

Spokane Employees' Retirement System

Fourth Quarter 2009 Performance Report

FEBRUARY 2010

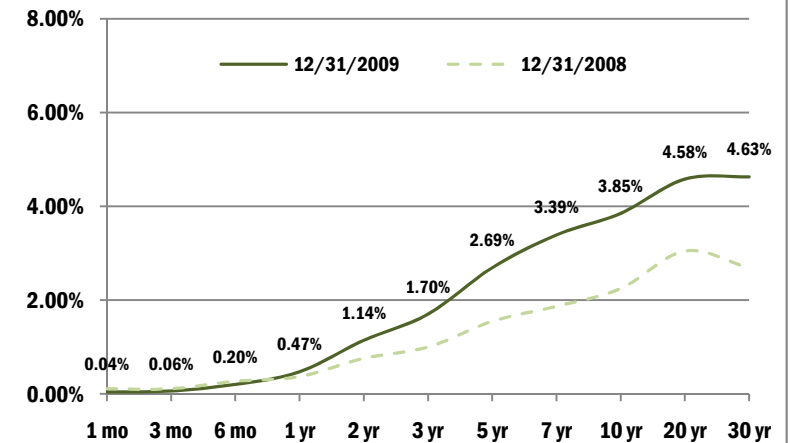


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4Q2009 Bond Market Data

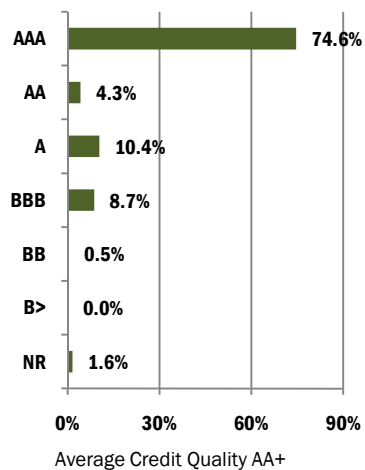
Index	4Q09	YTD	1 yr.	3 yrs.	5 yrs.	10 yrs.
90-Day T-Bill	0.02%	0.16%	0.16%	1.98%	2.80%	2.74%
Barclays US Treasury US TIPS	1.76%	11.41%	11.41%	6.69%	4.63%	7.70%
Barclays US Treasury	-1.30%	-3.57%	-3.57%	6.14%	4.84%	6.15%
Barclays US Treasury 1-3 Yr	0.03%	0.80%	0.80%	4.89%	4.04%	4.51%
Barclays US Treasury 5-10 Yr	-1.73%	-4.78%	-4.78%	7.01%	5.18%	6.65%
Barclays US Govt/ Credit	-0.21%	4.52%	4.52%	5.81%	4.71%	6.34%
Barclays 1-3 Yr Govt/ Credit	0.38%	3.82%	3.82%	5.20%	4.32%	4.86%
Barclays US Govt/ Credit 5-10 Yr	0.05%	6.50%	6.50%	6.37%	4.93%	6.98%
Barclays US Aggregate	0.20%	5.93%	5.93%	6.04%	4.97%	6.33%
Barclays US Corp. High Yield	6.19%	58.21%	58.21%	5.98%	6.46%	6.71%
Barclays Global Aggregate	-0.85%	6.93%	6.93%	7.05%	4.56%	6.49%
Barclays Municipal	-0.96%	12.91%	12.91%	4.41%	4.32%	5.75%
Barclays US Credit	1.03%	16.04%	16.04%	5.74%	4.67%	6.64%

