

Quarterly Report

Q1-13

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

Total Fund	Annualized Return								Ann. Std.Dev.	Performance	Published Calendar Year Returns ^{***}					% of Total Fund	Market Value (\$)
	YTD (3-mo.)	1-Year	3-Year	5-Year	7-Year	ITD	ITD ^{****}	Inception Date [^]			2012	2011	2010	2009	2008		
											2012	2011	2010	2009	2008		
Total Fund	4.82	4.82	10.47	9.61	3.13	3.49	8.73	9.91	07/1984	14.00	-0.04	13.21	10.80	-26.77	100.0%	2,047,424,770	
<i>Policy Index^{^^}</i>	<i>4.43</i>	<i>4.43</i>	<i>10.28</i>	<i>9.33</i>	<i>4.11</i>	<i>4.66</i>	<i>8.99</i>	<i>9.40</i>		<i>14.22</i>	<i>1.13</i>	<i>11.04</i>	<i>15.89</i>	<i>-24.05</i>			
U.S. Equity	10.96	10.96	13.09	13.79	6.97	4.85	10.42	17.90	04/1984	15.90	0.43	21.35	29.31	-38.19	31.8%	651,312,270	
<i>U.S. Equity Custom Index (blend)^{^^^}</i>	<i>9.87</i>	<i>9.87</i>	<i>12.52</i>	<i>12.29</i>	<i>5.93</i>	<i>4.86</i>	<i>10.76</i>	<i>17.20</i>		<i>15.59</i>	<i>1.03</i>	<i>16.93</i>	<i>28.34</i>	<i>-37.31</i>			
Attucks Aggregate (formerly Maxam)	11.59	11.59	10.96	12.76	6.13	---	5.06	19.15	04/2007	13.68	-0.11	20.15	28.70	-37.57	6.7%	137,970,900	
<i>Russell 3000 Index</i>	<i>11.07</i>	<i>11.07</i>	<i>14.56</i>	<i>12.97</i>	<i>6.32</i>	<i>---</i>	<i>4.14</i>	<i>18.58</i>		<i>16.42</i>	<i>1.03</i>	<i>16.93</i>	<i>28.34</i>	<i>-37.31</i>			
BlackRock Russell 1000	10.98	10.98	14.47	12.99	---	---	13.86	15.27	01/2010	16.47	1.56	16.17	---	---	2.4%	48,467,358	
<i>Russell 1000 Index</i>	<i>10.96</i>	<i>10.96</i>	<i>14.43</i>	<i>12.93</i>	<i>---</i>	<i>---</i>	<i>13.80</i>	<i>15.27</i>		<i>16.42</i>	<i>1.50</i>	<i>16.10</i>	<i>---</i>	<i>---</i>			
RhumbLine Russell 1000	10.94	10.94	14.41	---	---	---	19.26	14.33	07/2010	16.39	1.42	---	---	---	13.0%	266,724,773	
<i>Russell 1000 Index</i>	<i>10.96</i>	<i>10.96</i>	<i>14.43</i>	<i>---</i>	<i>---</i>	<i>---</i>	<i>19.35</i>	<i>14.40</i>		<i>16.42</i>	<i>1.50</i>	<i>---</i>	<i>---</i>	<i>---</i>			
Fisher Small Cap Value	13.87	13.87	12.89	---	---	---	11.04	19.92	02/2011	16.01	---	---	---	---	3.5%	72,471,403	
