



# Board of Retirement Regular Meeting

## Sacramento County Employees' Retirement System

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### Agenda Item 11

**MEETING DATE:** August 16, 2017

**SUBJECT:** Monthly Investment Manager Activity, Compliance and Watch List Report - July 2017

**SUBMITTED FOR:**  Consent       Deliberation and Action       Receive and File

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#### **RECOMMENDATION**

Staff recommends the Board receive and file the Monthly Investment Manager Activity, Compliance and Watch List report for July 2017.

#### **PURPOSE**

To comply with SCERS' investment policy statement reporting requirements.

#### **DISCUSSION**

Report for the month of July 2017 is provided.

SCERS' investment manager transactions have been reviewed for compliance with their respective investment guidelines and objectives. No compliance violations have been found.

As of July 31, 2017, investment managers on the Watch List include:

1. Brown Advisory (Large Cap Growth).
2. Huber Capital Management (Large Cap Value).
3. Och-Ziff Capital Management (Absolute Return and Opportunities-Real Estate).
4. Weatherbie Capital Management (Small Cap Growth).

No changes in manager status are recommended at this time. Staff and the investment consultants will continue to monitor the performance and/or organizational concerns and advise when satisfactorily resolved.

**ATTACHMENTS**

1. Monthly Investment Manager Activity, Compliance and Watch List Report - July 2017
2. Watch List with Commentary Report – July 2017

Prepared by:

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JR Pearce  
Investment Officer

Reviewed by:

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Steve Davis  
Chief Investment Officer

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Annette St. Urbain  
Interim Chief Executive Officer

#	Investment Manager	Fund Type	Watch List	Net Asset Value (as of July 31, 2017)*	SCERS Investment / Commitment	Total Capital Called to Date	Total Capital Returned to Date**	Benchmark	Comply	Counter-Party Comply	Monthly Purchases / Capital Called	Monthly Sales / Capital Returned**	Top 10 Holdings / Notes
<b>DOMESTIC EQUITY</b>													
1	JP Morgan Asset Management	Equity 130/30		\$111,532,589				Russell 1000	Yes	N/A	\$13,659,180	\$12,633,619	Apple, Alphabet, UnitedHealth Group, Microsoft, Broadcom, Citigroup, Pfizer, Facebook, Occidental Petroleum, EOG Resources
2	Eagle Capital Management	Large Cap Core		\$231,555,362				Russell 1000	Yes	N/A	\$10,230,088	\$7,574,017	Berkshire Hathaway Inc Cl B, Oracle Corp, Microsoft Corp, Alphabet Inc Cl C, Aon Plc, Amazon.Com Inc, Citigroup Inc, Liberty Global Plc C, Ecolab Inc, Marriott International Cl A
3	Brown Advisory	Large Cap Growth	YES	\$114,494,569				Russell 1000	Yes	N/A	\$2,914,402	\$2,483,137	Visa Inc Class A Shares, Facebook Inc A, State Street Bank + Trust Co, Adobe Systems Inc, Amazon.Com Inc, Paypal Holdings Inc, Zoetis Inc, Amphenol Corp Cl A, Danaher Corp, Intuitive Surgical Inc
4	Alliance Bernstein	Large Cap Passive		\$1,085,167,586				Russell 1000	Yes	N/A	\$10,939,887	\$11,759,167	Apple Inc, Microsoft Corp, Facebook Inc A, Amazon.Com Inc, Johnson + Johnson, Exxon Mobil Corp, Berkshire Hathaway Inc Cl B, Jpmorgan Chase + Co, Alphabet Inc Cl A, Alphabet Inc Cl C
5	Huber Capital Management	Large Cap Value	YES	\$111,219,792				Russell 1000 Value	Yes	N/A	\$1,540,353	\$1,937,932	Kbr Inc, Citigroup Inc, Microsoft Corp, Ca Inc, Jpmorgan Chase + Co, Cno Financial Group Inc, State Street Bank + Trust Co, Bank Of America Corp, Northrop Grumman Corp, Philip Morris International
6	CenterSquare Investment Management (formerly Urdang)	REIT - US		\$96,741,146				FTSE NAREIT Equity REIT	Yes	N/A	\$6,944,858	\$7,180,740	Simon Property Group Inc, Equinix Inc, Prologis Inc, Avalonbay Communities Inc, Boston Properties Inc, Hcp Inc, Cubesmart, Essex Property Trust Inc, Udr Inc, Starwood Waypoint Homes
7	Weatherbie Capital	Small Cap Growth	YES	\$101,938,078				Russell 2000 Growth	Yes	N/A	\$3,621,747	\$3,092,898	Stamps.Com Inc, Firstservice Corp, Middleby Corp, Wayfair Inc Class A, Macom Technology Solutions H, Portola Pharmaceuticals Inc, Chegg Inc, Insulet Corp, State Street Bank + Trust Co, Paylocity Holding Corp
8	UBS Global Asset Management	Small Cap Growth		\$66,057,943				Russell 2000 Growth	Yes	N/A	\$7,265,224	\$7,095,581	Universal Display Corp, State Street Bank + Trust Co, Wix.Com Ltd, Exact Sciences Corp, Callidus Software Inc, Semtech Corp, Summit Materials Inc Cl A, National Bank Hold Cl A, Integrated Device Tech Inc, Webster Financial Corp
9	Dalton, Greiner, Hartman, Maher	Small Cap Value		\$77,447,600				Russell 2000 Value	Yes	N/A	\$7,947,283	\$7,367,119	State Street Bank + Trust Co, Brandywine Realty Trust, Radian Group Inc, Ipg Photonics Corp, Kennedy Wilson Holdings Inc, Servicemaster Global Holding, Employers Holdings Inc, Sandy Spring Bancorp Inc, Colony Northstar Inc Class A, Fulton Financial Corp
10	Wedge Capital Management	Small Cap Value		\$87,311,144				Russell 2000 Value	Yes	N/A	\$2,025,615	\$1,357,579	Treehouse Foods Inc, Dupont Fabros Technology, Dana Inc, Stag Industrial Inc, Prosperity Bancshares Inc, Assurant Inc, Aecom, Great Western Bancorp Inc, Colfax Corp, Enersys
11	TOTAL DOMESTIC EQUITY			\$2,083,465,809							\$67,088,638	\$62,481,788	

