

Quarterly Report

Q4-12

Asset Class Performance (gross of fees) – periods ending December 31, 2012

	YTD	Annualized Return					Ann. Std.Dev.	Performance	Inception Date [^]	Published Calendar Year Returns ^{^^}					% of	Market
		Qtr	(12-mo.)	1-Year	3-Year	5-Year				7-Year	ITD	ITD ^{^^^}	2011	2010		
Total Fund	2.88	14.00	14.00	8.87	1.01	3.56	8.63	9.94								
<i>Policy Index^{^^}</i>	<i>2.49</i>	<i>14.22</i>	<i>14.22</i>	<i>8.66</i>	<i>2.23</i>	<i>4.60</i>	<i>8.91</i>	<i>9.43</i>	07/1984	-0.04	13.21	10.80	-26.77	7.26	100.0%	1,970,854,964
U.S. Equity	0.17	15.90	15.90	12.20	2.57	4.24	10.12	17.91	04/1984	0.43	21.35	29.31	-38.19	4.52	29.8%	586,975,846
<i>U.S. Equity Custom Index (blend)^{^^^}</i>	<i>-0.46</i>	<i>15.59</i>	<i>15.59</i>	<i>10.94</i>	<i>1.90</i>	<i>4.23</i>	<i>10.50</i>	<i>17.23</i>		<i>1.03</i>	<i>16.93</i>	<i>28.34</i>	<i>-37.31</i>	<i>5.14</i>		
Attucks Aggregate (formerly Maxam)	-0.28	13.68	13.68	10.91	1.86	---	3.30	19.37	04/2007	-0.11	20.15	28.70	-37.57	---	6.3%	123,642,367
<i>Russell 3000 Index</i>	<i>0.25</i>	<i>16.42</i>	<i>16.42</i>	<i>11.20</i>	<i>2.04</i>	---	<i>2.44</i>	<i>18.80</i>		<i>1.03</i>	<i>16.93</i>	<i>28.34</i>	<i>-37.31</i>	---		
BlackRock Russell 1000	0.13	16.47	16.47	11.17	---	---	11.17	15.62	01/2010	1.56	16.17	---	---	---	2.2%	43,673,736
<i>Russell 1000 Index</i>	<i>0.12</i>	<i>16.42</i>	<i>16.42</i>	<i>11.12</i>	---	---	<i>11.12</i>	<i>15.62</i>		<i>1.50</i>	<i>16.10</i>	---	---	---		
RhumbLine Russell 1000	0.11	16.39	16.39	---	---	---	16.45	14.76	07/2010	1.42	---	---	---	---	12.2%	240,425,023
<i>Russell 1000 Index</i>	<i>0.12</i>	<i>16.42</i>	<i>16.42</i>	---	---	---	<i>16.52</i>	<i>14.83</i>		<i>1.50</i>	---	---	---	---		
Fisher Small Cap Value	1.41	16.01	16.01	---	---	---	5.19	20.56	02/2011	---	---	---	---	---	3.2%	63,645,358
<i>Russell 2000 Value Index</i>	<i>3.22</i>	<i>18.05</i>	<i>18.05</i>	---	---	---	<i>5.84</i>	<i>18.25</i>		---	---	---	---	---		
Parametric	---	---	---	---	---	---	---	---	12/2012	---	---	---	---	---	5.9%	115,589,361
<i>CBOE BXM Index</i>	---	---	---	---	---	---	---	---		---	---	---	---	---		
Non-U.S. Equity	7.48	18.46	18.46	5.24	-2.24	3.18	5.20	20.08	01/1994	-12.80	12.84	36.06	-43.69	9.85	28.2%	555,471,328
<i>MSCI ACWI ex US IMI ND (blend)[*]</i>	<i>6.92</i>	<i>17.70</i>	<i>17.70</i>	<i>3.67</i>	<i>-3.63</i>	<i>2.24</i>	<i>4.87</i>	<i>19.28</i>		<i>-12.14</i>	<i>7.75</i>	<i>31.78</i>	<i>-43.38</i>	<i>11.17</i>		
BlackRock EAFE Sudan-Free	6.57	17.75	17.75	3.97	---	---	12.24	19.32	05/2009	-11.75	8.15	---	---	---	11.2%	220,258,117
<i>MSCI EAFE Sudan-Free Index ND</i>	<i>6.57</i>	<i>17.32</i>	<i>17.32</i>	<i>3.57</i>	---	---	<i>11.86</i>	<i>19.46</i>		<i>-12.11</i>	<i>7.74</i>	---	---	---		
