

Spokane Employees' Retirement System

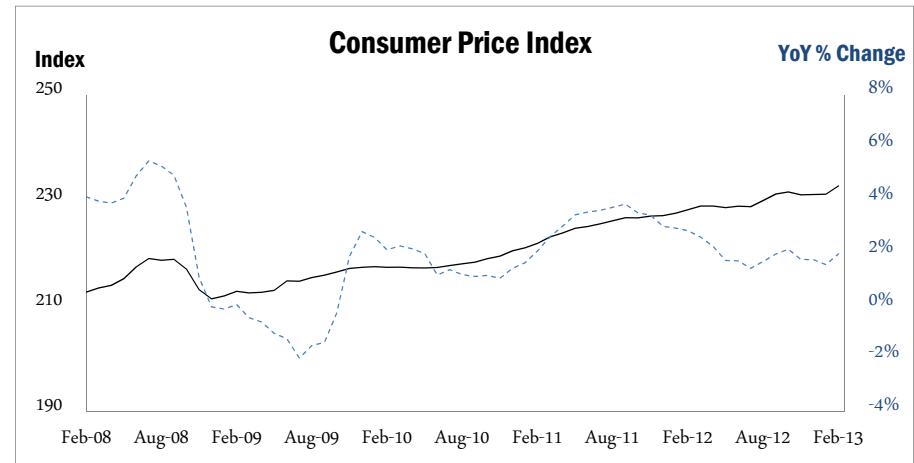
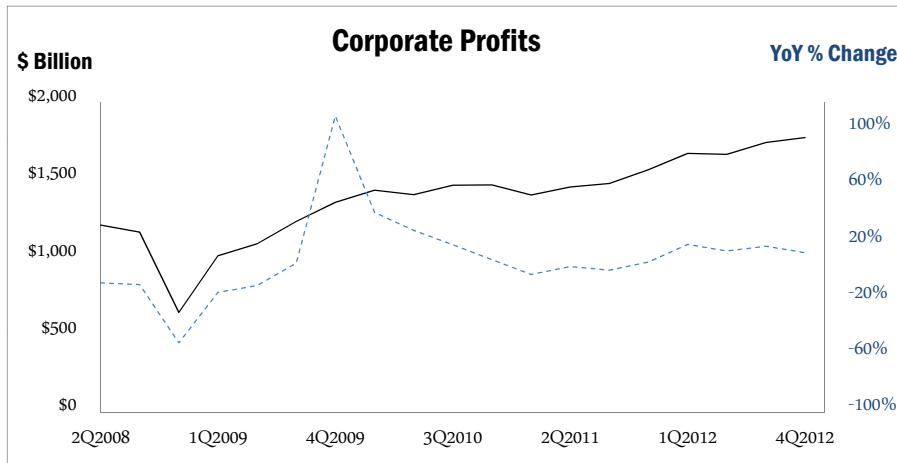
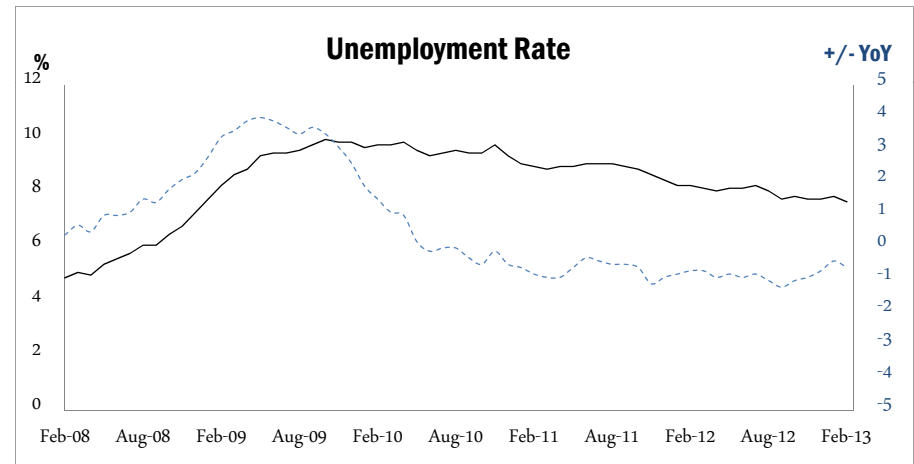
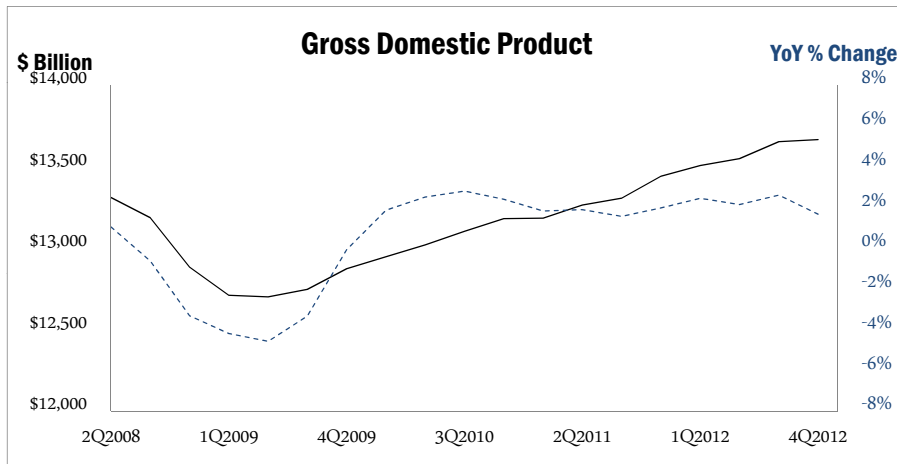
First Quarter 2013 Performance Report

May 2013



Hyas Group • 108 NW 9th Avenue Suite 203 Portland, Oregon 97209 • p: 971.634.1500 f: 971.275.1856
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1Q2013 Economic Data



Banking and Lending (Quarterly)

Category	Recent	5-Yr High	5-Yr Low	5-Yr Avg.	Date
% Loans Non-Performing	3.7%	5.7%	1.7%	4.2%	4Q12
Loss Reserves/Loans	2.2%	3.7%	1.6%	2.8%	4Q12
Total Commercial Banks	6,006	7,135	6,006	6,574	4Q12
% Tightening Lending	-7.6%	83.6%	-21.8%	13.7%	4Q12

Other Prices and Indexes (Monthly)