<i>Russell 2000 Value Index</i>	<i>11.63</i>	<i>11.63</i>	<i>18.09</i>	<i>---</i>	<i>---</i>	<i>---</i>	<i>10.63</i>	<i>17.65</i>		<i>18.05</i>	<i>---</i>	<i>---</i>	<i>---</i>	<i>---</i>			
Parametric	8.73	8.73	---	---	---	---	9.91	5.35	12/2012	---	---	---	---	---	6.1%	125,677,836	
<i>CBOE BXM Index</i>	<i>4.82</i>	<i>4.82</i>	<i>---</i>	<i>---</i>	<i>---</i>	<i>---</i>	<i>4.96</i>	<i>3.84</i>		<i>---</i>	<i>---</i>	<i>---</i>	<i>---</i>	<i>---</i>			
Non-U.S. Equity	3.16	3.16	9.37	5.54	-0.03	2.20	5.30	19.95	01/1994	18.46	-12.80	12.84	36.06	-43.69	28.0%	572,685,297	
<i>MSCI ACWI ex US IMI ND (blend)[*]</i>	<i>3.57</i>	<i>3.57</i>	<i>9.96</i>	<i>4.59</i>	<i>-1.12</i>	<i>1.44</i>	<i>5.00</i>	<i>19.16</i>		<i>17.70</i>	<i>-12.14</i>	<i>7.75</i>	<i>31.78</i>	<i>-43.38</i>			
BlackRock EAFE Sudan-Free ^{**}	---	---	---	---	---	---	---	---	05/2009	17.75	-11.75	8.15	---	---	0.0%	636,121	
<i>MSCI EAFE Sudan-Free Index ND</i>	<i>---</i>	<i>---</i>	<i>---</i>	<i>---</i>	<i>---</i>	<i>---</i>	<i>---</i>	<i>---</i>		<i>17.32</i>	<i>-12.11</i>	<i>7.74</i>	<i>---</i>	<i>---</i>			
BlackRock World ex U.S. ^{***}	---	-0.71	---	---	---	---	-0.71	---	02/2013 ^{****}	---	---	---	---	---	9.6%	196,590,745	
<i>MSCI World ex U.S. ND</i>	<i>---</i>	<i>-0.81</i>	<i>---</i>	<i>---</i>	<i>---</i>	<i>---</i>	<i>-0.81</i>	<i>---</i>		<i>---</i>	<i>---</i>	<i>---</i>	<i>---</i>	<i>---</i>			
PIMCO ^{***}	---	-0.36	---	---	---	---	-0.36	---	03/2013	---	---	---	---	---	4.6%	94,061,665	
<i>MSCI World ex U.S. ND</i>	<i>---</i>	<i>0.79</i>	<i>---</i>	<i>---</i>	<i>---</i>	<i>---</i>	<i>0.79</i>	<i>---</i>		<i>---</i>	<i>---</i>	<i>---</i>	<i>---</i>	<i>---</i>			
Research Affiliates ^{***}	---	-3.61	---	---	---	---	-3.61	---	02/2013	---	---	---	---	---	4.7%	96,283,515	
<i>MSCI World ex U.S. ND</i>	<i>---</i>	<i>-0.21</i>	<i>---</i>	<i>---</i>	<i>---</i>	<i>---</i>	<i>-0.21</i>	<i>---</i>		<i>---</i>	<i>---</i>	<i>---</i>	<i>---</i>	<i>---</i>			
DFA Intl Small Cap	6.36	6.36	10.89	8.56	2.74	3.87	13.36	19.41	05/2003	19.49	-14.79	24.63	42.75	-43.56	2.6%	53,194,529	