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<b>INTERNATIONAL EQUITY</b>													
12	Lazard Asset Management	ACWI ex-US		\$462,781,553				MSCI ACWI Ex.-U.S.	Yes	N/A	\$9,736,200	\$12,114,091	Lazard Emerging Markets Equity, State Street Bank + Trust Co, Daiwa House Industry Co Ltd, Prudential Plc, Sampo Oyj A Shs, British American Tobacco Plc, Shire Plc, Valeo Sa, Informa Plc, Carlsberg As B
13	LSV Asset Management	Developed Large Cap Value		\$511,137,642				MSCI ACWI Ex.-U.S.	Yes	N/A	\$17,106,361	\$9,220,133	Sanofi, Nippon Telegraph + Telephone, Swiss Life Holding Ag Reg, Bp Plc, Enel Spa, Swiss Re Ag, Bae Systems Plc, Allianz Se Reg, Omv Ag, Glaxosmithkline Plc
14	Walter Scott International EAFE Income Growth	Developed Large Cap Growth		\$455,498,721				MSCI ACWI Ex.-U.S.	Yes	N/A	\$883,757		Aia Group Ltd, Keyence Corp, Adidas Ag, Kuehne Nagel Intl Ag Reg, Rakuten Inc, Lvmh Moet Hennessy Louis Vui, Industria De Diseno Textil, Novo Nordisk A/S B, Daito Trust Construct Co Ltd, Coloplast B
15	William Blair International Small Cap	Developed Small Cap Growth		\$121,878,254				MSCI Small Cap World ex.-U.S.	Yes	N/A	\$8,636,791	\$8,277,090	Suruga Bank Ltd, Beazley Plc, Rubis, Elbit Systems Ltd, Intrum Justitia Ab, Challenger Ltd, Kingspan Group Plc, Ssp Group Plc, Rbl Bank Ltd, Oracle Corp Japan
16	Mondrian International Small Cap	Developed Small Cap Value		\$104,936,543				MSCI Small Cap World ex.-U.S.	Yes	N/A	\$2,587,376	\$2,507,559	Nifco Inc, Croda International PLC, Auckland International Airport Ltd, Mercury NZ Ltd, Spirax-Sarco Engineering PLC, Rubis SCA, Nexteer Automotive Group Ltd, SATS Ltd, MTU Aero Engines AG Registered, AF AB B Shares
17	Ballie Gifford EM All Cap	Emerging Market - All Cap		\$177,132,673				MSCI Emerging Markets	Yes	N/A			Tencent Holdings, Alibaba Group Hldg.Sp. Adr 1:1, Taiwan Semicon.Mnfg., Ping An Insurance 'H', Reliance Industries, Naspers, Samsung Electronics, Housing Development Fin., China Life Insurance (Taiwan), Samsung Eln.Pref.
18	Mondrian EM All Cap	Emerging Market - All Cap		\$150,998,675				MSCI Emerging Markets	Yes	N/A	\$3,847,399	\$3,258,528	Samsung Electronics Co Ltd, Taiwan Semiconductor Manufacturing Ltd, China Construction Bank Corp Class H, WH Group Ltd, China Mobile Ltd, Fibra Uno Administracion SA, Shinhan Financial Group Ltd, Gazprom PJSC Sponsored ADR, Cielo SA, Woolworths Holdings Ltd
19	Mondrian EM Small Cap	Emerging Market - Small Cap		\$25,849,326				MSCI Emerging Markets Small Cap	Yes	N/A	\$486,694	\$1,110,509	Nexteer Automotive Group Ltd, Medy-Tox Inc, Berger Paints India Ltd, Varun Beverages Ltd, Apollo Hospitals Enterprise Ltd, Voltronic Power Technology Corp, Page Industries Ltd, QL Resources Bhd, Dialog Group Bhd, Ginko International Co Ltd
20	William Blair EM Small Cap	Emerging Market - Small Cap		\$28,616,715				MSCI Emerging Markets Small Cap	Yes	N/A			Fuyao Glass Industry Group-H, China Lodging Group-Spon Ads, Bajaj Finance Ltd, Bank Tabungan Negara Persero, Kruk Sa, Gruh Finance Ltd, Nmc Health Plc, Cvc Brasil Operadora E Agenc, Mahanagar Gas Ltd, Sunny Optical Tech
21	CBRE Clarion Securities	REIT - Internat'l		\$85,481,300				FTSE NAREIT Developed e.x.-U.S.	Yes	N/A	\$7,092,506	\$6,189,297	Mitsui Fudosan Co Ltd, Nippon Building Fund Inc, Dexs, Cheung Kong Property Holding, Unibail Rodamco Se, Mitsubishi Estate Co Ltd, Hang Lung Properties Ltd, Scentre Group, Vonovia Se, Aventus Retail Property Fund
22	<b>TOTAL INTERNATIONAL EQUITY</b>			<b>\$2,124,311,400</b>							<b>\$50,377,084</b>	<b>\$42,677,207</b>	

