February 10, 2017

TO: President and Members
   Board of Retirement

FROM: JR Pearce
       Investment Officer

SUBJECT: January 2017 Monthly Investment Manager Activity, Compliance Report, and Watch List

Recommendation:

It is recommended that the attached January 2017 Monthly Investment Manager Compliance Report and Watch List be received and filed.

Background/Discussion:

In accordance with SCERS’ Investment Policy Statement, the investment transactions for SCERS’ investment managers and portfolio investments for the month have been reviewed for compliance with their respective investment guidelines and objectives. No compliance violations have been found. The asset values for the various private equity, real estate, and opportunities investments are lagged one quarter.

As of January 31, 2017, there were four investment managers on the Watch List including Hines (Value Add Real Estate), Huber Capital Management (Large Cap Value), Weatherbie Capital Management (Small Cap Growth), and Och-Ziff Capital Management (Absolute Return and Opportunities-Real Estate).
It is recommended that the four investment managers remain on the Watch List until the investment consultants and Staff can advise your Board that the performance and/or organizational concerns have been satisfactorily resolved.

Staff also recommends placing Brown Advisory (Large Cap Growth) on the Watch list due to their significant underperformance across all reporting periods. Going forward, Staff will meet with manager on a quarterly basis to review their investment performance and investment portfolio. Brown will remain on the Watch List until performance improves considerably, or until any recommendations are made by Staff and Verus.

We will be happy to answer any questions you might have.

Respectfully submitted,  

Concur:

JR Pearce  
Investment Officer

Richard Stensrud  
Chief Executive Officer

Steve Davis  
Chief Investment Officer

Attachment
<table>
<thead>
<tr>
<th>#</th>
<th>Investment Manager</th>
<th>Fund Type</th>
<th>Watch List</th>
<th>Net Asset Value (as of January 31, 2017)*</th>
<th>S+Cers Investment / Commitment</th>
<th>Total Capital Called to Date</th>
<th>Total Capital Returned to Date**</th>
<th>Benchmark</th>
<th>Comply</th>
<th>Counter Party Comply</th>
<th>Purchases / Capital Called (Month)</th>
<th>Sales / Capital Returned (Month)**</th>
<th>Top 10 Holdings / Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>J.P. Morgan Asset Management</td>
<td>Equity 130/30</td>
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<td>$99,391,150</td>
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<td></td>
<td>S&amp;P 500 + 100 bps</td>
<td>Yes</td>
<td>N/A</td>
<td>$34,570,381</td>
<td>$14,414,326</td>
<td>Alphabet, UnitedHealth Group, Apple, Broadcom Ltd, Honeywell International, Microsoft, Walt Disney, Pfizer, Citigroup, PepsiCo</td>
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<td>2</td>
<td>Eagle Capital Management</td>
<td>Large Cap Core</td>
<td></td>
<td>$211,037,040</td>
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<td></td>
<td>Russell 1000 + 100 bps</td>
<td>Yes</td>
<td>N/A</td>
<td>$777,558</td>
<td>$1,028,594</td>
<td>Berkshire Hathaway Inc Cl B, Oracle Corp, Microsoft Corp, Liberty Global Pl C, Alphabet Inc Cl C, Amazon.Com Inc, Aon Plc, Ecolab Inc, Citigroup Inc, J.P. Morgan Chase + Co</td>
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<tr>
<td>3</td>
<td>Brown Advisory</td>
<td>Large Cap Growth</td>
<td>YES</td>
<td>$101,798,918</td>
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<td></td>
<td></td>
<td>Russell 1000 Growth + 100 bps</td>
<td>Yes</td>
<td>N/A</td>
<td>$6,778,032</td>
<td>$8,719,650</td>
<td>Amazon.Com Inc, Facebook Inc A, Visa Inc Class A Shares, Danaher Corp, Cod哥o Wholesale Corp, State Street Bank + Trust Co, Amphenol Corp Cia, Intuitive Surgical Inc, Ecolab Inc, Adobe Systems Inc</td>
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<tr>
<td>4</td>
<td>Alliance Bernstein</td>
<td>Large Cap Passive</td>
<td></td>
<td>$1,004,223,006</td>
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<td>Russell 1000</td>
<td>Yes</td>
<td>N/A</td>
<td>$4,261,316</td>
<td>$5,652,072</td>
<td>Apple Inc, Microsoft Corp, Exelon Mobil Corp, Amazon.Com Inc, Johnson + Johnson, Berkshire Hathaway Inc Cl B, J.P. Morgan Chase + Co, Facebook Inc A, General Electric Co, At&amp;T Inc</td>
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<td>5</td>
<td>Huber Capital Management</td>
<td>Large Cap Value</td>
<td>YES</td>
<td>$104,872,972</td>
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<td>Russell 1000 Value + 100 bps</td>
<td>Yes</td>
<td>N/A</td>
<td>$9,985,399</td>
<td>$11,491,307</td>
<td>Kkr Inc, Cro FInancial Group Inc, CibcGroup Inc, Herbalife Ltd, Ca Inc, J.P. Morgan Chase + Co, Microsoft Corp, Philip Morris International, Bank Of America Corp, Pfizer Inc</td>
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<td>11</td>
<td>TOTAL DOMESTIC EQUITY</td>
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<td>$1,924,672,254</td>
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<td>$61,815,965</td>
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<td></td>
<td>Investment Manager</td>
<td>Fund Type</td>
<td>Watch List</td>
<td>Net Asset Value (as of January 31, 2017)*</td>
<td>SCERS Investment / Commitment</td>
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<td>Total Capital Returned to Date**</td>
<td>Benchmark</td>
<td>Comply</td>
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<td></td>
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<tr>
<td>12</td>
<td>Lazard Asset Management</td>
<td>ACWI ex-US</td>
<td></td>
<td>$401,546,161</td>
<td>MSCI ACWI Ex-US + 100 bps</td>
<td>Yes</td>
<td>N/A</td>
<td>$21,896,006</td>
<td>$22,810,059</td>
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<td></td>
<td>Lazard Emerging Markets Equity, State Street Bank + Trust Co, Sempo Oyo A Shs, Daiwa House Industry Co Ltd, Prudential Plc, British American Tobacco Plc, Don Quijote Holdings Co Ltd, Shire Plc, Valeo Sa, Canbarg Asia B</td>
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<tr>
<td>13</td>
<td>LSV Asset Management</td>
<td>Developed Large Cap Value</td>
<td></td>
<td>$453,283,668</td>
<td>MSCI World Ex-US + 100 bps</td>
<td>Yes</td>
<td>N/A</td>
<td>$3,657,966</td>
<td>$4,224,239</td>
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<td></td>
<td>Sanofi, Bp Plc., Nippon Telegraph + Telephone, Swisse Rg Ag, Swiss Life Holding Ag Reg, Bae Systems Pk., Bard Se, Total Sa, Daimier Ag Registered Shares, Magna International Inc</td>
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<td>14</td>
<td>Walter Scott International EAFE Income Growth</td>
<td>Developed Large Cap Growth</td>
<td></td>
<td>$103,473,185</td>
<td>MSCI Small Cap World ex-US + 150 bps</td>
<td>Yes</td>
<td>N/A</td>
<td>$6,980,763</td>
<td>$6,688,668</td>
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<td></td>
<td>Will be funded in 3Q2017.</td>
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<td>19</td>
<td>Mondrian EM Small Cap</td>
<td>Emerging Market - Small Cap</td>
<td></td>
<td>$23,753,602</td>
<td>MSCI Emerging Markets Small Cap + 150 bps points</td>
<td>Yes</td>
<td>N/A</td>
<td>$50,998,546</td>
<td>$51,582,002</td>
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<td>ITOCHU Corporation, Yamato Kikaku Holdings, Nippon Telegraph &amp; Telephone Inc, AIG International Inc, Swiss Life Holding Ag Reg, Bae Systems Pk., BAE Systems Inc., United Bank Ltd, Patipatra Gas Ltd</td>
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</table>

