

Spokane Employees' Retirement System

Second Quarter 2011 Performance Report

August 2011

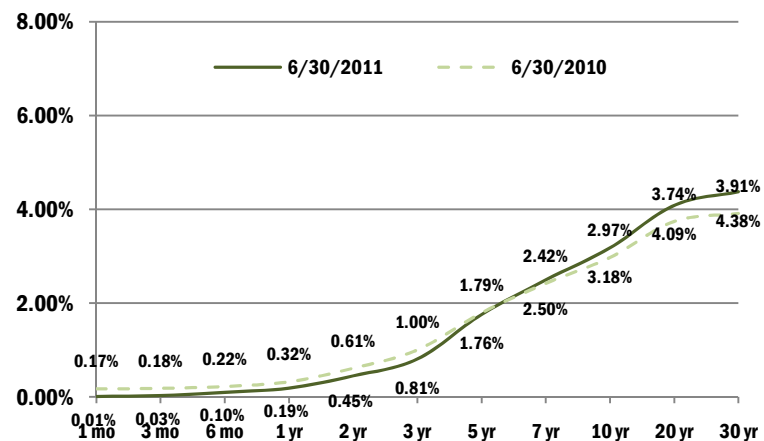


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2Q2011 Bond Market Data

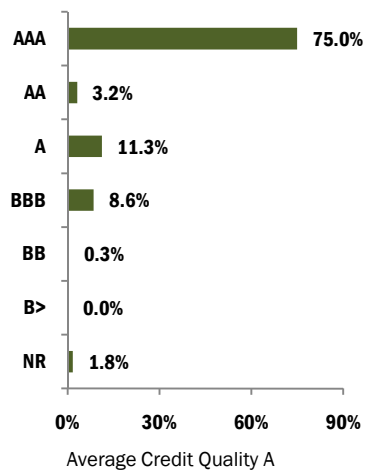
Index	2Q11	YTD	1 yr.	3 yrs.	5 yrs.	10 yrs.
90-Day T-Bill	0.01%	0.04%	0.11%	0.27%	1.72%	1.95%
Barclays US Treasury US TIPS	3.66%	5.81%	7.74%	5.28%	6.91%	6.95%
Barclays US Treasury	2.39%	2.22%	2.24%	5.10%	6.21%	5.44%
Barclays US Treasury 1-3 Yr	0.84%	0.85%	1.34%	2.85%	4.17%	3.63%
Barclays US Treasury 5-10 Yr	3.65%	3.53%	3.84%	6.76%	7.68%	6.28%
Barclays US Govt/ Credit	2.32%	2.61%	3.68%	6.17%	6.35%	5.74%
Barclays 1-3 Yr Govt/ Credit	0.87%	1.05%	1.90%	3.52%	4.52%	4.01%
Barclays US Govt/ Credit 5-10 Yr	3.26%	3.73%	5.49%	8.00%	7.62%	6.69%
Barclays US Aggregate	2.29%	2.72%	3.90%	6.46%	6.52%	5.74%
Barclays US Corp. High Yield	1.05%	4.97%	15.63%	12.68%	9.30%	8.99%
Barclays Global Aggregate	3.10%	4.38%	10.51%	6.04%	7.10%	7.41%
Barclays Municipal	3.89%	4.42%	3.48%	5.58%	4.93%	4.99%
Barclays US Credit	2.50%	3.41%	6.20%	8.23%	7.03%	6.34%