US Treasury Yield Curve



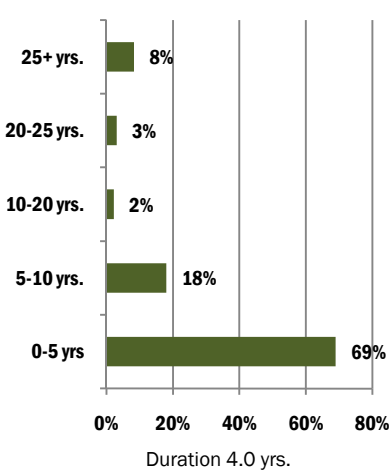
Source: Department of US Treasury

Barclays US Aggregate Index Credit Quality



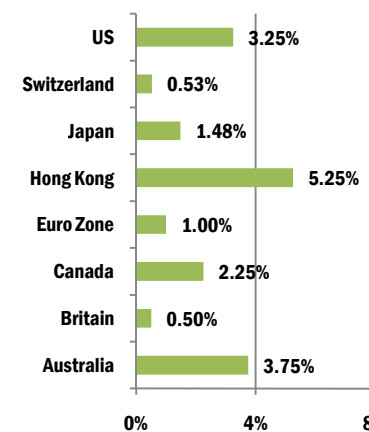
Source: Barclays Capital

Barclays Aggregate Index Maturity Breakdown



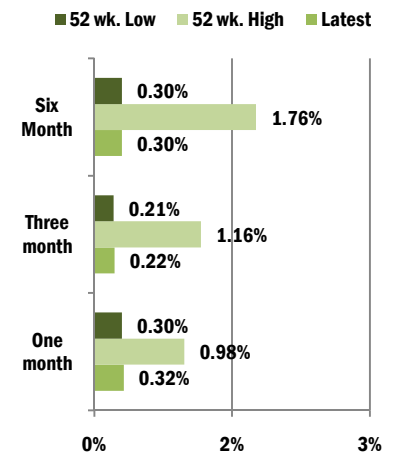
Source: Barclays Capital

Prime Rates



Source: Wall Street Journal

CD Rates



Source: Federal Reserve

4Q2009 US Equity Market Data

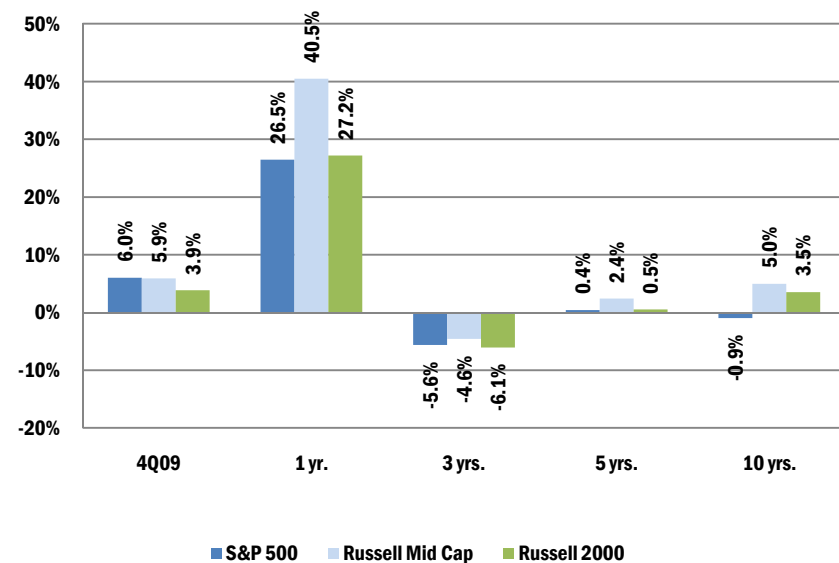
Sectors Weights/Returns (ranked YTD perf.)

S&P 500 Index	Wgt.	Sector	4Q09	YTD
	19%	Information Technology	10.70%	61.72%
	4%	Materials	7.36%	48.59%
	9%	Consumer Discretionary	9.07%	41.30%
	11%	Industrials	5.38%	20.93%
	13%	Health Care	9.09%	19.70%
	15%	Financials	-3.32%	17.22%
	11%	Consumer Staples	5.02%	14.89%
	12%	Energy	5.58%	13.82%
	4%	Utilities	7.26%	11.91%
	3%	Telecom Services	7.43%	8.93%
S&P Midcap 400 Index	Wgt.	Sector	4Q09	YTD
	6%	Materials	6.81%	110.22%
	7%	Energy	5.31%	68.33%
	15%	Information Technology	5.70%	58.73%
	14%	Consumer Discretionary	3.99%	54.54%
	12%	Health Care	5.98%	35.16%
	15%	Industrials	6.02%	31.58%
	7%	Utilities	9.69%	21.30%
	4%	Consumer Staples	2.84%	19.96%
	1%	Telecom Services	5.78%	14.00%
	19%	Financials	4.76%	12.86%
S&P Smallcap 600 Index	Wgt.	Sector	4Q09	YTD
	5%	Energy	9.11%	62.76%
	15%	Consumer Discretionary	2.22%	52.03%
	5%	Materials	8.85%	48.18%
	18%	Information Technology	3.12%	48.16%
	3%	Consumer Staples	7.39%	39.07%
	14%	Health Care	7.52%	22.57%
	17%	Industrials	5.27%	16.55%
	4%	Utilities	7.47%	6.16%
	18%	Financials	4.59%	-4.79%
	1%	Telecom Services	2.81%	-41.50%