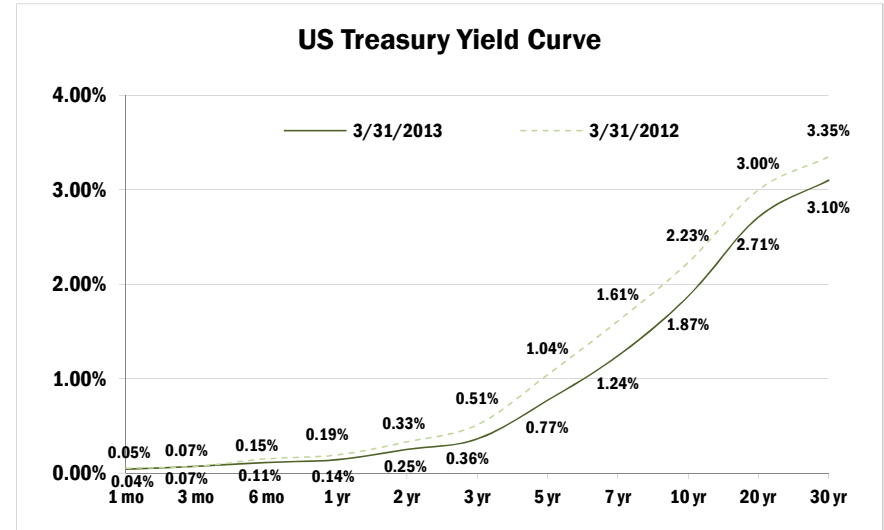
Category	Recent	5-Yr High	5-Yr Low	% Off Peak	Date
Gas: Price per Gallon	\$3.71	\$4.05	\$1.72	-8.3%	Mar-13
Spot Oil	\$93.05	\$133.93	\$39.16	-30.5%	Mar-13
Case-Shiller Home Price Index	147.9	178.5	136.8	-17.2%	Jan-13
Medical Care CPI	421.6	421.6	361.5	16.6%*	Feb-13

Source: Federal Reserve Bank of St. Louis

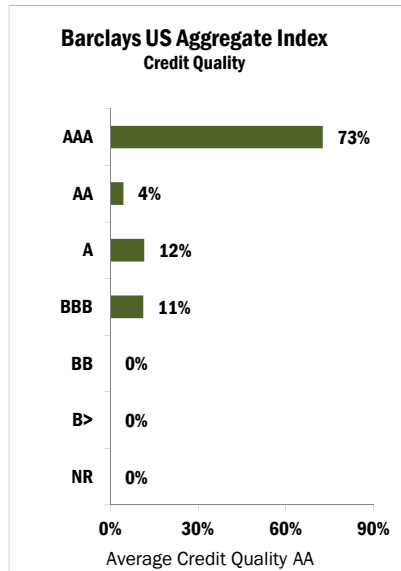
*% Off Low

1Q2013 Bond Market Data

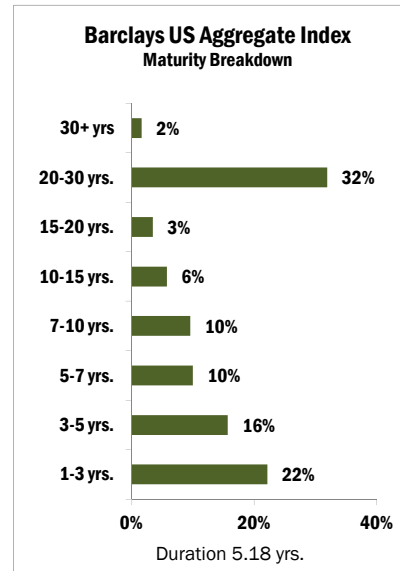
Index	QTR	YTD	1 yr.	3 yrs.	5 yrs.	10 yrs.
90-Day T-Bill	0.02%	0.02%	0.09%	0.09%	0.27%	1.64%
Barclays US Aggregate	-0.12%	-0.12%	3.77%	5.52%	5.47%	5.02%
Barclays Short US Treasury	0.04%	0.04%	0.19%	0.21%	0.54%	1.88%
Barclays Int. US Treasury	0.14%	0.14%	2.35%	4.16%	3.72%	4.02%
Barclays Long US Treasury	-2.38%	-2.38%	7.31%	12.49%	8.34%	7.24%
Barclays US TIPS	-0.36%	-0.36%	5.68%	8.57%	5.89%	6.32%
Barclays US Credit	-0.17%	-0.17%	7.00%	7.86%	7.52%	5.96%
Barclays US Mortgage-Backed	-0.05%	-0.05%	1.97%	4.17%	5.15%	4.98%
Barclays US Asset-Backed	0.05%	0.05%	2.85%	4.13%	5.08%	3.78%
Barclays US High Yield	2.89%	2.89%	13.13%	11.24%	11.65%	10.12%
Barclays Global	-2.10%	-2.10%	1.25%	4.52%	3.66%	5.47%
Barclays International	-3.51%	-3.51%	-0.71%	3.80%	2.47%	5.78%
Barclays Emerging Market	-1.46%	-1.46%	10.16%	10.27%	9.88%	10.72%



