



**HYAS**  
GROUP

## **Spokane Employees' Retirement System**

September 30, 2017 Performance Report

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# Section 1



#### GLOBAL REVIVAL

Post the Great Recession of 2008, global markets looked to the US economy and financial markets for leadership. For nearly a decade the US economy and markets have provided that leadership, albeit at a slower pace than policy makers would like. This leadership has taken a toll, largely in the form of extended central bank balance sheets and stretched financial asset valuations. Now, faced with the prospect of further interest rate hikes, the normalization of central bank balance sheets and the lack of slack in domestic labor markets, the US expansion is likely to face headwinds going forward.

Fortunately, there are increasing signs of a broader global economic revival beyond the US. Developed markets are currently seeing broad-based improvement, driven by improving corporate fundamentals and receding political uncertainty. Many of these markets look to be in the early stages of an economic cycle with corporate profit cycles still in their earliest stages. This would appear to provide for significant upside to both profits and margins. Leading economic indicators have been on an upward trend since early 2016, with gains in industrial production and exports driving capacity utilization higher. In addition, labor markets have steadily improved. Eurozone unemployment peaked at over 12% in 2014, but now resides at 9.3%. While much progress has been made, significant labor market slack provides for an extended run of growth before any significant wage pressures are expected.

One of the most compelling indicators of broad-based growth lies in the Global Purchasing Manager's Index (PMI) for manufacturing. A PMI rating below 50 indicates a decelerating or slowing manufacturing sector. A rating above 50 reflects a growing or accelerating environment. Developed markets have steadily climbed from 50 (no acceleration) in early 2016 to nearly 55 at the end of 3Q2017. Importantly, this index reflects widespread participation in the economic upturn. The largest economies, including the UK, Germany, France and Canada are all trending significantly higher. The lone exception within the developed markets remains Japan, with a PMI rating flatlined at 53 reflecting acceleration but at a more modest level. Emerging markets, while demonstrating much higher levels of dispersion, have also shown significant improvement. China had a PMI rating of 48 (deceleration) at the beginning of 2016 and currently stands at 51. Russia and Brazil, both large EM economies, have transitioned into accelerating economies as well.

While the US economic cycle looks to be showing its age, there is increasing evidence of a broad-based revival in both developed and emerging markets on a global basis. After nearly a decade of leadership and slow growth here in the US, the global acceleration is a welcomed trend that may lay the groundwork for an extended, positive economic cycle on a global basis.

## GLOBAL ECONOMIC LANDSCAPE

- The current economic expansion started in July 2009, reflecting a current expansion over 99 months. The longest expansion on record is 120 months.
- The unemployment rate remains at historically low levels. The current 4.4% rate compares to a 50-year average of 6.2%.
- Inflation remains subdued. Both Headline and Core CPI growth remain under 2% on a year-over-year basis.
- US economic indicators were mixed this quarter. The most recent (September) jobs report indicated the first negative payroll growth since 2010. Yet, average hourly earnings jumped 2.9% year-over-year, the strongest growth since 2009. These conflicting signals have both been largely discounted in the marketplace due to hurricane distortions.
- The Fed continues to consider one additional rate hike in 2017. At the beginning of the quarter, markets put the probability of a December rate hike at only 40%. Markets are now pricing in a 90% probability of a December rate hike based on modestly stronger economic indicators.
- The breadth of participation in global growth across economies has continued to expand including housing, consumption, manufacturing and services.
- Nearly all countries (94% globally) have been generating positive economic growth year-over-year. More than half of all countries (61%) are experiencing acceleration in year-over-year growth.

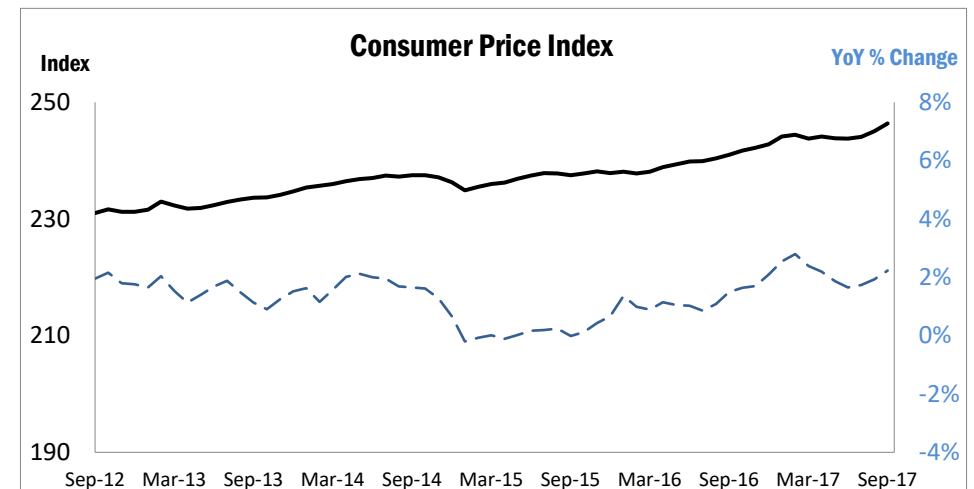
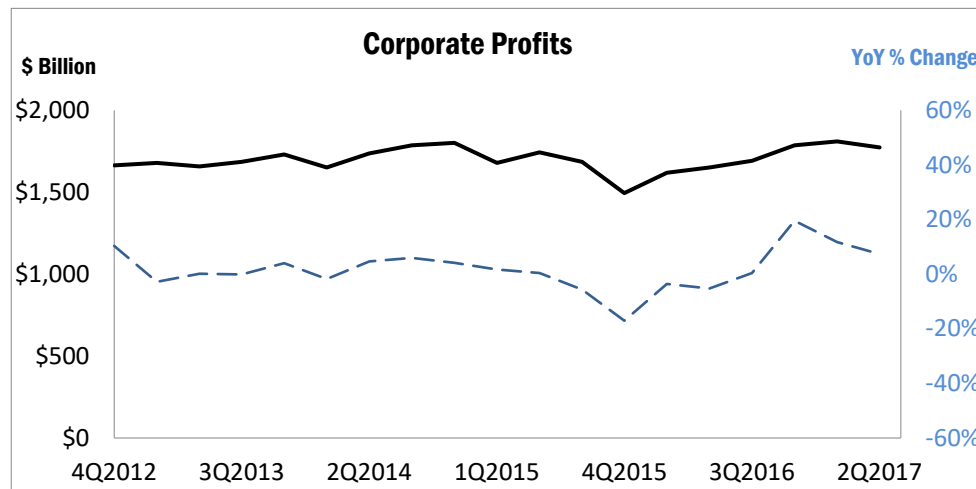
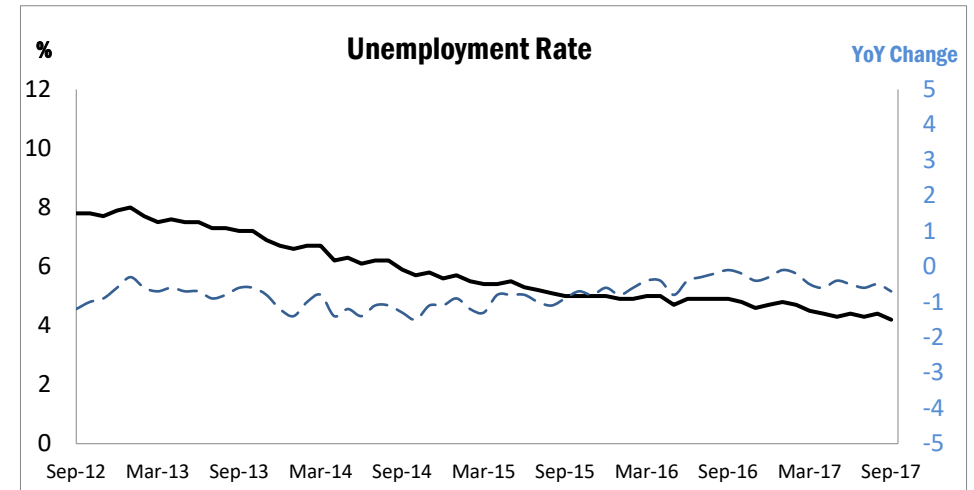
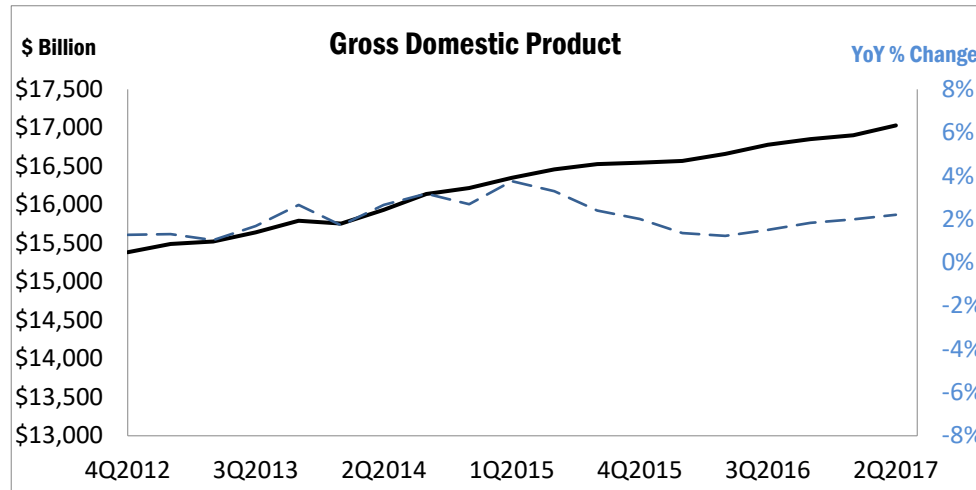
## GLOBAL FINANCIAL MARKETS

- US corporate earnings stood at all-time highs at the end of 2Q2017. Energy sector earnings turned sharply positive after nearly two years of flat-to-negative results
- The extreme popularity of passive investing is reflected in the fact that we now have more reported indices than we do individual stocks in the domestic stock market. In 2016, there were 167 new ETFs created. In 2017, we've eclipsed that record number in the first 9 months of the year!
- The duration (measure of interest rate risk) of the widely tracked Barclays US Aggregate Bond Index is at its highest level in 30 years. Current duration stands at 6.0 years. The 30-year average duration of the Index is 4.8 years. Based on current duration, a 1% rise in interest rates would result in a decline of nearly 6% for the Index.
- High yield bond spreads have declined sharply since the Great Recession in 2008, having declined from over 16% to 4.2%. Current spreads are near historical lows and well below the 30-year average of 5.8%. At the same time default rates are nearing historical lows. The current default rate is 1.1% compared to the 30-year historical average of 3.9%.
- Global equity market correlations (1-year rolling) peaked at 0.77 in September 2009. They have since declined dramatically to 0.35. The decoupling of correlations provides investors with increased diversification benefits from a globally diversified portfolio. In addition, it is generally viewed as a favorable environment for active management.
- Developed international equity valuations remain below those of the US with the EAFE Index trading at a forward P/E ratio of 14.8x vs. 17.7x for the S&P 500. However, this remains above the 15-year historical average. The same can be said for emerging markets, which trade at 12.5x vs. 11.1x their historical average. One of the few global exceptions is Russia, which trades at 6.7x and below its 7.2x average.

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## 3Q2017 Economic Data



| Labor Market Statistics (Monthly)  |         |           |          |           |        |
|------------------------------------|---------|-----------|----------|-----------|--------|
| Category                           | Recent  | 5-Yr High | 5-Yr Low | 5-Yr Avg. | Date   |
| Jobs Added/Lost Monthly            | -33,000 | 344,000   | -33,000  | 201,817   | Sep-17 |
| Unemployment Rate                  | 4.2%    | 8.0%      | 4.2%     | 5.8%      | Sep-17 |
| Median Unemployment Length (Weeks) | 10.3    | 20.3      | 7.6      | 13.2      | Sep-17 |
| Average Hourly Earnings            | \$26.55 | \$26.55   | \$23.57  | \$24.94   | Sep-17 |

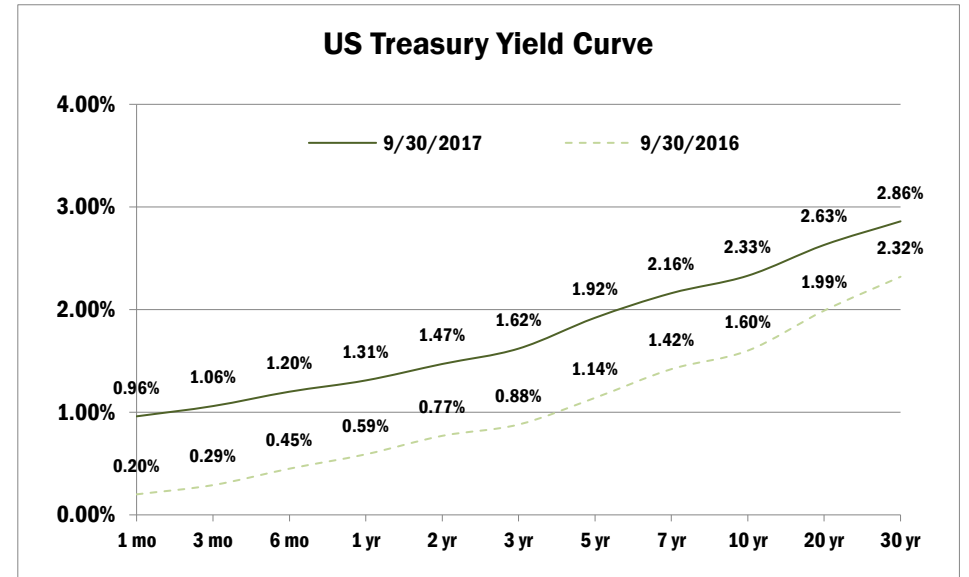
Source: Federal Reserve Bank of St. Louis and Bureau of Labor Statistics

| Other Prices and Indexes (Monthly) |         |           |          |            |        |
|------------------------------------|---------|-----------|----------|------------|--------|
| Category                           | Recent  | 5-Yr High | 5-Yr Low | % Off Peak | Date   |
| Gas: Price per Gallon              | \$2.69  | \$3.71    | \$1.79   | -27.6%     | Sep-17 |
| Spot Oil                           | \$49.82 | \$106.57  | \$30.32  | -53.3%     | Sep-17 |
| Case-Shiller Home Price Index      | 199.4   | 199.4     | 142.8    | 39.6%*     | Jul-17 |
| Medical Care CPI                   | 476.7   | 477.0     | 419.1    | 13.8%*     | Sep-17 |

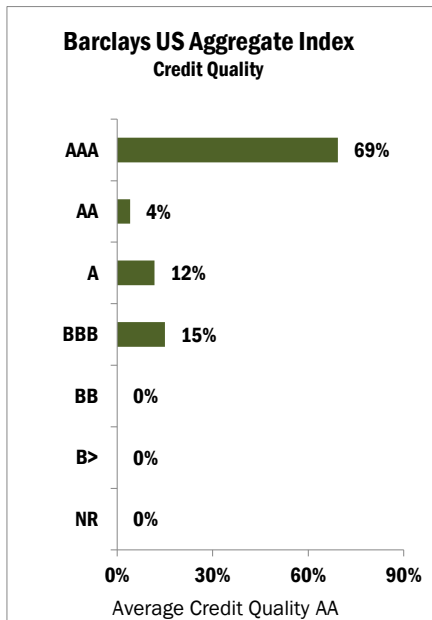
\*% Off Low

# 3Q2017 Bond Market Data

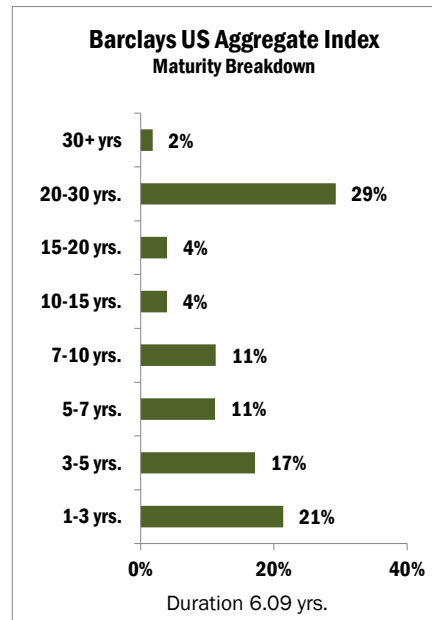
| Index                       | QTR   | YTD   | 1 yr.  | 3 yrs. | 5 yrs. | 10 yrs. |
|-----------------------------|-------|-------|--------|--------|--------|---------|
| 90-Day T-Bill               | 0.25% | 0.50% | 0.57%  | 0.26%  | 0.19%  | 0.45%   |
| Barclays US Aggregate       | 0.85% | 3.14% | 0.07%  | 2.71%  | 2.06%  | 4.27%   |
| Barclays Short US Treasury  | 0.28% | 0.58% | 0.67%  | 0.41%  | 0.30%  | 0.65%   |
| Barclays Int. US Treasury   | 0.34% | 1.56% | -0.73% | 1.59%  | 1.00%  | 3.15%   |
| Barclays Long US Treasury   | 0.58% | 6.02% | -6.35% | 4.85%  | 2.84%  | 6.89%   |
| Barclays US TIPS            | 0.86% | 1.72% | -0.73% | 1.62%  | 0.02%  | 3.90%   |
| Barclays US Credit          | 1.35% | 5.08% | 1.96%  | 3.87%  | 3.23%  | 5.54%   |
| Barclays US Mortgage-Backed | 0.96% | 2.32% | 0.30%  | 2.44%  | 1.96%  | 4.13%   |
| Barclays US Asset-Backed    | 0.42% | 1.56% | 0.86%  | 1.80%  | 1.33%  | 2.88%   |
| Barclays US 20-Yr Municipal | 1.51% | 5.59% | 0.81%  | 4.05%  | 3.78%  | 5.28%   |
| Barclays US High Yield      | 1.98% | 7.00% | 8.88%  | 5.83%  | 6.36%  | 7.84%   |
| Barclays Global             | 1.76% | 6.25% | -1.26% | 1.30%  | 0.48%  | 3.31%   |
| Barclays International      | 2.48% | 8.74% | -2.42% | 0.20%  | -0.73% | 2.57%   |
| Barclays Emerging Market    | 2.27% | 7.50% | 4.70%  | 5.55%  | 4.42%  | 7.16%   |



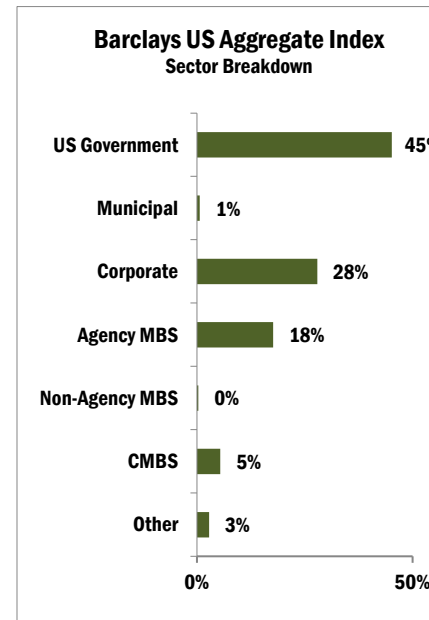
Source: Department of US Treasury



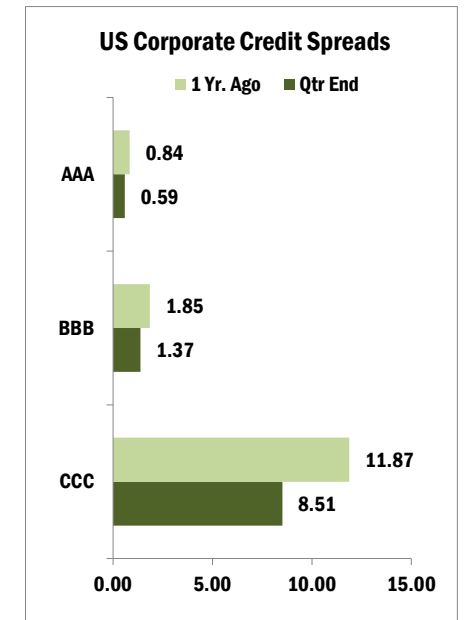
Source: Morningstar



Source: Morningstar



Source: Morningstar



Source: Federal Reserve / Bank of America

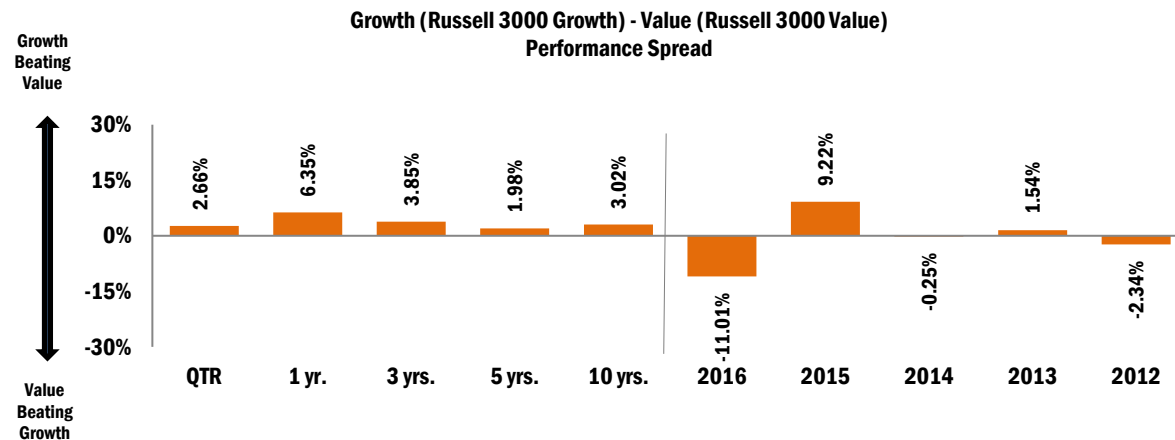
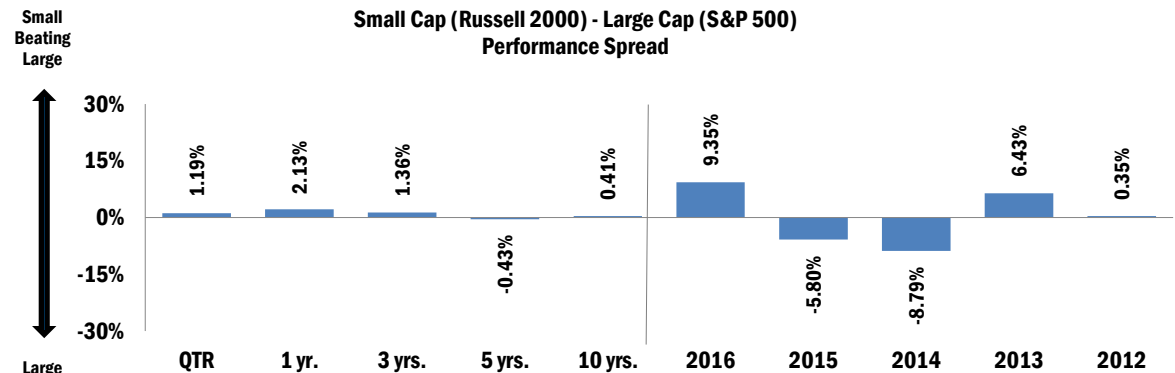
# 3Q2017 US Equity Market Data

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

|                                   | Wgt.             | Sector                 | QTR     | 1 Yr.   |
|-----------------------------------|------------------|------------------------|---------|---------|
| <b>S&amp;P 500 Index</b>          | 23%              | Information Technology | 8.65%   | 28.88%  |
|                                   | 6%               | Energy                 | 6.84%   | 0.16%   |
|                                   | 2%               | Telecom Services       | 6.78%   | -0.14%  |
|                                   | 3%               | Materials              | 6.05%   | 21.26%  |
|                                   | 15%              | Financials             | 5.24%   | 36.21%  |
|                                   | 10%              | Industrials            | 4.22%   | 22.35%  |
|                                   | 15%              | Health Care            | 3.65%   | 15.49%  |
|                                   | 3%               | Utilities              | 2.87%   | 12.03%  |
|                                   | 3%               | Real Estate            | 0.93%   | 2.66%   |
|                                   | 12%              | Consumer Discretionary | 0.84%   | 14.52%  |
| 8%                                | Consumer Staples | -1.35%                 | 4.42%   |         |
| <b>S&amp;P Midcap 400 Index</b>   | 4%               | Energy                 | 9.32%   | -17.57% |
|                                   | 16%              | Industrials            | 6.22%   | 28.15%  |
|                                   | 7%               | Materials              | 4.98%   | 21.99%  |
|                                   | 17%              | Information Technology | 4.89%   | 25.63%  |
|                                   | 17%              | Financials             | 3.87%   | 28.14%  |
|                                   | 6%               | Utilities              | 2.19%   | 13.46%  |
|                                   | 11%              | Consumer Discretionary | 1.89%   | 14.30%  |
|                                   | 4%               | Consumer Staples       | -0.22%  | 0.34%   |
|                                   | 10%              | Real Estate            | -0.93%  | -0.08%  |
|                                   | 8%               | Health Care            | -1.74%  | 19.15%  |
| 0%                                | Telecom Services | -9.24%                 | -33.38% |         |
| <b>S&amp;P Smallcap 600 Index</b> | 3%               | Energy                 | 11.57%  | -18.51% |
|                                   | 3%               | Utilities              | 8.59%   | 23.84%  |
|                                   | 19%              | Industrials            | 8.07%   | 23.64%  |
|                                   | 3%               | Consumer Staples       | 7.72%   | 9.76%   |
|                                   | 15%              | Information Technology | 6.72%   | 24.84%  |
|                                   | 5%               | Materials              | 6.23%   | 24.32%  |
|                                   | 13%              | Health Care            | 5.85%   | 25.46%  |
|                                   | 17%              | Financials             | 4.76%   | 27.46%  |
|                                   | 15%              | Consumer Discretionary | 3.74%   | 17.53%  |
|                                   | 6%               | Real Estate            | 2.83%   | 10.38%  |
| 1%                                | Telecom Services | 0.56%                  | 19.93%  |         |

