LP	2017	\$5,000,000	\$3,482,508	\$141,571	\$3,316,919	\$3,458,490	\$1,517,492	69.65%	-0.85

**Time and Dollar Weighted Returns**

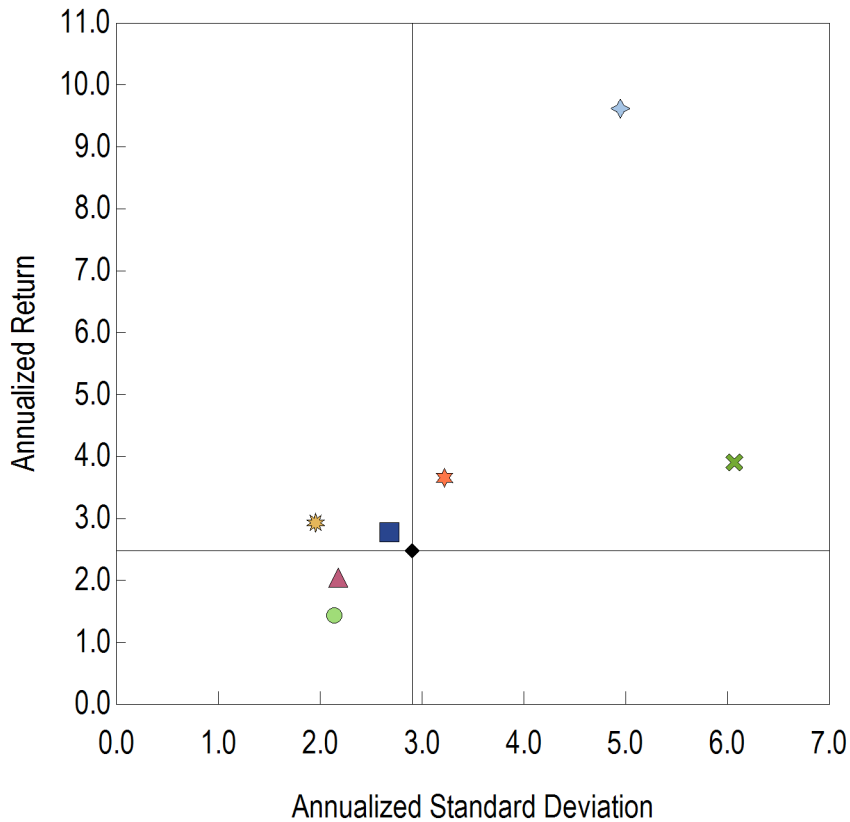
Morrison Street Debt Opportunities Fd LP	Q2-17	YTD	1 Yr	2 Yrs	3 Yrs
Time Weighted	1.22%	-0.75%			
Money Weighted	1.23%	-0.85%			
NCREIF - ODCE NET	1.49%	3.05%	6.91%	8.84%	10.32%
Morrison Street Debt Opportunities Fd LP	2016	2015	2014	2013	Inception 12/31/16
Time Weighted					-0.75%
Money Weighted					-0.85%
NCREIF - ODCE NET	7.79%	13.91%	11.46%	12.90%	3.05%

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

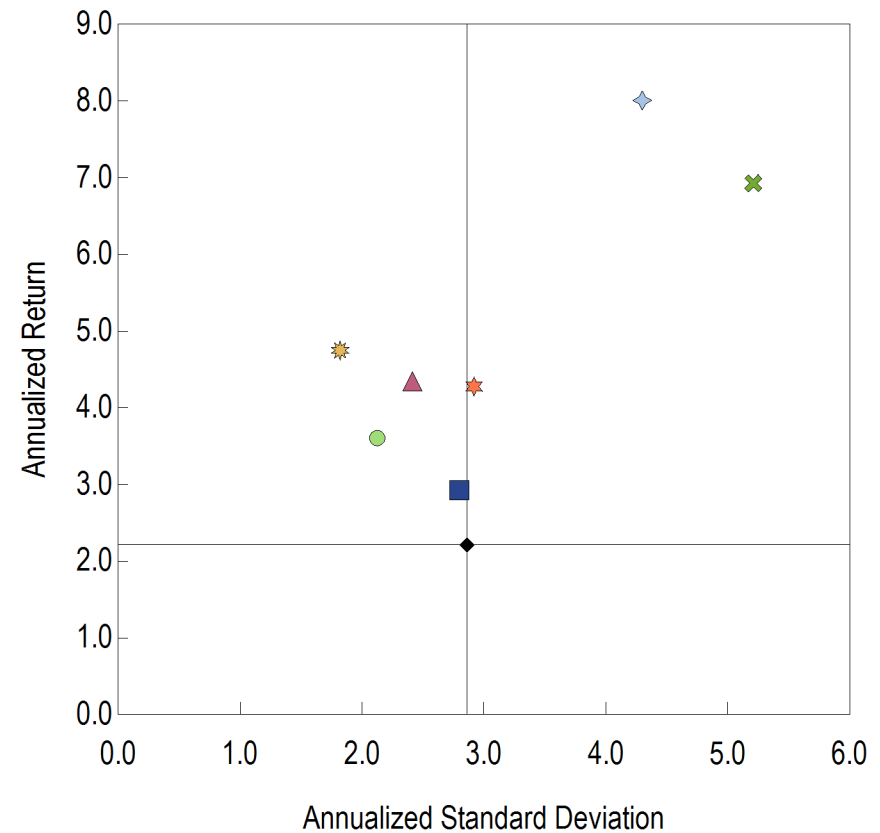
**Internal Rate of Return** - The IRR (also referred to as the dollar-weighted return) differs from the TWR in that it calculates the return rate at which the present value of cash outflows equals the present value of cash inflows. Its distinguishing characteristic is that this methodology is generally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



Annualized Return vs. Annualized Standard Deviation  
3 Years Ending June 30, 2017



