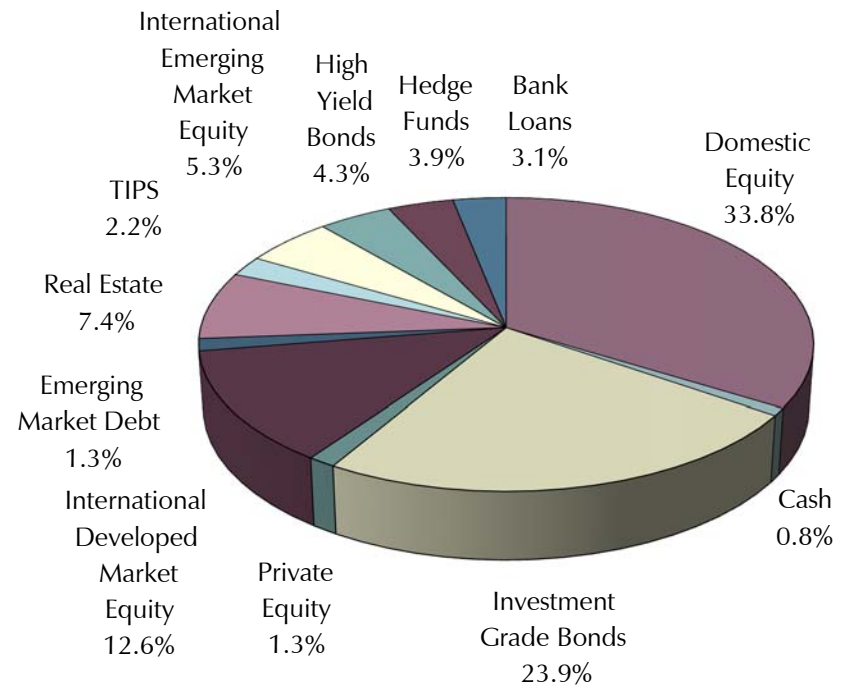
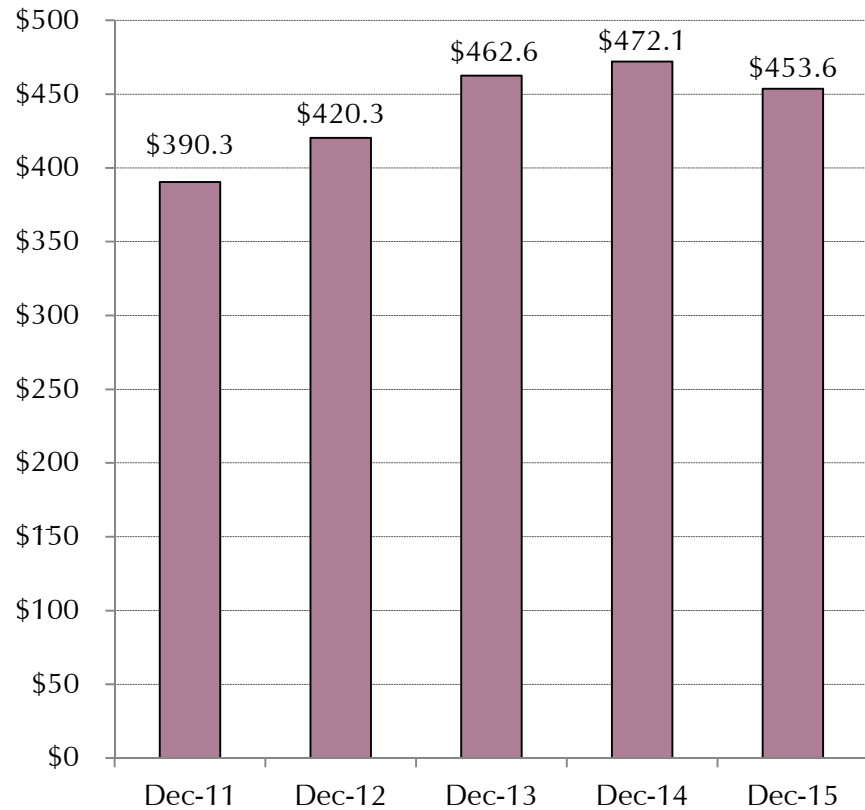


**Retirement System
Fourth Quarter Investment Review**

**Retirement System Summary
As of December 31, 2015**

**City of Ann Arbor
Employees' Retirement System**

**Aggregate Assets
as of 12/31/15**



City of Ann Arbor
Employees' Retirement System

Aggregate Assets
Asset Summary as of 12/31/15

| | Market Value 12/31/15 (\$ mm) | % of Retirement System | Target Allocation (%) | Target Range (%) | Market Value 9/30/15 (\$ mm) |
|--|-------------------------------------|------------------------------|-----------------------------|------------------------|------------------------------------|
| Total Retirement System | 453.6 | 100 | NA | NA | 449.2 |
| Domestic Equity Assets | 153.1 | 34 | 31 | 25-37 | 149.5 |
| International Developed Market Equity Assets | 57.2 | 13 | 12 | 9-15 | 54.5 |
| International Emerging Market Equity Assets | 23.9 | 5 | 6 | 0-9 | 23.9 |
| Private Equity Assets | 6.0 | 1 | 3 | 0-5 | 5.3 |
| Investment Grade Bond Assets | 108.6 | 24 | 19 | 15-24 | 110.7 |
| TIPS Assets | 9.9 | 2 | 8 | 0-10 | 10.0 |
| High Yield Bond Assets ¹ | 19.7 | 4 | 3 | 1-5 | 19.6 |
| Bank Loan Assets | 14.1 | 3 | 2 | 0-4 | 14.1 |
| Emerging Market Debt Assets | 6.1 | 1 | 2 | 0-4 | 6.1 |
| Real Estate Assets | 33.8 | 7 | 9 | 2-12 | 33.0 |
| Natural Resources Assets | 0.0 | 0 | 3 | 0-5 | 0.0 |
| Hedge Fund Assets | 17.5 | 4 | 2 | 1-5 | 17.9 |
| Cash | 3.8 | 1 | 0 | < 5 | 4.5 |

¹ Includes Summit Partners Credit Fund II.



**City of Ann Arbor
Employees' Retirement System**

**Aggregate Assets
Portfolio Roster as of 12/31/15**

| | Market Value 12/31/15 (\$ mm) | % of Asset Class | % of Retirement System | Target Allocation (%) | Target Range (%) | Market Value 9/30/15 (\$ mm) |
|---|--|-----------------------------|---------------------------------------|--------------------------------------|---------------------------------|---|
| Total Retirement System | 453.6 | NA | 100 | NA | NA | 449.2 |
| Domestic Equity Assets | 153.1 | 100 | 34 | 31 | 25-37 | 149.5 |
| Northern Trust Russell 1000 Index | 109.8 | 72 | 24 | | | 107.5 |
| Loomis Sayles Small Cap Value Equity | 24.8 | 16 | 5 | | | 24.0 |
| Northern Trust S&P 400 MidCap Index | 18.5 | 12 | 4 | | | 18.0 |
| International Developed Market Equity Assets | 57.2 | 100 | 13 | 12 | 9-15 | 54.5 |
| Northern Trust MSCI EAFE Index | 30.3 | 53 | 7 | | | 28.9 |
| Fisher Institutional Foreign Equity | 26.9 | 47 | 6 | | | 25.6 |
| International Emerging Market Equity Assets | 23.9 | 100 | 5 | 6 | 0-9 | 23.9 |
| Dimensional Emerging Markets Value | 14.6 | 61 | 3 | | | 14.8 |
| Vontobel Emerging Markets Equity | 9.2 | 39 | 2 | | | 9.1 |
| Private Equity Assets¹ | 6.0 | 100 | 1 | 3 | 0-5 | 5.3 |
| Ironsides Co-Investment Fund III, L.P. | 5.2 | 88 | 1 | | | 5.0 |
| Ironsides Partnership Fund III, L.P. | 0.7 | 12 | < 1 | | | 0.3 |

¹ Market value as of June 30, 2015, adjusted for subsequent cash flows.



City of Ann Arbor
Employees' Retirement System

Aggregate Assets
Portfolio Roster as of 12/31/15

| | Market Value 12/31/15 (\$ mm) | % of Asset Class | % of Retirement System | Target Allocation (%) | Target Range (%) | Market Value 9/30/15 (\$ mm) |
|---|-------------------------------------|---------------------|------------------------------|-----------------------------|------------------------|------------------------------------|
| Investment Grade Bond Assets | 108.6 | 100 | 24 | 19 | 15-24 | 110.7 |
| Northern Trust Barclays Aggregate Index | 66.2 | 61 | 15 | | | 68.1 |
| Short Duration Bonds | 42.4 | 39 | 9 | | | 42.6 |
| Northern Trust 1-5 Year Credit Bond | 38.1 | 35 | 8 | | | 38.2 |
| Northern Trust Short-Term Government Bond | 4.3 | 4 | 1 | | | 4.3 |
| TIPS Assets | 9.9 | 100 | 2 | 8 | 0-10 | 10.0 |
| IR&M 1-10 Year Index | 9.9 | 100 | 2 | | | 10.0 |
| High Yield Bond Assets | 19.7 | 100 | 4 | 3 | 1-5 | 19.6 |
| SKY Harbor Broad High Yield Market | 17.1 | 87 | 4 | | | 17.4 |
| Summit Partners Credit Fund II ¹ | 2.6 | 13 | 1 | | | 2.2 |
| Bank Loan Assets | 14.1 | 100 | 3 | 2 | 0-4 | 14.1 |
| Beach Point Leveraged Loan | 14.1 | 100 | 3 | | | 14.1 |
| Emerging Market Debt Assets | 6.1 | 100 | 1 | 2 | 0-4 | 6.1 |
| Stone Harbor Emerging Markets Local Currency Debt | 6.1 | 100 | 1 | | | 6.1 |

¹ Market value as of September 30, 2015, adjusted for subsequent cash flows.



City of Ann Arbor
Employees' Retirement System

Aggregate Assets
Portfolio Roster as of 12/31/15

| | Market Value 12/31/15 (\$ mm) | % of Asset Class | % of Retirement System | Target Allocation (%) | Target Range (%) | Market Value 9/30/15 (\$ mm) |
|--|-------------------------------------|---------------------|------------------------------|-----------------------------|------------------------|------------------------------------|
| Real Estate¹ | 33.8 | 100 | 7 | 9 | 2-12 | 33.0 |
| A.E.W Core Property Trust ² | 22.6 | 67 | 5 | | | 21.9 |
| Intercontinental Real Estate Investment Fund III | 4.0 | 12 | 1 | | | 5.1 |
| INVESCO Mortgage Recovery Loans | 3.6 | 11 | 1 | | | 2.9 |
| DRA Growth and Income Fund VIII | 3.6 | 11 | 1 | | | 3.1 |
| INVESCO Mortgage Recovery Feeder | <0.1 | < 1 | < 1 | | | 0.0 |
| Hedge Fund Assets | 17.5 | 100 | 4 | 2 | 1-5 | 17.9 |
| 36 South Kohinoor Series Three | 8.8 | 50 | 2 | | | 9.1 |
| Tse Capital Offshore Fund, Ltd. | 6.1 | 35 | 1 | | | 6.1 |
| Och-Ziff Credit Opportunities | 2.6 | 15 | 1 | | | 2.7 |
| Cash | 3.8 | 100 | 1 | 0 | < 5 | 4.5 |
| Northern Trust Cash Account | 3.8 | 100 | 1 | | | 4.5 |

¹ Market value as of September 30, 2015, adjusted for subsequent cash flows.

² Market value as of December 31, 2015.



City of Ann Arbor
Employees' Retirement System

Aggregate Assets
Performance as of 12/31/15

| | 4Q15 (%) | Fiscal ¹ YTD (%) | 1 YR (%) | 3 YR (%) | 5 YR (%) | 10 YR (%) | Inception Date | Since Inception (%) |
|---|-------------|-----------------------------------|-------------|-------------|-------------|--------------|-------------------|---------------------------|
| Total Retirement System | 2.5 | -2.5 | 0.1 | 7.0 | 6.6 | 5.4 | 10/1/90 | 8.3 |
| Net of Fees | 2.5 | -2.6 | -0.1 | 6.7 | 6.3 | NA | | NA |
| <i>Policy Benchmark²</i> | 2.1 | -3.0 | -0.8 | 5.7 | 6.3 | 5.3 | | 8.4 |
| <i>Actual Allocation Benchmark</i> | 2.7 | -2.4 | -0.3 | 6.9 | NA | NA | | NA |
| <i>60% MSCI ACWI / 40% Barclays Aggregate</i> | 2.8 | -2.6 | -1.0 | 5.3 | 5.2 | 5.0 | | NA |
| Domestic Equity | 5.5 | -2.4 | 0.2 | 14.3 | 11.9 | 7.6 | 10/1/90 | 10.0 |
| <i>Russell 3000</i> | 6.3 | -1.4 | 0.5 | 14.7 | 12.2 | 7.4 | | 10.3 |
| International Developed Market Equity | 4.8 | -6.0 | -0.6 | 3.8 | 2.7 | 4.4 | 10/1/95 | 8.2 |
| <i>MSCI EAFE</i> | 4.7 | -6.0 | -0.8 | 5.0 | 3.6 | 3.0 | | 4.6 |
| International Emerging Market Equity | 0.1 | -16.0 | -15.1 | -6.9 | NA | NA | 2/1/12 | -3.4 |
| <i>MSCI Emerging Markets</i> | 0.7 | -17.4 | -14.9 | -6.8 | -4.8 | 3.6 | | -3.8 |
| Investment Grade Bonds ³ | -0.5 | 0.4 | 0.8 | 1.8 | 3.5 | 5.2 | 10/1/90 | 6.3 |
| <i>Barclays Aggregate</i> | -0.6 | 0.7 | 0.5 | 1.4 | 3.2 | 4.5 | | 6.3 |
| TIPS | -0.7 | -1.5 | -0.4 | NA | NA | NA | 11/1/13 | -0.6 |
| <i>Barclays U.S. TIPS</i> | -0.6 | -1.8 | -1.4 | -2.3 | 2.5 | 3.9 | | -0.2 |
| <i>Barclays U.S. TIPS 1-10 Year</i> | -0.7 | -1.6 | -0.5 | -1.8 | 1.6 | 3.5 | | -0.6 |

¹ Fiscal Year begins July 1.

² As of 3Q 2011, the Policy Benchmark comprises 31% Russell 3000, 12% MSCI EAFE, 6% MSCI EM, 3% Russell 3000 + 3% (1 qtr lagged), 19% Barclays Aggregate, 8% Barclays U.S. TIPS, 3% Barclays High Yield, 2% CSFB Leveraged Loan, 2% JPM GBI-EM Global Diversified, 9% NCREIF ODCE (equal weighted), 3% DJ-UBS Commodity, and 2% HFRI Fund Weighted Composite.

³ Prior to July 2011, Investment Grade Bonds included an allocation to High Yield.



City of Ann Arbor
Employees' Retirement System

Aggregate Assets
Performance as of 12/31/15

| | 4Q15 (%) | Fiscal ¹ YTD (%) | 1 YR (%) | 3 YR (%) | 5 YR (%) | 10 YR (%) | Inception Date | Since Inception (%) |
|---|-------------|-----------------------------------|-------------|-------------|-------------|--------------|-------------------|---------------------------|
| Total Retirement System (continued) | 2.5 | -2.5 | 0.1 | 7.0 | 6.6 | 5.4 | 10/1/90 | 8.3 |
| Net of Fees (continued) | 2.5 | -2.6 | -0.1 | 6.7 | 6.3 | NA | | NA |
| High Yield Bonds ² | -2.1 | -5.5 | -3.3 | 2.3 | 4.6 | NA | 7/1/09 | 8.6 |
| <i>Barclays High Yield</i> | -2.1 | -6.8 | -4.5 | 1.7 | 5.0 | 7.0 | | 9.3 |
| Bank Loans | -0.1 | 0.0 | 2.7 | 4.2 | NA | NA | 4/1/12 | 5.5 |
| <i>CSFB Leveraged Loan</i> | -2.0 | -3.2 | -0.4 | 2.6 | 3.8 | 4.1 | | 3.6 |
| Emerging Market Debt | -0.1 | -11.9 | -15.2 | -12.1 | NA | NA | 6/1/12 | -7.2 |
| <i>JPM GBI-EM Global Diversified (unhedged)</i> | 0.0 | -10.6 | -14.9 | -10.0 | -3.5 | 4.3 | | -4.7 |
| Real Estate | 5.1 | 8.0 | 19.0 | 17.4 | 15.3 | 5.8 | 7/1/03 | 8.3 |
| <i>NCREIF ODCE Equal Weighted</i> | 3.4 | 7.2 | 15.2 | 13.6 | 13.6 | 6.3 | | 7.9 |
| Hedge Funds | -2.2 | -5.0 | -5.1 | 2.3 | 1.3 | NA | 7/1/09 | 3.6 |
| <i>HFRI Fund Weighted Composite Index</i> | 1.0 | -3.3 | -0.8 | 3.7 | 2.3 | 4.1 | | 4.8 |
| <i>MSCI ACWI</i> | 5.0 | -4.9 | -2.4 | 7.7 | 6.1 | 4.8 | | 10.1 |

¹ Fiscal Year begins July 1.

² Includes Summit Partners Credit Fund II.



City of Ann Arbor
Employees' Retirement System

Aggregate Assets
Performance as of 12/31/15

| | 4Q15 (%) | Fiscal ¹ YTD (%) | 1 YR (%) | 3 YR (%) | 5 YR (%) | 10 YR (%) | Inception Date | Since Inception (%) |
|--|-------------|-----------------------------------|-------------|-------------|-------------|--------------|-------------------|---------------------------|
| Domestic Equity | 5.5 | -2.4 | 0.2 | 14.3 | 11.9 | 7.6 | 10/1/90 | 10.0 |
| Northern Trust Russell 1000 Index | 6.5 | -0.8 | 0.9 | 15.0 | 12.5 | NA | 7/1/06 | 7.6 |
| Net of Fees | 6.5 | -0.8 | 0.9 | 15.0 | 12.4 | NA | | 7.6 |
| <i>Russell 1000</i> | 6.5 | -0.8 | 0.9 | 15.0 | 12.4 | 7.4 | | 7.5 |
| Loomis Sayles Small Cap Value Equity | 3.5 | -6.5 | -2.4 | 12.2 | 10.6 | 8.7 | 4/1/97 | 11.1 |
| Net of Fees | 3.3 | -6.9 | -3.0 | 11.4 | 9.8 | 8.0 | | NA |
| <i>Russell 2000 Value</i> | 2.9 | -8.2 | -7.5 | 9.1 | 7.7 | 5.6 | | 8.8 |
| Northern Trust S&P 400 MidCap Index | 2.6 | -6.1 | -2.2 | 12.8 | 10.7 | NA | 6/1/07 | 6.7 |
| Net of Fees | 2.6 | -6.1 | -2.2 | 12.7 | 10.7 | NA | | NA |
| <i>S&P MidCap</i> | 2.6 | -6.1 | -2.2 | 12.8 | 10.7 | 8.2 | | 6.6 |
| International Developed Market Equity | 4.8 | -6.0 | -0.6 | 3.8 | 2.7 | 4.4 | 10/1/95 | 8.2 |
| Northern Trust MSCI EAFE Index | 4.7 | -6.0 | -0.5 | NA | NA | NA | 12/1/14 | -3.6 |
| Net of Fees | 4.7 | -6.0 | -0.6 | NA | NA | NA | | -3.7 |
| <i>MSCI EAFE</i> | 4.7 | -6.0 | -0.8 | 5.0 | 3.6 | 3.0 | | -3.9 |
| Fisher Institutional Foreign Equity | 4.9 | -5.9 | -0.7 | 5.3 | 4.0 | NA | 2/1/07 | 2.8 |
| Net of Fees | 4.7 | -6.4 | -1.6 | 4.4 | 3.1 | NA | | NA |
| <i>MSCI EAFE</i> | 4.7 | -6.0 | -0.8 | 5.0 | 3.6 | 3.0 | | 0.7 |

¹ Fiscal Year begins July 1.



City of Ann Arbor
Employees' Retirement System

Aggregate Assets
Performance as of 12/31/15

| | 4Q15 (%) | Fiscal ¹ YTD (%) | 1 YR (%) | 3 YR (%) | 5 YR (%) | 10 YR (%) | Inception Date | Since Inception (%) |
|---|-------------|-----------------------------------|--------------|-------------|-------------|--------------|-------------------|---------------------------|
| International Emerging Market Equity | 0.1 | -16.0 | -15.1 | -6.9 | NA | NA | 2/1/12 | -3.4 |
| Dimensional Emerging Markets Value ² | -1.0 | -20.0 | -18.8 | -9.3 | NA | NA | 2/1/12 | -6.1 |
| <i>MSCI Emerging Markets</i> | 0.7 | -17.4 | -14.9 | -6.8 | -4.8 | 3.6 | | -3.8 |
| Vontobel Emerging Markets Equity | 2.1 | -8.5 | -7.8 | -2.1 | NA | NA | 2/1/12 | 1.8 |
| Net of Fees | 1.8 | -9.1 | -8.8 | -3.2 | NA | NA | | 0.7 |
| <i>MSCI Emerging Markets</i> | 0.7 | -17.4 | -14.9 | -6.8 | -4.8 | 3.6 | | -3.8 |
| Investment Grade Bonds³ | -0.5 | 0.4 | 0.8 | 1.8 | 3.5 | 5.2 | 10/1/90 | 6.3 |
| Northern Trust Barclays Aggregate Index | -0.6 | 0.6 | 0.6 | 1.4 | 3.2 | 4.5 | 7/1/98 | 5.1 |
| Net of Fees | -0.6 | 0.6 | 0.5 | 1.3 | 3.2 | 4.4 | | NA |
| <i>Barclays Aggregate</i> | -0.6 | 0.7 | 0.5 | 1.4 | 3.2 | 4.5 | | 5.1 |
| Short Duration Bonds | -0.3 | 0.1 | 1.2 | NA | NA | NA | 2/1/13 | 1.3 |
| Northern Trust 1-5 Year Credit Bond | -0.3 | 0.2 | 1.3 | NA | NA | NA | 2/1/13 | 1.4 |
| Net of Fees | -0.3 | 0.2 | 1.2 | NA | NA | NA | | 1.4 |
| <i>Barclays 1-5 Year Credit</i> | -0.4 | 0.0 | 1.1 | 1.4 | 2.5 | 4.1 | | 1.4 |
| Northern Trust Short-Term Government Bond | -0.5 | -0.2 | 0.5 | NA | NA | NA | 2/1/13 | 0.5 |
| Net of Fees | -0.5 | -0.2 | 0.4 | NA | NA | NA | | 0.4 |
| <i>Barclays 1-3 Year Government</i> | -0.4 | -0.1 | 0.6 | 0.5 | 0.7 | 2.5 | | 0.5 |

¹ Fiscal Year begins July 1.

² Returns shown are net of fees.

³ Prior to July 2011, Investment Grade Bonds included an allocation to High Yield.



City of Ann Arbor
Employees' Retirement System

Aggregate Assets
Performance as of 12/31/15

| | 4Q15 (%) | Fiscal ¹ YTD (%) | 1 YR (%) | 3 YR (%) | 5 YR (%) | 10 YR (%) | Inception Date | Since Inception (%) |
|--|-------------|-----------------------------------|--------------|--------------|-------------|--------------|-------------------|---------------------------|
| TIPS | -0.7 | -1.5 | -0.4 | NA | NA | NA | 11/1/13 | -0.6 |
| IR&M 1-10 Year Index | -0.7 | -1.5 | -0.4 | NA | NA | NA | 11/1/13 | -0.6 |
| Net of Fees | -0.7 | -1.6 | -0.5 | NA | NA | NA | | -0.7 |
| <i>Barclays U.S. TIPS 1-10 Year</i> | -0.7 | -1.6 | -0.5 | -1.8 | 1.6 | 3.5 | | -0.6 |
| High Yield Bonds² | -2.1 | -5.5 | -3.3 | 2.3 | 4.6 | NA | 7/1/09 | 8.6 |
| SKY Harbor Broad High Yield Market | -1.9 | -5.8 | -3.4 | 2.3 | NA | NA | 9/1/12 | 2.9 |
| Net of Fees | -2.1 | -6.1 | -3.9 | 1.7 | NA | NA | | 2.4 |
| <i>Barclays High Yield</i> | -2.1 | -6.8 | -4.5 | 1.7 | 5.0 | 7.0 | | 2.9 |
| Bank Loans | -0.1 | 0.0 | 2.7 | 4.2 | NA | NA | 4/1/12 | 5.5 |
| Beach Point Leveraged Loan | -0.1 | 0.0 | 2.7 | 4.2 | NA | NA | 4/1/12 | 5.5 |
| Net of Fees | -0.3 | -0.3 | 2.1 | 3.5 | NA | NA | | 4.8 |
| <i>CSFB Leveraged Loan</i> | -2.0 | -3.2 | -0.4 | 2.6 | 3.8 | 4.1 | | 3.6 |
| Emerging Market Debt | -0.1 | -11.9 | -15.2 | -12.1 | NA | NA | 6/1/12 | -7.2 |
| Stone Harbor Emerging Markets Local Currency Debt ³ | -0.1 | -11.9 | -15.2 | -12.1 | NA | NA | 6/1/12 | -7.2 |
| <i>JPM GBI-EM Global Diversified (unhedged)</i> | 0.0 | -10.6 | -14.9 | -10.0 | -3.5 | 4.3 | | -4.7 |

¹ Fiscal Year begins July 1.

² Includes Summit Partners Credit Fund II.

³ Returns shown are net of fees.



City of Ann Arbor
Employees' Retirement System

Aggregate Assets
Performance as of 12/31/15

| | 4Q15 (%) | Fiscal ¹ YTD (%) | 1 YR (%) | 3 YR (%) | 5 YR (%) | 10 YR (%) | Inception Date | Since Inception (%) |
|--|-------------|-----------------------------------|-------------|-------------|-------------|--------------|-------------------|---------------------------|
| Real Estate | 5.1 | 8.0 | 19.0 | 17.4 | 15.3 | 5.8 | 7/1/03 | 8.3 |
| A.E.W Core Property Trust ² | 3.0 | 6.0 | 12.4 | NA | NA | NA | 7/1/13 | 12.2 |
| <i>NCREIF ODCE</i> | 3.3 | 7.1 | 15.0 | 13.8 | 13.7 | 6.5 | | 13.8 |
| Hedge Funds³ | -2.2 | -5.0 | -5.1 | 2.3 | 1.3 | NA | 7/1/09 | 3.6 |
| 36 South Kohinoor Series Three | -3.8 | -3.4 | NA | NA | NA | NA | 2/1/15 | -6.2 |
| <i>HFRI Macro Index</i> | -0.2 | -0.9 | -1.3 | 1.2 | -0.1 | 3.5 | | -3.7 |
| Tse Capital Offshore Fund, Ltd. | 0.5 | -6.7 | NA | NA | NA | NA | 2/1/15 | 0.3 |
| <i>HFRI Macro Index</i> | -0.2 | -0.9 | -1.3 | 1.2 | -0.1 | 3.5 | | -3.7 |
| Och-Ziff Credit Opportunities | -2.4 | -5.8 | NA | NA | NA | NA | 6/1/15 | -6.9 |
| <i>Barclays High Yield</i> | -2.1 | -6.8 | -4.5 | 1.7 | 5.0 | 7.0 | | -8.2 |

¹ Fiscal Year begins July 1.

² Performance is shown net of fees.

³ Hedge Fund manager returns are shown as net of fees.



**City of Ann Arbor
Employees' Retirement System**

**Aggregate Assets
Calendar Year Performance**

| | 2015 (%) | 2014 (%) | 2013 (%) | 2012 (%) | 2011 (%) | 2010 (%) | 2009 (%) | 2008 (%) | 2007 (%) | 2006 (%) |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|
| Total Retirement System | 0.1 | 6.4 | 15.0 | 11.6 | 0.6 | 15.1 | 18.8 | -26.3 | 6.4 | 14.6 |
| Net of Fees | -0.1 | 6.1 | 14.7 | 11.4 | 0.3 | 14.8 | 18.5 | -26.4 | NA | NA |
| <i>Policy Benchmark¹</i> | -0.8 | 5.5 | 12.9 | 12.9 | 1.9 | 15.6 | 19.7 | -26.0 | 5.0 | 15.1 |
| <i>Actual Allocation Benchmark</i> | -0.3 | 6.1 | 15.4 | 12.0 | NA | NA | NA | NA | NA | NA |
| <i>60% MSCI ACWI / 40% Barclays Aggregate</i> | -1.0 | 5.0 | 12.3 | 11.5 | -1.1 | 10.8 | 23.0 | -25.8 | 9.9 | 14.1 |
| Domestic Equity | 0.2 | 11.7 | 33.5 | 16.8 | 0.5 | 21.7 | 32.5 | -38.1 | 3.9 | 14.4 |
| Northern Trust Russell 1000 Index | 0.9 | 13.2 | 33.1 | 16.4 | 1.6 | 16.3 | 28.9 | -37.5 | 5.9 | NA |
| Net of Fees | 0.9 | 13.2 | 33.1 | 16.4 | 1.5 | 16.3 | 28.9 | -37.6 | 5.8 | NA |
| <i>Russell 1000</i> | 0.9 | 13.2 | 33.1 | 16.4 | 1.5 | 16.1 | 28.4 | -37.6 | 5.8 | 15.5 |
| Loomis Sayles Small Cap Value Equity | -2.4 | 6.4 | 36.1 | 17.0 | -0.1 | 25.1 | 29.5 | -31.2 | 3.2 | 20.8 |
| Net of Fees | -3.0 | 5.6 | 35.1 | 16.2 | -0.8 | 24.3 | 28.5 | -31.5 | 2.6 | 20.2 |
| <i>Russell 2000 Value</i> | -7.5 | 4.2 | 34.5 | 18.1 | -5.5 | 24.5 | 20.6 | -28.9 | -9.8 | 23.5 |
| Northern Trust S&P 400 MidCap Index | -2.2 | 9.8 | 33.5 | 17.9 | -1.7 | 26.7 | 38.0 | -36.3 | NA | NA |
| Net of Fees | -2.2 | 9.7 | 33.5 | 17.9 | -1.7 | 26.7 | 38.0 | -36.3 | NA | NA |
| <i>S&P MidCap</i> | -2.2 | 9.8 | 33.5 | 17.9 | -1.7 | 26.6 | 37.4 | -36.2 | 8.0 | 10.3 |

¹ As of 3Q 2011, the Policy Benchmark comprises 31% Russell 3000, 12% MSCI EAFE, 6% MSCI EM, 3% Russell 3000 + 3% (1 qtr lagged), 19% Barclays Aggregate, 8% Barclays U.S. TIPS, 3% Barclays High Yield, 2% CSFB Leveraged Loan, 2% JPM GBI-EM Global Diversified, 9% NCREIF ODCE (equal weighted), 3% DJ-UBS Commodity, and 2% HFRI Fund Weighted Composite.