US Treasury Yield Curve



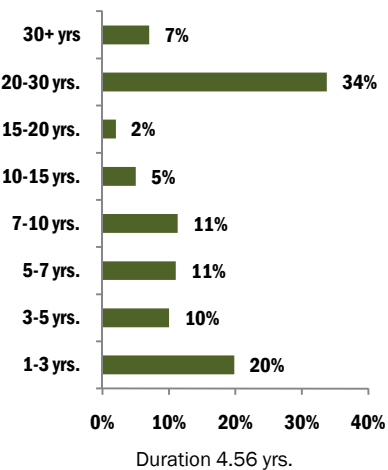
Source: Department of US Treasury

Barclays US Aggregate Index
Credit Quality



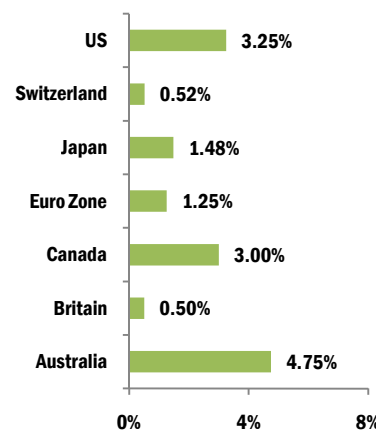
Source: Morningstar

Barclays Aggregate Index
Maturity Breakdown



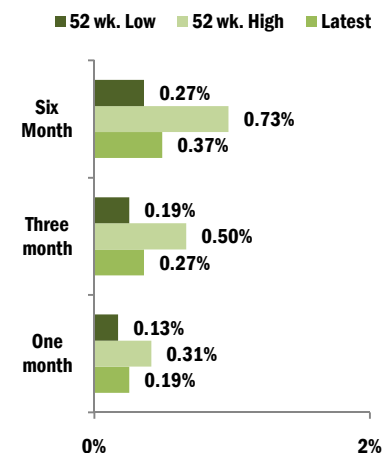
Source: Morningstar

Prime Rates



Source: Wall Street Journal

CD Rates



Source: Federal Reserve

2Q2011 US Equity Market Data

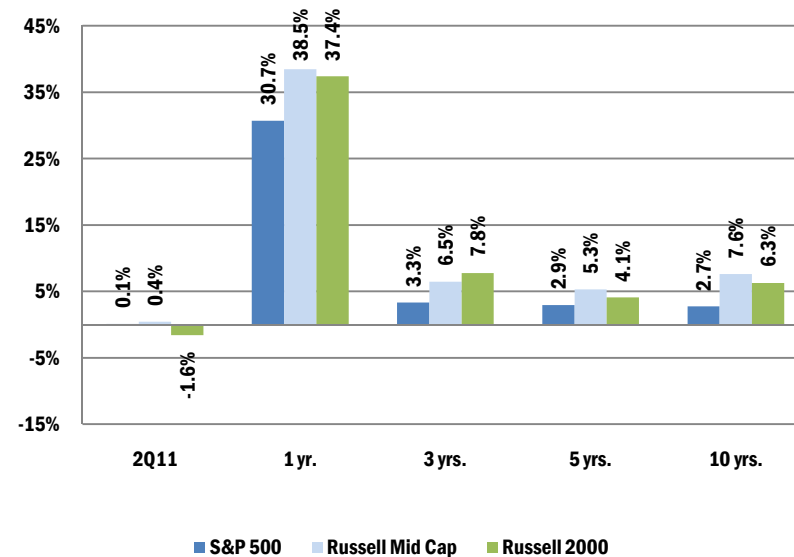
Sectors Weights/Returns (ranked by quarter performance)

S&P 500 Index	Wgt.	Sector	2Q11	1 Yr.
	12%	Health Care	7.87%	28.54%
	3%	Utilities	6.14%	23.86%
	11%	Consumer Staples	5.25%	26.67%
	11%	Consumer Discretionary	3.45%	40.52%
	3%	Telecom Services	2.11%	39.01%
	11%	Industrials	-0.67%	38.07%
	4%	Materials	-0.88%	45.34%
	18%	Information Technology	-1.37%	25.75%
	13%	Energy	-4.63%	52.83%
	15%	Financials	-5.92%	12.84%
S&P Midcap 400 Index	Wgt.	Sector	2Q11	1 Yr.
	4%	Consumer Staples	13.69%	72.68%
	11%	Health Care	1.73%	31.87%
	6%	Utilities	1.32%	31.71%
	13%	Consumer Discretionary	0.95%	44.33%
	0%	Telecom Services	-0.48%	19.03%
	7%	Materials	-0.91%	38.60%
	16%	Industrials	-1.64%	49.11%
	19%	Financials	-1.94%	22.60%
	16%	Information Technology	-3.06%	45.77%
	7%	Energy	-6.26%	56.41%
S&P Smallcap 600 Index	Wgt.	Sector	2Q11	1 Yr.
	1%	Telecom Services	13.68%	30.66%
	13%	Health Care	5.74%	45.65%
	4%	Consumer Staples	5.46%	35.74%
	4%	Utilities	4.58%	31.26%
	15%	Consumer Discretionary	3.98%	34.35%
	5%	Materials	-0.98%	42.11%
	19%	Financials	-1.68%	22.92%
	19%	Information Technology	-3.06%	41.06%
	16%	Industrials	-3.67%	32.67%
	5%	Energy	-6.64%	80.24%