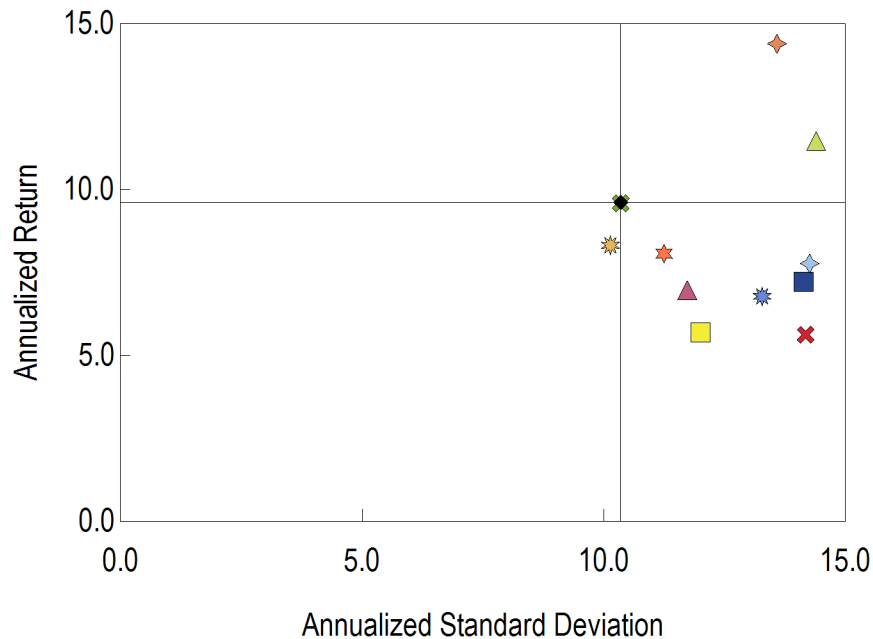
Annualized Return vs. Annualized Standard Deviation  
5 Years Ending June 30, 2017



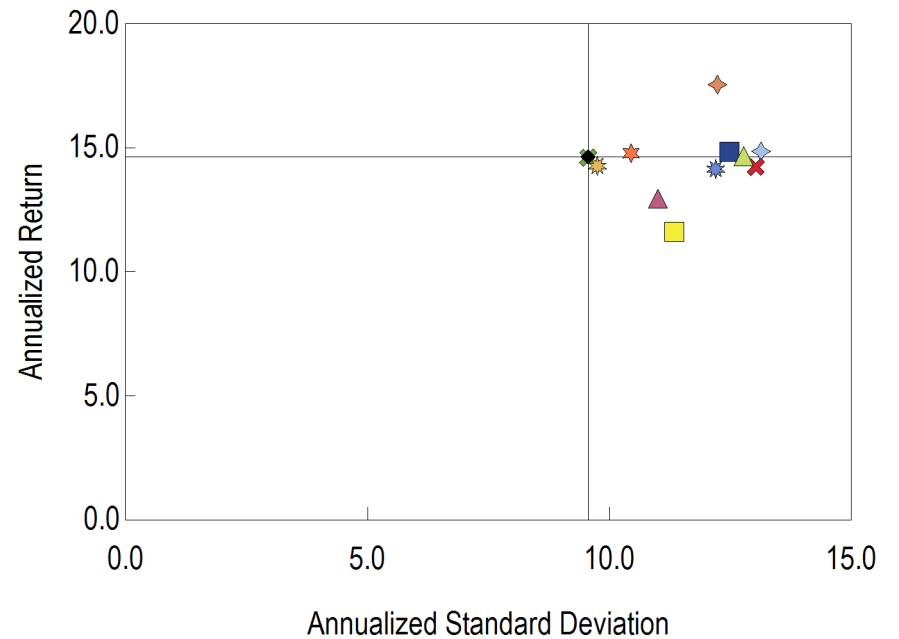
- Sterling Core Bond
- ✕ Hotchkis & Wiley High Yield
- ⚡ Post Lmtd Term High Yield
- ▲ Rimrock Low Volatility Offshore
- ◆ Castine Partners
- ★ Polar Altairis Offshore
- ◆ BBgBarc US Aggregate TR
- HFRI FOF: Conservative Index

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

Annualized Return vs. Annualized Standard Deviation  
3 Years Ending June 30, 2017



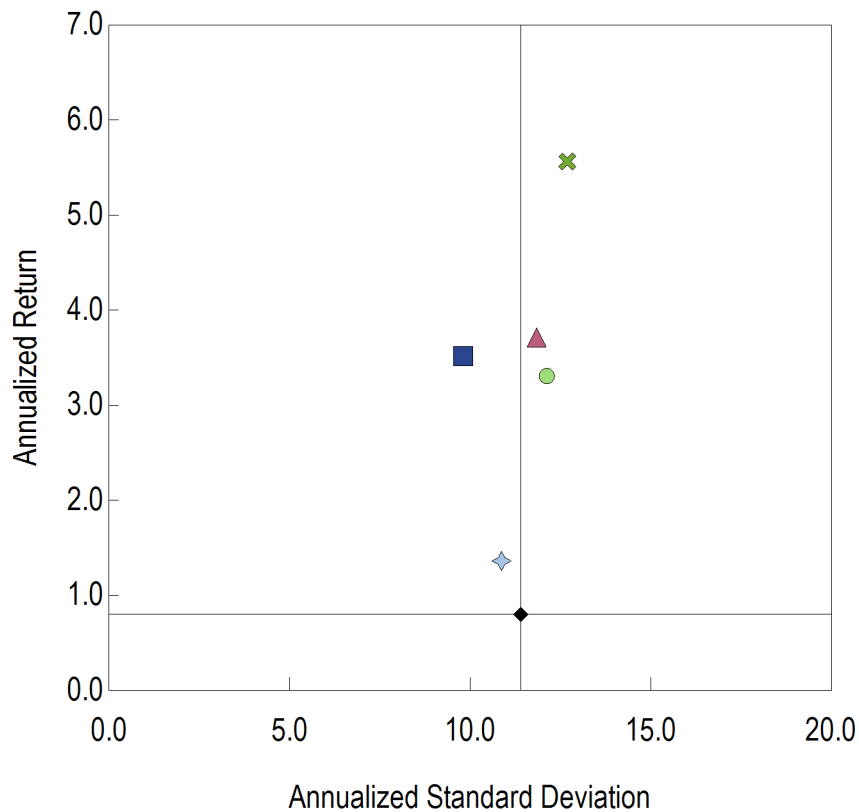
Annualized Return vs. Annualized Standard Deviation  
5 Years Ending June 30, 2017



