

Quarterly Report

Q4-13

Asset Class Performance (gross of fees) – periods ending December 31, 2013

	YTD	Annualized Return						Ann. Std.Dev.	Performance	Published Calendar Year Returns ³					% of	Market	
		Qtr	(12-mo.)	1-Year	3-Year	5-Year	7-Year			ITD	ITD ⁴	Inception Date ¹	2012	2011			2010
Total Fund	5.10	15.52	15.52	9.37	10.32	3.69	8.83	9.82									
<i>Policy Index²</i>	<i>5.12</i>	<i>16.03</i>	<i>16.03</i>	<i>10.25</i>	<i>11.03</i>	<i>4.89</i>	<i>9.14</i>	<i>9.32</i>	07/1984	14.00	-0.04	13.21	10.80	-26.77	100.0%	2,221,099,092	
U.S. Equity	9.84	32.73	32.73	15.60	19.40	6.52	10.81	17.72									
<i>U.S. Equity Custom Index (blend)⁵</i>	<i>9.53</i>	<i>29.48</i>	<i>29.48</i>	<i>14.78</i>	<i>17.81</i>	<i>5.92</i>	<i>11.09</i>	<i>17.03</i>	04/1984	15.90	0.43	21.35	29.31	-38.19	32.5%	721,062,455	
BlackRock Russell 1000	10.22	33.14	33.14	16.34	---	---	16.30	14.27	01/2010	16.47	1.56	16.17	---	---	2.0%	44,504,231	
<i>Russell 1000 Index</i>	<i>10.23</i>	<i>33.11</i>	<i>33.11</i>	<i>16.30</i>	---	---	<i>16.25</i>	<i>14.28</i>		<i>16.42</i>	<i>1.50</i>	<i>16.10</i>	---	---			
RhumbLine Russell 1000	10.18	33.01	33.01	16.23	---	---	20.96	13.29	07/2010	16.39	1.42	---	---	---	14.4%	319,795,100	
<i>Russell 1000 Index</i>	<i>10.23</i>	<i>33.11</i>	<i>33.11</i>	<i>16.30</i>	---	---	<i>21.04</i>	<i>13.35</i>		<i>16.42</i>	<i>1.50</i>	---	---	---			
Fisher Small Cap Value	9.21	40.07	40.07	---	---	---	16.04	18.00	02/2011	16.01	---	---	---	---	4.0%	89,145,083	
<i>Russell 2000 Value Index</i>	<i>9.30</i>	<i>34.52</i>	<i>34.52</i>	---	---	---	<i>14.91</i>	<i>16.26</i>		<i>18.05</i>	---	---	---	---			
U.S. Equity Transition Account ⁸	10.26	13.79	---	---	---	---	13.79	3.27	09/2013	---	---	---	---	---	5.4%	120,542,403	
<i>S&P 500 Index</i>	<i>10.51</i>	<i>13.98</i>	---	---	---	---	<i>13.98</i>	<i>3.07</i>		---	---	---	---	---			
Parametric	8.86	27.27	27.27	---	---	---	26.18	7.17	12/2012	---	---	---	---	---	6.6%	147,075,616	
<i>CBOE BXM Index</i>	<i>7.13</i>	<i>13.26</i>	<i>13.26</i>	---	---	---	<i>12.31</i>	<i>4.84</i>		---	---	---	---	---			
Non-U.S. Equity⁶	5.23	17.31	17.31	6.61	13.22	2.03	5.78	19.71									
<i>MSCI ACWI ex US IMI ND (blend)⁷</i>	<i>4.75</i>	<i>15.82</i>	<i>15.82</i>	<i>6.20</i>	<i>11.20</i>	<i>0.98</i>	<i>5.39</i>	<i>18.94</i>	01/1994	18.46	-12.80	12.84	36.06	-43.69	28.0%	621,026,310	
BlackRock World ex U.S. ⁸	5.57	15.05	---	---	---	---	15.05	11.90	02/2013 ⁹	---	---	---	---	---	8.9%	197,752,342	
<i>MSCI World ex U.S. ND</i>	<i>5.56</i>	<i>14.66</i>	---	---	---	---	<i>14.66</i>	<i>11.90</i>		---	---	---	---	---			