Index Performance Data

Index	4Q09	YTD	1 yr.	Annualized		
				3 yrs.	5 yrs.	10 yrs.
S&P 500	6.04%	26.46%	26.46%	-5.63%	0.42%	-0.95%
Russell 1000 Value	4.22%	19.69%	19.69%	-8.96%	-0.25%	2.47%
Russell 1000 Growth	7.94%	37.21%	37.21%	-1.89%	1.63%	-3.99%
Russell Mid Cap	5.92%	40.48%	40.48%	-4.59%	2.43%	4.98%
Russell Mid Cap Value	5.21%	34.21%	34.21%	-6.62%	1.98%	7.58%
Russell Mid Cap Growth	6.69%	46.29%	46.29%	-3.18%	2.40%	-0.52%
Russell 2000	3.87%	27.17%	27.17%	-6.07%	0.51%	3.51%
Russell 2000 Value	3.63%	20.58%	20.58%	-8.22%	-0.01%	8.27%
Russell 2000 Growth	4.14%	34.47%	34.47%	-4.00%	0.87%	-1.37%
DJ US Select REIT	9.18%	28.46%	28.46%	-13.65%	-0.07%	10.67%

Market Returns

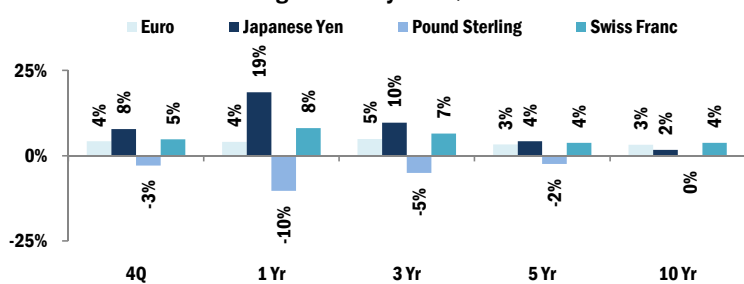


4Q2009 International Market Data

Index Performance Data (gross)

Index (US\$)	4Q09	YTD	1 yr.	3 yrs.	5 yrs.	10 yrs.
MSCI ACWI ex-US	3.8%	42.1%	42.1%	-3.0%	6.3%	3.1%
MSCI EAFE	2.2%	32.5%	32.5%	-5.6%	4.0%	1.6%
Europe	3.3%	36.8%	36.8%	-5.5%	4.5%	2.4%
United Kingdom	7.0%	43.4%	43.4%	-7.1%	2.4%	1.4%
Germany	2.2%	26.6%	26.6%	-2.1%	7.2%	1.9%
France	2.2%	33.3%	33.3%	-4.5%	5.4%	2.6%
Pacific	0.1%	24.3%	24.3%	-5.7%	3.0%	-0.3%
Japan	-2.8%	6.4%	6.4%	-10.2%	-0.7%	-3.5%
Hong Kong	3.6%	60.2%	60.2%	3.3%	9.3%	4.4%
Australia	5.0%	76.8%	76.8%	4.7%	12.3%	12.7%
Canada	5.2%	57.4%	57.4%	4.0%	11.4%	9.2%
MSCI EM	8.6%	79.0%	79.0%	5.4%	15.9%	10.1%
MSCI EM Latin America	12.5%	104.2%	104.2%	14.4%	26.5%	17.6%
MSCI EM Asia	6.7%	74.2%	74.2%	5.2%	14.6%	7.3%
MSCI EM Eur/Mid East	10.3%	78.5%	78.5%	-4.7%	9.8%	7.7%
MSCI ACWI Value ex-US	2.3%	45.1%	45.1%	-3.5%	6.6%	5.7%
MSCI ACWI Growth ex-US	5.3%	39.2%	39.2%	-2.7%	6.0%	0.4%
MSCI World Small Cap ex-US	3.1%	63.5%	63.5%	-3.2%	7.3%	6.9%

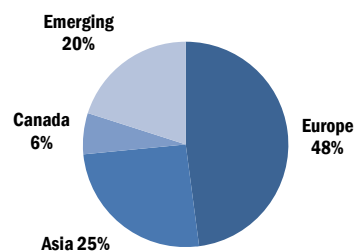
Foreign Currency v. US\$ Returns



Exchange Rates	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09
Japanese yen	105.90	90.38	97.29	95.54	89.97	92.24
Euro	0.69	0.71	0.76	0.71	0.69	0.70
British pound	0.56	0.69	0.70	0.61	0.63	0.63
Swiss franc	1.10	1.06	1.15	1.09	1.04	1.04
US dollar	1.00	1.00	1.00	1.00	1.00	1.00