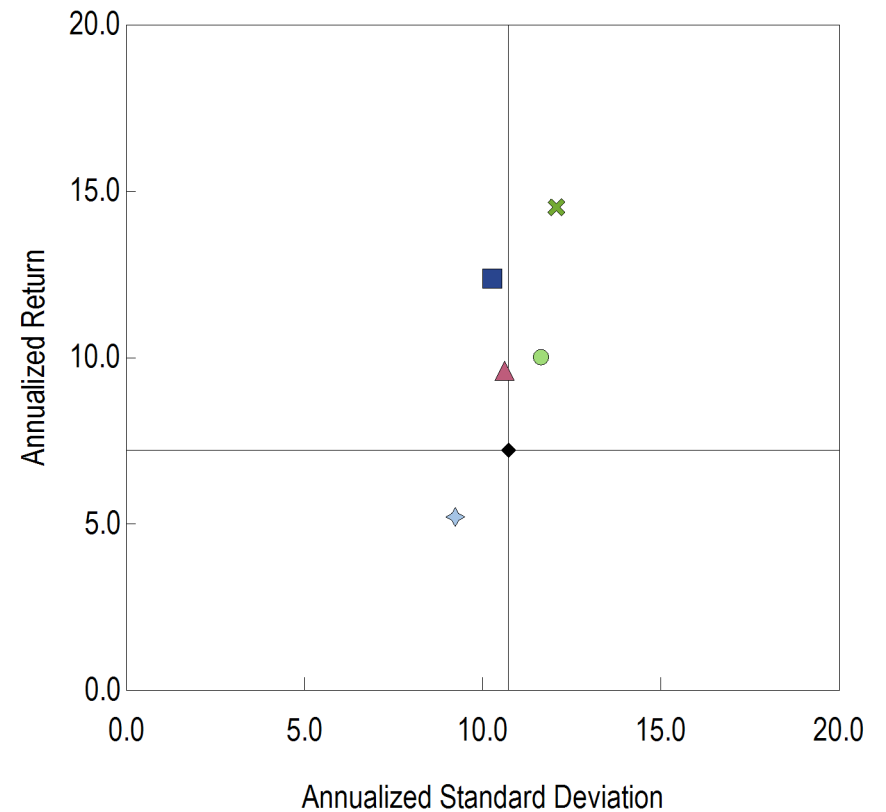
- Hotchkis & Wiley Diversified Value I
- ✕ Vanguard Institutional Index
- ⊛ MFS Blended Research Core
- ▲ Jackson Square Large Cap Growth Eq
- ◆ Sterling Mid Cap Value
- ★ Vanguard Mid Cap Index
- Vanguard Mid Cap Growth
- ✕ Frontier Phocas Small Cap Value I
- ⊛ Vanguard Small Cap Index
- ▲ Champlain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

- Hotchkis & Wiley Diversified Value I
- ✕ Vanguard Institutional Index
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- ▲ Champlain Small Cap
- ◆ Bridge City Small Growth
- ◆ S&P 500

Annualized Return vs. Annualized Standard Deviation  
3 Years Ending June 30, 2017



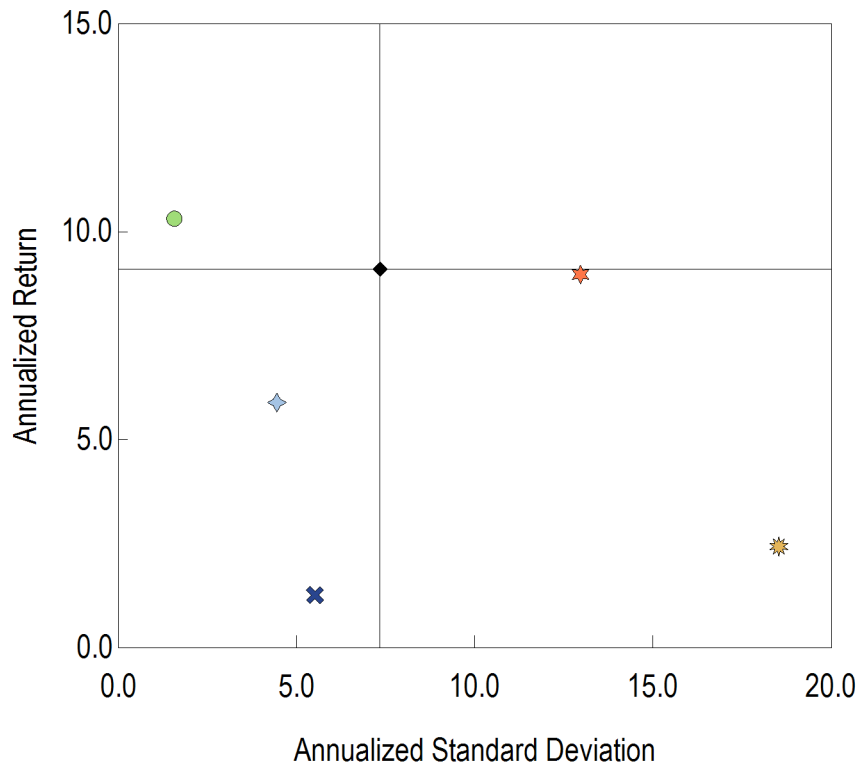
Annualized Return vs. Annualized Standard Deviation  
5 Years Ending June 30, 2017



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

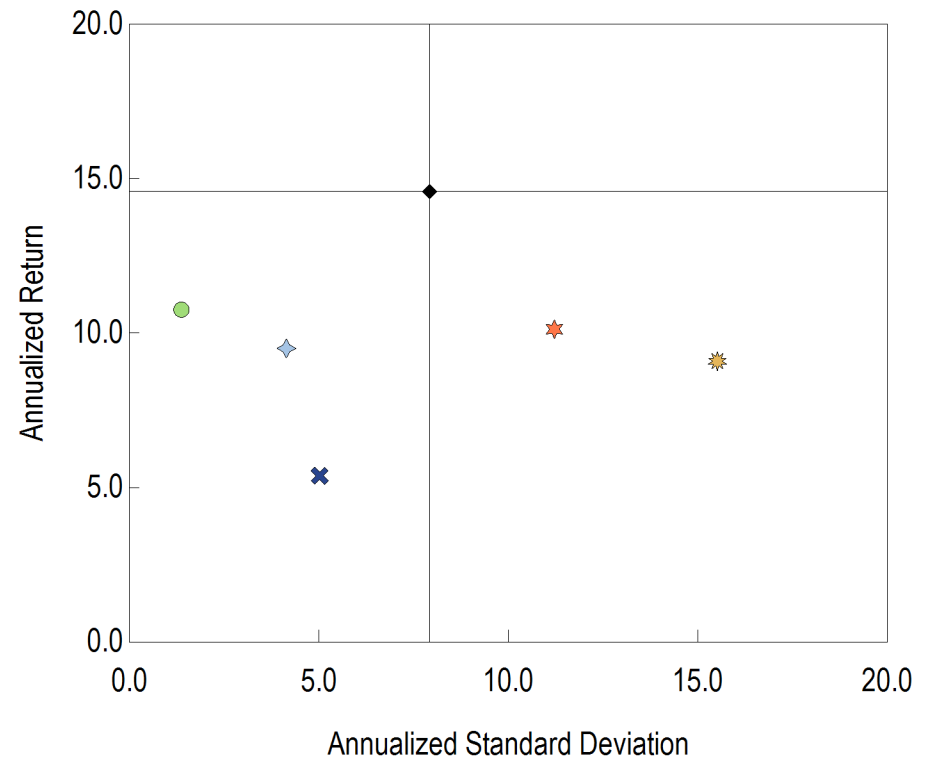
- Artisan International Value
- ✕ Victory Trivalent International Small Cap
- ▲ EuroPacific Growth R6
- ◆ Berens Global Value Ltd
- ◆ MSCI ACWI ex USA
- MSCI ACWI xUS Small (net)