DFA Intl Large Cap Value	8.02	17.14	17.14	2.81	-3.89	---	0.52	25.16	09/2006	-16.48	11.09	40.06	-46.10	10.23	2.5%	50,091,253
<i>MSCI World ex US Value ND^{**}</i>	<i>6.96</i>	<i>17.28</i>	<i>17.28</i>	<i>2.78</i>	<i>-3.72</i>	---	<i>-0.21</i>	<i>22.37</i>		<i>-11.69</i>	<i>4.82</i>	<i>36.75</i>	<i>-44.29</i>	<i>6.95</i>		
DFA Intl Small Cap	6.65	19.49	19.49	8.26	0.44	4.55	13.01	19.63	05/2003	-14.79	24.63	42.75	-43.56	5.66	5.3%	105,378,709
<i>MSCI World ex US Small Cap ND (blend)^{***}</i>	<i>4.84</i>	<i>17.48</i>	<i>17.48</i>	<i>7.19</i>	<i>-0.70</i>	<i>2.53</i>	<i>12.02</i>	<i>20.67</i>		<i>-15.81</i>	<i>24.51</i>	<i>50.82</i>	<i>-48.03</i>	<i>3.28</i>		
Russell Transition Account ^{****}	7.43	17.32	17.32	---	---	---	1.91	18.20	01/2011	-11.48	---	---	---	---	2.4%	48,126,351
<i>MSCI EAFE Index ND^{*****}</i>	<i>6.57</i>	<i>17.32</i>	<i>17.32</i>	---	---	---	<i>1.53</i>	<i>18.25</i>		<i>-12.14</i>	---	---	---	---		
JP Morgan	---	---	---	---	---	---	---	---	01/2013	---	---	---	---	---	6.7%	131,616,898
<i>MSCI EM IMI Index ND</i>	---	---	---	---	---	---	---	---		---	---	---	---	---		
U.S. Fixed Income	1.03	8.94	8.94	7.76	6.11	5.72	8.17	5.54	04/1984	6.99	7.37	19.45	-4.27	4.45	20.3%	399,571,027
<i>Barclays U.S. Universal Index^{*****}</i>	<i>0.58</i>	<i>5.53</i>	<i>5.53</i>	<i>6.70</i>	<i>6.19</i>	<i>6.06</i>	<i>8.29</i>	<i>4.70</i>		<i>7.40</i>	<i>7.16</i>	<i>8.60</i>	<i>2.38</i>	<i>6.50</i>		
PIMCO Total Return	1.14	9.34	9.34	7.87	---	---	7.38	2.91	12/2009	4.74	9.61	---	---	---	6.4%	126,405,596
<i>Barclays U.S. Universal Index</i>	<i>0.58</i>	<i>5.53</i>	<i>5.53</i>	<i>6.70</i>	---	---	<i>6.08</i>	<i>2.45</i>		<i>7.40</i>	<i>7.16</i>	---	---	---		
Reams Asset	1.28	9.82	9.82	9.58	9.57	8.87	7.50	7.86	10/2001	8.38	10.56	32.02	-9.10	8.00	4.6%	90,256,922
<i>Barclays U.S. Universal Index</i>	<i>0.58</i>	<i>5.53</i>	<i>5.53</i>	<i>6.70</i>	<i>6.19</i>	<i>6.06</i>	<i>5.85</i>	<i>3.18</i>		<i>7.40</i>	<i>7.16</i>	<i>8.60</i>	<i>2.38</i>	<i>6.50</i>		
Western Asset	1.01	9.81	9.81	9.22	7.48	6.83	6.92	4.70	10/2001	7.62	10.24	18.46	-7.05	4.26	5.9%	117,062,721
<i>Barclays U.S. Universal Index</i>	<i>0.58</i>	<i>5.53</i>	<i>5.53</i>	<i>6.70</i>	<i>6.19</i>	<i>6.06</i>	<i>5.85</i>	<i>3.18</i>		<i>7.40</i>	<i>7.16</i>	<i>8.60</i>	<i>2.38</i>	<i>6.50</i>		
Pugh Capital	0.51	5.58	5.58	7.05	6.97	6.60	7.00	3.80	01/1995	8.21	7.36	9.14	4.60	6.78	3.3%	65,845,788
<i>Barclays U.S. Aggregate Index</i>	<i>0.21</i>	<i>4.22</i>	<i>4.22</i>	<i>6.19</i>	<i>5.95</i>	<i>5.86</i>	<i>6.69</i>	<i>3.69</i>		<i>7.84</i>	<i>6.54</i>	<i>5.93</i>	<i>5.24</i>	<i>6.97</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, however the earliest historical return available for the Policy Index is 7/1984.