**INTERNATIONAL EQUITY**

<table>
<thead>
<tr>
<th></th>
<th>Investment Manager</th>
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<td>22</td>
<td>TOTAL INTERNATIONAL EQUITY</td>
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<td>$1,427,303,636</td>
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<td>23</td>
<td>Neuberger Investment Management</td>
<td>Enhanced Index</td>
<td>$349,095,917</td>
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<td>Barclays Aggregate Bond + 25 bps</td>
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<td>N/A</td>
<td>$522,200,906</td>
<td>$46,818,803</td>
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<td>Metropolitan West Asset Management</td>
<td>Core Plus</td>
<td>$370,513,761</td>
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<td>Barclays Aggregate Bond + 70 bps</td>
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<td>N/A</td>
<td>$93,272,313</td>
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<td>Bandywine Global Investment Management</td>
<td>Global</td>
<td>$202,118,025</td>
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<td>Yes</td>
<td>N/A</td>
<td>$7,063,230</td>
<td>$7,643,436</td>
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<td>Brigade SC Credit Opportunities Mandate, LLC</td>
<td>Strategic Credit</td>
<td>$162,624,372</td>
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<td>Yes</td>
<td>N/A</td>
<td>$240,578,919</td>
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**FIXED INCOME**
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<tr>
<td>29</td>
<td>Grosvenor SC Absolute Return Fund (SCARF)</td>
<td>Diversified Separate Account</td>
<td></td>
<td>$248,132,901</td>
<td>90-Day U.S. T-Bill + 500 bps</td>
<td>Yes</td>
<td>Yes</td>
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<td>30</td>
<td>Grosvenor SC Absolute Return Fund, Series B (SCARF-B)</td>
<td>Diversified Separate Account</td>
<td></td>
<td>$67,885,325</td>
<td>90-Day U.S. T-Bill + 500 bps</td>
<td>Yes</td>
<td>Yes</td>
<td>This diversified Absolute Return Separate Account is part of SCERS interim Absolute Return allocation.</td>
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<td>31</td>
<td>Lakewood Capital Partners, LP</td>
<td>Equity Long/Short</td>
<td></td>
<td>$41,986,494</td>
<td>90-Day U.S. T-Bill + 500 bps</td>
<td>Yes</td>
<td>Yes</td>
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<td>32</td>
<td>Elliott Associates, LP</td>
<td>Event Driven</td>
<td></td>
<td>$45,577,518</td>
<td>90-Day U.S. T-Bill + 500 bps</td>
<td>Yes</td>
<td>Yes</td>
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<td>33</td>
<td>Jana Partners Qualified, LP</td>
<td>Event Driven</td>
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<td>$38,068,415</td>
<td>90-Day U.S. T-Bill + 500 bps</td>
<td>Yes</td>
<td>Yes</td>
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<td>34</td>
<td>Third Point Partners Qualified, LP</td>
<td>Event Driven</td>
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<td>$41,635,314</td>
<td>90-Day U.S. T-Bill + 500 bps</td>
<td>Yes</td>
<td>Yes</td>
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<td>35</td>
<td>Grosvenor</td>
<td>Fund of Funds</td>
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<td>$249,135</td>
<td>90-Day U.S. T-Bill + 500 bps</td>
<td>Yes</td>
<td>N/A</td>
<td>Fund was terminated; redemptions from the fund continue to progress.</td>
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<td>36</td>
<td>Claren Road Credit Partners LP</td>
<td>Global Long-Short Credit</td>
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<td>$2,500,164</td>
<td>90-Day U.S. T-Bill + 500 bps</td>
<td>Yes</td>
<td>Yes</td>
<td>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.</td>
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<td>37</td>
<td>Brevan Howard Master Fund, LLC</td>
<td>Global Macro - Discretion</td>
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<td>$35,788,725</td>
<td>90-Day U.S. T-Bill + 500 bps</td>
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<td>Yes</td>
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<tr>
<td>38</td>
<td>Lauton Capital Management LP</td>
<td>Market Neutral - Vol/Arb</td>
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<td>$41,515,029</td>
<td>90-Day U.S. T-Bill + 500 bps</td>
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<td>Yes</td>
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<td>40</td>
<td>Och-Ziff Domestic Partners Fund II, LP</td>
<td>Multi-Strategy</td>
<td>YES</td>
<td>$41,411,430</td>
<td>90-Day U.S. T-Bill + 500 bps</td>
<td>Yes</td>
<td>Yes</td>
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<td>**</td>
<td>TOTAL ABSOLUTE RETURN FUNDS</td>
<td></td>
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<td>$673,771,681</td>
<td>$35,000,000</td>
<td>$33,000,000</td>
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<td>$1,314,142</td>
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**Total Capital Returned to Date as of January 31, 2017.
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<tbody>
<tr>
<td>42</td>
<td>Abbott Capital Private Equity Fund VI, LP</td>
<td>Fund of Funds</td>
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<td>$61,922,663</td>
<td>$75,000,000</td>
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<td>$28,501,320</td>
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<td>Yes</td>
<td>N/A</td>
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<td>43</td>
<td>HarbourVest International PEP VI, LP</td>
<td>Fund of Funds</td>
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<td>$30,912,470</td>
<td>$50,000,000</td>
<td>$34,503,044</td>
<td>$21,849,235</td>
<td>Russell 1000 + 300 bps</td>
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<td>44</td>
<td>HarbourVest VIII, LP</td>
<td>Fund of Funds</td>
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<td>$26,889,013</td>
<td>$50,000,000</td>
<td>$47,400,000</td>
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<td>Russell 1000 + 300 bps</td>
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<td>Private Equity (Goldman Sachs) X, LP</td>
<td>Fund of Funds</td>
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<td>$49,369,180</td>
<td>$75,000,000</td>
<td>$74,342,136</td>
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<td>Russell 1000 + 300 bps</td>
<td>Yes</td>
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<td>46</td>
<td>Accel-KKR Capital Partners IV, LP</td>
<td>Buyout</td>