**City of Ann Arbor
Employees' Retirement System**

**Aggregate Assets
Calendar Year Performance**

| | 2015 (%) | 2014 (%) | 2013 (%) | 2012 (%) | 2011 (%) | 2010 (%) | 2009 (%) | 2008 (%) | 2007 (%) | 2006 (%) |
|---|--------------|-------------|-------------|-------------|--------------|-------------|-------------|--------------|-------------|-------------|
| International Developed Market Equity | -0.6 | -5.7 | 19.5 | 16.4 | -12.4 | 15.5 | 37.6 | -43.4 | 21.7 | 23.6 |
| Northern Trust MSCI EAFE Index | -0.5 | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Net of Fees | -0.6 | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| <i>MSCI EAFE</i> | -0.8 | -4.9 | 22.8 | 17.3 | -12.1 | 7.7 | 31.8 | -43.4 | 11.2 | 26.3 |
| Fisher Institutional Foreign Equity | -0.7 | -4.8 | 23.6 | 17.0 | -10.8 | 17.0 | 42.2 | -45.0 | NA | NA |
| Net of Fees | -1.6 | -5.7 | 22.5 | 15.9 | -11.7 | 16.0 | 41.3 | -45.5 | NA | NA |
| <i>MSCI EAFE</i> | -0.8 | -4.9 | 22.8 | 17.3 | -12.1 | 7.7 | 31.8 | -43.4 | 11.2 | 26.3 |
| International Emerging Market Equity | -15.1 | -0.3 | -4.6 | NA | NA | NA | NA | NA | NA | NA |
| Dimensional Emerging Markets Value ¹ | -18.8 | -4.4 | -3.8 | NA | NA | NA | NA | NA | NA | NA |
| <i>MSCI Emerging Markets</i> | -14.9 | -2.2 | -2.6 | 18.2 | -18.4 | 18.9 | 78.5 | -53.3 | 39.4 | 32.2 |
| Vontobel Emerging Markets Equity | -7.8 | 6.6 | -4.4 | NA | NA | NA | NA | NA | NA | NA |
| Net of Fees | -8.8 | 5.5 | -5.6 | NA | NA | NA | NA | NA | NA | NA |
| <i>MSCI Emerging Markets</i> | -14.9 | -2.2 | -2.6 | 18.2 | -18.4 | 18.9 | 78.5 | -53.3 | 39.4 | 32.2 |
| Investment Grade Bonds² | 0.8 | 5.5 | -1.0 | 6.1 | 6.1 | 7.8 | 11.2 | 4.2 | 6.4 | 4.8 |
| Northern Trust Barclays Aggregate Index | 0.6 | 6.1 | -2.3 | 4.3 | 7.8 | 6.6 | 6.6 | 3.7 | 7.4 | 4.2 |
| Net of Fees | 0.5 | 6.0 | -2.3 | 4.2 | 7.8 | 6.6 | 6.6 | 3.7 | 7.3 | 4.2 |
| <i>Barclays Aggregate</i> | 0.5 | 6.0 | -2.0 | 4.2 | 7.8 | 6.5 | 5.9 | 5.2 | 7.0 | 4.3 |

¹ Returns shown are net of fees.

² Prior to July 2011, Investment Grade Bonds included an allocation to High Yield.



**City of Ann Arbor
Employees' Retirement System**

**Aggregate Assets
Calendar Year Performance**

| | 2015 (%) | 2014 (%) | 2013 (%) | 2012 (%) | 2011 (%) | 2010 (%) | 2009 (%) | 2008 (%) | 2007 (%) | 2006 (%) |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Investment Grade Bonds (continued)¹ | 0.8 | 5.5 | -1.0 | 6.1 | 6.1 | 7.8 | 11.2 | 4.2 | 6.4 | 4.8 |
| Short Duration Bonds | 1.2 | 1.6 | NA | NA | NA | NA | NA | NA | NA | NA |
| Northern Trust 1-5 Year Credit Bond | 1.3 | 1.8 | NA | NA | NA | NA | NA | NA | NA | NA |
| Net of Fees | 1.2 | 1.8 | NA | NA | NA | NA | NA | NA | NA | NA |
| <i>Barclays 1-5 Year Credit</i> | 1.1 | 1.9 | 1.2 | 5.5 | 3.0 | 5.4 | 13.5 | -1.1 | 6.1 | 4.7 |
| Northern Trust Short-Term Government Bond | 0.5 | 0.6 | NA | NA | NA | NA | NA | NA | NA | NA |
| Net of Fees | 0.4 | 0.6 | NA | NA | NA | NA | NA | NA | NA | NA |
| <i>Barclays 1-3 Year Government</i> | 0.6 | 0.6 | 0.4 | 0.5 | 1.6 | 2.4 | 1.4 | 6.7 | 7.1 | 4.1 |
| TIPS | -0.4 | 0.9 | NA | NA | NA | NA | NA | NA | NA | NA |
| IR&M 1-10 Year Index | -0.4 | 0.9 | NA | NA | NA | NA | NA | NA | NA | NA |
| Net of Fees | -0.5 | 0.8 | NA | NA | NA | NA | NA | NA | NA | NA |
| <i>Barclays U.S. TIPS 1-10 Year</i> | -0.5 | 0.9 | -5.6 | 5.0 | 8.9 | 5.2 | 12.0 | -2.4 | 11.4 | 1.6 |
| High Yield Bonds | -3.3 | 1.4 | 9.3 | 13.5 | 3.1 | 15.0 | NA | NA | NA | NA |
| SKY Harbor Broad High Yield Market | -3.4 | 1.4 | 9.3 | NA | NA | NA | NA | NA | NA | NA |
| Net of Fees | -3.9 | 0.8 | 8.7 | NA | NA | NA | NA | NA | NA | NA |
| <i>Barclays High Yield</i> | -4.5 | 2.5 | 7.4 | 15.8 | 5.0 | 15.1 | 58.2 | -26.2 | 1.9 | 11.8 |
| Bank Loans | 2.7 | 2.7 | 7.1 | NA | NA | NA | NA | NA | NA | NA |
| Beach Point Leveraged Loan | 2.7 | 2.7 | 7.1 | NA | NA | NA | NA | NA | NA | NA |
| Net of Fees | 2.1 | 2.0 | 6.4 | NA | NA | NA | NA | NA | NA | NA |
| <i>CSFB Leveraged Loan</i> | -0.4 | 2.0 | 6.2 | 9.4 | 1.8 | 10.0 | 44.9 | -28.8 | 1.9 | 7.2 |

¹ Prior to July 2011, Investment Grade Bonds included an allocation to High Yield.



**City of Ann Arbor
Employees' Retirement System**

**Aggregate Assets
Calendar Year Performance**

| | 2015 (%) | 2014 (%) | 2013 (%) | 2012 (%) | 2011 (%) | 2010 (%) | 2009 (%) | 2008 (%) | 2007 (%) | 2006 (%) |
|--|--------------|-------------|--------------|-------------|-------------|-------------|--------------|--------------|-------------|-------------|
| Emerging Market Debt | -15.2 | -8.5 | -12.6 | NA | NA | NA | NA | NA | NA | NA |
| Stone Harbor Emerging Markets Local Currency Debt ¹ | -15.2 | -8.5 | -12.6 | NA | NA | NA | NA | NA | NA | NA |
| <i>JPM GBI-EM Global Diversified (unhedged)</i> | -14.9 | -5.7 | -9.0 | 16.8 | -1.8 | 15.7 | 22.0 | -5.2 | 18.1 | 15.2 |
| Real Estate | 19.0 | 22.0 | 11.5 | 16.7 | 7.7 | 13.6 | -33.3 | -10.4 | 3.1 | 23.4 |
| A.E.W Core Property Trust ² | 12.4 | 10.4 | NA | NA | NA | NA | NA | NA | NA | NA |
| <i>NCREIF ODCE</i> | 15.0 | 12.5 | 14.0 | 10.9 | 16.0 | 16.4 | -29.8 | -10.0 | 16.0 | 16.3 |
| Hedge Funds³ | -5.1 | 5.0 | 7.4 | 1.6 | -2.1 | 5.8 | NA | NA | NA | NA |
| 36 South Kohinoor Series Three | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| <i>HFRI Macro Index</i> | -1.3 | 5.6 | -0.4 | -0.1 | -4.1 | 8.1 | 4.3 | 4.8 | 11.1 | 8.2 |
| Tse Capital Offshore Fund, Ltd. | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| <i>HFRI Macro Index</i> | -1.3 | 5.6 | -0.4 | -0.1 | -4.1 | 8.1 | 4.3 | 4.8 | 11.1 | 8.2 |
| Och-Ziff Credit Opportunities | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| <i>Barclays High Yield</i> | -4.5 | 2.5 | 7.4 | 15.8 | 5.0 | 15.1 | 58.2 | -26.2 | 1.9 | 11.8 |

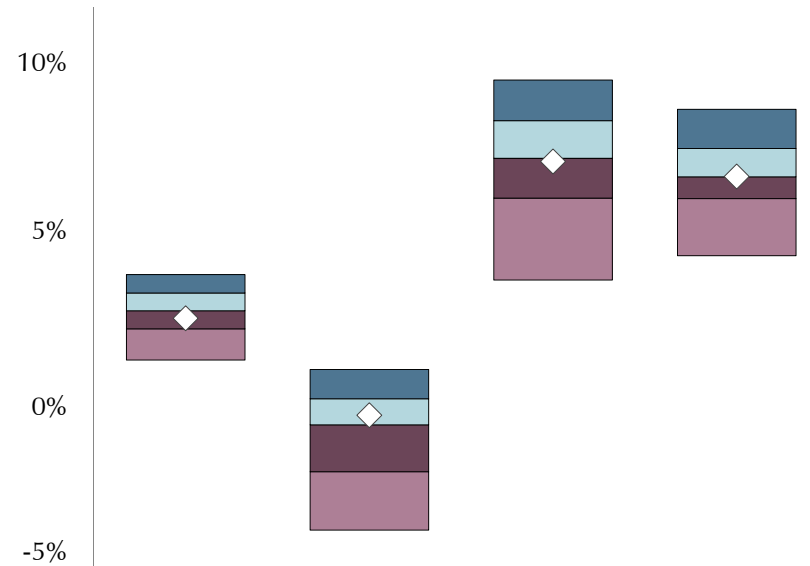
¹ Returns shown are net of fees.

² Performance is shown net of fees.

³ Hedge Fund manager returns shown are net of fees.



Total Retirement System vs. Public <\$500 million¹



| | 4Q15 (%) | 1 YR (%) | 3 YR (%) | 5 YR (%) |
|---|------------|-------------|------------|------------|
| Total Retirement System Fund Aggregate | 2.5 | -0.1 | 6.7 | 6.3 |
| Public Master Trust (25th percentile) | 3.2 | 0.3 | 7.8 | 7.1 |
| Public Master Trust (Median) | 2.7 | -0.4 | 6.8 | 6.3 |
| Public Master Trust (75th percentile) | 2.2 | -1.6 | 5.7 | 5.7 |

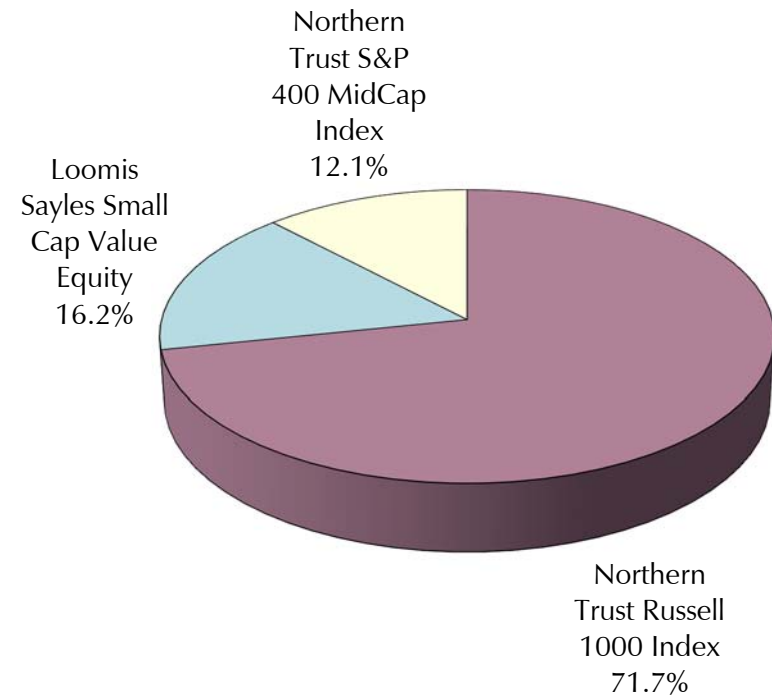
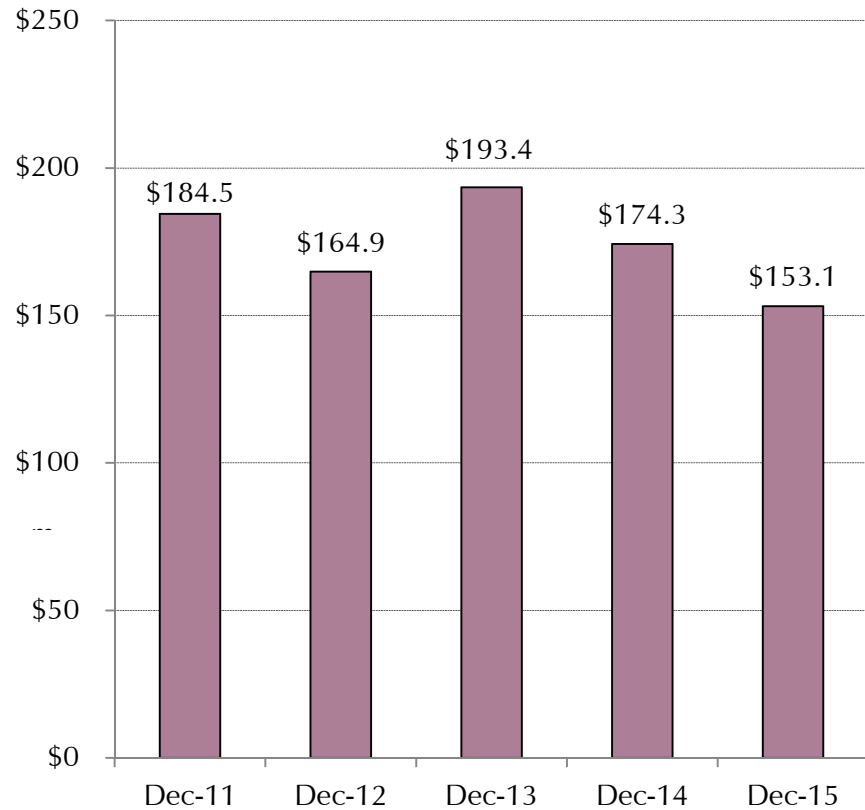
¹ Universe includes 78 public pension plans.



**Domestic Equity Assets
As of December 31, 2015**

City of Ann Arbor Employees' Retirement System

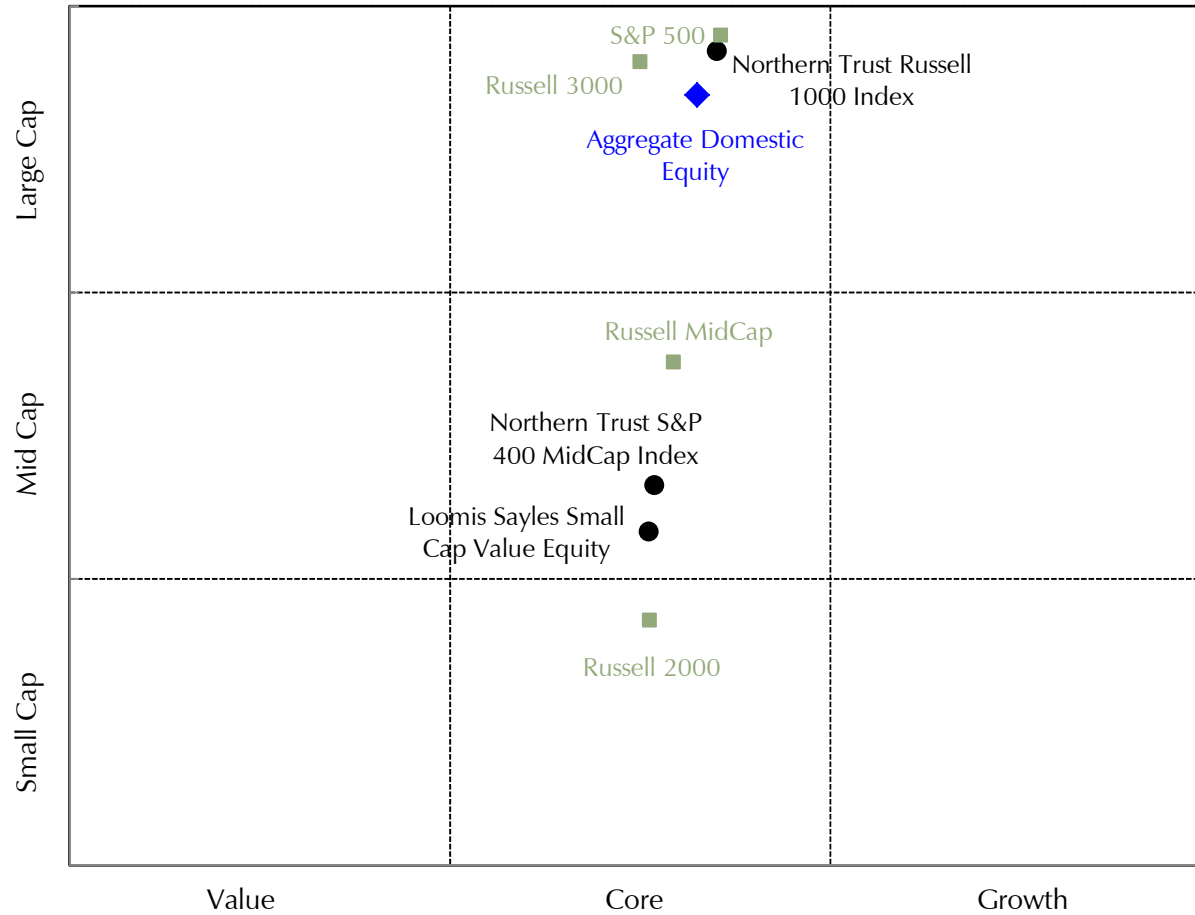
Domestic Equity Assets as of 12/31/15



**City of Ann Arbor
Employees' Retirement System**

**Domestic Equity Assets
Risk as of 12/31/15**

| Risk: (sixty months) | Aggregate Domestic Equity 12/31/15 | Russell 3000 12/31/15 |
|---------------------------------------|---|----------------------------------|
| Annualized Return (%) | 11.9 | 12.2 |
| Standard Deviation (%) | 14.1 | 13.5 |
| Best Monthly Return (%) | 12.6 | 11.5 |
| Worst Monthly Return (%) | -8.9 | -7.8 |
| Beta | 1.04 | 1.00 |
| Correlation to Index | 0.99 | 1.00 |
| Correlation to Total Fund Return | 0.97 | NA |
| Sharpe Measure (risk-adjusted return) | 0.84 | 0.90 |
| Information Ratio | Neg. | NA |



**City of Ann Arbor
Employees' Retirement System**

**Domestic Equity Assets
Characteristics as of 12/31/15**

| | Aggregate Domestic Equity 12/31/15 | Russell 3000 12/31/15 | Aggregate Domestic Equity 9/30/15 |
|---|---|----------------------------------|--|
| Capitalization Structure: | | | |
| Weighted Average Market Cap. (US\$ billion) | 83.3 | 106.1 | 77.0 |
| Median Market Cap. (US\$ billion) | 5.7 | 1.4 | 5.5 |
| Large (% over US\$20 billion) | 54 | 69 | 53 |
| Medium (% US\$3 billion to US\$20 billion) | 32 | 23 | 33 |
| Small (% under US\$3 billion) | 15 | 8 | 14 |
| Fundamental Structure: | | | |
| Price-Earnings Ratio | 21 | 21 | 19 |
| Price-Book Value Ratio | 2.6 | 2.3 | 2.5 |
| Dividend Yield (%) | 2.0 | 2.1 | 2.1 |
| Historical Earnings Growth Rate (%) | 11 | 11 | 12 |
| Projected Earnings Growth Rate (%) | 10 | 11 | 11 |

**City of Ann Arbor
Employees' Retirement System**

**Domestic Equity Assets
Diversification as of 12/31/15**

| Diversification: | Aggregate Domestic Equity 12/31/15 | Russell 3000 12/31/15 | Aggregate Domestic Equity 9/30/15 |
|--------------------------|---|----------------------------------|--|
| Number of Holdings | 1,267 | 3,012 | 1,262 |
| % in 5 largest holdings | 7 | 9 | 7 |
| % in 10 largest holdings | 12 | 14 | 11 |

Largest Five Holdings:

Apple
Microsoft
Equinix
ExxonMobil
General Electric

% of Portfolio

2.1
1.6
1.2
1.1
1.0

Economic Sector

Technology Equipment
Software & Services
Real Estate
Energy
Capital Goods



**City of Ann Arbor
Employees' Retirement System**

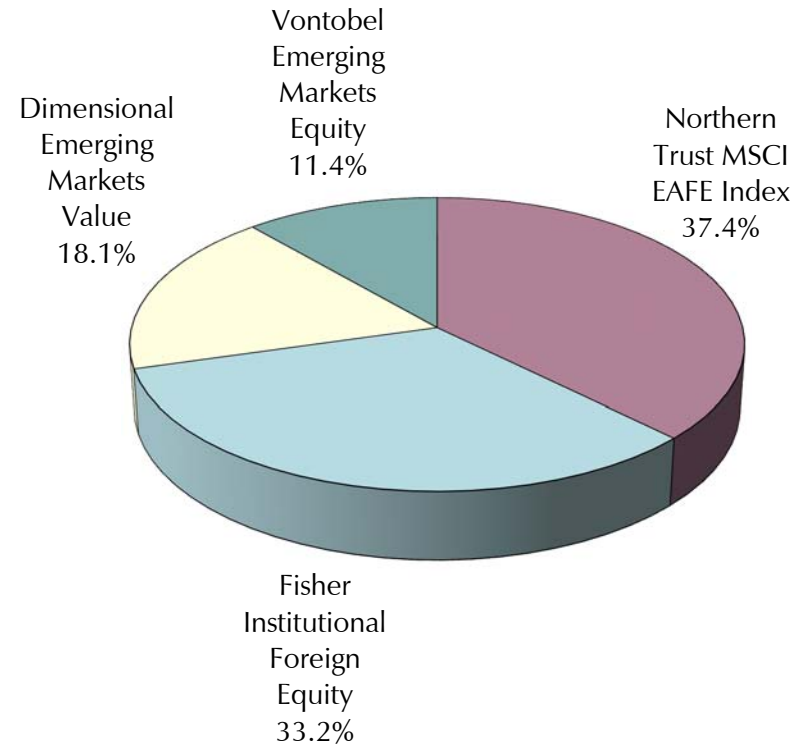
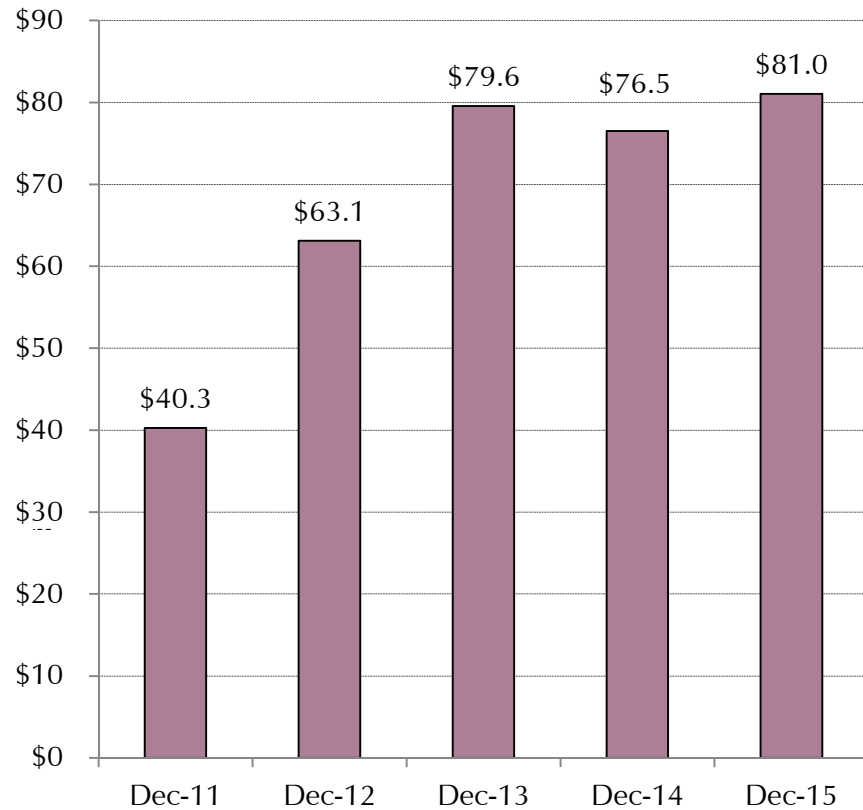
**Domestic Equity Assets
Sector Allocation as of 12/31/15**

| Sector Allocation (%): | Aggregate Domestic Equity 12/31/15 | Russell 3000 12/31/15 | Aggregate Domestic Equity 9/30/15 |
|-------------------------------|---|----------------------------------|--|
| Financials | 22 | 18 | 22 |
| Industrials | 12 | 11 | 12 |
| Consumer Discretionary | 14 | 13 | 14 |
| Materials | 3 | 3 | 3 |
| Utilities | 3 | 3 | 3 |
| Telecommunication Services | 2 | 2 | 2 |
| Energy | 5 | 6 | 6 |
| Information Technology | 19 | 20 | 18 |
| Consumer Staples | 8 | 9 | 8 |
| Health Care | 12 | 15 | 12 |

**International Equity Assets
As of December 31, 2015**

City of Ann Arbor Employees' Retirement System

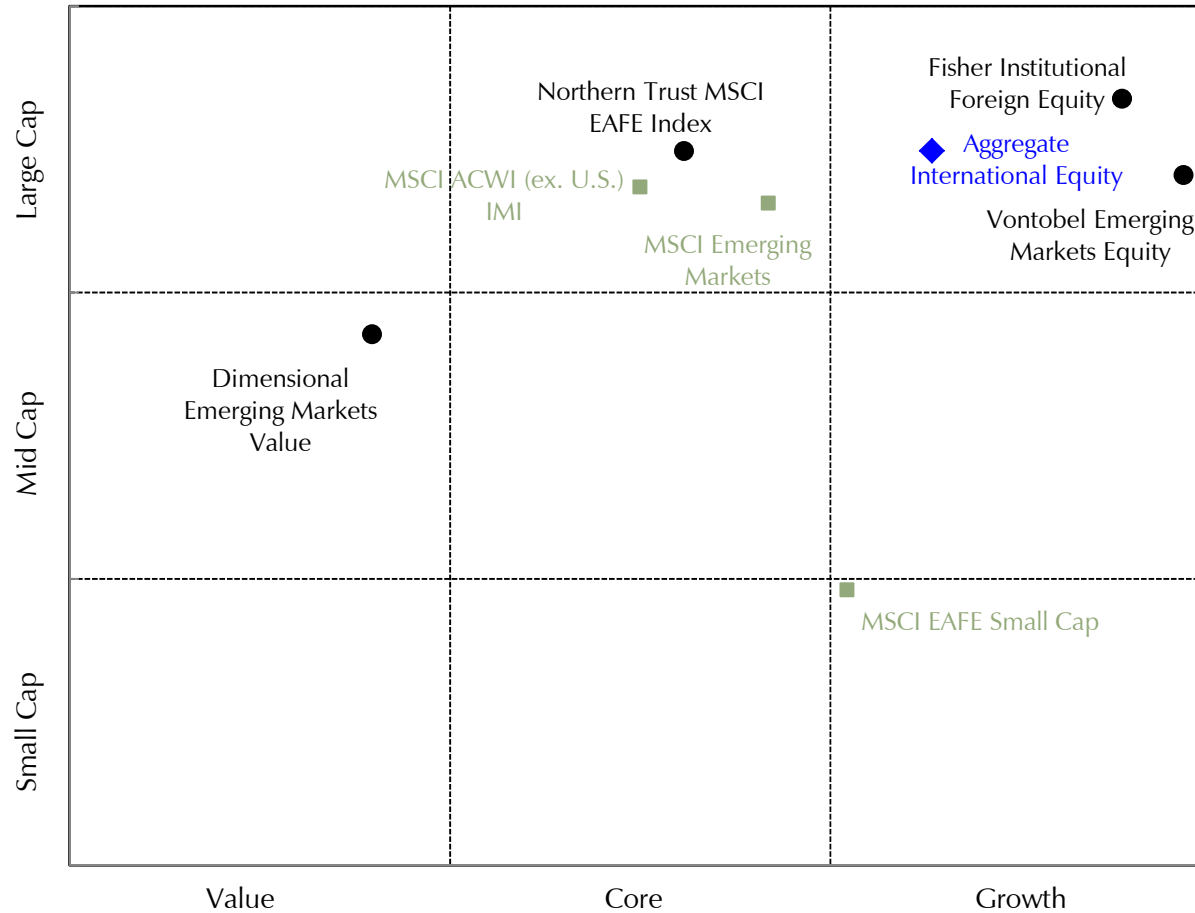
International Equity Assets as of 12/31/15



**City of Ann Arbor
Employees' Retirement System**

**International Equity Assets
Risk as of 12/31/15**

| Risk: (sixty months) | Aggregate International Equity 12/31/15 | MSCI ACWI (ex. U.S.) IMI 12/31/15 |
|---------------------------------------|--|--|
| Annualized Return (%) | 0.7 | 1.3 |
| Standard Deviation (%) | 16.0 | 15.3 |
| Best Monthly Return (%) | 13.1 | 10.3 |
| Worst Monthly Return (%) | -12.2 | -11.3 |
| Beta | 1.03 | 1.00 |
| Correlation to Index | 0.99 | 1.00 |
| Correlation to Total Fund Return | 0.95 | NA |
| Sharpe Measure (risk-adjusted return) | 0.04 | 0.08 |
| Information Ratio | Neg. | NA |