^{^^}Policy benchmark consists of 31% R3000, 27% MSCI EAFE ND, 20% BC Universal, 5% CPH+3%, 5% R3000+3% (qtr lagged), 12% NCREIF ODCE (qtr lagged) 1/1/2012-10/31/2012; 25% R3000, 6% CBOE BXM, 27% MSCI EAFE ND, 20% BC Universal, 5% CPH+3%, 5% R3000+3% (qtr lagged), 12% NCREIF ODCE (qtr lagged) 11/1/2012-11/30/2012 to reflect the funding of the new Covered Calls manager in November 2012; 25% R3000, 6% CBOE BXM, 27% MSCI ACWI ex US IMI ND, 20% BC Universal, 5% CPH+3%, 5% R3000+3% (qtr lagged), 12% NCREIF ODCE (qtr lagged) 12/1/2012-12/31/2012 to reflect the funding of the new Emerging Markets manager in December 2012.

^{^^^}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 benchmark changed retroactively from MSCI EAFE Value GD to MSCI World ex US Value ND; this change was approved by the Board on 10/5/2011.

^{*****}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.

^{*****}In January 2011 the account was in the process of transitioning assets. Beginning February 2011 the account solely held EAFE ETFs.

^{*****}The benchmark changed retroactively from MSCI EAFE GD to MSCI EAFE ND as of the 4Q2011 report to match the manager's benchmark.