Index Performance Data

Index	2Q11	YTD	1 yr.	Annualized		
				3 yrs.	5 yrs.	10 yrs.
S&P 500	0.10%	6.02%	30.69%	3.34%	2.94%	2.72%
Russell 1000 Value	-0.50%	5.92%	28.94%	2.28%	1.15%	3.99%
Russell 1000 Growth	0.76%	6.83%	35.01%	5.01%	5.33%	2.24%
Russell Mid Cap	0.42%	8.08%	38.47%	6.46%	5.30%	7.59%
Russell Mid Cap Value	-0.69%	6.69%	34.28%	6.35%	4.01%	8.42%
Russell Mid Cap Growth	1.61%	9.59%	43.25%	6.58%	6.28%	5.52%
Russell 2000	-1.61%	6.21%	37.41%	7.77%	4.08%	6.27%
Russell 2000 Value	-2.65%	3.77%	31.35%	7.09%	2.24%	7.53%
Russell 2000 Growth	-0.59%	8.59%	43.50%	8.35%	5.79%	4.63%
DJ US Select REIT	3.97%	10.93%	34.95%	4.71%	1.67%	10.53%

Market Returns



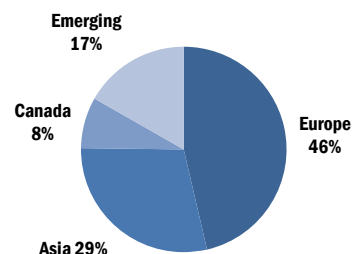
2Q2011 International Market Data

Index Performance Data (net)

Index (US\$)	2Q11	YTD	1 yr.	3 yrs.	5 yrs.	10 yrs.
MSCI ACWI ex-US	0.4%	3.8%	29.7%	-0.3%	3.7%	7.5%
MSCI EAFE	1.6%	5.0%	30.4%	-1.8%	1.5%	5.7%
Europe	2.4%	9.1%	36.0%	-2.0%	2.0%	6.1%
United Kingdom	1.7%	5.6%	34.1%	-1.4%	1.1%	5.5%
Germany	6.3%	14.2%	45.9%	-0.9%	6.3%	7.0%
France	4.5%	15.5%	42.1%	-2.0%	1.7%	5.7%
Pacific	0.0%	-2.0%	20.9%	-1.0%	0.5%	4.7%
Japan	0.2%	-4.8%	13.0%	-4.3%	-3.8%	1.4%
Hong Kong	-1.0%	-1.4%	26.0%	6.8%	10.3%	10.0%
Australia	-0.6%	3.8%	40.9%	4.1%	9.6%	14.4%
Canada	-4.7%	2.6%	30.2%	0.3%	8.1%	12.3%
MSCI EM	-1.1%	0.9%	27.8%	4.2%	11.4%	16.2%
MSCI EM Latin America	-2.6%	-1.7%	26.0%	0.7%	16.5%	20.3%
MSCI EM Asia	0.0%	1.5%	25.7%	8.2%	11.5%	15.2%
MSCI EM Eur/Mid East	-3.4%	8.0%	40.6%	-4.2%	5.4%	15.0%
MSCI ACWI Value ex-US	-0.1%	4.4%	28.7%	0.4%	3.2%	8.1%
MSCI ACWI Growth ex-US	0.9%	3.2%	30.7%	-1.1%	4.1%	6.8%
MSCI AC World Sm Cap ex-US	-0.3%	1.5%	34.2%	5.6%	5.9%	12.1%