**City of Ann Arbor
Employees' Retirement System**

**International Equity Assets
Characteristics as of 12/31/15**

| | Aggregate International Equity 12/31/15 | MSCI ACWI (ex. U.S.) IMI 12/31/15 | Aggregate International Equity 9/30/15 |
|---|--|--|---|
| Capitalization Structure: | | | |
| Weighted Average Market Cap. (US\$ billion) | 55.6 | 42.8 | 51.2 |
| Median Market Cap. (US\$ million) | 976 | 1,136 | 902 |
| Large (% over US\$20 billion) | 65 | 51 | 62 |
| Medium (% US\$3 billion to US\$20 billion) | 28 | 36 | 31 |
| Small (% under US\$3 billion) | 7 | 13 | 8 |
| Fundamental Structure: | | | |
| Price-Earnings Ratio | 17 | 16 | 16 |
| Price-Book Value Ratio | 2.3 | 1.4 | 2.1 |
| Dividend Yield (%) | 2.9 | 3.0 | 3.0 |
| Historical Earnings Growth Rate (%) | 10 | 8 | 8 |
| Projected Earnings Growth Rate (%) | 10 | 10 | 10 |

**City of Ann Arbor
Employees' Retirement System**

**International Equity Assets
Diversification as of 12/31/15**

| | Aggregate International Equity 12/31/15 | MSCI ACWI (ex. U.S.) IMI 12/31/15 | Aggregate International Equity 9/30/15 |
|-------------------------------|--|--|---|
| Diversification: | | | |
| Number of Holdings | 3,230 | 6,146 | 3,211 |
| % in 5 largest holdings | 8 | 5 | 8 |
| % in 10 largest holdings | 13 | 8 | 13 |
| | | | |
| Largest Five Holdings: | % of Portfolio | Economic Sector | |
| Toyota Motor | 1.8 | Automobiles & Components | |
| Novo Nordisk | 1.6 | Pharmaceuticals & Biotech. | |
| Novartis | 1.4 | Pharmaceuticals & Biotech. | |
| Bayer | 1.4 | Pharmaceuticals & Biotech. | |
| SAP | 1.3 | Software & Services | |

**City of Ann Arbor
Employees' Retirement System**

**International Equity Assets
Sector Allocation as of 12/31/15**

| Sector Allocation (%): | Aggregate International Equity 12/31/15 | MSCI ACWI (ex. U.S.) IMI 12/31/15 | Aggregate International Equity 9/30/15 |
|-------------------------------|--|--|---|
| Information Technology | 11 | 8 | 9 |
| Consumer Staples | 12 | 10 | 11 |
| Health Care | 11 | 9 | 12 |
| Consumer Discretionary | 14 | 13 | 14 |
| Financials | 25 | 26 | 24 |
| Materials | 6 | 7 | 7 |
| Utilities | 2 | 3 | 2 |
| Industrials | 11 | 13 | 13 |
| Energy | 4 | 6 | 5 |
| Telecommunication Services | 2 | 5 | 3 |

City of Ann Arbor
Employees' Retirement System

International Equity Assets
Country & Region Breakdown as of 12/31/15

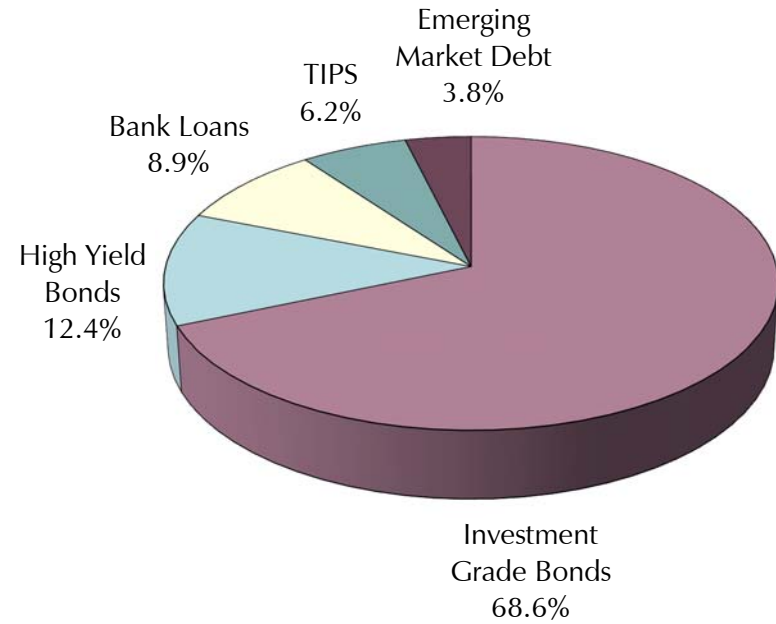
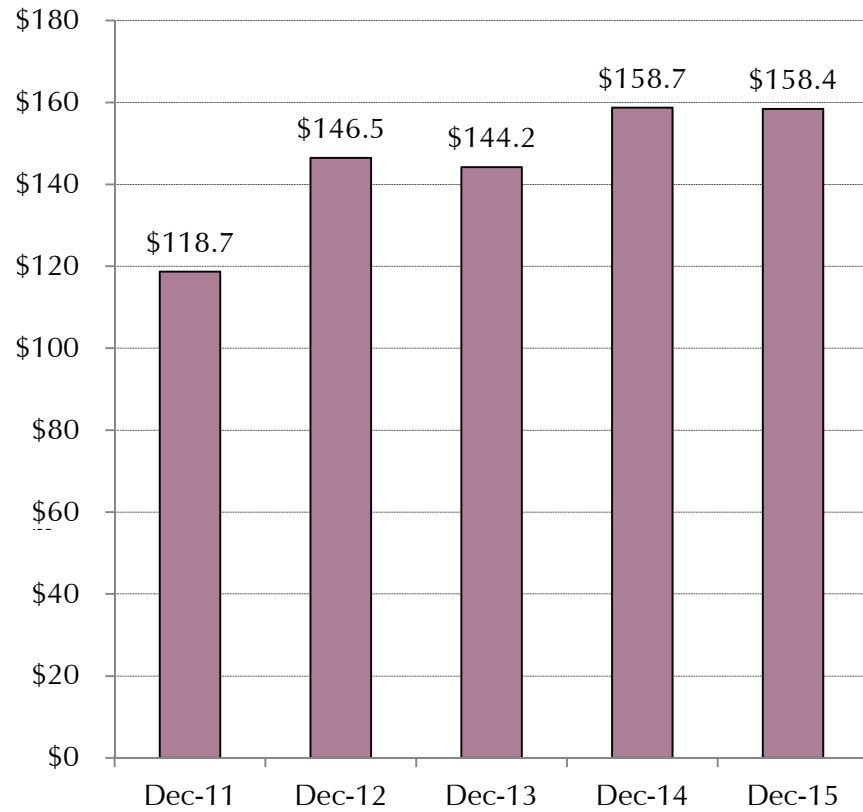
| | Aggregate International Equity 12/31/15 (%) | MSCI ACWI (ex. U.S.) IMI 12/31/15 (%) | | Aggregate International Equity 12/31/15 (%) | MSCI ACWI (ex. U.S.) IMI 12/31/15 (%) |
|----------------------|---|--|-----------------|---|--|
| North America | 1.3 | 6.2 | Emerging | 26.1 | 18.2 |
| Europe | 51.2 | 46.5 | India | 4.9 | 1.9 |
| Germany | 8.7 | 6.4 | Taiwan | 4.1 | 2.7 |
| United Kingdom | 14.3 | 13.0 | Mexico | 2.1 | 0.9 |
| Switzerland | 7.5 | 6.6 | Brazil | 1.8 | 1.0 |
| France | 7.1 | 6.3 | Indonesia | 1.3 | 0.5 |
| Ireland | 1.3 | 0.8 | South Africa | 1.9 | 1.3 |
| Denmark | 1.9 | 1.4 | Thailand | 1.0 | 0.5 |
| Netherlands | 3.4 | 3.0 | South Korea | 3.9 | 3.3 |
| Belgium | 1.2 | 1.1 | China | 2.3 | 2.9 |
| Italy | 1.7 | 1.8 | Other | 0.4 | 0.7 |
| Spain | 1.6 | 2.2 | | | |
| Sweden | 1.7 | 2.3 | | | |
| Asia Pacific | 21.0 | 28.4 | | | |
| Hong Kong | 4.2 | 4.5 | | | |
| Australia | 3.8 | 4.9 | | | |
| Japan | 12.2 | 17.9 | | | |



**Fixed Income Assets
As of December 31, 2015**

City of Ann Arbor
Employees' Retirement System

Fixed Income Assets
as of 12/31/15



**City of Ann Arbor
Employees' Retirement System**

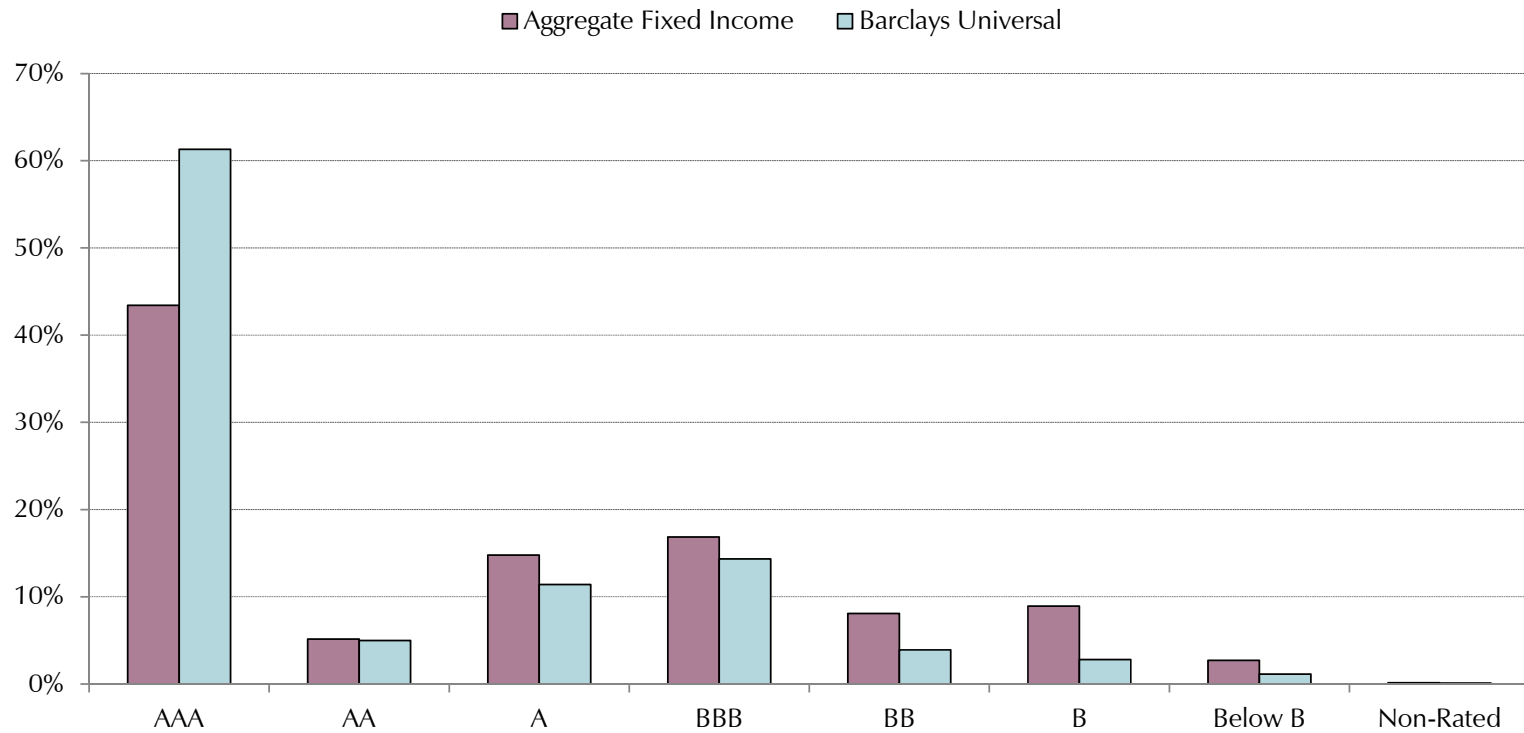
**Fixed Income Assets
Risk as of 12/31/15**

| Risk: (sixty months) | Aggregate Fixed Income 12/31/15 | Barclays Universal 12/31/15 |
|---------------------------------------|--|--|
| Annualized Return (%) | 3.1 | 3.5 |
| Standard Deviation (%) | 2.6 | 2.7 |
| Best Monthly Return (%) | 1.4 | 1.9 |
| Worst Monthly Return (%) | -1.8 | -1.8 |
| Beta | 0.89 | 1.00 |
| Correlation to Index | 0.92 | 1.00 |
| Correlation to Total Fund Return | 0.44 | NA |
| Sharpe Measure (risk-adjusted return) | 1.18 | 1.26 |
| Information Ratio | Neg. | NA |

**City of Ann Arbor
Employees' Retirement System**

**Fixed Income Assets
Characteristics as of 12/31/15**

| Duration & Yield: | Aggregate Fixed Income 12/31/15 | Barclays Universal 12/31/15 | Aggregate Fixed Income 9/30/15 |
|------------------------------------|--|--|---|
| Average Effective Duration (years) | 4.2 | 5.5 | 4.2 |
| Yield to Maturity (%) | 3.7 | 3.2 | 3.3 |



**City of Ann Arbor
Employees' Retirement System**

**Fixed Income Assets
Diversification as of 12/31/15**

| | Aggregate Fixed Income 12/31/15 | Barclays Universal 12/31/15 | Aggregate Fixed Income 9/30/15 |
|---------------------------------|--|--|---|
| Market Allocation (%): | | | |
| United States | 80 | 83 | 80 |
| Foreign (developed markets) | 14 | 10 | 14 |
| Foreign (emerging markets) | 6 | 7 | 6 |
| Currency Allocation (%): | | | |
| Non-U.S. Dollar Exposure | 4 | 0 | 4 |
| Sector Allocation (%): | | | |
| U.S. Treasury-Nominal | 18 | 31 | 18 |
| U.S. Treasury-TIPS | 6 | 0 | 6 |
| U.S. Agency | 3 | 2 | 3 |
| Mortgage Backed | 12 | 24 | 12 |
| Corporate | 42 | 31 | 41 |
| Bank Loans | 7 | 0 | 8 |
| Local & Provincial Government | 1 | 1 | 2 |
| Sovereign & Supranational | 9 | 8 | 7 |
| Commercial Mortgage Backed | 1 | 2 | 1 |
| Asset Backed | 0 | 0 | 0 |
| Cash Equivalent | 0 | 0 | 0 |
| Other | 0 | 0 | 0 |

**Domestic Equity Portfolio Reviews
As of December 31, 2015**

City of Ann Arbor Employees' Retirement System

Northern Trust Russell 1000 Index Portfolio Detail as of 12/31/15

Mandate: Domestic Equities
Active/Passive: Passive
Market Value: \$109.8 million
Portfolio Manager: Alexander Matturri Jr., CFA
Location: Chicago, Illinois
Inception Date: 7/1/2006
Account Type: Commingled

| | | | |
|--------|-------|------|--------|
| | Value | Core | Growth |
| Large | | | |
| Medium | | | |
| Small | | | |

Fee Schedule:
 0.03% on first \$50 mm; 0.02% thereafter

Liquidity Constraints:
 Daily

Strategy:
 The Northern Trust Russell 1000 Index strategy seeks to replicate the return of the Russell 1000 index. Northern Trust employs a proprietary process in combination with low-cost trade execution to accomplish this objective. To efficiently manage cash flows, Northern Trust seeks to maximize the liquidity of trade lists and match the relevant benchmark's systemic risk. The result is a portfolio that tightly tracks the index while incurring lower transaction costs.

| Performance (%): | 4Q15 | Fiscal YTD ¹ | 1 YR | 3 YR | 5 YR | Since 7/1/06 |
|--|------------|-------------------------|------------|-------------|-------------|--------------|
| Northern Trust Russell 1000 Index | 6.5 | -0.8 | 0.9 | 15.0 | 12.5 | 7.6 |
| Net of Fees | 6.5 | -0.8 | 0.9 | 15.0 | 12.4 | 7.6 |
| Russell 1000 | 6.5 | -0.8 | 0.9 | 15.0 | 12.4 | 7.5 |

| Risk: (sixty months) | Standard Deviation | Beta | Sharpe Measure | Info. Ratio | Correlation to Index |
|--|--------------------|-------------|----------------|-------------|----------------------|
| Northern Trust Russell 1000 Index | 13.4% | 1.00 | 0.93 | NA | 1.00 |
| Russell 1000 | 13.3 | 1.00 | 0.93 | NA | 1.00 |

| | 12/31/15 | | 9/30/15 | |
|---|-----------------------------------|--------------|-----------------------------------|--------------|
| | Northern Trust Russell 1000 Index | Russell 1000 | Northern Trust Russell 1000 Index | Russell 1000 |
| Capitalization Structure: | | | | |
| Weighted Average Market Cap. (US\$ billion) | 114.5 | 114.7 | 105.5 | 105.5 |
| Median Market Cap. (US\$ billion) | 7.4 | 7.4 | 7.2 | 7.3 |
| Large (% over US\$20 billion) | 75 | 75 | 73 | 73 |
| Medium (% US\$3 billion to US\$20 billion) | 24 | 24 | 26 | 26 |
| Small (% under US\$3 billion) | 2 | 2 | 1 | 1 |

| Fundamental Structure: | | | | |
|-------------------------------------|-----|-----|-----|-----|
| Price-Earnings Ratio | 20 | 20 | 19 | 19 |
| Price-Book Value Ratio | 2.7 | 2.9 | 2.6 | 2.6 |
| Dividend Yield (%) | 2.1 | 2.1 | 2.2 | 2.2 |
| Historical Earnings Growth Rate (%) | 10 | 10 | 11 | 11 |
| Projected Earnings Growth Rate (%) | 10 | 10 | 11 | 11 |

| Sector Allocation (%): | | | | |
|-------------------------------|----|----|----|----|
| Consumer Discretionary | 14 | 13 | 14 | 14 |
| Materials | 3 | 3 | 3 | 3 |
| Information Technology | 20 | 20 | 20 | 20 |
| Consumer Staples | 9 | 9 | 9 | 9 |
| Industrials | 11 | 11 | 11 | 11 |
| Telecommunication Services | 2 | 2 | 2 | 2 |
| Utilities | 3 | 3 | 3 | 3 |
| Energy | 6 | 6 | 7 | 7 |
| Financials | 18 | 18 | 18 | 18 |
| Health Care | 15 | 15 | 14 | 14 |

| Diversification: | | | | |
|--------------------------|-------|-------|-------|-------|
| Number of Holdings | 1,033 | 1,031 | 1,031 | 1,030 |
| % in 5 largest holdings | 10 | 10 | 9 | 9 |
| % in 10 largest holdings | 16 | 16 | 15 | 15 |

| Largest Ten Holdings: | | | Industry |
|------------------------------|-----|--|----------------------------|
| Apple | 3.0 | | Technology Equipment |
| Microsoft | 2.2 | | Software & Services |
| ExxonMobil | 1.6 | | Energy |
| General Electric | 1.4 | | Capital Goods |
| Johnson & Johnson | 1.4 | | Pharmaceuticals & Biotech. |
| Amazon.com | 1.3 | | Retailing |
| Wells Fargo & Company | 1.2 | | Banks |
| Berkshire Hathaway | 1.2 | | Diversified Financials |
| JP Morgan Chase | 1.2 | | Banks |
| Facebook | 1.1 | | Software & Services |

¹ Fiscal Year begins July 1.



City of Ann Arbor Employees' Retirement System

Loomis Sayles Small Cap Value Equity Portfolio Detail as of 12/31/15

Mandate: Domestic Equities
Active/Passive: Active
Market Value: \$24.8 million
Portfolio Manager: Joseph R. Gatz
Location: Detroit, Michigan
Inception Date: 4/1/1997
Account Type: Separately Managed

| | | | |
|--------|-------|------|--------|
| | Value | Core | Growth |
| Large | | | |
| Medium | | | |
| Small | | | |

Fee Schedule:

0.70% on first \$30 mm; 0.60% on next \$20 mm; 0.50% thereafter

Liquidity Constraints:

Daily

Strategy:

The Loomis Sayles Small Cap Value team focuses on fundamental bottom-up research to identify companies with a market capitalization between \$100 million and \$2 billion that they believe are attractively valued relative to their growth and profitability potential. Their strategy typically results in portfolios with low price-to-earnings, price-to-book, and price-to-cash flow ratios. Portfolios generally hold between 150 and 170 securities.

| Performance (%): | 4Q15 | Fiscal YTD ¹ | 1 YR | 3 YR | 5 YR | Since 4/1/97 |
|---|------------|-------------------------|-------------|-------------|-------------|--------------|
| Loomis Sayles Small Cap Value Equity | 3.5 | -6.5 | -2.4 | 12.2 | 10.6 | 11.1 |
| Net of Fees | 3.3 | -6.9 | -3.0 | 11.4 | 9.8 | NA |
| Russell 2000 Value | 2.9 | -8.2 | -7.5 | 9.1 | 7.7 | 8.8 |
| Peer Small Cap Value | 2.5 | -7.3 | -5.1 | 11.7 | 9.5 | 10.6 |
| Peer Ranking (percentile) | 22 | 37 | 19 | 40 | 26 | 43 |

| Risk: (sixty months) | Standard Deviation | Beta | Sharpe Measure | Info. Ratio | Correlation to Index |
|---|--------------------|-------------|----------------|-------------|----------------------|
| Loomis Sayles Small Cap Value Equity | 16.2% | 0.94 | 0.65 | 1.05 | 0.98 |
| Russell 2000 Value | 16.7 | 1.00 | 0.46 | NA | 1.00 |

| | 12/31/15 | | 9/30/15 | |
|---|-------------------------------|--------------------------|-------------------------------|--------------------|
| | Loomis Sayles Small Cap Value | Russell 2000 Value | Loomis Sayles Small Cap Value | Russell 2000 Value |
| Capitalization Structure: | | | | |
| Weighted Average Market Cap. (US\$ billion) | 3.5 | 1.7 | 3.3 | 1.6 |
| Median Market Cap. (US\$ billion) | 1.6 | 0.6 | 1.6 | 0.6 |
| Large (% over US\$20 billion) | 0 | 0 | 0 | 0 |
| Medium (% US\$3 billion to US\$20 billion) | 33 | 12 | 35 | 11 |
| Small (% under US\$3 billion) | 67 | 88 | 65 | 89 |
| Fundamental Structure: | | | | |
| Price-Earnings Ratio | 22 | 18 | 19 | 17 |
| Price-Book Value Ratio | 2.0 | 1.5 | 1.9 | 1.5 |
| Dividend Yield (%) | 1.6 | 2.4 | 1.7 | 2.3 |
| Historical Earnings Growth Rate (%) | 12 | 8 | 13 | 8 |
| Projected Earnings Growth Rate (%) | 11 | 9 | 11 | 10 |
| Sector Allocation (%): | | | | |
| Consumer Discretionary | 18 | 10 | 18 | 10 |
| Industrials | 16 | 12 | 16 | 12 |
| Information Technology | 15 | 11 | 15 | 11 |
| Consumer Staples | 4 | 3 | 3 | 3 |
| Health Care | 5 | 5 | 4 | 4 |
| Materials | 2 | 3 | 3 | 3 |
| Telecommunication Services | 0 | 1 | 0 | 1 |
| Energy | 2 | 4 | 2 | 5 |
| Utilities | 2 | 7 | 2 | 7 |
| Financials | 36 | 44 | 36 | 44 |
| Diversification: | | | | |
| Number of Holdings | 152 | 1,349 | 153 | 1,304 |
| % in 5 largest holdings | 12 | 2 | 12 | 2 |
| % in 10 largest holdings | 18 | 5 | 17 | 4 |
| Largest Ten Holdings: | | | | |
| | | Industry | | |
| Equinix | 6.7 | Real Estate | | |
| Signature Bank | 1.5 | Banks | | |
| Cathay General Bancorp | 1.4 | Banks | | |
| Littelfuse | 1.3 | Technology Equipment | | |
| Post Holdings | 1.3 | Food, Beverage & Tobacco | | |
| John Bean Technologies | 1.3 | Capital Goods | | |
| Employers Holdings | 1.3 | Insurance | | |
| CubeSmart | 1.3 | Real Estate | | |
| Churchill Downs | 1.1 | Consumer Services | | |
| Retail Opportunity Investments | 1.1 | Real Estate | | |

¹ Fiscal Year begins July 1.



City of Ann Arbor Employees' Retirement System

Northern Trust S&P 400 MidCap Index Portfolio Detail as of 12/31/15

Mandate: Domestic Equities
Active/Passive: Passive
Market Value: \$18.5 million
Portfolio Manager: Team
Location: Chicago, Illinois
Inception Date: 6/1/2007
Account Type: Commingled

| | | | |
|--------|-------|------|--------|
| | Value | Core | Growth |
| Large | | | |
| Medium | | | |
| Small | | | |

Fee Schedule:

0.03% on first \$50 mm; 0.02% thereafter

Liquidity Constraints:

Daily

Strategy:

The Northern Trust S&P 400 Index strategy seeks to replicate the return of the S&P 400 index. Northern Trust employs a proprietary process in combination with low-cost trade execution to accomplish this objective. To efficiently manage cash flows, Northern Trust seeks to maximize the liquidity of trade lists and match the relevant benchmark's systemic risk. The result is a portfolio that tightly tracks the index while incurring lower transaction costs.

| Performance (%): | 4Q15 | Fiscal YTD ¹ | 1 YR | 3 YR | 5 YR | Since 6/1/07 |
|--|------------|-------------------------|-------------|-------------|-------------|--------------|
| Northern Trust S&P 400 MidCap Index | 2.6 | -6.1 | -2.2 | 12.8 | 10.7 | 6.7 |
| Net of Fees | 2.6 | -6.1 | -2.2 | 12.7 | 10.7 | NA |
| S&P MidCap | 2.6 | -6.1 | -2.2 | 12.8 | 10.7 | 6.6 |

| Risk: (sixty months) | Standard Deviation | Beta | Sharpe Measure | Info. Ratio | Correlation to Index |
|---|--------------------|-------------|----------------|-------------|----------------------|
| Northern Trust S&P 400 MidCap Index-NL | 15.4% | 1.00 | 0.69 | NA | 1.00 |
| S&P MidCap | 15.4 | 1.00 | 0.69 | NA | 1.00 |

| | 12/31/15 | | 9/30/15 | |
|---|-------------------------------------|------------|-------------------------------------|------------|
| | Northern Trust S&P 400 MidCap Index | S&P MidCap | Northern Trust S&P 400 MidCap Index | S&P MidCap |
| Capitalization Structure: | | | | |
| Weighted Average Market Cap. (US\$ billion) | 5.0 | 5.0 | 4.8 | 4.8 |
| Median Market Cap. (US\$ billion) | 3.3 | 3.3 | 3.4 | 3.4 |
| Large (% over US\$20 billion) | 0 | 0 | 0 | 0 |
| Medium (% US\$3 billion to US\$20 billion) | 77 | 77 | 77 | 77 |
| Small (% under US\$3 billion) | 23 | 23 | 23 | 23 |

Fundamental Structure:

| | | | | |
|-------------------------------------|-----|-----|-----|-----|
| Price-Earnings Ratio | 20 | 20 | 20 | 20 |
| Price-Book Value Ratio | 2.5 | 2.5 | 2.5 | 2.5 |
| Dividend Yield (%) | 1.7 | 1.7 | 1.7 | 1.7 |
| Historical Earnings Growth Rate (%) | 14 | 14 | 14 | 14 |
| Projected Earnings Growth Rate (%) | 10 | 10 | 11 | 11 |

Sector Allocation (%):

| | | | | |
|----------------------------|----|----|----|----|
| Information Technology | 17 | 17 | 16 | 16 |
| Industrials | 15 | 15 | 15 | 15 |
| Materials | 6 | 6 | 7 | 7 |
| Energy | 3 | 3 | 3 | 3 |
| Telecommunication Services | 0 | 0 | 0 | 0 |
| Consumer Discretionary | 13 | 13 | 14 | 14 |
| Utilities | 5 | 5 | 5 | 5 |
| Consumer Staples | 4 | 4 | 4 | 4 |
| Health Care | 10 | 10 | 9 | 9 |
| Financials | 27 | 27 | 26 | 26 |

Diversification:

| | | | | |
|--------------------------|-----|-----|-----|-----|
| Number of Holdings | 400 | 399 | 400 | 400 |
| % in 5 largest holdings | 4 | 4 | 3 | 3 |
| % in 10 largest holdings | 7 | 7 | 7 | 7 |

Largest Ten Holdings:

| | | Industry |
|---------------------|-----|----------------------------|
| Jarden | 0.8 | Consumer Durables |
| Extra Space Storage | 0.7 | Real Estate |
| Acuity Brands | 0.7 | Capital Goods |
| Federal Realty | 0.7 | Real Estate |
| Alaska Air | 0.7 | Transportation |
| UDR | 0.7 | Real Estate |
| Hologic | 0.6 | Health Care Services |
| Mettler Toledo | 0.6 | Pharmaceuticals & Biotech. |
| LKQ | 0.6 | Retailing |
| Foot Locker | 0.6 | Retailing |

¹ Fiscal Year begins July 1.