## Index Performance Data

| Index                         | QTR   | YTD    | 1 yr.  | Annualized |        |         |
|-------------------------------|-------|--------|--------|------------|--------|---------|
|                               |       |        |        | 3 yrs.     | 5 yrs. | 10 yrs. |
| <b>S&amp;P 500</b>            | 4.48% | 14.24% | 18.61% | 10.81%     | 14.22% | 7.44%   |
| <b>Russell 1000 Value</b>     | 3.11% | 7.92%  | 15.12% | 8.53%      | 13.20% | 5.92%   |
| <b>Russell 1000 Growth</b>    | 5.90% | 20.72% | 21.94% | 12.69%     | 15.26% | 9.08%   |
| <b>Russell Mid Cap</b>        | 3.47% | 11.74% | 15.32% | 9.54%      | 14.26% | 8.08%   |
| <b>Russell Mid Cap Value</b>  | 2.14% | 7.43%  | 13.37% | 9.19%      | 14.33% | 7.85%   |
| <b>Russell Mid Cap Growth</b> | 5.28% | 17.29% | 17.82% | 9.96%      | 14.18% | 8.20%   |
| <b>Russell 2000</b>           | 5.67% | 10.94% | 20.74% | 12.18%     | 13.79% | 7.85%   |
| <b>Russell 2000 Value</b>     | 5.11% | 5.68%  | 20.55% | 12.12%     | 13.27% | 7.14%   |
| <b>Russell 2000 Growth</b>    | 6.22% | 16.81% | 20.98% | 12.17%     | 14.28% | 8.47%   |
| <b>Russell 3000</b>           | 4.57% | 13.91% | 18.71% | 10.74%     | 14.23% | 7.57%   |
| <b>DJ US Select REIT</b>      | 0.38% | 1.75%  | -0.83% | 9.28%      | 9.16%  | 5.31%   |





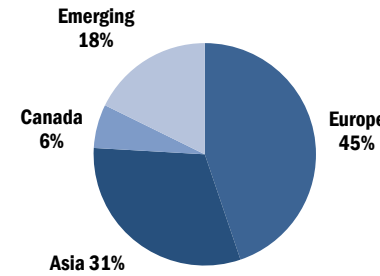
# 3Q2017 International Market Data

## Index Performance Data (net)

| Index (US\$)                      | QTR           | YTD           | 1 yr.         | 3 yrs.        | 5 yrs.        | 10 yrs.       |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>MSCI ACWI ex-US</b>            | <b>6.16%</b>  | <b>21.13%</b> | <b>19.61%</b> | <b>4.70%</b>  | <b>6.97%</b>  | <b>1.28%</b>  |
| <b>MSCI EAFE</b>                  | <b>5.40%</b>  | <b>19.96%</b> | <b>19.10%</b> | <b>5.04%</b>  | <b>8.38%</b>  | <b>1.34%</b>  |
| <b>Europe</b>                     | <b>6.45%</b>  | <b>22.79%</b> | <b>22.30%</b> | <b>4.36%</b>  | <b>8.36%</b>  | <b>1.08%</b>  |
| United Kingdom                    | 5.17%         | 15.68%        | 14.64%        | 0.76%         | 4.90%         | 0.74%         |
| Germany                           | 7.74%         | 24.25%        | 26.06%        | 7.66%         | 9.86%         | 2.02%         |
| France                            | 8.36%         | 26.84%        | 30.56%        | 7.68%         | 10.88%        | 0.97%         |
| <b>Pacific</b>                    | <b>3.87%</b>  | <b>15.41%</b> | <b>14.22%</b> | <b>6.62%</b>  | <b>8.57%</b>  | <b>2.07%</b>  |
| Japan                             | 3.97%         | 14.28%        | 14.09%        | 7.75%         | 10.60%        | 1.69%         |
| Hong Kong                         | 5.11%         | 27.77%        | 16.31%        | 10.24%        | 9.90%         | 5.36%         |
| Australia                         | 3.14%         | 12.31%        | 13.09%        | 2.80%         | 3.91%         | 1.65%         |
| <b>Canada</b>                     | <b>7.92%</b>  | <b>11.33%</b> | <b>14.96%</b> | <b>0.05%</b>  | <b>2.57%</b>  | <b>0.95%</b>  |
| <b>MSCI EM</b>                    | <b>7.89%</b>  | <b>27.78%</b> | <b>22.46%</b> | <b>4.90%</b>  | <b>3.99%</b>  | <b>1.32%</b>  |
| <b>MSCI EM Latin America</b>      | <b>15.07%</b> | <b>26.71%</b> | <b>25.59%</b> | <b>-0.30%</b> | <b>-1.92%</b> | <b>-0.77%</b> |
| <b>MSCI EM Asia</b>               | <b>7.02%</b>  | <b>31.82%</b> | <b>23.82%</b> | <b>7.97%</b>  | <b>7.42%</b>  | <b>2.75%</b>  |
| <b>MSCI EM Eur/Mid East</b>       | <b>8.35%</b>  | <b>11.13%</b> | <b>19.34%</b> | <b>-2.43%</b> | <b>-3.57%</b> | <b>-4.37%</b> |
| <b>MSCI ACWI Value ex-US</b>      | <b>5.99%</b>  | <b>17.68%</b> | <b>21.55%</b> | <b>2.92%</b>  | <b>6.02%</b>  | <b>0.61%</b>  |
| <b>MSCI ACWI Growth ex-US</b>     | <b>6.33%</b>  | <b>24.82%</b> | <b>17.68%</b> | <b>6.43%</b>  | <b>7.87%</b>  | <b>1.89%</b>  |
| <b>MSCI AC World Sm Cap ex-US</b> | <b>6.90%</b>  | <b>23.54%</b> | <b>19.19%</b> | <b>8.14%</b>  | <b>9.68%</b>  | <b>3.58%</b>  |

## Regional Exposure

MSCI ACWI ex-USA

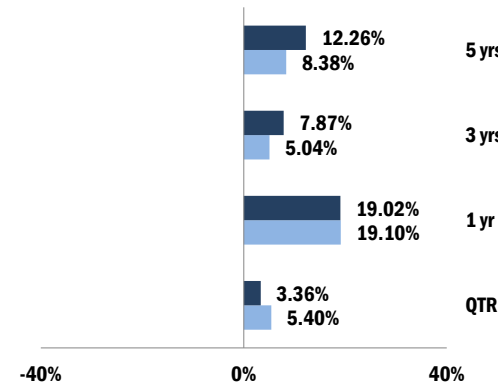


## Top 10 Countries (MSCI AC World ex-USA)

|             |     |
|-------------|-----|
| Japan       | 17% |
| UK          | 11% |
| France      | 7%  |
| China       | 7%  |
| Canada      | 7%  |
| Germany     | 7%  |
| Switzerland | 6%  |
| Australia   | 5%  |
| South Korea | 4%  |
| Hong Kong   | 3%  |

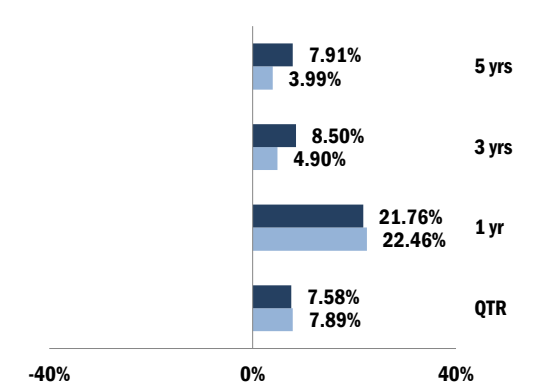
## MSCI EAFE Index Return

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



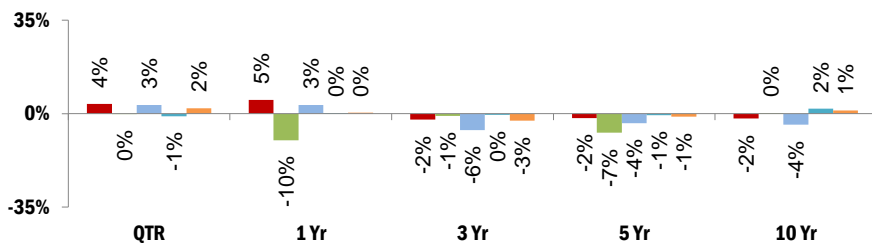
## MSCI Emerging Index Return

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



## Foreign Currency v. US\$ Returns

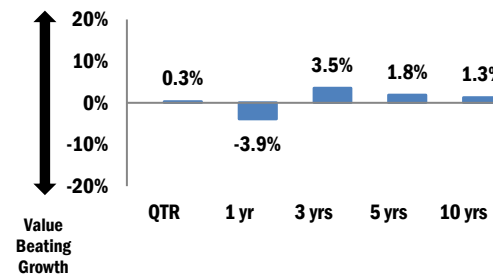
Euro (Red), Japanese Yen (Green), Pound Sterling (Blue), Swiss Franc (Cyan), Chinese Yuan (Orange)



| Exchange Rates | 3Q17   | 2Q17   | 1Q17   | 4Q16   | 3Q16   | 2Q16   |
|----------------|--------|--------|--------|--------|--------|--------|
| Japanese Yen   | 112.64 | 112.40 | 111.41 | 116.80 | 101.21 | 102.77 |
| Euro           | 0.85   | 0.88   | 0.93   | 0.95   | 0.89   | 0.91   |
| British Pound  | 0.75   | 0.77   | 0.80   | 0.81   | 0.77   | 0.76   |
| Swiss Franc    | 0.97   | 0.96   | 1.00   | 1.02   | 0.97   | 0.98   |
| Chinese Yuan   | 6.65   | 6.78   | 6.88   | 6.94   | 6.67   | 6.65   |

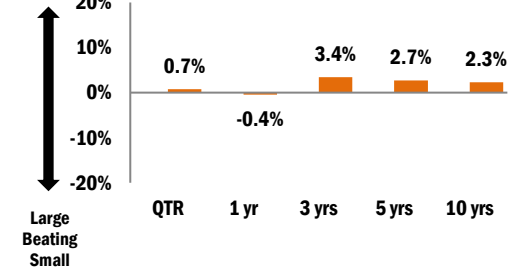
## MSCI ACWI Ex US Value v. Growth Performance Spread

Growth Beating Value



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

Small Beating Large



# Historical Market Returns

Ranked by Performance

| 2003                       | 2004                       | 2005                       | 2006                       | 2007                       | 2008                        | 2009                        | 2010                       | 2011                        | 2012                       | 2013                       | 2014                       | 2015                        | 2016                       | YTD                        | 3Q17                      |
|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|----------------------------|----------------------------|-----------------------------|----------------------------|----------------------------|---------------------------|
| Emerging Markets<br>55.82% | Emerging Markets<br>25.55% | Emerging Markets<br>34.00% | Emerging Markets<br>32.14% | Emerging Markets<br>39.42% | US Bonds<br>5.24%           | Emerging Markets<br>78.51%  | Small Cap<br>26.85%        | Core Real Estate<br>14.96%  | Emerging Markets<br>18.22% | Small Cap<br>38.82%        | Large Cap<br>13.68%        | Core Real Estate<br>13.95%  | Small Cap<br>21.30%        | Emerging Markets<br>27.78% | Emerging Markets<br>7.89% |
| Small Cap<br>47.25%        | Intl<br>20.91%             | Commod.<br>21.36%          | Intl<br>26.65%             | Intl<br>16.65%             | Global Bonds<br>4.79%       | High Yield<br>58.21%        | Mid Cap<br>25.48%          | TIPS<br>13.56%              | Mid Cap<br>17.28%          | Mid Cap<br>34.76%          | Mid Cap<br>13.21%          | Large Cap<br>1.38%          | High Yield<br>17.12%       | Intl<br>21.13%             | Intl<br>6.16%             |
| Intl<br>40.83%             | Mid Cap<br>20.22%          | Core Real Estate<br>20.15% | Small Cap<br>18.37%        | Commod.<br>16.23%          | Cash<br>1.39%               | Intl<br>41.45%              | Emerging Markets<br>18.88% | US Bonds<br>7.84%           | Intl<br>16.83%             | Large Cap<br>32.39%        | Core Real Estate<br>11.44% | US Bonds<br>0.55%           | Mid Cap<br>13.79%          | Large Cap<br>14.24%        | Small Cap<br>5.67%        |
| Mid Cap<br>40.06%          | Small Cap<br>18.33%        | Intl<br>16.62%             | Large Cap<br>15.79%        | Core Real Estate<br>14.84% | TIPS<br>-2.35%              | Mid Cap<br>40.48%           | Commod.<br>16.83%          | Global Bonds<br>5.64%       | Small Cap<br>16.35%        | Intl<br>15.29%             | US Bonds<br>5.97%          | Cash<br>0.03%               | Large Cap<br>11.95%        | Global Balanced<br>11.74%  | Large Cap<br>4.48%        |
| High Yield<br>28.97%       | Global Balanced<br>12.18%  | Mid Cap<br>12.65%          | Core Real Estate<br>15.27% | TIPS<br>11.64%             | Core Real Estate<br>-10.70% | Small Cap<br>27.17%         | Core Real Estate<br>15.26% | High Yield<br>4.98%         | Large Cap<br>16.00%        | Global Balanced<br>14.46%  | Small Cap<br>4.89%         | TIPS<br>-1.43%              | Commod.<br>11.76           | Mid Cap<br>11.74%          | Global Balanced<br>3.53%  |
| Large Cap<br>28.68%        | Core Real Estate<br>12.00% | Large Cap<br>4.91%         | Mid Cap<br>15.26%          | Global Bonds<br>9.48%      | Global Balanced<br>-24.51%  | Large Cap<br>26.46%         | High Yield<br>15.12%       | Large Cap<br>2.11%          | High Yield<br>15.81%       | Core Real Estate<br>12.95% | TIPS<br>3.64%              | Global Balanced<br>-1.45%   | Emerging Markets<br>11.18% | Small Cap<br>10.94%        | Mid Cap<br>3.47%          |
| Global Balanced<br>24.27%  | High Yield<br>11.13%       | Small Cap<br>4.55%         | Global Balanced<br>14.53%  | Global Balanced<br>9.07%   | High Yield<br>-26.16%       | Global Balanced<br>20.49%   | Large Cap<br>15.06%        | Cash<br>0.06%               | Global Balanced<br>11.06%  | High Yield<br>7.44%        | Global Balanced<br>3.17%   | Mid Cap<br>-2.43%           | Core Real Estate<br>7.76%  | High Yield<br>7.00%        | Commod.<br>2.52%          |
| Commod.<br>23.93%          | Large Cap<br>10.88%        | Global Balanced<br>4.16%   | High Yield<br>11.85%       | US Bonds<br>6.97%          | Small Cap<br>-33.79%        | Commod.<br>18.91%           | Intl<br>11.15%             | Global Balanced<br>-0.97%   | Core Real Estate<br>9.76%  | Cash<br>0.07%              | High Yield<br>2.45%        | Global Bonds<br>-3.15%      | Global Balanced<br>5.38%   | Global Bonds<br>6.25%      | High Yield<br>1.98%       |
| Global Bonds<br>12.51%     | Global Bonds<br>9.27%      | Cash<br>3.25%              | Global Bonds<br>6.64%      | Mid Cap<br>5.60%           | Commod.<br>-35.65%          | TIPS<br>11.41%              | Global Balanced<br>9.40%   | Mid Cap<br>-1.55%           | TIPS<br>6.98%              | US Bonds<br>-2.02%         | Global Bonds<br>0.59%      | Small Cap<br>-4.41%         | TIPS<br>4.68%              | Core Real Estate<br>4.72%  | Global Bonds<br>1.76%     |
| TIPS<br>8.40%              | Commod.<br>9.15%           | TIPS<br>2.84%              | Cash<br>4.85%              | Large Cap<br>5.49%         | Large Cap<br>-37.00%        | Global Bonds<br>6.93%       | US Bonds<br>6.54%          | Small Cap<br>-4.18%         | Global Bonds<br>4.32%      | Global Bonds<br>-2.60%     | Cash<br>0.04%              | High Yield<br>-4.46%        | Intl<br>4.50%              | US Bonds<br>3.14%          | Core Real Estate<br>1.64% |
| Core Real Estate<br>8.28%  | TIPS<br>8.46%              | High Yield<br>2.74%        | US Bonds<br>4.33%          | Cash<br>4.44%              | Mid Cap<br>-41.46%          | US Bonds<br>5.93%           | TIPS<br>6.31%              | Commod.<br>-13.32%          | US Bonds<br>4.21%          | Emerging Markets<br>-2.60% | Emerging Markets<br>-2.18% | Intl<br>-5.66%              | US Bonds<br>2.65%          | TIPS<br>1.72%              | TIPS<br>0.86%             |
| US Bonds<br>4.10%          | US Bonds<br>4.34%          | US Bonds<br>2.43%          | Commod.<br>2.07%           | High Yield<br>1.87%        | Intl<br>-45.53%             | Cash<br>0.16%               | Global Bonds<br>5.54%      | Intl<br>-13.71%             | Cash<br>0.08%              | TIPS<br>-8.61%             | Intl<br>-3.86%             | Emerging Markets<br>-14.90% | Global Bonds<br>2.09%      | Cash<br>0.50%              | US Bonds<br>0.85%         |
| Cash<br>1.03%              | Cash<br>1.44%              | Global Bonds<br>-4.49%     | TIPS<br>0.41%              | Small Cap<br>-1.57%        | Emerging Markets<br>-53.33% | Core Real Estate<br>-30.40% | Cash<br>0.15%              | Emerging Markets<br>-18.42% | Commod.<br>-1.06%          | Commod.<br>-9.52%          | Commod.<br>-17.00%         | Commod.<br>-24.60%          | Cash<br>0.25%              | Commod.<br>-2.87%          | Cash<br>0.25%             |

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

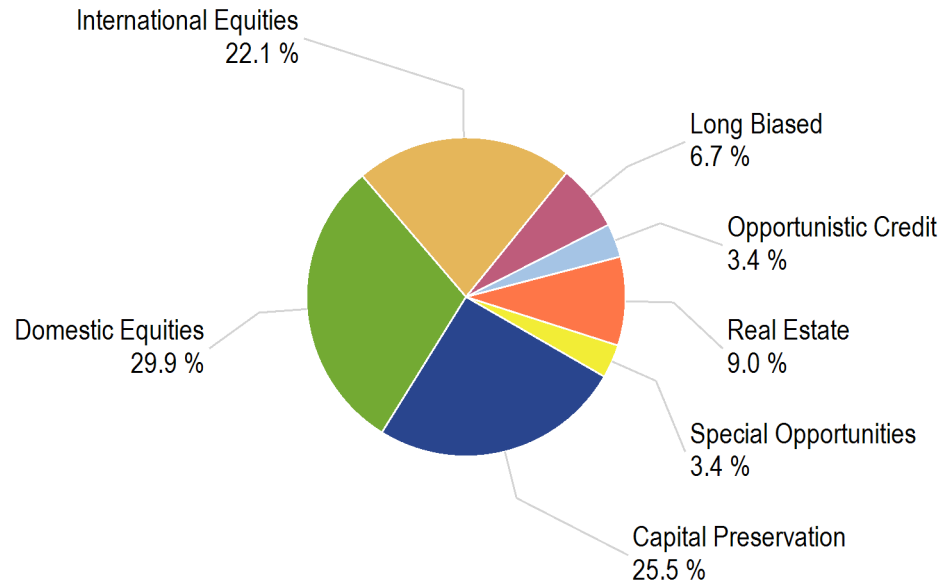
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# Section 2

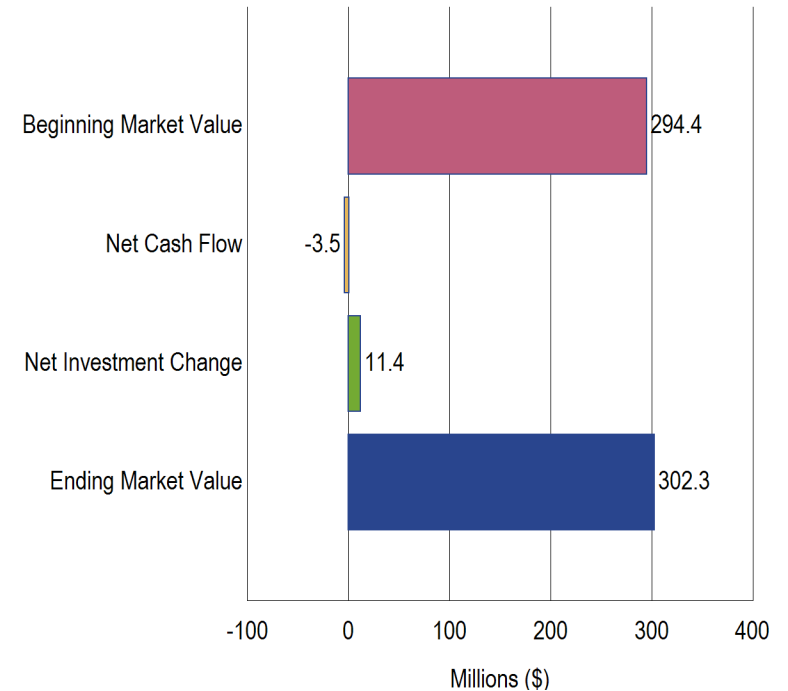
# Spokane Employees' Retirement System

As of September 30, 2017

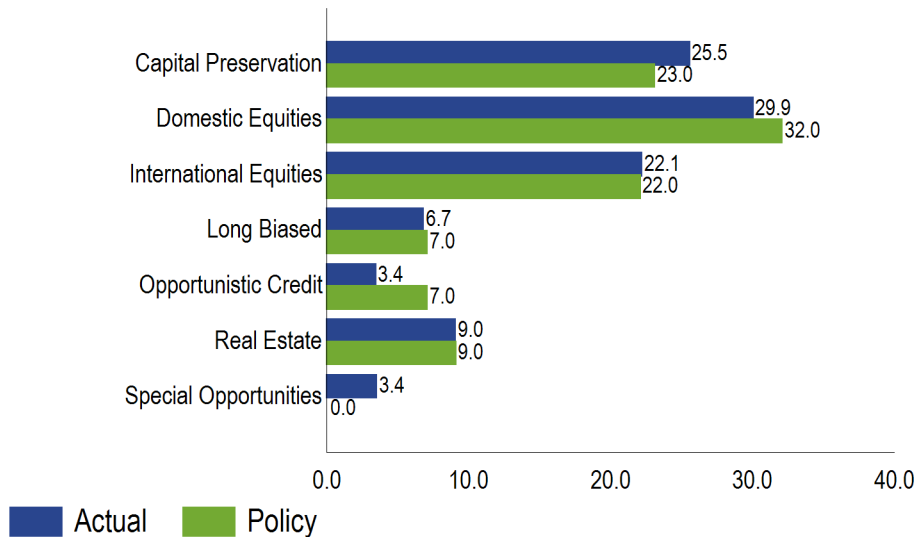
### Current Allocation



### Current Quarter



### Actual vs Target Allocation (%)



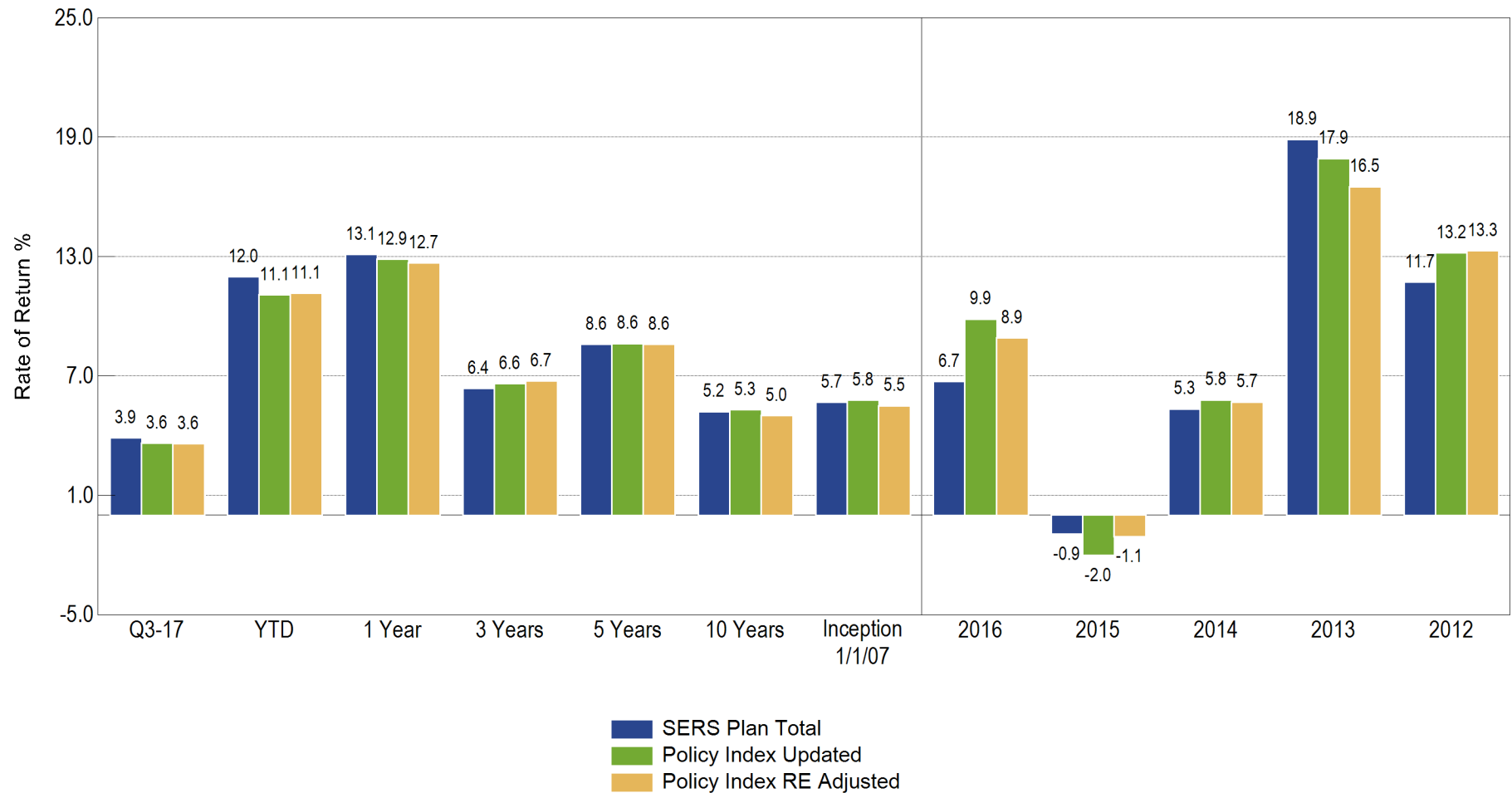
**Current Market Value:**

**\$302,323,727**

### Policy Index

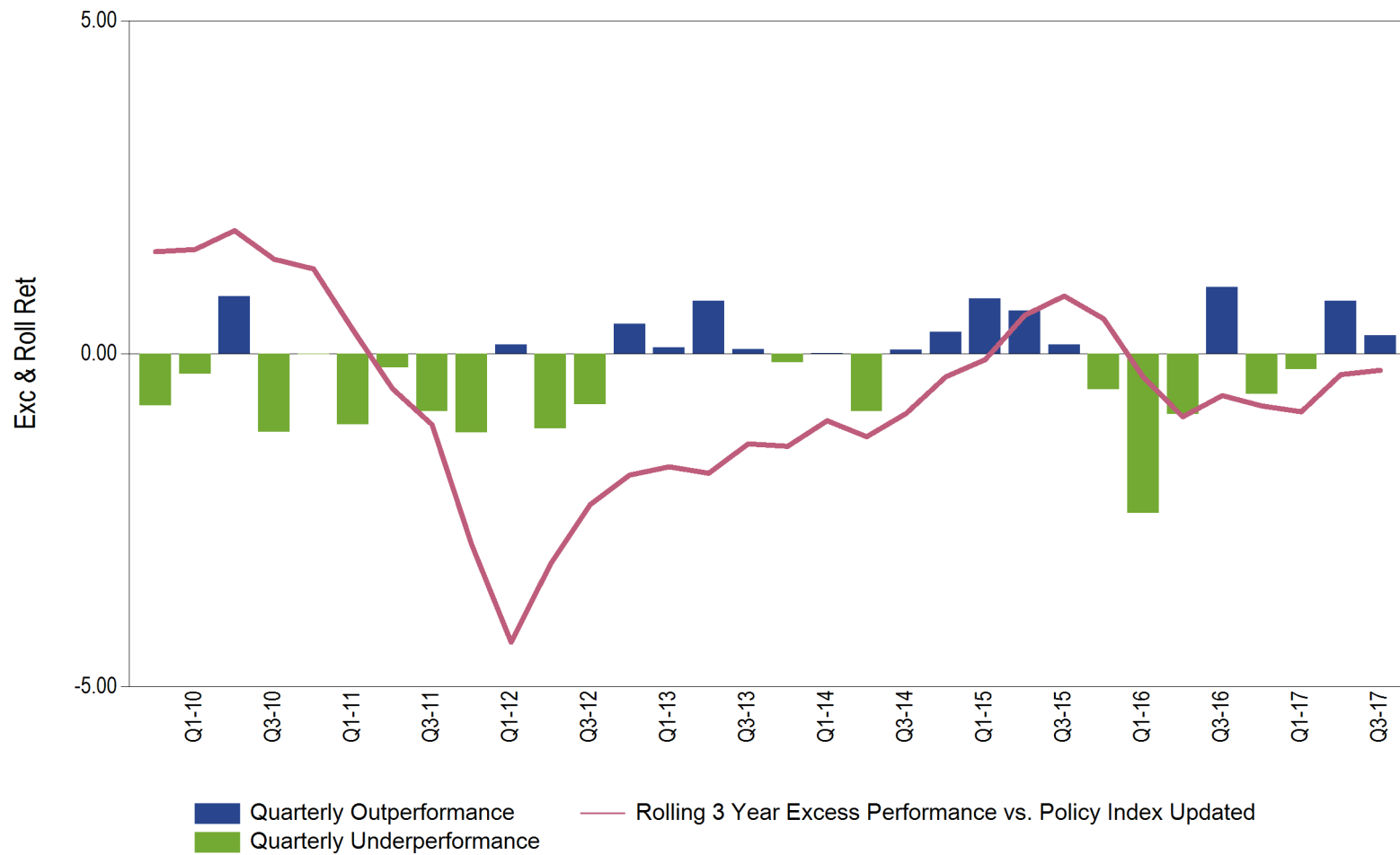
| Index                               | Weight |
|-------------------------------------|--------|
| US 90 Day T-Bill                    | 0%     |
| Barclays US Aggregate Bond Index    | 10%    |
| Barclays Corporate High Yield Index | 5%     |
| HFRI FOF Conservative Index         | 8%     |
| S&P 500 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 September 30, 2017