Regional Exposure

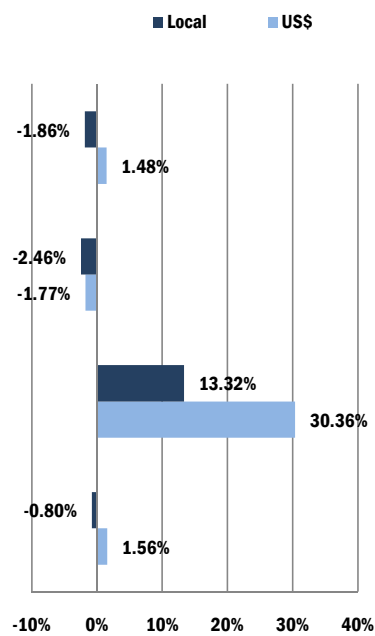
MSCI ACWI ex-USA



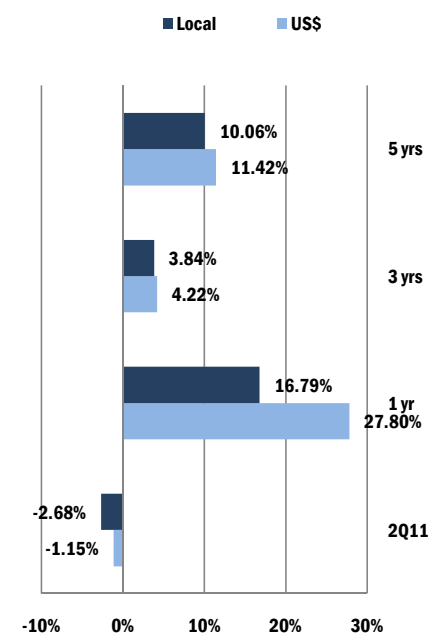
Top 10 Countries (MSCI AC World ex-USA)

UK	15%
Japan	14%
France	7%
Canada	7%
Australia	7%
Germany	6%
Switzerland	6%
China	4%
Brazil	4%
South Korea	3%

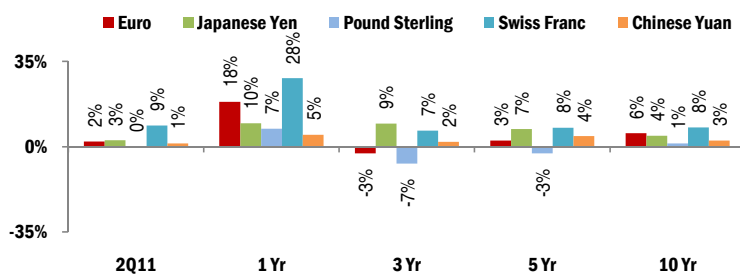
MSCI EAFE Index Return



MSCI Emerging Index Return



Foreign Currency v. US\$ Returns



Exchange Rates	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
Japanese yen	93.44	88.49	83.54	81.11	82.88	80.76
Euro	0.74	0.82	0.73	0.75	0.70	0.69
British pound	0.66	0.67	0.63	0.64	0.62	0.62
Swiss franc	1.05	1.08	0.98	0.93	0.91	0.84
Chinese Yuan	6.83	6.78	6.69	6.59	6.55	6.46