Annualized Return vs. Annualized Standard Deviation  
3 Years Ending June 30, 2017



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

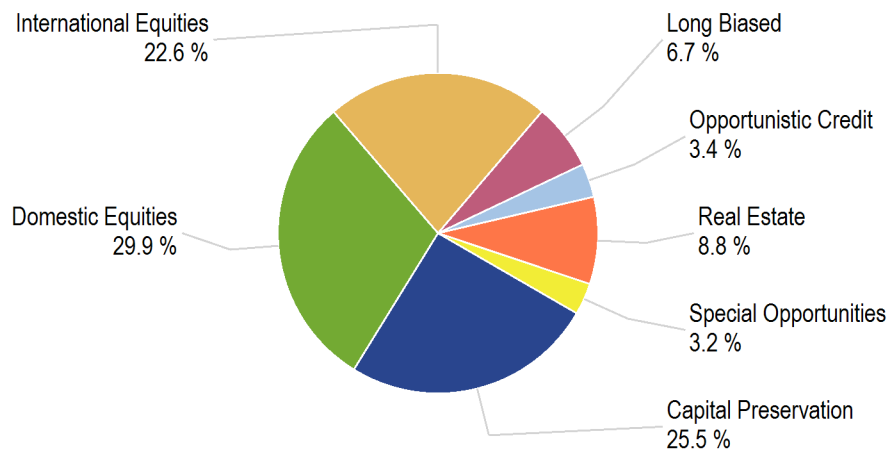
Annualized Return vs. Annualized Standard Deviation  
5 Years Ending June 30, 2017



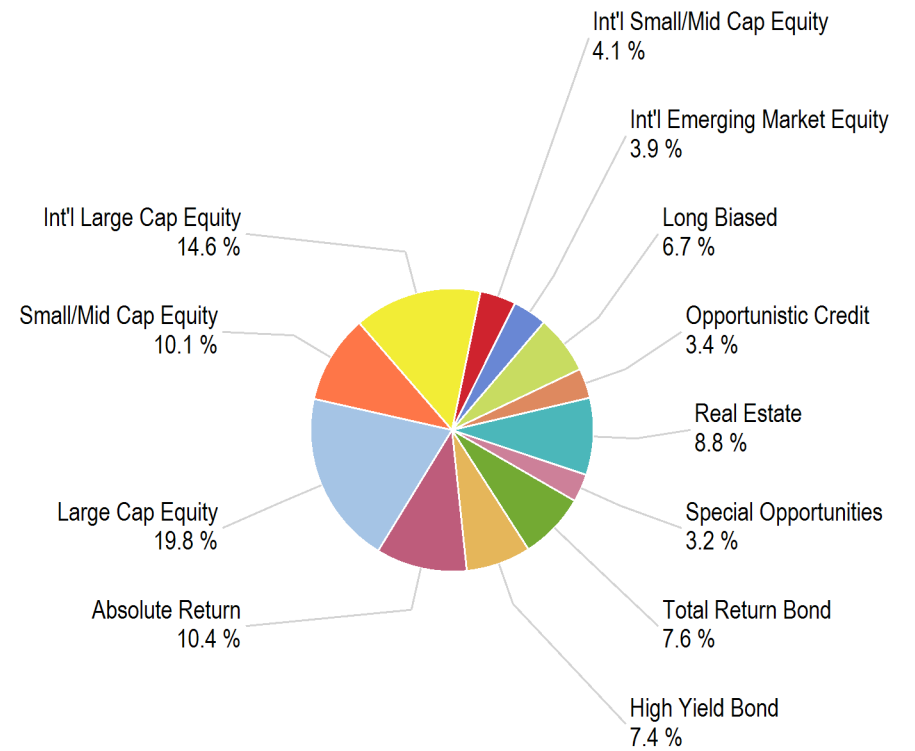
- ✕ Weatherlow Offshore
- ✱ OrbiMed Partners II
- ◇ Beach Point Select Fund
- ★ SERS Principal Global Investors REIT
- ◆ Russell 3000
- NCREIF - ODCE NET