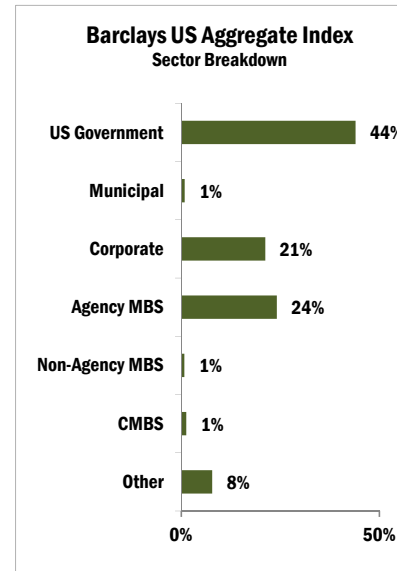
Source: Department of US Treasury



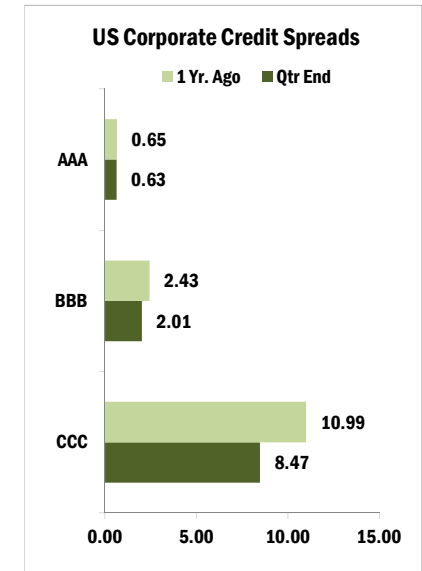
Source: Morningstar



Source: Morningstar



Source: Morningstar



Source: Federal Reserve / Bank of America

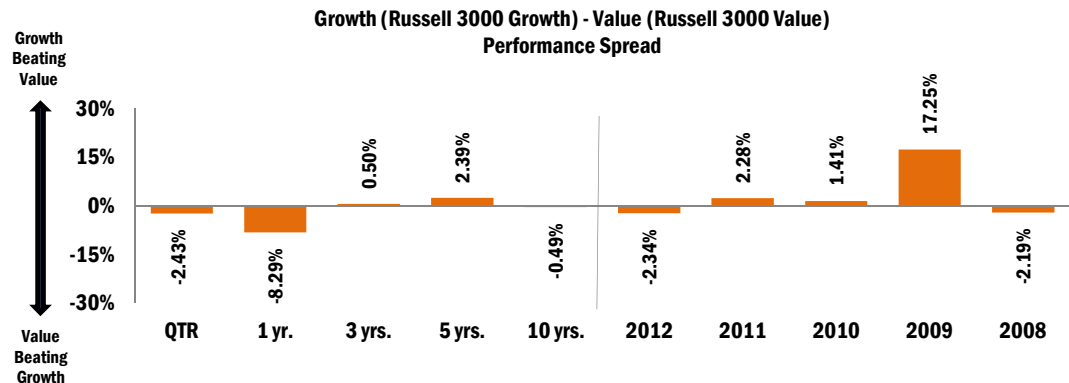
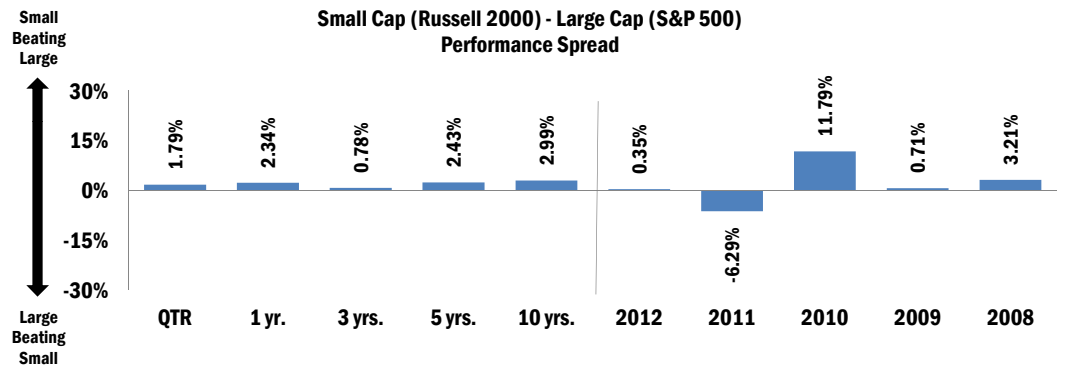
1Q2013 US Equity Market Data

Sectors Weights/Returns (ranked by quarter performance)

	Wgt.	Sector	QTR	1 Yr.
S&P 500 Index	13%	Health Care	15.81%	25.19%
	11%	Consumer Staples	14.58%	20.25%
	4%	Utilities	13.02%	16.37%
	12%	Consumer Discretionary	12.15%	19.85%
	16%	Financials	11.42%	17.60%
	10%	Industrials	10.67%	14.69%
	11%	Energy	10.17%	10.95%
	3%	Telecom Services	9.45%	26.86%
	3%	Materials	4.79%	8.36%
18%	Information Technology	4.59%	-1.12%	
S&P Midcap 400 Index	Wgt.	Sector	QTR	1 Yr.
	4%	Consumer Staples	21.82%	31.56%
	5%	Utilities	18.69%	27.91%
	17%	Industrials	17.57%	24.48%
	10%	Health Care	16.37%	26.82%
	23%	Financials	13.48%	18.06%
	12%	Consumer Discretionary	12.80%	19.18%
	6%	Energy	11.66%	9.61%
	15%	Information Technology	8.48%	3.17%
7%	Materials	6.78%	15.33%	
0%	Telecom Services	-2.25%	5.25%	
S&P Smallcap 600 Index	Wgt.	Sector	QTR	1 Yr.
	5%	Energy	15.46%	5.67%
	4%	Consumer Staples	13.72%	18.72%
	21%	Financials	13.11%	19.70%
	11%	Health Care	13.02%	14.75%
	4%	Utilities	11.77%	15.58%
	15%	Industrials	11.73%	21.15%
	7%	Materials	11.09%	23.48%
	15%	Consumer Discretionary	10.94%	16.49%
18%	Information Technology	10.05%	9.05%	
0%	Telecom Services	-11.12%	-10.67%	

Index Performance Data

Index	QTR	YTD	1 yr.	Annualized		
				3 yrs.	5 yrs.	10 yrs.
S&P 500	10.61%	10.61%	13.96%	12.67%	5.81%	8.53%
Russell 1000 Value	12.31%	12.31%	18.77%	12.74%	4.85%	9.18%
Russell 1000 Growth	9.54%	9.54%	10.09%	13.06%	7.30%	8.62%
Russell Mid Cap	12.96%	12.96%	17.30%	14.62%	8.37%	12.27%
Russell Mid Cap Value	14.21%	14.21%	21.49%	14.96%	8.53%	12.57%
Russell Mid Cap Growth	11.51%	11.51%	12.76%	14.23%	7.98%	11.53%
Russell 2000	12.39%	12.39%	16.30%	13.45%	8.24%	11.52%
Russell 2000 Value	11.63%	11.63%	18.09%	12.12%	7.29%	11.29%
Russell 2000 Growth	13.21%	13.21%	14.52%	14.75%	9.04%	11.61%
Russell 3000	11.07%	11.07%	14.56%	12.97%	6.32%	9.15%
DJ US Select REIT	7.04%	7.04%	13.19%	16.94%	6.07%	12.10%



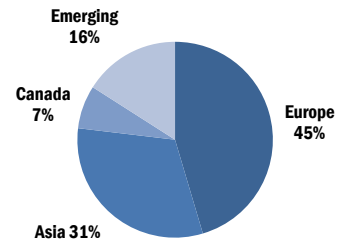
1Q2013 International Market Data

Index Performance Data (net)