PIMCO ⁸	6.02	15.23	---	---	---	---	15.23	9.65	03/2013	---	---	---	---	---	4.9%	108,779,759	
<i>MSCI World ex U.S. ND</i>	<i>5.56</i>	<i>16.51</i>	---	---	---	---	<i>16.51</i>	<i>12.05</i>		---	---	---	---	---			
Research Affiliates ⁸	7.70	21.80	---	---	---	---	21.80	14.92	02/2013	---	---	---	---	---	5.5%	121,402,356	
<i>MSCI World ex U.S. ND</i>	<i>5.56</i>	<i>15.35</i>	---	---	---	---	<i>15.35</i>	<i>11.74</i>		---	---	---	---	---			
DFA Intl Small Cap	6.86	28.09	28.09	9.26	18.33	4.83	14.34	19.00	05/2003	19.49	-14.79	24.63	42.75	-43.56	2.9%	63,819,309	
<i>MSCI World ex U.S. Small Cap ND (blend)¹⁰</i>	<i>5.51</i>	<i>25.55</i>	<i>25.55</i>	<i>7.49</i>	<i>18.45</i>	<i>3.26</i>	<i>13.22</i>	<i>20.01</i>		<i>17.48</i>	<i>-15.81</i>	<i>24.51</i>	<i>50.82</i>	<i>-48.03</i>			
JP Morgan	1.88	-1.39	-1.39	---	---	---	-1.39	12.44	01/2013	---	---	---	---	---	5.8%	129,084,445	
<i>MSCI EM IMI Index ND</i>	<i>1.77</i>	<i>-2.20</i>	<i>-2.20</i>	---	---	---	<i>-2.20</i>	<i>11.87</i>		---	---	---	---	---			
U.S. Fixed Income	0.31	-0.98	-0.98	4.90	8.38	4.83	7.85	5.52									
<i>Barclays U.S. Universal Index¹¹</i>	<i>0.22</i>	<i>-1.35</i>	<i>-1.35</i>	<i>3.79</i>	<i>5.41</i>	<i>5.13</i>	<i>7.95</i>	<i>4.72</i>	04/1984	8.94	6.99	7.37	19.45	-4.27	21.1%	467,844,723	
PIMCO Total Return	0.10	-1.31	-1.31	4.16	---	---	5.18	3.37	12/2009	9.34	4.74	9.61	---	---	5.6%	124,750,965	
<i>Barclays U.S. Universal Index</i>	<i>0.22</i>	<i>-1.35</i>	<i>-1.35</i>	<i>3.79</i>	---	---	<i>4.21</i>	<i>2.81</i>		<i>5.53</i>	<i>7.40</i>	<i>7.16</i>	---	---			
Reams Asset	0.29	-0.90	-0.90	5.66	11.48	7.78	6.79	7.64	10/2001	9.82	8.38	10.56	32.02	-9.10	5.6%	124,608,069	
<i>Barclays U.S. Universal Index</i>	<i>0.22</i>	<i>-1.35</i>	<i>-1.35</i>	<i>3.79</i>	<i>5.41</i>	<i>5.13</i>	<i>5.25</i>	<i>3.28</i>		<i>5.53</i>	<i>7.40</i>	<i>7.16</i>	<i>8.60</i>	<i>2.38</i>			
Western Asset	0.61	-0.23	-0.23	5.64	9.02	5.88	6.32	4.67	10/2001	9.81	7.62	10.24	18.46	-7.05	5.6%	124,792,453	
<i>Barclays U.S. Universal Index</i>	<i>0.22</i>	<i>-1.35</i>	<i>-1.35</i>	<i>3.79</i>	<i>5.41</i>	<i>5.13</i>	<i>5.25</i>	<i>3.28</i>		<i>5.53</i>	<i>7.40</i>	<i>7.16</i>	<i>8.60</i>	<i>2.38</i>			
Pugh Capital	0.18	-1.80	-1.80	3.91	5.62	5.64	6.52	3.87	01/1995	5.58	8.21	7.36	9.14	4.60	4.2%	93,693,236	
<i>Barclays U.S. Aggregate Index</i>	<i>-0.14</i>	<i>-2.02</i>	<i>-2.02</i>	<i>3.26</i>	<i>4.44</i>	<i>4.91</i>	<i>6.22</i>	<i>3.76</i>		<i>4.22</i>	<i>7.84</i>	<i>6.54</i>	<i>5.93</i>	<i>5.24</i>			