Regional Exposure

MSCI ACWI ex-USA

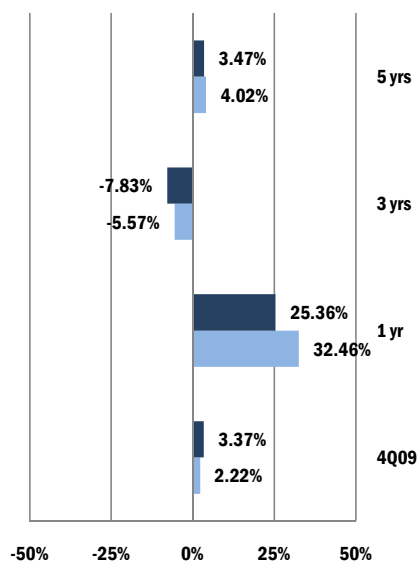


Top 10 Countries (MSCI AC World ex-USA)

Japan	16%
UK	15%
France	7%
Australia	7%
Canada	6%
Germany	6%
Switzerland	5%
Spain	4%
Hong Kong	3%
South Korea	3%

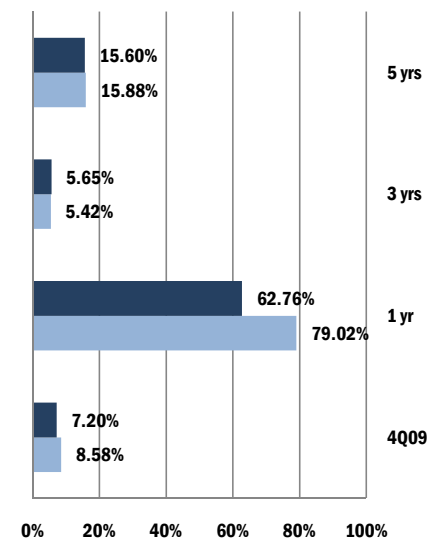
MSCI EAFE Index Return

Local US\$



MSCI Emerging Index Return

Local US\$

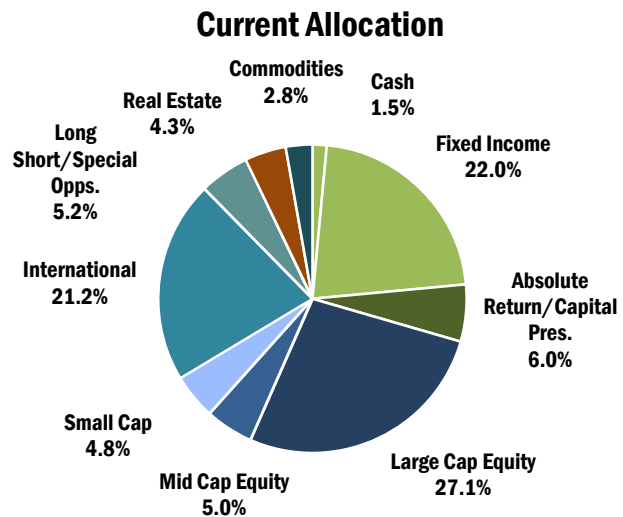


Historical Market Returns

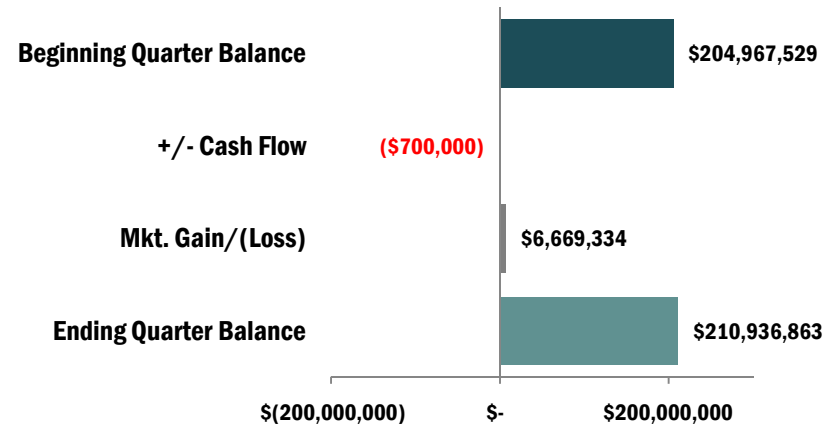
Ranked by Performance

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Large Cap Growth 23.12%	Large Cap Value 35.18%	Large Cap Growth 38.71%	Emerging Mkt. 66.64%	Small Cap Value 22.83%	Small Cap Value 14.02%	Global Bonds 16.52%	Emerging Mkt. 56.28%	Emerging Mkt. 25.95%	Emerging Mkt. 34.54%	Emerging Mkt. 32.59%	Emerging Mkt. 39.78%	US Bonds 5.24%	Emerging Mkt. 79.02%
Large Cap Value 21.64%	Mid Cap Value 34.37%	Intl. Growth 22.47%	Mid Cap Growth 51.29%	Mid Cap Value 19.18%	US Bonds 8.44%	US Bonds 10.25%	Small Cap Growth 48.54%	Intl. Value 24.88%	Intl. Value 14.39%	Intl. Value 31.05%	Intl. Growth 16.84%	Global Bonds 4.79%	Mid Cap Growth 46.29%
Small Cap Value 21.37%	Small Cap Value 31.78%	Intl. Value 18.09%	Small Cap Growth 43.09%	US Bonds 11.63%	Mid Cap Value 2.33%	Emerging Mkt. -6.00%	Small Cap Value 46.03%	Mid Cap Value 23.71%	Intl. Growth 13.64%	Small Cap Value 23.48%	Large Cap Growth 11.81%	Small Cap Value -28.92%	Large Cap Growth 37.21%
Mid Cap Value 20.26%	Large Cap Growth 30.49%	Mid Cap Growth 17.86%	Large Cap Growth 33.16%	Large Cap Value 7.01%	Global Bonds 1.57%	Mid Cap Value -9.64%	Intl. Value 45.96%	Small Cap Value 22.25%	Mid Cap Value 12.65%	Intl. Growth 22.69%	Mid Cap Growth 11.43%	Large Cap Value -36.85%	Intl. Value 35.06%
Mid Cap Growth 17.48%	Mid Cap Growth 22.54%	Large Cap Value 15.63%	Intl. Growth 29.71%	Global Bonds 3.17%	Emerging Mkt. -2.37%	Small Cap Value -11.43%	Mid Cap Growth 42.71%	Large Cap Value 16.49%	Mid Cap Growth 12.10%	Large Cap Value 22.25%	Global Bonds 9.48%	Large Cap Growth -38.44%	Small Cap Growth 34.47%