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<b>PRIVATE EQUITY</b>													
23	Abbott Capital Private Equity Fund VI, LP	aFund of Funds		\$59,800,469	\$75,000,000	\$68,625,000	\$36,001,320	Cambridge Assoc. All Private Equity	Yes	N/A		\$750,000	
24	HarbourVest International PEP VI, LP	aFund of Funds		\$35,504,980	\$50,000,000	\$35,562,151	\$12,901,390	Cambridge Assoc. All Private Equity	Yes	N/A			Fund is denominated in Euros and has been converted to US dollars based on the exchange rate at the time of the transaction.
25	HarbourVest VIII, LP	aFund of Funds		\$24,282,700	\$50,000,000	\$47,587,500	\$22,417,860	Cambridge Assoc. All Private Equity	Yes	N/A	\$187,500	\$269,364	
26	Private Equity (Goldman Sachs) X, LP	aFund of Funds		\$44,426,853	\$75,000,000	\$74,435,671	\$40,297,628	Cambridge Assoc. All Private Equity	Yes	N/A			
27	Accel-KKR Capital Partners IV, LP	Buyout		\$11,266,815	\$15,000,000	\$11,287,048	\$3,287,895	Cambridge Assoc. All Private Equity	Yes	N/A			
28	Accel-KKR Capital Partners V, LP	Buyout		\$1,974,453	\$25,000,000	\$2,235,673		Cambridge Assoc. All Private Equity	Yes	N/A	\$587,202		
29	H.I.G. Capital Partners V, LP	Buyout		\$3,211,131	\$14,000,000	\$3,207,392	\$636,107	Cambridge Assoc. All Private Equity	Yes	N/A			
30	Marlin Equity IV, LP	Buyout		\$14,296,366	\$20,000,000	\$13,487,974	\$190,655	Cambridge Assoc. All Private Equity	Yes	N/A	\$111,995		
31	Linden Capital Partners III, LP	Buyout - Middle Market Healthcare		\$21,166,573	\$35,000,000	\$19,693,808		Cambridge Assoc. All Private Equity	Yes	N/A			
32	Thoma Bravo Fund XI, LP	Buyout - Middle Market Technology		\$35,112,086	\$30,000,000	\$30,010,615	\$697,153	Cambridge Assoc. All Private Equity	Yes	N/A		\$518,327	
33	Thoma Bravo Fund XII, LP	Buyout - Middle Market Technology		\$11,594,575	\$30,000,000	\$11,039,642	\$2,154	Cambridge Assoc. All Private Equity	Yes	N/A			
34	H.I.G. Europe Capital Partners II, LP	Buyout - Non-US		\$1,459,739	\$21,000,000	\$2,188,975		Cambridge Assoc. All Private Equity	Yes	N/A			Fund is denominated in Euros and has been converted to US dollars based on the exchange rate at the time of the transaction.

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<b>PRIVATE EQUITY</b>													
35	Waterland Fund V, LP	Buyout - Non-US		\$14,501,008	\$23,193,600	\$14,956,684	\$17,165,757	Cambridge Assoc. All Private Equity	Yes	N/A			Fund is denominated in Euros and has been converted to US dollars based on the exchange rate at the time of the transaction.
36	Waterland Fund VI, LP	Buyout - Non-US		\$9,888,280	\$30,000,000	\$9,288,537		Cambridge Assoc. All Private Equity	Yes	N/A			Fund is denominated in Euros and has been converted to US dollars based on the exchange rate at the time of the transaction.
37	Marlin Heritage, LP	Buyout - Small / Middle Market		\$11,078,131	\$10,000,000	\$8,470,000	\$1,577,657	Cambridge Assoc. All Private Equity	Yes	N/A	\$451,137	\$166,554	
38	Marlin Heritage II, LP	Buyout - Small / Middle Market			\$10,000,000			Cambridge Assoc. All Private Equity	Yes	N/A			
39	Marlin Heritage Europe, LP	Buyout - Small / Middle Market			\$14,400,000			Cambridge Assoc. All Private Equity	Yes	N/A			
40	Marlin Heritage Equity Partners V, LP	Buyout - Middle Market			\$25,000,000			Cambridge Assoc. All Private Equity	Yes	N/A			
41	RRJ Capital Master Fund II, LP	Buyout - Special Situations SE Asia		\$24,451,861	\$35,000,000	\$41,792,301	\$19,162,198	Cambridge Assoc. All Private Equity	Yes	N/A		\$151,922	
42	RRJ Capital Master Fund III, LP	Buyout - Special Situations SE Asia		\$13,285,015	\$40,000,000	\$15,113,638	\$2,029,999	Cambridge Assoc. All Private Equity	Yes	N/A	\$455,085		
44	Atalaya Special Opportunities Fund VI, LP	Distressed Debt - US		\$18,270,510	\$25,000,000	\$20,510,228	\$2,519,737	Cambridge Assoc. All Private Equity	Yes	N/A	\$750,000		
45	Garrison Opportunity Fund III, LP	Distressed Debt		\$13,798,508	\$20,000,000	\$20,000,000	\$6,220,104	Cambridge Assoc. All Private Equity	Yes	N/A			
46	H.I.G. Bayside Loan Opportunity III (Europe), LP	Distressed Debt		\$20,095,736	\$30,000,000	\$20,692,143	\$6,306,585	Cambridge Assoc. All Private Equity	Yes	N/A			
47	TPG Opportunities Partners III, LP	Distressed Debt		\$20,016,372	\$40,000,000	\$18,301,337	\$5,751,988	Cambridge Assoc. All Private Equity	Yes	N/A			