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<td>$10,918,519</td>
<td>$15,000,000</td>
<td>$11,287,048</td>
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<td>Russell 1000 + 300 bps</td>
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<td>N/A</td>
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<td>$252,293</td>
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<td>47</td>
<td>Accel-KKR Capital Partners V, LP</td>
<td>Buyout</td>
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<td>$1,401,138</td>
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<td>Russell 1000 + 300 bps</td>
<td>Yes</td>
<td>N/A</td>
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<td>$1,648,472</td>
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<td>48</td>
<td>H.L.G. Capital Partners V, LP</td>
<td>Buyout</td>
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<td>$2,834,621</td>
<td>$14,000,000</td>
<td>$3,207,392</td>
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<td>Russell 1000 + 300 bps</td>
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<td>Marlin Equity IV, LP</td>
<td>Buyout</td>
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<td>$11,899,246</td>
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<td>$140,443</td>
<td>Russell 1000 + 300 bps</td>
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<td>Linden Capital Partners III, LP</td>
<td>Buyout - Middle Market Healthcare</td>
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<td>$13,057,070</td>
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<td>Russell 1000 + 300 bps</td>
<td>Yes</td>
<td>N/A</td>
<td></td>
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<tr>
<td>51</td>
<td>Thoma Bravo Fund XI, LP</td>
<td>Buyout - Middle Market Technology</td>
<td></td>
<td>$32,620,298</td>
<td>$30,000,000</td>
<td>$29,600,786</td>
<td>$178,826</td>
<td>Russell 1000 + 300 bps</td>
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<td>52</td>
<td>Thoma Bravo Fund XII, LP</td>
<td>Buyout - Middle Market Technology</td>
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<td>$9,237,932</td>
<td>$30,000,000</td>
<td>$9,562,698</td>
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<td>Russell 1000 + 300 bps</td>
<td>Yes</td>
<td>N/A</td>
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<td>53</td>
<td>H.L.G. Europe Capital Partners II, LP</td>
<td>Buyout - Non-US</td>
<td></td>
<td>$(437,712)</td>
<td>$21,000,000</td>
<td>$231,729</td>
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<td>Russell 1000 + 300 bps</td>
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<td>N/A</td>
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<td>54</td>
<td>Waterland Fund V, LP</td>
<td>Buyout - Non-US</td>
<td></td>
<td>$13,395,733</td>
<td>$23,193,600</td>
<td>$14,710,875</td>
<td>$17,167,446</td>
<td>Russell 1000 + 300 bps</td>
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<td>N/A</td>
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<td>Fund is denominated in Euros and has been converted to US dollars based on the exchange rate at the time of the transaction.</td>
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<td>55</td>
<td>Waterland Fund VI, LP</td>
<td>Buyout - Non-US</td>
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<td>$5,901,778</td>
<td>$30,000,000</td>
<td>$6,040,313</td>
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<td>Marlin Heritage, LP</td>
<td>Buyout - Small / Middle Market</td>
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<td>$8,071,362</td>
<td>$10,000,000</td>
<td>$7,562,602</td>
<td>$1,411,103</td>
<td>Russell 1000 + 300 bps</td>
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<td>57</td>
<td>Marlin Heritage Europe, LP</td>
<td>Buyout - Small / Middle Market</td>
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<td>$14,400,000</td>
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<td>58</td>
<td>RJ Capital Master Fund II, LP</td>
<td>Buyout - Special Situations SE Asia</td>
<td></td>
<td>$26,372,897</td>
<td>$35,000,000</td>
<td>$41,782,546</td>
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<td>N/A</td>
<td>$58,553 $58,553</td>
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<td>RJ Capital Master Fund III, LP</td>
<td>Buyout - Special Situations SE Asia</td>
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<td>$8,350,011</td>
<td>$40,000,000</td>
<td>$9,751,111</td>
<td>$2,243,116</td>
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<td>Summit Partners Credit Fund I, LP</td>
<td>Corp. Credit Lending</td>
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<td>$7,603,469</td>
<td>$20,000,000</td>
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<td>Summit Partners Credit Fund II, LP</td>
<td>Corp. Credit Lending</td>
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<td>$21,869,780</td>
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<td>$6,879,038</td>
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<td>62</td>
<td>Athyrium Opportunities Fund II, LP</td>
<td>Corp. Credit Lending - Healthcare</td>
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<td>$23,075,528</td>
<td>$32,000,000</td>
<td>$29,178,565</td>
<td>$7,861,933</td>
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<td>63</td>
<td>Atalaya Special Opportunities Fund VI, LP</td>
<td>Distressed Debt</td>
<td></td>
<td>$17,152,441</td>
<td>$25,000,000</td>
<td>$18,149,529</td>
<td>$720,052</td>
<td>Russell 1000 + 300 bps</td>
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<td>N/A</td>
<td>$1,750,000</td>
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<td>64</td>
<td>Garrison Opportunity Fund III, LP</td>
<td>Distressed Debt</td>
<td></td>
<td>$14,141,069</td>
<td>$20,000,000</td>
<td>$20,000,000</td>
<td>$6,220,104</td>
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<td>H.I.G. Bayside Loan Opportunity III (Europe), LP</td>
<td>Distressed Debt</td>
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<td>$17,089,532</td>
<td>$30,000,000</td>
<td>$18,945,732</td>
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<td>66</td>
<td>TPG Opportunities Partners III, LP</td>
<td>Distressed Debt</td>
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<td>$17,727,539</td>
<td>$40,000,000</td>
<td>$18,301,337</td>
<td>$2,316,988</td>
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<td>67</td>
<td>Wayzata Opportunities Fund III, LP</td>
<td>Distressed Debt</td>
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<td>$9,688,598</td>
<td>$30,000,000</td>
<td>$14,718,000</td>