**International Developed Market Equity
Portfolio Reviews
As of December 31, 2015**

City of Ann Arbor Employees' Retirement System

Northern Trust MSCI EAFE Index Portfolio Detail as of 12/31/15

Mandate: International Equities
Active/Passive: Passive
Market Value: \$30.3 million
Portfolio Manager: Team
Location: Chicago, Illinois
Inception Date: 12/1/2014
Account Type: Commingled

| | | | |
|--------|-------|------|--------|
| | Value | Core | Growth |
| Large | | | |
| Medium | | | |
| Small | | | |

Fee Schedule:
 0.07% on first \$50 mm; 0.05% thereafter

Liquidity Constraints:
 Daily

Strategy:

The Northern Trust MSCI EAFE Index strategy seeks to replicate the return of the MSCI EAFE index. Northern Trust employs a proprietary process in combination with low-cost trade execution to accomplish this objective. To efficiently manage cash flows, Northern Trust seeks to maximize the liquidity of trade lists and match the relevant benchmark's systemic risk. The result is a portfolio that tightly tracks the index while incurring lower transaction costs.

| Performance (%): | 4Q15 | Fiscal YTD ¹ | 1 YR | Since 12/1/14 |
|---------------------------------------|------------|-------------------------|-------------|---------------|
| Northern Trust MSCI EAFE Index | 4.7 | -6.0 | -0.5 | -3.6 |
| Net of Fees | 4.7 | -6.0 | -0.6 | -3.7 |
| MSCI EAFE | 4.7 | -6.0 | -0.8 | -3.9 |
| Peer International Core | 4.0 | -6.2 | 0.0 | -3.2 |
| Peer Ranking (percentile) | 29 | 46 | 55 | 53 |

| | 12/31/15 | | 9/30/15 | |
|---|--------------------------------|-----------|--------------------------------|-----------|
| | Northern Trust MSCI EAFE Index | MSCI EAFE | Northern Trust MSCI EAFE Index | MSCI EAFE |
| Capitalization Structure: | | | | |
| Weighted Average Market Cap. (US\$ billion) | 55.5 | 53.9 | 53.0 | 52.8 |
| Median Market Cap. (US\$ billion) | 8.5 | 8.7 | 8.0 | 8.1 |
| Large (% over US\$20 billion) | 66 | 65 | 64 | 64 |
| Medium (% US\$3 billion to US\$20 billion) | 33 | 34 | 34 | 34 |
| Small (% under US\$3 billion) | 1 | 1 | 1 | 1 |
| Fundamental Structure: | | | | |
| Price-Earnings Ratio | 17 | 17 | 16 | 16 |
| Price-Book Value Ratio | 1.7 | 1.7 | 1.5 | 1.5 |
| Dividend Yield (%) | 3.2 | 3.2 | 3.3 | 3.3 |
| Historical Earnings Growth Rate (%) | 10 | 8 | 7 | 7 |
| Projected Earnings Growth Rate (%) | 8 | 8 | 9 | 9 |
| Sector Allocation (%): | | | | |
| Consumer Discretionary | 16 | 13 | 13 | 13 |
| Information Technology | 6 | 5 | 5 | 5 |
| Consumer Staples | 12 | 12 | 12 | 12 |
| Financials | 26 | 26 | 26 | 26 |
| Utilities | 4 | 4 | 4 | 4 |
| Materials | 6 | 6 | 7 | 7 |
| Telecommunication Services | 4 | 5 | 5 | 5 |
| Energy | 4 | 5 | 5 | 5 |
| Industrials | 12 | 13 | 12 | 12 |
| Health Care | 10 | 12 | 12 | 12 |
| Diversification: | | | | |
| Number of Holdings | 947 | 925 | 938 | 910 |
| % in 5 largest holdings | 10 | 8 | 8 | 8 |
| % in 10 largest holdings | 16 | 12 | 13 | 13 |
| Region Allocation (%): | | | | |
| Europe | 62 | 64 | 66 | 66 |
| Asia Pacific | 37 | 35 | 33 | 33 |
| Other | 1 | 1 | 1 | 1 |
| Largest Five Holdings: | | | | |
| | | | Industry | |
| Toyota Motor | 3.5 | | Automobiles & Components | |
| Westpac Banking | 1.7 | | Banks | |
| SAP | 1.6 | | Software & Services | |
| Nestle | 1.6 | | Food, Beverage & Tobacco | |
| Diageo | 1.4 | | Food, Beverage & Tobacco | |

¹ Fiscal Year begins July 1.



City of Ann Arbor Employees' Retirement System

Fisher Institutional Foreign Equity Portfolio Detail as of 12/31/15

Mandate: International Equities,
Developed Markets

Active/Passive: Active

Market Value: \$26.9 million

Portfolio Manager: Team

Location: Woodside, California

Inception Date: 2/1/2007

Account Type: Commingled

| | | | |
|--------|-------|------|--------|
| | Value | Core | Growth |
| Large | | | |
| Medium | | | |
| Small | | | |

Fee Schedule:

1.00% on first \$10 mm; 0.90% on next \$15 mm; 0.80% on next \$25 mm; 0.70% on next \$50 mm; 0.60% thereafter

Liquidity Constraints:

Monthly

Strategy:

The Fisher Foreign Equity Strategy utilizes a top-down investment process focusing on what they believe to be the most important determinants of portfolio return. The team utilizes a combination of quantitative and fundamental research to formulate economic forecasts, political forecasts, and determine sentiment drivers. Based upon their forecasting, the team will develop portfolio themes to drive security selection.

| Performance (%): | 4Q15 | Fiscal YTD ¹ | 1 YR | 3 YR | 5 YR | Since 2/1/07 |
|--|------------|-------------------------|-------------|------------|------------|--------------|
| Fisher Institutional Foreign Equity | 4.9 | -5.9 | -0.7 | 5.3 | 4.0 | 2.8 |
| Net of Fees | 4.7 | -6.4 | -1.6 | 4.4 | 3.1 | NA |
| MSCI EAFE | 4.7 | -6.0 | -0.8 | 5.0 | 3.6 | 0.7 |
| Peer International Core | 4.0 | -6.2 | 0.0 | 5.0 | 3.9 | 1.6 |
| Peer Ranking (percentile) | 24 | 46 | 56 | 43 | 48 | 19 |

| Risk: (sixty months) | Standard Deviation | Beta | Sharpe Measure | Info. Ratio | Correlation to Index |
|--|--------------------|-------------|----------------|-------------|----------------------|
| Fisher Institutional Foreign Equity | 18.0% | 1.10 | 0.22 | 0.09 | 0.97 |
| MSCI EAFE | 15.7 | 1.00 | 0.23 | NA | 1.00 |

| | 12/31/15 | | 9/30/15 | |
|---|-------------------------------------|-----------|-------------------------------------|-----------|
| | Fisher Institutional Foreign Equity | MSCI EAFE | Fisher Institutional Foreign Equity | MSCI EAFE |
| Capitalization Structure: | | | | |
| Weighted Average Market Cap. (US\$ billion) | 81.1 | 53.9 | 77.1 | 52.8 |
| Median Market Cap. (US\$ billion) | 53.7 | 8.7 | 46.4 | 8.1 |
| Large (% over US\$20 billion) | 92 | 65 | 89 | 64 |
| Medium (% US\$3 billion to US\$20 billion) | 8 | 34 | 11 | 34 |
| Small (% under US\$3 billion) | 0 | 1 | 0 | 1 |

Fundamental Structure:

| | | | | |
|-------------------------------------|-----|-----|-----|-----|
| Price-Earnings Ratio | 18 | 17 | 17 | 16 |
| Price-Book Value Ratio | 2.8 | 1.7 | 2.6 | 1.5 |
| Dividend Yield (%) | 2.7 | 3.2 | 2.8 | 3.3 |
| Historical Earnings Growth Rate (%) | 10 | 8 | 9 | 7 |
| Projected Earnings Growth Rate (%) | 9 | 8 | 10 | 9 |

Sector Allocation (%):

| | | | | |
|----------------------------|----|----|----|----|
| Information Technology | 16 | 5 | 15 | 5 |
| Health Care | 21 | 12 | 22 | 12 |
| Consumer Discretionary | 18 | 13 | 21 | 13 |
| Industrials | 14 | 13 | 17 | 12 |
| Energy | 1 | 5 | 2 | 5 |
| Utilities | 0 | 4 | 0 | 4 |
| Financials | 22 | 26 | 16 | 26 |
| Materials | 2 | 6 | 2 | 7 |
| Telecommunication Services | 0 | 5 | 0 | 5 |
| Consumer Staples | 6 | 12 | 6 | 12 |

Diversification:

| | | | | |
|--------------------------|----|-----|----|-----|
| Number of Holdings | 70 | 925 | 61 | 910 |
| % in 5 largest holdings | 16 | 8 | 19 | 8 |
| % in 10 largest holdings | 29 | 12 | 33 | 13 |

Region Allocation (%):

| | | | | |
|---------------|----|----|----|----|
| North America | 3 | 0 | 3 | 0 |
| Europe | 77 | 64 | 75 | 66 |
| Asia Pacific | 16 | 35 | 17 | 33 |
| Emerging | 4 | 0 | 4 | 0 |

Largest Five Holdings:

| | | Industry |
|--------------|-----|----------------------------|
| Novo Nordisk | 4.0 | Pharmaceuticals & Biotech. |
| Bayer | 3.3 | Pharmaceuticals & Biotech. |
| UBS GROUP | 3.1 | Diversified Financials |
| Prudential | 3.1 | Insurance |
| Asml Holding | 3.0 | Semiconductors |

¹ Fiscal Year begins July 1.



**International Emerging Markets Equity
Portfolio Reviews
As of December 31, 2015**

City of Ann Arbor Employees' Retirement System

Dimensional Emerging Markets Value Portfolio Detail as of 12/31/15

Mandate: International Equities,
Emerging Markets

Active/Passive: Active

Market Value: \$14.6 million

Portfolio Manager: Team

Location: Austin, Texas

Inception Date: 2/1/2012

Account Type: Mutual Fund (DFEVX)

| | | | |
|--------|-------|------|--------|
| | Value | Core | Growth |
| Large | | | |
| Medium | | | |
| Small | | | |

Fee Schedule:

0.56% on all assets

Liquidity Constraints:

Daily

Strategy:

Dimensional Fund Advisors' (DFA) investment approach combines both top-down and bottom-up elements. The top-down analysis involves drawing the boundaries for qualifying countries and company characteristics. It does not include macro-economic forecasting or tactical country allocation decisions. In its bottom-up work, DFA analyzes the attributes of individual securities for portfolio suitability. DFA limits its sector and industry weightings to 25% of the portfolio's market value. Country weights have a maximum target of 15% per country at the time of purchase to mitigate country risk. Risk is controlled by investing across a broad group of emerging markets companies and countries.

| Performance (%): | 4Q15 | Fiscal YTD ¹ | 1 YR | 3 YR | Since 2/1/12 |
|---|--------------------|-------------------------|-----------------------------|-------------|----------------------|
| Dimensional Emerging Markets Value | -1.0 | -20.0 | -18.8 | -9.3 | -6.1 |
| MSCI Emerging Markets | 0.7 | -17.4 | -14.9 | -6.8 | -3.8 |
| Peer Emerging Markets | 0.5 | -15.4 | -14.1 | -6.8 | -3.1 |
| Peer Ranking (percentile) | 75 | 94 | 88 | 87 | 86 |
| Risk: (forty-seven months) | Standard Deviation | Beta | Sharpe Measure ² | Info. Ratio | Correlation to Index |
| Dimensional Emerging Markets Value | 15.9% | 1.08 | Neg. | Neg. | 0.98 |
| MSCI Emerging Markets | 14.6 | 1.00 | Neg. | NA | 1.00 |

¹ Fiscal Year begins July 1.

² A negative Sharpe ratio indicates that the portfolio underperformed the risk-free rate during the sample period.

| | 12/31/15 | | 9/30/15 | |
|---|---------------------------------|--------------------------|---------------------------------|-----------------------|
| | DFA Emerging Markets Value Fund | MSCI Emerging Markets | DFA Emerging Markets Value Fund | MSCI Emerging Markets |
| Capitalization Structure: | | | | |
| Weighted Average Market Cap. (US\$ billion) | 14.7 | 38.1 | 13.8 | 33.4 |
| Median Market Cap. (US\$ million) | 349.7 | 4,196.3 | 334.2 | 4,159.9 |
| Large (% over US\$20 billion) | 15 | 38 | 16 | 35 |
| Medium (% US\$3 billion to US\$20 billion) | 48 | 53 | 49 | 55 |
| Small (% under US\$3 billion) | 36 | 10 | 35 | 10 |
| Fundamental Structure: | | | | |
| Price-Earnings Ratio | 11 | 14 | 10 | 13 |
| Price-Book Value Ratio | 0.9 | 1.5 | 0.9 | 1.3 |
| Dividend Yield (%) | 3.2 | 2.5 | 3.2 | 2.7 |
| Historical Earnings Growth Rate (%) | 6 | 10 | 6 | 10 |
| Projected Earnings Growth Rate (%) | 11 | 13 | 12 | 12 |
| Sector Allocation (%): | | | | |
| Materials | 15 | 6 | 16 | 7 |
| Financials | 34 | 28 | 33 | 29 |
| Energy | 12 | 7 | 12 | 8 |
| Industrials | 12 | 7 | 12 | 7 |
| Utilities | 2 | 3 | 2 | 3 |
| Consumer Discretionary | 9 | 10 | 9 | 9 |
| Health Care | 1 | 3 | 0 | 3 |
| Consumer Staples | 5 | 8 | 6 | 9 |
| Telecommunication Services | 2 | 7 | 2 | 7 |
| Information Technology | 9 | 20 | 8 | 18 |
| Diversification: | | | | |
| Number of Holdings | 2,226 | 836 | 2,214 | 836 |
| % in 5 largest holdings | 10 | 13 | 10 | 13 |
| % in 10 largest holdings | 15 | 19 | 15 | 19 |
| Region Allocation (%): | | | | |
| Asia Pacific | 71 | 71 | 68 | 69 |
| Latin America | 15 | 12 | 16 | 13 |
| Europe/MidEast/Africa | 14 | 16 | 15 | 17 |
| Other | 0 | 2 | 0 | 0 |
| Largest Five Holdings: | | Industry | | |
| China Construction Bank | 3.0 | Banks | | |
| Reliance Industries | 2.3 | Energy | | |
| Bank of China | 1.7 | Banks | | |
| Gazprom | 1.7 | Energy | | |
| Fomento Econom Mexica | 1.4 | Food, Beverage & Tobacco | | |



City of Ann Arbor Employees' Retirement System

Vontobel Emerging Markets Equity Portfolio Detail as of 12/31/15

Mandate: International Equities,
Emerging Markets

Active/Passive: Active

Market Value: \$9.2 million

Portfolio Manager: Rajiv Jain

Location: New York, New York

Inception Date: 2/1/2012

Account Type: Commingled

| | | | |
|--------|-------|------|--------|
| | Value | Core | Growth |
| Large | | | |
| Medium | | | |
| Small | | | |

Fee Schedule:

1.10% on first \$50 mm; 1.00% on next \$150 mm

Liquidity Constraints:

Monthly

Strategy:

Vontobel believes that long-term, stable, and superior earnings growth drives investment returns and risk-adjusted outperformance. Thus they seek to invest in businesses that are predictable (strong franchise, low capital intensity, shareholder oriented management, etc.), sustainable (ability to replicate or exceed past success in terms of growth, operating margins, ROE, ROA etc.), and are trading at an attractive margin of safety (to at least a 25% discount to their assessment of intrinsic value). They believe in building concentrated portfolios (50 to 90 stocks) of high conviction positions with little attention paid to the benchmark.

| Performance (%): | 4Q15 | Fiscal YTD ¹ | 1 YR | 3 YR | Since 2/1/12 |
|---|--------------------|-------------------------|----------------|-------------|----------------------|
| Vontobel Emerging Markets Equity | 2.1 | -8.5 | -7.8 | -2.1 | 1.8 |
| Net of Fees | 1.8 | -9.1 | -8.8 | -3.2 | 0.7 |
| MSCI Emerging Markets | 0.7 | -17.4 | -14.9 | -6.8 | -3.8 |
| Peer Emerging Markets | 0.9 | -14.8 | -12.9 | -5.5 | -1.9 |
| Peer Ranking (percentile) | 31 | 4 | 15 | 24 | 17 |
| Risk: (forty-seven months) | Standard Deviation | Beta | Sharpe Measure | Info. Ratio | Correlation to Index |
| Vontobel Emerging Markets Equity | 14.0% | 0.79 | 0.13 | 0.70 | 0.86 |
| MSCI Emerging Markets | 14.6 | 1.00 | Neg. | NA | 1.00 |

| | 12/31/15 | | 9/30/15 | |
|---|----------------------------------|-----------------------|----------------------------------|-----------------------|
| | Vontobel Emerging Markets Equity | MSCI Emerging Markets | Vontobel Emerging Markets Equity | MSCI Emerging Markets |
| Capitalization Structure: | | | | |
| Weighted Average Market Cap. (US\$ billion) | 46.6 | 38.1 | 39.5 | 33.4 |
| Median Market Cap. (US\$ billion) | 16.4 | 4.2 | 15.8 | 4.2 |
| Large (% over US\$20 billion) | 63 | 38 | 61 | 35 |
| Medium (% US\$3 billion to US\$20 billion) | 36 | 53 | 38 | 55 |
| Small (% under US\$3 billion) | 2 | 10 | 2 | 10 |

Fundamental Structure:

| | | | | |
|-------------------------------------|-----|-----|-----|-----|
| Price-Earnings Ratio | 24 | 14 | 22 | 13 |
| Price-Book Value Ratio | 4.8 | 1.5 | 4.2 | 1.3 |
| Dividend Yield (%) | 2.1 | 2.5 | 2.3 | 2.7 |
| Historical Earnings Growth Rate (%) | 17 | 10 | 19 | 10 |
| Projected Earnings Growth Rate (%) | 13 | 13 | 13 | 12 |

Sector Allocation (%):

| | | | | |
|----------------------------|----|----|----|----|
| Consumer Staples | 45 | 8 | 39 | 9 |
| Utilities | 4 | 3 | 4 | 3 |
| Health Care | 3 | 3 | 4 | 3 |
| Telecommunication Services | 4 | 7 | 5 | 7 |
| Consumer Discretionary | 7 | 10 | 7 | 9 |
| Materials | 2 | 6 | 2 | 7 |
| Industrials | 1 | 7 | 0 | 7 |
| Information Technology | 14 | 20 | 14 | 18 |
| Energy | 0 | 7 | 1 | 8 |
| Financials | 21 | 28 | 24 | 29 |

Diversification:

| | | | | |
|--------------------------|----|-----|----|-----|
| Number of Holdings | 70 | 836 | 71 | 836 |
| % in 5 largest holdings | 25 | 13 | 27 | 13 |
| % in 10 largest holdings | 42 | 19 | 42 | 19 |

Region Allocation (%):

| | | | | |
|-----------------------|----|----|----|----|
| Asia Pacific | 59 | 71 | 62 | 69 |
| Latin America | 13 | 12 | 17 | 13 |
| Europe/MidEast/Africa | 6 | 16 | 6 | 17 |
| Frontier | 1 | 0 | 1 | 0 |
| Other | 22 | 2 | 15 | 0 |

Largest Five Holdings:

| | | Industry |
|-------------------------------|-----|--------------------------|
| British American Tobacco | 7.2 | Food, Beverage & Tobacco |
| Housing Development Financial | 5.0 | Banks |
| SABMiller | 4.4 | Food, Beverage & Tobacco |
| HDFC Bank | 4.3 | Banks |
| ITC | 4.0 | Food, Beverage & Tobacco |

¹ Fiscal Year begins July 1.

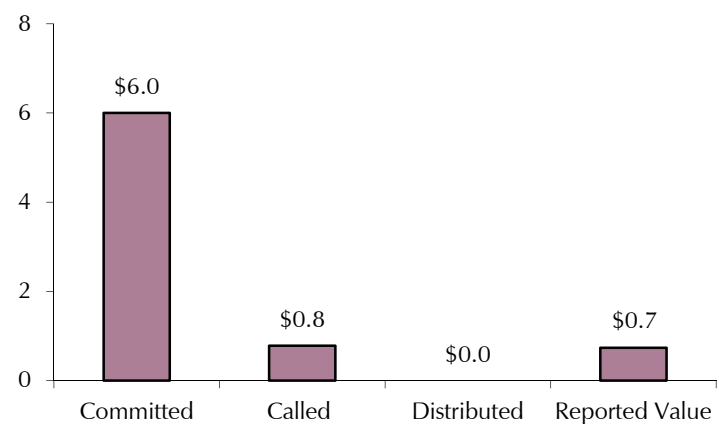


**Private Equity Portfolio Reviews
As of December 31, 2015**

City of Ann Arbor Employees' Retirement System

Ironsides Partnership Fund III, L.P. Portfolio Detail as of 12/31/15

| | | | |
|------------------------------|--|---|---------------|
| Strategy: | Private Equity | Commitment: | \$6.0 million |
| Senior Professionals: | Team | Capital Contributions: | \$0.8 million |
| Location: | Andover, Massachusetts | Outstanding Commitment: | \$5.2 million |
| Vintage Year: | 2013 | Realized Proceeds: | \$0.0 million |
| Fee Schedule: | 0.75% management fee; 8% preferred return; 5% carried interest | Total Value: | \$0.7 million |
| | | Number of Investments:¹ | 4 |
| | | Net IRR: | NM |



Investment Strategy:

Constitution Capital seeks investments in underlying private equity funds ranging in size from \$200 million to approximately \$1.0 billion, with a few larger potentially. Constitution has noted their preference to invest the majority of capital to funds of less than \$1 billion. Constitution has noted their preference to invest the majority of capital to funds of less than \$1 billion. Constitution targets a variety of fund types (domestic middle-market buyout, special situations, growth equity, distressed, and sector-specific) and will allocate amongst them opportunistically. The group will not invest in early-stage venture capital funds or mega buyout funds. The portfolio will have 12 to 15 underlying fund investments of approximately \$10 million to \$20 million each. For co-investments, it is anticipated that a total of 12-15 co-investments will each range from \$5 million to \$25 million. The enterprise values of the underlying companies are expected to range from \$100 million to \$1.5 billion.

¹ Data presented is as of September 30, 2015.

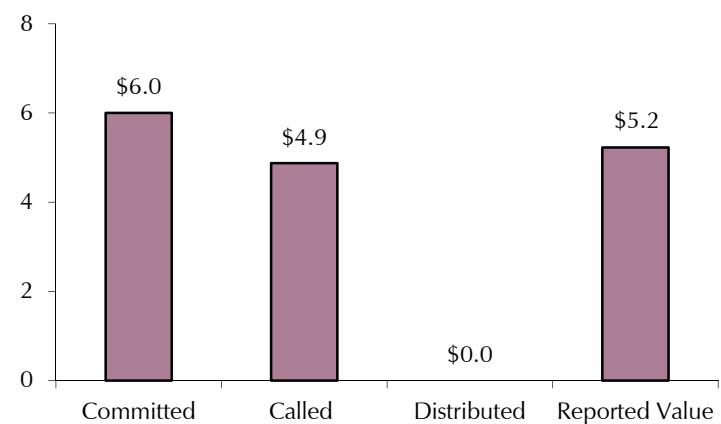


City of Ann Arbor Employees' Retirement System

Ironsides Co-Investment Fund III, L.P. Portfolio Detail as of 12/31/15

Strategy: Private Equity
Senior Professionals: Team
Location: Andover, Massachusetts
Vintage Year: 2013
Fee Schedule: 1.0% per annum of commitments to the Co-Investment Fund during the investment period; fees will be based on outstanding commitments thereafter.

Commitment: \$6.0 million
Capital Contributions: \$4.9 million
Outstanding Commitment: \$1.1 million
Realized Proceeds: \$0.0 million
Total Value: \$5.2 million
Number of Investments: 2
Net IRR: NM



Investment Strategy:

Constitutional Capital utilizes its proprietary relationships and direct deal experience to invest capital in a select group of direct investments that are sourced from the firm's proprietary relationships. These co-investments enhance returns while minimizing fees.

**Investment Grade Bond Portfolio Reviews
As of December 31, 2015**

City of Ann Arbor Employees' Retirement System

Northern Trust Barclays Aggregate Index Portfolio Detail as of 12/31/15

Mandate: Investment Grade Bonds
Active/Passive: Passive
Market Value: \$66.2 million
Portfolio Manager: Bradford Adams
 Alexander Matturri Jr., CFA
Location: Chicago, Illinois
Inception Date: 7/1/1998
Account Type: Commingled

| | | | |
|--------|-------|------|------|
| | Short | Int. | Long |
| High | | | |
| Medium | | | |
| Low | | | |

Fee Schedule:
 0.06% on first \$100 mm; 0.03% thereafter

Liquidity Constraints:
 Daily

Strategy:
 The Northern Trust Aggregate Bond Index strategy seeks to replicate the returns of the Barclays Aggregate index, an index covering the broad domestic investment grade bond market. The fund is passively managed, employing statistical methods to replicate performance and composition of the index. The portfolio is comprised of U.S. Treasury, government agency, investment grade corporate bonds, mortgage- and asset-backed sectors of the fixed income markets.

| Performance (%): | 4Q15 | Fiscal YTD ¹ | 1 YR | 3 YR | 5 YR | Since 7/1/98 |
|--|-------------|-------------------------|------------|------------|------------|--------------|
| Northern Trust Barclays Aggregate Index | -0.6 | 0.6 | 0.6 | 1.4 | 3.2 | 5.1 |
| Net of Fees | -0.6 | 0.6 | 0.5 | 1.3 | 3.2 | NA |
| Barclays Aggregate | -0.6 | 0.7 | 0.5 | 1.4 | 3.2 | 5.1 |

| Risk: (sixty months) | Standard Deviation | Beta | Sharpe Measure | Info. Ratio | Correlation to Index |
|--|--------------------|-------------|----------------|-------------|----------------------|
| Northern Trust Barclays Aggregate Index | 2.8% | 1.01 | 1.12 | NA | 1.00 |
| Barclays Aggregate | 2.8 | 1.00 | 1.15 | NA | 1.00 |

| | 12/31/15 | | 9/30/15 | |
|--|-----------------------------|--------------------|-----------------------------|--------------------|
| Duration & Yield: | NT Barclays Aggregate Index | Barclays Aggregate | NT Barclays Aggregate Index | Barclays Aggregate |
| Average Effective Duration (years) | 5.7 | 5.7 | 5.6 | 5.6 |
| Yield to Maturity (%) | 2.6 | 2.6 | 2.3 | 2.3 |
| Quality Structure (%): | | | | |
| Average Quality | AA+ | AA+ | AA+ | AA+ |
| AAA (includes Treasuries and Agencies) | 72 | 72 | 72 | 72 |
| AA | 4 | 4 | 4 | 4 |
| A | 11 | 11 | 11 | 11 |
| BBB | 13 | 13 | 12 | 12 |
| BB | 0 | 0 | 0 | 0 |
| B | 0 | 0 | 0 | 0 |
| Below B | 0 | 0 | 0 | 0 |
| Non-Rated | 0 | 0 | 0 | 0 |
| Sector Allocation (%): | | | | |
| U.S. Treasury-Nominal | 36 | 36 | 36 | 36 |
| U.S. Treasury-TIPS | 0 | 0 | 0 | 0 |
| U.S. Agency | 3 | 3 | 3 | 3 |
| Mortgage Backed | 29 | 29 | 28 | 28 |
| Corporate | 24 | 24 | 24 | 24 |
| Bank Loans | 0 | 0 | 0 | 0 |
| Local & Provincial Government | 1 | 1 | 5 | 1 |
| Sovereign & Supranational | 4 | 4 | 1 | 4 |
| Commercial Mortgage Backed | 2 | 2 | 2 | 2 |
| Asset Backed | 1 | 1 | 1 | 1 |
| Cash Equivalent | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Market Allocation (%): | | | | |
| United States | 92 | 92 | 92 | 91 |
| Foreign (developed markets) | 6 | 6 | 6 | 7 |
| Foreign (emerging markets) | 2 | 2 | 2 | 2 |
| Currency Allocation (%): | | | | |
| Non-U.S. Dollar Exposure | 0 | 0 | 0 | 0 |

¹ Fiscal Year begins July 1.



City of Ann Arbor Employees' Retirement System

Northern Trust 1-5 Year Credit Bond Portfolio Detail as of 12/31/15

Mandate: Fixed Income
Active/Passive: Passive
Market Value: \$38.1 million
Portfolio Manager: Team
Location: Chicago, Illinois
Inception Date: 2/1/2013
Account Type: Commingled

| | | | |
|--------|-------|------|------|
| | Short | Int. | Long |
| High | | | |
| Medium | | | |
| Low | | | |

Fee Schedule:
 0.06% on first \$100 mm; 0.03% thereafter

Liquidity Constraints:
 Daily

Strategy:
 The primary objective of the Northern Trust 1-5 Year Credit Bond Index Fund is to hold a portfolio representative of the intermediate credit securities portion of the United States bond and debt market, as characterized by the Barclays Capital U.S. 1-5 Year Credit Bond Index.

| Performance (%): | 4Q15 | Fiscal YTD ¹ | 1 YR | Since 2/1/13 |
|--|-------------|-------------------------|------------|--------------|
| Northern Trust 1-5 Year Credit Bond | -0.3 | 0.2 | 1.3 | 1.4 |
| Net of Fees | -0.3 | 0.2 | 1.2 | 1.4 |
| Barclays 1-5 Year Credit | -0.4 | 0.0 | 1.1 | 1.4 |
| Peer Short-Term Core Fixed Income | -0.2 | 0.1 | 1.0 | 1.2 |
| Peer Ranking (percentile) | 70 | 42 | 25 | 17 |

| Duration & Yield: | 12/31/15 | | 9/30/15 | |
|--|-------------------------|--------------------------|-------------------------|--------------------------|
| | NT 1-5 Year Credit Bond | Barclays 1-5 Year Credit | NT 1-5 Year Credit Bond | Barclays 1-5 Year Credit |
| Average Effective Duration (years) | 2.7 | 2.7 | 2.8 | 2.8 |
| Yield to Maturity (%) | 2.3 | 2.3 | 2.0 | 2.0 |
| Quality Structure (%): | | | | |
| Average Quality | A | A | A | A |
| AAA (includes Treasuries and Agencies) | 15 | 15 | 16 | 16 |
| AA | 13 | 13 | 12 | 12 |
| A | 36 | 36 | 41 | 41 |
| BBB | 36 | 36 | 31 | 31 |
| BB | 0 | 0 | 0 | 0 |
| B | 0 | 0 | 0 | 0 |
| Below B | 0 | 0 | 0 | 0 |
| Non-Rated | 0 | 0 | 0 | 0 |
| Sector Allocation (%): | | | | |
| U.S. Treasury-Nominal | 0 | 0 | 0 | 0 |
| U.S. Treasury-TIPS | 0 | 0 | 0 | 0 |
| U.S. Agency | 7 | 7 | 8 | 8 |
| Mortgage Backed | 0 | 0 | 0 | 0 |
| Corporate | 79 | 79 | 78 | 78 |
| Bank Loans | 0 | 0 | 0 | 0 |
| Local & Provincial Government | 2 | 2 | 2 | 2 |
| Sovereign & Supranational | 12 | 12 | 13 | 13 |
| Commercial Mortgage Backed | 0 | 0 | 0 | 0 |
| Asset Backed | 0 | 0 | 0 | 0 |
| Cash Equivalent | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Market Allocation (%): | | | | |
| United States | 63 | 63 | 62 | 62 |
| Foreign (developed markets) | 33 | 33 | 33 | 33 |
| Foreign (emerging markets) | 4 | 4 | 5 | 5 |
| Currency Allocation (%): | | | | |
| Non-U.S. Dollar Exposure | 0 | 0 | 0 | 0 |

¹ Fiscal Year begins July 1.