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<b>PRIVATE EQUITY</b>													
48	Wayzata Opportunities Fund III, LP	Distressed Debt		\$8,716,982	\$30,000,000	\$14,718,000	\$6,145,793	Cambridge Assoc. All Private Equity	Yes	N/A			
49	Summit Partners Venture Capital Fund III, LP	Growth Equity		\$18,833,511	\$16,350,000	\$16,350,000	\$5,617,161	Cambridge Assoc. All Private Equity	Yes	N/A		\$2,286,504	
50	Summit Partners Venture Capital Fund IV, LP	Growth Equity		\$9,194,939	\$35,000,000	\$8,737,103		Cambridge Assoc. All Private Equity	Yes	N/A			
51	Summit Partners Europe Growth Equity Fund II, LP	Growth Equity			\$35,000,000			Cambridge Assoc. All Private Equity	Yes	N/A			
52	TSG 7A, LP and TSG 7B, LP	Buyout - Consumer Brands		\$5,452,892	\$20,000,000	\$5,890,152	\$7,227	Cambridge Assoc. All Private Equity	Yes	N/A	\$69,283		
53	Accel-KKR Structured Credit Capital II, LP	Growth Equity - Software Technology		\$4,377,369	\$15,000,000	\$5,124,983	\$384,805	Cambridge Assoc. All Private Equity	Yes	N/A			
54	Spectrum Equity Investors VII, LP	Growth Equity - Software Technology		\$21,057,425	\$25,000,000	\$20,062,500	\$1,473,759	Cambridge Assoc. All Private Equity	Yes	N/A	\$1,687,500		
55	Dyal II US Investors, LP	Other		\$8,576,569	\$35,000,000	\$13,495,512	\$3,487,206	Cambridge Assoc. All Private Equity	Yes	N/A			
56	Dyal Capital Partners III, LP	Other		\$13,574,173	\$35,000,000	\$17,088,603	\$3,808,343	Cambridge Assoc. All Private Equity	Yes	N/A			
57	Khosla Ventures Fund IV, LP	Venture Capital		\$14,274,172	\$10,000,000	\$9,810,000	\$955,913	Cambridge Assoc. All Private Equity	Yes	N/A	\$140,000		
58	Khosla Ventures Fund V, LP	Venture Capital		\$10,995,749	\$20,000,000	\$9,940,000		Cambridge Assoc. All Private Equity	Yes	N/A			
59	NEA 14, LP	Venture Capital		\$36,550,074	\$25,000,000	\$23,500,000	\$2,637,324	Cambridge Assoc. All Private Equity	Yes	N/A			

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<b>PRIVATE EQUITY</b>													
60	NEA 15, LP	Venture Capital		\$29,796,783	\$35,000,000	\$23,804,431		Cambridge Assoc. All Private Equity	Yes	N/A	\$700,000		
61	NEA 16, LP	Venture Capital		\$1,750,000	\$35,000,000	\$1,750,000		Cambridge Assoc. All Private Equity	Yes	N/A	\$700,000		
62	Trinity Ventures XI, LP	Venture Capital		\$24,221,828	\$25,000,000	\$18,437,500		Cambridge Assoc. All Private Equity	Yes	N/A			
63	Trinity Ventures XII, LP	Venture Capital		\$8,238,861	\$30,000,000	\$7,650,000		Cambridge Assoc. All Private Equity	Yes	N/A			
64	TOTAL PRIVATE EQUITY			\$627,665,767	\$1,193,943,600	\$687,760,017	\$202,026,355				\$6,176,628	\$4,485,307	