## RISK RETURN STATISTICS

January 01, 2007 Through September 30, 2017

|                                         | SERS Plan Total | Policy Index Updated |
|-----------------------------------------|-----------------|----------------------|
| <b>RETURN SUMMARY STATISTICS</b>        |                 |                      |
| Number of Periods                       | 43              | 43                   |
| Maximum Return                          | 12.42           | 16.64                |
| Minimum Return                          | -14.46          | -17.38               |
| Annualized Return                       | 5.67            | 5.77                 |
| Total Return                            | 80.97           | 82.86                |
| Annualized Excess Return Over Risk Free | 5.01            | 5.11                 |
| Annualized Excess Return                | -0.10           | 0.00                 |
| <b>RISK SUMMARY STATISTICS</b>          |                 |                      |
| Beta                                    | 0.86            | 1.00                 |
| Upside Deviation                        | 6.09            | 7.53                 |
| Downside Deviation                      | 8.95            | 10.38                |
| <b>RISK/RETURN SUMMARY STATISTICS</b>   |                 |                      |
| Annualized Standard Deviation           | 11.19           | 12.83                |
| Alpha                                   | 0.16            | 0.00                 |
| Sharpe Ratio                            | 0.45            | 0.40                 |
| Excess Return Over Market / Risk        | -0.01           | 0.00                 |
| Tracking Error                          | 2.70            | 0.00                 |
| Information Ratio                       | -0.04           | --                   |
| <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 September 30, 2017

## Total Account Performance Summary

|                                            | 3 Mo<br>(%) | YTD<br>(%)   | 1 Yr<br>(%)  | 3 Yrs<br>(%) | 5 Yrs<br>(%) | 10 Yrs<br>(%) | 2016<br>(%)  | 2015<br>(%)  | 2014<br>(%)  | 2013<br>(%)  | 2012<br>(%)  | 2011<br>(%)   | Return<br>(%) | Since         |
|--------------------------------------------|-------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|
| <b>SERS Plan Total</b>                     | <b>3.89</b> | <b>11.97</b> | <b>13.10</b> | <b>6.36</b>  | <b>8.58</b>  | <b>5.21</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>5.67</b>   | <b>Jan-07</b> |
| Policy Index Updated                       | <u>3.62</u> | <u>11.08</u> | <u>12.87</u> | <u>6.61</u>  | <u>8.62</u>  | <u>5.30</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>5.77</u>   | Jan-07        |
| Over/Under                                 | 0.27        | 0.89         | 0.23         | -0.25        | -0.04        | -0.09         | -3.15        | 1.06         | -0.45        | 0.97         | -1.48        | -3.27         | -0.10         |               |
| 70/30 ACWI/Barclays Aggregate Bond         | 3.88        | 12.86        | 12.79        | 6.13         | 7.81         | 4.32          | 6.42         | -1.30        | 4.77         | 14.87        | 12.66        | -2.67         | 5.00          | Jan-07        |
| InvestorForce All DB \$250mm-\$1B Net Rank | 9           | 29           | 12           | 56           | 32           | 47            | 74           | 47           | 63           | 8            | 61           | 97            | 45            | Jan-07        |
| <b>Capital Preservation</b>                | <b>1.20</b> | <b>4.78</b>  | <b>6.01</b>  | <b>3.44</b>  | <b>3.31</b>  | <b>--</b>     | <b>8.12</b>  | <b>-1.74</b> | <b>1.65</b>  | <b>2.70</b>  | <b>--</b>    | <b>--</b>     | <b>3.66</b>   | <b>Jul-12</b> |
| Capital Preservation Index                 | <u>1.25</u> | <u>3.89</u>  | <u>3.52</u>  | <u>3.10</u>  | <u>3.52</u>  | <u>3.98</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>3.80</u>   | Jul-12        |
| Over/Under                                 | -0.05       | 0.89         | 2.49         | 0.34         | -0.21        |               | 2.69         | -1.16        | -2.58        | -0.63        |              |               | -0.14         |               |
| <b>Domestic Equity</b>                     | <b>4.69</b> | <b>13.87</b> | <b>18.87</b> | <b>10.15</b> | <b>14.00</b> | <b>--</b>     | <b>10.91</b> | <b>-0.32</b> | <b>11.10</b> | <b>36.38</b> | <b>--</b>    | <b>--</b>     | <b>14.39</b>  | <b>Jul-12</b> |
| Domestic Equity Index                      | <u>4.58</u> | <u>13.14</u> | <u>18.39</u> | <u>10.79</u> | <u>14.15</u> | <u>7.75</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>14.71</u>  | Jul-12        |
| Over/Under                                 | 0.11        | 0.73         | 0.48         | -0.64        | -0.15        |               | -3.01        | -0.26        | -0.34        | 2.47         |              |               | -0.32         |               |
| All Cap Blend MStar MF Rank                | 40          | 29           | 38           | 45           | 40           | --            | 70           | 33           | 38           | 35           | --           | --            | 46            | Jul-12        |
| <b>International Equity Total</b>          | <b>6.53</b> | <b>23.53</b> | <b>20.61</b> | <b>7.12</b>  | <b>9.28</b>  | <b>4.11</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>5.10</b>   | <b>Apr-07</b> |
| International Equity Index                 | <u>6.54</u> | <u>22.47</u> | <u>19.94</u> | <u>5.40</u>  | <u>7.09</u>  | <u>1.75</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>2.99</u>   | Apr-07        |
| Over/Under                                 | -0.01       | 1.06         | 0.67         | 1.72         | 2.19         | 2.36          | -1.43        | 4.17         | 0.05         | 7.45         | 1.12         | 1.48          | 2.11          |               |
| Foreign MStar MF Rank                      | 38          | 40           | 33           | 34           | 36           | 16            | 24           | 67           | 32           | 56           | 55           | 57            | 11            | Apr-07        |
| <b>Long Biased</b>                         | <b>1.90</b> | <b>-1.01</b> | <b>-0.10</b> | <b>0.29</b>  | <b>2.86</b>  | <b>--</b>     | <b>-2.99</b> | <b>4.04</b>  | <b>3.62</b>  | <b>9.56</b>  | <b>--</b>    | <b>--</b>     | <b>3.27</b>   | <b>Jul-12</b> |
| HFRI Fund of Funds Composite Index         | <u>2.28</u> | <u>5.56</u>  | <u>6.48</u>  | <u>2.23</u>  | <u>3.84</u>  | <u>1.07</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>4.13</u>   | Jul-12        |
| Over/Under                                 | -0.38       | -6.57        | -6.58        | -1.94        | -0.98        |               | -3.50        | 4.31         | 0.26         | 0.60         |              |               | -0.86         |               |
| S&P 500                                    | 4.48        | 14.24        | 18.61        | 10.81        | 14.22        | 7.44          | 11.96        | 1.38         | 13.69        | 32.39        | 16.00        | 2.11          | 14.84         | Jul-12        |
| <b>Opportunistic Credit</b>                | <b>1.74</b> | <b>5.54</b>  | <b>8.97</b>  | <b>6.64</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>1.46</u> | <u>4.59</u>  | <u>10.45</u> | <u>2.12</u>  | <u>5.30</u>  | <u>3.71</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>3.31</u>   | Oct-13        |
| Over/Under                                 | 0.28        | 0.95         | -1.48        | 4.52         |              |               | -0.63        | 10.41        | 3.71         |              |              |               | 3.85          |               |

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

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

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

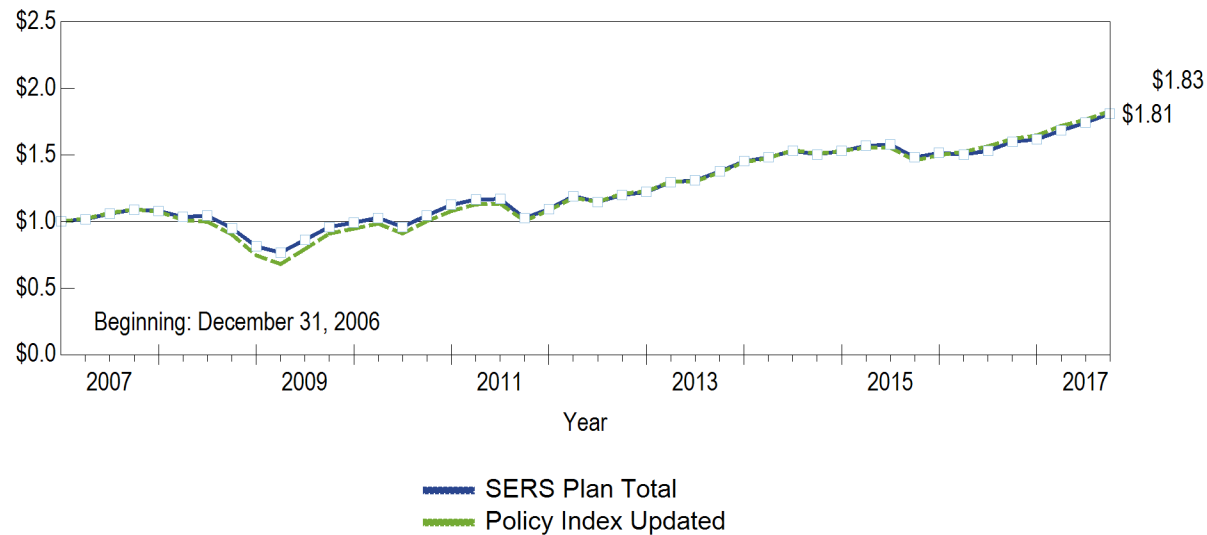
# Spokane Employees' Retirement System

As of September 30, 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>     | 2.23     | 6.75    | 5.40     | 10.21     | 11.66     | 6.24       | 8.09     | 6.66     | 25.00    | 8.71     | 15.17    | 9.44     | 5.10       | Apr-07 |
| NCREIF-ODCE                  | 1.87     | 5.44    | 7.66     | 10.84     | 11.59     | 5.03       | 8.76     | 15.02    | 12.48    | 13.94    | 10.94    | 15.99    | 5.68       | Apr-07 |
| Over/Under                   | 0.36     | 1.31    | -2.26    | -0.63     | 0.07      | 1.21       | -0.67    | -8.36    | 12.52    | -5.23    | 4.23     | -6.55    | -0.58      |        |
| FTSE NAREIT All REIT         | 1.24     | 6.74    | 3.62     | 10.29     | 9.86      | 6.12       | 9.28     | 2.29     | 27.15    | 3.21     | 20.14    | 7.28     | 4.92       | Apr-07 |
| US Real Estate Equity Rank   | 11       | 12      | 10       | 52        | 6         | 65         | 32       | 7        | 94       | 7        | 98       | 62       | 67         | Apr-07 |
| <b>Special Opportunities</b> | 10.88    | 29.61   | 18.23    | 3.12      | 10.75     | --         | -21.90   | 2.13     | 25.88    | 31.60    | --       | --       | 10.66      | Jul-12 |
| Russell 3000                 | 4.57     | 13.91   | 18.71    | 10.74     | 14.23     | 7.57       | 12.73    | 0.48     | 12.56    | 33.55    | 16.42    | 1.02     | 14.82      | Jul-12 |
| Over/Under                   | 6.31     | 15.70   | -0.48    | -7.62     | -3.48     |            | -34.63   | 1.65     | 13.32    | -1.95    |          |          | -4.16      |        |

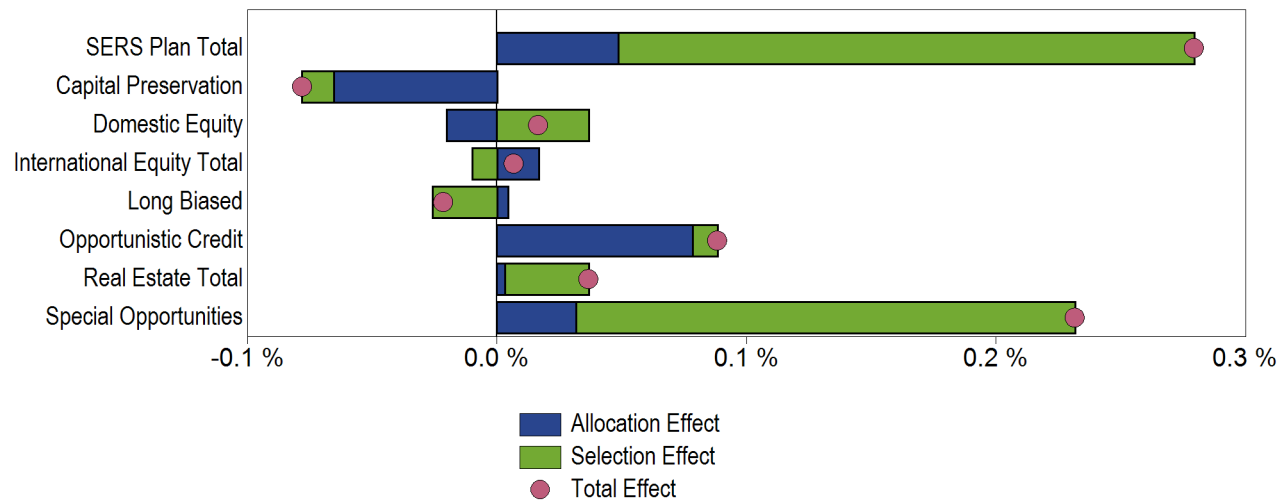
## GROWTH OF A DOLLAR



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

|                            | Wtd. Actual<br>Return | Wtd. Index<br>Return | Excess<br>Return | Selection<br>Effect | Allocation<br>Effect | Total<br>Effects |
|----------------------------|-----------------------|----------------------|------------------|---------------------|----------------------|------------------|
| Capital Preservation       | 1.2%                  | 1.3%                 | -0.1%            | 0.0%                | -0.1%                | -0.1%            |
| Domestic Equity            | 4.7%                  | 4.6%                 | 0.1%             | 0.0%                | 0.0%                 | 0.0%             |
| International Equity Total | 6.5%                  | 6.5%                 | 0.0%             | 0.0%                | 0.0%                 | 0.0%             |
| Long Biased                | 1.9%                  | 2.3%                 | -0.4%            | 0.0%                | 0.0%                 | 0.0%             |
| Opportunistic Credit       | 1.7%                  | 1.5%                 | 0.3%             | 0.0%                | 0.1%                 | 0.1%             |
| Real Estate Total          | 2.2%                  | 1.9%                 | 0.4%             | 0.0%                | 0.0%                 | 0.0%             |
| Special Opportunities      | 10.9%                 | 4.6%                 | 6.3%             | 0.2%                | 0.0%                 | 0.2%             |
| <b>Total</b>               | <b>3.9%</b>           | <b>3.6%</b>          | <b>0.3%</b>      | <b>0.2%</b>         | <b>0.0%</b>          | <b>0.3%</b>      |

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

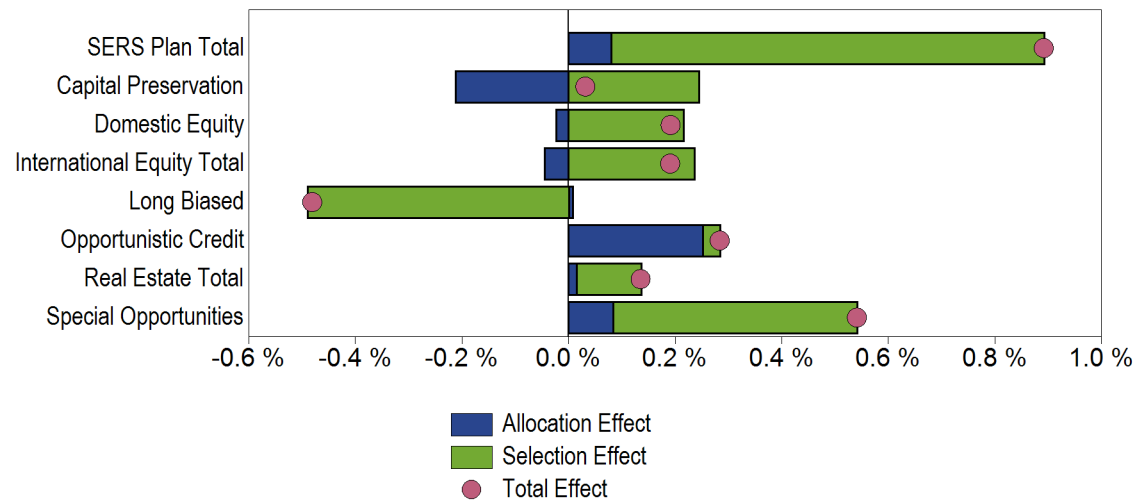


Attributions reflect new policy index

**Attribution Summary**  
**9 Months Ending September 30, 2017**

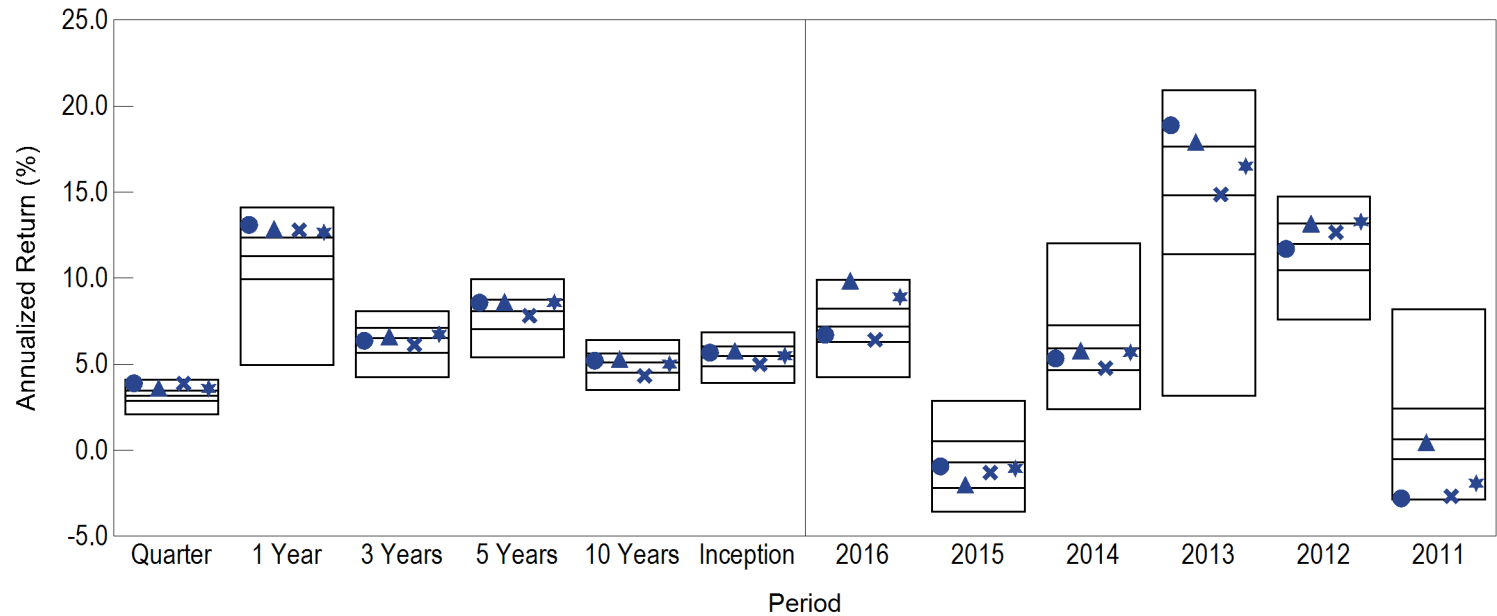
|                            | Wtd. Actual<br>Return | Wtd. Index<br>Return | Excess<br>Return | Selection<br>Effect | Allocation<br>Effect | Total<br>Effects |
|----------------------------|-----------------------|----------------------|------------------|---------------------|----------------------|------------------|
| Capital Preservation       | 4.8%                  | 3.9%                 | 0.9%             | 0.2%                | -0.2%                | 0.0%             |
| Domestic Equity            | 13.9%                 | 13.1%                | 0.7%             | 0.2%                | 0.0%                 | 0.2%             |
| International Equity Total | 23.5%                 | 22.5%                | 1.1%             | 0.2%                | 0.0%                 | 0.2%             |
| Long Biased                | -1.0%                 | 5.6%                 | -6.6%            | -0.5%               | 0.0%                 | -0.5%            |
| Opportunistic Credit       | 5.5%                  | 4.6%                 | 0.9%             | 0.0%                | 0.3%                 | 0.3%             |
| Real Estate Total          | 6.7%                  | 5.4%                 | 1.3%             | 0.1%                | 0.0%                 | 0.1%             |
| Special Opportunities      | 29.6%                 | 13.9%                | 15.7%            | 0.5%                | 0.1%                 | 0.5%             |
| <b>Total</b>               | <b>12.0%</b>          | <b>11.1%</b>         | <b>0.9%</b>      | <b>0.8%</b>         | <b>0.1%</b>          | <b>0.9%</b>      |