City of Ann Arbor Employees' Retirement System

Northern Trust Short-Term Government Bond Portfolio Detail as of 12/31/15

Mandate: Investment Grade Bonds
Active/Passive: Passive
Market Value: \$4.3 million
Portfolio Manager: Team
Location: Chicago, Illinois
Inception Date: 2/1/2013
Account Type: Commingled

| | | | |
|--------|-------|------|------|
| | Short | Int. | Long |
| High | | | |
| Medium | | | |
| Low | | | |

Fee Schedule:
 0.06% on first \$100 mm; 0.03% thereafter

Liquidity Constraints:
 Daily

Strategy:

The primary objective of the Northern Trust Short-Term Government Bond fund is to hold a portfolio representative of the short-term government securities sector of the U.S. bond and debt market, as characterized by the Barclays Short-Term Government Bond Index. The fund provides the exposure using quantitative techniques which maintain the portfolio's neutrality to the index by monitoring a broad range of factors while avoiding illiquid securities and excessive transaction costs. The Fund may make limited use of interest rate futures and/or options for the purpose of maintaining market exposure.

| Performance (%): | 4Q15 | Fiscal YTD ¹ | 1 YR | Since 2/1/13 |
|--|-------------|-------------------------|------------|--------------|
| Northern Trust Short-Term Government Bond | -0.5 | -0.2 | 0.5 | 0.5 |
| Net of Fees | -0.5 | -0.2 | 0.4 | 0.4 |
| Barclays 1-3 Year Government | -0.4 | -0.1 | 0.6 | 0.5 |
| Peer Short-Term Core Fixed Income | -0.2 | 0.1 | 1.0 | 1.2 |
| Peer Ranking (percentile) | 85 | 87 | 93 | 99 |

| | 12/31/15 | | 9/30/15 | |
|--|-------------------------------|------------------------------|-------------------------------|------------------------------|
| | NT Short-Term Government Bond | Barclays 1-3 Year Government | NT Short-Term Government Bond | Barclays 1-3 Year Government |
| Duration & Yield: | | | | |
| Average Effective Duration (years) | 1.9 | 1.9 | 1.8 | 1.8 |
| Yield to Maturity (%) | 1.1 | 1.1 | 0.6 | 0.6 |
| Quality Structure (%): | | | | |
| Average Quality | AAA | AAA | AAA | AAA |
| AAA (includes Treasuries and Agencies) | 96 | 96 | 96 | 96 |
| AA | 4 | 4 | 4 | 4 |
| A | 0 | 0 | 0 | 0 |
| BBB | 0 | 0 | 0 | 0 |
| BB | 0 | 0 | 0 | 0 |
| B | 0 | 0 | 0 | 0 |
| Below B | 0 | 0 | 0 | 0 |
| Non-Rated | 0 | 0 | 0 | 0 |
| Sector Allocation (%): | | | | |
| U.S. Treasury-Nominal | 89 | 89 | 89 | 89 |
| U.S. Treasury-TIPS | 0 | 0 | 0 | 0 |
| U.S. Agency | 11 | 11 | 11 | 11 |
| Mortgage Backed | 0 | 0 | 0 | 0 |
| Corporate | 0 | 0 | 0 | 0 |
| Bank Loans | 0 | 0 | 0 | 0 |
| Local & Provincial Government | 0 | 0 | 0 | 0 |
| Sovereign & Supranational | 0 | 0 | 0 | 0 |
| Commercial Mortgage Backed | 0 | 0 | 0 | 0 |
| Asset Backed | 0 | 0 | 0 | 0 |
| Cash Equivalent | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Market Allocation (%): | | | | |
| United States | 100 | 100 | 100 | 100 |
| Foreign (developed markets) | 0 | 0 | 0 | 0 |
| Foreign (emerging markets) | 0 | 0 | 0 | 0 |
| Currency Allocation (%): | | | | |
| Non-U.S. Dollar Exposure | 0 | 0 | 0 | 0 |

¹ Fiscal Year begins July 1.



**TIPS Portfolio Review
As of December 31, 2015**

City of Ann Arbor Employees' Retirement System

IR&M 1-10 Year Index Portfolio Detail as of 12/31/15

Mandate: TIPS
Active/Passive: Active
Market Value: \$9.9 million
Portfolio Manager: Team
Location: Boston, Massachusetts
Inception Date: 11/1/2013
Account Type: Separately Managed

| | | | |
|--------|-------|------|------|
| | Short | Int. | Long |
| High | | | |
| Medium | | | |
| Low | | | |

Fee Schedule:
0.08% on all assets

Liquidity Constraints:
Daily

Strategy:
Income Research & Management (IR&M) manages an intermediate (1-10 year) TIPS portfolio with similar duration and yield curve exposure to the benchmark. The firm strives to add a modest amount of alpha through bottom-up security selection.

Guidelines:
Cash < 10%. Duration within .25 years of the benchmark.

| Performance (%): | 4Q15 | Fiscal YTD ¹ | 1 YR | Since 11/1/13 |
|---------------------------------|-------------|-------------------------|-------------|---------------|
| IR&M 1-10 Year Index | -0.7 | -1.5 | -0.4 | -0.6 |
| Net of Fees | -0.7 | -1.6 | -0.5 | -0.7 |
| Barclays U.S. TIPS 1-10 Year | -0.7 | -1.6 | -0.5 | -0.6 |
| Peer TIPS | -0.6 | -1.8 | -1.5 | -0.4 |
| Peer Ranking (percentile) | 65 | 20 | 14 | 75 |

| Duration & Yield: | 12/31/15 | | 9/30/15 | |
|--|----------------------|------------------------------|----------------------|------------------------------|
| | IR&M 1-10 Year Index | Barclays U.S. TIPS 1-10 Year | IR&M 1-10 Year Index | Barclays U.S. TIPS 1-10 Year |
| Average Effective Duration (years) | 5.3 | 3.3 | 5.5 | 3.6 |
| Yield to Maturity (%) ² | 1.9 | 2.0 | 1.5 | 1.6 |
| Quality Structure (%): | | | | |
| Average Quality | AAA | AAA | AAA | AAA |
| AAA (includes Treasuries and Agencies) | 100 | 100 | 100 | 100 |
| AA | 0 | 0 | 0 | 0 |
| A | 0 | 0 | 0 | 0 |
| BBB | 0 | 0 | 0 | 0 |
| BB | 0 | 0 | 0 | 0 |
| B | 0 | 0 | 0 | 0 |
| Below B | 0 | 0 | 0 | 0 |
| Non-Rated | 0 | 0 | 0 | 0 |
| Sector Allocation (%): | | | | |
| U.S. Treasury-Nominal | 0 | 0 | 0 | 0 |
| U.S. Treasury-TIPS | 100 | 100 | 100 | 100 |
| U.S. Agency | 0 | 0 | 0 | 0 |
| Mortgage Backed | 0 | 0 | 0 | 0 |
| Corporate | 0 | 0 | 0 | 0 |
| Bank Loans | 0 | 0 | 0 | 0 |
| Local & Provincial Government | 0 | 0 | 0 | 0 |
| Sovereign & Supranational | 0 | 0 | 0 | 0 |
| Commercial Mortgage Backed | 0 | 0 | 0 | 0 |
| Asset Backed | 0 | 0 | 0 | 0 |
| Cash Equivalent | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Market Allocation (%): | | | | |
| United States | 100 | 100 | 100 | 100 |
| Foreign (developed markets) | 0 | 0 | 0 | 0 |
| Foreign (emerging markets) | 0 | 0 | 0 | 0 |
| Currency Allocation (%): | | | | |
| Non-U.S. Dollar Exposure | 0 | 0 | 0 | 0 |

² This figure is an estimated yield-to-maturity (YTM) for the fund. It is calculated by adding the trailing 12-month inflation adjustment to the "real" (i.e., before inflation) YTM of the fund. Adding the 12-month inflation adjustment allows the fund's yield to be more directly comparable to those of other bond funds. Investors should recognize that the actual YTM will depend upon the level of inflation experienced going forward.

¹ Fiscal Year begins July 1.



**High Yield Bond Portfolio Reviews
As of December 31, 2015**

City of Ann Arbor Employees' Retirement System

SKY Harbor Broad High Yield Market Portfolio Detail as of 12/31/15

Mandate: High Yield Bonds
Active/Passive: Active
Market Value: \$17.1 million
Portfolio Manager: Hanna H. Strasser
Location: Greenwich, Connecticut
Inception Date: 9/1/2012
Account Type: Commingled

| | | | |
|--------|-------|------|------|
| | Short | Int. | Long |
| High | | | |
| Medium | | | |
| Low | | | |

Fee Schedule:
0.30% on all assets

Liquidity Constraints:
Daily

Strategy:
SKY Harbor's strategy is income oriented and is based on the understanding that the largest component of high yield bond returns comes from coupon return. At the same time, the strategy seeks to minimize defaults through credit analysis and a top-down assessment of the economic and credit cycle. SKY Harbor segments the universe not only by industry but also by yield. They believe that credits trading with higher yields have more equity-like risk and those trading at lower yields are more exposed to bond-like risk (e.g., interest rate risk). Their exposure to these segments of the high yield market will be driven by credit analysis and their assessment of the economic and credit cycle.

| Performance (%): | 4Q15 | Fiscal YTD ¹ | 1 YR | 3 YR | Since 9/1/12 |
|---|---------------------------|-------------------------|-----------------------|--------------------|-----------------------------|
| SKY Harbor Broad High Yield Market | -1.9 | -5.8 | -3.4 | 2.3 | 2.9 |
| Net of Fees | -2.1 | -6.1 | -3.9 | 1.7 | 2.4 |
| Barclays High Yield | -2.1 | -6.8 | -4.5 | 1.7 | 2.9 |
| Peer High Yield | -1.7 | -5.9 | -2.9 | 2.5 | 3.6 |
| Peer Ranking (percentile) | 64 | 48 | 53 | 58 | 77 |
| Risk: (forty months) | Standard Deviation | Beta | Sharpe Measure | Info. Ratio | Correlation to Index |
| SKY Harbor Broad High Yield Market | 4.9% | 0.89 | 0.59 | Neg. | 0.97 |
| Barclays High Yield | 5.3 | 1.00 | 0.54 | NA | 1.00 |

| | 12/31/15 | | 9/30/15 | |
|--|------------|---------------------|------------|---------------------|
| Duration & Yield: | Sky Harbor | Barclays High Yield | Sky Harbor | Barclays High Yield |
| Average Effective Duration (years) | 4.5 | 4.3 | 4.4 | 4.4 |
| Yield to Maturity (%) | 8.6 | 8.7 | 7.7 | 8.0 |
| Quality Structure (%): | | | | |
| Average Quality | B | B | B | B |
| AAA (includes Treasuries and Agencies) | 0 | 0 | 0 | 0 |
| AA | 0 | 0 | 0 | 0 |
| A | 0 | 0 | 0 | 0 |
| BBB | 2 | 0 | 2 | 0 |
| BB | 34 | 46 | 32 | 45 |
| B | 43 | 40 | 44 | 40 |
| Below B | 20 | 14 | 22 | 15 |
| Non-Rated | 0 | 0 | 0 | 0 |
| Sector Allocation (%): | | | | |
| U.S. Treasury-Nominal | 0 | 0 | 0 | 0 |
| U.S. Treasury-TIPS | 0 | 0 | 0 | 0 |
| U.S. Agency | 0 | 0 | 0 | 0 |
| Mortgage Backed | 0 | 0 | 0 | 0 |
| Corporate | 98 | 100 | 99 | 100 |
| Bank Loans | 0 | 0 | 0 | 0 |
| Local & Provincial Government | 0 | 0 | 0 | 0 |
| Sovereign & Supranational | 0 | 0 | 0 | 0 |
| Commercial Mortgage Backed | 0 | 0 | 0 | 0 |
| Asset Backed | 0 | 0 | 0 | 0 |
| Cash Equivalent | 2 | 0 | 1 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Market Allocation (%): | | | | |
| United States | 88 | 82 | 87 | 82 |
| Foreign (developed markets) | 12 | 18 | 13 | 18 |
| Foreign (emerging markets) | 0 | 0 | 0 | 0 |
| Currency Allocation (%): | | | | |
| Non-U.S. Dollar Exposure | 0 | 0 | 0 | 0 |

¹ Fiscal Year begins July 1.

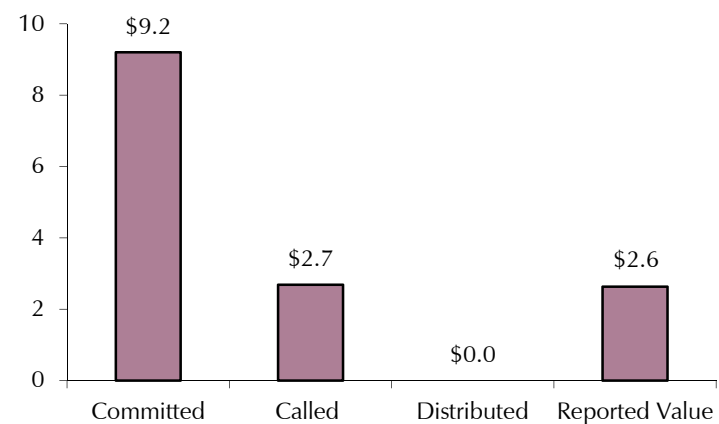


City of Ann Arbor Employees' Retirement System

Summit Partners Credit Fund II Portfolio Detail as of 12/31/15

Strategy: High Yield Bonds
Senior Professionals: Team
Location: Boston, Massachusetts
Vintage Year: 2011
Fee Schedule: 1.5% management fee; 20% carried interest

Commitment: \$9.2 million
Capital Contributions: \$2.7 million
Outstanding Commitment: \$6.5 million
Realized Proceeds: \$0.0 million
Total Value: \$2.6 million
Number of Investments¹: 6
Net IRR: 4.0%



Investment Strategy:

Summit Partners Credit Fund II ("Fund II" or the "Fund") will invest in middle market companies through directly originated, senior secured (first or second lien) loans. When in a second lien position, Summit prefers to be junior to an asset-backed loan from a bank, and ideally a senior lender that it has brought into the transaction itself, often by syndicating a portion of unitranche loan at a lower rate while keeping a portion for itself at a much higher effective interest rate. The Fund will target middle market companies of scale that have stable and recurring revenue, while avoiding highly cyclical companies with high CAPEX requirements. Borrowers' use of proceeds will vary and may include acquisition capital, working capital, or refinancing capital. The Fund will seek to reduce repayment risk through call protections and will seek upside through penny warrants.

¹ Data presented is as of September 30, 2015.



**Bank Loans Portfolio Review
As of December 31, 2015**

City of Ann Arbor Employees' Retirement System

Mandate: Fixed Income
Active/Passive: Active
Market Value: \$14.1 million
Portfolio Manager: Scott M. Klein
 William Kozicki
 Carl H. Goldsmith
Location: Santa Monica, California
Inception Date: 4/1/2012
Account Type: Commingled

| | | | |
|--------|-------|------|------|
| | Short | Int. | Long |
| High | | | |
| Medium | | | |
| Low | | | |

Fee Schedule:
 0.65% on all assets

Liquidity Constraints:
 Quarterly

Strategy:

The Beach Point Leveraged Loan fund has the primary investment objective of achieving a risk-adjusted high rate of return through investments in secured corporate loans of below investment grade companies supplemented by investments in other below investment grade instruments. A significant portion of the portfolio will be invested in first lien secured loans. The Loan fund may also opportunistically invest in DIP loans, second lien loans, floating rate notes, high yield bonds, and short-term bonds. The Loan fund has a long bias and the majority of investments are floating rate. The geographical market focus is predominantly U.S., although the Loan fund has exposure to securities of foreign issuers, typically located in Canada and Western Europe.

| Performance (%): | 4Q15 | Fiscal YTD ¹ | 1 YR | 3 YR | Since 4/1/12 |
|-----------------------------------|-------------|-------------------------|------------|------------|--------------|
| Beach Point Leveraged Loan | -0.1 | 0.0 | 2.7 | 4.2 | 5.5 |
| Net of Fees | -0.3 | -0.3 | 2.1 | 3.5 | 4.8 |
| CSFB Leveraged Loan | -2.0 | -3.2 | -0.4 | 2.6 | 3.6 |

| Risk: (forty-five months) | Standard Deviation | Beta | Sharpe Measure | Info. Ratio | Correlation to Index |
|-----------------------------------|--------------------|-------------|----------------|-------------|----------------------|
| Beach Point Leveraged Loan | 1.9% | 0.78 | 2.89 | 2.22 | 0.92 |
| CSFB Leveraged Loan | 2.2 | 1.00 | 1.63 | NA | 1.00 |

Beach Point Leveraged Loan Portfolio Detail as of 12/31/15

| | 12/31/15 | | 9/30/15 | |
|--|----------------------------|---------------------|----------------------------|---------------------|
| | Beach Point Leveraged Loan | CSFB Leveraged Loan | Beach Point Leveraged Loan | CSFB Leveraged Loan |
| Duration & Yield: | | | | |
| Average Effective Duration (years) | 0.8 | 0.3 | 0.7 | 0.3 |
| Yield to Maturity (%) | 6.4 | 4.9 | 5.7 | 4.9 |
| Quality Structure (%): | | | | |
| Average Quality | B+ | B+ | B+ | B |
| AAA (includes Treasuries and Agencies) | 0 | 0 | 0 | 0 |
| AA | 0 | 0 | 0 | 0 |
| A | 0 | 0 | 0 | 0 |
| BBB | 1 | 0 | 1 | 0 |
| BB | 47 | 36 | 35 | 34 |
| B | 46 | 57 | 59 | 58 |
| Below B | 5 | 5 | 4 | 6 |
| Non-Rated | 1 | 2 | 1 | 2 |
| Sector Allocation (%): | | | | |
| U.S. Treasury-Nominal | 0 | 0 | 0 | 0 |
| U.S. Treasury-TIPS | 0 | 0 | 0 | 0 |
| U.S. Agency | 0 | 0 | 0 | 0 |
| Mortgage Backed | 0 | 0 | 0 | 0 |
| Corporate | 18 | 0 | 14 | 0 |
| Bank Loans | 82 | 100 | 86 | 100 |
| Local & Provincial Government | 0 | 0 | 0 | 0 |
| Sovereign & Supranational | 0 | 0 | 0 | 0 |
| Commercial Mortgage Backed | 0 | 0 | 0 | 0 |
| Asset Backed | 0 | 0 | 0 | 0 |
| Cash Equivalent | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Market Allocation (%): | | | | |
| United States | 80 | 100 | 79 | 100 |
| Foreign (developed markets) | 20 | 0 | 21 | 0 |
| Foreign (emerging markets) | 0 | 0 | 0 | 0 |
| Currency Allocation (%): | | | | |
| Non-U.S. Dollar Exposure | 2 | 0 | 3 | 0 |

¹ Fiscal Year begins July 1.



Emerging Market Debt Portfolio Review
As of December 31, 2015

City of Ann Arbor Employees' Retirement System

Stone Harbor Emerging Markets Local Currency Debt Portfolio Detail as of 12/31/15

Mandate: Fixed Income
Active/Passive: Active
Market Value: \$6.1 million
Portfolio Manager: Team
Location: New York, New York
Inception Date: 6/1/2012
Account Type: Mutual Fund (SHLMX)

| | | | |
|--------|-------|------|------|
| | Short | Int. | Long |
| High | | | |
| Medium | | | |
| Low | | | |

Fee Schedule:
0.87% on all assets

Liquidity Constraints:
Daily

Strategy:

Stone Harbor believes that investing in a diversified portfolio of emerging markets local currency instruments will result in strong, long-term performance. The investment team monitors the emerging markets universe for improving credit quality opportunities and undervalued currencies with high real return potential. The active investment management approach is characterized by fundamental credit analysis. The investment process emphasizes country selection based on intensive economic and political analysis as well as a rigorous analytical approach to currency, sector, and security selection.

| Performance (%): | 4Q15 | Fiscal YTD ¹ | 1 YR | 3 YR | Since 6/1/12 |
|--|-------------|-------------------------|--------------|--------------|--------------|
| Stone Harbor Emerging Markets Local Currency Debt | -0.1 | -11.9 | -15.2 | -12.1 | -7.2 |
| JPM GBI-EM Global Diversified (unhedged) | 0.0 | -10.6 | -14.9 | -10.0 | -4.7 |
| Peer Emerging Market Debt | 0.5 | -4.8 | -3.1 | -2.6 | 1.2 |
| Peer Ranking (percentile) | 68 | 95 | 90 | 96 | 96 |

| Risk: (forty-three months) | Standard Deviation | Beta | Sharpe Measure ² | Info. Ratio | Correlation to Index |
|--|--------------------|-------------|-----------------------------|-------------|----------------------|
| Stone Harbor Emerging Markets Local Currency Debt | 10.2% | 1.02 | Neg. | Neg. | 0.99 |
| JPM GBI-EM Global Diversified (unhedged) | 10.2 | 1.00 | Neg. | NA | 1.00 |

| | 12/31/15 | | 9/30/15 | |
|--|----------------------------|--|----------------------------|--|
| | Stone Harbor EM Local Debt | JPM GBI-EM Global Diversified (unhedged) | Stone Harbor EM Local Debt | JPM GBI-EM Global Diversified (unhedged) |
| Duration & Yield: | | | | |
| Average Effective Duration (years) | 5.4 | 4.8 | 5.0 | 4.9 |
| Yield to Maturity (%) | 9.1 | 7.1 | 9.8 | 7.1 |
| Quality Structure (%): | | | | |
| Average Quality | BBB+ | BBB+ | BBB | BBB+ |
| AAA (includes Treasuries and Agencies) | 0 | 0 | 1 | 0 |
| AA | 0 | 0 | 0 | 0 |
| A | 36 | 41 | 36 | 41 |
| BBB | 60 | 59 | 60 | 58 |
| BB | 1 | 0 | 1 | 2 |
| B | 0 | 0 | 0 | 0 |
| Below B | 2 | 0 | 3 | 0 |
| Non-Rated | 0 | 0 | 0 | 0 |
| Sector Allocation (%): | | | | |
| U.S. Treasury-Nominal | 0 | 0 | 0 | 0 |
| U.S. Treasury-TIPS | 0 | 0 | 0 | 0 |
| U.S. Agency | 0 | 0 | 0 | 0 |
| Mortgage Backed | 0 | 0 | 0 | 0 |
| Corporate | 0 | 0 | 0 | 0 |
| Bank Loans | 0 | 0 | 0 | 0 |
| Local & Provincial Government | 0 | 0 | 0 | 0 |
| Sovereign & Supranational | 100 | 100 | 99 | 100 |
| Commercial Mortgage Backed | 0 | 0 | 0 | 0 |
| Asset Backed | 0 | 0 | 0 | 0 |
| Cash Equivalent | 0 | 0 | 1 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Market Allocation (%): | | | | |
| United States | 0 | 0 | 1 | 0 |
| Foreign (developed markets) | 0 | 0 | 0 | 0 |
| Foreign (emerging markets) | 100 | 100 | 99 | 100 |
| Currency Allocation (%): | | | | |
| Non-U.S. Dollar Exposure | 99 | 100 | 98 | 100 |

¹ Fiscal Year begins July 1.

² A negative Sharpe ratio indicates that the portfolio underperformed the risk-free rate during the sample period.



**Real Estate Portfolio Reviews
As of December 31, 2015**

City of Ann Arbor Employees' Retirement System

A.E.W. Core Property Trust Portfolio Detail as of 12/31/15

Strategy: Real Estate
Open-End
Core

Market Value: \$22.6 million

Senior Professionals: Team

Location: Boston, Massachusetts

Inception Date: 7/1/2013

Account Type: Separately Managed

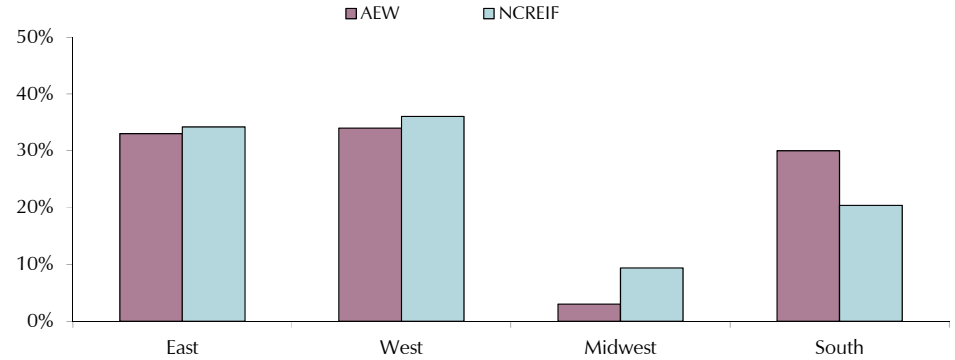
of Investments: 62

Liquidity Constraints: Quarterly

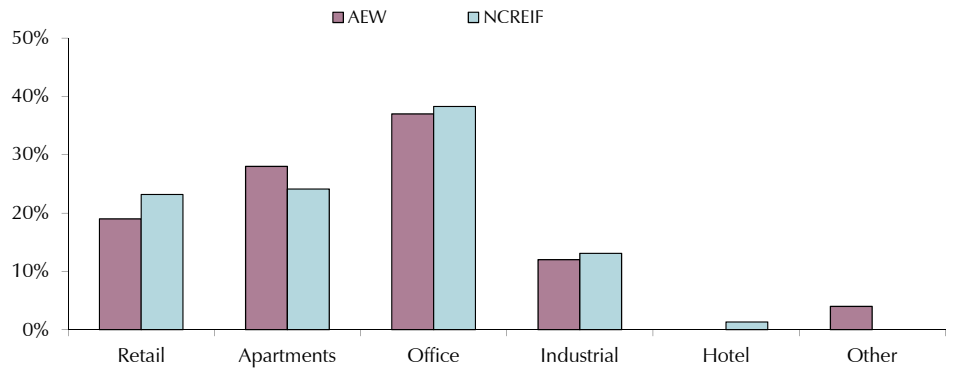
Fee Schedule: 1.10% on first \$10 mm; 1.00% on next \$15 mm

Net IRR: 10.1%

Geographic Region:



Property Type:



| Performance (%): | 4Q15 | Fiscal YTD ¹ | 1 YR | Since 7/1/13 |
|---------------------------|------|-------------------------|------|--------------|
| A.E.W Core Property Trust | 3.0 | 6.0 | 12.4 | 12.2 |
| NCREIF ODCE | 3.3 | 7.1 | 15.0 | 13.8 |

Investment Strategy:

AEW employs leverage that is in-line with NFI-ODCE and currently has 10% of the net asset value in non-core investments, but in an investment with primarily core characteristics (mezzanine loan). The strategy invests mostly in the East and South, with significantly less exposure to the Midwest.

¹ Fiscal Year begins July 1.



City of Ann Arbor Employees' Retirement System

Intercontinental Real Estate Investment Fund III Portfolio Detail as of 12/31/15

Strategy: Real Estate
Value-Added
Private Market

Market Value: \$4.0 million

Senior Professionals: Team

Location: Boston, Massachusetts

Vintage Year: 2003

Account Type: Separately Managed

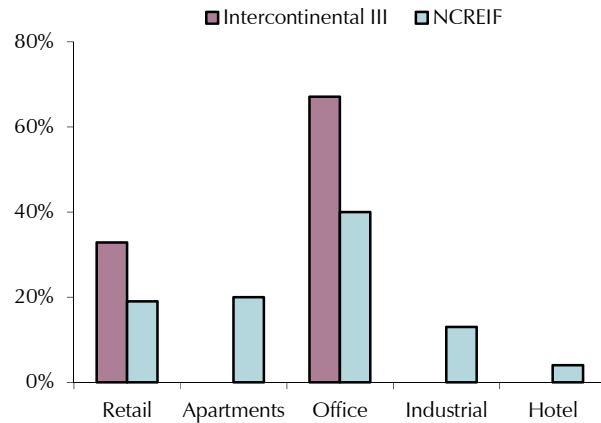
of Investments: 3

Liquidity Constraints: No interim liquidity

Fee Schedule: 1.25% on all assets

Net IRR:¹ 5.5%

Property Type:



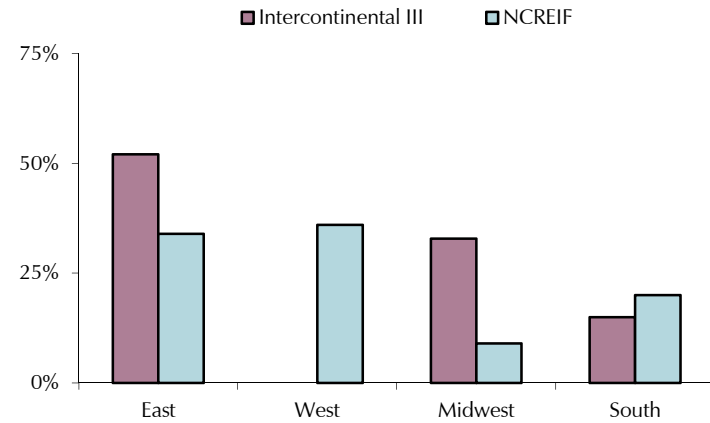
Investment Strategy:

Intercontinental searches for properties that may generate attractive capital appreciation through some degree of asset repositioning, re-tenanting, or through moderate physical or financial rehabilitation. The manager will construct a geographically diversified portfolio across the spectrum of property types including: office, residential, industrial, retail and mixed-used properties. This Fund's objective targets yield-driven returns with annual cash yields of 6% to 8% and a total return of 10%.