<i>MSCI World ex U.S. Small Cap ND (blend)^{*****}</i>	<i>7.24</i>	<i>7.24</i>	<i>10.87</i>	<i>7.80</i>	<i>2.05</i>	<i>2.06</i>	<i>12.49</i>	<i>20.45</i>		<i>17.48</i>	<i>-15.81</i>	<i>24.51</i>	<i>50.82</i>	<i>-48.03</i>			
JP Morgan	0.28	0.28	---	---	---	---	0.28	8.37	01/2013	---	---	---	---	---	6.4%	131,918,721	
<i>MSCI EM IMI Index ND</i>	<i>-0.95</i>	<i>-0.95</i>	<i>---</i>	<i>---</i>	<i>---</i>	<i>---</i>	<i>-0.95</i>	<i>5.60</i>		<i>---</i>	<i>---</i>	<i>---</i>	<i>---</i>	<i>---</i>			
U.S. Fixed Income	0.56	0.56	7.04	7.70	6.01	5.85	8.12	5.52	04/1984	8.94	6.99	7.37	19.45	-4.27	19.6%	401,800,038	
<i>Barclays U.S. Universal Index^{*****}</i>	<i>0.08</i>	<i>0.08</i>	<i>4.72</i>	<i>6.01</i>	<i>5.86</i>	<i>6.13</i>	<i>8.22</i>	<i>4.70</i>		<i>5.53</i>	<i>7.40</i>	<i>7.16</i>	<i>8.60</i>	<i>2.38</i>			
PIMCO Total Return	0.89	0.89	7.81	7.15	---	---	7.09	2.82	12/2009	9.34	4.74	9.61	---	---	6.2%	127,533,473	
<i>Barclays U.S. Universal Index</i>	<i>0.08</i>	<i>0.08</i>	<i>4.72</i>	<i>6.01</i>	<i>---</i>	<i>---</i>	<i>5.63</i>	<i>2.43</i>		<i>5.53</i>	<i>7.40</i>	<i>7.16</i>	<i>---</i>	<i>---</i>			
Reams Asset	0.24	0.24	6.95	8.52	9.10	8.96	7.35	7.79	10/2001	9.82	8.38	10.56	32.02	-9.10	4.4%	90,472,452	
<i>Barclays U.S. Universal Index</i>	<i>0.08</i>	<i>0.08</i>	<i>4.72</i>	<i>6.01</i>	<i>5.86</i>	<i>6.13</i>	<i>5.73</i>	<i>3.17</i>		<i>5.53</i>	<i>7.40</i>	<i>7.16</i>	<i>8.60</i>	<i>2.38</i>			
Western Asset	0.67	0.67	7.66	8.16	7.58	6.97	6.83	4.65	10/2001	9.81	7.62	10.24	18.46	-7.05	5.8%	117,844,993	
<i>Barclays U.S. Universal Index</i>	<i>0.08</i>	<i>0.08</i>	<i>4.72</i>	<i>6.01</i>	<i>5.86</i>	<i>6.13</i>	<i>5.73</i>	<i>3.17</i>		<i>5.53</i>	<i>7.40</i>	<i>7.16</i>	<i>8.60</i>	<i>2.38</i>			
Pugh Capital	0.16	0.16	4.65	6.38	6.53	6.73	6.91	3.79	01/1995	5.58	8.21	7.36	9.14	4.60	3.2%	65,949,120	
<i>Barclays U.S. Aggregate Index</i>	<i>-0.12</i>	<i>-0.12</i>	<i>3.77</i>	<i>5.52</i>	<i>5.47</i>	<i>5.94</i>	<i>6.59</i>	<i>3.69</i>		<i>4.22</i>	<i>7.84</i>	<i>6.54</i>	<i>5.93</i>	<i>5.24</i>			