Index (US\$)	QTR	YTD	1 yr.	3 yrs.	5 yrs.	10 yrs.
MSCI ACWI ex-US	3.17%	3.17%	8.36%	4.41%	-0.39%	10.93%
MSCI EAFE	5.13%	5.13%	11.25%	5.00%	-0.89%	9.69%
Europe	2.71%	2.71%	10.56%	4.80%	-2.08%	9.72%
United Kingdom	2.48%	2.48%	9.75%	7.99%	0.70%	9.30%
Germany	0.18%	0.18%	8.45%	6.16%	-2.21%	13.26%
France	0.55%	0.55%	8.68%	0.39%	-4.52%	8.61%
Pacific	9.74%	9.74%	12.85%	5.72%	1.85%	9.64%
Japan	11.63%	11.63%	8.54%	3.35%	-0.52%	6.96%
Hong Kong	3.49%	3.49%	17.04%	10.28%	5.77%	14.65%
Australia	9.06%	9.06%	22.20%	9.24%	6.01%	15.75%
Canada	0.88%	0.88%	3.44%	2.96%	0.96%	13.25%
MSCI EM	-1.62%	-1.62%	1.96%	3.27%	1.09%	17.05%
MSCI EM Latin America	0.89%	0.89%	-4.34%	-0.09%	0.36%	22.85%
MSCI EM Asia	-1.35%	-1.35%	5.21%	4.94%	2.20%	15.69%
MSCI EM Eur/Mid East	-2.64%	-2.64%	1.39%	0.62%	-4.13%	14.13%
MSCI ACWI Value ex-US	1.81%	1.81%	7.57%	3.30%	-0.62%	11.49%
MSCI ACWI Growth ex-US	4.51%	4.51%	9.10%	5.47%	-0.21%	10.31%
MSCI AC World Sm Cap ex-US	6.54%	6.54%	10.48%	6.95%	2.54%	14.27%

Regional Exposure

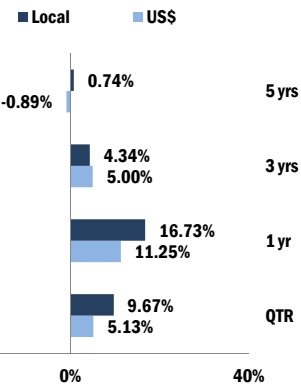
MSCI ACWI ex-USA



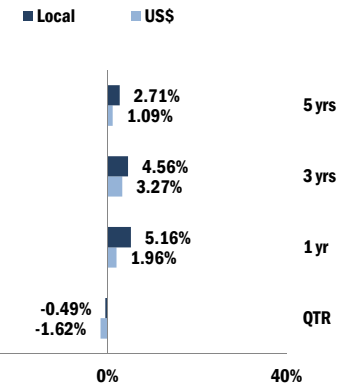
Top 10 Countries (MSCI AC World ex-USA)

UK	15%
Japan	15%
Canada	8%
France	6%
Australia	6%
Switzerland	6%
Germany	6%
China	4%
South Korea	3%
Brazil	3%

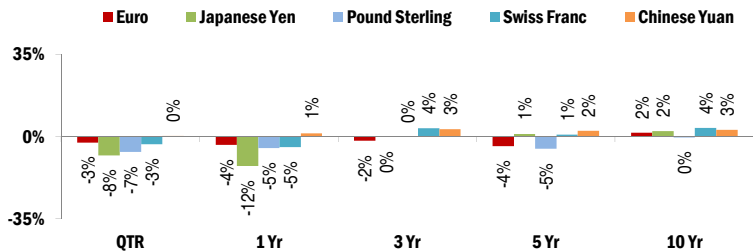
MSCI EAFE Index Return



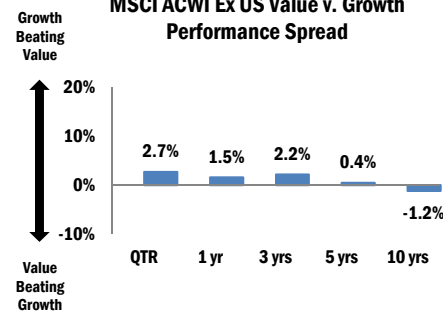
MSCI Emerging Index Return



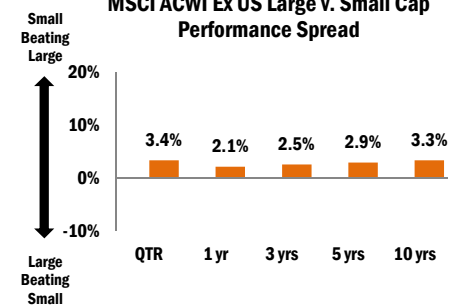
Foreign Currency v. US\$ Returns



MSCI ACWI Ex US Value v. Growth Performance Spread



MSCI ACWI Ex US Large v. Small Cap Performance Spread



Exchange Rates

Exchange Rates	1Q13	4Q12	3Q12	2Q12	1Q12	4Q11
Japanese yen	94.02	86.47	77.80	79.79	82.30	76.94
Euro	0.78	0.76	0.78	0.79	0.75	0.77
British pound	0.66	0.62	0.62	0.64	0.63	0.64
Swiss franc	0.95	0.92	0.94	0.95	0.90	0.94
Chinese Yuan	6.21	6.23	6.28	6.35	6.30	6.29