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<b>PUBLIC CREDIT</b>													
65	Brigade SC Credit Opportunities Mandate, LLC	Strategic Credit		\$171,087,002				50% BofA Merrill Lynch High Yield Master II Constrained / 50% Credit Suisse Leveraged Loan	Yes	N/A			
66	TOTAL PUBLIC CREDIT			\$171,087,002									
<b>PRIVATE CREDIT</b>													
67	Athyrium Opportunities Fund II, LP	Opport. Credit - Healthcare		\$22,076,879	\$32,000,000	\$31,558,797	\$12,265,595	Credit Suisse Leveraged Loan + 200 bps	Yes	N/A	\$208,437	\$511,278	
68	Athyrium Opportunities Fund III, LP	Opport. Credit - Healthcare		\$2,572,279	\$25,000,000	\$2,914,915	\$342,636	Credit Suisse Leveraged Loan + 200 bps	Yes	N/A	\$336,927	\$342,636	
69	Summit Partners Credit Fund I, LP	Corp. Credit Lending		\$6,106,956	\$20,000,000	\$24,939,499	\$24,303,173	Credit Suisse Leveraged Loan + 200 bps	Yes	N/A			
70	Summit Partners Credit Fund II, LP	Corp. Credit Lending		\$22,300,525	\$35,000,000	\$33,351,363	\$14,607,461	Credit Suisse Leveraged Loan + 200 bps	Yes	N/A	\$4,295,550		
71	TOTAL PRIVATE CREDIT			\$53,056,640	\$112,000,000	\$92,764,574	\$51,518,865				\$4,840,914	\$853,914	

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<b>ABSOLUTE RETURN</b>													
72	Grosvenor SC Absolute Return Fund (SCARF)	Separate Account		\$258,882,078				90-Day U.S. T-Bill + 500 bps	Yes	Yes			
73	Grosvenor SC Absolute Return Fund, Series B (SCARF-B)	Interim Separate Account		\$69,958,427				90-Day U.S. T-Bill + 500 bps	Yes	Yes			
74	Lakewood Capital Partners, LP	Equity Long/Short		\$44,210,595	\$35,000,000	\$33,000,000		90-Day U.S. T-Bill + 500 bps	Yes	Yes			
75	Elliott Associates, LP	Event Driven		\$50,292,142				90-Day U.S. T-Bill + 500 bps	Yes	Yes			
76	Jana Partners Qualified, LP	Event Driven		\$41,039,145				90-Day U.S. T-Bill + 500 bps	Yes	Yes			
77	Third Point Partners Qualified, LP	Event Driven		\$46,349,541				90-Day U.S. T-Bill + 500 bps	Yes	Yes			
78	Grosvenor	Fund of Funds		\$401,745				90-Day U.S. T-Bill + 500 bps	Yes	N/A			Fund was terminated; redemptions from the fund continues to progress.
79	Claren Road Credit Partners, LP	Global Long-Short Credit		\$1,901,982				90-Day U.S. T-Bill + 500 bps	Yes	Yes		\$412,992	SCERS put in a full redemption request for this fund. Due to significant redemptions incurred by Claren Road, final distribution of SCERS' capital will be made over multiple quarters.
80	Brevan Howard Master Fund, LLC	Global Macro - Discretion		\$33,997,005				90-Day U.S. T-Bill + 500 bps	Yes	Yes			
81	Laurion Capital Management, LP	Market Neutral - Vol/Arb		\$41,362,215				90-Day U.S. T-Bill + 500 bps	Yes	Yes			
82	AQR DELTA Fund, LP	Multi-Strategy		\$69,408,060				90-Day U.S. T-Bill + 500 bps	Yes	Yes			
83	Och-Ziff Domestic Partners Fund II, LP	Multi-Strategy	YES	\$45,122,970				90-Day U.S. T-Bill + 500 bps	Yes	Yes			
84	Winton Diversified Futures Fund, LP	Systematic Global Macro		\$34,458,130				90-Day U.S. T-Bill + 500 bps	Yes	Yes			
85	Graham Global Investment Fund II SPC, Ltd	Systematic Global Macro		\$32,805,420				90-Day U.S. T-Bill + 500 bps	Yes	Yes			
86	<b>TOTAL ABSOLUTE RETURN</b>			<b>\$770,189,455</b>	<b>\$35,000,000</b>	<b>\$33,000,000</b>						<b>\$412,992</b>	

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<b>FIXED INCOME</b>													
87	Neuberger Investment Management	Enhanced Index		\$352,857,157				Barclays U.S. Aggregate Bond	Yes	N/A	\$34,930,018	\$30,923,240	Us Treasury N/B, State Street Bank + Trust Co, Us Treasury N/B, Us Treasury N/B, Us Treasury N/B, Us Treasury N/B, Us Treasury N/B, Us Treasury N/B, Us Treasury N/B, Us Treasury N/B, Us Treasury N/B
88	Metropolitan West Asset Management	Core Plus		\$374,363,402				Barclays U.S. Aggregate Bond	Yes	N/A	\$158,851,703	\$158,479,861	Us Treasury N/B, Us Treasury N/B, Us Treasury N/B, Us Treasury N/B, Us Treasury N/B, Metropolitan West High Yield B, Us Treasury N/B, State Street Bank + Trust Co, Fnma Tba 30 Yr 4.5, Fnma Tba 30 Yr 4  <i>Monthly Purchases and Sales excludes derivative transactions.</i>
89	Prudential Investment Management	Core Plus		\$432,758,821				Barclays U.S. Aggregate Bond	Yes	N/A	\$22,409,341	\$31,487,322	B8A45W6S0 Irs Usd R V 01Mlibor, B8A46Pas9 Irs Usd R V 12Mliber, B8A3N41G5 Irs Usd R V 12Mfedl, B8A3Ucw67 Irs Usd R V 03Mlibor, B8A3Tkg69 Irs Usd R V 12Mlibor, B8A3U8Pu1 Irs Usd R V 01Musois, B8A3Lz3V3 Irs Usd R V 12Mfedl, B8A3Qvn94 Irs Usd R V 09Musios, B8A3Rynl0 Irs Usd R V 12Mlibor, B8A3U3H15 Irs Usd R V 01Musois  <i>Monthly Purchases and Sales excludes derivative transactions.</i>
90	Brandywine Global Investment Management	Global		\$228,373,536				80% Citigroup WGBI ex.-U.S. / 20% JP Morgan GBI EM Diversified	Yes	N/A	\$7,064,911	\$2,380,593	Treasury Sec. Flt 04/30/19, Uk Tsy Gilt 1.25% 07/22/18, Mexican Bonos 7.75% 11/13/42, Us Treasury N/B 2.875% 11/15/46, Mexican Bonos 8.5% 11/18/38, Mexican Bonos 8.5% 05/31/29, Us Treasury N/B 3% 11/15/45, Poland Govt Bond 3.25% 07/25/25, Portuguese Ot'S 2.875% 10/15/25, Brazil Ntn-F 10% 01/01/25
91	TOTAL FIXED INCOME			\$1,388,352,916							\$223,255,973	\$223,271,016	