[^]Performance 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.

^{^^}Policy benchmark consists of 25% R3000, 6% CBOE BXM, 27% MSCI ACWI ex US IMI ND, 20% BC Universal, 4% CP+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.

^{^^^}Total 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.

^{****}Inception-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.

^{*****}81% Russell 3000, 19% CBOE BXM 11/1/2012-present; 100% Russell 3000 prior.

^{*}MSCI ACWI ex US IMI ND 12/1/2012-present; MSCI EAFE ND prior.

^{**}The BlackRock EAFE Sudan-Free account was liquidated in February 2013. The remaining balance in the account is residual cash and accounts receivables.

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

^{****}SCERS 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.

^{*****}MSCI 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.

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



Quarterly Report

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

	Qtr	YTD ^A (3-mo.)	Annualized Return					Ann. Std.Dev. ITD ^{^^}	Performance Inception Date ^{^^^}	Published Calendar Year Returns ^{^^^}					% of Total Fund	Market Value (\$)
			1-Year	3-Year	5-Year	7-Year	ITD			ITD ^{^^}	2012	2011	2010	2009		
Real Return	2.88	2.88	8.44	---	---	---	4.92	2.62	01/2011	7.54	0.69	---	---	---	5.6%	114,544,062
<i>Consumer Price Index + 3.0%</i>	<i>2.13</i>	<i>2.13</i>	<i>4.52</i>	---	---	---	<i>5.79</i>	<i>1.30</i>		<i>4.79</i>	<i>6.04</i>	---	---	---		
Attalus Long/Short Equity Fund*	---	---	---	---	---	---	---	---	01/2006	---	-4.67	3.51	9.16	-17.27	0.0%	235,147
BlackRock Quantitative Strategic Partners Inc.*	3.63	3.63	8.59	7.09	3.92	4.93	7.98	7.43	01/1999	8.12	2.70	9.84	23.81	-24.89	2.5%	50,585,880
PIMCO	2.30	2.30	---	---	---	---	4.50	2.25	10/2012	---	---	---	---	---	3.1%	63,723,035
<i>Consumer Price Index + 3.0%</i>	<i>2.13</i>	<i>2.13</i>	<i>4.52</i>	<i>5.33</i>	<i>4.79</i>	<i>5.27</i>	---	---		<i>4.79</i>	<i>6.04</i>	<i>4.54</i>	<i>5.80</i>	<i>3.10</i>		
Private Equity (lagged)**	3.90	3.90	13.59	14.77	6.87	---	7.51	8.33	04/2007***	19.36	12.29	---	---	---	2.6%	54,041,610
<i>Russell 3000 + 3.0% (lagged)</i>	<i>0.99</i>	<i>0.99</i>	<i>19.86</i>	<i>14.51</i>	<i>5.10</i>	---	<i>5.63</i>	<i>20.83</i>		<i>34.02</i>	<i>3.57</i>	---	---	---		
Babson	12.17	12.17	23.83	19.27	9.99	11.98	11.51	7.10	01/2006	15.61	22.24	7.82	-7.98	7.16	0.2%	3,633,806
Bison	7.65	7.65	23.97	18.86	19.24	---	17.55	8.64	04/2007	27.01	16.41	22.48	13.02	9.92	0.4%	8,437,761
BlackRock Co-Investment*	2.07	2.07	7.53	15.07	6.71	---	7.66	10.00	10/2006	9.43	22.68	14.52	-19.40	13.96	0.1%	2,899,742
Capital Point Partners	3.57	3.57	11.56	13.92	13.90	---	13.90	2.69	04/2008	8.44	20.46	14.06	12.84	---	0.2%	4,342,090
Carlyle Mezzanine Partners	0.13	0.13	16.47	13.12	-1.26	6.78	5.99	15.84	01/2006	21.04	15.74	-7.69	-29.02	4.53	0.3%	5,638,522
Imperium Renewables*	0.00	0.00	0.00	3.87	-14.20	---	-11.98	33.00	04/2007	47.98	-24.27	0.00	0.00	0.00	0.3%	6,045,571
Nogales Investors Fund II	6.80	6.80	12.00	12.66	8.46	---	-3.72	24.63	01/2007	13.14	12.37	7.15	7.51	12.09	0.2%	3,912,681