**Attribution Effects**  
**9 Months Ending September 30, 2017**



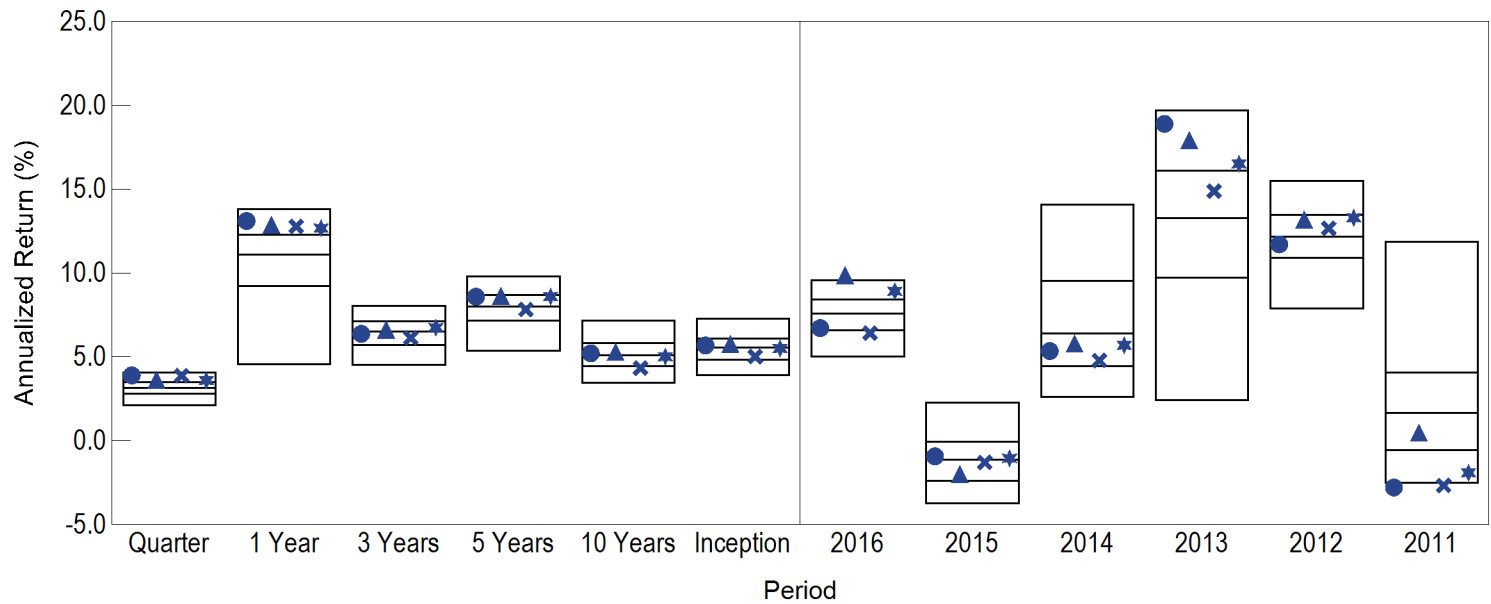
Attributions reflect new policy index

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



|                                            | Quarter  | 1 Year    | 3 Years  | 5 Years  | 10 Years | Inception | 2016     | 2015      | 2014     | 2013      | 2012      | 2011      |
|--------------------------------------------|----------|-----------|----------|----------|----------|-----------|----------|-----------|----------|-----------|-----------|-----------|
| <b>Return (Rank)</b>                       |          |           |          |          |          |           |          |           |          |           |           |           |
| <b>5th Percentile</b>                      | 4.1      | 14.1      | 8.1      | 9.9      | 6.4      | 6.9       | 9.9      | 2.9       | 12.0     | 20.9      | 14.8      | 8.2       |
| <b>25th Percentile</b>                     | 3.5      | 12.4      | 7.1      | 8.8      | 5.7      | 6.1       | 8.3      | 0.6       | 7.3      | 17.7      | 13.2      | 2.5       |
| <b>Median</b>                              | 3.2      | 11.3      | 6.6      | 8.1      | 5.1      | 5.5       | 7.2      | -0.7      | 6.0      | 14.9      | 12.0      | 0.7       |
| <b>75th Percentile</b>                     | 2.9      | 10.0      | 5.7      | 7.1      | 4.6      | 4.9       | 6.3      | -2.1      | 4.7      | 11.4      | 10.5      | -0.5      |
| <b>95th Percentile</b>                     | 2.1      | 5.0       | 4.3      | 5.5      | 3.5      | 4.0       | 4.3      | -3.5      | 2.4      | 3.2       | 7.6       | -2.8      |
| <b># of Portfolios</b>                     | 367      | 359       | 350      | 319      | 264      | 257       | 321      | 330       | 285      | 268       | 261       | 227       |
| <b>● SERS Plan Total</b>                   | 3.9 (10) | 13.1 (14) | 6.4 (58) | 8.6 (33) | 5.2 (47) | 5.7 (41)  | 6.7 (66) | -0.9 (55) | 5.3 (66) | 18.9 (17) | 11.7 (55) | -2.8 (95) |
| <b>▲ Policy Index Updated</b>              | 3.6 (19) | 12.9 (16) | 6.6 (48) | 8.6 (32) | 5.3 (42) | 5.8 (36)  | 9.9 (6)  | -2.0 (72) | 5.8 (54) | 17.9 (24) | 13.2 (26) | 0.5 (58)  |
| <b>× 70/30 ACWI/Barclays Aggregate Bon</b> | 3.9 (10) | 12.8 (17) | 6.1 (65) | 7.8 (59) | 4.3 (79) | 5.0 (73)  | 6.4 (73) | -1.3 (60) | 4.8 (74) | 14.9 (50) | 12.7 (36) | -2.7 (95) |
| <b>★ Policy Index RE Adjusted</b>          | 3.6 (21) | 12.7 (19) | 6.7 (40) | 8.6 (33) | 5.0 (55) | 5.5 (51)  | 8.9 (14) | -1.1 (57) | 5.7 (56) | 16.5 (36) | 13.3 (23) | -1.9 (89) |

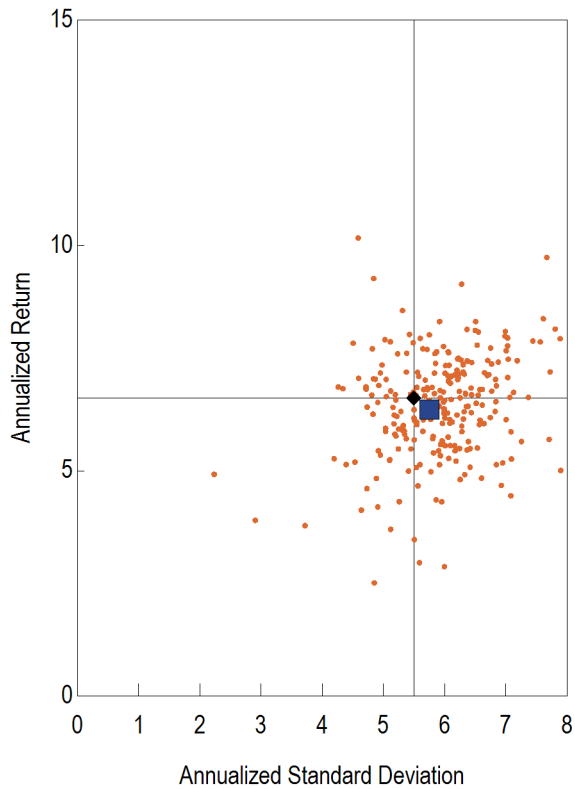
InvestorForce All DB \$250mm-\$1B Net Accounts  
Ending September 30, 2017



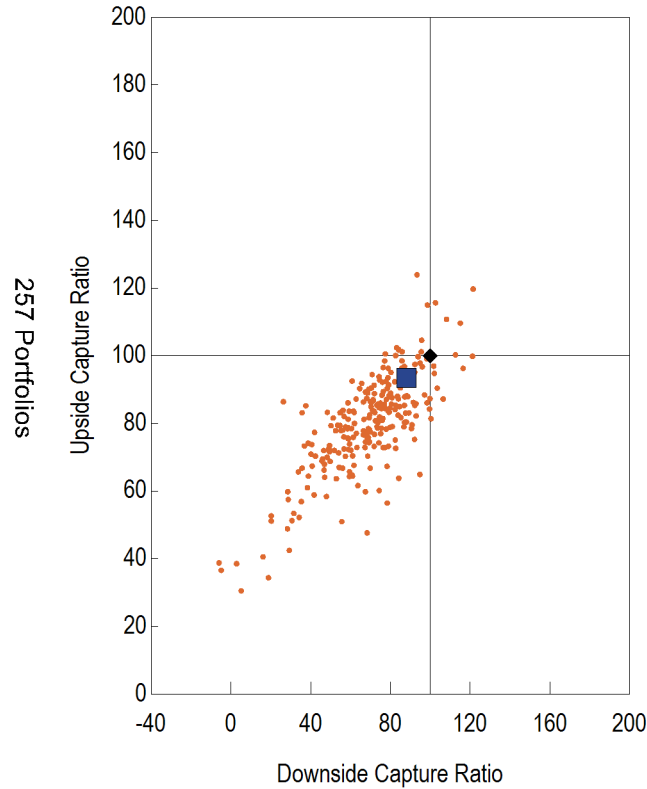
Return (Rank)

|                                     |          |           |          |          |          |          |          |           |          |           |           |           |
|-------------------------------------|----------|-----------|----------|----------|----------|----------|----------|-----------|----------|-----------|-----------|-----------|
| 5th Percentile                      | 4.0      | 13.8      | 8.0      | 9.8      | 7.1      | 7.3      | 9.6      | 2.2       | 14.1     | 19.7      | 15.5      | 11.9      |
| 25th Percentile                     | 3.5      | 12.3      | 7.2      | 8.7      | 5.8      | 6.1      | 8.5      | 0.0       | 9.6      | 16.1      | 13.5      | 4.1       |
| Median                              | 3.2      | 11.1      | 6.5      | 8.0      | 5.1      | 5.6      | 7.6      | -1.1      | 6.4      | 13.3      | 12.2      | 1.7       |
| 75th Percentile                     | 2.9      | 9.3       | 5.7      | 7.2      | 4.5      | 4.9      | 6.6      | -2.4      | 4.5      | 9.8       | 10.9      | -0.5      |
| 95th Percentile                     | 2.1      | 4.6       | 4.6      | 5.4      | 3.5      | 4.0      | 5.1      | -3.7      | 2.6      | 2.5       | 7.9       | -2.5      |
| # of Portfolios                     | 268      | 263       | 257      | 243      | 192      | 183      | 248      | 231       | 212      | 190       | 178       | 157       |
| ● SERS Plan Total                   | 3.9 (9)  | 13.1 (12) | 6.4 (56) | 8.6 (32) | 5.2 (47) | 5.7 (45) | 6.7 (74) | -0.9 (47) | 5.3 (63) | 18.9 (8)  | 11.7 (61) | -2.8 (97) |
| ▲ Policy Index Updated              | 3.6 (22) | 12.9 (16) | 6.6 (48) | 8.6 (30) | 5.3 (43) | 5.8 (42) | 9.9 (4)  | -2.0 (69) | 5.8 (61) | 17.9 (14) | 13.2 (32) | 0.5 (65)  |
| × 70/30 ACWI/Barclays Aggregate Bon | 3.9 (9)  | 12.8 (17) | 6.1 (65) | 7.8 (59) | 4.3 (78) | 5.0 (74) | 6.4 (78) | -1.3 (56) | 4.8 (73) | 14.9 (37) | 12.7 (43) | -2.7 (97) |
| * Policy Index RE Adjusted          | 3.6 (23) | 12.7 (20) | 6.7 (42) | 8.6 (32) | 5.0 (57) | 5.5 (54) | 8.9 (15) | -1.1 (50) | 5.7 (61) | 16.5 (23) | 13.3 (29) | -1.9 (91) |

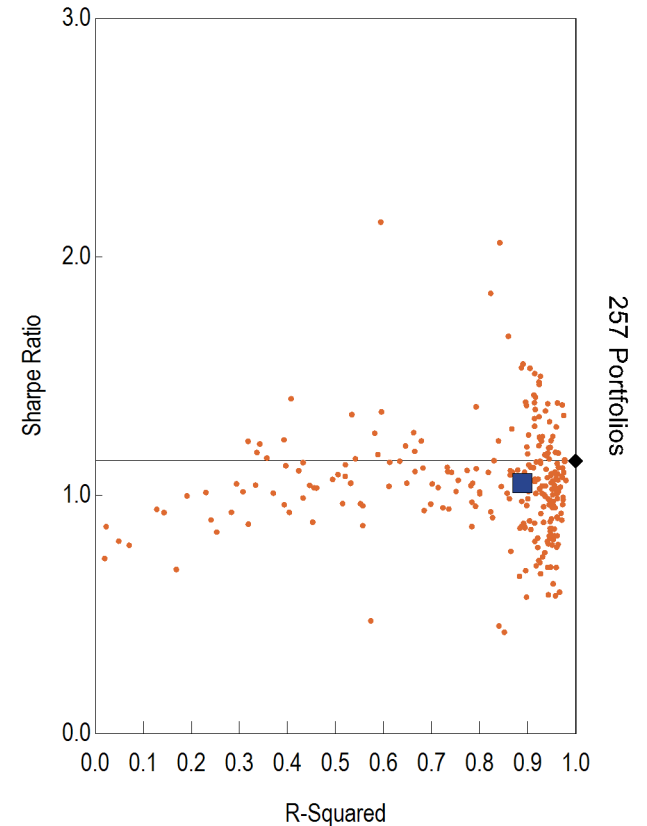
Annualized Return vs. Annualized Standard Deviation  
3 Years Ending September 30, 2017



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



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

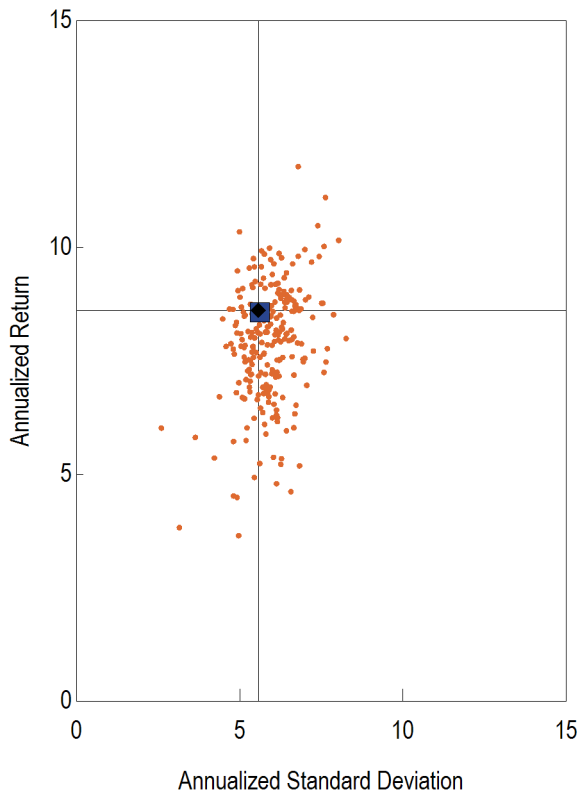


- SERS Plan Total
- ◆ Policy Index Updated
- InvestorForce All DB \$250mm-\$1B Net

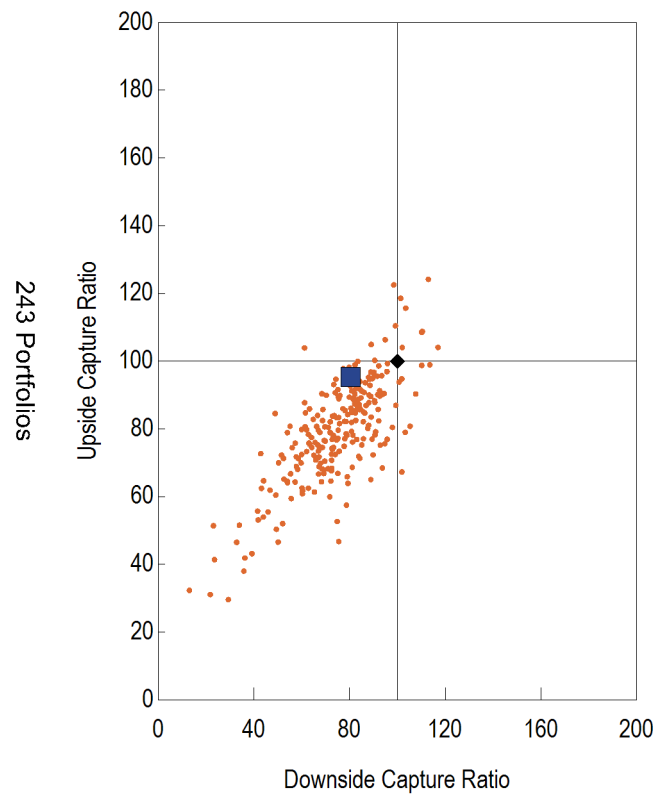
- SERS Plan Total
- ◆ Policy Index Updated
- InvestorForce All DB \$250mm-\$1B Net

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

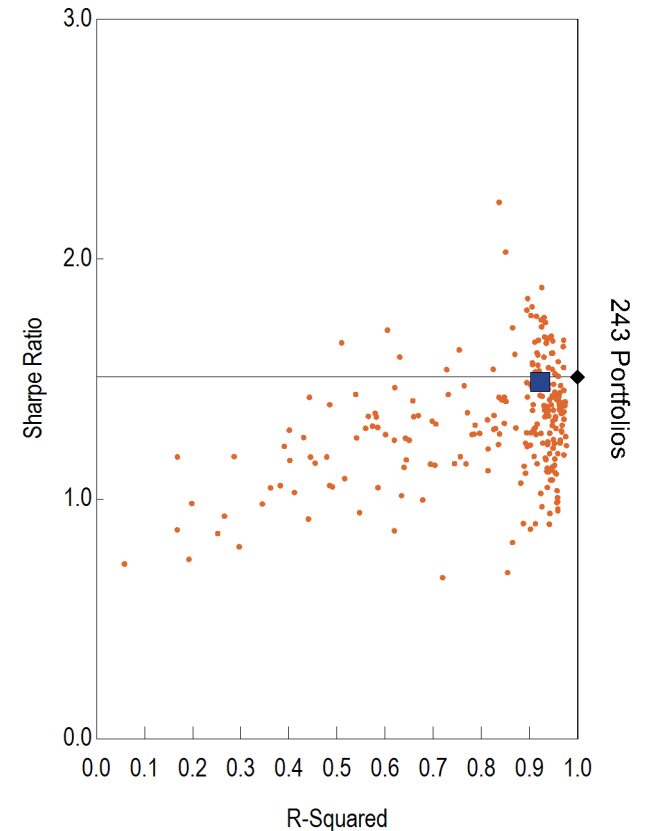
Annualized Return vs. Annualized Standard Deviation  
5 Years Ending September 30, 2017



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



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



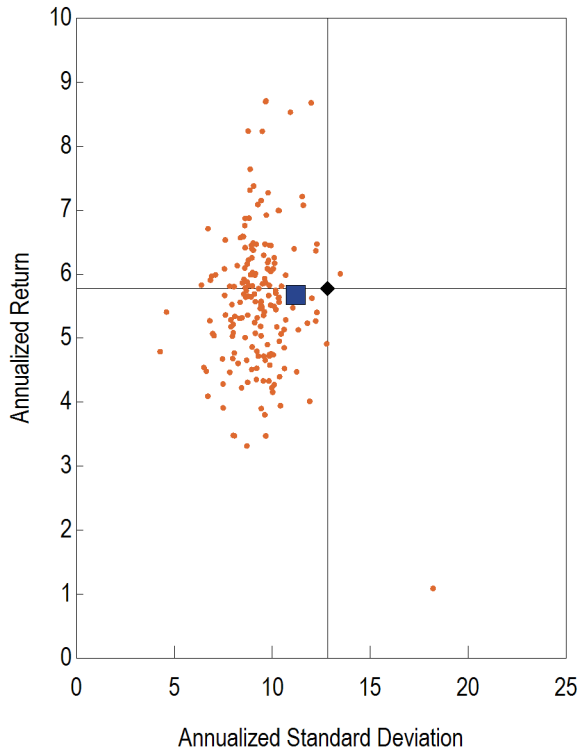
- SERS Plan Total
- ◆ Policy Index Updated
- InvestorForce All DB \$250mm-\$1B Net

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

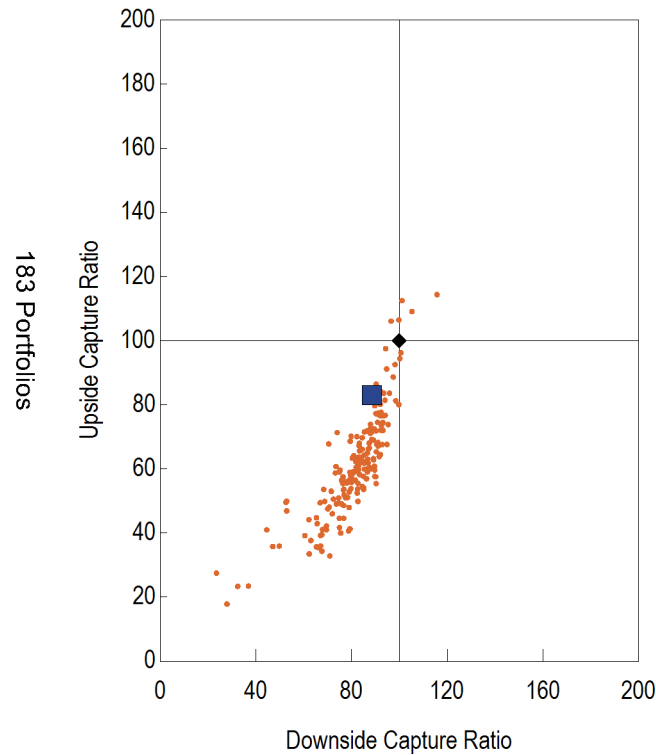
- SERS Plan Total
- ◆ Policy Index Updated
- InvestorForce All DB \$250mm-\$1B Net



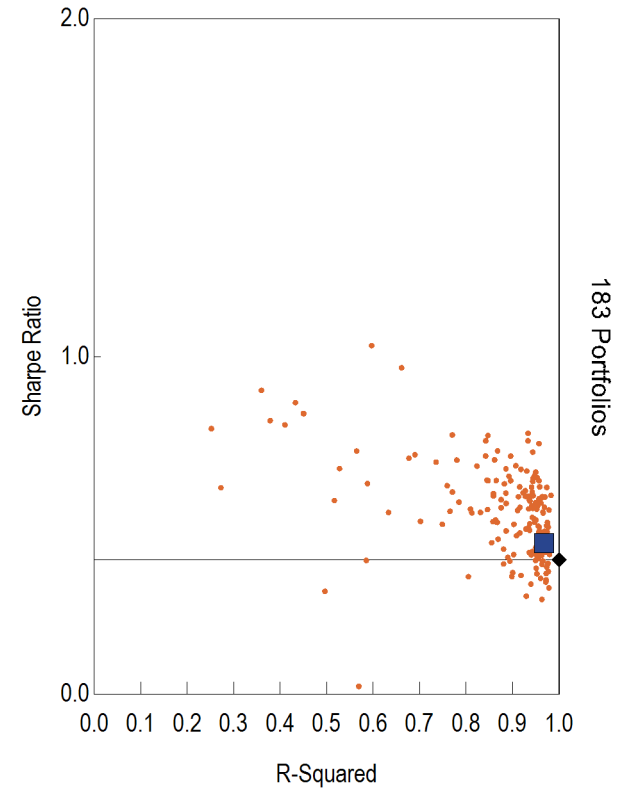
**Annualized Return vs. Annualized Standard Deviation**  
10 Years 9 Months Ending September 30, 2017



**Upside Capture Ratio vs. Downside Capture Ratio**  
10 Years 9 Months Ending September 30, 2017



**Sharpe Ratio vs. R-Squared**  
10 Years 9 Months Ending September 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

# Spokane Employees' Retirement System

As of September 30, 2017

## Asset Class Performance

|                                      | 3 Mo<br>(%) | YTD<br>(%) | 1 Yr<br>(%) | 3 Yrs<br>(%) | 5 Yrs<br>(%) | 2016<br>(%) | 2015<br>(%) | 2014<br>(%) | 2013<br>(%) | 2012<br>(%) | 2011<br>(%) | Return<br>(%) | Since  |
|--------------------------------------|-------------|------------|-------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|--------|
| <b>Capital Preservation</b>          | 1.20        | 4.78       | 6.01        | 3.44         | 3.31         | 8.12        | -1.74       | 1.65        | 2.70        | --          | --          | 3.66          | Jul-12 |
| Capital Preservation Index           | 1.25        | 3.89       | 3.52        | 3.10         | 3.52         | 5.43        | -0.58       | 4.23        | 3.33        | 6.66        | 3.22        | 3.80          | Jul-12 |
| Over/Under                           | -0.05       | 0.89       | 2.49        | 0.34         | -0.21        | 2.69        | -1.16       | -2.58       | -0.63       |             |             | -0.14         |        |
| <b>Total Return Bond</b>             | 0.90        | 3.50       | 0.94        | --           | --           | --          | --          | --          | --          | --          | --          | 0.94          | Sep-16 |
| BBgBarc US Aggregate TR              | 0.85        | 3.14       | 0.07        | 2.71         | 2.06         | 2.65        | 0.55        | 5.97        | -2.02       | 4.21        | 7.84        | 0.07          | Sep-16 |
| Over/Under                           | 0.05        | 0.36       | 0.87        |              |              |             |             |             |             |             |             | 0.87          |        |
| Intermediate-Term Bond MStar MF Rank | 50          | 54         | 47          | --           | --           | --          | --          | --          | --          | --          | --          | 47            | Sep-16 |
| <b>High Yield</b>                    | 1.90        | 7.16       | 9.56        | 4.63         | 5.16         | 16.67       | -7.05       | 0.68        | 7.00        | 14.35       | 1.05        | 6.00          | Jul-12 |
| BBgBarc US High Yield TR             | 1.98        | 7.00       | 8.88        | 5.83         | 6.36         | 17.13       | -4.47       | 2.45        | 7.44        | 15.81       | 4.98        | 6.95          | Jul-12 |
| Over/Under                           | -0.08       | 0.16       | 0.68        | -1.20        | -1.20        | -0.46       | -2.58       | -1.77       | -0.44       | -1.46       | -3.93       | -0.95         |        |
| High Yield Bond MStar MF Rank        | 43          | 23         | 24          | 56           | 72           | 13          | 92          | 70          | 51          | 69          | 85          | 61            | Jul-12 |
| <b>Absolute Return</b>               | 0.93        | 3.99       | 7.14        | 4.06         | 4.19         | 7.75        | 0.29        | 3.15        | 4.65        | 6.68        | 2.63        | 4.28          | Jul-12 |
| HFRI FOF: Conservative Index         | 1.30        | 2.91       | 4.59        | 1.80         | 3.51         | 1.89        | 0.37        | 3.14        | 7.70        | 4.22        | -3.55       | 3.69          | Jul-12 |
| Over/Under                           | -0.37       | 1.08       | 2.55        | 2.26         | 0.68         | 5.86        | -0.08       | 0.01        | -3.05       | 2.46        | 6.18        | 0.59          |        |
| BBgBarc US Aggregate TR              | 0.85        | 3.14       | 0.07        | 2.71         | 2.06         | 2.65        | 0.55        | 5.97        | -2.02       | 4.21        | 7.84        | 2.27          | Jul-12 |
| <b>Domestic Equity</b>               | 4.69        | 13.87      | 18.87       | 10.15        | 14.00        | 10.91       | -0.32       | 11.10       | 36.38       | --          | --          | 14.39         | Jul-12 |
| Domestic Equity Index                | 4.58        | 13.14      | 18.39       | 10.79        | 14.15        | 13.92       | -0.06       | 11.44       | 33.91       | 16.67       | 0.55        | 14.71         | Jul-12 |
| Over/Under                           | 0.11        | 0.73       | 0.48        | -0.64        | -0.15        | -3.01       | -0.26       | -0.34       | 2.47        |             |             | -0.32         |        |
| All Cap Blend MStar MF Rank          | 40          | 29         | 38          | 45           | 40           | 70          | 33          | 38          | 35          | --          | --          | 46            | Jul-12 |
| <b>Domestic Large Cap Equity</b>     | 5.40        | 16.01      | 19.68       | 9.55         | 13.81        | 8.24        | -0.32       | 12.85       | 34.81       | 15.42       | -0.61       | 7.93          | Apr-07 |
| S&P 500                              | 4.48        | 14.24      | 18.61       | 10.81        | 14.22        | 11.96       | 1.38        | 13.69       | 32.39       | 16.00       | 2.11        | 7.90          | Apr-07 |
| Over/Under                           | 0.92        | 1.77       | 1.07        | -1.26        | -0.41        | -3.72       | -1.70       | -0.84       | 2.42        | -0.58       | -2.72       | 0.03          |        |
| Large Blend MStar MF Rank            | 14          | 11         | 23          | 53           | 48           | 83          | 53          | 39          | 26          | 56          | 59          | 27            | Apr-07 |
| <b>Domestic Small/Mid Equity</b>     | 3.31        | 9.92       | 17.19       | 10.83        | 14.16        | 15.37       | -0.39       | 8.69        | 38.60       | --          | --          | 14.34         | Jul-12 |
| Russell 2500                         | 4.74        | 11.00      | 17.79       | 10.60        | 13.86        | 17.59       | -2.90       | 7.07        | 36.80       | 17.88       | -2.51       | 14.33         | Jul-12 |
| Over/Under                           | -1.43       | -1.08      | -0.60       | 0.23         | 0.30         | -2.22       | 2.51        | 1.62        | 1.80        |             |             | 0.01          |        |
| SMID Blend MStar MF Rank             | 74          | 38         | 58          | 38           | 34           | 75          | 10          | 24          | 34          | --          | --          | 45            | Jul-12 |