Small Cap Growth 11.26%	Small Cap Growth 12.95%	Global Bonds 13.71%	Intl. Value 24.54%	Intl. Value -2.82%	Large Cap Value -5.59%	Large Cap Value -15.52%	Mid Cap Value 38.07%	Intl. Growth 16.48%	Large Cap Value 7.05%	Mid Cap Value 20.22%	Small Cap Growth 7.05%	Mid Cap Value -38.44%	Mid Cap Value 34.21%
Intl. Value 9.22%	US Bonds 9.65%	US Bonds 8.69%	Large Cap Value 7.35%	Mid Cap Growth -11.75%	Small Cap Growth -9.23%	Intl. Value -15.60%	Intl. Growth 32.49%	Mid Cap Growth 15.48%	Large Cap Growth 5.26%	Small Cap Growth 13.35%	US Bonds 6.97%	Small Cap Growth -38.54%	Intl. Growth 29.91%
Emerging Mkt. 6.03%	Global Bonds 3.78%	Mid Cap Value 5.08%	Mid Cap Value -0.11%	Large Cap Growth -22.42%	Intl. Value -18.22%	Intl. Growth -15.76%	Large Cap Value 30.03%	Small Cap Growth 14.31%	Small Cap Value 4.71%	Mid Cap Growth 10.66%	Intl. Value 6.49%	Intl. Growth -42.46%	Small Cap Value 20.58%
Global Bonds 4.91%	Intl. Growth 2.33%	Small Cap Growth 1.23%	US Bonds -0.82%	Small Cap Growth -22.43%	Mid Cap Growth -20.15%	Mid Cap Growth -27.41%	Large Cap Growth 29.75%	Global Bonds 9.27%	Small Cap Growth 4.15%	Large Cap Growth 9.07%	Large Cap Value -0.17%	Intl. Value -43.68%	Large Cap Value 19.69%
Intl. Growth 3.70%	Intl. Value 1.82%	Small Cap Value -6.45%	Small Cap Value -1.49%	Intl. Growth -24.40%	Large Cap Growth -20.42%	Large Cap Growth -27.88%	Global Bonds 12.51%	Large Cap Growth 6.30%	US Bonds 2.43%	Global Bonds 6.64%	Mid Cap Value -1.42%	Mid Cap Growth -44.32%	Global Bonds 6.93%
US Bonds 3.63%	Emerging Mkt. -11.59%	Emerging Mkt. -25.34%	Global Bonds -5.17%	Emerging Mkt. -30.71%	Intl. Growth -24.41%	Small Cap Growth -30.26%	US Bonds 4.10%	US Bonds 4.34%	Global Bonds -4.49%	US Bonds 4.33%	Small Cap Value -9.78%	Emerging Mkt. -53.18%	US Bonds 5.93%