# Section 3

Current Allocation



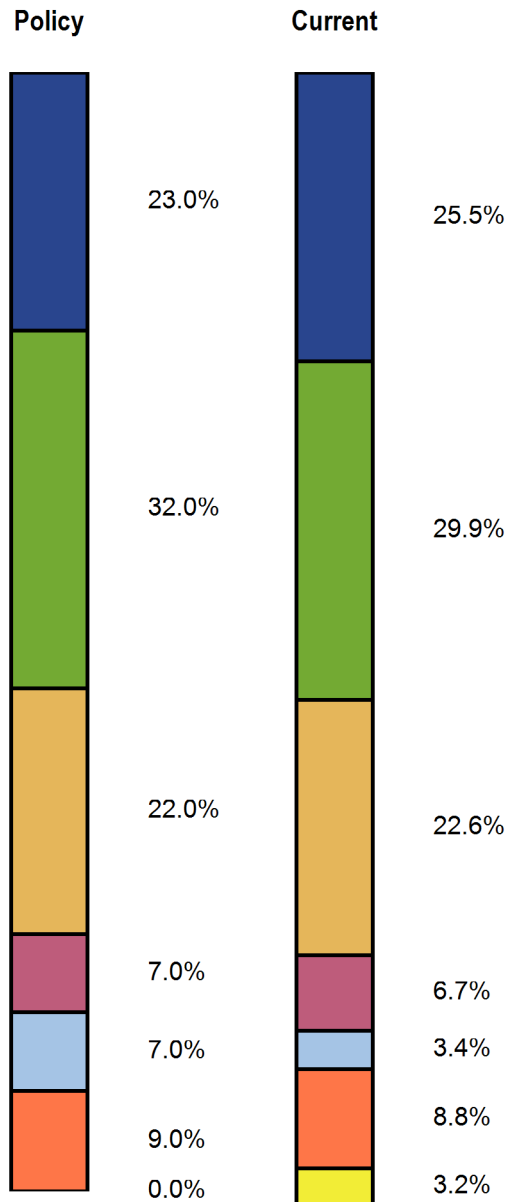
Current Implementation Allocation



# Spokane Employees' Retirement System

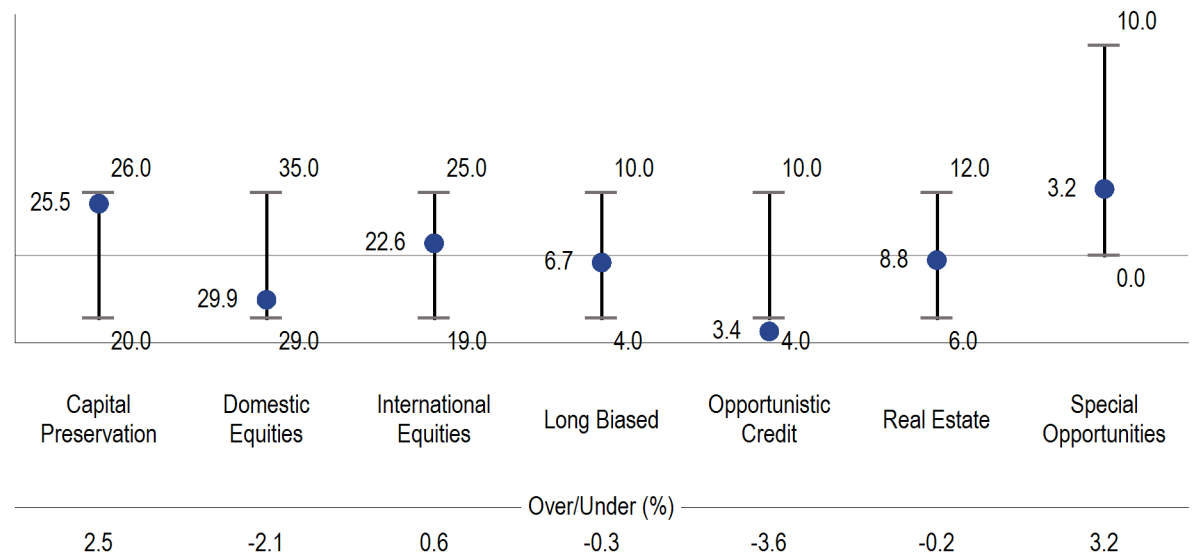
As of June 30, 2017

## Asset Allocation vs. Target



	Inv Pol Stmt	%	Inv Pol Stmt Range	Current	%	Difference	%
Capital Preservation	\$67,715,013	23.0%	20.0% - 26.0%	\$75,021,651	25.5%	\$7,306,638	2.5%
Domestic Equities	\$94,212,192	32.0%	29.0% - 35.0%	\$88,018,138	29.9%	-\$6,194,055	-2.1%
International Equities	\$64,770,882	22.0%	19.0% - 25.0%	\$66,508,504	22.6%	\$1,737,622	0.6%
Long Biased	\$20,608,917	7.0%	4.0% - 10.0%	\$19,649,803	6.7%	-\$959,114	-0.3%
Opportunistic Credit	\$20,608,917	7.0%	4.0% - 10.0%	\$9,972,825	3.4%	-\$10,636,092	-3.6%
Real Estate	\$26,497,179	9.0%	6.0% - 12.0%	\$25,875,559	8.8%	-\$621,620	-0.2%
Special Opportunities	\$0	0.0%	0.0% - 10.0%	\$9,366,621	3.2%	\$9,366,621	3.2%
<b>Total</b>	<b>\$294,413,101</b>	<b>100.0%</b>		<b>\$294,413,101</b>	<b>100.0%</b>		