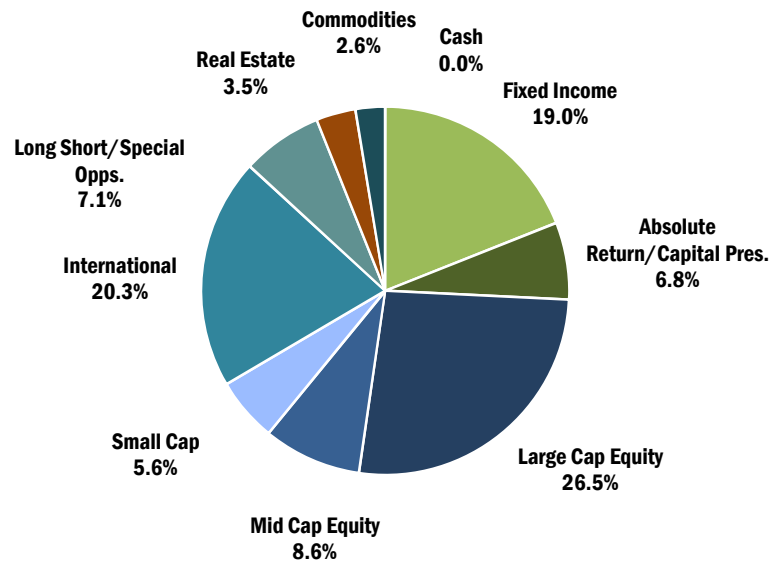
Historical Market Returns

Ranked by Performance

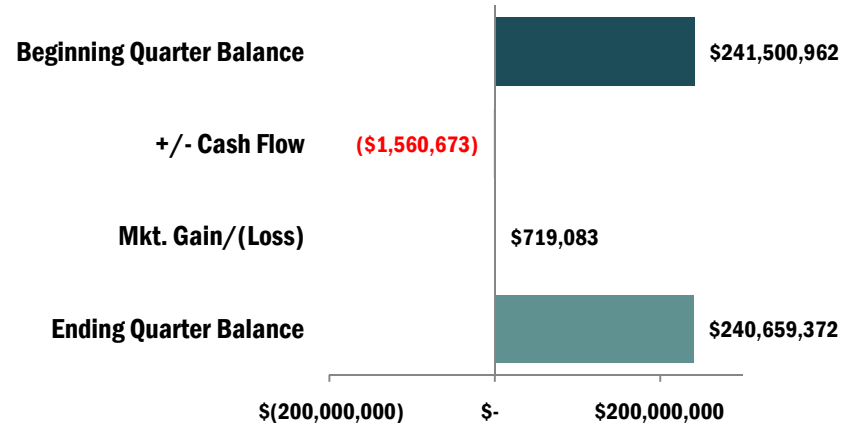
1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2Q11	YTD
Large Cap Growth 23.12%	Large Cap Value 35.18%	Large Cap Growth 38.71%	Emerging Mkt. 66.64%	Small Cap Value 22.83%	Small Cap Value 14.02%	Global Bonds 16.52%	Emerging Mkt. 56.28%	Emerging Mkt. 25.95%	Emerging Mkt. 34.54%	Emerging Mkt. 32.59%	Emerging Mkt. 39.78%	US Bonds 5.24%	Emerging Mkt. 79.02%	Small Cap Growth 29.09%	Global Bonds 3.10%	Mid Cap Growth 9.59%
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%	Mid Cap Growth 26.38%	US Bonds 2.29%	Small Cap Growth 8.59%
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 24.75%	Mid Cap Growth 1.61%	Large Cap Growth 6.83%
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%	Small Cap Value 24.50%	Intl. Growth 0.89%	Mid Cap Value 6.69%
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%	Emerging Mkt. 18.88%	Large Cap Growth 0.76%	Large Cap Value 5.92%
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%	Large Cap Growth 16.71%	Intl. Value -0.14%	Intl. Value 4.42%
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%	Large Cap Value 15.51%	Large Cap Value -0.50%	Global Bonds 4.38%
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%	Intl. Growth 12.60%	Small Cap Growth -0.59%	Small Cap Value 3.77%
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%	US Bonds 6.54%	Mid Cap Value -0.69%	Intl. Growth 3.20%
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%	Global Bonds 5.54%	Emerging Mkt. -1.15%	US Bonds 2.72%
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%	Intl. Value 3.81%	Small Cap Value -2.65%	Emerging Mkt. 0.88.%