Historical Market Returns

Ranked by Performance

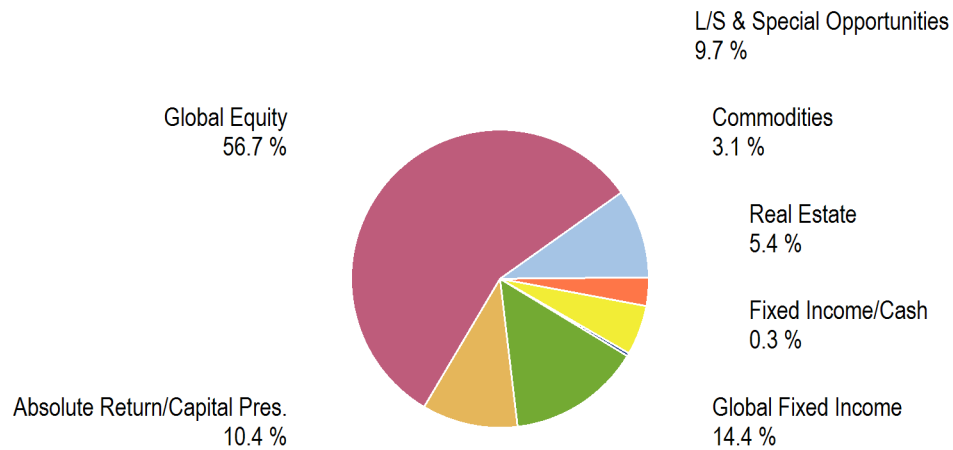
1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	1Q13
Emerging Markets 66.49%	Commod. 31.84%	US Bonds 8.44%	Commod. 25.91%	Emerging Markets 55.82%	Emerging Markets 25.55%	Emerging Markets 34.00%	Emerging Markets 32.14%	Emerging Markets 39.42%	US Bonds 5.24%	Emerging Markets 78.51%	Small Cap 26.85%	Core Real Estate 14.96%	Emerging Markets 18.22%	Mid Cap 12.96%
Intl 30.63%	TIPS 13.18%	TIPS 7.90%	TIPS 16.57%	Small Cap 47.25%	Intl 20.91%	Commod. 21.36%	Intl 26.65%	Intl 16.65%	Global Bonds 4.79%	High Yield 58.21%	Mid Cap 25.48%	TIPS 13.56%	Mid Cap 17.28%	Small Cap 12.39%
Commod. 24.35%	Core Real Estate 13.17%	High Yield 5.28%	Global Bonds 16.52%	Intl 40.83%	Mid Cap 20.22%	Core Real Estate 20.15%	Small Cap 18.37%	Commod. 16.23%	Cash 1.39%	Intl 41.45%	Emerging Markets 18.88%	US Bonds 7.84%	Intl 16.83%	Large Cap 10.61%
Small Cap 21.26%	US Bonds 11.63%	Core Real Estate 4.61%	US Bonds 10.26%	Mid Cap 40.06%	Small Cap 18.33%	Intl 16.62%	Large Cap 15.79%	Core Real Estate 14.84%	TIPS -2.35%	Mid Cap 40.48%	Commod. 16.83%	Global Bonds 5.64%	Small Cap 16.35%	Global Balanced 3.91%
Large Cap 21.04%	Mid Cap 8.25%	Cash 3.34%	Core Real Estate 4.58%	High Yield 28.97%	Global Balanced 12.18%	Mid Cap 12.65%	Core Real Estate 15.27%	TIPS 11.64%	Core Real Estate -10.70%	Small Cap 27.17%	Core Real Estate 15.26%	High Yield 4.98%	Large Cap 16.00%	Intl 3.17%
Mid Cap 18.23%	Cash 5.98%	Small Cap 2.49%	Cash 1.63%	Large Cap 28.68%	Core Real Estate 12.00%	Large Cap 4.91%	Mid Cap 15.26%	Global Bonds 9.48%	Global Balanced -24.51%	Large Cap 26.46%	High Yield 15.12%	Large Cap 2.11%	High Yield 15.81%	High Yield 2.89%
Global Balanced 12.98%	Global Bonds 3.17%	Global Bonds 1.57%	High Yield -1.41%	Global Balanced 24.27%	High Yield 11.13%	Small Cap 4.55%	Global Balanced 14.53%	Global Balanced 9.07%	High Yield -26.16%	Global Balanced 20.49%	Large Cap 15.06%	Cash 0.06%	Global Balanced 11.06%	Core Real Estate 2.45%
Core Real Estate 12.05%	Small Cap -3.02%	Emerging Markets -2.62%	Emerging Markets -6.17%	Commod. 23.93%	Large Cap 10.88%	Global Balanced 4.16%	High Yield 11.85%	US Bonds 6.97%	Small Cap -33.79%	Commod. 18.91%	Intl 11.15%	Global Balanced -0.97%	Core Real Estate 9.76%	Cash 0.02%
Cash 4.78%	High Yield -5.86%	Mid Cap -5.62%	Global Balanced -6.58%	Global Bonds 12.51%	Global Bonds 9.27%	Cash 3.25%	Global Bonds 6.64%	Mid Cap 5.60%	Commod. -35.65%	TIPS 11.41%	Global Balanced 9.40%	Mid Cap -1.55%	TIPS 6.98%	US Bonds -0.12%
High Yield 2.39%	Global Balanced -6.70%	Global Balanced -9.04%	Intl -14.95%	TIPS 8.40%	Commod. 9.15%	TIPS 2.84%	Cash 4.85%	Large Cap 5.49%	Large Cap -37.00%	Global Bonds 6.93%	US Bonds 6.54%	Small Cap -4.18%	Global Bonds 4.32%	TIPS -0.36%
TIPS 2.39%	Large Cap -9.10%	Large Cap -11.89%	Mid Cap -16.19%	Core Real Estate 8.28%	TIPS 8.46%	High Yield 2.74%	US Bonds 4.33%	Cash 4.44%	Mid Cap -41.46%	US Bonds 5.93%	TIPS 6.31%	Commod. -13.32%	US Bonds 4.21%	Commod. -1.13%
US Bonds -0.82%	Intl -15.31%	Commod. -19.51%	Small Cap -20.48%	US Bonds 4.10%	US Bonds 4.34%	US Bonds 2.43%	Commod. 2.07%	High Yield 1.87%	Intl -45.53%	Cash 0.16%	Global Bonds 5.54%	Intl -13.71%	Cash 0.08%	Emerging Markets -1.62%
Global Bonds -5.17%	Emerging Markets -30.83%	Intl -19.73%	Large Cap -22.10%	Cash 1.03%	Cash 1.44%	Global Bonds -4.49%	TIPS 0.41%	Small Cap -1.57%	Emerging Markets -53.33%	Core Real Estate -30.40%	Cash 0.15%	Emerging Markets -18.42%	Commod. -1.06%	Global Bonds -2.10%