# Spokane Employees' Retirement System

As of September 30, 2017

## Asset Class Performance

|                                           | 3 Mo<br>(%) | YTD<br>(%) | 1 Yr<br>(%) | 3 Yrs<br>(%) | 5 Yrs<br>(%) | 2016<br>(%) | 2015<br>(%) | 2014<br>(%) | 2013<br>(%) | 2012<br>(%) | 2011<br>(%) | Return<br>(%) | Since  |
|-------------------------------------------|-------------|------------|-------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|--------|
| <b>International Equity Total</b>         | 6.53        | 23.53      | 20.61       | 7.12         | 9.28         | 3.91        | -1.32       | -3.58       | 20.93       | 18.48       | -13.72      | 5.10          | Apr-07 |
| International Equity Index                | 6.54        | 22.47      | 19.94       | 5.40         | 7.09         | 5.34        | -5.49       | -3.63       | 13.48       | 17.36       | -15.20      | 2.99          | Apr-07 |
| Over/Under                                | -0.01       | 1.06       | 0.67        | 1.72         | 2.19         | -1.43       | 4.17        | 0.05        | 7.45        | 1.12        | 1.48        | 2.11          |        |
| Foreign MStar MF Rank                     | 38          | 40         | 33          | 34           | 36           | 24          | 67          | 32          | 56          | 55          | 57          | 11            | Apr-07 |
| <b>International Large Cap Equity</b>     | 6.43        | 23.24      | 20.62       | 7.92         | 10.63        | 4.02        | -1.13       | -1.38       | 24.43       | --          | --          | 11.69         | Jul-12 |
| MSCI ACWI ex USA                          | 6.16        | 21.13      | 19.61       | 4.70         | 6.97         | 4.50        | -5.66       | -3.87       | 15.29       | 16.83       | -13.71      | 8.09          | Jul-12 |
| Over/Under                                | 0.27        | 2.11       | 1.01        | 3.22         | 3.66         | -0.48       | 4.53        | 2.49        | 9.14        |             |             | 3.60          |        |
| Foreign Large Blend MStar MF Rank         | 21          | 18         | 24          | 9            | 6            | 23          | 56          | 12          | 14          | --          | --          | 6             | Jul-12 |
| <b>International Small/Mid Cap Equity</b> | 8.06        | 28.25      | 23.05       | 8.50         | 10.09        | -0.68       | 7.56        | -12.10      | 28.79       | --          | --          | 11.54         | Jul-12 |
| MSCI ACWI xUS Small (net)                 | 6.90        | 23.54      | 19.19       | 8.14         | 9.68         | 3.91        | 2.60        | -4.03       | 19.73       | 18.52       | -18.50      | 10.92         | Jul-12 |
| Over/Under                                | 1.16        | 4.71       | 3.86        | 0.36         | 0.41         | -4.59       | 4.96        | -8.07       | 9.06        |             |             | 0.62          |        |
| <b>Emerging Markets Equity</b>            | 5.46        | 19.97      | 17.85       | 3.44         | 4.78         | 7.03        | -8.73       | -2.07       | 6.06        | --          | --          | 5.87          | Jul-12 |
| MSCI Emerging Markets                     | 7.89        | 27.78      | 22.46       | 4.90         | 3.99         | 11.19       | -14.92      | -2.19       | -2.60       | 18.22       | -18.42      | 5.28          | Jul-12 |
| Over/Under                                | -2.43       | -7.81      | -4.61       | -1.46        | 0.79         | -4.16       | 6.19        | 0.12        | 8.66        |             |             | 0.59          |        |
| Diversified Emerging Mkts MStar MF Rank   | 77          | 86         | 73          | 72           | 46           | 56          | 16          | 49          | 14          | --          | --          | 48            | Jul-12 |
| <b>Long Biased</b>                        | 1.90        | -1.01      | -0.10       | 0.29         | 2.86         | -2.99       | 4.04        | 3.62        | 9.56        | --          | --          | 3.27          | Jul-12 |
| HFRI Fund of Funds Composite Index        | 2.28        | 5.56       | 6.48        | 2.23         | 3.84         | 0.51        | -0.27       | 3.36        | 8.96        | 4.79        | -5.72       | 4.13          | Jul-12 |
| Over/Under                                | -0.38       | -6.57      | -6.58       | -1.94        | -0.98        | -3.50       | 4.31        | 0.26        | 0.60        |             |             | -0.86         |        |
| S&P 500                                   | 4.48        | 14.24      | 18.61       | 10.81        | 14.22        | 11.96       | 1.38        | 13.69       | 32.39       | 16.00       | 2.11        | 14.84         | Jul-12 |
| <b>Opportunistic Credit</b>               | 1.74        | 5.54       | 8.97        | 6.64         | --           | 14.52       | 2.35        | 2.32        | --          | --          | --          | 7.16          | Oct-13 |
| HFRI ED: Distressed/Restructuring Index   | 1.46        | 4.59       | 10.45       | 2.12         | 5.30         | 15.15       | -8.06       | -1.39       | 14.05       | 10.12       | -1.79       | 3.31          | Oct-13 |
| Over/Under                                | 0.28        | 0.95       | -1.48       | 4.52         |              | -0.63       | 10.41       | 3.71        |             |             |             | 3.85          |        |
| <b>Real Estate Total</b>                  | 2.23        | 6.75       | 5.40        | 10.21        | 11.66        | 8.09        | 6.66        | 25.00       | 8.71        | 15.17       | 9.44        | 5.10          | Apr-07 |
| NCREIF-ODCE                               | 1.87        | 5.44       | 7.66        | 10.84        | 11.59        | 8.76        | 15.02       | 12.48       | 13.94       | 10.94       | 15.99       | 5.68          | Apr-07 |
| Over/Under                                | 0.36        | 1.31       | -2.26       | -0.63        | 0.07         | -0.67       | -8.36       | 12.52       | -5.23       | 4.23        | -6.55       | -0.58         |        |
| FTSE NAREIT All REIT                      | 1.24        | 6.74       | 3.62        | 10.29        | 9.86         | 9.28        | 2.29        | 27.15       | 3.21        | 20.14       | 7.28        | 4.92          | Apr-07 |
| US Real Estate Equity Rank                | 11          | 12         | 10          | 52           | 6            | 32          | 7           | 94          | 7           | 98          | 62          | 67            | Apr-07 |
| <b>Special Opportunities</b>              | 10.88       | 29.61      | 18.23       | 3.12         | 10.75        | -21.90      | 2.13        | 25.88       | 31.60       | --          | --          | 10.66         | Jul-12 |
| Russell 3000                              | 4.57        | 13.91      | 18.71       | 10.74        | 14.23        | 12.73       | 0.48        | 12.56       | 33.55       | 16.42       | 1.02        | 14.82         | Jul-12 |
| Over/Under                                | 6.31        | 15.70      | -0.48       | -7.62        | -3.48        | -34.63      | 1.65        | 13.32       | -1.95       |             |             | -4.16         |        |

# Spokane Employees' Retirement System

As of September 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                   | 1.02     | 3.67    | 1.00     | 3.11      | 2.65      | 5.06       | 3.75     | 0.54     | 5.99     | -0.97    | 6.14     | 6.73     | 7.98     | 0.89       | Aug-16 |
| BBgBarc US Aggregate TR              | 0.85     | 3.14    | 0.07     | 2.71      | 2.06      | 4.27       | 2.65     | 0.55     | 5.97     | -2.02    | 4.21     | 7.84     | 6.54     | -0.09      | Aug-16 |
| Excess Return                        | 0.17     | 0.53    | 0.93     | 0.40      | 0.59      | 0.79       | 1.10     | -0.01    | 0.02     | 1.05     | 1.93     | -1.11    | 1.44     | 0.98       |        |
| Intermediate-Term Bond MStar MF Rank | 34       | 43      | 46       | 30        | 32        | 26         | 40       | 29       | 35       | 35       | 66       | 51       | 47       | 49         | Aug-16 |
| Hotchkis & Wiley High Yield          | 1.90     | 7.17    | 9.56     | 5.33      | 6.28      | --         | 16.02    | -4.30    | 1.09     | 8.71     | 17.96    | 2.28     | 19.10    | 5.45       | Jun-15 |
| BBgBarc US High Yield TR             | 1.98     | 7.00    | 8.88     | 5.83      | 6.36      | 7.84       | 17.13    | -4.47    | 2.45     | 7.44     | 15.81    | 4.98     | 15.12    | 6.19       | Jun-15 |
| Excess Return                        | -0.08    | 0.17    | 0.68     | -0.50     | -0.08     |            | -1.11    | 0.17     | -1.36    | 1.27     | 2.15     | -2.70    | 3.98     | -0.74      |        |
| High Yield Bond MStar MF Rank        | 43       | 22      | 24       | 30        | 22        | --         | 20       | 61       | 65       | 20       | 11       | 72       | 3        | 31         | Jun-15 |
| <b>Absolute Return</b>               |          |         |          |           |           |            |          |          |          |          |          |          |          |            |        |
| Post Lmtd Term High Yield            | 0.87     | 3.26    | 4.06     | 3.36      | 4.39      | 6.05       | 5.66     | 0.84     | 2.96     | 7.49     | 9.61     | 6.16     | 12.36    | 5.89       | Jun-10 |
| HFRI FOF: Conservative Index         | 1.30     | 2.91    | 4.59     | 1.80      | 3.51      | 0.97       | 1.89     | 0.37     | 3.14     | 7.70     | 4.22     | -3.55    | 5.07     | 2.92       | Jun-10 |
| Excess Return                        | -0.43    | 0.35    | -0.53    | 1.56      | 0.88      | 5.08       | 3.77     | 0.47     | -0.18    | -0.21    | 5.39     | 9.71     | 7.29     | 2.97       |        |
| BBgBarc US Aggregate TR              | 0.85     | 3.14    | 0.07     | 2.71      | 2.06      | 4.27       | 2.65     | 0.55     | 5.97     | -2.02    | 4.21     | 7.84     | 6.54     | 3.20       | Jun-10 |
| Rimrock Low Volatility Offshore      | 0.87     | 3.85    | 5.75     | 2.00      | 3.80      | 8.40       | 4.90     | -1.90    | 2.31     | 7.82     | 11.33    | 2.29     | 14.97    | 5.29       | Jun-10 |
| HFRI FOF: Conservative Index         | 1.30     | 2.91    | 4.59     | 1.80      | 3.51      | 0.97       | 1.89     | 0.37     | 3.14     | 7.70     | 4.22     | -3.55    | 5.07     | 2.92       | Jun-10 |
| Excess Return                        | -0.43    | 0.94    | 1.16     | 0.20      | 0.29      | 7.43       | 3.01     | -2.27    | -0.83    | 0.12     | 7.11     | 5.84     | 9.90     | 2.37       |        |
| BBgBarc US Aggregate TR              | 0.85     | 3.14    | 0.07     | 2.71      | 2.06      | 4.27       | 2.65     | 0.55     | 5.97     | -2.02    | 4.21     | 7.84     | 6.54     | 3.20       | Jun-10 |
| Castine Partners                     | 1.33     | 6.01    | 16.51    | 10.25     | 8.61      | 6.27       | 15.57    | 6.57     | 7.48     | 6.16     | 2.53     | 2.14     | -3.31    | 6.67       | Jun-11 |
| HFRI FOF: Conservative Index         | 1.30     | 2.91    | 4.59     | 1.80      | 3.51      | 0.97       | 1.89     | 0.37     | 3.14     | 7.70     | 4.22     | -3.55    | 5.07     | 2.56       | Jun-11 |
| Excess Return                        | 0.03     | 3.10    | 11.92    | 8.45      | 5.10      | 5.30       | 13.68    | 6.20     | 4.34     | -1.54    | -1.69    | 5.69     | -8.38    | 4.11       |        |
| BBgBarc US Aggregate TR              | 0.85     | 3.14    | 0.07     | 2.71      | 2.06      | 4.27       | 2.65     | 0.55     | 5.97     | -2.02    | 4.21     | 7.84     | 6.54     | 3.09       | Jun-11 |
| Polar Altairis Offshore              | 0.06     | 1.79    | 1.51     | 3.94      | 4.13      | 4.76       | 6.60     | 1.73     | 3.46     | 5.60     | 4.42     | 2.02     | 1.04     | 4.37       | Sep-11 |
| HFRI FOF: Conservative Index         | 1.30     | 2.91    | 4.59     | 1.80      | 3.51      | 0.97       | 1.89     | 0.37     | 3.14     | 7.70     | 4.22     | -3.55    | 5.07     | 3.35       | Sep-11 |
| Excess Return                        | -1.24    | -1.12   | -3.08    | 2.14      | 0.62      | 3.79       | 4.71     | 1.36     | 0.32     | -2.10    | 0.20     | 5.57     | -4.03    | 1.02       |        |
| BBgBarc US Aggregate TR              | 0.85     | 3.14    | 0.07     | 2.71      | 2.06      | 4.27       | 2.65     | 0.55     | 5.97     | -2.02    | 4.21     | 7.84     | 6.54     | 2.57       | Sep-11 |
| American Beacon Flexible Bond Inst   | 1.62     | 5.55    | 5.85     | 1.78      | 1.66      | --         | 3.83     | -2.73    | 1.32     | -1.19    | 9.01     | --       | --       | 3.15       | Apr-17 |
| BBgBarc US Aggregate TR              | 0.85     | 3.14    | 0.07     | 2.71      | 2.06      | 4.27       | 2.65     | 0.55     | 5.97     | -2.02    | 4.21     | 7.84     | 6.54     | 2.31       | Apr-17 |
| Excess Return                        | 0.77     | 2.41    | 5.78     | -0.93     | -0.40     |            | 1.18     | -3.28    | -4.65    | 0.83     | 4.80     |          |          | 0.84       |        |

# Spokane Employees' Retirement System

As of September 30, 2017

## Manager Performance

|                                      | 3 Mo<br>(%) | YTD<br>(%)   | 1 Yr<br>(%)  | 3 Yrs<br>(%) | 5 Yrs<br>(%) | 10 Yrs<br>(%) | 2016<br>(%)  | 2015<br>(%)  | 2014<br>(%)  | 2013<br>(%)  | 2012<br>(%)  | 2011<br>(%) | 2010<br>(%)  | Return<br>(%) | Since  |
|--------------------------------------|-------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|---------------|--------|
| <b>Domestic Equity</b>               |             |              |              |              |              |               |              |              |              |              |              |             |              |               |        |
| <b>Large Cap Equity</b>              |             |              |              |              |              |               |              |              |              |              |              |             |              |               |        |
| Hotchkis & Wiley Diversified Value I | 3.73        | 11.60        | 23.02        | 8.77         | 14.45        | 5.65          | 19.94        | -7.90        | 12.74        | 36.54        | 19.78        | -5.67       | 19.50        | 11.80         | Sep-08 |
| Russell 1000 Value                   | <u>3.11</u> | <u>7.92</u>  | <u>15.12</u> | <u>8.53</u>  | <u>13.20</u> | <u>5.92</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>9.82</u>   | Sep-08 |
| Excess Return                        | 0.62        | 3.68         | 7.90         | 0.24         | 1.25         | -0.27         | 2.60         | -4.07        | -0.71        | 4.01         | 2.27         | -6.06       | 3.99         | 1.98          |        |
| S&P 500                              | 4.48        | 14.24        | 18.61        | 10.81        | 14.22        | 7.44          | 11.96        | 1.38         | 13.69        | 32.39        | 16.00        | 2.11        | 15.06        | 11.32         | Sep-08 |
| Large Value MStar MF Rank            | 55          | 22           | 4            | 33           | 11           | 63            | 9            | 90           | 20           | 14           | 8            | 87          | 7            | 5             | Sep-08 |
| Vanguard Institutional Index         | 4.48        | 14.21        | 18.57        | 10.79        | 14.19        | 7.44          | 11.93        | 1.37         | 13.65        | 32.35        | 15.98        | 2.09        | 15.04        | 9.96          | Jun-08 |
| S&P 500                              | <u>4.48</u> | <u>14.24</u> | <u>18.61</u> | <u>10.81</u> | <u>14.22</u> | <u>7.44</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>9.96</u>   | Jun-08 |
| Excess Return                        | 0.00        | -0.03        | -0.04        | -0.02        | -0.03        | 0.00          | -0.03        | -0.01        | -0.04        | -0.04        | -0.02        | -0.02       | -0.02        | 0.00          |        |
| Large Blend MStar MF Rank            | 43          | 34           | 43           | 14           | 26           | 29            | 28           | 24           | 21           | 45           | 41           | 23          | 31           | 23            | Jun-08 |
| MFS Blended Research Core            | 4.09        | 13.12        | 16.36        | 9.13         | 13.61        | 7.74          | 8.57         | 1.34         | 12.44        | 36.37        | 15.68        | 2.21        | 16.92        | 14.77         | Dec-11 |
| S&P 500                              | <u>4.48</u> | <u>14.24</u> | <u>18.61</u> | <u>10.81</u> | <u>14.22</u> | <u>7.44</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>15.27</u>  | Dec-11 |
| Excess Return                        | -0.39       | -1.12        | -2.25        | -1.68        | -0.61        | 0.30          | -3.39        | -0.04        | -1.25        | 3.98         | -0.32        | 0.10        | 1.86         | -0.50         |        |
| Large Blend MStar MF Rank            | 66          | 60           | 74           | 62           | 52           | 15            | 81           | 25           | 44           | 16           | 51           | 22          | 13           | 47            | Dec-11 |
| Jackson Square Large Cap Growth Eq   | 8.95        | 24.45        | 19.35        | 9.87         | 13.45        | 8.24          | -5.03        | 5.19         | 12.76        | 34.81        | 16.51        | 8.04        | 14.14        | 13.79         | Sep-12 |
| Russell 1000 Growth                  | <u>5.90</u> | <u>20.72</u> | <u>21.94</u> | <u>12.69</u> | <u>15.26</u> | <u>9.08</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>15.43</u>  | Sep-12 |
| Excess Return                        | 3.05        | 3.73         | -2.59        | -2.82        | -1.81        | -0.84         | -12.11       | -0.48        | -0.29        | 1.33         | 1.25         | 5.40        | -2.57        | -1.64         |        |
| S&P 500                              | 4.48        | 14.24        | 18.61        | 10.81        | 14.22        | 7.44          | 11.96        | 1.38         | 13.69        | 32.39        | 16.00        | 2.11        | 15.06        | 14.55         | Sep-12 |
| Large Growth MStar MF Rank           | 2           | 20           | 60           | 69           | 68           | 41            | 96           | 44           | 29           | 43           | 38           | 1           | 67           | 65            | Sep-12 |

# Spokane Employees' Retirement System

As of September 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            | 1.05     | 8.30    | 15.94    | 9.56      | 14.08     | 7.99       | 16.97    | -1.71    | 5.85     | 46.25    | 12.50    | -3.37    | 20.40    | 11.86      | Sep-08 |
| Russell MidCap Value              | 2.14     | 7.43    | 13.37    | 9.19      | 14.33     | 7.85       | 20.00    | -4.78    | 14.75    | 33.46    | 18.51    | -1.38    | 24.75    | 11.57      | Sep-08 |
| Excess Return                     | -1.09    | 0.87    | 2.57     | 0.37      | -0.25     | 0.14       | -3.03    | 3.07     | -8.90    | 12.79    | -6.01    | -1.99    | -4.35    | 0.29       |        |
| Russell MidCap                    | 3.47     | 11.74   | 15.32    | 9.54      | 14.26     | 8.08       | 13.80    | -2.44    | 13.22    | 34.76    | 17.28    | -1.55    | 25.48    | 12.13      | Sep-08 |
| Mid-Cap Value MStar MF Rank       | 86       | 38      | 43       | 38        | 40        | 37         | 69       | 19       | 87       | 2        | 85       | 49       | 74       | 40         | Sep-08 |
| Vanguard Mid Cap Index            | 3.43     | 12.88   | 15.30    | 9.72      | 14.39     | 7.97       | 11.22    | -1.34    | 13.76    | 35.17    | 16.01    | -1.95    | 25.66    | 14.24      | Sep-09 |
| Russell MidCap                    | 3.47     | 11.74   | 15.32    | 9.54      | 14.26     | 8.08       | 13.80    | -2.44    | 13.22    | 34.76    | 17.28    | -1.55    | 25.48    | 14.26      | Sep-09 |
| Excess Return                     | -0.04    | 1.14    | -0.02    | 0.18      | 0.13      | -0.11      | -2.58    | 1.10     | 0.54     | 0.41     | -1.27    | -0.40    | 0.18     | -0.02      |        |
| Custom Vanguard Mid Cap Index     | 3.43     | 12.92   | 15.33    | 9.77      | 14.41     | 7.72       | 11.25    | -1.28    | 13.83    | 35.27    | 15.47    | -2.32    | 25.20    | 14.10      | Sep-09 |
| Mid-Cap Blend MStar MF Rank       | 49       | 13      | 60       | 32        | 10        | 39         | 74       | 19       | 7        | 47       | 62       | 35       | 35       | 11         | Sep-09 |
| Vanguard Mid Cap Growth           | 4.24     | 15.13   | 15.95    | 7.70      | 11.68     | 7.18       | 0.44     | 0.21     | 10.86    | 34.15    | 14.84    | 1.17     | 23.83    | 7.53       | Jun-14 |
| Russell MidCap Growth             | 5.28     | 17.28   | 17.82    | 9.96      | 14.18     | 8.20       | 7.33     | -0.20    | 11.90    | 35.74    | 15.81    | -1.65    | 26.38    | 9.69       | Jun-14 |
| Excess Return                     | -1.04    | -2.15   | -1.87    | -2.26     | -2.50     | -1.02      | -6.89    | 0.41     | -1.04    | -1.59    | -0.97    | 2.82     | -2.55    | -2.16      |        |
| Mid-Cap Growth MStar MF Rank      | 63       | 69      | 76       | 86        | 76        | 53         | 93       | 41       | 21       | 61       | 47       | 22       | 61       | 86         | Jun-14 |
| Frontier Phocas Small Cap Value I | 5.78     | 5.35    | 18.51    | 10.14     | 14.52     | 8.28       | 23.31    | -4.35    | 7.19     | 45.63    | 9.75     | -5.99    | 29.94    | 13.85      | Dec-11 |
| Russell 2000 Value                | 5.11     | 5.68    | 20.55    | 12.12     | 13.27     | 7.14       | 31.74    | -7.47    | 4.22     | 34.52    | 18.05    | -5.50    | 24.50    | 14.16      | Dec-11 |
| Excess Return                     | 0.67     | -0.33   | -2.04    | -1.98     | 1.25      | 1.14       | -8.43    | 3.12     | 2.97     | 11.11    | -8.30    | -0.49    | 5.44     | -0.31      |        |
| Russell 2000                      | 5.67     | 10.94   | 20.74    | 12.18     | 13.79     | 7.85       | 21.31    | -4.41    | 4.89     | 38.82    | 16.35    | -4.18    | 26.86    | 14.42      | Dec-11 |
| Small Value MStar MF Rank         | 27       | 56      | 56       | 50        | 19        | 30         | 71       | 36       | 23       | 3        | 95       | 75       | 24       | 44         | Dec-11 |
| Vanguard Small Cap Index          | 4.59     | 10.60   | 17.38    | 10.45     | 13.95     | 8.61       | 18.32    | -3.63    | 7.53     | 37.80    | 18.26    | -2.65    | 27.95    | 14.07      | Sep-09 |
| Russell 2000                      | 5.67     | 10.94   | 20.74    | 12.18     | 13.79     | 7.85       | 21.31    | -4.41    | 4.89     | 38.82    | 16.35    | -4.18    | 26.86    | 13.49      | Sep-09 |
| Excess Return                     | -1.08    | -0.34   | -3.36    | -1.73     | 0.16      | 0.76       | -2.99    | 0.78     | 2.64     | -1.02    | 1.91     | 1.53     | 1.09     | 0.58       |        |
| Custom Vanguard Small Cap Index   | 4.58     | 10.59   | 17.33    | 10.41     | 13.86     | 8.24       | 18.26    | -3.68    | 7.54     | 37.77    | 17.48    | -3.15    | 27.35    | 13.80      | Sep-09 |
| Small Blend MStar MF Rank         | 67       | 30      | 67       | 57        | 43        | 20         | 68       | 42       | 15       | 56       | 22       | 49       | 30       | 27         | Sep-09 |