Spokane Employees' Retirement System

Current Allocation



Account Balance



Policy Index*

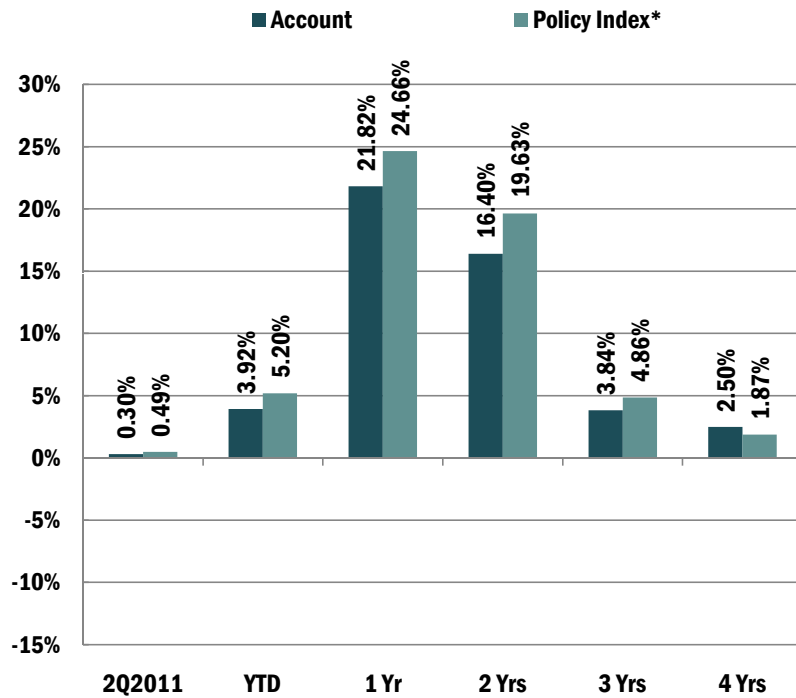
Index	Weight
US 90 Day T-Bill	1%
Barclays US Aggregate Bond Index	15%
Barclays Corporate High Yield Index	5%
Barclays Global Aggregate Bond Index	5%
S&P 500 Index	34%
Russell Mid Cap Index	8%
Russell 2000 Index	5%
MSCI ACWI ex-US	17%
S&P GSCI Index	4%
NAREIT Composite	3%
NCREIF Property Index	3%

*As of 3Q2010 SERS adjusted the Fund's target asset allocation and policy index.

Spokane Employees' Retirement System

Total Account Performance

June 30, 2011



Asset Class Performance

	2Q2011	1 Yr	2 Yrs	3 Yrs
Fixed Income	1.57%	6.03%	6.78%	7.54%
Barclays US Aggregate Bond Index	2.29%	3.90%	6.66%	6.46%
Absolute Return/Capital Pres.	0.90%	2.59%	0.13%	-4.57%
Barclays US Aggregate Bond Index	2.29%	3.90%	6.66%	6.46%
Large Cap Equity	-0.19%	30.09%	21.71%	1.37%
S&P 500 Index	0.10%	30.69%	22.29%	3.34%
Mid Cap Equity	-0.56%	37.82%	30.06%	4.57%
Russell Mid Cap Index	0.42%	38.47%	31.63%	6.46%
Small Cap	-1.67%	38.05%	26.62%	4.23%
Russell 2000 Index	-1.61%	37.41%	29.20%	7.77%
International	0.84%	29.00%	21.44%	1.92%
MSCI AC World Ex USA (net)	0.38%	29.73%	19.69%	-0.35%
Commodities	-8.67%	22.75%	6.55%	-
S&P GSCI	-7.94%	26.11%	9.21%	-
Long Short/Special Opps.	0.99%	8.36%	9.37%	1.17%
S&P 500 Index	0.10%	30.69%	22.29%	3.34%
Real Estate	4.23%	29.22%	32.63%	2.37%
FTSE NAREIT Composite	2.87%	33.13%	41.78%	5.70%

*As of 3Q2010 SERS adjusted the Fund's target asset allocation and policy index.