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<td>68</td>
<td>Summit Partners Venture Capital Fund III, LP</td>
<td>Growth Equity</td>
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<td>$16,350,000</td>
<td>$13,166</td>
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<td>69</td>
<td>Summit Partners Venture Capital Fund IV, LP</td>
<td>Growth Equity</td>
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<td>$8,860,102</td>
<td>$35,000,000</td>
<td>$8,737,103</td>
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<td>70</td>
<td>TSG 7A, LP and TSG 7B, LP</td>
<td>Buyout - Consumer Brands</td>
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<td>$2,706,064</td>
<td>$20,000,000</td>
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<td>$7,223</td>
<td>Russell 1000 + 300 bps</td>
<td>Yes</td>
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<td>$126,182</td>
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<td>71</td>
<td>Accel-KKR Structured Credit Capital II, LP</td>
<td>Growth Equity - Software Technology</td>
<td></td>
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<td>$15,000,000</td>
<td>$4,827,631</td>
<td>$384,805</td>
<td>Russell 1000 + 300 bps</td>
<td>Yes</td>
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<td>72</td>
<td>Spectrum Equity Investors VII, LP</td>
<td>Growth Equity - Software Technology</td>
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<td>$15,027,771</td>
<td>$25,000,000</td>
<td>$14,846,097</td>
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<td>73</td>
<td>Dyal II US Investors, LP</td>
<td>Other</td>
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<td>$6,312,435</td>
<td>$35,000,000</td>
<td>$11,204,662</td>
<td>$6,392,003</td>
<td>Russell 1000 + 300 bps</td>
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<td>74</td>
<td>Dyal Capital Partners III, LP</td>
<td>Other</td>
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<td>$10,212,010</td>
<td>$35,000,000</td>
<td>$11,093,368</td>
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<td>N/A</td>
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<td>Khosla Ventures Fund IV, LP</td>
<td>Venture Capital</td>
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<td>$14,952,565</td>
<td>$10,000,000</td>
<td>$9,670,000</td>
<td>$955,913</td>
<td>Russell 1000 + 300 bps</td>
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<td>76</td>
<td>Khosla Ventures Fund V, LP</td>
<td>Venture Capital</td>
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<td>$9,174,459</td>
<td>$20,000,000</td>
<td>$9,140,000</td>
<td>Russell 1000 + 300 bps</td>
<td>Yes</td>
<td>N/A</td>
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<td>77</td>
<td>NEA 14, LP</td>
<td>Venture Capital</td>
<td></td>
<td>$32,187,349</td>
<td>$25,000,000</td>
<td>$23,500,000</td>
<td>$2,379,176</td>
<td>Russell 1000 + 300 bps</td>
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<td>78</td>
<td>NEA 15, LP</td>
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<td>$17,549,221</td>
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<td>$16,804,431</td>
<td>Russell 1000 + 300 bps</td>
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<td>78</td>
<td>Trinity Ventures XI, LP</td>
<td>Venture Capital</td>
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<td>$18,388,177</td>
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<td>79</td>
<td>Trinity Ventures XII, LP</td>
<td>Venture Capital</td>
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<td>$2,760,929</td>
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<td>80</td>
<td>TOTAL PRIVATE EQUITY</td>
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<td>$629,974,112</td>
<td>$1,182,943,600</td>
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<td>$208,835,620</td>
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<td>$10,256,813</td>
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PRIVATE EQUITY
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<tr>
<td>81</td>
<td>SSgA Real Asset Strategy Proxy</td>
<td>Real Assets Overlay</td>
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<td>$325,695,351</td>
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<td>Blended benchmarked to strategy fund weights</td>
<td>Yes</td>
<td>N/A</td>
<td>$30,377,180</td>
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<td>This is the overlay proxy for the Real Assets asset class.</td>
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<td>82</td>
<td>BlackRock Realty</td>
<td>Real Estate Core Separate Account</td>
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<td>Yes</td>
<td>N/A</td>
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<td>Capital called is for the Block 295 (Leland James Center) redevelopment project in Portland, OR.</td>
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<td>83</td>
<td>Cornerstone</td>
<td>Real Estate Core Separate Account</td>
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<td>Assets Managed does not include $39 million of debt.</td>
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<td>84</td>
<td>Jamestown Premier Property Fund, LP</td>
<td>Real Estate Core and Core Plus</td>
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<td>NFI-ODCE Index</td>
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<td>85</td>
<td>MetLife Core Property Fund</td>
<td>Real Estate Core</td>
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<td>86</td>
<td>Prime Property Fund, LLC</td>
<td>Real Estate Core</td>
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<td>87</td>
<td>Principal US Property Account</td>
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<td>Prologis Targeted Europe Logistics Fund, LP</td>
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<td>89</td>
<td>Prologis Targeted US Logistics Fund, LP</td>
<td>Real Estate Core</td>
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<td>Townsend Real Estate Fund, LP</td>
<td>Real Estate Core</td>
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<td>91</td>
<td>Blackstone Resources Select Offshore Fund</td>
<td>Commodities</td>
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<td>$42,383,402</td>
<td>Dow Jones AIG Index</td>
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<td>Bend of GSCI and Dow Jones AIG</td>
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<td>92</td>
<td>Gresham Strategic Commodities Fund</td>
<td>Commodities</td>
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**Investment Manager Monthly Activity, Compliance, and Watch List Report**