¹Performance inception date for the Total Fund and asset classes is the month/year of the earliest historical return available; for managers it is the month/year of the manager's first full month of performance available since funding. Note, the earliest historical return available for the Total Fund is 4/1984, how ever the earliest historical return available for the Policy Index is 7/1984.

²Policy benchmark consists of 25% R3000, 6% CBOE BXM, 27% MSCI ACWI ex US IMI ND, 20% BC Universal, 4% CPI+3%, 6% R3000+3% (qtr lagged), 12% NCREIF ODCE (qtr lagged) 1/1/2013-present. The policy benchmark allocation utilizes the evolving policy target allocation effective January 2013. See Appendix for historical policy benchmark composition.

³Total Fund, Policy Index, asset class, and manager 1-year returns are shown as published in each respective calendar year's fourth quarter report. These returns do not reflect any retroactive changes following publication.

⁴Inception-to-date standard deviation is calculated using quarterly data (starting with the first full quarterly return) for the aggregates and managers with inception dates prior to 4/2007. Monthly data was used for all other managers.

⁵81% Russell 3000, 19% CBOE BXM 11/1/2012-present; 100% Russell 3000 prior.

⁶Includes approximately \$188,100 in the BlackRock SCERS EAFExSRF accrual account.

⁷MSCI ACWI ex US IMI ND 12/1/2012-present; MSCI EAFE ND prior.

⁸A partial YTD return is shown for the manager and its respective benchmark; calculated since the fund's inception.

⁹SCERS invested in the BlackRock World ex US Fund on 2/1/2013. Per SCERS' request, the fund's partial month performance (from 2/4/2013) is included and is shown versus its respective benchmark for the same period.

¹⁰MSCI EAFE Small Cap GD 5/1/2003-6/30/2005; MSCI World ex US Small Cap ND 7/01/2005-present; this change was approved by the Board on 10/5/2011.

¹¹For Inception to Date period: BC U.S. Universal 1/01/1990 - present, BC U.S. Aggregate prior.



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Asset Class Performance (gross of fees) – periods ending December 31, 2013