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

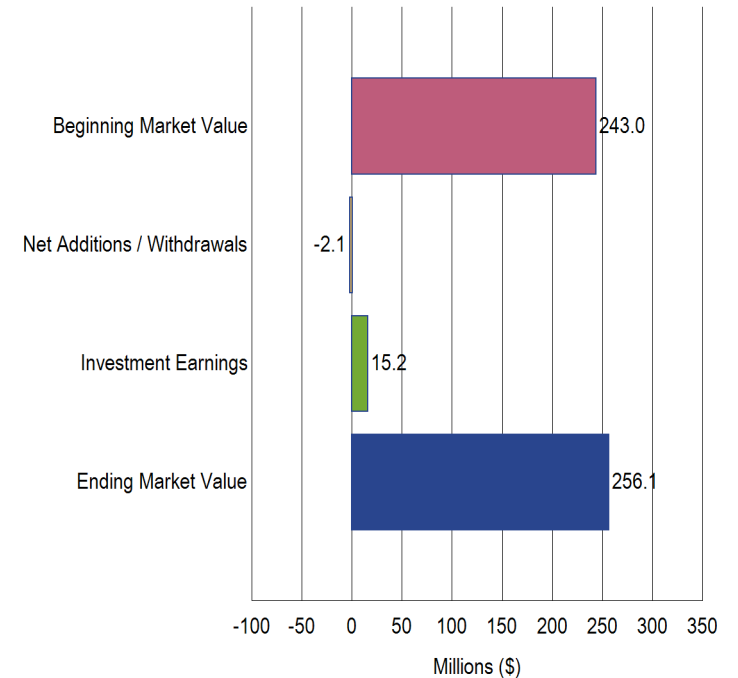
Spokane Employees' Retirement System

As of March 31, 2013

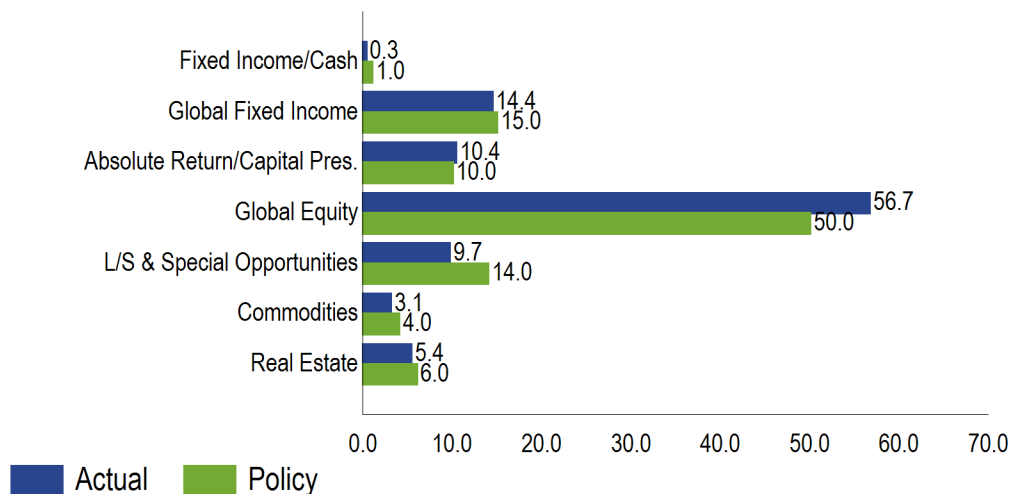
Current Allocation



Current Quarter



Actual vs Target Allocation (%)



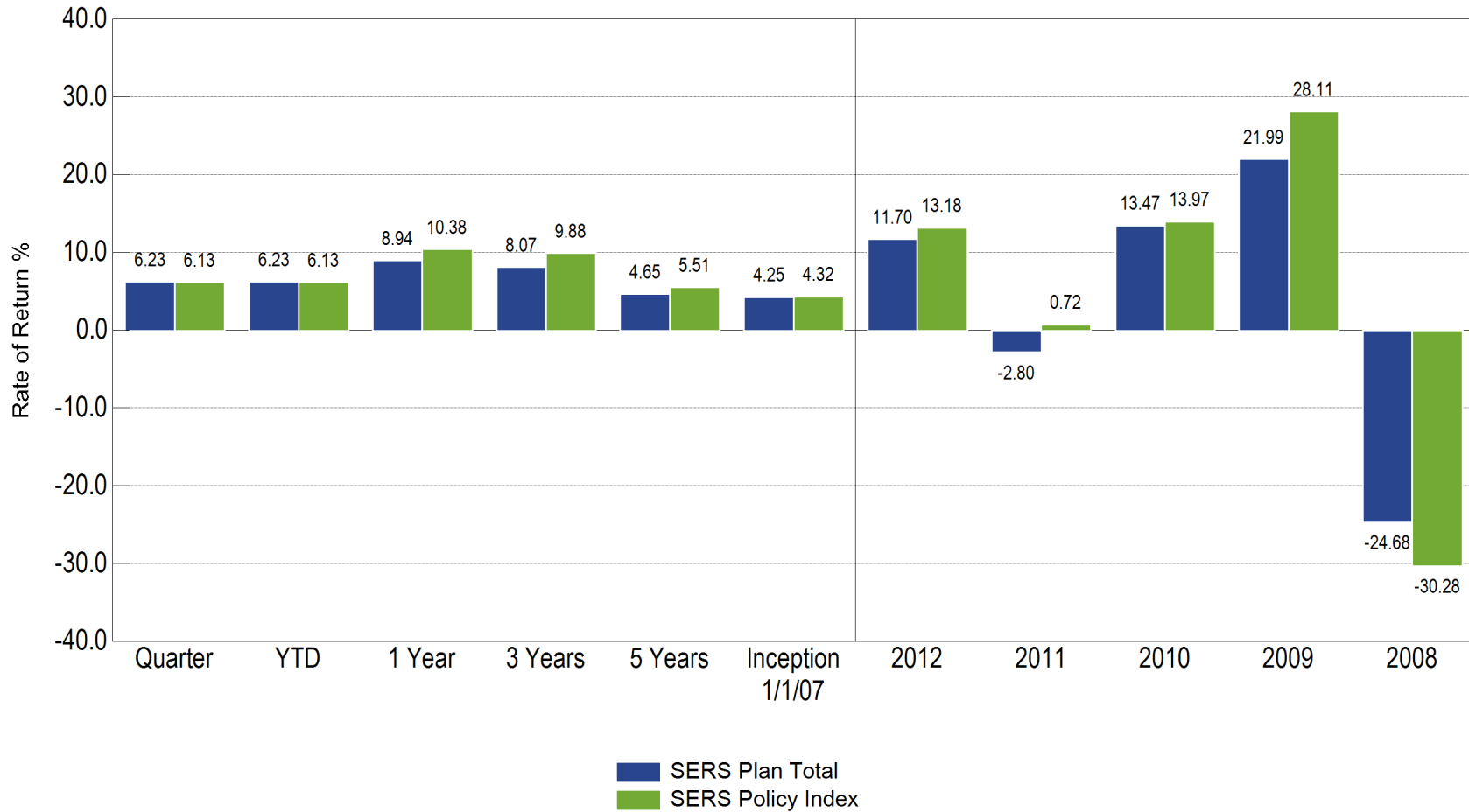
Current Market Value:

\$256,135,880

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%

Return Summary
Ending March 31, 2013



Spokane Employees' Retirement System

As of March 31, 2013

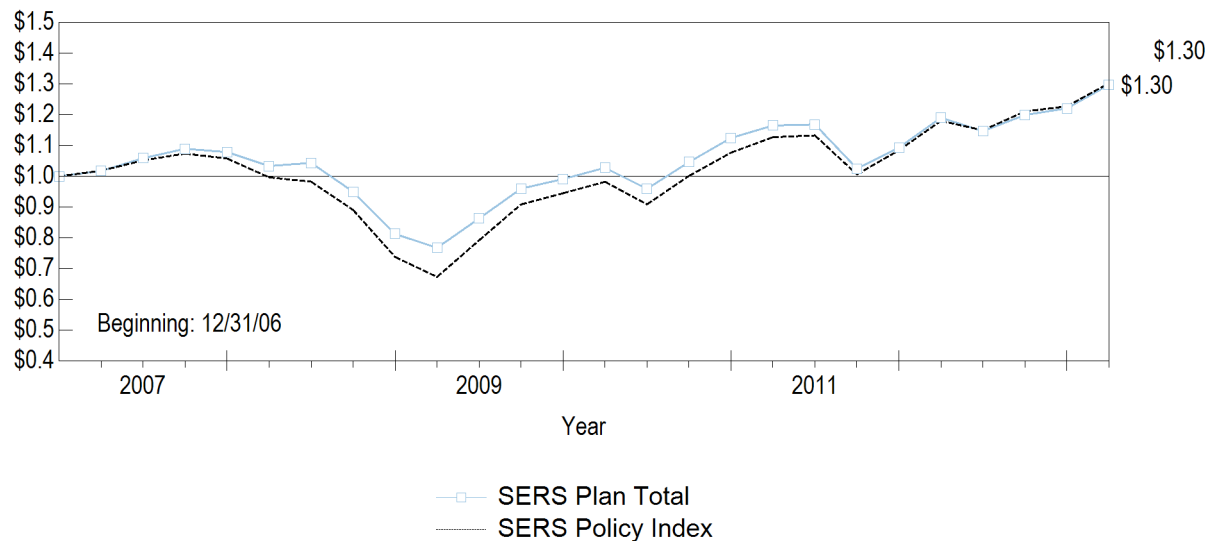
	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	Return (%)	Since
SERS Plan Total	6.23	6.23	8.94	8.07	4.65	11.70	-2.80	13.47	21.99	-24.68	4.25	Jan-07
SERS Policy Index	<u>6.13</u>	<u>6.13</u>	<u>10.38</u>	<u>9.88</u>	<u>5.51</u>	<u>13.18</u>	<u>0.72</u>	<u>13.97</u>	<u>28.11</u>	<u>-30.28</u>	<u>4.32</u>	Jan-07
Over/Under	0.10	0.10	-1.44	-1.81	-0.86	-1.48	-3.52	-0.50	-6.12	5.60	-0.07	
70/30 S&P 500/Barclays Aggregate	7.32	7.32	10.96	10.78	6.11	12.49	4.08	12.92	20.44	-26.03	4.80	Jan-07
Fixed Income Total	0.68	0.68	6.32	5.37	6.08	8.22	3.12	5.99	10.76	4.07	6.33	Apr-07
Barclays Aggregate	<u>-0.12</u>	<u>-0.12</u>	<u>3.77</u>	<u>5.52</u>	<u>5.47</u>	<u>4.21</u>	<u>7.84</u>	<u>6.54</u>	<u>5.93</u>	<u>5.24</u>	<u>5.83</u>	Apr-07
Over/Under	0.80	0.80	2.55	-0.15	0.61	4.01	-4.72	-0.55	4.83	-1.17	0.50	
Absolute Return/Capital Pres	2.02	2.02	4.52	4.21	-0.49	6.68	2.63	-0.34	-0.05	-11.23	-0.24	Jan-08
HFRI FOF: Conservative Index	<u>2.81</u>	<u>2.81</u>	<u>4.56</u>	<u>2.21</u>	<u>-0.36</u>	<u>4.22</u>	<u>-3.55</u>	<u>5.07</u>	<u>9.65</u>	<u>-19.86</u>	<u>-0.89</u>	Jan-08
Over/Under	-0.79	-0.79	-0.04	2.00	-0.13	2.46	6.18	-5.41	-9.70	8.63	0.65	
Barclays Aggregate	-0.12	-0.12	3.77	5.52	5.47	4.21	7.84	6.54	5.93	5.24	5.63	Jan-08
Long Short/Special Opps Total	4.91	4.91	3.47	2.21	0.97	3.81	-6.31	7.61	17.81	--	0.97	Apr-08
HFRI Fund of Funds Composite Index	<u>3.35</u>	<u>3.35</u>	<u>4.77</u>	<u>2.10</u>	<u>-0.24</u>	<u>4.79</u>	<u>-5.72</u>	<u>5.70</u>	<u>11.47</u>	<u>-21.37</u>	<u>-0.24</u>	Apr-08
Over/Under	1.56	1.56	-1.30	0.11	1.21	-0.98	-0.59	1.91	6.34		1.21	
S&P 500	10.61	10.61	13.96	12.67	5.81	16.00	2.11	15.06	26.46	-37.00	5.81	Apr-08
Large Cap Equity Total	10.86	10.86	12.71	11.63	5.20	15.42	-0.61	15.76	27.61	-37.39	4.44	Apr-07
S&P 500	<u>10.61</u>	<u>10.61</u>	<u>13.96</u>	<u>12.67</u>	<u>5.81</u>	<u>16.00</u>	<u>2.11</u>	<u>15.06</u>	<u>26.46</u>	<u>-37.00</u>	<u>3.91</u>	Apr-07
Over/Under	0.25	0.25	-1.25	-1.04	-0.61	-0.58	-2.72	0.70	1.15	-0.39	0.53	
Mid Cap Equity Total	13.32	13.32	13.32	12.69	8.02	14.18	-2.95	22.88	37.22	-35.55	6.47	Apr-07
Russell MidCap	<u>12.96</u>	<u>12.96</u>	<u>17.30</u>	<u>14.62</u>	<u>8.37</u>	<u>17.28</u>	<u>-1.55</u>	<u>25.48</u>	<u>40.48</u>	<u>-41.46</u>	<u>5.28</u>	Apr-07
Over/Under	0.36	0.36	-3.98	-1.93	-0.35	-3.10	-1.40	-2.60	-3.26	5.91	1.19	
Small Cap Equity Total	12.84	12.84	14.20	13.53	5.79	12.78	-3.08	26.03	24.96	-39.70	2.33	Apr-07
Russell 2000	<u>12.39</u>	<u>12.39</u>	<u>16.30</u>	<u>13.45</u>	<u>8.24</u>	<u>16.35</u>	<u>-4.18</u>	<u>26.86</u>	<u>27.17</u>	<u>-33.79</u>	<u>4.37</u>	Apr-07
Over/Under	0.45	0.45	-2.10	0.08	-2.45	-3.57	1.10	-0.83	-2.21	-5.91	-2.04	