**January 31, 2017**

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<tr>
<td>93</td>
<td>Atalaya SCERS SMA, LLC</td>
<td>Asset Backed Lending Separate Account</td>
<td></td>
<td>$10,715,636</td>
<td>$100,000,000</td>
<td>$13,700,253</td>
<td>$4,323,497</td>
<td>CPI-U Headline + 500 bps</td>
<td>Yes</td>
<td>N/A</td>
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<tr>
<td>94</td>
<td>ArcLight Energy Partners VI, LP</td>
<td>Energy - Midstream</td>
<td></td>
<td>$26,295,131</td>
<td>$40,000,000</td>
<td>$26,325,842</td>
<td>$573,221</td>
<td>CPI-U Headline + 500 bps</td>
<td>Yes</td>
<td>N/A</td>
<td>$8,992,388</td>
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<td>95</td>
<td>ACM Fund II, LLC</td>
<td>Real Assets - Agriculture</td>
<td></td>
<td>$4,403,198</td>
<td>$25,000,000</td>
<td>$6,468,247</td>
<td>$1,902,189</td>
<td>CPI-U Headline + 500 bps</td>
<td>Yes</td>
<td>N/A</td>
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<td>96</td>
<td>EnCap Flatrock Midstream III, LP</td>
<td>Energy - Midstream</td>
<td></td>
<td>$6,628,885</td>
<td>$20,000,000</td>
<td>$7,617,867</td>
<td>$1,596,554</td>
<td>CPI-U Headline + 500 bps</td>
<td>Yes</td>
<td>N/A</td>
<td>$344,960</td>
<td>$283,909</td>
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<td>97</td>
<td>Quantum Energy Partners VI, LP</td>
<td>Energy - Midstream</td>
<td></td>
<td>$15,455,651</td>
<td>$35,000,000</td>
<td>$13,101,189</td>
<td>$1,770,702</td>
<td>CPI-U Headline + 500 bps</td>
<td>Yes</td>
<td>N/A</td>
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<td>98</td>
<td>EnCap Energy Capital Fund IX, LP</td>
<td>Energy - Upstream</td>
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<td>$18,184,871</td>
<td>$33,000,000</td>
<td>$13,236,650</td>
<td>$18,336,530</td>
<td>CPI-U Headline + 500 bps</td>
<td>Yes</td>
<td>N/A</td>
<td>$520,473</td>
<td>$4,811,121</td>
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<td>99</td>
<td>EnCap Energy Capital Fund X, LP</td>
<td>Energy - Upstream</td>
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<td>$12,299,092</td>
<td>$40,000,000</td>
<td>$13,943,582</td>
<td>$1,087,923</td>
<td>CPI-U Headline + 500 bps</td>
<td>Yes</td>
<td>N/A</td>
<td>$699,594</td>
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<td>100</td>
<td>First Reserve Energy Infrastructure II, LP</td>
<td>Energy Infrastructure</td>
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<td>$14,506,175</td>
<td>$35,000,000</td>
<td>$15,287,590</td>
<td>$3,170,690</td>
<td>CPI-U Headline + 500 bps</td>
<td>Yes</td>
<td>N/A</td>
<td>$2,552,963</td>
<td>$1,898,412</td>
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<td>Carlyle Power Partners II, LP</td>
<td>Energy - Power</td>
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<td>$13,115,950</td>
<td>$40,000,000</td>
<td>$19,050,560</td>
<td>$4,312,447</td>
<td>CPI-U Headline + 500 bps</td>
<td>Yes</td>
<td>N/A</td>
<td>$303,173</td>
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<td>102</td>
<td>IFM Global Infrastructure Fund (IQ), LP</td>
<td>Infrastructure - Core</td>
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<td>$75,000,000</td>
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<td>CPI-U Headline + 500 bps</td>
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<td>103</td>
<td>Brookfield Infrastructure Fund III, LP</td>
<td>Infrastructure - Core</td>
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<td>$6,199,603</td>
<td>$40,000,000</td>
<td>$7,760,547</td>
<td>$1,370,790</td>
<td>CPI-U Headline + 500 bps</td>
<td>Yes</td>
<td>N/A</td>
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<td>104</td>
<td>Wastewater Opporunity Fund, LP</td>
<td>Infrastructure - Water / Wastewater</td>
<td></td>
<td>$2,863,549</td>
<td>$25,000,000</td>
<td>$3,847,207</td>
<td>$1,396,642</td>
<td>CPI-U Headline + 500 bps</td>
<td>Yes</td>
<td>N/A</td>
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<td>105</td>
<td>Pantheon SCERS Secondary Infrastructure, LLC</td>
<td>Infrastructure - Secondary Separate Account</td>
<td></td>
<td>$40,234,361</td>
<td>$100,000,000</td>
<td>$27,900,000</td>
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<td>CPI-U Headline + 500 bps</td>
<td>Yes</td>