	Annualized Return								Ann. Std.Dev.	Performance Inception Date ³	Published Calendar Year Returns ⁴					% of Total Fund	Market Value (\$)
	Qtr	YTD ¹ (12-mo.)	1-Year	3-Year	5-Year	7-Year	ITD	ITD ²			2012	2011	2010	2009	2008		
Real Return	0.71	1.87	1.87	3.32	---	---	3.32	3.13		01/2011	7.54	0.69	---	---	---	5.1%	112,596,974
<i>Consumer Price Index + 3.0%</i>	<i>0.27</i>	<i>4.55</i>	<i>4.55</i>	<i>5.13</i>	---	---	<i>5.13</i>	<i>1.20</i>			<i>4.79</i>	<i>6.04</i>	---	---	---		
BlackRock Quantitative Strategic Partners Inc. ⁵	3.16	11.56	11.56	7.40	10.99	4.85	8.10	7.24		01/1999	8.12	2.70	9.84	23.81	-24.89	2.4%	53,849,943
<i>Consumer Price Index + 3.0%</i>	<i>0.27</i>	<i>4.55</i>	<i>4.55</i>	<i>5.13</i>	<i>5.14</i>	<i>5.14</i>	<i>5.44</i>	<i>2.01</i>			<i>4.79</i>	<i>6.04</i>	<i>4.54</i>	<i>5.80</i>	<i>3.10</i>		
PIMCO	-1.45	-5.69	-5.69	---	---	---	-2.94	6.42		10/2012	---	---	---	---	---	2.6%	58,747,031
<i>BC World Government Inflation-Linked (hedged)</i>	<i>-1.43</i>	<i>-5.51</i>	<i>-5.51</i>	---	---	---	<i>-3.09</i>	<i>5.78</i>									
Private Equity (lagged)⁶	-0.03	5.60	5.60	12.28	6.41	---	6.91	7.91		04/2007⁷	19.36	12.29	---	---	---	2.2%	49,147,273
<i>Russell 3000 + 3.0% (lagged)</i>	<i>7.12</i>	<i>25.19</i>	<i>25.19</i>	<i>20.22</i>	<i>13.87</i>	---	<i>8.38</i>	<i>20.06</i>			<i>34.02</i>	<i>3.57</i>	---	---	---		
Babson	7.16	40.27	40.27	25.62	14.48	14.00	13.51	7.50		01/2006	15.61	22.24	7.82	-7.98	7.16	0.1%	2,889,359
Bison	-13.48	-7.06	-7.06	11.18	13.73	---	12.97	10.78		04/2007	27.01	16.41	22.48	13.02	9.92	0.3%	6,364,675
BlackRock Co-Investment ⁵	0.27	11.15	11.15	14.27	6.61	8.41	8.11	9.58		10/2006	9.43	22.68	14.52	-19.40	13.96	0.1%	2,931,564
Capital Point Partners	1.48	8.13	8.13	12.20	12.70	---	12.83	2.82		04/2008	8.44	20.46	14.06	12.84	---	0.2%	4,394,601
Carlyle Mezzanine Partners	2.83	5.88	5.88	14.04	-0.57	5.30	6.15	15.06		01/2006	21.04	15.74	-7.69	-29.02	4.53	0.2%	4,469,263
Harbourvest Dover Street VIII	5.94	---	---	---	---	---	5.94	---		10/2013	---	---	---	---	---	0.0%	1,051,984
Imperium Renewables ⁵	0.00	0.00	0.00	3.87	-14.20	---	-10.72	31.05		04/2007	47.98	-24.27	0.00	0.00	0.00	0.3%	6,045,571
Nogales Investors Fund II	0.23	2.95	2.95	9.39	8.56	-3.83	-3.83	23.27		01/2007	13.14	12.37	7.15	7.51	12.09	0.2%	3,777,884
Oaktree Capital Mezzanine	2.74	13.33	13.33	18.64	13.24	11.60	10.36	8.41		01/2006	26.57	16.43	17.99	-5.50	4.31	0.2%	4,606,993
Smith Whiteley Pelham Fund	4.53	21.30	21.30	10.84	15.94	12.10	11.66	11.41		10/2006	8.57	3.38	22.35	25.77	22.58	0.3%	5,927,561
Sonics, Inc.	0.00	-32.86	-32.86	-17.95	---	---	-16.31	26.04		09/2010	19.40	-31.11	---	---	---	0.0%	93,159
TCW	2.13	6.80	6.80	12.83	9.33	5.84	5.44	12.48		07/2006	23.88	8.58	13.53	-4.20	2.17	0.3%	5,876,552
Verdiem Corp.	0.00	0.00	0.00	-9.45	---	---	-8.55	14.29		09/2010	0.00	-25.76	---	---	---	0.0%	718,107
<i>Russell 3000 + 3.0% (lagged)</i>	<i>7.12</i>	<i>25.19</i>	<i>25.19</i>	<i>20.22</i>	<i>13.87</i>	<i>9.25</i>	---	---			<i>34.02</i>	<i>3.57</i>	<i>14.27</i>	<i>-3.59</i>	<i>-19.12</i>		
Real Estate (lagged)⁶	2.64	11.75	11.75	12.32	-0.55	1.97	8.21	6.29		01/1994	13.26	11.94	0.12	-31.33	-10.60	10.4%	230,224,236
<i>NCREIF ODCE (gross) (lagged)⁸</i>	<i>3.56</i>	<i>13.04</i>	<i>13.04</i>	<i>14.27</i>	<i>0.68</i>	<i>3.38</i>	<i>8.61</i>	<i>6.52</i>			<i>11.61</i>	<i>18.27</i>	<i>6.97</i>	<i>-35.19</i>	<i>3.19</i>		
AEW Core Property Fund	---	---	---	---	---	---	---	---		01/2014	---	---	---	---	---	0.9%	19,516,023
Carlyle Realty Fund IV	3.97	18.45	18.45	6.64	-10.27	-3.02	-2.44	20.61		07/2005	11.41	-8.09	-6.50	-48.97	-16.36	0.5%	12,121,272
JP Morgan Combined Real Estate	4.47	15.53	15.53	16.01	---	---	16.01	1.90		01/2011	13.36	19.20	---	---	---	4.0%	88,696,123
JP Morgan Tactical Allocation Program	1.68	11.45	11.45	14.39	3.74	3.86	10.34	9.27		10/1999	18.76	13.10	13.64	-29.37	-18.17	3.8%	84,237,229
TA Associates Realty Fund VI	-9.99	-31.00	-31.00	-9.22	-10.80	-2.52	2.85	14.18		04/2003	3.13	5.14	-9.17	-16.98	17.94	0.1%	2,419,916
TA Associates Realty Fund VII	-1.04	4.50	4.50	4.82	-6.09	0.32	2.48	13.58		10/2005	5.55	4.40	-22.41	-18.25	18.71	0.4%	9,274,739
TA Associates Realty Fund VIII	1.04	6.79	6.79	4.73	-4.62	---	-2.02	11.01		10/2007	2.18	5.29	-18.75	-15.43	10.22	0.6%	13,958,934
<i>NCREIF ODCE (gross) (lagged)⁸</i>	<i>3.56</i>	<i>13.04</i>	<i>13.04</i>	<i>14.27</i>	<i>0.68</i>	<i>3.38</i>	---	---			<i>11.61</i>	<i>18.27</i>	<i>6.97</i>	<i>-35.19</i>	<i>3.19</i>		
Cash & Cash Equivalents	-1.19	-0.69	-0.69	0.48	1.41	2.42	4.93	1.41		01/1987	1.13	1.03	2.75	2.89	4.45	0.4%	9,666,131
<i>Citigroup 3-Month T-Bills</i>	<i>0.01</i>	<i>0.05</i>	<i>0.05</i>	<i>0.07</i>	<i>0.10</i>	<i>0.99</i>	<i>3.70</i>	<i>1.23</i>			<i>0.07</i>	<i>0.08</i>	<i>0.13</i>	<i>0.16</i>	<i>1.80</i>		