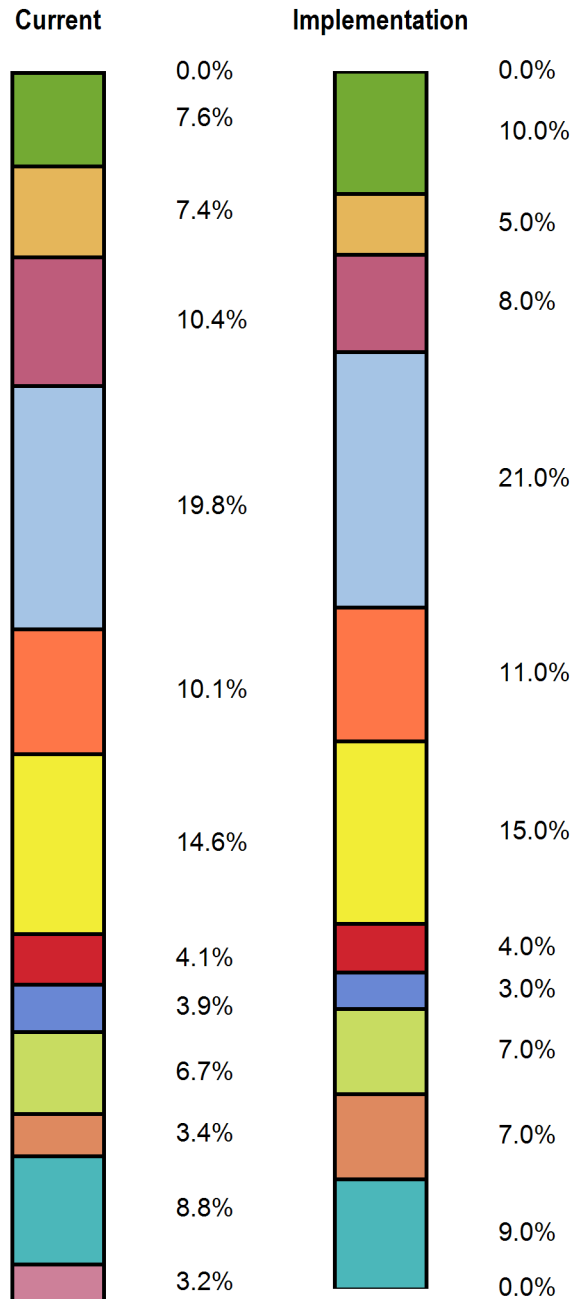
## Actual vs. Target



— Target    I Range    ● Current

# Spokane Employees' Retirement System

As of June 30, 2017



## Asset Allocation on June 30, 2017

	Actual	Actual	Target
Cash	\$123,933	0.0%	0.0%
Total Return Bond	\$22,437,631	7.6%	10.0%
High Yield Bond	\$21,760,218	7.4%	5.0%
Absolute Return	\$30,699,869	10.4%	8.0%
Large Cap Equity	\$58,147,912	19.8%	21.0%
Small/Mid Cap Equity	\$29,870,226	10.1%	11.0%
Int'l Large Cap Equity	\$43,061,405	14.6%	15.0%
Int'l Small/Mid Cap Equity	\$12,065,800	4.1%	4.0%
Int'l Emerging Market Equity	\$11,381,299	3.9%	3.0%
Long Biased	\$19,649,803	6.7%	7.0%
Opportunistic Credit	\$9,972,825	3.4%	7.0%
Real Estate	\$25,875,559	8.8%	9.0%
Special Opportunities	\$9,366,621	3.2%	0.0%
<b>Total</b>	<b>\$294,413,101</b>	<b>100.0%</b>	<b>100.0%</b>



# Spokane Employees' Retirement System

As of June 30, 2017

## Asset Allocation vs. Target

	Target Allocation	%	Target Allocation Range	Current	%	Difference	%	Within Range
<b>Capital Preservation</b>	<b>\$67,715,013</b>	<b>23.0%</b>	<b>20.0% - 26.0%</b>	<b>\$75,021,651</b>	<b>25.5%</b>	<b>\$7,306,638</b>	<b>2.5%</b>	<b>Yes</b>
Cash	\$0	0.0%	0.0% - 2.0%	\$123,933	0.0%	\$123,933	0.0%	Yes
Fidelity Instl Govt Money Market				\$123,933	0.0%			
<b>Total Return Bond</b>	<b>\$29,441,310</b>	<b>10.0%</b>	<b>8.0% - 12.0%</b>	<b>\$22,437,631</b>	<b>7.6%</b>	<b>-\$7,003,679</b>	<b>-2.4%</b>	<b>No</b>
Sterling Core Bond				\$22,437,631	7.6%			
<b>High Yield Bond</b>	<b>\$14,720,655</b>	<b>5.0%</b>	<b>3.0% - 7.0%</b>	<b>\$21,760,218</b>	<b>7.4%</b>	<b>\$7,039,563</b>	<b>2.4%</b>	<b>No</b>
Hotchkis & Wiley High Yield				\$21,760,218	7.4%			
<b>Absolute Return</b>	<b>\$23,553,048</b>	<b>8.0%</b>	<b>6.0% - 10.0%</b>	<b>\$30,699,869</b>	<b>10.4%</b>	<b>\$7,146,821</b>	<b>2.4%</b>	<b>No</b>
Polar Long/Short Fund				\$6,460,260	2.2%			
Post Lmted Term High Yield				\$5,960,481	2.0%			
Rimrock Low Volatility Offshore				\$9,545,506	3.2%			
Castine Partners				\$7,414,272	2.5%			
American Beacon Flexible Bond				\$1,319,350	0.4%			
<b>Domestic Equities</b>	<b>\$94,212,192</b>	<b>32.0%</b>	<b>29.0% - 35.0%</b>	<b>\$88,018,138</b>	<b>29.9%</b>	<b>-\$6,194,055</b>	<b>-2.1%</b>	<b>Yes</b>
Large Cap Equity	\$61,826,751	21.0%	19.0% - 23.0%	\$58,147,912	19.8%	-\$3,678,839	-1.2%	Yes
Hotchkis & Wiley Div Value I				\$15,726,524	5.3%			
Vanguard Institutional Index				\$9,793,857	3.3%			
MFS Blended Research Core				\$16,317,688	5.5%			
Jackson Square Large-Cap Growth Equity				\$16,309,843	5.5%			