<td>N/A</td>
<td>$2,700,000</td>
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<td>106</td>
<td>TOTAL REAL ASSETS</td>
<td></td>
<td></td>
<td>$1,080,578,411</td>
<td>$733,000,000</td>
<td>$283,568,171</td>
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<td>$27,811,165</td>
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<td>Investment Manager</td>
<td>Fund Type</td>
<td>Watch List</td>
<td>Net Asset Value (as of January 31, 2017)*</td>
<td>SCERS Investment / Commitment</td>
<td>Total Capital Called to Date</td>
<td>Total Capital Returned to Date**</td>
<td>Benchmark</td>
<td>Comply</td>
<td>Counterparty Comply</td>
<td>Purchases / Capital Called (month)</td>
<td>Sales / Capital Returned (Month)**</td>
<td>Top 10 Holdings / Notes</td>
</tr>
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<tr>
<td>107</td>
<td>DRC European Real Estate Debt Fund II, LP</td>
<td>Distressed Debt - Europe</td>
<td></td>
<td>$25,947,376</td>
<td>$50,000,000</td>
<td>$77,128,595</td>
<td>$50,117,737</td>
<td>NFI-ODCE Index</td>
<td>Yes</td>
<td>N/A</td>
<td>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.</td>
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<tr>
<td>108</td>
<td>Atalaya Special Opportunities Fund V, LP</td>
<td>Distressed Debt - US</td>
<td></td>
<td>$15,583,976</td>
<td>$25,000,000</td>
<td>$24,875,000</td>
<td>$13,659,396</td>
<td>Russell 1000 + 300 bps</td>
<td>Yes</td>
<td>N/A</td>
<td>$1,750,000</td>
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<tr>
<td>109</td>
<td>Atalaya Special Opportunities Fund VI, LP</td>
<td>Distressed Debt - US</td>
<td></td>
<td>$17,192,441</td>
<td>$25,000,000</td>
<td>$18,149,529</td>
<td>$720,052</td>
<td>Russell 1000 + 300 bps</td>
<td>Yes</td>
<td>N/A</td>
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<td>110</td>
<td>CIM Opportunity Fund VIII, LP</td>
<td>Real Estate Oppor.</td>
<td></td>
<td>$25,151,770</td>
<td>$35,000,000</td>
<td>$28,284,785</td>
<td>$5,114,809</td>
<td>NFI-ODCE + 100 bps</td>
<td>Yes</td>
<td>N/A</td>
<td>$160,837</td>
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<td>111</td>
<td>DDR Real Estate Partners Americas, LP</td>
<td>Real Estate Oppor.</td>
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<td>$15,662,460</td>
<td>$35,000,000</td>
<td>$27,595,471</td>
<td>$18,757,140</td>
<td>NFI-ODCE + 100 bps</td>
<td>Yes</td>
<td>N/A</td>
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<td>112</td>
<td>Och-Ziff Real Estate Fund III, LP</td>
<td>Real Estate Oppor.</td>
<td>YES</td>
<td>$12,090,346</td>
<td>$35,000,000</td>
<td>$11,657,517</td>
<td>$1,042,907</td>
<td>NFI-ODCE + 100 bps</td>
<td>Yes</td>
<td>N/A</td>
<td>$1,450,000</td>
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<td></td>
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<td>113</td>
<td>ABV Value Investors II, LP</td>
<td>Real Estate Value Add</td>
<td></td>
<td>$1,424,337</td>
<td>$25,000,000</td>
<td>$21,812,596</td>
<td>$26,497,696</td>
<td>NFI-ODCE + 100 bps</td>
<td>Yes</td>
<td>N/A</td>
<td>The fund has reached the end of its term. ABV has been undergoing an orderly sale of the assets and extended the closing of the fund until 2017.</td>
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<tr>
<td>114</td>
<td>Allegis Value Trust</td>
<td>Real Estate Value Add</td>
<td></td>
<td>$15,844,978</td>
<td>$25,000,000</td>
<td>$21,812,596</td>
<td>$26,497,696</td>
<td>NFI-ODCE + 100 bps</td>
<td>Yes</td>
<td>N/A</td>
<td>$1,450,000</td>
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<td>115</td>
<td>ICE European Prime Shopping Centre Fund II, SC 5 SF</td>
<td>Real Estate Value Add</td>
<td></td>
<td>$7,372,666</td>
<td>$35,000,000</td>
<td>$7,922,479</td>
<td>$1,229,486</td>
<td>NFI-ODCE + 100 bps</td>
<td>Yes</td>
<td>N/A</td>
<td>Fund is denominated in Euros, which will then be converted to US dollars based on the exchange rate at the time of the transaction.</td>
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<td>116</td>
<td>Hammers Partners II, LP</td>
<td>Real Estate Value Add</td>
<td></td>
<td>$14,724,173</td>
<td>$25,000,000</td>
<td>$15,625,384</td>
<td>$1,457,063</td>
<td>NFI-ODCE + 100 bps</td>
<td>Yes</td>
<td>N/A</td>
<td></td>