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



Quarterly Report

Q4-12

Asset Class Performance (gross of fees) – periods ending December 31, 2012

	Qtr	YTD [^]	Annualized Return					Ann. Std.Dev.	Performance	Published Calendar Year Returns ^{^^^}					% of	Market
		(12-mo.)	1-Year	3-Year	5-Year	7-Year	ITD	ITD ^{^^}	Inception Date ^{^^^}	2011	2010	2009	2008	2007	Total Fund	Value (\$)
Real Return	2.15	7.54	7.54	---	---	---	4.06	2.64	01/2011	0.69	---	---	---	---	5.7%	111,628,287
<i>Consumer Price Index + 3.0%</i>	<i>-0.04</i>	<i>4.79</i>	<i>4.79</i>	---	---	---	<i>5.42</i>	<i>1.31</i>		<i>6.04</i>	---	---	---	---		
Attalus Long/Short Equity Fund*	---	---	---	---	---	---	---	---	01/2006	-4.67	3.51	9.16	-17.27	17.26	0.0%	235,147
BlackRock Quantitative Strategic Partners Inc.*	2.20	8.12	8.12	6.84	2.55	5.02	7.85	7.48	01/1999	2.70	9.84	23.81	-24.89	10.07	2.5%	49,103,447
PIMCO	2.15	---	---	---	---	---	2.15	2.45	10/2012	---	---	---	---	---	3.2%	62,289,693
<i>Consumer Price Index + 3.0%</i>	<i>-0.04</i>	<i>4.79</i>	<i>4.79</i>	<i>5.13</i>	<i>4.85</i>	<i>5.29</i>	---	---		<i>6.04</i>	<i>4.54</i>	<i>5.80</i>	<i>3.10</i>	<i>7.20</i>		
Private Equity (lagged)**	3.26	19.36	19.36	14.28	6.62	---	7.13	8.47	04/2007***	12.29	---	---	---	---	2.8%	54,658,377
<i>Russell 3000 + 3.0% (lagged)</i>	<i>7.00</i>	<i>34.02</i>	<i>34.02</i>	<i>16.62</i>	<i>4.34</i>	---	<i>5.70</i>	<i>21.30</i>		<i>3.57</i>	---	---	---	---		
Babson	2.76	15.61	15.61	15.07	8.48	10.13	10.13	6.23	01/2006	22.24	7.82	-7.98	7.16	18.72	0.2%	3,352,275
Bison	6.41	27.01	27.01	21.89	17.61	---	16.87	8.70	04/2007	16.41	22.48	13.02	9.92	---	0.4%	7,889,728
BlackRock Co-Investment*	1.34	9.43	9.43	15.41	7.14	---	7.63	10.20	10/2006	22.68	14.52	-19.40	13.96	7.80	0.1%	2,842,576
Capital Point Partners	4.14	8.44	8.44	14.21	---	---	13.84	2.76	04/2008	20.46	14.06	12.84	---	---	0.3%	4,929,837
Carlyle Mezzanine Partners	2.08	21.04	21.04	8.95	-0.82	6.19	6.19	16.12	01/2006	15.74	-7.69	-29.02	4.53	41.29	0.3%	5,722,991
Imperium Renewables*	0.00	47.98	47.98	3.87	-14.20	---	-12.47	33.74	04/2007	-24.27	0.00	0.00	0.00	---	0.3%	6,045,571
Nogales Investors Fund II	1.63	13.14	13.14	10.85	10.42	---	-4.92	25.00	01/2007	12.37	7.15	7.51	12.09	-55.00	0.2%	3,662,957
Oaktree Capital Mezzanine	6.51	26.57	26.57	20.25	11.38	9.94	9.94	8.98	01/2006	16.43	17.99	-5.50	4.31	11.01	0.3%	5,332,438
Schemalogic	0.00	0.00	0.00	---	---	---	0.00	0.00	09/2010	0.00	---	---	---	---	0.1%	1,391,362
Smith Whiteley Pelham Fund	2.56	8.57	8.57	11.15	16.19	---	10.19	12.13	10/2006	3.38	22.35	25.77	22.58	-14.97	0.3%	5,636,765
Sonics, Inc.	0.00	19.40	19.40	---	---	---	-8.03	25.77	09/2010	-31.11	---	---	---	---	0.0%	208,318
TCW	4.23	23.88	23.88	15.15	8.37	---	5.23	13.19	07/2006	8.58	13.53	-4.20	2.17	-6.83	0.4%	6,925,452
Verdiem Corp.	0.00	0.00	0.00	---	---	---	-11.98	17.17	09/2010	-25.76	---	---	---	---	0.0%	718,107
<i>Russell 3000 + 3.0% (lagged)</i>	<i>7.00</i>	<i>34.02</i>	<i>34.02</i>	<i>16.62</i>	<i>4.34</i>	<i>7.73</i>	---	---		<i>3.57</i>	<i>14.27</i>	<i>-3.59</i>	<i>-19.12</i>	<i>19.97</i>		
Real Estate (lagged)**	2.92	13.26	13.26	8.31	-2.25	2.81	8.03	6.45	01/1994	11.94	0.12	-31.33	-10.60	15.70	10.6%	209,463,223
<i>NCREIF ODCE (gross) (lagged)****</i>	<i>2.77</i>	<i>11.61</i>	<i>11.61</i>	<i>12.19</i>	<i>-1.14</i>	<i>3.95</i>	<i>8.39</i>	<i>6.67</i>		<i>18.27</i>	<i>6.97</i>	<i>-35.19</i>	<i>3.19</i>	<i>18.21</i>		
American Core Realty Fund	2.58	11.56	11.56	9.99	-1.10	1.95	1.95	9.30	01/2006	16.11	2.72	-32.43	-5.31	17.77	0.5%	10,431,036
Carlyle Realty Fund IV	3.77	11.41	11.41	-1.27	-16.30	-5.27	-4.93	21.41	07/2005	-8.09	-6.50	-48.97	-16.36	65.89	0.5%	10,286,672
JP Morgan Combined Real Estate	3.66	13.36	13.36	---	---	---	16.25	2.13	01/2011	19.20	---	---	---	---	3.9%	77,642,569
JP Morgan Tactical Allocation Program	2.52	18.76	18.76	15.14	1.41	5.33	10.26	9.61	10/1999	13.10	13.64	-29.37	-18.17	7.22	3.6%	70,853,962
TA Associates Realty Fund VI	0.50	3.13	3.13	-0.48	-0.71	3.30	7.15	12.82	04/2003	5.14	-9.17	-16.98	17.94	25.58	0.3%	5,033,148
TA Associates Realty Fund VII	2.56	5.55	5.55	-5.09	-3.66	0.29	2.21	14.49	10/2005	4.40	-22.41	-18.25	18.71	17.92	0.5%	9,840,380
TA Associates Realty Fund VIII	0.49	2.18	2.18	-4.39	-4.01	---	-3.62	11.89	10/2007	5.29	-18.75	-15.43	10.22	---	0.7%	13,478,326
Washington Capital	4.27	11.84	11.84	6.72	-1.55	3.19	3.62	8.80	10/2005	13.63	-4.35	-29.37	-2.41	14.32	0.6%	11,897,130
<i>NCREIF ODCE (gross) (lagged)****</i>	<i>2.77</i>	<i>11.61</i>	<i>11.61</i>	<i>12.19</i>	<i>-1.14</i>	<i>3.95</i>	---	---		<i>18.27</i>	<i>6.97</i>	<i>-35.19</i>	<i>3.19</i>	<i>18.21</i>		
Cash & Cash Equivalents	0.17	1.13	1.13	1.63	2.44	3.03	5.16	1.30	01/1987	1.03	2.75	2.89	4.45	5.58	0.5%	9,996,569
<i>Citigroup 3-Month T-Bills</i>	<i>0.02</i>	<i>0.07</i>	<i>0.07</i>	<i>0.09</i>	<i>0.45</i>	<i>1.66</i>	<i>3.84</i>	<i>1.20</i>		<i>0.08</i>	<i>0.13</i>	<i>0.16</i>	<i>1.80</i>	<i>4.74</i>		

[^]Due 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 July 1, 2011 - September 30, 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.