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#	Investment Manager	Fund Type	Watch List	Net Asset Value (as of July 31, 2017)*	SCERS Investment / Commitment	Total Capital Called to Date	Total Capital Returned to Date**	Benchmark	Comply	Counter-Party Comply	Monthly Purchases / Capital Called	Monthly Sales / Capital Returned**	Top 10 Holdings / Notes
<b>CORE REAL ESTATE</b>													
92	BlackRock Realty	Real Estate - Core Separate Account		\$165,352,621				NFI-ODCE Index	Yes	N/A			Assets managed does not include \$49.9 million of debt. Any capital called is for the Block 295 (Leland James Center) redevelopment project in Portland, OR.
93	Barings (formerly Cornerstone)	Real Estate - Core Separate Account		\$66,009,037				NFI-ODCE Index	Yes	N/A			Assets managed does not include \$39 million of debt.
94	Jamestown Premier Property Fund, LP	Real Estate - Core / Core Plus		\$19,250,478				NFI-ODCE Index	Yes	N/A			
95	MetLife Core Property Fund	Real Estate - Core		\$52,543,370				NFI-ODCE Index	Yes	N/A			
96	Prime Property Fund, LLC	Real Estate - Core		\$53,488,671				NFI-ODCE Index	Yes	N/A			
97	Principal US Property Account	Real Estate - Core		\$40,768,840				NFI-ODCE Index	Yes	N/A			
98	Prologis Targeted Europe Logistics Fund, LP	Real Estate - Core		\$32,315,315				NFI-ODCE Index	Yes	N/A			Fund is denominated in Euros, which will then be converted to US dollars based on the exchange rate at the time of the transaction.
99	Prologis Targeted US Logistics Fund, LP	Real Estate - Core		\$54,695,867	\$50,000,000	\$50,000,000		NFI-ODCE Index	Yes	N/A	\$15,000,000		SCERS made an additional \$15 million commitment on July 14, 2017. SCERS' total commitment is now \$50 million.
100	Townsend Real Estate Fund, LP	Real Estate - Core		\$95,467,126				NFI-ODCE Index	Yes	N/A			
101	<b>TOTAL CORE REAL ESTATE</b>			<b>\$579,891,324</b>	<b>\$50,000,000</b>	<b>\$50,000,000</b>					<b>\$15,000,000</b>		