Spokane Employees' Retirement System

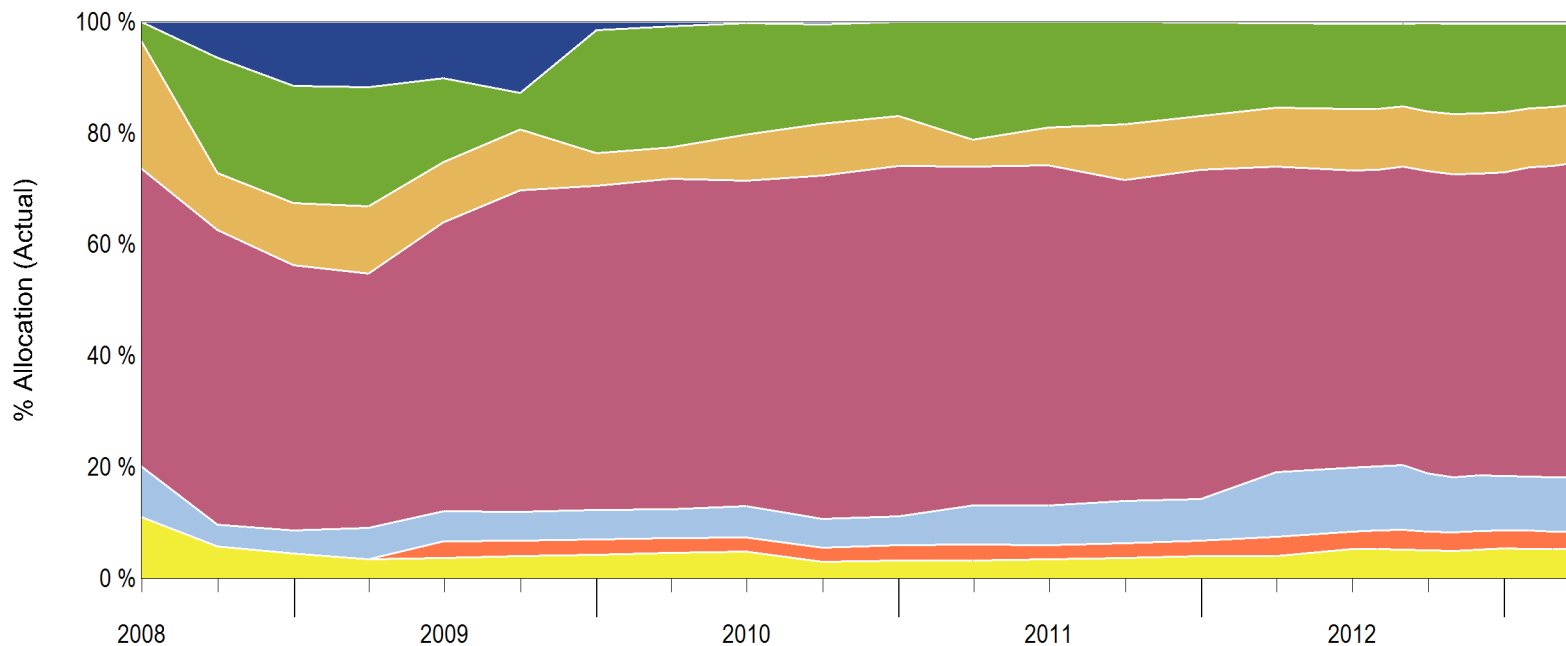
As of March 31, 2013

	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	Return (%)	Since
International Equity Total	4.73	4.73	11.04	6.83	2.14	18.48	-13.72	17.28	38.62	-39.76	3.02	Apr-07
MSCI ACWI ex USA	3.17	3.17	8.36	4.41	-0.39	16.83	-13.71	11.15	41.45	-45.53	0.03	Apr-07
Over/Under	1.56	1.56	2.68	2.42	2.53	1.65	-0.01	6.13	-2.83	5.77	2.99	
Commodities Total	0.34	0.34	-5.40	1.38	--	-1.87	-3.28	7.17	--	--	--	Apr-09
S&P GSCI Total Return Index	0.55	0.55	-4.96	3.04	-9.74	0.08	-1.18	9.03	13.48	-46.49	8.32	Apr-09
Over/Under	-0.21	-0.21	-0.44	-1.66		-1.95	-2.10	-1.86				
S&P 500	10.61	10.61	13.96	12.67	5.81	16.00	2.11	15.06	26.46	-37.00	20.98	Apr-09
Real Estate Total	5.09	5.09	11.73	14.63	4.73	15.17	9.44	23.35	13.84	-30.09	0.97	Apr-07
RE Index - SERS	8.07	8.07	15.93	17.41	6.83	18.63	8.33	27.83	28.01	-38.25	1.94	Apr-07
Over/Under	-2.98	-2.98	-4.20	-2.78	-2.10	-3.46	1.11	-4.48	-14.17	8.16	-0.97	

GROWTH OF A DOLLAR



Asset Allocation History
4 Years 9 Months Ending March 31, 2013



6.4	11.5	11.7	10.1	12.8	1.5	0.8	0.2	0.5	0.0	0.0	0.0	0.0	0.1	0.2	0.3	0.3	0.3	0.3
20.8	21.0	21.4	15.2	6.5	22.0	21.8	20.1	17.8	16.8	21.2	19.0	18.4	16.9	15.2	15.4	15.8	15.9	14.4
10.2	11.2	12.1	10.8	11.0	6.0	5.7	8.3	9.3	8.9	4.8	6.8	10.0	9.7	10.6	11.0	10.8	10.8	10.4
52.9	47.6	45.6	51.8	57.7	58.2	59.3	58.4	61.7	63.0	60.9	61.1	57.6	59.1	54.9	53.4	54.3	54.6	56.7
4.0	4.2	5.6	5.4	5.2	5.2	5.2	5.6	5.2	5.2	7.0	7.1	7.6	7.5	11.5	11.5	10.5	9.8	9.7
--	--	0.0	3.0	2.7	2.8	2.6	2.6	2.5	2.7	2.8	2.6	2.6	2.7	3.5	3.2	3.4	3.2	3.1
5.7	4.5	3.5	3.7	4.1	4.3	4.6	4.8	3.0	3.3	3.3	3.5	3.7	4.1	4.1	5.3	5.1	5.4	5.4

- Fixed Income/Cash
 Global Equity
 Commodities
- Global Fixed Income
 L/S & Special Opportunities
 Real Estate
- Absolute Return/Capital Pres.