## Spokane Employees' Retirement System

As of June 30, 2017

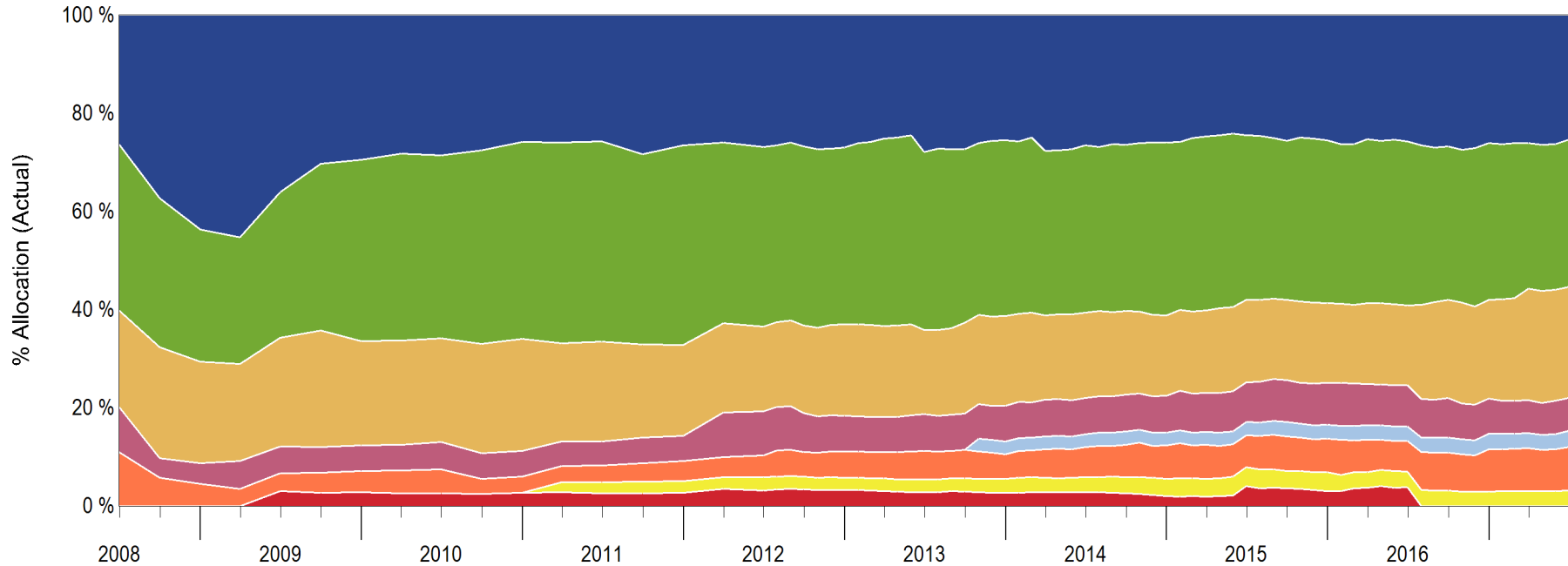
	Target Allocation	%	Target Allocation Range	Current	%	Difference	%	Within Range
<b>Small/Mid Cap Equity</b>	<b>\$32,385,441</b>	<b>11.0%</b>	<b>9.0% - 13.0%</b>	<b>\$29,870,226</b>	<b>10.1%</b>	<b>-\$2,515,215</b>	<b>-0.9%</b>	<b>Yes</b>
Sterling Mid Cap Value				\$5,770,648	2.0%			
Vanguard Mid Cap Index				\$3,598,673	1.2%			
Vanguard Mid Cap Growth				\$4,374,640	1.5%			
Frontier Sm Cap Value I				\$4,072,699	1.4%			
Vanguard Small Cap Index				\$959,312	0.3%			
Bridge City Small Growth				\$5,717,434	1.9%			
Champlain Small Cap				\$5,376,820	1.8%			
<b>International Equities</b>	<b>\$64,770,882</b>	<b>22.0%</b>	<b>19.0% - 25.0%</b>	<b>\$66,508,504</b>	<b>22.6%</b>	<b>\$1,737,622</b>	<b>0.6%</b>	<b>Yes</b>
Int'l Large Cap Equity	\$44,161,965	15.0%	13.0% - 17.0%	\$43,061,405	14.6%	-\$1,100,560	-0.4%	Yes
EuroPacific Growth R6				\$21,684,145	7.4%			
Artisan Int'l Value				\$21,377,260	7.3%			
Int'l Small/Mid Cap Equity	\$11,776,524	4.0%	2.0% - 6.0%	\$12,065,800	4.1%	\$289,276	0.1%	Yes
Victory Trivalent International Small Cap				\$12,065,800	4.1%			
Int'l Emerging Market Equity	\$8,832,393	3.0%	1.0% - 5.0%	\$11,381,299	3.9%	\$2,548,905	0.9%	Yes
Berens Global Value				\$11,381,299	3.9%			
<b>Long Biased</b>	<b>\$20,608,917</b>	<b>7.0%</b>	<b>4.0% - 10.0%</b>	<b>\$19,649,803</b>	<b>6.7%</b>	<b>-\$959,114</b>	<b>-0.3%</b>	<b>Yes</b>
Long Biased	\$20,608,917	7.0%	4.0% - 10.0%	\$19,649,803	6.7%	-\$959,114	-0.3%	Yes
Weatherlow Offshore				\$14,787,648	5.0%			
OrbiMed Royalty Opps II				\$2,142,811	0.7%			
OrbiMed Royalty Opportunities				\$2,719,344	0.9%			
<b>Opportunistic Credit</b>	<b>\$20,608,917</b>	<b>7.0%</b>	<b>4.0% - 10.0%</b>	<b>\$9,972,825</b>	<b>3.4%</b>	<b>-\$10,636,092</b>	<b>-3.6%</b>	<b>No</b>
Opportunistic Credit	\$20,608,917	7.0%	4.0% - 10.0%	\$9,972,825	3.4%	-\$10,636,092	-3.6%	No
Beach Point Select Fund LP				\$9,972,825	3.4%			

## Spokane Employees' Retirement System

As of June 30, 2017

	Target Allocation	%	Target Allocation Range	Current	%	Difference	%	Within Range
<b>Real Estate</b>	<b>\$26,497,179</b>	<b>9.0%</b>	<b>6.0% - 12.0%</b>	<b>\$25,875,559</b>	<b>8.8%</b>	<b>-\$621,620</b>	<b>-0.2%</b>	<b>Yes</b>
Real Estate	\$26,497,179	9.0%	6.0% - 12.0%	\$25,875,559	8.8%	-\$621,620	-0.2%	Yes
Principal Global Investors REIT				\$15,090,377	5.1%			
Legacy Partners Realty III				\$26,953	0.0%			
Morrison Street Fund IV				\$1,300,457	0.4%			
Metropolitan Realty V				\$280,571	0.1%			
Morrison Street Fund V				\$5,819,222	2.0%			
Morrison Street Debt Opportunities Fund LP				\$3,357,979	1.1%			
<b>Special Opportunities</b>	<b>\$0</b>	<b>0.0%</b>	<b>0.0% - 10.0%</b>	<b>\$9,366,621</b>	<b>3.2%</b>	<b>\$9,366,621</b>	<b>3.2%</b>	<b>Yes</b>
Special Opportunities	\$0	0.0%	0.0% - 10.0%	\$9,366,621	3.2%	\$9,366,621	3.2%	Yes
Orbimed Partners II				\$9,366,621	3.2%			
<b>Total</b>	<b>\$294,413,101</b>	<b>100.0%</b>		<b>\$294,413,101</b>	<b>100.0%</b>			