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<b>NON-CORE REAL ESTATE</b>													
102	<b>DRC European Real Estate Debt Fund II, LP</b>	Real Estate Value Add Debt		\$24,294,563	\$50,000,000	\$77,114,293	\$53,400,052	NFI-ODCE + 100 bps	Yes	N/A			Fund is denominated in UK pound sterling and has been converted to US dollars based on the exchange rate at the time of the transaction.
103	<b>Carlyle China Realty, LP</b>	Real Estate Opport.		\$1,750,000	\$10,000,000	\$2,919,494		NFI-ODCE + 100 bps	Yes	N/A			
104	<b>Carlyle China Rome Logistics, LP</b>	Real Estate Opport.		\$7,993,510	\$20,000,000	\$7,993,510		NFI-ODCE + 100 bps	Yes	N/A			
105	<b>CIM Opportunity Fund VIII, LP</b>	Real Estate Opport.		\$27,827,159	\$35,000,000	\$30,804,150	\$5,906,609	NFI-ODCE + 100 bps	Yes	N/A	\$1,727,565		
106	<b>KKR Real Estate Partners Americas, LP</b>	Real Estate Opport.		\$17,348,768	\$35,000,000	\$29,371,912	\$19,897,606	NFI-ODCE + 100 bps	Yes	N/A			
107	<b>Och-Ziff Real Estate Fund III, LP</b>	Real Estate Opport.	YES	\$13,454,569	\$35,000,000	\$14,495,618	\$3,760,294	NFI-ODCE + 100 bps	Yes	N/A	\$216,908	\$1,105,178	
108	<b>AEW Value Investors II, LP</b>	Real Estate Value Add		\$337,612	\$25,000,000	\$21,812,596	\$27,457,757	NFI-ODCE + 100 bps	Yes	N/A			The fund has reached the end of its term. AEW has been undergoing an orderly sale of the assets and extended the closing of the fund until 2017.
109	<b>Allegis Value Trust</b>	Real Estate Value Add		\$16,344,712	\$25,000,000	\$25,000,000	\$15,859,000	NFI-ODCE + 100 bps	Yes	N/A			The fund has reached the end of its term. Allegis Value Trust has been undergoing an orderly sale of the assets and extended the closing of the fund until 2018.
110	<b>ECE European Prime Shopping Centre Fund II, SCS SIF</b>	Real Estate Value Add		\$8,788,260	\$35,000,000	\$7,922,479	\$1,229,486	NFI-ODCE + 100 bps	Yes	N/A			Fund is denominated in Euros, which will then be converted to US dollars based on the exchange rate at the time of the transaction.
111	<b>Hammes Partners II, LP</b>	Real Estate Value Add		\$14,219,457	\$25,000,000	\$16,504,420	\$3,482,713	NFI-ODCE + 100 bps	Yes	N/A			
112	<b>Hines US Office Value Fund II, LP</b>	Real Estate Value Add		\$650,323	\$22,572,950	\$21,726,796	\$16,970,785	NFI-ODCE + 100 bps	Yes	N/A			The fund has reached the end of its term. Hines completed the final disposition of assets. The net asset value represents the leftover cash.
113	<b>NREP Nordic Strategies Fund, FCP-FIS</b>	Real Estate Value Add		\$15,240,256	\$25,000,000	\$22,179,980	\$15,810,328	NFI-ODCE + 100 bps	Yes	N/A			Fund is denominated in Euros, which will then be converted to US dollars based on the exchange rate at the time of the transaction.
114	<b>NREP Nordic Strategies Fund II, SCSp</b>	Real Estate Value Add		\$13,187,987	\$35,000,000	\$12,465,026		NFI-ODCE + 100 bps	Yes	N/A	\$2,473,812		Fund is denominated in Euros, which will then be converted to US dollars based on the exchange rate at the time of the transaction.
115	<b>TOTAL NON-CORE REAL ESTATE</b>			\$161,437,176	\$377,572,950	\$290,310,274	\$163,774,630				\$4,418,285	\$1,105,178	
116	<b>TOTAL REAL ESTATE</b>			\$741,328,500	\$427,572,950	\$340,310,274	\$163,774,630				\$19,418,285	\$1,105,178	

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<b>REAL ASSETS</b>													
117	ArcLight Energy Partners VI, LP	Energy - Midstream		\$23,020,066	\$40,000,000	\$26,325,842	\$4,872,370	CPI-U Headline + 500 bps	Yes	N/A			
118	ACM Fund II, LLC	Real Assets - Agriculture		\$3,932,930	\$25,000,000	\$7,176,176	\$2,950,666	CPI-U Headline + 500 bps	Yes	N/A			
119	EnCap Flatrock Midstream III, LP	Energy - Midstream		\$8,779,662	\$20,000,000	\$8,811,507	\$1,596,554	CPI-U Headline + 500 bps	Yes	N/A			
120	Quantum Energy Partners VI, LP	Energy - Midstream		\$20,028,955	\$35,000,000	\$17,354,399	\$2,967,662	CPI-U Headline + 500 bps	Yes	N/A			
121	EnCap Energy Capital Fund IX, LP	Energy - Upstream		\$22,180,930	\$33,000,000	\$33,030,010	\$20,988,088	CPI-U Headline + 500 bps	Yes	N/A	\$274,006	\$191,696	
122	EnCap Energy Capital Fund X, LP	Energy - Upstream		\$18,400,032	\$40,000,000	\$21,804,462	\$6,058,277	CPI-U Headline + 500 bps	Yes	N/A	\$370,092		
123	First Reserve Energy Infrastructure II, LP	Energy Infrastruc.		\$18,176,057	\$35,000,000	\$16,324,807	\$16,475,879	CPI-U Headline + 500 bps	Yes	N/A	\$250,898		
124	Carlyle Power Partners II, LP	Energy - Power		\$11,487,612	\$40,000,000	\$19,413,286	\$6,710,786	CPI-U Headline + 500 bps	Yes	N/A			
125	Brookfield Infrastructure Fund III, LP	Infrastruc. - Core		\$10,092,371	\$40,000,000	\$11,146,422	\$1,703,882	CPI-U Headline + 500 bps	Yes	N/A			
126	IFM Global Infrastructure Fund (US), LP	Infrastruc. - Core		\$77,012,342	\$100,000,000	\$75,000,000		CPI-U Headline + 500 bps	Yes	N/A			
127	Meridiam Infrastructure North America III, LP	Infrastruc. - Core			\$50,000,000			CPI-U Headline + 500 bps	Yes	N/A			
128	Wastewater Opportunity Fund, LP	Infrastruc. - Water/Wastewater		\$5,081,023	\$25,000,000	\$6,314,748	\$139,642	CPI-U Headline + 500 bps	Yes	N/A			
129	Pantheon SCERS Secondary Infrastructure, LLC	Infrastruc. - Secondary Separate Account		\$42,175,254	\$100,000,000	\$30,000,000		CPI-U Headline + 500 bps	Yes	N/A			