## Spokane Employees' Retirement System

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### Manager Performance

|                            | 3 Mo<br>(%) | YTD<br>(%)   | 1 Yr<br>(%)  | 3 Yrs<br>(%) | 5 Yrs<br>(%) | 10 Yrs<br>(%) | 2016<br>(%)  | 2015<br>(%)  | 2014<br>(%) | 2013<br>(%)  | 2012<br>(%)  | 2011<br>(%)  | 2010<br>(%)  | Return<br>(%) | Since  |
|----------------------------|-------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|---------------|--------|
| Champlain Small Cap        | 3.37        | 8.83         | 19.14        | 15.07        | 14.84        | 10.00         | 27.93        | -0.65        | 4.43        | 36.61        | 11.06        | 4.01         | 24.59        | 11.64         | Sep-08 |
| Russell 2000               | <u>5.67</u> | <u>10.94</u> | <u>20.74</u> | <u>12.18</u> | <u>13.79</u> | <u>7.85</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>10.66</u>  | Sep-08 |
| Excess Return              | -2.30       | -2.11        | -1.60        | 2.89         | 1.05         | 2.15          | 6.62         | 3.76         | -0.46       | -2.21        | -5.29        | 8.19         | -2.27        | 0.98          |        |
| Russell 2000 Growth        | 6.22        | 16.81        | 20.98        | 12.17        | 14.28        | 8.47          | 11.32        | -1.38        | 5.60        | 43.30        | 14.59        | -2.91        | 29.09        | 11.76         | Sep-08 |
| Small Blend MStar MF Rank  | 86          | 45           | 51           | 2            | 20           | 1             | 8            | 11           | 60          | 68           | 88           | 5            | 62           | 27            | Sep-08 |
| Bridge City Small Growth   | 2.78        | 9.78         | 18.88        | 18.20        | 17.35        | --            | 24.90        | 6.81         | 7.06        | 40.81        | 10.99        | 3.16         | 31.97        | 16.87         | Dec-11 |
| Russell 2000 Growth        | <u>6.22</u> | <u>16.81</u> | <u>20.98</u> | <u>12.17</u> | <u>14.28</u> | <u>8.47</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>14.91</u>  | Dec-11 |
| Excess Return              | -3.44       | -7.03        | -2.10        | 6.03         | 3.07         |               | 13.58        | 8.19         | 1.46        | -2.49        | -3.60        | 6.07         | 2.88         | 1.96          |        |
| Russell 2000               | 5.67        | 10.94        | 20.74        | 12.18        | 13.79        | 7.85          | 21.31        | -4.41        | 4.89        | 38.82        | 16.35        | -4.18        | 26.86        | 14.51         | Dec-11 |
| Small Growth MStar MF Rank | 94          | 92           | 67           | 3            | 5            | --            | 5            | 4            | 15          | 61           | 79           | 10           | 22           | 11            | Dec-11 |

# Spokane Employees' Retirement System

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## Manager Performance

|                                                  | 3 Mo<br>(%) | YTD<br>(%)   | 1 Yr<br>(%)  | 3 Yrs<br>(%) | 5 Yrs<br>(%) | 10 Yrs<br>(%) | 2016<br>(%)  | 2015<br>(%)   | 2014<br>(%)  | 2013<br>(%)  | 2012<br>(%)  | 2011<br>(%)   | 2010<br>(%)  | Return<br>(%) | Since  |
|--------------------------------------------------|-------------|--------------|--------------|--------------|--------------|---------------|--------------|---------------|--------------|--------------|--------------|---------------|--------------|---------------|--------|
| <b>International Equity</b>                      |             |              |              |              |              |               |              |               |              |              |              |               |              |               |        |
| Artisan International Value                      | 6.02        | 20.75        | 20.48        | 7.95         | 11.84        | 7.33          | 5.74         | -1.49         | -0.39        | 30.72        | 22.48        | -6.98         | 19.15        | 10.73         | Sep-08 |
| MSCI ACWI ex USA Value                           | <u>5.99</u> | <u>17.68</u> | <u>21.55</u> | <u>2.92</u>  | <u>6.02</u>  | <u>0.61</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>4.96</u>   | Sep-08 |
| Excess Return                                    | 0.03        | 3.07         | -1.07        | 5.03         | 5.82         | 6.72          | -3.18        | 8.57          | 4.71         | 15.68        | 5.51         | 6.22          | 11.31        | 5.77          |        |
| MSCI ACWI ex USA                                 | 6.16        | 21.13        | 19.61        | 4.70         | 6.97         | 1.28          | 4.50         | -5.66         | -3.87        | 15.29        | 16.83        | -13.71        | 11.15        | 5.57          | Sep-08 |
| Foreign Large Value MStar MF Rank                | 38          | 25           | 46           | 7            | 3            | 1             | 29           | 45            | 2            | 1            | 8            | 7             | 1            | 1             | Sep-08 |
| <b>EuroPacific Growth R6</b>                     | 6.86        | 25.85        | 20.63        | 7.56         | 9.51         | 3.60          | 1.01         | -0.48         | -2.29        | 20.58        | 19.64        | -13.31        | 9.76         | 4.96          | Jun-08 |
| MSCI ACWI ex USA                                 | <u>6.16</u> | <u>21.13</u> | <u>19.61</u> | <u>4.70</u>  | <u>6.97</u>  | <u>1.28</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>2.63</u>   | Jun-08 |
| Excess Return                                    | 0.70        | 4.72         | 1.02         | 2.86         | 2.54         | 2.32          | -3.49        | 5.18          | 1.58         | 5.29         | 2.81         | 0.40          | -1.39        | 2.33          |        |
| Foreign Large Blend MStar MF Rank                | 16          | 7            | 24           | 11           | 15           | 9             | 53           | 42            | 18           | 50           | 28           | 43            | 63           | 11            | Jun-08 |
| <b>Victory Trivalent International Small Cap</b> | 8.10        | 28.30        | 23.10        | 10.67        | 14.10        | 4.16          | -0.70        | 8.20          | -0.20        | 32.98        | 24.32        | -11.55        | 25.49        | 13.07         | Aug-15 |
| MSCI ACWI xUS Small (net)                        | <u>6.90</u> | <u>23.54</u> | <u>19.19</u> | <u>8.14</u>  | <u>9.68</u>  | <u>3.58</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>13.96</u>  | Aug-15 |
| Excess Return                                    | 1.20        | 4.76         | 3.91         | 2.53         | 4.42         | 0.58          | -4.61        | 5.60          | 3.83         | 13.25        | 5.80         | 6.95          | 0.28         | -0.89         |        |
| MSCI ACWI ex USA                                 | 6.16        | 21.13        | 19.61        | 4.70         | 6.97         | 1.28          | 4.50         | -5.66         | -3.87        | 15.29        | 16.83        | -13.71        | 11.15        | 11.14         | Aug-15 |
| Foreign Small/Mid Growth MStar MF Rank           | 42          | 43           | 19           | 31           | 11           | 68            | 36           | 60            | 26           | 24           | 22           | 25            | 32           | 39            | Aug-15 |
| <b>Berens Global Value Ltd</b>                   | 5.48        | 20.18        | 18.00        | 3.67         | 4.96         | 3.00          | 7.23         | -8.84         | -1.50        | 6.16         | 10.77        | -14.07        | 20.68        | 1.93          | Dec-07 |
| MSCI Emerging Markets                            | <u>7.89</u> | <u>27.78</u> | <u>22.46</u> | <u>4.90</u>  | <u>3.99</u>  | <u>1.32</u>   | <u>11.19</u> | <u>-14.92</u> | <u>-2.19</u> | <u>-2.60</u> | <u>18.22</u> | <u>-18.42</u> | <u>18.88</u> | <u>0.98</u>   | Dec-07 |
| Excess Return                                    | -2.41       | -7.60        | -4.46        | -1.23        | 0.97         | 1.68          | -3.96        | 6.08          | 0.69         | 8.76         | -7.45        | 4.35          | 1.80         | 0.95          |        |
| MSCI ACWI ex USA                                 | 6.16        | 21.13        | 19.61        | 4.70         | 6.97         | 1.28          | 4.50         | -5.66         | -3.87        | 15.29        | 16.83        | -13.71        | 11.15        | 1.38          | Dec-07 |



# Spokane Employees' Retirement System

As of September 30, 2017

## Manager Performance

|                                         | 3 Mo<br>(%) | YTD<br>(%) | 1 Yr<br>(%) | 3 Yrs<br>(%) | 5 Yrs<br>(%) | 10 Yrs<br>(%) | 2016<br>(%) | 2015<br>(%) | 2014<br>(%) | 2013<br>(%) | 2012<br>(%) | 2011<br>(%) | 2010<br>(%) | Return<br>(%) | Since  |
|-----------------------------------------|-------------|------------|-------------|--------------|--------------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|--------|
| <b>Long Biased</b>                      |             |            |             |              |              |               |             |             |             |             |             |             |             |               |        |
| Weatherlow Offshore                     | 1.91        | 3.07       | 3.95        | 2.20         | 5.10         | 3.41          | 0.99        | 1.49        | 4.91        | 13.56       | 8.47        | -5.89       | 9.69        | 3.45          | Mar-08 |
| HFRI Fund of Funds Composite Index      | 2.28        | 5.56       | 6.48        | 2.23         | 3.84         | 1.07          | 0.51        | -0.27       | 3.36        | 8.96        | 4.79        | -5.72       | 5.70        | 1.38          | Mar-08 |
| Excess Return                           | -0.37       | -2.49      | -2.53       | -0.03        | 1.26         | 2.34          | 0.48        | 1.76        | 1.55        | 4.60        | 3.68        | -0.17       | 3.99        | 2.07          |        |
| S&P 500                                 | 4.48        | 14.24      | 18.61       | 10.81        | 14.22        | 7.44          | 11.96       | 1.38        | 13.69       | 32.39       | 16.00       | 2.11        | 15.06       | 9.36          | Mar-08 |
| <b>Opportunistic Credit</b>             |             |            |             |              |              |               |             |             |             |             |             |             |             |               |        |
| Beach Point Select Fund                 | 1.74        | 5.54       | 8.97        | 6.72         | 8.86         | --            | 14.52       | 2.58        | 2.35        | 15.93       | 17.58       | --          | --          | 7.26          | Oct-13 |
| HFRI ED: Distressed/Restructuring Index | 1.46        | 4.59       | 10.45       | 2.12         | 5.30         | 3.71          | 15.15       | -8.06       | -1.39       | 14.05       | 10.12       | -1.79       | 12.12       | 3.31          | Oct-13 |
| Excess Return                           | 0.28        | 0.95       | -1.48       | 4.60         | 3.56         |               | -0.63       | 10.64       | 3.74        | 1.88        | 7.46        |             |             | 3.95          |        |
| HFRX Distressed Securities Index        | -0.13       | 2.43       | 7.99        | 1.98         | 2.39         | -2.66         | 19.72       | -11.14      | 0.42        | 5.37        | 0.94        | -8.04       | 8.34        | 2.45          | Oct-13 |
| <b>Real Estate</b>                      |             |            |             |              |              |               |             |             |             |             |             |             |             |               |        |
| SERS Principal Global Investors REIT    | 1.27        | 5.16       | 1.37        | 10.45        | 10.42        | 6.86          | 6.40        | 4.19        | 32.23       | 3.91        | 16.99       | 9.03        | 25.31       | 5.69          | Dec-06 |
| FTSE NAREIT All REIT                    | 1.24        | 6.74       | 3.62        | 10.29        | 9.86         | 6.12          | 9.28        | 2.29        | 27.15       | 3.21        | 20.14       | 7.28        | 27.58       | 5.00          | Dec-06 |
| Excess Return                           | 0.03        | -1.58      | -2.25       | 0.16         | 0.56         | 0.74          | -2.88       | 1.90        | 5.08        | 0.70        | -3.15       | 1.75        | -2.27       | 0.69          |        |
| US Real Estate Equity Rank              | 36          | 32         | 52          | 29           | 28           | 45            | 70          | 54          | 37          | 26          | 87          | 72          | 81          | 55            | Dec-06 |
| Prime Property LLC                      | 2.20        | 6.43       | 8.99        | 11.56        | 12.64        | 5.50          | 9.31        | 14.53       | 14.08       | 16.17       | 11.68       | 16.18       | 15.15       | --            |        |
| NCREIF - ODCE NET                       | 1.64        | 4.72       | 6.69        | 9.82         | 10.56        | 4.07          | 7.79        | 13.91       | 11.46       | 12.90       | 9.79        | 14.96       | 15.26       | --            |        |
| Excess Return                           | 0.56        | 1.71       | 2.30        | 1.74         | 2.08         | 1.43          | 1.52        | 0.62        | 2.62        | 3.27        | 1.89        | 1.22        | -0.11       |               |        |
| US Real Estate Equity Rank              | 11          | 13         | 5           | 7            | 3            | 80            | 20          | 1           | 99          | 1           | 99          | 2           | 98          | --            |        |
| <b>Special Opportunities</b>            |             |            |             |              |              |               |             |             |             |             |             |             |             |               |        |
| OrbiMed Partners II                     | 10.88       | 29.60      | 18.21       | 3.11         | 10.86        | 10.01         | -21.91      | 2.14        | 25.88       | 32.19       | 16.19       | 8.28        | 9.78        | 12.12         | Dec-10 |
| MSCI World Healthcare Index             | 2.42        | 18.77      | 12.41       | 6.72         | 13.85        | 8.72          | -6.81       | 6.60        | 18.10       | 36.27       | 17.54       | 9.46        | 2.41        | 14.14         | Dec-10 |
| Excess Return                           | 8.46        | 10.83      | 5.80        | -3.61        | -2.99        | 1.29          | -15.10      | -4.46       | 7.78        | -4.08       | -1.35       | -1.18       | 7.37        | -2.02         |        |
| NASDAQ Biotech Index                    | 7.74        | 26.43      | 15.92       | 7.31         | 19.02        | 15.42         | -21.35      | 11.77       | 34.40       | 65.97       | 32.29       | 12.08       | 15.25       | 21.27         | Dec-10 |
| S&P Composite 1500 Health Care          | 3.47        | 20.51      | 15.94       | 10.99        | 17.57        | 11.19         | -2.05       | 7.41        | 24.79       | 42.19       | 18.35       | 11.88       | 5.20        | 17.55         | Dec-10 |

**Non-Marketable Securities Overview**  
As of September 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  | Legacy Partners Realty Fund III, LLC | 2008         | \$2,356,350 | \$2,084,282         | \$1,069,504              | \$0        | \$1,069,504             | \$272,068           | 88.45%                        | -9.94 |

**Time and Dollar Weighted Returns**

| Legacy Partners Realty Fund III, LLC | Q3-17 | YTD   | 1 Yr   | 2 Yrs   | 3 Yrs   | 4 Yrs  | 5 Yrs  |
|--------------------------------------|-------|-------|--------|---------|---------|--------|--------|
| Time Weighted                        | 7.83% | 8.38% | 0.76%  | -15.31% | -9.87%  | -2.75% | 0.81%  |
| Money Weighted                       | 7.24% | 7.62% | -0.02% | -33.52% | -16.01% | -3.77% | 1.37%  |
| NCREIF Property Index                | 1.70% | 5.08% | 6.90%  | 8.05%   | 9.83%   | 10.18% | 10.35% |

| 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% | -66.57%           |
| Money Weighted                       | -0.47% | -26.87% | 3.09%  | 20.46% | 18.35% | 54.53% | -9.94%            |
| NCREIF Property Index                | 7.97%  | 13.33%  | 11.81% | 10.99% | 10.54% | 14.26% | 6.15%             |

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, 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         | \$2,020,214              | \$248,047  | \$2,268,261             | \$115,000           | 94.25%                        | 3.58 |

**Time and Dollar Weighted Returns**

|                                     | Q3-17  | YTD    | 1 Yr   | 2 Yrs  | 3 Yrs  | 4 Yrs  | 5 Yrs  |
|-------------------------------------|--------|--------|--------|--------|--------|--------|--------|
| Metropolitan Real Estate Partners V |        |        |        |        |        |        |        |
| Time Weighted                       | -3.90% | -7.41% | -6.13% | -2.17% | 5.28%  | 8.05%  | 9.35%  |
| Money Weighted                      | -3.81% | -6.84% | -4.89% | -1.12% | 11.78% | 13.94% | 14.22% |
| NCREIF Property Index               | 1.70%  | 5.08%  | 6.90%  | 8.05%  | 9.83%  | 10.18% | 10.35% |

|                                     | 2016  | 2015   | 2014   | 2013   | 2012   | 2011   | Inception 11/30/07 |
|-------------------------------------|-------|--------|--------|--------|--------|--------|--------------------|
| Metropolitan Real Estate Partners V |       |        |        |        |        |        |                    |
| Time Weighted                       | 4.86% | 9.75%  | 20.70% | 14.26% | 13.32% | 13.40% | -4.90%             |
| Money Weighted                      | 3.86% | 11.04% | 19.67% | 13.59% | 13.15% | 14.07% | 3.58%              |
| NCREIF Property Index               | 7.97% | 13.33% | 11.81% | 10.99% | 10.54% | 14.26% | 6.34%              |

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

**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, 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         | \$6,544,759              | \$903,239  | \$7,447,998             | \$161,786           | 96.89%                        | 16.38 |

**Time and Dollar Weighted Returns**

|                               | Q3-17  | YTD   | 1 Yr  | 2 Yrs  | 3 Yrs  |
|-------------------------------|--------|-------|-------|--------|--------|
| Morrison Street Fund IV Q, LP |        |       |       |        |        |
| Time Weighted                 | -0.01% | 4.13% | 7.80% | 16.18% | 15.01% |
| Money Weighted                | -0.01% | 4.54% | 8.96% | 20.44% | 16.24% |
| NCREIF Property Index         | 1.70%  | 5.08% | 6.90% | 8.05%  | 9.83%  |

|                               | 2016   | 2015   | 2014   | 2013   | Inception 7/1/12 |
|-------------------------------|--------|--------|--------|--------|------------------|
| Morrison Street Fund IV Q, LP |        |        |        |        |                  |
| Time Weighted                 | 21.19% | 18.03% | 18.77% | 19.04% | 17.85%           |
| Money Weighted                | 23.73% | 17.41% | 18.88% | 18.85% | 16.38%           |
| NCREIF Property Index         | 7.97%  | 13.33% | 11.81% | 10.99% | 10.32%           |

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

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

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

**Non-Marketable Securities Overview**

As of September 30, 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         | \$2,327,088              | \$5,318,241 | \$7,645,329             | \$119,507           | 98.03%                        | 12.74 |

**Time and Dollar Weighted Returns**

|                            | Q3-17  | YTD    | 1 Yr   | 2 Yrs  | 3 Yrs             |
|----------------------------|--------|--------|--------|--------|-------------------|
| Morrison Street Fund V, LP |        |        |        |        |                   |
| Time Weighted              | 5.16%  | 14.09% | 16.76% | 13.66% | 12.79%            |
| Money Weighted             | 4.86%  | 13.72% | 16.31% | 13.63% | 13.69%            |
| NCREIF Property Index      | 1.70%  | 5.08%  | 6.90%  | 8.05%  | 9.83%             |
|                            | 2016   | 2015   | 2014   | 2013   | Inception 6/30/14 |
| Morrison Street Fund V, LP |        |        |        |        |                   |
| Time Weighted              | 11.10% | 11.89% |        |        | 11.42%            |
| Money Weighted             | 11.31% | 13.31% |        |        | 12.74%            |
| NCREIF Property Index      | 7.97%  | 13.33% | 11.81% | 10.99% | 9.92%             |

**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, 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         | \$2,777,580              | \$2,714,472 | \$5,492,052             | \$0                 | 100.00%                       | 3.35 |

**Time and Dollar Weighted Returns**

|                                    | Q3-17 | YTD    | 1 Yr    | 2 Yrs  | 3 Yrs  |
|------------------------------------|-------|--------|---------|--------|--------|
| Orbimed Royalty Opportunities      |       |        |         |        |        |
| Time Weighted                      | 0.74% | 5.24%  | -21.83% | -7.68% | -2.13% |
| Money Weighted                     | 0.74% | 5.28%  | -22.22% | -6.02% | -0.14% |
| HFRI Fund of Funds Composite Index | 2.28% | 5.56%  | 6.48%   | 3.38%  | 2.23%  |
| S&P 500                            | 4.48% | 14.24% | 18.61%  | 17.01% | 10.81% |

|                                    | 2016    | 2015   | 2014   | 2013   | Inception 9/1/11 |
|------------------------------------|---------|--------|--------|--------|------------------|
| Orbimed Royalty Opportunities      |         |        |        |        |                  |
| Time Weighted                      | -20.87% | 9.95%  | 9.99%  | 6.17%  | 4.88%            |
| Money Weighted                     | -17.15% | 9.99%  | 10.00% | 6.90%  | 3.35%            |
| HFRI Fund of Funds Composite Index | 0.51%   | -0.27% | 3.36%  | 8.96%  | 3.16%            |
| S&P 500                            | 11.96%  | 1.38%  | 13.69% | 32.39% | 15.11%           |

**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, 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 | \$2,792,500         | \$461,996                | \$2,528,494 | \$2,990,490             | \$2,207,500         | 55.85%                        | 8.43 |

**Time and Dollar Weighted Returns**

|                                    | Q3-17  | YTD    | 1 Yr   | 2 Yrs  | 3 Yrs            |
|------------------------------------|--------|--------|--------|--------|------------------|
| Orbimed Royalty Opportunities II   |        |        |        |        |                  |
| Time Weighted                      | 3.07%  | 8.66%  | 8.68%  | 14.09% |                  |
| Money Weighted                     | 3.32%  | 9.17%  | 9.57%  | 9.44%  |                  |
| HFRI Fund of Funds Composite Index | 2.28%  | 5.56%  | 6.48%  | 3.38%  | 2.23%            |
| S&P 500                            | 4.48%  | 14.24% | 18.61% | 17.01% | 10.81%           |
| Orbimed Royalty Opportunities II   | 2016   | 2015   | 2014   | 2013   | Inception 4/1/15 |
| Time Weighted                      | 0.60%  |        |        |        | 10.15%           |
| Money Weighted                     | -0.05% |        |        |        | 8.43%            |
| HFRI Fund of Funds Composite Index | 0.51%  | -0.27% | 3.36%  | 8.96%  | 1.29%            |
| S&P 500                            | 11.96% | 1.38%  | 13.69% | 32.39% | 10.53%           |

**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, 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 | \$3,872,903         | \$203,572                | \$3,761,626 | \$3,965,198             | \$1,127,097         | 77.46%                        | 3.01 |

**Time and Dollar Weighted Returns**

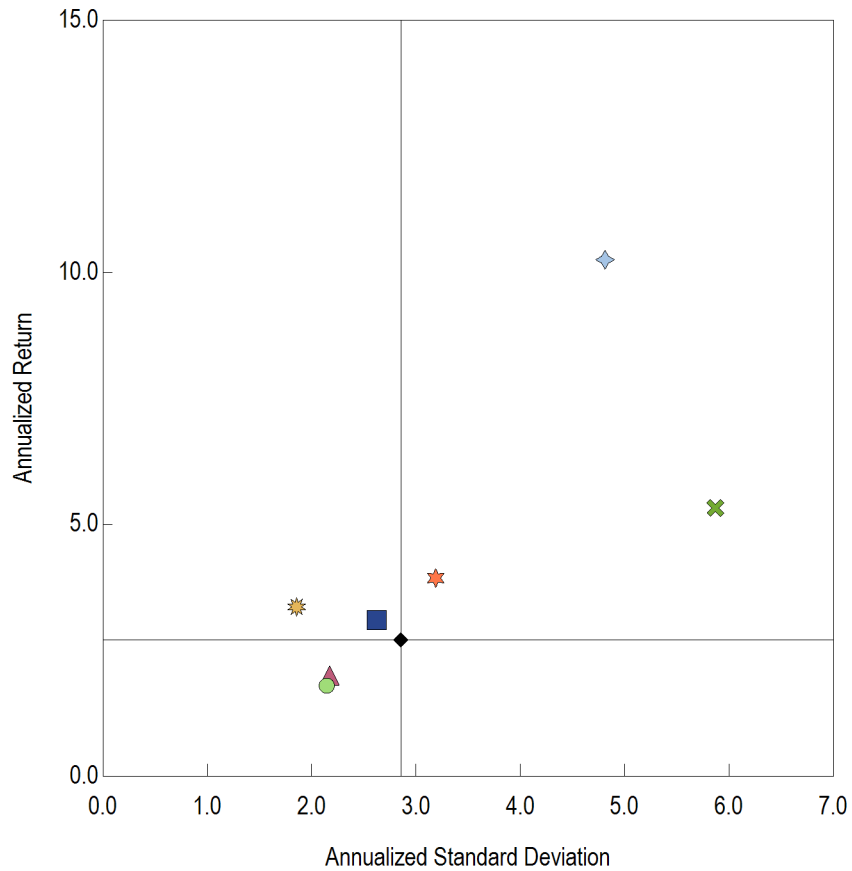
|                                          |       |        |        |        |                    |
|------------------------------------------|-------|--------|--------|--------|--------------------|
| Morrison Street Debt Opportunities Fd LP | Q3-17 | YTD    | 1 Yr   | 2 Yrs  | 3 Yrs              |
| Time Weighted                            | 3.14% | 2.36%  |        |        |                    |
| Money Weighted                           | 3.31% | 3.01%  |        |        |                    |
| NCREIF - ODCE NET                        | 1.64% | 4.72%  | 6.69%  | 7.88%  | 9.82%              |
| Morrison Street Debt Opportunities Fd LP | 2016  | 2015   | 2014   | 2013   | Inception 12/31/16 |
| Time Weighted                            |       |        |        |        | 2.36%              |
| Money Weighted                           |       |        |        |        | 3.01%              |
| NCREIF - ODCE NET                        | 7.79% | 13.91% | 11.46% | 12.90% | 4.72%              |

**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.

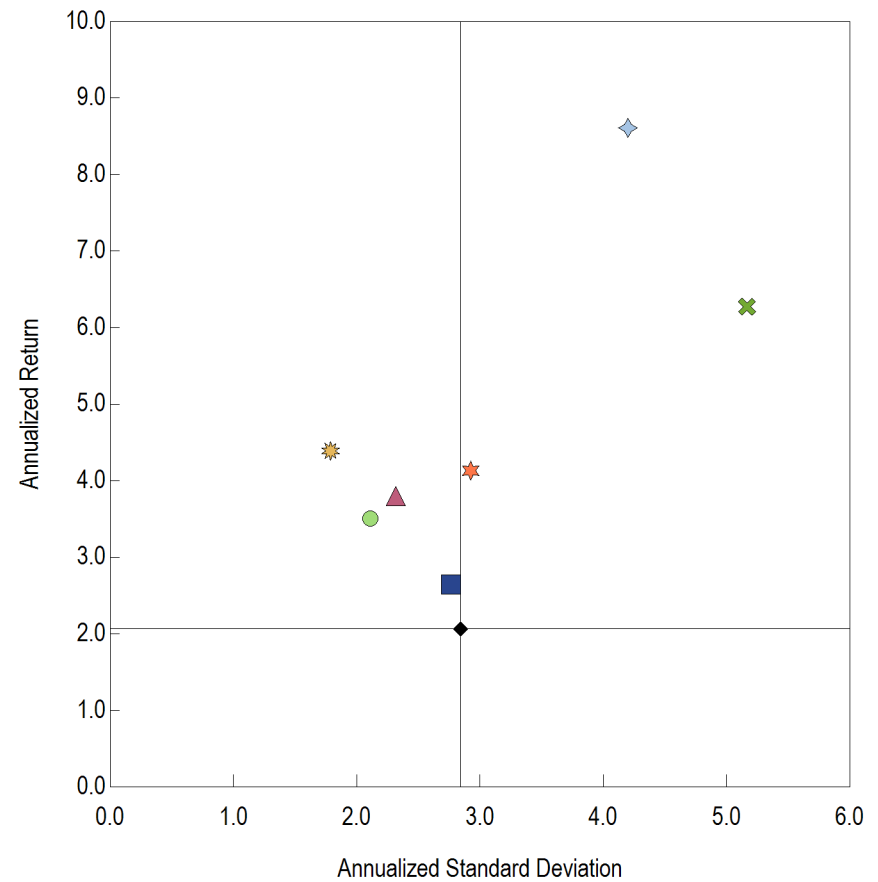
**Internal Rate of Return** - The IRR (also referred to as the dollar-weighted return) differs from the TWR in that it calculates the return rate at which the present value of cash outflows equals the present value of cash inflows. Its distinguishing characteristic is that this methodology is generally 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 September 30, 2017