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<tr>
<td>117</td>
<td>Hines US Office Value Fund II, LP</td>
<td>Real Estate Value Add</td>
<td>YES</td>
<td>$22,572,950</td>
<td>$21,726,796</td>
<td>$16,064,873</td>
<td>$8,372,080</td>
<td>NFI-ODCE + 100 bps</td>
<td>Yes</td>
<td>N/A</td>
<td>The fund has reached the end of its term. Hines has been undergoing an orderly sale of the assets and extended the closing of the fund until 2017.</td>
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<tr>
<td>118</td>
<td>NREP Nordic Strategies Fund, FCP-PPS</td>
<td>Real Estate Value Add</td>
<td></td>
<td>$19,176,150</td>
<td>$25,000,000</td>
<td>$22,179,980</td>
<td>$8,037,202</td>
<td>NFI-ODCE + 100 bps</td>
<td>Yes</td>
<td>N/A</td>
<td>Fund is denominated in Euros, which will then be converted to US dollars based on the exchange rate at the time of the transaction.</td>
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<td>119</td>
<td>NREP Nordic Strategies Fund II, SC 5p</td>
<td>Real Estate Value Add</td>
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<td>$10,168,658</td>
<td>$35,000,000</td>
<td>$10,012,187</td>
<td>$1,042,907</td>
<td>NFI-ODCE + 100 bps</td>
<td>Yes</td>
<td>N/A</td>
<td>Fund is denominated in Euros, which will then be converted to US dollars based on the exchange rate at the time of the transaction.</td>
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<td>120</td>
<td>TOTAL OPPORTUNITIES</td>
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<td></td>
<td>$170,170,454</td>
<td>$362,572,950</td>
<td>$301,958,131</td>
<td>$158,557,367</td>
<td>$1,750,000</td>
<td>$1,610,837</td>
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<td>#</td>
<td>Investment Manager</td>
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<td>Net Asset Value (as of January 31, 2017)*</td>
<td>SCERS Investment / Commitment</td>
<td>Total Capital Called to Date</td>
<td>Total Capital Returned to Date**</td>
<td>Benchmark</td>
<td>Comply</td>
<td>Counterparty Comply</td>
<td>Purchases / Capital Called (month)</td>
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<td>Top 10 Holdings / Notes</td>
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<td><strong>SHORT-TERM</strong></td>
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<tr>
<td>121</td>
<td>State Street Global Advisors - STIF (Cash Account)</td>
<td>Cash</td>
<td></td>
<td>$530,003,294</td>
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<td>91 Day T-Bill</td>
<td>Yes</td>
<td>N/A</td>
<td>$23,212,683</td>
<td>$52,684,500</td>
<td>Unallocated cash is swept into a short-term investment fund.</td>
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<tr>
<td>122</td>
<td><strong>TOTAL</strong></td>
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<td>$530,003,294</td>
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<td>$23,212,683</td>
<td>$52,684,500</td>
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<td><strong>FUTURES OVERLAY</strong></td>
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<tr>
<td>123</td>
<td>State Street Global Advisors (Futures Overlay)</td>
<td>Overlay</td>
<td></td>
<td>$169,916,690</td>
<td></td>
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<td>Yes</td>
<td>$437,921,549</td>
<td>$419,923,879</td>
<td>State Street Bank + Trust Co, Otc 295087 Ts Lst R E, Otc 295088 Ts Lst R E, Us Dollar, Fnma Tba 15 Yr 2.5, Fnma Tba 30 Yr 4, Gmna I Tba 30 Yr 3.5, Fhlmc Tba 30 Yr 3</td>
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<td>124</td>
<td><strong>TOTAL</strong></td>
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<td>$169,916,690</td>
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<td>$437,921,549</td>
<td>$419,923,879</td>
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<td><strong>SCERS TOTAL PORTFOLIO</strong></td>
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<td><strong>$8,105,600,815</strong></td>
<td><strong>$2,313,516,050</strong></td>
<td><strong>$1,350,331,906</strong></td>
<td><strong>$407,411,479</strong></td>
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<td><strong>$849,223,197</strong></td>
<td><strong>$833,043,100</strong></td>
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</table>