Asset Allocation History  
9 Years Ending June 30, 2017



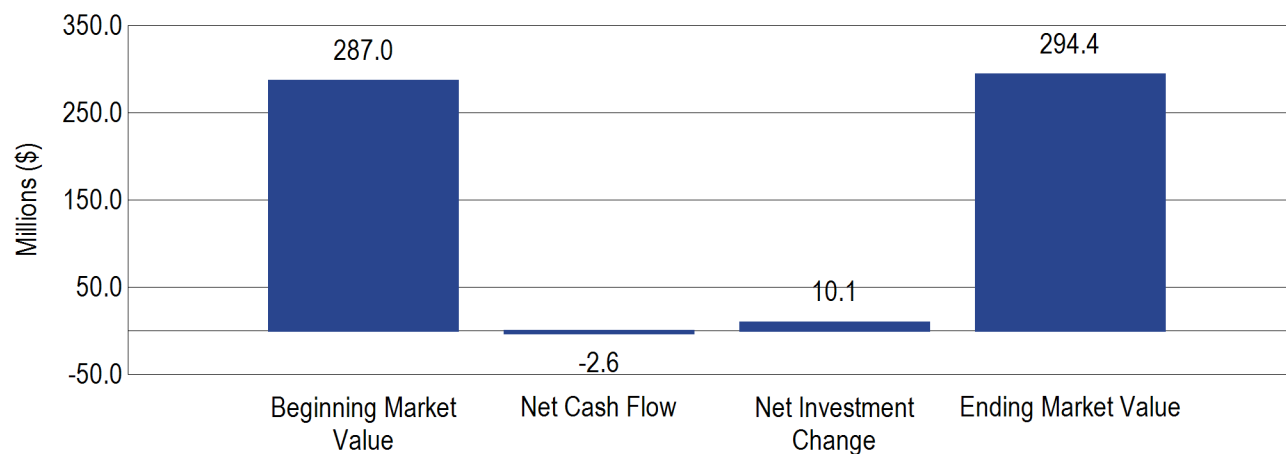
37.	43.	45.	36.	30.	29.	28.	28.	27.	25.	26.	25.	28.	26.	26.	26.	27.	25.	28.	27.	25.	27.	26.	26.	26.	24.	24.	25.	25.	25.	25.	25.	25.	26.	26.	26.	25.	
30.	26.	25.	29.	33.	36.	38.	37.	39.	40.	40.	40.	38.	40.	36.	36.	36.	38.	36.	35.	35.	33.	34.	33.	35.	35.	33.	32.	33.	33.	33.	33.	33.	33.	31.	32.	29.	29.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

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# Section 4

**Change in Market Value**  
From April 01, 2017 To June 30, 2017



**Cash Flow Summary**

	Beginning Market Value (\$)	Contributions (\$)	Withdrawals (\$)	Net Cash Flow (\$)	Net Investment Change (\$)	Ending Market Value (\$)
American Beacon Flexible Bond	0.00	1,300,000.00	0.00	1,300,000.00	19,350.04	1,319,350.04
Artisan Int'l Value	21,473,103.96	0.00	-1,550,000.00	-1,550,000.00	1,454,156.09	21,377,260.05
Beach Point Select Fund LP	8,929,329.00	900,000.00	0.00	900,000.00	143,496.00	9,972,825.00
Berens Global Value	10,886,954.62	0.00	0.00	0.00	494,343.90	11,381,298.52
Bridge City Small Growth	5,523,618.48	0.00	0.00	0.00	193,815.17	5,717,433.65
Castine Partners	7,346,066.44	0.00	0.00	0.00	68,205.78	7,414,272.22
Champlain Small Cap	5,224,448.48	0.00	0.00	0.00	152,371.23	5,376,819.71
EuroPacific Growth R6	21,656,995.45	0.00	-1,600,137.23	-1,600,137.23	1,627,287.16	21,684,145.38
Fidelity Instl Govt Money Market	107,509.77	11,493,196.61	-11,477,983.33	15,213.28	1,209.59	123,932.64
Frontier Sm Cap Value I	4,084,154.23	0.00	-99.02	-99.02	-11,356.03	4,072,699.18
Hotchkis & Wiley Div Value I	15,230,561.03	0.00	0.00	0.00	495,962.61	15,726,523.64
Hotchkis & Wiley High Yield	23,517,628.77	0.00	-2,200,122.94	-2,200,122.94	442,712.63	21,760,218.46
Jackson Square Large-Cap Growth Equity	15,312,522.01	0.00	0.00	0.00	997,320.73	16,309,842.74

# Spokane Employees' Retirement System

As of June 30, 2017

	Beginning Market Value (\$)	Contributions (\$)	Withdrawals (\$)	Net Cash Flow (\$)	Net Investment Change (\$)	Ending Market Value (\$)
Legacy Partners Realty III	27,518.00	0.00	0.00	0.00	-565.00	26,953.00
Metropolitan Realty V	337,018.32	0.00	-54,549.38	-54,549.38	-1,897.52	280,571.42
MFS Blended Research Core	15,908,911.72	0.00	0.00	0.00	408,776.44	16,317,688.16
Morrison Street Debt Opportunities Fund LP	3,049,512.00	325,008.14	-53,607.98	271,400.16	37,066.84	3,357,979.00
Morrison Street Fund IV	2,439,919.00	0.00	-1,168,570.47	-1,168,570.47	29,108.13	1,300,456.66
Morrison Street Fund V	5,600,157.00	0.00	-68,276.20	-68,276.20	287,340.99	5,819,221.79
Orbimed Partners II	8,702,433.00	0.00	0.00	0.00	664,188.00	9,366,621.00
OrbiMed Royalty Opportunities	2,741,717.00	0.00	-62,326.27	-62,326.27	39,953.27	2,719,344.00
OrbiMed Royalty Opps II	1,346,375.00	850,000.00	-77,065.70	772,934.30	23,501.70	2,142,811.00
Polar Long/Short Fund	6,410,586.33	0.00	0.00	0.00	49,673.92	6,460,260.25
Post Lmtd Term High Yield	5,882,349.33	0.00	0.00	0.00	78,131.86	5,960,481.19
Principal Global Investors REIT	13,637,338.04	1,100,000.00	0.00	1,100,000.00	353,039.18	15,090,377.22
Rimrock Low Volatility Offshore	9,467,197.92	0.00	0.00	0.00	78,307.77	9,545,505.69
Sterling Core Bond	22,088,709.17	0.00	0.00	0.00	348,921.66	22,437,630.83
Sterling Mid Cap Value	5,766,246.58	0.00	0.00	0.00	4,401.49	5,770,648.07
TCM Partners	285,486.54	0.00	-285,486.56	-285,486.56	0.02	--
Vanguard Institutional Index	9,502,098.29	0.00	-1,044.70	-1,044.70	292,803.77	9,793,857.36
Vanguard Mid Cap Growth	4,203,130.90	0.00	-10.32	-10.32	171,519.85	4,374,640.43
Vanguard Mid Cap Index	3,501,563.73	0.00	-7.87	-7.87	97,116.96	3,598,672.82
Vanguard Small Cap Index	941,061.82	0.00	-0.03	-0.03	18,250.36	959,312.15
Victory Trivalent International Small Cap	11,013,886.75	0.00	-120.01	-120.01	1,052,033.57	12,065,800.31
Weatherlow Offshore	14,844,562.35	0.00	0.00	0.00	-56,914.63	14,787,647.72
<b>Total</b>	<b>286,990,671.03</b>	<b>15,968,204.75</b>	<b>-18,599,408.01</b>	<b>-2,631,203.26</b>	<b>10,053,633.53</b>	<b>294,413,101.30</b>



# Section 5

## Statistic Definitions

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