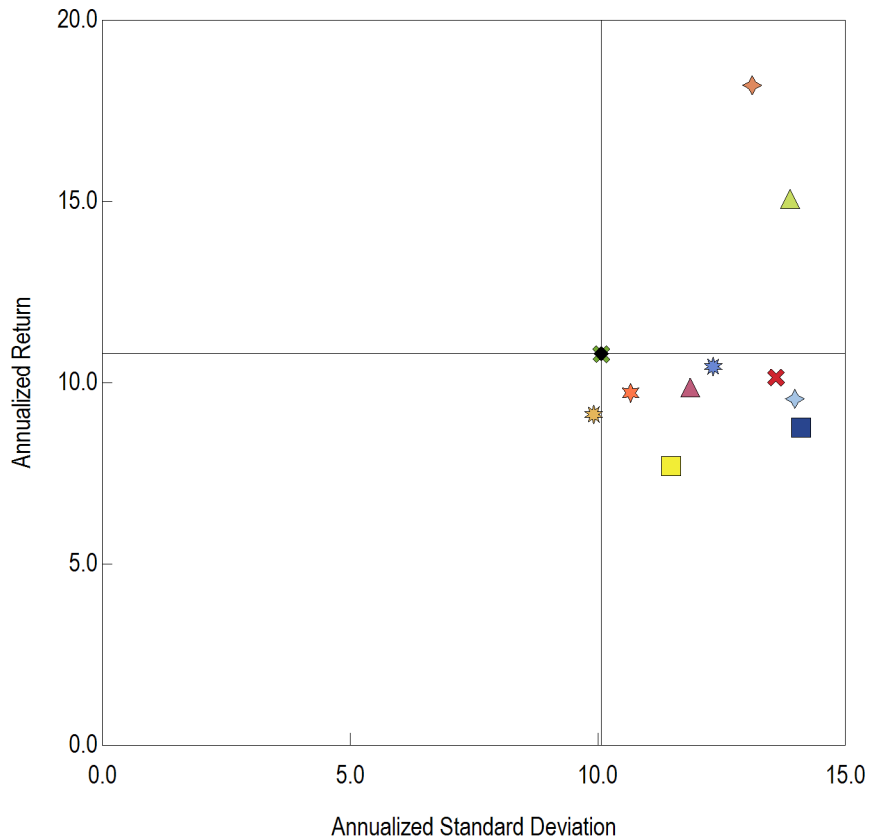
Annualized Return vs. Annualized Standard Deviation  
5 Years Ending September 30, 2017



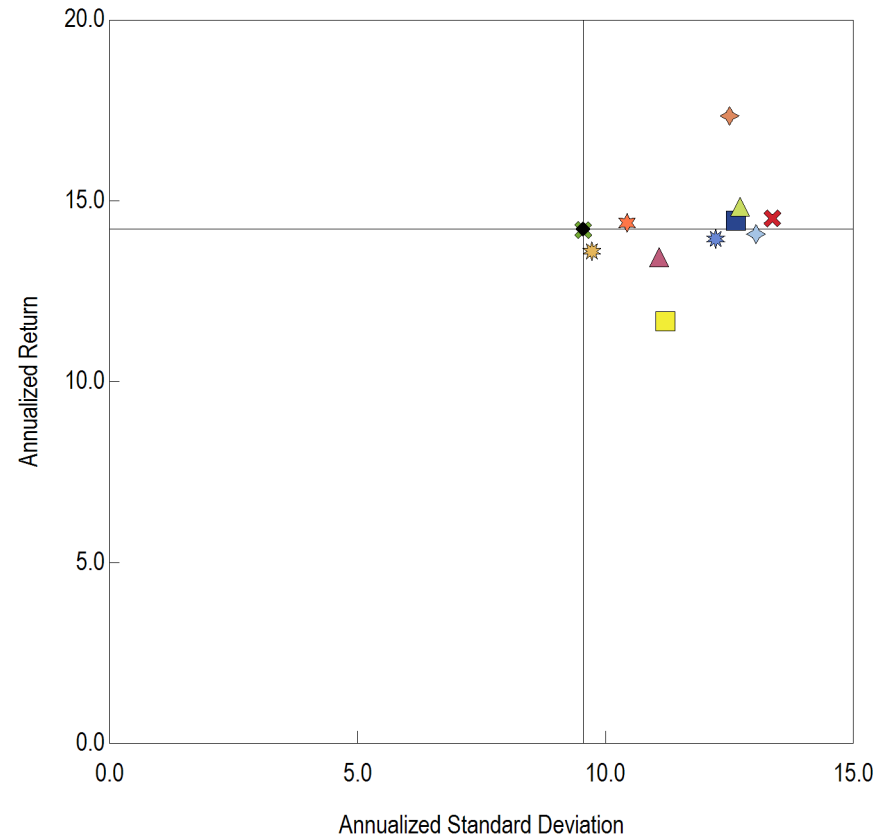
- Sterling Core Bond
- ✕ Hotchkis & Wiley High Yield
- ✱ Post Lmtd Term High Yield
- ▲ Rimrock Low Volatility Offshore
- ◆ Castine Partners
- ★ Polar Altairis Offshore
- ◆ BBgBarc US Aggregate TR
- HFRI FOF: Conservative Index

- 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 September 30, 2017



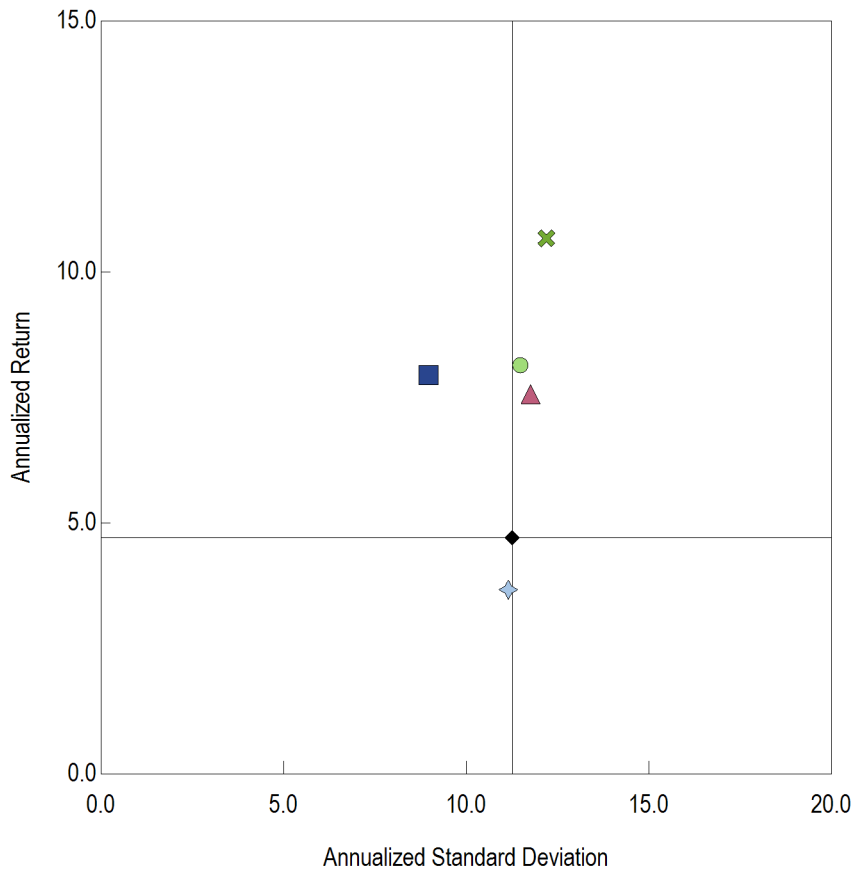
Annualized Return vs. Annualized Standard Deviation  
5 Years Ending September 30, 2017



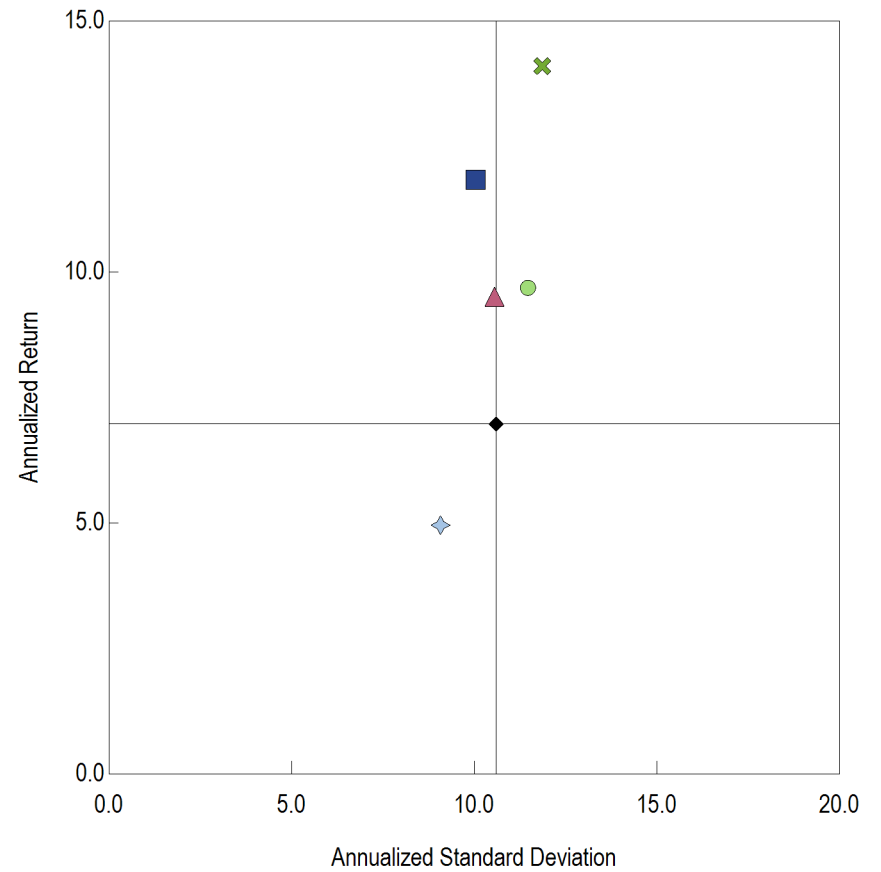
- Hotchkis & Wiley Diversified Value I
- ✱ Vanguard Institutional Index
- ✱ MFS Blended Research Core
- ▲ Jackson Square Large Cap Growth Eq
- ◆ Sterling Mid Cap Value
- ★ Vanguard Mid Cap Index
- Vanguard Mid Cap Growth
- ✱ Frontier Phocas Small Cap Value I
- ✱ Vanguard Small Cap Index
- ▲ Champlain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

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

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



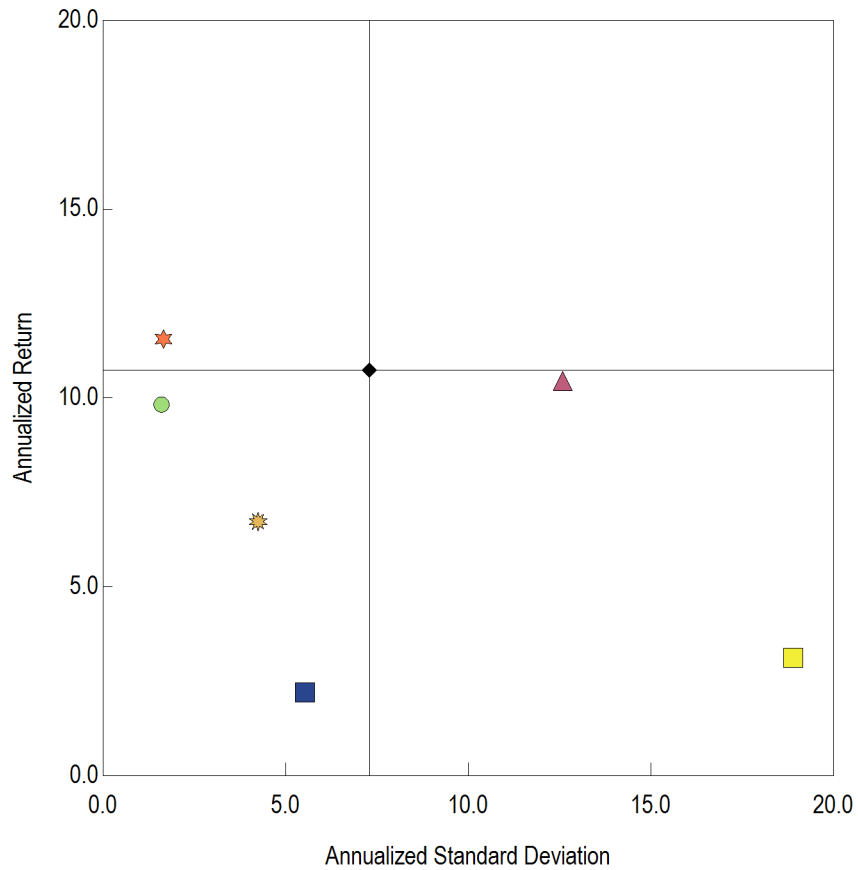
Annualized Return vs. Annualized Standard Deviation  
5 Years Ending September 30, 2017



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

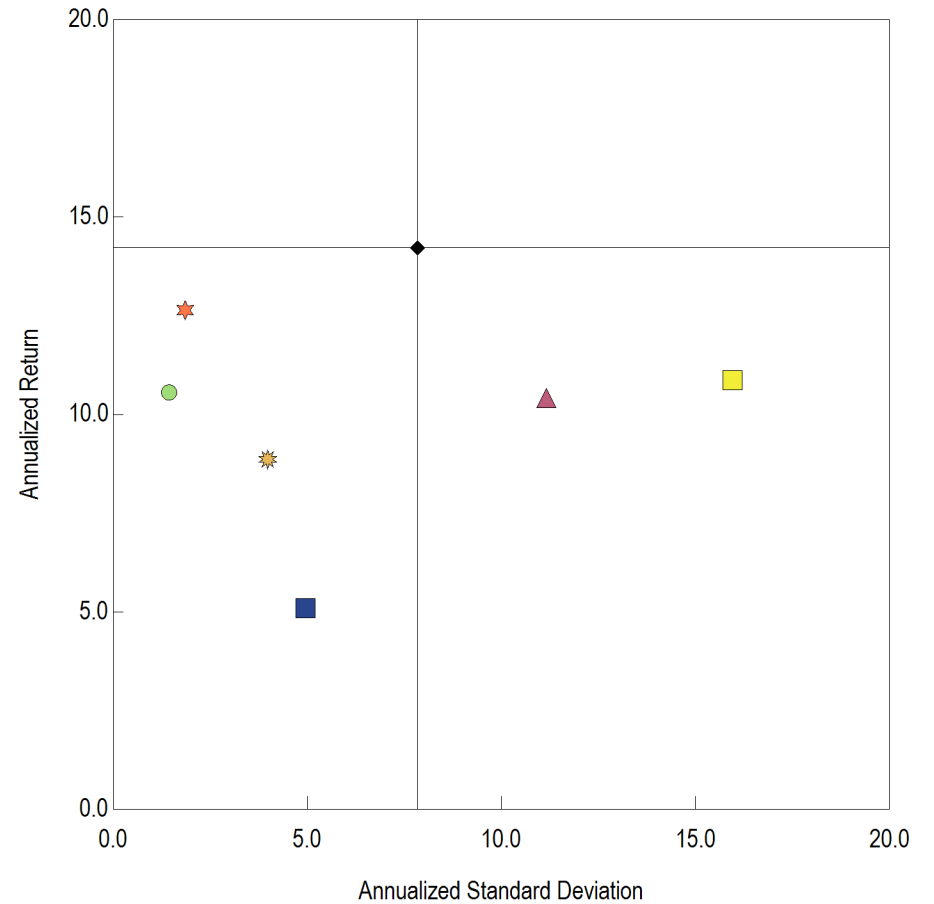
- Artisan International Value
- ✕ Victory Trivalent International Small Cap
- ▲ EuroPacific Growth R6
- ◆ Berens Global Value Ltd
- ◆ MSCI ACWI ex USA
- MSCI ACWI xUS Small (net)

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



- Weatherlow Offshore
- ★ Beach Point Select Fund
- ▲ SERS Principal Global Investors REIT
- ★ Prime Property LLC
- OrbiMed Partners II
- ◆ Russell 3000
- NCREIF - ODCE NET

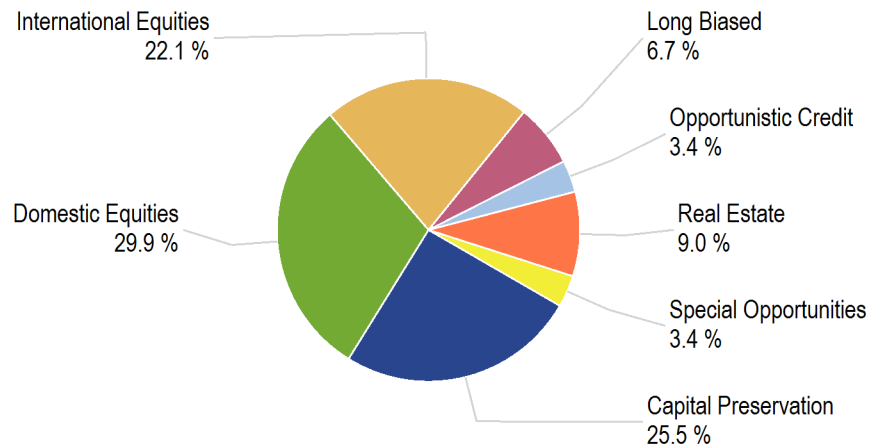
Annualized Return vs. Annualized Standard Deviation  
5 Years Ending September 30, 2017



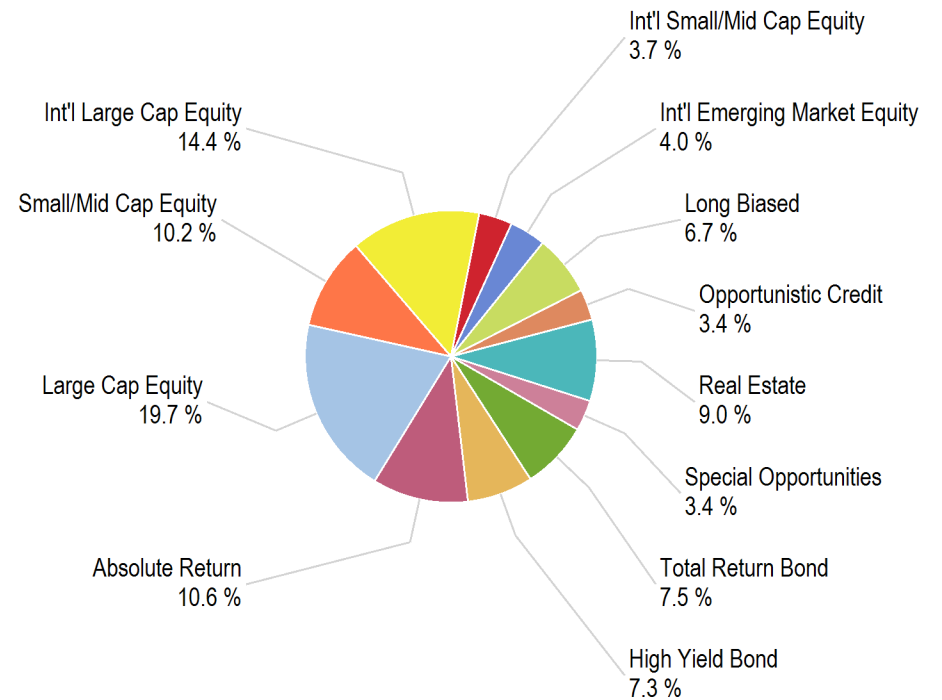
- Weatherlow Offshore
- ★ Beach Point Select Fund
- ▲ SERS Principal Global Investors REIT
- ★ Prime Property LLC
- OrbiMed Partners II
- ◆ Russell 3000
- NCREIF - ODCE NET

# Section 3

Current Allocation



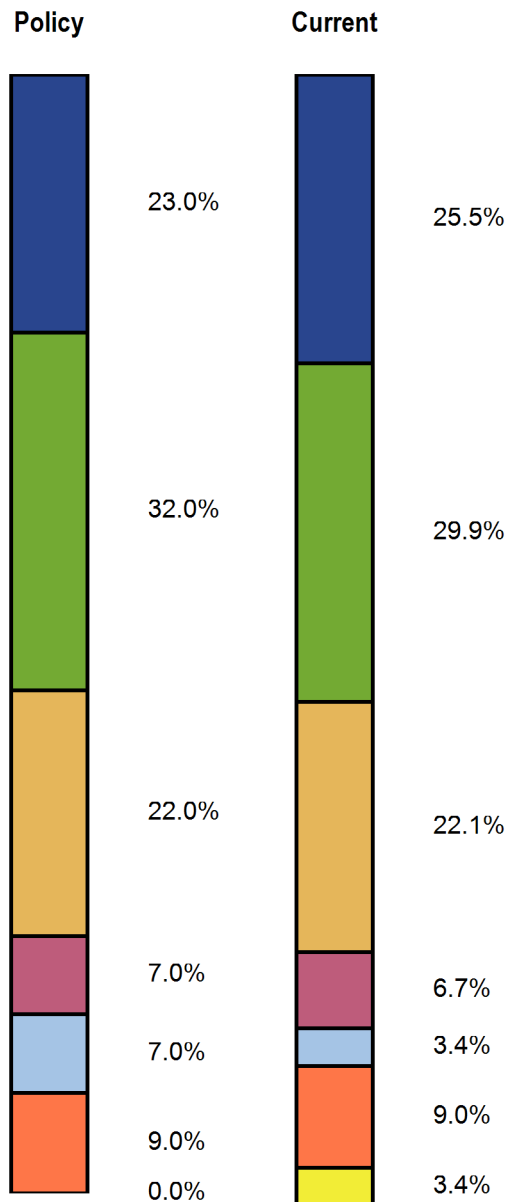
Current Implementation Allocation



# Spokane Employees' Retirement System

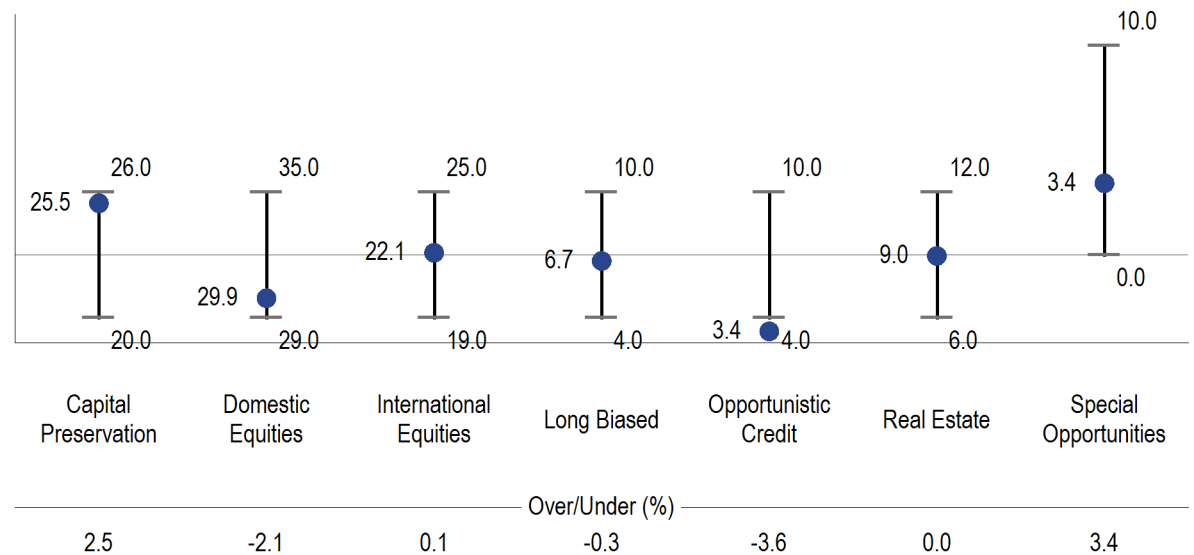
As of September 30, 2017

## Asset Allocation vs. Target



|                        | Inv Pol Stmt         | %             | Inv Pol Stmt Range | Current              | %             | Difference    | %     |
|------------------------|----------------------|---------------|--------------------|----------------------|---------------|---------------|-------|
| Capital Preservation   | \$69,534,457         | 23.0%         | 20.0% - 26.0%      | \$77,024,869         | 25.5%         | \$7,490,412   | 2.5%  |
| Domestic Equities      | \$96,743,593         | 32.0%         | 29.0% - 35.0%      | \$90,519,740         | 29.9%         | -\$6,223,853  | -2.1% |
| International Equities | \$66,511,220         | 22.0%         | 19.0% - 25.0%      | \$66,845,825         | 22.1%         | \$334,605     | 0.1%  |
| Long Biased            | \$21,162,661         | 7.0%          | 4.0% - 10.0%       | \$20,313,349         | 6.7%          | -\$849,312    | -0.3% |
| Opportunistic Credit   | \$21,162,661         | 7.0%          | 4.0% - 10.0%       | \$10,146,312         | 3.4%          | -\$11,016,349 | -3.6% |
| Real Estate            | \$27,209,135         | 9.0%          | 6.0% - 12.0%       | \$27,087,943         | 9.0%          | -\$121,193    | 0.0%  |
| Special Opportunities  | \$0                  | 0.0%          | 0.0% - 10.0%       | \$10,385,689         | 3.4%          | \$10,385,689  | 3.4%  |
| <b>Total</b>           | <b>\$302,323,727</b> | <b>100.0%</b> |                    | <b>\$302,323,727</b> | <b>100.0%</b> |               |       |