¹Due to the three-month lag applied to the Private Equity and Real Estate asset classes and managers, the year-to-date return reflects data from October 1, 2012 - September 30, 2013.

²Inception-to-date standard deviation is calculated using quarterly data (starting with the first full quarterly return) for the aggregates and managers with inception dates prior to 4/2007 and managers reporting quarterly valuations. Monthly data was used for all other managers.

³Performance inception date for asset classes is the month/year of the earliest historical return available; for managers it is the month/year of the manager's first full month of performance available since funding.

⁴Asset class and manager 1-year returns are shown as published in each respective calendar year's fourth quarter report. These returns do not reflect any retroactive changes following publication.

⁵BlackRock Quantitative Strategic Partners - historical returns are net of fees inception-12/2007; BlackRock Co-Investment - historical returns are net of fees inception - 12/2006; Imperium - fees not available (gross = net).

⁶All Private Equity and Real Estate asset class and manager returns are lagged one quarter, with the exception of the BlackRock Co-Investment fund which is lagged two quarters.

⁷The dedicated Private Equity aggregate was established 1/2011. Aggregate returns prior to 1/2011 are shown for illustrative purposes only and were calculated utilizing the managers as of 1/2011. Aggregate returns prior to 4/2007 are unavailable.

⁸The benchmark changed retroactively from NCREIF NPI to NCREIF ODCE for all time periods measured beginning with SCERS' 4Q2011 report. The retroactive change to the benchmark reflects that SCERS' real estate managers have been utilizing leverage historically. The new benchmark was approved by the Board at its meeting on 1/10/2012.