Portfolio Size:



Geographic Region:



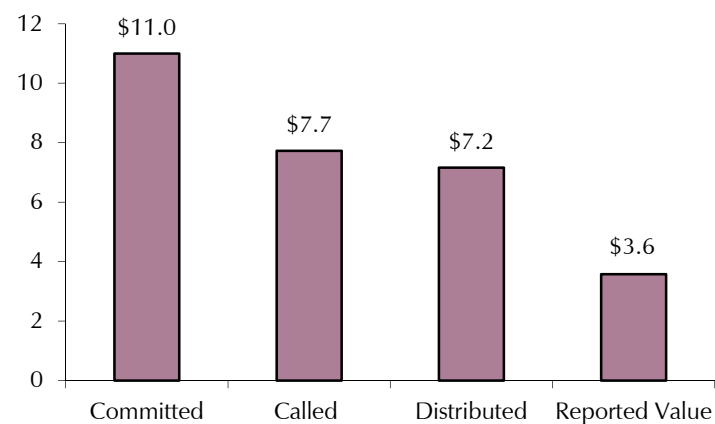
¹ Net IRR is as of September 30, 2015.



City of Ann Arbor Employees' Retirement System

INVESCO Mortgage Recovery Loans Portfolio Detail as of 12/31/15

| | |
|--------------------------------|--|
| Strategy: | Opportunistic Debt - PPIP |
| Senior Professionals: | Richard J. King, CFA |
| Location: | Atlanta, Georgia |
| Vintage Year: | 2008 |
| Fee Schedule: | 1.0% management fee on invested capital; 8% preferred return; 20% carried interest |
| Commitment¹: | \$11.0 million |
| Capital Contributions: | \$7.7 million |
| Realized Proceeds: | \$7.2 million |
| Reported Value: | \$3.6 million |
| Net IRR: | 16.8% ² |



Investment Strategy:

Using matching funds provided by the U.S. Treasury under the Public-Private Investment Program (PPIP), the INVESCO Mortgage Recovery Fund will invest, directly or indirectly, in a broad spectrum of mortgage-related assets. The Fund will have a specific focus on legacy residential mortgage-backed securities ("RMBS") and commercial mortgage-backed securities ("CMBS"), residential mortgage and commercial real estate loans, and other distressed mortgage-related assets. The Funds will seek to construct a diverse portfolio of mortgage-related investments with sector allocations that will change as markets evolve and opportunities develop.

¹ Combined commitment for INVESCO Mortgage Recovery Loans and Mortgage Recovery Feeder.

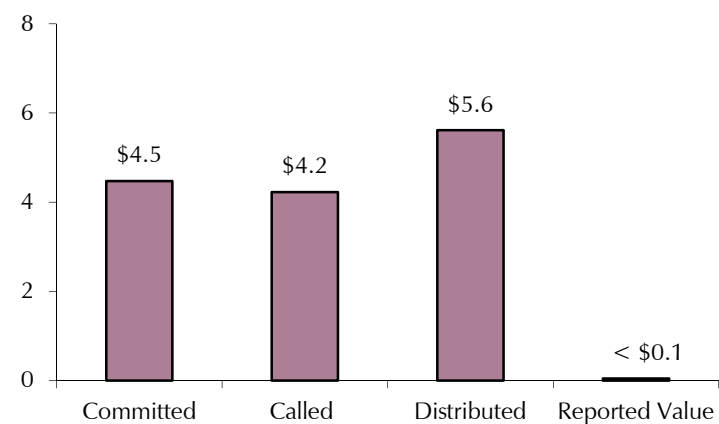
² Data presented is as of September 30, 2015.



City of Ann Arbor Employees' Retirement System

INVESCO Mortgage Recovery Feeder Portfolio Detail as of 12/31/15

| | |
|-------------------------------|--|
| Strategy: | Opportunistic Debt - PPIP |
| Senior Professionals: | Richard J. King, CFA |
| Location: | Atlanta, Georgia |
| Vintage Year: | 2008 |
| Fee Schedule: | 1.0% management fee; 8% preferred return; 20% carried interest |
| Commitment: | \$4.5 million |
| Capital Contributions: | \$4.2 million |
| Realized Proceeds: | \$5.6 million |
| Reported Value: | < \$0.1 million |
| Net IRR: | 12.7% ¹ |



Investment Strategy:

Using matching funds provided by the U.S. Treasury under the Public-Private Investment Program (PPIP), the INVESCO Mortgage Recovery Fund will invest, directly or indirectly, in a broad spectrum of mortgage related assets. The Fund will have a specific focus on legacy residential mortgage-backed securities ("RMBS") and commercial mortgage backed securities ("CMBS"), residential mortgage and commercial real estate loans, and other distressed mortgage-related assets. The Funds will seek to construct a diverse portfolio of mortgage-related investments with sector allocations that will change as markets evolve and opportunities develop.

¹ Data presented is as of September 30, 2015.

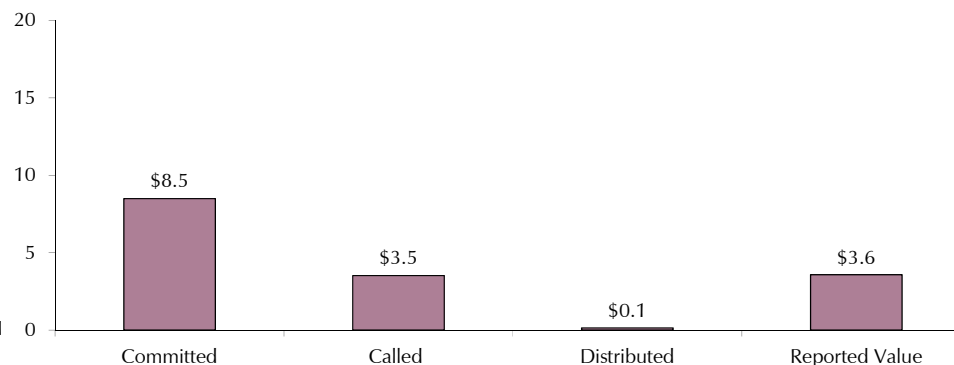


City of Ann Arbor Employees' Retirement System

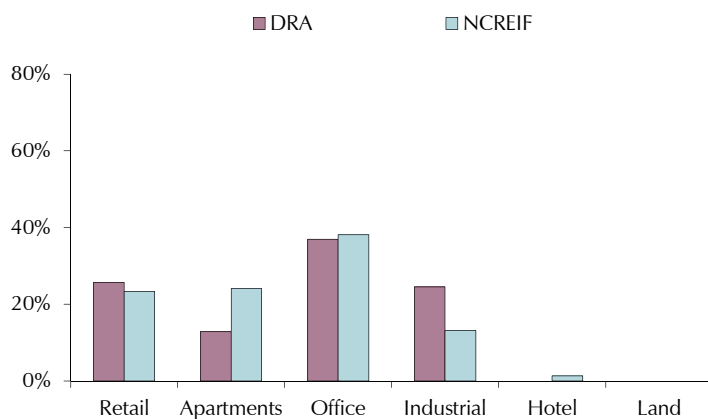
DRA Growth and Income Fund VIII, LLC Portfolio Detail as of 12/31/15

| | |
|------------------------------|--|
| Strategy: | Real Estate Closed-End Value-Added |
| Market Value: | \$3.6 million |
| Senior Professionals: | Team |
| Location: | New York, New York |
| Vintage Year: | 2014 |
| Account Type: | Limited Partnership |
| # of Investments: | 39 |
| Fee Schedule: | 0.90% on gross cost during investment period; 0.60% thereafter; 8% preferred return and 20% carried interest |
| Net IRR¹: | 16.8% |

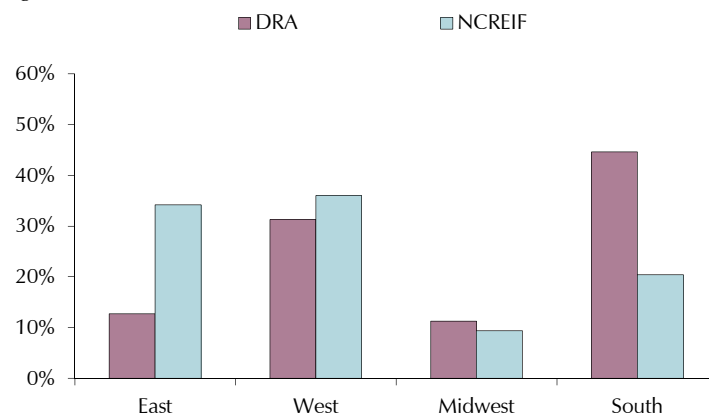
Portfolio Size:



Property Type:



Geographic Region:



Investment Strategy:

Fund VIII will invest in a diversified portfolio of office, retail, multi-family, industrial and other real-estate related properties and assets across the United States and its territories. The Company will seek to generate an attractive return to investors of 12-15%, net of fees, expenses and carried interest, and a significant portion of this return is expected to be from cash flow. Fund VIII will attempt to capitalize on inefficiencies in real estate markets to acquire high quality operating assets at discounts to replacement cost. Such inefficiencies can result from (i) taking advantage of sellers' strategic or financial motivations, (ii) investing in markets or properties that are perceived as out of favor by other investors, (iii) leveraging DRA's industry relationships with both private and public joint venture partners to access deals, and (iv) utilizing DRA's financial experience and resources to exploit pricing inefficiencies in complex transactions.

¹ Net IRR is as of September 30, 2015.



**Hedge Fund Portfolio Reviews
As of December 31, 2015**

City of Ann Arbor Employees' Retirement System

Tse Capital Offshore Fund, Ltd. Portfolio Detail as of 12/31/15

Mandate: Hedge Fund, Global Macro
Market Value: \$6.1 million
Portfolio Manager: Irene Tse
Location: New York, New York
Inception Date: 2/1/2015
Account Type: Limited Partnership
of Investments: Not Provided

Fee Schedule:

1.5% management with sliding incentive fees; 10% if returns to 10%; 20% if returns exceed 10%; 30% if returns exceed 20%

Liquidity Constraints:

Quarterly redemptions with a 90 days' written notice; Initial 12 month lock-up period.

Strategy:

Tse Capital pursues a global macro strategy, utilizing a discretionary, top-down, thematic approach. They evaluate macro cycles and interlinks global themes through the identification of economic imbalances and the study of political and central bank transitions. Tse Capital makes predominantly directional investments in short, medium and long term opportunities, through a strategy of both active trading and investment in equities, currencies, commodities, credit and fixed income instruments, and other instruments related to any such asset classes, whether listed or "over the counter". Tse Capital may invest in and utilize currency spot and forward contracts, currency and interest rate futures contracts, swaps, "over the counter" and exchange-listed options and options on futures contracts. Tse Capital may also take positions in commodity and equity and fixed income indices, as well as related futures, swaps and options on these indices, as well as investment opportunities in markets that may arise from time to time.

| Performance (%): | 4Q15 | Fiscal YTD ¹ | Since 2/1/15 |
|--|------------|-------------------------|--------------|
| Tse Capital Offshore Fund, Ltd. | 0.5 | -6.7 | 0.3 |
| HFRI Macro Index | -0.1 | -0.9 | -3.7 |

| Security Type Exposure (%): | 12/31/2015 | | 9/30/2015 | |
|-----------------------------|------------|-------|-----------|-------|
| | Long | Short | Long | Short |
| Commodity | 12 | 0 | 4 | 0 |
| Currency | 2 | 93 | 0 | 65 |
| Equity | 34 | 7 | 25 | 4 |
| Fixed Income (Developed) | 13 | 7 | 14 | 0 |

| Top 3 Notional Positions (%): | |
|--|----|
| Short Euro currency to the dollar | 28 |
| Short Yen currency to the dollar | 19 |
| Short Korean Yuan currency to the dollar | 18 |

¹ Fiscal Year begins July 1.



City of Ann Arbor Employees' Retirement System

36 South Kohinoor Series Three Portfolio Detail as of 12/31/15

Mandate: Hedge Fund, Global Macro
Market Value: \$8.8 million
Portfolio Manager: Richard Haworth
 Anthony Limbrick
 Richard Hollington, CAIA
Location: London, United Kingdom
Inception Date: 2/1/2015
Account Type: Limited Partnership
of Investments: 102

Fee Schedule:

1.75% management, 20.0% performance

Liquidity Constraints:

Monthly with 30 days' notice

Strategy:

The Kohinoor Series Three Fund invests in 25% of the initial capital subscribed into the Kohinoor Core Fund and keeps the remaining in cash. The capital will be deployed in long dated, out of the money options across a broad spectrum of asset classes in various geographical locations. The team performs fundamental, bottom-up research to guide their capital allocation. There will be approximately 30-70 positions that will generally appreciate in value in a rising volatility environment.

| Performance (%): | 4Q15 | Fiscal YTD ¹ | Since 2/1/15 |
|---------------------------------------|-------------|-------------------------|--------------|
| 36 South Kohinoor Series Three | -3.8 | -3.4 | -6.2 |
| HFRI Macro Index | -0.1 | -0.9 | -3.7 |

| Geographic Exposure (%): | 12/31/2015 | | 9/30/2015 | |
|-------------------------------|------------|-------|-----------|-------|
| | Gross | Net | Gross | Net |
| North America | 138 | 128 | 40 | 36 |
| Developed Europe | 129 | 116 | 142 | 103 |
| Developed Asia | 136 | 136 | 43 | 35 |
| Emerging Markets | 0 | 0 | 0 | 0 |
| Security Type Exposure (%): | Long | Short | Long | Short |
| Commodity | 71 | 41 | 69 | 32 |
| Currency | 180 | 0 | 161 | 0 |
| Equity | 160 | 11 | 153 | 2 |
| Fixed Income (Developed) | 232 | 0 | 30 | 0 |
| Top 3 Notional Positions (%): | | | | |
| USD Receiver Swaption | 91 | | | |
| WTI Call | 34 | | | |
| KO Puts | 34 | | | |
| Top 3 Risk Positions (%): | | | | |
| EUR USD Straddle | 16 | | | |
| AUD Call JPY Put | 15 | | | |
| WTI and Brent Calls | 11 | | | |

¹ Fiscal Year begins July 1.



City of Ann Arbor Employees' Retirement System

Och-Ziff Credit Opportunities Portfolio Detail as of 12/31/15

Mandate: Hedge Fund, Fixed Income
Market Value: \$2.6 million
Portfolio Manager: Team
Location: New York, New York
Inception Date: 6/1/2015
Account Type: Limited Partnership
of Investments: 525

Fee Schedule:

1.25 % management fee; 20% performance fee with a 6% hurdle rate

Liquidity Constraints:

Quarterly (with 61 days advance notice)

Strategy:

Och-Ziff Credit Opportunities investment team uses a bottom-up approach to security selection focusing on assets that support the potential investment. Selection is mostly comprised of U.S. and European corporate and structured credit markets. OZCO will invest across all size spectrums believing capital deployed into dislocated or inefficient markets globally will generate strong risk adjusted returns.

| Performance (%): | 4Q15 | Fiscal YTD ¹ | Since 6/1/15 |
|--------------------------------------|-------------|-------------------------|--------------|
| Och-Ziff Credit Opportunities | -2.4 | -5.8 | -6.9 |
| Barclays High Yield | -2.1 | -6.8 | -8.2 |

| Quality Gross Exposure (%): | 12/31/15 | 9/30/15 | 6/30/15 |
|-----------------------------|----------|---------|---------|
| AAA to A | 1 | 1 | 2 |
| BBB | 1 | 1 | 1 |
| BB | 4 | 4 | 3 |
| B | 7 | 13 | 11 |
| CCC and Below | 40 | 34 | 39 |
| Not Rated | 91 | 90 | 87 |
| In Default | 8 | 9 | 9 |

| Sector Gross Exposure (%): | 12/31/15 | 9/30/15 | 6/30/15 |
|------------------------------------|----------|---------|---------|
| U.S. Government (including Agency) | 3 | 4 | 4 |
| Developed Sovereign | 2 | 4 | 14 |
| Emerging Sovereign | 0 | 0 | 0 |
| Other Sovereign | 2 | 3 | 4 |
| Mortgage Backed (non-Agency) | 34 | 40 | 33 |
| Commercial Mortgage Backed | 6 | 6 | 4 |
| Other Securitized Assets | 27 | 25 | 23 |
| Corporate Credit | 38 | 42 | 42 |

| Security Type (%): | 12/31/2015 | | 9/30/15 | |
|--------------------|---------------|---------------|---------------|----------------|
| | Long Exposure | Long Exposure | Long Exposure | Short Exposure |
| Equities | 3 | 1 | 2 | 1 |
| Fixed Income | 111 | 1 | 123 | 3 |
| Derivative | 1 | 26 | 1 | 23 |
| Cash | - | - | - | - |

¹ Fiscal Year begins July 1.

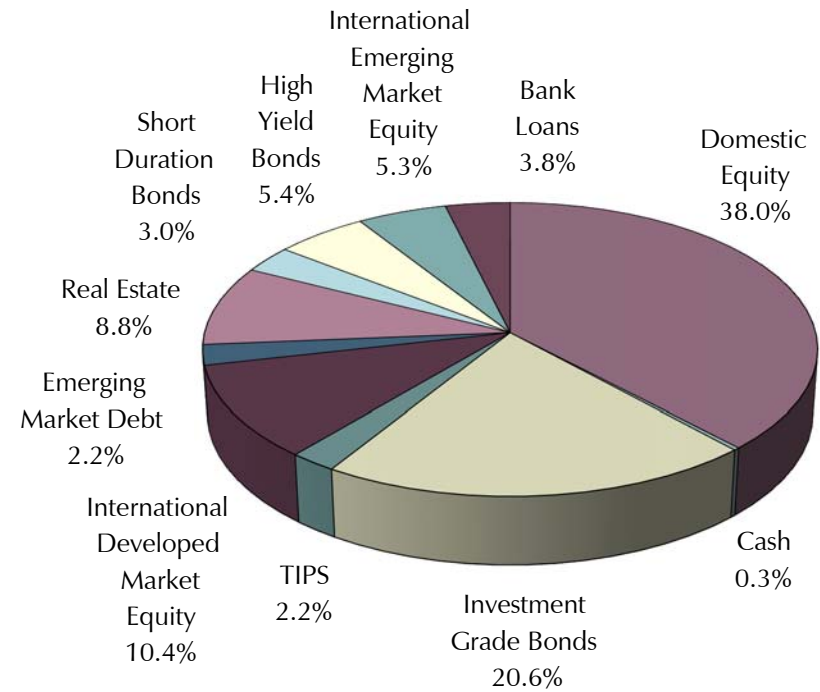
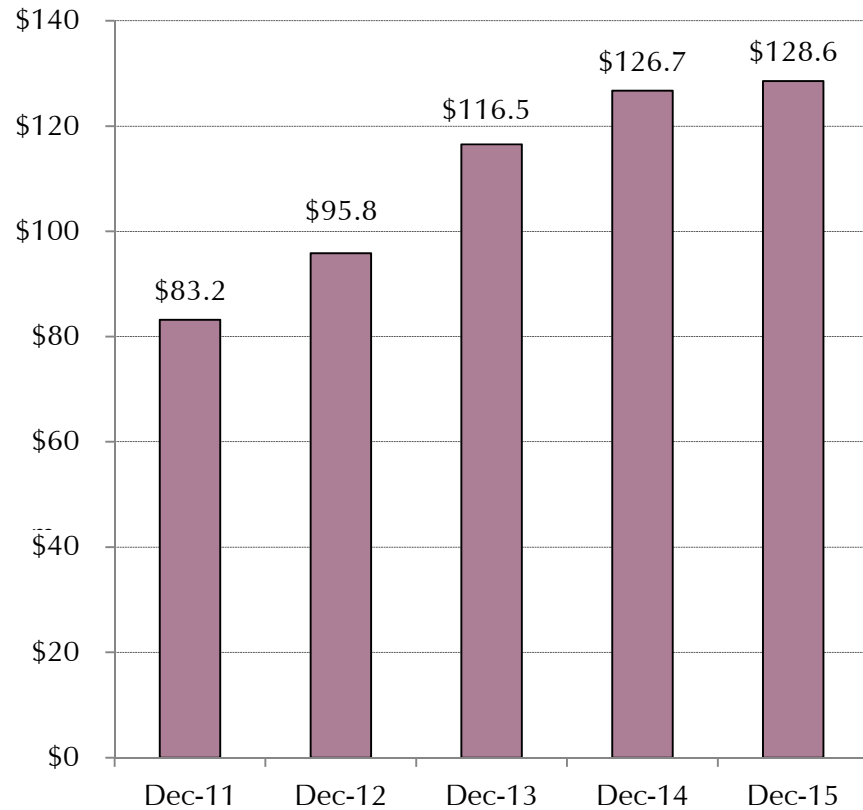


VEBA
Fourth Quarter Investment Review

**VEBA Summary
As of December 31, 2015**

City of Ann Arbor
VEBA

Aggregate Assets
as of 12/31/15



City of Ann Arbor
VEBA

Aggregate Assets
Asset Summary as of 12/31/15

| | Market Value 12/31/15 (\$ mm) | % of Health Care Trust | Target Allocation (%) | Target Range (%) | Market Value 9/30/15 (\$ mm) |
|--|-------------------------------------|------------------------------|-----------------------------|------------------------|------------------------------------|
| Total VEBA | 128.6 | 100 | NA | NA | 125.5 |
| Domestic Equity Assets | 50.3 | 39 | 38 | 30-46 | 48.1 |
| International Developed Market Equity Assets | 13.7 | 11 | 11 | 8-14 | 13.1 |
| International Emerging Market Equity Assets | 7.0 | 5 | 6 | 0-9 | 6.9 |
| Investment Grade Bond Assets | 27.3 | 21 | 10 | 8-12 | 23.5 |
| TIPS Assets | 3.0 | 2 | 9 | 0-11 | 3.0 |
| High Yield Bond Assets ¹ | 7.2 | 6 | 6 | 2-8 | 7.3 |
| Bank Loan Assets | 5.0 | 4 | 4 | 0-6 | 5.0 |
| Emerging Market Debt Assets | 3.0 | 2 | 3 | 0-5 | 3.0 |
| Real Estate Assets | 11.7 | 9 | 10 | 2-12 | 11.1 |
| Natural Resources Assets | 0.0 | 0 | 3 | 0-5 | 0.0 |
| Cash | 0.4 | < 1 | 0 | < 5 | 4.5 |

¹ Includes Summit Partners Credit Fund II.



City of Ann Arbor
VEBA

Aggregate Assets
Portfolio Roster as of 12/31/15

| | Market Value 12/31/15 (\$ mm) | % of Asset Class | % of Health Care Trust | Target Allocation (%) | Target Range (%) | Market Value 9/30/15 (\$ mm) |
|---|-------------------------------------|---------------------|------------------------------|-----------------------------|------------------------|------------------------------------|
| Total VEBA | 128.6 | NA | 100 | NA | NA | 125.5 |
| Domestic Equity Assets | 50.3 | 100 | 39 | 38 | 30-46 | 48.1 |
| Northern Trust Russell 1000 Index | 35.0 | 70 | 27 | | | 32.9 |
| RhumbLine S&P 400 Index | 9.4 | 19 | 7 | | | 9.2 |
| SouthernSun Small Cap Equity | 5.9 | 12 | 5 | | | 6.0 |
| International Developed Market Equity Assets | 13.7 | 100 | 11 | 11 | 8-14 | 13.1 |
| Fisher Institutional Foreign Equity | 13.7 | 100 | 11 | | | 13.1 |
| International Emerging Market Equity Assets | 7.0 | 100 | 5 | 6 | 0-9 | 6.9 |
| Dimensional Emerging Markets Value | 3.6 | 51 | 3 | | | 3.6 |
| Vontobel Emerging Markets Equity | 3.4 | 49 | 3 | | | 3.3 |
| Investment Grade Bond Assets | 27.3 | 100 | 21 | 10 | 8-12 | 23.5 |
| Northern Trust Barclays Aggregate Bond Index | 23.3 | 85 | 18 | | | 23.5 |
| Short Duration Bonds | 4.0 | 14 | 4 | | | 0.0 |
| Northern Trust Short-Term Gov't Bond | 3.6 | 13 | 3 | | | 0.0 |
| Northern Trust 1-5 Year Credit Bond | 0.4 | 1 | < 1 | | | 0.0 |
| TIPS Assets | 3.0 | 100 | 2 | 9 | 0-11 | 3.0 |
| IR&M 1-10 Year Index | 3.0 | 100 | 2 | | | 3.0 |



City of Ann Arbor
VEBA

Aggregate Assets
Portfolio Roster as of 12/31/15

| | Market Value 12/31/15 (\$ mm) | % of Asset Class | % of Health Care Trust | Target Allocation (%) | Target Range (%) | Market Value 9/30/15 (\$ mm) |
|---|-------------------------------------|---------------------|------------------------------|-----------------------------|------------------------|------------------------------------|
| High Yield Bond Assets | 7.2 | 100 | 6 | 6 | 2-8 | 7.3 |
| SKY Harbor Broad High Yield Market | 6.6 | 92 | 5 | | | 6.7 |
| Summit Partners Credit Fund II ¹ | 0.6 | 8 | < 1 | | | 0.6 |
| Bank Loan Assets | 5.0 | 100 | 4 | 4 | 0-6 | 5.0 |
| Beach Point Leveraged Loan | 5.0 | 100 | 4 | | | 5.0 |
| Emerging Market Debt Assets | 3.0 | 100 | 2 | 3 | 0-5 | 3.0 |
| Stone Harbor Emerging Markets Local Currency Debt | 3.0 | 100 | 2 | | | 3.0 |
| Real Estate Assets | 11.7 | 100 | 9 | 10 | 2-12 | 11.1 |
| A.E.W. Core Property Trust | 5.6 | 48 | 4 | | | 5.5 |
| Vanguard REIT Index | 5.0 | 43 | 4 | | | 4.7 |
| DRA Growth and Income Fund VIII ¹ | 1.1 | 9 | 1 | | | 0.9 |
| Cash | 0.4 | 100 | < 1 | 0 | < 5 | 4.5 |
| Northern Trust Cash Account | 0.4 | 100 | < 1 | | | 4.5 |

¹ Market value as of September 30, 2015, adjusted for subsequent cash flows.



City of Ann Arbor
VEBA

Aggregate Assets
Performance as of 12/31/15

| | 4Q15 (%) | Fiscal ¹ YTD (%) | 1 YR (%) | 3 YR (%) | 5 YR (%) | 10 YR (%) | Inception Date | Since Inception (%) |
|--|-------------|-----------------------------------|-------------|-------------|-------------|--------------|-------------------|---------------------------|
| Total VEBA | 2.4 | -3.4 | -1.5 | 6.0 | 6.6 | 5.8 | 10/1/99 | 5.6 |
| Net of Fees | 2.3 | -3.5 | -1.8 | 5.7 | 6.3 | NA | | NA |
| <i>Policy Benchmark²</i> | 2.7 | -3.2 | -0.8 | 6.2 | 6.6 | 5.7 | | 5.2 |
| <i>Actual Allocation Benchmark</i> | 2.9 | -2.5 | -0.3 | 6.9 | NA | NA | | NA |
| <i>60% MSCI ACWI/ 40% Barclays Aggregate</i> | 2.8 | -2.6 | -1.0 | 5.3 | 5.2 | 5.0 | | NA |
| Domestic Equity | 4.6 | -4.6 | -2.0 | 13.0 | 11.7 | 7.8 | 10/1/99 | 6.1 |
| <i>Russell 3000</i> | 6.3 | -1.4 | 0.5 | 14.7 | 12.2 | 7.4 | | 5.4 |
| International Developed Market Equity | 4.9 | -5.9 | -0.7 | 5.3 | 4.0 | NA | 7/1/09 | 9.5 |
| <i>MSCI EAFE</i> | 4.7 | -6.0 | -0.8 | 5.0 | 3.6 | 3.0 | | 7.2 |
| International Emerging Market Equity | 0.4 | -15.0 | -14.1 | -6.4 | NA | NA | 2/1/12 | -3.0 |
| <i>MSCI Emerging Markets</i> | 0.7 | -17.4 | -14.9 | -6.8 | -4.8 | 3.6 | | -3.8 |
| Investment Grade Bonds ³ | -0.8 | 0.4 | 0.3 | 1.6 | 3.7 | 5.1 | 10/1/00 | 5.6 |
| <i>Barclays Aggregate</i> | -0.6 | 0.7 | 0.5 | 1.4 | 3.2 | 4.5 | | 5.2 |
| <i>Barclays Universal</i> | -0.5 | 0.1 | 0.4 | 1.5 | 3.5 | 4.7 | | 5.4 |
| TIPS | -0.7 | -1.5 | -0.4 | NA | NA | NA | 11/1/13 | -0.6 |
| <i>Barclays U.S. TIPS</i> | -0.6 | -1.8 | -1.4 | -2.3 | 2.5 | 3.9 | | -0.2 |
| <i>Barclays U.S. TIPS 1-10 Year</i> | -0.7 | -1.6 | -0.5 | -1.8 | 1.6 | 3.5 | | -0.6 |

¹ Fiscal Year begins July 1.

² As of 3Q 2011, the Policy Benchmark comprises 38% Russell 3000, 11% MSCI EAFE, 6% MSCI EM, 10% Barclays Aggregate, 9% Barclays U.S. TIPS, 6% Barclays High Yield, 4% CSFB Leveraged Loan, 3% JPM GBI-EM Global Diversified, 10% NCREIF ODCE (equal weighted), and 3% DJ-UBS Commodity.

³ Prior to July 2011, Investment Grade Bonds included an allocation to High Yield.



City of Ann Arbor
VEBA

Aggregate Assets
Performance as of 12/31/15

| | 4Q15 (%) | Fiscal ¹ YTD (%) | 1 YR (%) | 3 YR (%) | 5 YR (%) | 10 YR (%) | Inception Date | Since Inception (%) |
|---|-------------|-----------------------------------|-------------|-------------|-------------|--------------|-------------------|---------------------------|
| Total VEBA (continued) | 2.4 | -3.4 | -1.5 | 6.0 | 6.6 | 5.8 | 10/1/99 | 5.6 |
| Net of Fees (continued) | 2.3 | -3.5 | -1.8 | 5.7 | 6.3 | NA | | NA |
| High Yield Bond Assets ² | -2.1 | -5.7 | -3.5 | 2.2 | 4.9 | NA | 7/1/09 | 8.1 |
| <i>Barclays High Yield</i> | -2.1 | -6.8 | -4.5 | 1.7 | 5.0 | 7.0 | | 9.3 |
| Bank Loans | -0.1 | 0.0 | 2.8 | 4.2 | NA | NA | 4/1/12 | 5.5 |
| <i>CSFB Leveraged Loan</i> | -2.0 | -3.2 | -0.4 | 2.6 | 3.8 | 4.1 | | 3.6 |
| Emerging Market Debt | -0.1 | -11.9 | -15.1 | -12.1 | NA | NA | 6/1/12 | -7.2 |
| <i>JPM GBI-EM Global Diversified (unhedged)</i> | 0.0 | -10.6 | -14.9 | -10.0 | -3.5 | 4.3 | | -4.7 |
| Real Estate | 4.6 | 7.3 | 7.4 | 8.9 | 11.3 | 7.9 | 3/1/05 | 9.4 |
| <i>NCREIF ODCE Equal Weighted</i> | 3.4 | 7.2 | 15.2 | 13.6 | 13.6 | 6.3 | | 7.6 |
| <i>MSCI U.S. REIT</i> | 7.1 | 9.3 | 2.5 | 11.1 | 11.9 | 7.0 | | 8.2 |

¹ Fiscal Year begins July 1.