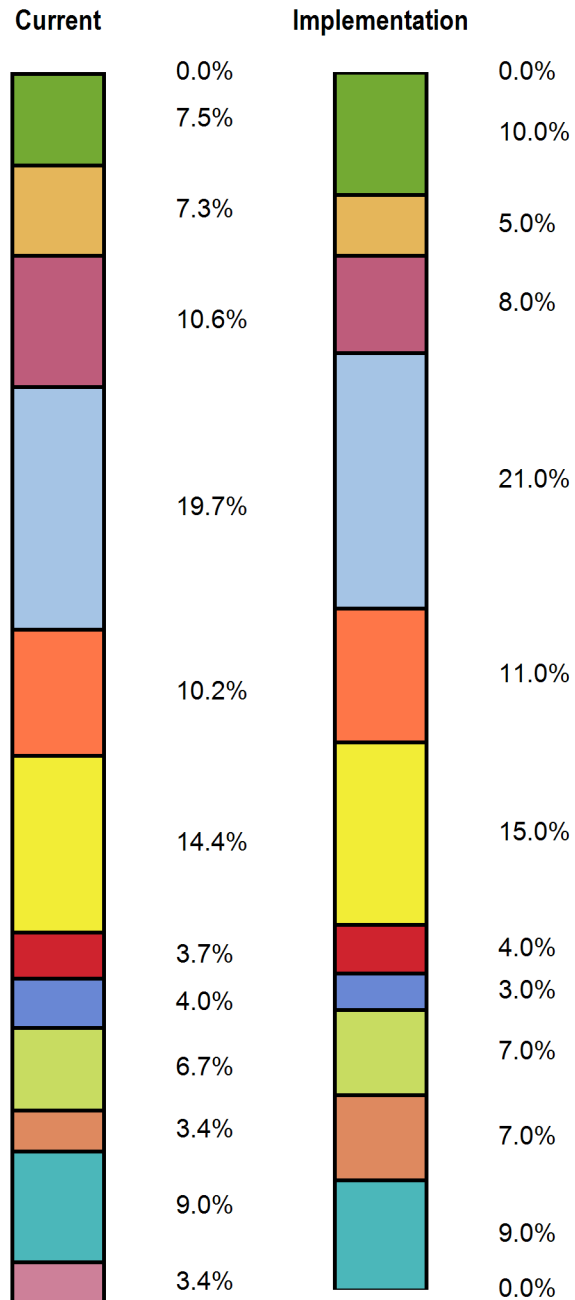
## Actual vs. Target



— Target    ▮ Range    ● Current

# Spokane Employees' Retirement System

As of September 30, 2017



## Asset Allocation on September 30, 2017

|                              | Actual               | Actual        | Target        |
|------------------------------|----------------------|---------------|---------------|
| Cash                         | \$68,688             | 0.0%          | 0.0%          |
| Total Return Bond            | \$22,639,720         | 7.5%          | 10.0%         |
| High Yield Bond              | \$22,173,812         | 7.3%          | 5.0%          |
| Absolute Return              | \$32,142,650         | 10.6%         | 8.0%          |
| Large Cap Equity             | \$59,660,842         | 19.7%         | 21.0%         |
| Small/Mid Cap Equity         | \$30,858,898         | 10.2%         | 11.0%         |
| Int'l Large Cap Equity       | \$43,518,381         | 14.4%         | 15.0%         |
| Int'l Small/Mid Cap Equity   | \$11,324,655         | 3.7%          | 4.0%          |
| Int'l Emerging Market Equity | \$12,002,789         | 4.0%          | 3.0%          |
| Long Biased                  | \$20,313,349         | 6.7%          | 7.0%          |
| Opportunistic Credit         | \$10,146,312         | 3.4%          | 7.0%          |
| Real Estate                  | \$27,087,943         | 9.0%          | 9.0%          |
| Special Opportunities        | \$10,385,689         | 3.4%          | 0.0%          |
| <b>Total</b>                 | <b>\$302,323,727</b> | <b>100.0%</b> | <b>100.0%</b> |



# Spokane Employees' Retirement System

As of September 30, 2017

## Asset Allocation vs. Target

|                                        | Target Allocation   | %            | Target Allocation Range | Current             | %            | Difference          | %            | Within Range |
|----------------------------------------|---------------------|--------------|-------------------------|---------------------|--------------|---------------------|--------------|--------------|
| <b>Capital Preservation</b>            | <b>\$69,534,457</b> | <b>23.0%</b> | <b>20.0% - 26.0%</b>    | <b>\$77,024,869</b> | <b>25.5%</b> | <b>\$7,490,412</b>  | <b>2.5%</b>  | <b>Yes</b>   |
| Cash                                   | \$0                 | 0.0%         | 0.0% - 2.0%             | \$68,688            | 0.0%         | \$68,688            | 0.0%         | Yes          |
| Fidelity Instl Govt Money Market       |                     |              |                         | \$68,688            | 0.0%         |                     |              |              |
| <b>Total Return Bond</b>               | <b>\$30,232,373</b> | <b>10.0%</b> | <b>8.0% - 12.0%</b>     | <b>\$22,639,720</b> | <b>7.5%</b>  | <b>-\$7,592,653</b> | <b>-2.5%</b> | <b>No</b>    |
| Sterling Core Bond                     |                     |              |                         | \$22,639,720        | 7.5%         |                     |              |              |
| <b>High Yield Bond</b>                 | <b>\$15,116,186</b> | <b>5.0%</b>  | <b>3.0% - 7.0%</b>      | <b>\$22,173,812</b> | <b>7.3%</b>  | <b>\$7,057,626</b>  | <b>2.3%</b>  | <b>No</b>    |
| Hotchkis & Wiley High Yield            |                     |              |                         | \$22,173,812        | 7.3%         |                     |              |              |
| <b>Absolute Return</b>                 | <b>\$24,185,898</b> | <b>8.0%</b>  | <b>6.0% - 10.0%</b>     | <b>\$32,142,650</b> | <b>10.6%</b> | <b>\$7,956,752</b>  | <b>2.6%</b>  | <b>No</b>    |
| Polar Long/Short Fund                  |                     |              |                         | \$6,470,112         | 2.1%         |                     |              |              |
| Post Lmted Term High Yield             |                     |              |                         | \$6,010,149         | 2.0%         |                     |              |              |
| Rimrock Low Volatility Offshore        |                     |              |                         | \$9,648,901         | 3.2%         |                     |              |              |
| Castine Partners                       |                     |              |                         | \$7,512,482         | 2.5%         |                     |              |              |
| American Beacon Flexible Bond          |                     |              |                         | \$2,501,006         | 0.8%         |                     |              |              |
| <b>Domestic Equities</b>               | <b>\$96,743,593</b> | <b>32.0%</b> | <b>29.0% - 35.0%</b>    | <b>\$90,519,740</b> | <b>29.9%</b> | <b>-\$6,223,853</b> | <b>-2.1%</b> | <b>Yes</b>   |
| Large Cap Equity                       | \$63,487,983        | 21.0%        | 19.0% - 23.0%           | \$59,660,842        | 19.7%        | -\$3,827,141        | -1.3%        | Yes          |
| Hotchkis & Wiley Div Value I           |                     |              |                         | \$16,312,661        | 5.4%         |                     |              |              |
| Vanguard Institutional Index           |                     |              |                         | \$10,232,224        | 3.4%         |                     |              |              |
| MFS Blended Research Core              |                     |              |                         | \$16,985,078        | 5.6%         |                     |              |              |
| Jackson Square Large-Cap Growth Equity |                     |              |                         | \$16,130,879        | 5.3%         |                     |              |              |

## Spokane Employees' Retirement System

As of September 30, 2017

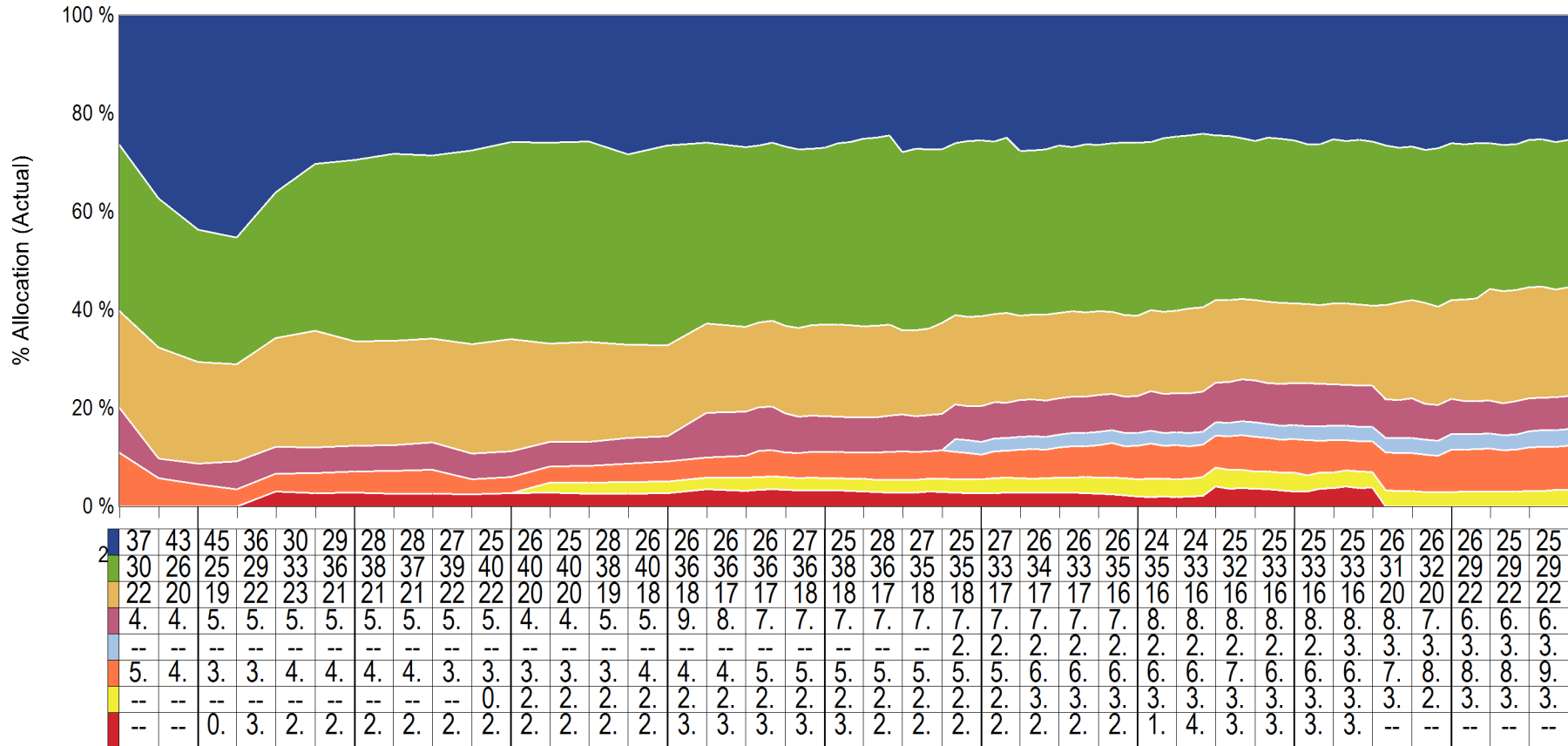
|                                           | Target Allocation   | %            | Target Allocation Range | Current             | %            | Difference           | %            | Within Range |
|-------------------------------------------|---------------------|--------------|-------------------------|---------------------|--------------|----------------------|--------------|--------------|
| <b>Small/Mid Cap Equity</b>               | <b>\$33,255,610</b> | <b>11.0%</b> | <b>9.0% - 13.0%</b>     | <b>\$30,858,898</b> | <b>10.2%</b> | <b>-\$2,396,712</b>  | <b>-0.8%</b> | <b>Yes</b>   |
| Sterling Mid Cap Value                    |                     |              |                         | \$5,830,426         | 1.9%         |                      |              |              |
| Vanguard Mid Cap Index                    |                     |              |                         | \$3,722,259         | 1.2%         |                      |              |              |
| Vanguard Mid Cap Growth                   |                     |              |                         | \$4,560,306         | 1.5%         |                      |              |              |
| Frontier Sm Cap Value I                   |                     |              |                         | \$4,308,080         | 1.4%         |                      |              |              |
| Vanguard Small Cap Index                  |                     |              |                         | \$1,003,355         | 0.3%         |                      |              |              |
| Bridge City Small Growth                  |                     |              |                         | \$5,877,982         | 1.9%         |                      |              |              |
| Champlain Small Cap                       |                     |              |                         | \$5,556,491         | 1.8%         |                      |              |              |
| <b>International Equities</b>             | <b>\$66,511,220</b> | <b>22.0%</b> | <b>19.0% - 25.0%</b>    | <b>\$66,845,825</b> | <b>22.1%</b> | <b>\$334,605</b>     | <b>0.1%</b>  | <b>Yes</b>   |
| Int'l Large Cap Equity                    | \$45,348,559        | 15.0%        | 13.0% - 17.0%           | \$43,518,381        | 14.4%        | -\$1,830,178         | -0.6%        | Yes          |
| EuroPacific Growth R6                     |                     |              |                         | \$21,586,112        | 7.1%         |                      |              |              |
| Artisan Int'l Value                       |                     |              |                         | \$21,932,269        | 7.3%         |                      |              |              |
| Int'l Small/Mid Cap Equity                | \$12,092,949        | 4.0%         | 2.0% - 6.0%             | \$11,324,655        | 3.7%         | -\$768,294           | -0.3%        | Yes          |
| Victory Trivalent International Small Cap |                     |              |                         | \$11,324,655        | 3.7%         |                      |              |              |
| Int'l Emerging Market Equity              | \$9,069,712         | 3.0%         | 1.0% - 5.0%             | \$12,002,789        | 4.0%         | \$2,933,078          | 1.0%         | Yes          |
| Berens Global Value                       |                     |              |                         | \$12,002,789        | 4.0%         |                      |              |              |
| <b>Long Biased</b>                        | <b>\$21,162,661</b> | <b>7.0%</b>  | <b>4.0% - 10.0%</b>     | <b>\$20,313,349</b> | <b>6.7%</b>  | <b>-\$849,312</b>    | <b>-0.3%</b> | <b>Yes</b>   |
| Long Biased                               | \$21,162,661        | 7.0%         | 4.0% - 10.0%            | \$20,313,349        | 6.7%         | -\$849,312           | -0.3%        | Yes          |
| Weatherlow Offshore                       |                     |              |                         | \$15,070,383        | 5.0%         |                      |              |              |
| OrbiMed Royalty Opps II                   |                     |              |                         | \$2,528,494         | 0.8%         |                      |              |              |
| OrbiMed Royalty Opportunities             |                     |              |                         | \$2,714,472         | 0.9%         |                      |              |              |
| <b>Opportunistic Credit</b>               | <b>\$21,162,661</b> | <b>7.0%</b>  | <b>4.0% - 10.0%</b>     | <b>\$10,146,312</b> | <b>3.4%</b>  | <b>-\$11,016,349</b> | <b>-3.6%</b> | <b>No</b>    |
| Opportunistic Credit                      | \$21,162,661        | 7.0%         | 4.0% - 10.0%            | \$10,146,312        | 3.4%         | -\$11,016,349        | -3.6%        | No           |
| Beach Point Select Fund LP                |                     |              |                         | \$10,146,312        | 3.4%         |                      |              |              |

## Spokane Employees' Retirement System

As of September 30, 2017

|                                            | Target Allocation    | %             | Target Allocation Range | Current              | %             | Difference          | %           | Within Range |
|--------------------------------------------|----------------------|---------------|-------------------------|----------------------|---------------|---------------------|-------------|--------------|
| <b>Real Estate</b>                         | <b>\$27,209,135</b>  | <b>9.0%</b>   | <b>6.0% - 12.0%</b>     | <b>\$27,087,943</b>  | <b>9.0%</b>   | <b>-\$121,193</b>   | <b>0.0%</b> | <b>Yes</b>   |
| Real Estate                                | \$27,209,135         | 9.0%          | 6.0% - 12.0%            | \$27,087,943         | 9.0%          | -\$121,193          | 0.0%        | Yes          |
| Principal Global Investors REIT            |                      |               |                         | \$12,035,256         | 4.0%          |                     |             |              |
| Legacy Partners Realty III                 |                      |               |                         | \$0                  | 0.0%          |                     |             |              |
| Morrison Street Fund IV                    |                      |               |                         | \$917,423            | 0.3%          |                     |             |              |
| Metropolitan Realty V                      |                      |               |                         | \$248,047            | 0.1%          |                     |             |              |
| Morrison Street Fund V                     |                      |               |                         | \$5,396,915          | 1.8%          |                     |             |              |
| Morrison Street Debt Opportunities Fund LP |                      |               |                         | \$3,823,627          | 1.3%          |                     |             |              |
| Morgan Stanley Prime Property Fund         |                      |               |                         | \$4,666,675          | 1.5%          |                     |             |              |
| <b>Special Opportunities</b>               | <b>\$0</b>           | <b>0.0%</b>   | <b>0.0% - 10.0%</b>     | <b>\$10,385,689</b>  | <b>3.4%</b>   | <b>\$10,385,689</b> | <b>3.4%</b> | <b>Yes</b>   |
| Special Opportunities                      | \$0                  | 0.0%          | 0.0% - 10.0%            | \$10,385,689         | 3.4%          | \$10,385,689        | 3.4%        | Yes          |
| Orbimed Partners II                        |                      |               |                         | \$10,385,689         | 3.4%          |                     |             |              |
| <b>Total</b>                               | <b>\$302,323,727</b> | <b>100.0%</b> |                         | <b>\$302,323,727</b> | <b>100.0%</b> |                     |             |              |

Asset Allocation History  
9 Years 3 Months Ending September 30, 2017

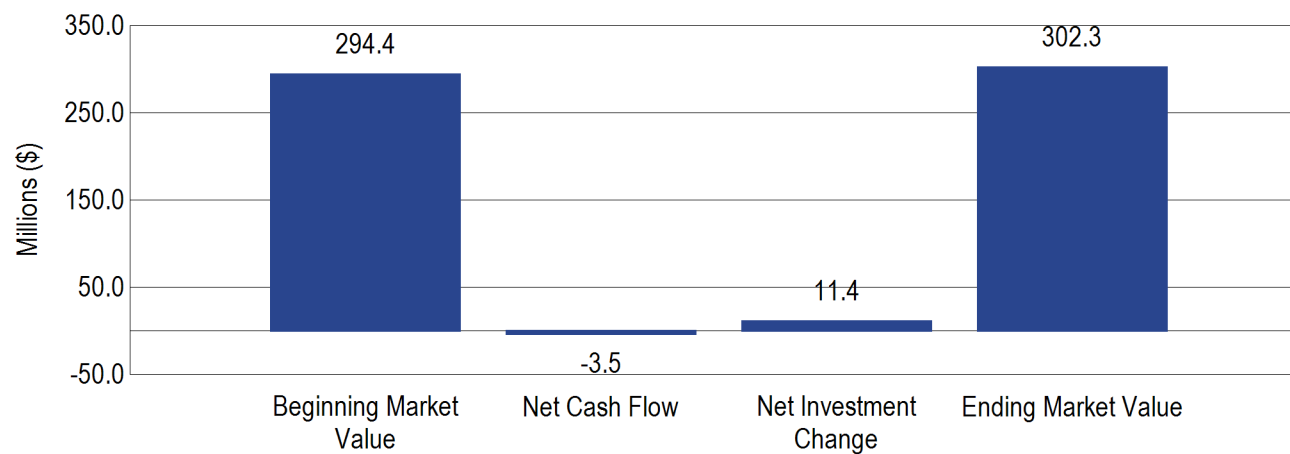


- Capital Preservation
- Domestic Equities
- International Equities
- Long Biased
- Opportunistic Credit
- Real Estate
- Special Opportunities
- Commodities

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# Section 4

**Change in Market Value**  
From July 01, 2017 To September 30, 2017



**Cash Flow Summary**

|                                        | Beginning Market Value (\$) | Contributions (\$) | Withdrawals (\$) | Net Cash Flow (\$) | Net Investment Change (\$) | Ending Market Value (\$) |
|----------------------------------------|-----------------------------|--------------------|------------------|--------------------|----------------------------|--------------------------|
| American Beacon Flexible Bond          | 1,319,350.04                | 1,150,000.00       | 0.00             | 1,150,000.00       | 31,655.56                  | 2,501,005.60             |
| Artisan Int'l Value                    | 21,377,260.05               | 0.00               | -700,000.00      | -700,000.00        | 1,255,008.72               | 21,932,268.77            |
| Beach Point Select Fund LP             | 9,972,825.00                | 0.00               | 0.00             | 0.00               | 173,487.00                 | 10,146,312.00            |
| Berens Global Value                    | 11,381,298.52               | 0.00               | 0.00             | 0.00               | 621,490.97                 | 12,002,789.49            |
| Bridge City Small Growth               | 5,717,433.65                | 0.00               | 0.00             | 0.00               | 160,547.94                 | 5,877,981.59             |
| Castine Partners                       | 7,414,272.22                | 0.00               | 0.00             | 0.00               | 98,209.92                  | 7,512,482.14             |
| Champlain Small Cap                    | 5,376,819.71                | 0.00               | 0.00             | 0.00               | 179,670.89                 | 5,556,490.60             |
| EuroPacific Growth R6                  | 21,684,145.38               | 0.00               | -1,550,000.00    | -1,550,000.00      | 1,451,966.64               | 21,586,112.02            |
| Fidelity Instl Govt Money Market       | 123,932.64                  | 14,568,456.74      | -14,625,179.78   | -56,723.04         | 1,478.06                   | 68,687.66                |
| Frontier Sm Cap Value I                | 4,072,699.18                | 0.00               | 0.00             | 0.00               | 235,380.33                 | 4,308,079.51             |
| Hotchkis & Wiley Div Value I           | 15,726,523.64               | 0.00               | 0.00             | 0.00               | 586,137.64                 | 16,312,661.28            |
| Hotchkis & Wiley High Yield            | 21,760,218.46               | 0.00               | 0.00             | 0.00               | 413,593.46                 | 22,173,811.92            |
| Jackson Square Large-Cap Growth Equity | 16,309,842.74               | 0.00               | -1,625,000.00    | -1,625,000.00      | 1,446,036.20               | 16,130,878.94            |

# Spokane Employees' Retirement System

As of September 30, 2017

|                                            | Beginning<br>Market Value<br>(\$) | Contributions<br>(\$) | Withdrawals<br>(\$)   | Net Cash Flow<br>(\$) | Net Investment<br>Change<br>(\$) | Ending<br>Market Value<br>(\$) |
|--------------------------------------------|-----------------------------------|-----------------------|-----------------------|-----------------------|----------------------------------|--------------------------------|
| Legacy Partners Realty III                 | 26,953.00                         | 0.00                  | -29,590.98            | -29,590.98            | 2,637.98                         | 0.00                           |
| Metropolitan Realty V                      | 280,571.42                        | 0.00                  | -13,359.03            | -13,359.03            | -19,165.81                       | 248,046.58                     |
| MFS Blended Research Core                  | 16,317,688.16                     | 0.00                  | 0.00                  | 0.00                  | 667,390.11                       | 16,985,078.27                  |
| Morgan Stanley Prime Property Fund         | --                                | 4,666,667.00          | 0.00                  | 4,666,667.00          | 7.85                             | 4,666,674.85                   |
| Morrison Street Debt Opportunities Fund LP | 3,357,979.00                      | 390,395.13            | -41,060.59            | 349,334.54            | 116,313.46                       | 3,823,627.00                   |
| Morrison Street Fund IV                    | 1,300,456.66                      | 0.00                  | -382,978.72           | -382,978.72           | -54.54                           | 917,423.40                     |
| Morrison Street Fund V                     | 5,819,221.79                      | 0.00                  | -686,999.73           | -686,999.73           | 264,692.75                       | 5,396,914.81                   |
| Orbimed Partners II                        | 9,366,621.00                      | 0.00                  | 0.00                  | 0.00                  | 1,019,068.00                     | 10,385,689.00                  |
| OrbiMed Royalty Opportunities              | 2,719,344.00                      | 0.00                  | -24,930.51            | -24,930.51            | 20,058.51                        | 2,714,472.00                   |
| OrbiMed Royalty Opps II                    | 2,142,811.00                      | 400,000.00            | -88,405.39            | 311,594.61            | 74,088.39                        | 2,528,494.00                   |
| Polar Long/Short Fund                      | 6,460,260.25                      | 0.00                  | 0.00                  | 0.00                  | 9,851.99                         | 6,470,112.24                   |
| Post Lmted Term High Yield                 | 5,960,481.19                      | 0.00                  | 0.00                  | 0.00                  | 49,667.40                        | 6,010,148.59                   |
| Principal Global Investors REIT            | 15,090,377.22                     | 727,000.00            | -4,000,000.00         | -3,273,000.00         | 217,879.02                       | 12,035,256.24                  |
| Rimrock Low Volatility Offshore            | 9,545,505.69                      | 0.00                  | 0.00                  | 0.00                  | 103,395.59                       | 9,648,901.28                   |
| Sterling Core Bond                         | 22,437,630.83                     | 0.00                  | 0.00                  | 0.00                  | 202,088.78                       | 22,639,719.61                  |
| Sterling Mid Cap Value                     | 5,770,648.07                      | 0.00                  | 0.00                  | 0.00                  | 59,778.04                        | 5,830,426.11                   |
| Vanguard Institutional Index               | 9,793,857.36                      | 0.00                  | 0.00                  | 0.00                  | 438,366.14                       | 10,232,223.50                  |
| Vanguard Mid Cap Growth                    | 4,374,640.43                      | 0.00                  | 0.00                  | 0.00                  | 185,665.82                       | 4,560,306.25                   |
| Vanguard Mid Cap Index                     | 3,598,672.82                      | 0.00                  | 0.00                  | 0.00                  | 123,586.07                       | 3,722,258.89                   |
| Vanguard Small Cap Index                   | 959,312.15                        | 0.00                  | 0.00                  | 0.00                  | 44,043.01                        | 1,003,355.16                   |
| Victory Trivalent International Small Cap  | 12,065,800.31                     | 0.00                  | -1,650,000.00         | -1,650,000.00         | 908,854.38                       | 11,324,654.69                  |
| Weatherlow Offshore                        | 14,787,647.72                     | 0.00                  | 0.00                  | 0.00                  | 282,735.66                       | 15,070,383.38                  |
| <b>Total</b>                               | <b>294,413,101.30</b>             | <b>21,902,518.87</b>  | <b>-25,417,504.73</b> | <b>-3,514,985.86</b>  | <b>11,425,611.93</b>             | <b>302,323,727.37</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.                                                                                                                                                                       |