*Net Asset Value for Private Equity, Real Assets, and Opportunistic is September 2016 values adjusted for cash flows, except where noted.

**Capital returned includes return of capital, income, and gains.
<table>
<thead>
<tr>
<th>#</th>
<th>Investment Manager</th>
<th>Fund Type</th>
<th>Reason</th>
<th>Effective (month - year)</th>
<th>Commentary</th>
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<tbody>
<tr>
<td>1</td>
<td>Hines US Office Value Fund II</td>
<td>Real Estate - Value Add</td>
<td>Performance</td>
<td>Nov-10</td>
<td>Though the firm's shorter period returns have been favorable, the since inception return significantly underperformed against the benchmark: 3Q 2016 (+48.9% vs. +1.6%); 1-Year (+66.4% vs. +10.6%); 3-Year (+44.3% vs. +13.1%); 5-Year (+30.2% vs. +13.1%); and since inception return (-6.7% vs. +8.0%).</td>
</tr>
<tr>
<td>2</td>
<td>Huber Capital Management</td>
<td>Large Cap Value</td>
<td>Performance</td>
<td>Feb-15</td>
<td>Returns have underperformed the benchmark overall periods: 3Q 2016 (+6.8% vs. +6.7%); 1-Year (+11.5% vs. +17.3%); 3-Year (+3.1% vs. +8.6%); and since inception (+10.6% vs. +13.5%).</td>
</tr>
<tr>
<td>3</td>
<td>Weatherbie Capital Management</td>
<td>Small Cap Growth</td>
<td>Performance</td>
<td>Sep-15</td>
<td>Returns have underperformed the benchmark overall periods: 3Q 2016 (+2.3% vs. +3.6%); 1-Year (+11.0% vs. +11.3%); 3-Year (+4.8% vs. +7.7%); 5-Year (+3.8% vs. +5.1%); and since inception (+11.3% vs. +10.9%).</td>
</tr>
<tr>
<td>4</td>
<td>Och-Ziff Capital Management</td>
<td>Absolute Return and Opportunistic Real Estate</td>
<td>Organization</td>
<td>Oct-16</td>
<td>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.</td>
</tr>
<tr>
<td>5</td>
<td>Brown Advisory</td>
<td>Large Cap Growth</td>
<td>Performance</td>
<td>Feb-17</td>
<td>Returns have significantly underperformed the benchmark overall periods: 3Q 2016 (-4.6% vs. +4.6%); 1-Year (-2.3% vs. +7.1%); 3-Year (+4.1% vs. +8.6%); and since inception (+8.8% vs. +12.6%).</td>
</tr>
</tbody>
</table>