

Investment Performance

SERS seeks to provide investment earnings that meet, or preferably exceed, the assumed rate of return over complete economic cycles. SERS strives to meet this objective by applying acceptable risk parameters and allocations to investments that are diversified by type, industry, quality, and geography. SERS' current target investment return is 7.0%.

SERS' Investment Performance as of December 31, 2020 (Net of Fees)

1 Year	3 Years	5 Years	10 Years	20 Years	25 Years
11.1%	8.0%	9.1%	8.0%	6.4%	7.9%

SERS' Investment Performance as of June 30, 2021 (Net of Fees)

1 Year	3 Years	5 Years	10 Years	20 Years	25 Years
27.8%	11.0%	10.7%	8.3%	7.1%	8.0%

INVESTMENT SECTION

Investment Returns

December 31, 2020 (unaudited)

Calendar Year, Net-of-Fees Returns^{1/}

For the period ending December 31, 2020

Asset Class	1-Year Total Return	3-Year Total Return	5-Year Total Return	10-Year Total Return
Private Equity ^{2/,5/}	18.4%	13.2%	11.8%	11.5%
<i>Burgiss All Private Equity Custom Index^{3/,5/}</i>	13.1	12.3	12.2	12.7
<i>Global Equity +3%^{4/,5/}</i>	15.6	14.2	16.5	16.5
Private Credit ^{5/,8/}	9.1	9.7	NA	NA
<i>S&P Lvrld Loan Index +1%^{5/}</i>	2.3	4.2	5.1	5.3
Real Estate ^{5/}	2.1	3.4	3.1	7.0
<i>Real Estate Custom Benchmark^{5/,6/}</i>	0.3	4.0	5.5	9.0
<i>Consumer Price Index +3%^{5/}</i>	4.4	4.8	4.8	4.8
U.S. Equity	21.3	13.5	14.4	13.3
<i>Russell 3000 Index</i>	20.9	14.5	15.4	13.8
International Developed Markets Equity	9.6	5.0	8.8	6.5
<i>MSCI World ex U.S. IMI</i>	8.3	4.3	7.9	5.4
Emerging Markets Equity	24.5	8.3	14.7	4.0
<i>MSCI Emerging Markets IMI</i>	18.4	5.8	12.2	3.5
Fixed Income	5.8	4.7	4.9	4.2
<i>Bloomberg Barclays U.S. Aggregate Bond Index</i>	7.5	5.3	4.4	3.8
Inflation Protection (TIPS)	11.0	5.7	5.2	3.1
<i>U.S. TIPS Index</i>	11.0	5.9	5.1	3.8
Cash	0.6	1.7	1.4	0.9
<i>ICE BofAML U.S. 3-Month Treasury Bill Index</i>	0.7	1.6	1.2	0.6
Total Fund^{7/}	11.1%	8.0%	9.1%	8.0%
Total Fund Custom Benchmark	13.5%	9.1%	9.7%	8.8%
Total Fund Custom Public Market Equivalent Benchmark	13.2%	9.2%	10.4%	9.1%
Total Fund 60/40 Index	13.6%	8.4%	9.3%	7.2%

^{1/}Returns for periods greater than one year are annualized. Performance was calculated using the Modified Dietz day-weighted return methodology.

^{2/}Historical Private Equity performance includes Buyouts, Special Situations, and Growth Equity.

^{3/}Intended to compare the program's performance to its peers.

^{4/}Long-term benchmark by which SERS measures its private market performance. Shorter term variances (1-year and 3-year) can be pronounced due to the nature of private assets and are not as relevant for benchmark purposes.

^{5/}Private Equity, Private Credit, Real Estate and the corresponding benchmarks are reported on a quarter-lagged basis.

^{6/}Calculated monthly using beginning of the month asset class weights applied to each corresponding primary benchmark return. The real estate custom benchmark consists of the NCREIF ODCE Index (1 Qtr lag) and FTSE NAREIT Index (unlagged).

^{7/}Legacy Hedge Funds are in liquidation, values and performance are no longer reported. However, all performance activity continues to be reflected in SERS' Total Fund return.

^{8/}Private Credit has an inception date of December 1, 2017. As of December 31, 2020, extended period returns beyond three years are unavailable.