Oaktree Capital Mezzanine	4.42	4.42	23.54	19.52	11.82	10.62	10.24	8.85	01/2006	26.57	16.43	17.99	-5.50	4.31	0.2%	4,710,916
Schemalogic	0.00	0.00	0.00	---	---	---	0.00	0.00	09/2010	0.00	0.00	---	---	---	0.1%	1,391,362
Smith Whitley Pelham Fund	5.10	5.10	9.62	11.28	16.84	---	10.62	11.92	10/2006	8.57	3.38	22.35	25.77	22.58	0.3%	6,250,779
Sonics, Inc.	-5.90	-5.90	-5.90	---	---	---	-9.44	24.47	09/2010	19.40	-31.11	---	---	---	0.0%	196,019
TCW	1.52	1.52	11.85	15.81	7.71	---	5.27	12.93	07/2006	23.88	8.58	13.53	-4.20	2.17	0.3%	5,864,254
Verdiem Corp.	0.00	0.00	0.00	---	---	---	-10.89	16.29	09/2010	0.00	-25.76	---	---	---	0.0%	718,107
<i>Russell 3000 + 3.0% (lagged)</i>	<i>0.99</i>	<i>0.99</i>	<i>19.86</i>	<i>14.51</i>	<i>5.10</i>	<i>7.46</i>	---	---		<i>34.02</i>	<i>3.57</i>	<i>14.27</i>	<i>-3.59</i>	<i>-19.12</i>		
Real Estate (lagged)**	2.55	2.55	11.65	11.33	-2.13	2.40	8.06	6.40	01/1994	13.26	11.94	0.12	-31.33	-10.60	10.4%	213,824,071
<i>NCREIF ODCE (gross) (lagged)****</i>	<i>2.35</i>	<i>2.35</i>	<i>10.94</i>	<i>14.40</i>	<i>-1.09</i>	<i>3.55</i>	<i>8.40</i>	<i>6.63</i>		<i>11.61</i>	<i>18.27</i>	<i>6.97</i>	<i>-35.19</i>	<i>3.19</i>		
American Core Realty Fund	2.50	2.50	11.27	12.50	-1.15	2.31	2.23	9.16	01/2006	11.56	16.11	2.72	-32.43	-5.31	0.5%	10,662,774
Carlyle Realty Fund IV	2.86	2.86	15.32	-1.79	-14.57	-4.67	-4.43	21.09	07/2005	11.41	-8.09	-6.50	-48.97	-16.36	0.5%	10,533,347
JP Morgan Combined Real Estate	2.75	2.75	12.24	---	---	---	15.71	2.04	01/2011	13.36	19.20	---	---	---	3.9%	79,561,361
JP Morgan Tactical Allocation Program	2.67	2.67	14.00	15.72	2.29	4.74	10.27	9.52	10/1999	18.76	13.10	13.64	-29.37	-18.17	3.6%	72,739,485
TA Associates Realty Fund VI	-0.74	-0.74	0.63	4.29	-3.39	3.00	6.88	12.68	04/2003	3.13	5.14	-9.17	-16.98	17.94	0.2%	4,915,335
TA Associates Realty Fund VII	1.94	1.94	7.60	4.69	-5.67	0.34	2.40	14.24	10/2005	5.55	4.40	-22.41	-18.25	18.71	0.5%	9,529,851
TA Associates Realty Fund VIII	1.99	1.99	2.08	4.28	-4.78	---	-3.11	11.66	10/2007	2.18	5.29	-18.75	-15.43	10.22	0.7%	13,651,339
Washington Capital	2.80	2.80	12.45	9.55	-1.44	3.01	3.88	8.67	10/2005	11.84	13.63	-4.35	-29.37	-2.41	0.6%	12,230,579
<i>NCREIF ODCE (gross) (lagged)****</i>	<i>2.35</i>	<i>2.35</i>	<i>10.94</i>	<i>14.40</i>	<i>-1.09</i>	<i>3.55</i>	---	---		<i>11.61</i>	<i>18.27</i>	<i>6.97</i>	<i>-35.19</i>	<i>3.19</i>		
Cash & Cash Equivalents	-0.05	-0.05	0.95	1.34	2.20	2.97	5.10	1.32	01/1987	1.13	1.03	2.75	2.89	4.45	0.2%	4,244,825
<i>Citigroup 3-Month T-Bills</i>	<i>0.02</i>	<i>0.02</i>	<i>0.08</i>	<i>0.09</i>	<i>0.31</i>	<i>1.51</i>	<i>3.81</i>	<i>1.21</i>		<i>0.07</i>	<i>0.08</i>	<i>0.13</i>	<i>0.16</i>	<i>1.80</i>		

^ADue 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 - December 31, 2012.

^{^^}Inception-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.

^{^^^}Performance 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.

^{^^^}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.

*Attalus and BlackRock 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).

**All 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.

***The 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.

****The 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.