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<b>REAL ASSETS</b>													
130	Atalaya SCERS SMA, LLC	Asset Backed Lending Separate Account		\$13,479,036	\$100,000,000	\$18,370,902	\$6,176,806	CPI-U Headline + 500 bps	Yes	N/A			
131	SSgA Real Asset Strategy Proxy	Real Assets Overlay		\$236,634,023				Blend of weighted real return asset class benchmarks.	Yes	N/A	\$4,887,844	\$19,191,104	This is the overaly proxy for the Real Return asset category.
132	TOTAL PRIVATE REAL ASSETS			\$510,480,294	\$683,000,000	\$291,072,560	\$70,640,612				\$5,782,840	\$19,382,800	

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<b>COMMODITIES</b>													
133	Blackstone Resources Select Offshore Fund	Commodities		\$39,128,376				Bloomberg Commodity Index	Yes	N/A			
134	Gresham Strategic Commodities Fund	Commodities		\$25,295,501				Bloomberg Commodity Index	Yes	N/A			
135	<b>TOTAL COMMODITIES</b>			<b>\$64,423,877</b>	<b>\$683,000,000</b>	<b>\$291,072,560</b>	<b>\$70,640,612</b>						
<b>OPPORTUNITIES</b>													
136	Atalaya Special Opportunities Fund V, LP	Distressed Debt - US		\$11,805,758	\$25,000,000	\$24,875,000	\$17,208,139	Cambridge Assoc. All PE	Yes	N/A		\$1,028,481	
137	<b>TOTAL OPPORTUNITIES</b>			<b>\$11,805,758</b>	<b>\$25,000,000</b>	<b>\$24,875,000</b>	<b>\$17,208,139</b>					<b>\$1,028,481</b>	
<b>SHORT-TERM</b>													
138	State Street Global Advisors - STIF (Cash Account)	Cash		\$223,853,646				91 Day T-Bill	Yes	N/A	\$221,845,474	\$54,534,214	Unallocated cash is swept into a short-term investment fund.
139	<b>TOTAL SHORT-TERM</b>			<b>\$223,853,646</b>							<b>\$221,845,474</b>	<b>\$54,534,214</b>	
<b>FUTURES OVERLAY</b>													
140	State Street Global Advisors (Futures Overlay)	Overlay		\$71,444,691				Target Asset Allocation	Yes	N/A	\$91,590,106	\$73,616,726	State Street Bank + Trust Co, Fnma Tba 15 Yr 2.5, Gnma li Tba 30 Yr 3.5, Fnma Tba 30 Yr 4, Fhmc Tba 30 Yr 3.5, Us Dollar, Fnma Tba 30 Yr 3, Swap Morgan Stanley Coc, Us 10Yr Note (Cbt)Sep17, Ftse 100 ldx Fut Sep17
141	<b>TOTAL FUTURES OVERLAY</b>			<b>\$71,444,691</b>							<b>\$91,590,106</b>	<b>\$73,616,726</b>	
<b>SCERS TOTAL PORTFOLIO</b>				<b>\$8,841,465,755</b>	<b>\$3,159,516,550</b>	<b>\$1,760,854,984</b>	<b>\$575,809,213</b>				<b>\$690,375,942</b>	<b>\$483,849,622</b>	

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## INVESTMENT MANAGER WATCH LIST WITH COMMENTARY

July 31, 2017

#	Investment Manager	Fund Type	Reason	Effective (month - year)	Commentary
1	<b>Brown Advisory</b>	Large Cap Growth	<b>Performance</b>	Feb-17	Returns have significantly underperformed the benchmark over long-term periods: 2Q2017 (5.7% vs. +4.7%); 1-Year (14.6% vs. +20.4); 3-Year (+8.5% vs. +11.1%); 5-Year (+12.7% vs. +15.3%), and since inception (+10.9% vs. +14.1%).
2	<b>Huber Capital Management</b>	Large Cap Value	<b>Performance</b>	Feb-15	Returns have underperformed the benchmark over the long-term periods: 2Q2017 (+2.5% vs. +1.3%); 1-Year (+20.6% vs. +15.5%); 3-Year (+4.1% vs. +7.4%); and since inception (+11.1% vs. +13.2%).
3	<b>Och-Ziff Capital Management</b>	Absolute Return and Opportunistic Real Estate	<b>Organization</b>	Oct-16	In September 2016, Och-Ziff settled with the Department of Justice and the SEC by pleading guilty to violations under the Foreign Corrupt Practices Act. The firm will pay fines of \$213 million to the DOJ and civil penalties of \$199 million to the SEC. In light of this, the firm has been receiving some redemptions. The potential business risks remain related to further investor redemptions, ancillary regulatory scrutiny, employee retention, and reputational risk.
4	<b>Weatherbie Capital Management</b>	Small Cap Growth	<b>Organization</b>	Sep-15	Weatherbie was initially placed on the watch list for poor performance but has dramatically improved performance by outperforming the benchmark over all periods. However, Weatherbie was acquired by Algiers Associates in January 2017 and will be watched to evaluate the organizational change.