Spokane Employees' Retirement System



Account Balance



Policy Index

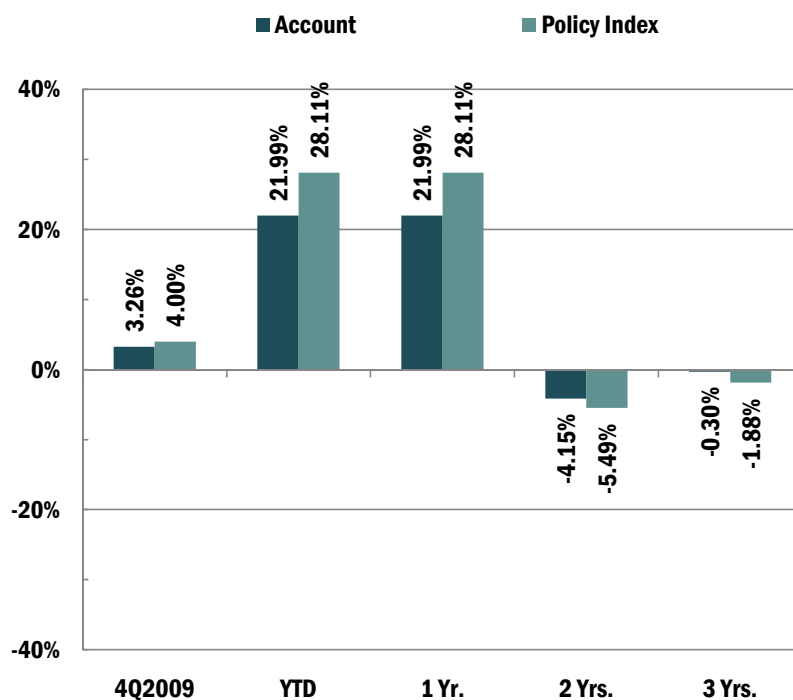
Index	Weight
US 90 Day T-Bill	1%
Barclays US Aggregate Bond Index	13%
Barclays Corporate High Yield Index	5%
Barclays Global Aggregate Bond Index	6%
S&P 500 Index	34%
Russell Mid Cap Index	5%
Russell 2000 Index	5%
MSCI ACWI ex-US	24%
NAREIT Composite	4%
NCREIF Property Index	3%

*As of 4Q2009 SERS eliminated their 5% policy allocation to Private Equity and reallocated that 5% position to the Special Opportunity asset class.

Spokane Employees' Retirement System

Total Account Performance

December 31, 2009



Asset Class Performance

	4Q2009	1 Yr	2 Yrs
Fixed Income	1.57%	10.76%	7.36%
Barclays US Aggregate Bond Index	0.20%	5.92%	5.61%
Absolute Return/Capital Pres.	-1.00%	-0.05%	-5.81%
Barclays US Aggregate Bond Index	0.20%	5.92%	5.61%
Large Cap Equity	4.92%	27.61%	-10.62%
S&P 500 Index	6.04%	26.47%	-10.70%
Mid Cap Equity	5.12%	37.22%	-5.96%
Russell Mid Cap Index	5.92%	40.48%	-9.31%
Small Cap	2.92%	24.96%	-13.20%
Russell 2000 Index	3.87%	27.18%	-8.22%
International	3.09%	38.62%	-8.62%
MSCI AC World Ex USA (net)	3.74%	41.47%	-12.00%
Commodities	7.21%	-	-
S&P 500 Index	6.04%	26.47%	-10.70%
Long Short/Special Opps.	2.84%	17.81%	-
S&P 500 Index	6.04%	26.47%	-10.70%
Real Estate	7.86%	13.84%	-10.79%
FTSE NAREIT Composite	8.46%	27.79%	-10.90%