² Includes Summit Partners Credit Fund II.



City of Ann Arbor
VEBA

Aggregate Assets
Performance as of 12/31/15

| | 4Q15 (%) | Fiscal ¹ YTD (%) | 1 YR (%) | 3 YR (%) | 5 YR (%) | 10 YR (%) | Inception Date | Since Inception (%) |
|---|-------------|-----------------------------------|--------------|-------------|-------------|--------------|-------------------|---------------------------|
| Domestic Equity | 4.6 | -4.6 | -2.0 | 13.0 | 11.7 | 7.8 | 10/1/99 | 6.1 |
| Northern Trust Russell 1000 Index | 6.3 | -1.0 | 0.7 | 14.9 | NA | NA | 2/1/12 | 14.1 |
| Net of Fees | 6.3 | -1.0 | 0.7 | 14.9 | NA | NA | | 14.1 |
| <i>Russell 1000</i> | 6.5 | -0.8 | 0.9 | 15.0 | 12.4 | 7.4 | | 14.3 |
| RhumbLine S&P 400 Index | 2.7 | -5.7 | -1.3 | 13.2 | 10.9 | NA | 2/1/10 | 14.3 |
| Net of Fees | 2.7 | -5.7 | -1.4 | 13.1 | 10.9 | NA | | NA |
| <i>S&P MidCap</i> | 2.6 | -6.1 | -2.2 | 12.8 | 10.7 | 8.2 | | 14.0 |
| SouthernSun Small Cap Equity | -1.6 | -21.0 | -17.1 | 3.3 | 7.4 | 8.2 | 12/1/04 | 8.0 |
| Net of Fees | -1.8 | -21.4 | -17.9 | 2.3 | 6.4 | 7.4 | | NA |
| <i>Russell 2000</i> | 3.6 | -8.8 | -4.4 | 11.7 | 9.2 | 6.8 | | 6.8 |
| International Developed Market Equity | 4.9 | -5.9 | -0.7 | 5.3 | 4.0 | NA | 7/1/09 | 9.5 |
| Fisher Institutional Foreign Equity | 4.9 | -5.9 | -0.7 | 5.3 | 4.0 | NA | 7/1/09 | 9.5 |
| Net of Fees | 4.6 | -6.4 | -1.7 | 4.3 | 3.0 | NA | | 8.6 |
| <i>MSCI EAFE</i> | 4.7 | -6.0 | -0.8 | 5.0 | 3.6 | 3.0 | | 7.2 |
| International Emerging Market Equity | 0.4 | -15.0 | -14.1 | -6.4 | NA | NA | 2/1/12 | -3.0 |
| Dimensional Emerging Markets Value ² | -1.0 | -20.0 | -18.8 | -9.3 | NA | NA | 2/1/12 | -6.1 |
| <i>MSCI Emerging Markets</i> | 0.7 | -17.4 | -14.9 | -6.8 | -4.8 | 3.6 | | -3.8 |
| Vontobel Emerging Markets Equity | 2.1 | -8.5 | -7.8 | -2.1 | NA | NA | 2/1/12 | 1.9 |
| Net of Fees | 1.8 | -9.1 | -8.8 | -3.1 | NA | NA | | 0.7 |
| <i>MSCI Emerging Markets</i> | 0.7 | -17.4 | -14.9 | -6.8 | -4.8 | 3.6 | | -3.8 |

¹ Fiscal Year begins July 1.

² Returns shown are net of fees.



City of Ann Arbor
VEBA

Aggregate Assets
Performance as of 12/31/15

| | 4Q15 (%) | Fiscal ¹ YTD (%) | 1 YR (%) | 3 YR (%) | 5 YR (%) | 10 YR (%) | Inception Date | Since Inception (%) |
|--|-------------|-----------------------------------|-------------|-------------|-------------|--------------|-------------------|---------------------------|
| Investment Grade Bonds² | -0.8 | 0.4 | 0.3 | 1.6 | 3.7 | 5.1 | 10/1/00 | 5.6 |
| Northern Trust Barclays Aggregate Bond Index | -0.8 | 0.4 | 0.3 | 1.3 | 3.2 | 4.6 | 10/1/99 | 5.3 |
| Net of Fees | -0.9 | 0.4 | 0.3 | 1.3 | 3.2 | 4.6 | | 5.3 |
| <i>Barclays Aggregate</i> | -0.6 | 0.7 | 0.5 | 1.4 | 3.2 | 4.5 | | 5.3 |
| Short-Term Bonds | NA | NA | NA | NA | NA | NA | 12/1/15 | -0.3 |
| Northern Trust Short-Term Gov't Bond | NA | NA | NA | NA | NA | NA | 12/1/15 | -0.3 |
| Net of Fees | NA | NA | NA | NA | NA | NA | | 0.0 |
| <i>Barclays 1-3 Year Credit</i> | -0.4 | -0.1 | 0.6 | 0.5 | 0.7 | 2.5 | | -0.1 |
| Northern Trust 1-5 Year Credit Bond | NA | NA | NA | NA | NA | NA | 12/1/15 | -0.1 |
| Net of Fees | NA | NA | NA | NA | NA | NA | | 0.0 |
| <i>Barclays 1-5 Year Credit</i> | -0.4 | 0.0 | 1.1 | 1.4 | 2.5 | 4.1 | | -0.4 |
| TIPS | -0.7 | -1.5 | -0.4 | NA | NA | NA | 11/1/13 | -0.6 |
| IR&M 1-10 Year Index | -0.7 | -1.5 | -0.4 | NA | NA | NA | 11/1/13 | -0.6 |
| Net of Fees | -0.7 | -1.6 | -0.5 | NA | NA | NA | | -0.7 |
| <i>Barclays U.S. TIPS 1-10 Year</i> | -0.7 | -1.6 | -0.5 | -1.8 | 1.6 | 3.5 | | -0.6 |

¹ Fiscal Year begins July 1.

² Prior to July 2011, Investment Grade Bonds included an allocation to High Yield.



City of Ann Arbor
VEBA

Aggregate Assets
Performance as of 12/31/15

| | 4Q15 (%) | Fiscal ¹ YTD (%) | 1 YR (%) | 3 YR (%) | 5 YR (%) | 10 YR (%) | Inception Date | Since Inception (%) |
|--|-------------|-----------------------------------|--------------|--------------|-------------|--------------|-------------------|---------------------------|
| High Yield Bond Assets² | -2.1 | -5.7 | -3.5 | 2.2 | 4.9 | NA | 7/1/09 | 8.1 |
| SKY Harbor Broad High Yield Market | -1.9 | -5.8 | -3.4 | 2.3 | NA | NA | 12/1/12 | 2.6 |
| Net of Fees | -2.1 | -6.1 | -3.9 | 1.7 | NA | NA | | 2.1 |
| <i>Barclays High Yield</i> | -2.1 | -6.8 | -4.5 | 1.7 | 5.0 | 7.0 | | 2.2 |
| Bank Loans | -0.1 | 0.0 | 2.8 | 4.2 | NA | NA | 4/1/12 | 5.5 |
| Beach Point Leveraged Loan | -0.1 | 0.0 | 2.8 | 4.2 | NA | NA | 4/1/12 | 5.5 |
| Net of Fees | -0.3 | -0.3 | 2.1 | 3.5 | NA | NA | | 4.8 |
| <i>CSFB Leveraged Loan</i> | -2.0 | -3.2 | -0.4 | 2.6 | 3.8 | 4.1 | | 3.6 |
| Emerging Market Debt | -0.1 | -11.9 | -15.1 | -12.1 | NA | NA | 6/1/12 | -7.2 |
| Stone Harbor Emerging Markets Local Currency Debt ³ | -0.1 | -11.9 | -15.1 | -12.1 | NA | NA | 6/1/12 | -7.2 |
| <i>JPM GBI-EM Global Diversified (unhedged)</i> | 0.0 | -10.6 | -14.9 | -10.0 | -3.5 | 4.3 | | -4.7 |
| Real Estate | 4.6 | 7.3 | 7.4 | 8.9 | 11.3 | 7.9 | 3/1/05 | 9.4 |
| Vanguard REIT Index ³ | 7.0 | 9.2 | 2.4 | NA | NA | NA | 3/1/14 | 11.4 |
| <i>MSCI U.S. REIT</i> | 7.1 | 9.3 | 2.5 | 11.1 | 11.9 | 7.0 | | 11.5 |
| A.E.W Core Property Trust ³ | 3.0 | 6.0 | 12.4 | NA | NA | NA | 7/1/13 | 12.2 |
| <i>NCREIF ODCE</i> | 3.3 | 7.1 | 15.0 | 13.8 | 13.7 | 6.5 | | 13.8 |

¹ Fiscal Year begins July 1.

² Includes Summit Partners Credit Fund II.

³ Returns shown are net of fees.



City of Ann Arbor
VEBA

Aggregate Assets
Calendar Year Performance

| | 2015 (%) | 2014 (%) | 2013 (%) | 2012 (%) | 2011 (%) | 2010 (%) | 2009 (%) | 2008 (%) | 2007 (%) | 2006 (%) |
|--|-------------|-------------|-------------|-------------|--------------|-------------|-------------|--------------|-------------|-------------|
| Total VEBA | -1.5 | 5.1 | 15.2 | 12.6 | 2.7 | 19.6 | 21.9 | -24.2 | 4.0 | 10.9 |
| Net of Fees | -1.8 | 4.8 | 14.8 | 12.3 | 2.3 | 19.2 | 21.6 | -24.2 | NA | NA |
| <i>Policy Benchmark¹</i> | -0.8 | 5.7 | 14.2 | 13.0 | 1.6 | 15.7 | 24.6 | -25.0 | 5.0 | 11.9 |
| <i>Actual Allocation Benchmark</i> | -0.3 | 6.2 | 15.3 | 12.2 | NA | NA | NA | NA | NA | NA |
| <i>60% MSCI ACWI/ 40% Barclays Aggregate</i> | -1.0 | 5.0 | 12.3 | 11.5 | -1.1 | 10.8 | 23.0 | -25.8 | 9.9 | 14.1 |
| Domestic Equity | -2.0 | 9.5 | 34.6 | 17.7 | 2.2 | 27.4 | 31.4 | -38.7 | 4.5 | 13.5 |
| Northern Trust Russell 1000 Index | 0.7 | 13.2 | 33.1 | NA | NA | NA | NA | NA | NA | NA |
| Net of Fees | 0.7 | 13.2 | 33.1 | NA | NA | NA | NA | NA | NA | NA |
| <i>Russell 1000</i> | 0.9 | 13.2 | 33.1 | 16.4 | 1.5 | 16.1 | 28.4 | -37.6 | 5.8 | 15.5 |
| RhumbLine S&P 400 Index | -1.3 | 9.8 | 33.9 | 17.9 | -1.7 | NA | NA | NA | NA | NA |
| Net of Fees | -1.4 | 9.8 | 33.8 | 17.8 | -1.7 | NA | NA | NA | NA | NA |
| <i>S&P MidCap</i> | -2.2 | 9.8 | 33.5 | 17.9 | -1.7 | 26.6 | 37.4 | -36.2 | 8.0 | 10.3 |
| SouthernSun Small Cap Equity | -17.1 | -6.0 | 41.6 | 21.8 | 6.4 | 48.4 | 29.3 | -35.1 | 9.9 | 12.7 |
| Net of Fees | -17.9 | -7.0 | 40.2 | 20.6 | 5.4 | 47.6 | 28.4 | -35.1 | 9.0 | 11.9 |
| <i>Russell 2000</i> | -4.4 | 4.9 | 38.8 | 16.3 | -4.2 | 26.9 | 27.2 | -33.8 | -1.6 | 18.4 |
| International Developed Market Equity | -0.7 | -4.8 | 23.6 | 17.0 | -10.8 | 17.0 | NA | NA | NA | NA |
| Fisher Institutional Foreign Equity | -0.7 | -4.8 | 23.6 | 17.0 | -10.8 | 17.0 | NA | NA | NA | NA |
| Net of Fees | -1.7 | -5.7 | 22.4 | 15.8 | -11.7 | 16.3 | NA | NA | NA | NA |
| <i>MSCI EAFE</i> | -0.8 | -4.9 | 22.8 | 17.3 | -12.1 | 7.7 | 31.8 | -43.4 | 11.2 | 26.3 |

¹ As of 3Q 2011, the Policy Benchmark comprises 38% Russell 3000, 11% MSCI EAFE, 6% MSCI EM, 10% Barclays Aggregate, 9% Barclays U.S. TIPS, 6% Barclays High Yield, 4% CSFB Leveraged Loan, 3% JPM GBI-EM Global Diversified, 10% NCREIF ODCE (equal weighted), and 3% DJ-UBS Commodity.



City of Ann Arbor
VEBA

Aggregate Assets
Calendar Year Performance

| | 2015 (%) | 2014 (%) | 2013 (%) | 2012 (%) | 2011 (%) | 2010 (%) | 2009 (%) | 2008 (%) | 2007 (%) | 2006 (%) |
|---|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| International Emerging Market Equity | -14.1 | -0.1 | -4.4 | NA | NA | NA | NA | NA | NA | NA |
| Dimensional Emerging Markets Value ¹ | -18.8 | -4.4 | -3.8 | NA | NA | NA | NA | NA | NA | NA |
| <i>MSCI Emerging Markets</i> | -14.9 | -2.2 | -2.6 | 18.2 | -18.4 | 18.9 | 78.5 | -53.3 | 39.4 | 32.2 |
| Vontobel Emerging Markets Equity | -7.8 | 6.6 | -4.4 | NA | NA | NA | NA | NA | NA | NA |
| Net of Fees | -8.8 | 5.5 | -5.5 | NA | NA | NA | NA | NA | NA | NA |
| <i>MSCI Emerging Markets</i> | -14.9 | -2.2 | -2.6 | 18.2 | -18.4 | 18.9 | 78.5 | -53.3 | 39.4 | 32.2 |
| Investment Grade Bonds² | 0.3 | 6.4 | -1.6 | 5.8 | 8.1 | 8.2 | 7.0 | 6.2 | 7.3 | 4.3 |
| Northern Trust Barclays Aggregate Bond Index | 0.3 | 6.1 | -2.2 | 4.4 | 7.8 | 6.8 | 5.6 | 6.2 | 7.3 | 4.3 |
| Net of Fees | 0.3 | 6.0 | -2.3 | 4.3 | 7.8 | 6.7 | 5.6 | 6.1 | 7.3 | 4.3 |
| <i>Barclays Aggregate</i> | 0.5 | 6.0 | -2.0 | 4.2 | 7.8 | 6.5 | 5.9 | 5.2 | 7.0 | 4.3 |
| TIPS | -0.4 | 0.9 | NA | NA | NA | NA | NA | NA | NA | NA |
| IR&M 1-10 Year Index | -0.4 | 0.9 | NA | NA | NA | NA | NA | NA | NA | NA |
| Net of Fees | -0.5 | 0.8 | NA | NA | NA | NA | NA | NA | NA | NA |
| <i>Barclays U.S. TIPS 1-10 Year</i> | -0.5 | 0.9 | -5.6 | 5.0 | 8.9 | 5.2 | 12.0 | -2.4 | 11.4 | 1.6 |
| High Yield Bond Assets | -3.5 | 1.4 | 9.2 | 12.4 | 5.7 | 12.3 | NA | NA | NA | NA |
| SKY Harbor Broad High Yield Market | -3.4 | 1.4 | 9.2 | NA | NA | NA | NA | NA | NA | NA |
| Net of Fees | -3.9 | 0.8 | 8.6 | NA | NA | NA | NA | NA | NA | NA |
| <i>Barclays High Yield</i> | -4.5 | 2.5 | 7.4 | 15.8 | 5.0 | 15.1 | 58.2 | -26.2 | 1.9 | 11.8 |

¹ Returns shown are net of fees.

² Prior to July 2011, Investment Grade Bonds included an allocation to High Yield.



City of Ann Arbor
VEBA

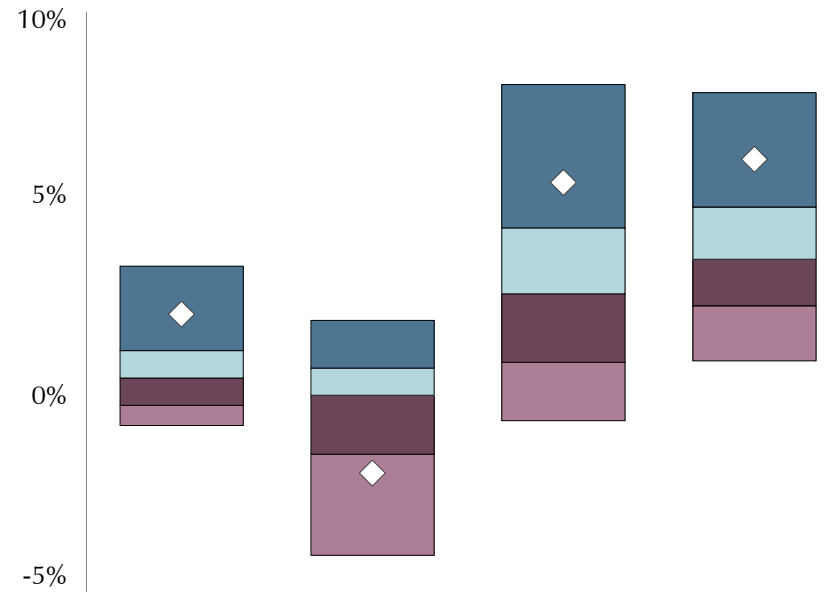
Aggregate Assets
Calendar Year Performance

| | 2015 (%) | 2014 (%) | 2013 (%) | 2012 (%) | 2011 (%) | 2010 (%) | 2009 (%) | 2008 (%) | 2007 (%) | 2006 (%) |
|--|--------------|-------------|--------------|-------------|-------------|-------------|-------------|--------------|--------------|-------------|
| Bank Loans | 2.8 | 2.7 | 7.1 | NA | NA | NA | NA | NA | NA | NA |
| Beach Point Leveraged Loan | 2.8 | 2.7 | 7.1 | NA | NA | NA | NA | NA | NA | NA |
| Net of Fees | 2.1 | 2.0 | 6.4 | NA | NA | NA | NA | NA | NA | NA |
| <i>CSFB Leveraged Loan</i> | -0.4 | 2.0 | 6.2 | 9.4 | 1.8 | 10.0 | 44.9 | -28.8 | 1.9 | 7.2 |
| Emerging Market Debt | -15.1 | -8.5 | -12.6 | NA | NA | NA | NA | NA | NA | NA |
| Stone Harbor Emerging Markets Local Currency Debt ¹ | -15.1 | -8.5 | -12.6 | NA | NA | NA | NA | NA | NA | NA |
| <i>JPM GBI-EM Global Diversified (unhedged)</i> | -14.9 | -5.7 | -9.0 | 16.8 | -1.8 | 15.7 | 22.0 | -5.2 | 18.1 | 15.2 |
| Real Estate | 7.4 | 15.4 | 4.1 | 20.1 | 10.2 | 29.7 | 29.6 | -36.3 | -15.2 | 38.4 |
| Vanguard REIT Index ¹ | 2.4 | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| <i>MSCI U.S. REIT</i> | 2.5 | 30.4 | 2.5 | 17.8 | 8.7 | 28.5 | 28.6 | -38.4 | -17.8 | 34.4 |
| A.E.W Core Property Trust ¹ | 12.4 | 10.4 | NA | NA | NA | NA | NA | NA | NA | NA |
| <i>NCREIF ODCE</i> | 15.0 | 12.5 | 14.0 | 10.9 | 16.0 | 16.4 | -29.8 | -10.0 | 16.0 | 16.3 |

¹ Returns shown are net of fees.



Total VEBA vs. All VEBA Funds <\$250 million¹



| | 4Q15 (%) | 1 YR (%) | 3 YR (%) | 5 YR (%) |
|------------------------------------|------------|-------------|------------|------------|
| Total VEBA Fund Aggregate | 2.3 | -1.8 | 5.7 | 6.3 |
| All Master Trust (25th percentile) | 1.4 | 0.9 | 4.5 | 5.1 |
| All Master Trust (Median) | 0.7 | 0.2 | 2.8 | 3.7 |
| All Master Trust (75th percentile) | -0.1 | -1.3 | 1.1 | 2.5 |

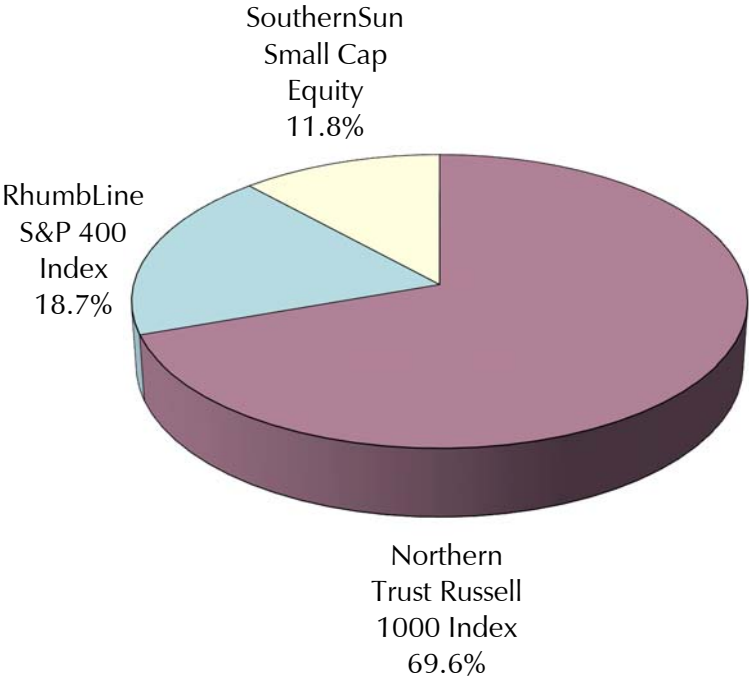
¹ Universe includes 161 VEBA funds.



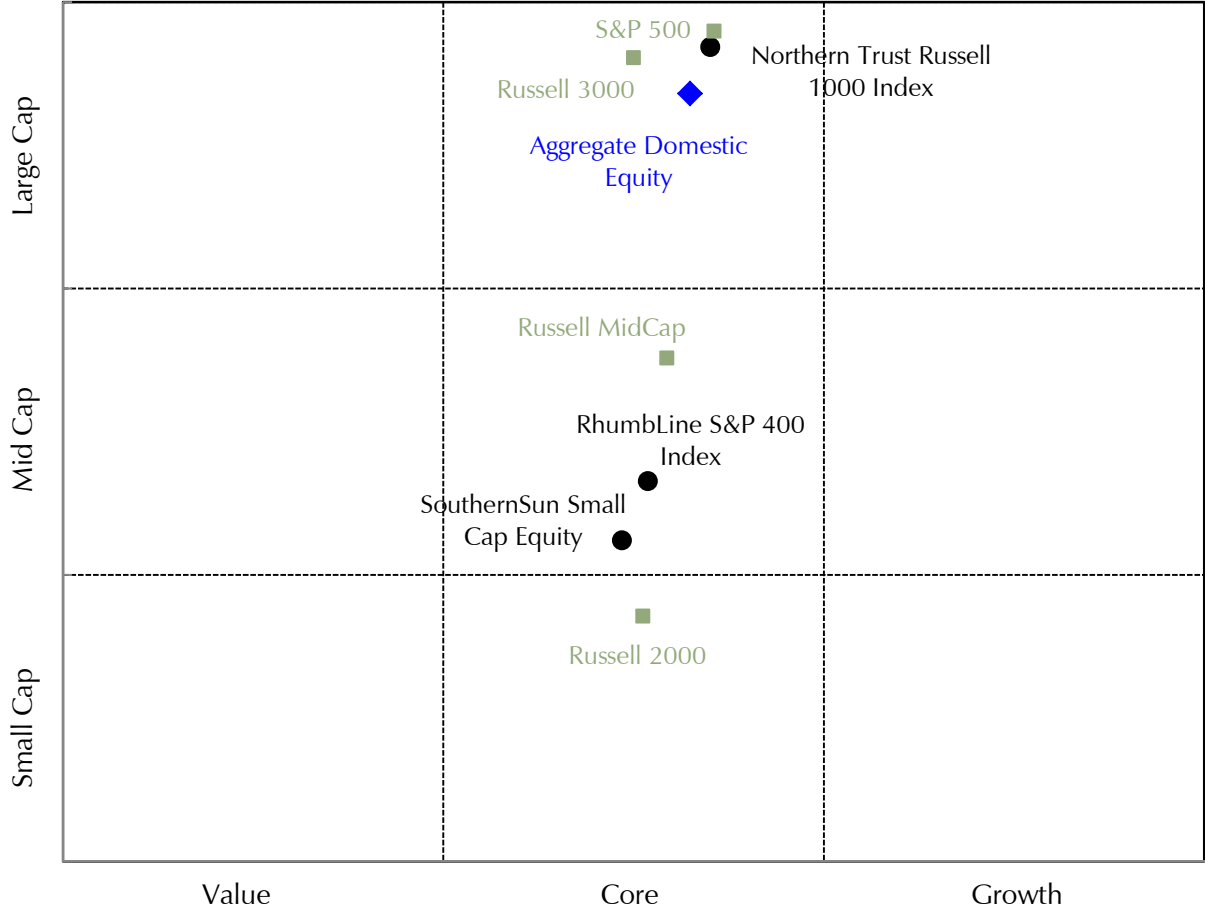
**Domestic Equity Assets
As of December 31, 2015**

City of Ann Arbor
VEBA

Domestic Equity Assets
as of 12/31/15



| Risk: (sixty months) | Aggregate Domestic Equity 12/31/15 | Russell 3000 12/31/15 |
|---------------------------------------|---|----------------------------------|
| Annualized Return (%) | 11.7 | 12.2 |
| Standard Deviation (%) | 14.7 | 13.5 |
| Best Monthly Return (%) | 13.7 | 11.5 |
| Worst Monthly Return (%) | -9.3 | -7.8 |
| Beta | 1.07 | 1.00 |
| Correlation to Index | 0.99 | 1.00 |
| Correlation to Total Fund Return | 0.97 | NA |
| Sharpe Measure (risk-adjusted return) | 0.79 | 0.90 |
| Information Ratio | Neg. | NA |



| | Aggregate Domestic Equity 12/31/15 | Russell 3000 12/31/15 | Aggregate Domestic Equity 9/30/15 |
|---|--|--------------------------|---|
| Capitalization Structure: | | | |
| Weighted Average Market Cap. (US\$ billion) | 81.8 | 106.1 | 74.4 |
| Median Market Cap. (US\$ billion) | 6.3 | 1.4 | 6.0 |
| Large (% over US\$20 billion) | 53 | 69 | 51 |
| Medium (% US\$3 billion to US\$20 billion) | 37 | 23 | 38 |
| Small (% under US\$3 billion) | 11 | 8 | 12 |
| Fundamental Structure: | | | |
| Price-Earnings Ratio | 20 | 21 | 19 |
| Price-Book Value Ratio | 2.7 | 2.3 | 2.6 |
| Dividend Yield (%) | 1.9 | 2.1 | 2.0 |
| Historical Earnings Growth Rate (%) | 11 | 11 | 11 |
| Projected Earnings Growth Rate (%) | 10 | 11 | 11 |

| | Aggregate Domestic Equity 12/31/15 | Russell 3000 12/31/15 | Aggregate Domestic Equity 9/30/15 |
|--------------------------|--|--------------------------|---|
| Diversification: | | | |
| Number of Holdings | 1,177 | 3,012 | 1,178 |
| % in 5 largest holdings | 7 | 9 | 7 |
| % in 10 largest holdings | 11 | 14 | 10 |

Largest Five Holdings:

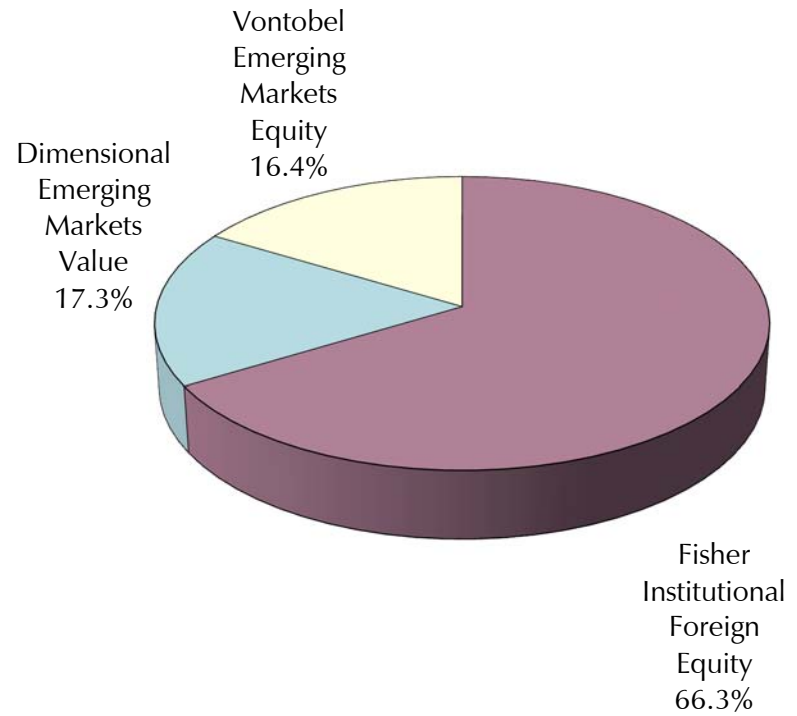
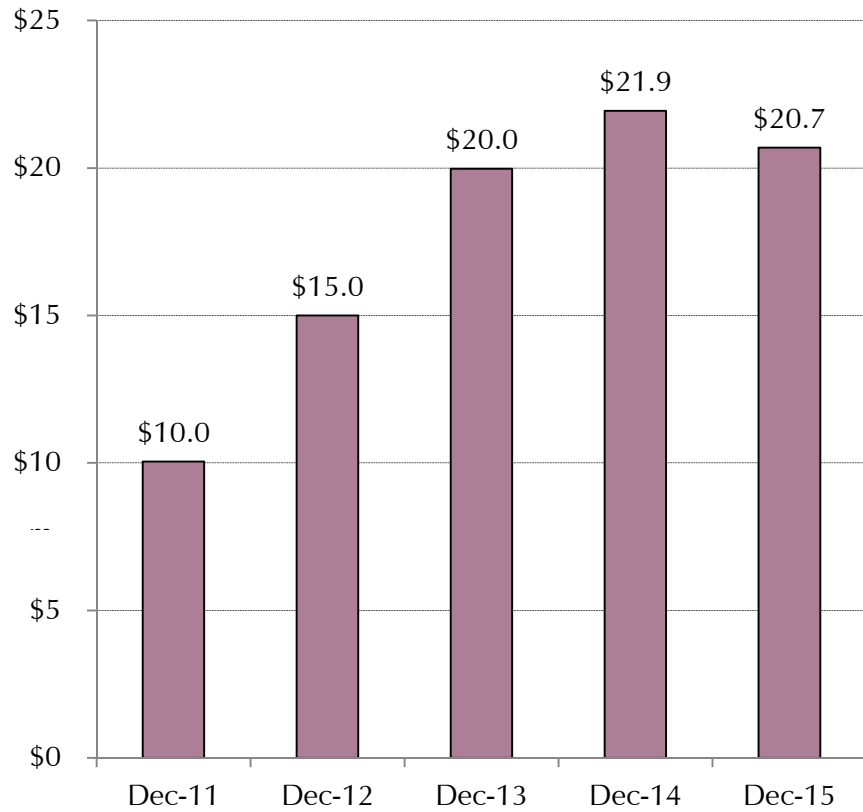
| | % of Portfolio | Economic Sector |
|-------------------|----------------|----------------------------|
| Apple | 2.1 | Technology Equipment |
| Microsoft | 1.5 | Software & Services |
| ExxonMobil | 1.1 | Energy |
| General Electric | 1.0 | Capital Goods |
| Johnson & Johnson | 1.0 | Pharmaceuticals & Biotech. |

| Sector Allocation (%): | Aggregate Domestic Equity 12/31/15 | Russell 3000 12/31/15 | Aggregate Domestic Equity 9/30/15 |
|----------------------------|--|--------------------------|---|
| Industrials | 14 | 11 | 14 |
| Materials | 4 | 3 | 4 |
| Utilities | 4 | 3 | 4 |
| Consumer Discretionary | 14 | 13 | 14 |
| Financials | 18 | 18 | 18 |
| Consumer Staples | 8 | 9 | 8 |
| Telecommunication Services | 2 | 2 | 2 |
| Energy | 5 | 6 | 5 |
| Health Care | 14 | 15 | 13 |
| Information Technology | 18 | 20 | 17 |

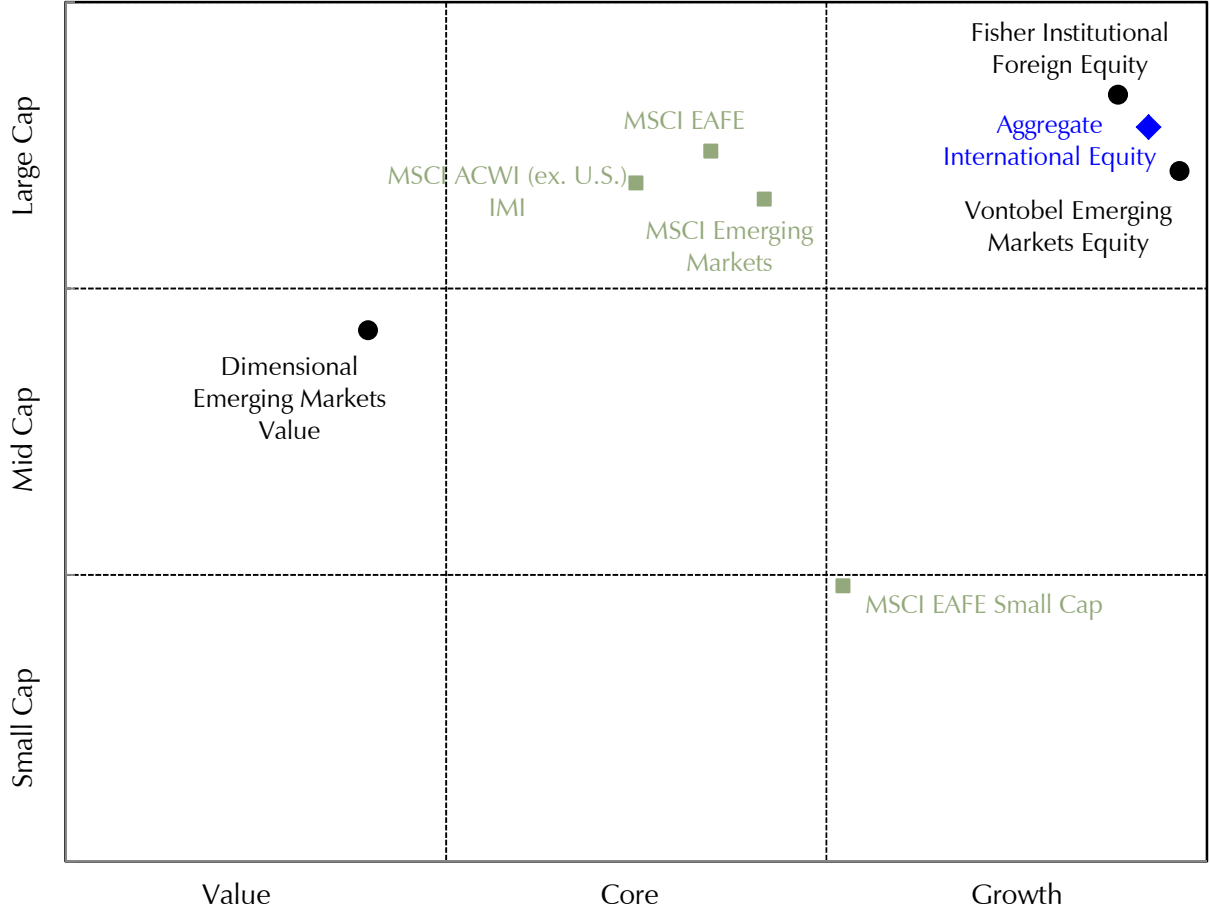
**International Equity Assets
As of December 31, 2015**

City of Ann Arbor
VEBA

International Equity Assets
as of 12/31/15



| Risk: (sixty months) | Aggregate International Equity 12/31/15 | MSCI ACWI (ex. U.S.) IMI 12/31/15 |
|---------------------------------------|--|--|
| Annualized Return (%) | 1.6 | 1.3 |
| Standard Deviation (%) | 17.3 | 15.3 |
| Best Monthly Return (%) | 15.4 | 10.3 |
| Worst Monthly Return (%) | -13.9 | -11.3 |
| Beta | 1.10 | 1.00 |
| Correlation to Index | 0.98 | 1.00 |
| Correlation to Total Fund Return | 0.96 | NA |
| Sharpe Measure (risk-adjusted return) | 0.09 | 0.08 |
| Information Ratio | 0.08 | NA |



| | Aggregate International Equity 12/31/15 | MSCI ACWI (ex. U.S.) IMI 12/31/15 | Aggregate International Equity 9/30/15 |
|---|--|---|---|
| Capitalization Structure: | | | |
| Weighted Average Market Cap. (US\$ billion) | 64.1 | 42.8 | 58.8 |
| Median Market Cap. (US\$ million) | 398 | 1,136 | 369 |
| Large (% over US\$20 billion) | 74 | 51 | 70 |
| Medium (% US\$3 billion to US\$20 billion) | 19 | 36 | 23 |
| Small (% under US\$3 billion) | 7 | 13 | 8 |
| Fundamental Structure: | | | |
| Price-Earnings Ratio | 17 | 16 | 17 |
| Price-Book Value Ratio | 2.8 | 1.4 | 2.6 |
| Dividend Yield (%) | 2.7 | 3.0 | 2.8 |
| Historical Earnings Growth Rate (%) | 10 | 8 | 10 |
| Projected Earnings Growth Rate (%) | 10 | 10 | 11 |

| | Aggregate International Equity 12/31/15 | MSCI ACWI (ex. U.S.) IMI 12/31/15 | Aggregate International Equity 9/30/15 |
|-------------------------------|--|---|---|
| Diversification: | | | |
| Number of Holdings | 2,354 | 6,146 | 2,332 |
| % in 5 largest holdings | 11 | 5 | 12 |
| % in 10 largest holdings | 20 | 8 | 21 |
| | | | |
| Largest Five Holdings: | | | |
| | % of Portfolio | Economic Sector | |
| Novo Nordisk | 2.7 | Pharmaceuticals & Biotech. | |
| Bayer | 2.2 | Pharmaceuticals & Biotech. | |
| UBS Group | 2.1 | Diversified Financials | |
| Prudential | 2.1 | Insurance | |
| Asml Holding | 2.0 | Semiconductors | |

| Sector Allocation (%): | Aggregate International Equity 12/31/15 | MSCI ACWI (ex. U.S.) IMI 12/31/15 | Aggregate International Equity 9/30/15 |
|----------------------------|--|---|---|
| Information Technology | 14 | 8 | 13 |
| Health Care | 14 | 9 | 15 |
| Consumer Staples | 12 | 10 | 11 |
| Consumer Discretionary | 15 | 13 | 16 |
| Industrials | 12 | 13 | 13 |
| Utilities | 1 | 3 | 1 |
| Energy | 3 | 6 | 4 |
| Materials | 4 | 7 | 5 |
| Financials | 24 | 26 | 20 |
| Telecommunication Services | 1 | 5 | 1 |

City of Ann Arbor
VEBA

International Equity Assets
Country & Region Breakdown as of 12/31/15

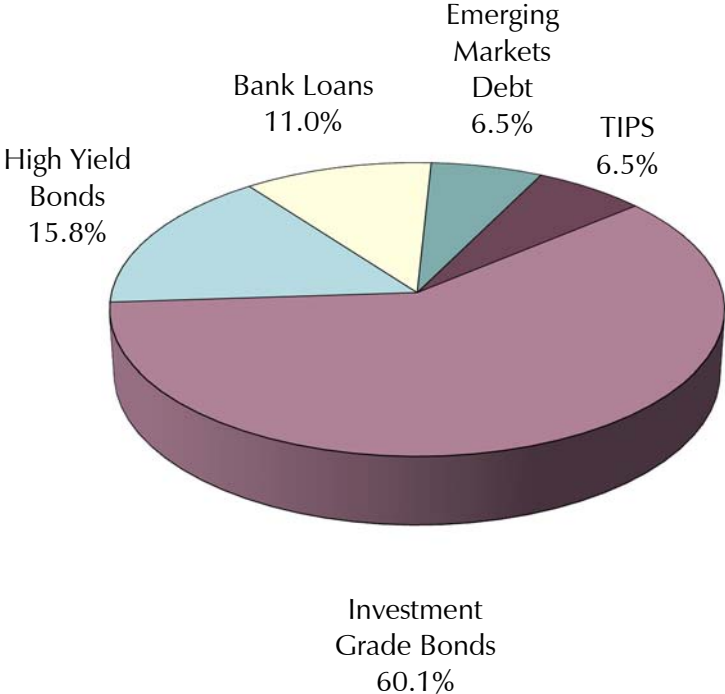
| | Aggregate International Equity 12/31/15 (%) | MSCI ACWI (ex. U.S.) IMI 12/31/15 (%) | | Aggregate International Equity 12/31/15 (%) | MSCI ACWI (ex. U.S.) IMI 12/31/15 (%) |
|--------------------------|---|--|-----------------|---|--|
| North America | 2.4 | 6.2 | Emerging | 29.9 | 18.2 |
| United States of America | 1.1 | 0.4 | India | 6.0 | 1.9 |
| Canada | 1.3 | 5.8 | Taiwan | 4.9 | 2.7 |
| Europe | 54.7 | 46.5 | Mexico | 2.4 | 0.9 |
| Germany | 10.2 | 6.4 | South Korea | 4.6 | 3.3 |
| United Kingdom | 15.6 | 13.0 | Indonesia | 1.6 | 0.5 |
| Switzerland | 8.2 | 6.6 | Brazil | 2.0 | 1.0 |
| Denmark | 2.7 | 1.4 | South Africa | 2.1 | 1.3 |
| France | 7.4 | 6.3 | Thailand | 1.2 | 0.5 |
| Ireland | 1.9 | 0.8 | China | 2.4 | 2.9 |
| Netherlands | 3.7 | 3.0 | Other | 0.1 | 0.7 |
| Belgium | 1.4 | 1.1 | | | |
| Italy | 2.0 | 1.8 | | | |
| Asia Pacific | 12.8 | 28.4 | | | |
| Hong Kong | 4.8 | 4.5 | | | |
| Australia | 2.1 | 4.9 | | | |
| Japan | 5.2 | 17.9 | | | |



**Fixed Income Assets
As of December 31, 2015**

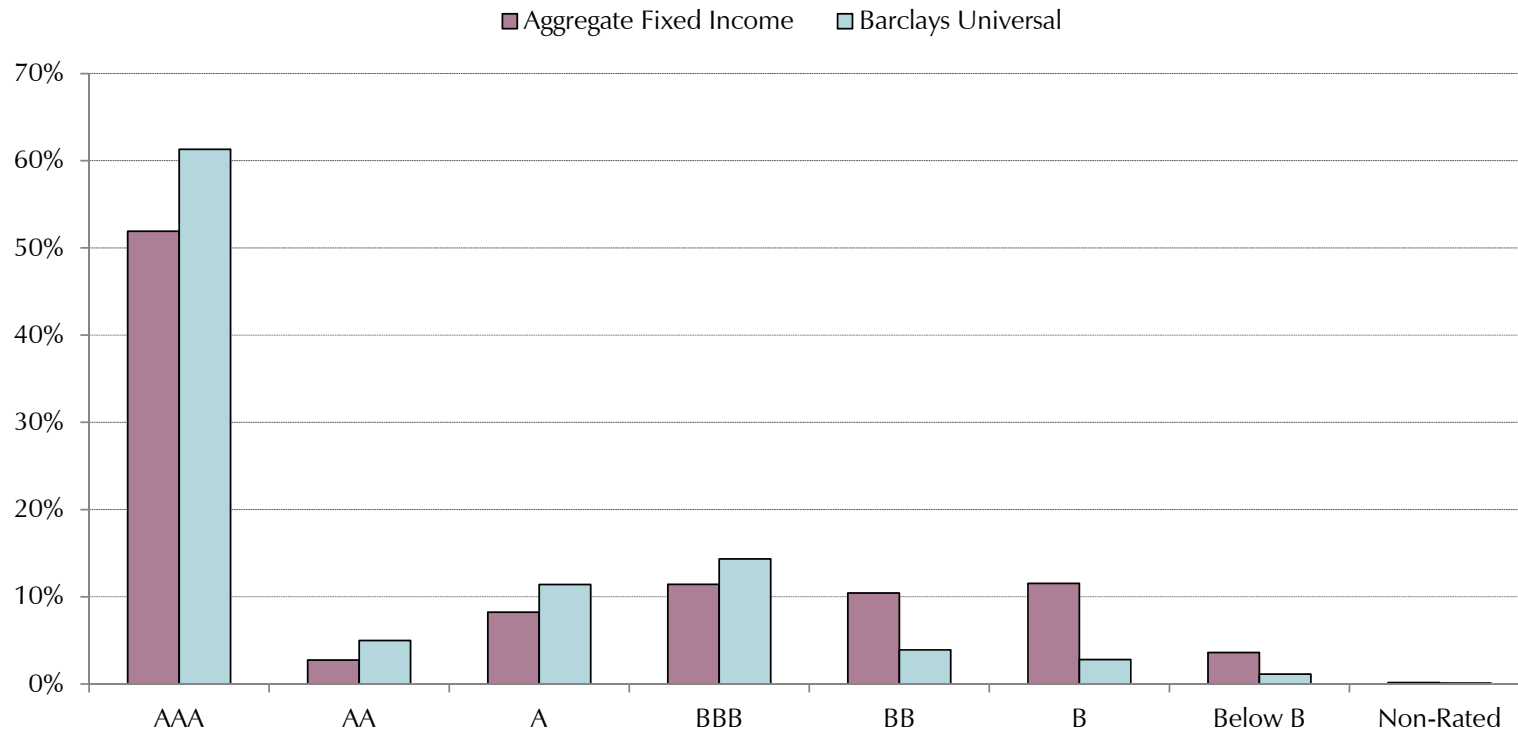
City of Ann Arbor
VEBA

Fixed Income Assets
as of 12/31/15



| Risk: (sixty months) | Aggregate Fixed Income 12/31/15 | Barclays Universal 12/31/15 |
|---------------------------------------|---------------------------------------|--------------------------------|
| Annualized Return (%) | 3.3 | 3.5 |
| Standard Deviation (%) | 2.9 | 2.7 |
| Best Monthly Return (%) | 1.5 | 1.9 |
| Worst Monthly Return (%) | -1.9 | -1.8 |
| Beta | 0.99 | 1.00 |
| Correlation to Index | 0.93 | 1.00 |
| Correlation to Total Fund Return | 0.40 | NA |
| Sharpe Measure (risk-adjusted return) | 1.14 | 1.26 |
| Information Ratio | Neg. | NA |

| Duration & Yield: | Aggregate Fixed Income 12/31/15 | Barclays Universal 12/31/15 | Aggregate Fixed Income 9/30/15 |
|------------------------------------|------------------------------------|--------------------------------|-----------------------------------|
| Average Effective Duration (years) | 4.6 | 5.5 | 4.6 |
| Yield to Maturity (%) | 4.2 | 3.2 | 4.1 |



City of Ann Arbor
VEBA

Fixed Income Assets
Diversification as of 12/31/15

| | Aggregate Fixed Income 12/31/15 | Barclays Universal 12/31/15 | Aggregate Fixed Income 9/30/15 |
|---------------------------------|---------------------------------------|--------------------------------|--------------------------------------|
| Market Allocation (%): | | | |
| United States | 85 | 83 | 83 |
| Foreign (developed markets) | 8 | 10 | 8 |
| Foreign (emerging markets) | 8 | 7 | 8 |
| Currency Allocation (%): | | | |
| Non-U.S. Dollar Exposure | 7 | 0 | 7 |
| Sector Allocation (%): | | | |
| U.S. Treasury-Nominal | 26 | 31 | 21 |
| U.S. Treasury-TIPS | 7 | 0 | 7 |
| U.S. Agency | 2 | 2 | 2 |
| Mortgage Backed | 15 | 24 | 16 |
| Corporate | 30 | 31 | 31 |
| Bank Loans | 9 | 0 | 10 |
| Local & Provincial Government | 1 | 1 | 3 |
| Sovereign & Supranational | 9 | 8 | 8 |
| Commercial Mortgage Backed | 1 | 2 | 1 |
| Asset Backed | 0 | 0 | 0 |
| Cash Equivalent | 0 | 0 | 0 |
| Other | 0 | 0 | 0 |

**Domestic Equity Portfolio Reviews
As of December 31, 2015**

City of Ann Arbor VEBA

Northern Trust Russell 1000 Index Portfolio Detail as of 12/31/15

Mandate: Domestic Equities
Active/Passive: Passive
Market Value: \$35.0 million
Portfolio Manager: Alexander Matturri Jr., CFA
Location: Chicago, Illinois
Inception Date: 2/1/2012
Account Type: Commingled

| | | | |
|--------|-------|------|--------|
| | Value | Core | Growth |
| Large | | | |
| Medium | | | |
| Small | | | |

Fee Schedule:
 0.03% on first \$50 mm; 0.02% thereafter

Liquidity Constraints:
 Daily

Strategy:
 The Northern Trust Russell 1000 Index strategy seeks to replicate the return of the Russell 1000 index. Northern Trust employs a proprietary process in combination with low-cost trade execution to accomplish this objective. To efficiently manage cash flows, Northern Trust seeks to maximize the liquidity of trade lists and match the relevant benchmark's systemic risk. The result is a portfolio that tightly tracks the index while incurring lower transaction costs.

| Performance (%): | 4Q15 | Fiscal YTD ¹ | 1 YR | 3 YR | Since 2/1/12 |
|--|------------|-------------------------|------------|-------------|--------------|
| Northern Trust Russell 1000 Index | 6.3 | -1.0 | 0.7 | 14.9 | 14.1 |
| Net of Fees | 6.3 | -1.0 | 0.7 | 14.9 | 14.1 |
| Russell 1000 | 6.5 | -0.8 | 0.9 | 15.0 | 14.3 |
| Peer Large Cap Core | 6.0 | -1.9 | 0.1 | 15.1 | 14.1 |
| Peer Ranking (percentile) | 39 | 38 | 41 | 51 | 49 |

| Risk: (forty-seven months) | Standard Deviation | Beta | Sharpe Measure | Info. Ratio | Correlation to Index |
|--|--------------------|-------------|----------------|-------------|----------------------|
| Northern Trust Russell 1000 Index | 11.8% | 0.99 | 1.19 | NA | 1.00 |
| Russell 1000 | 11.9 | 1.00 | 1.20 | NA | 1.00 |

| | 12/31/15 | | 9/30/15 | |
|---|-----------------------------------|--------------|-----------------------------------|--------------|
| | Northern Trust Russell 1000 Index | Russell 1000 | Northern Trust Russell 1000 Index | Russell 1000 |
| Capitalization Structure: | | | | |
| Weighted Average Market Cap. (US\$ billion) | 114.5 | 114.7 | 105.5 | 105.5 |
| Median Market Cap. (US\$ billion) | 7.4 | 7.4 | 7.2 | 7.3 |
| Large (% over US\$20 billion) | 75 | 75 | 73 | 73 |
| Medium (% US\$3 billion to US\$20 billion) | 24 | 24 | 26 | 26 |
| Small (% under US\$3 billion) | 2 | 2 | 1 | 1 |
| Fundamental Structure: | | | | |
| Price-Earnings Ratio | 20 | 20 | 19 | 19 |
| Price-Book Value Ratio | 2.7 | 2.9 | 2.6 | 2.6 |
| Dividend Yield (%) | 2.1 | 2.1 | 2.2 | 2.2 |
| Historical Earnings Growth Rate (%) | 10 | 10 | 11 | 11 |
| Projected Earnings Growth Rate (%) | 10 | 10 | 11 | 11 |
| Sector Allocation (%): | | | | |
| Consumer Discretionary | 14 | 13 | 14 | 14 |
| Materials | 3 | 3 | 3 | 3 |
| Information Technology | 20 | 20 | 20 | 20 |
| Consumer Staples | 9 | 9 | 9 | 9 |
| Industrials | 11 | 11 | 11 | 11 |
| Telecommunication Services | 2 | 2 | 2 | 2 |
| Utilities | 3 | 3 | 3 | 3 |
| Energy | 6 | 6 | 7 | 7 |
| Financials | 18 | 18 | 18 | 18 |
| Health Care | 15 | 15 | 14 | 14 |
| Diversification: | | | | |
| Number of Holdings | 1,033 | 1,031 | 1,031 | 1,030 |
| % in 5 largest holdings | 10 | 10 | 9 | 9 |
| % in 10 largest holdings | 16 | 16 | 15 | 15 |
| Largest Ten Holdings: | | | | |
| | | | Industry | |
| Apple | 3.0 | | Technology Equipment | |
| Microsoft | 2.2 | | Software & Services | |
| ExxonMobil | 1.6 | | Energy | |
| General Electric | 1.4 | | Capital Goods | |
| Johnson & Johnson | 1.4 | | Pharmaceuticals & Biotech. | |
| Amazon.com | 1.3 | | Retailing | |
| Wells Fargo & Company | 1.2 | | Banks | |
| Berkshire Hathaway | 1.2 | | Diversified Financials | |
| JP Morgan Chase | 1.2 | | Banks | |
| Facebook | 1.1 | | Software & Services | |

¹ Fiscal Year begins July 1.



City of Ann Arbor VEBA

RhumbLine S&P 400 Index Portfolio Detail as of 12/31/15

Mandate: Domestic Equities
Active/Passive: Passive
Market Value: \$9.4 million
Portfolio Manager: Jeffrey D. Kusmierz
 Julie C. Lind
 Norman H. Meltz
Location: Boston, Massachusetts
Inception Date: 2/1/2010
Account Type: Separately Managed

| | | | |
|--------|-------|------|--------|
| | Value | Core | Growth |
| Large | | | |
| Medium | | | |
| Small | | | |

Fee Schedule:

0.0485% on first \$50 mm; 0.04% thereafter; (\$12,500 minimum per year)

Liquidity Constraints:

Daily

Strategy:

The RhumbLine S&P 400 Index portfolio is a passive domestic equity strategy that seeks to match the performance of the S&P 400 index.

| Performance (%): | 4Q15 | Fiscal YTD ¹ | 1 YR | 3 YR | 5 YR | Since 2/1/10 |
|------------------------------------|------------|-------------------------|-------------|-------------|-------------|--------------|
| RhumbLine S&P 400 Index | 2.7 | -5.7 | -1.3 | 13.2 | 10.9 | 14.3 |
| Net of Fees | 2.7 | -5.7 | -1.4 | 13.1 | 10.9 | NA |
| S&P MidCap | 2.6 | -6.1 | -2.2 | 12.8 | 10.7 | 14.0 |

| Risk: (sixty months) | Standard Deviation | Beta | Sharpe Measure | Info. Ratio | Correlation to Index |
|------------------------------------|--------------------|-------------|----------------|-------------|----------------------|
| RhumbLine S&P 400 Index | 15.4% | 1.00 | 0.71 | NA | 1.00 |
| S&P MidCap | 15.4 | 1.00 | 0.69 | NA | 1.00 |

| | 12/31/15 | | 9/30/15 | |
|---|-------------------------|----------------------------|-------------------------|------------|
| | RhumbLine S&P 400 Index | S&P MidCap | RhumbLine S&P 400 Index | S&P MidCap |
| Capitalization Structure: | | | | |
| Weighted Average Market Cap. (US\$ billion) | 5.0 | 5.0 | 4.8 | 4.8 |
| Median Market Cap. (US\$ billion) | 3.3 | 3.3 | 3.4 | 3.4 |
| Large (% over US\$20 billion) | 0 | 0 | 0 | 0 |
| Medium (% US\$3 billion to US\$20 billion) | 77 | 77 | 77 | 77 |
| Small (% under US\$3 billion) | 23 | 23 | 23 | 23 |
| Fundamental Structure: | | | | |
| Price-Earnings Ratio | 20 | 20 | 20 | 20 |
| Price-Book Value Ratio | 2.5 | 2.5 | 2.5 | 2.5 |
| Dividend Yield (%) | 1.7 | 1.7 | 1.7 | 1.7 |
| Historical Earnings Growth Rate (%) | 14 | 14 | 14 | 14 |
| Projected Earnings Growth Rate (%) | 10 | 10 | 11 | 11 |
| Sector Allocation (%): | | | | |
| Information Technology | 17 | 17 | 16 | 16 |
| Industrials | 15 | 15 | 15 | 15 |
| Materials | 6 | 6 | 7 | 7 |
| Energy | 3 | 3 | 3 | 3 |
| Telecommunication Services | 0 | 0 | 0 | 0 |
| Consumer Discretionary | 13 | 13 | 14 | 14 |
| Utilities | 5 | 5 | 5 | 5 |
| Consumer Staples | 4 | 4 | 4 | 4 |
| Health Care | 10 | 10 | 9 | 9 |
| Financials | 27 | 27 | 26 | 26 |
| Diversification: | | | | |
| Number of Holdings | 400 | 399 | 400 | 400 |
| % in 5 largest holdings | 4 | 4 | 3 | 3 |
| % in 10 largest holdings | 7 | 7 | 7 | 7 |
| Largest Ten Holdings: | | | | |
| | | Industry | | |
| Jarden | 0.8 | Consumer Durables | | |
| Extra Space Storage | 0.7 | Real Estate | | |
| Acuity Brands | 0.7 | Capital Goods | | |
| Federal Realty | 0.7 | Real Estate | | |
| Alaska Air | 0.7 | Transportation | | |
| UDR | 0.7 | Real Estate | | |
| Hologic | 0.6 | Health Care Services | | |
| Mettler Toledo | 0.6 | Pharmaceuticals & Biotech. | | |
| LKQ | 0.6 | Retailing | | |
| Foot Locker | 0.6 | Retailing | | |

¹ Fiscal Year begins July 1.



City of Ann Arbor VEBA

Mandate: Domestic Equities
Active/Passive: Active
Market Value: \$5.9 million
Portfolio Manager: Michael W. Cook Sr.
Location: Memphis, Tennessee
Inception Date: 12/1/2004
Account Type: Separately Managed

| | | | |
|--------|-------|------|--------|
| | Value | Core | Growth |
| Large | | | |
| Medium | | | |
| Small | | | |

Fee Schedule:

1.00% on first \$50 mm; 0.95% on next \$50 mm; 0.90% on next \$100 mm; 0.85% thereafter

Liquidity Constraints:

10% cash restriction

Strategy:

The SouthernSun Small Cap Equity strategy uses fundamental research to identify attractive securities. The manager searches for companies that dominate niche business, have financial flexibility, and uniquely suited management teams. The proprietary analysis focuses on a company's discretionary cash flow, enterprise and "break-up" value, P/E, P/B ratios, and organic growth rates (3% to 6% minimum).

| Performance (%): | 4Q15 | Fiscal YTD ¹ | 1 YR | 3 YR | 5 YR | Since 12/1/04 |
|-------------------------------------|-------------|-------------------------|--------------|------------|------------|---------------|
| SouthernSun Small Cap Equity | -1.6 | -21.0 | -17.1 | 3.3 | 7.4 | 8.0 |
| Net of Fees | -1.8 | -21.4 | -17.9 | 2.3 | 6.4 | NA |
| Russell 2000 | 3.6 | -8.8 | -4.4 | 11.7 | 9.2 | 6.8 |
| Peer Small Cap Core | 3.1 | -7.3 | -3.2 | 12.8 | 10.4 | 8.0 |
| Peer Ranking (percentile) | 97 | 98 | 96 | 97 | 90 | 48 |

| Risk: (sixty months) | Standard Deviation | Beta | Sharpe Measure | Info. Ratio | Correlation to Index |
|-------------------------------------|--------------------|-------------|----------------|-------------|----------------------|
| SouthernSun Small Cap Equity | 19.7% | 1.00 | 0.37 | Neg. | 0.88 |
| Russell 2000 | 17.6 | 1.00 | 0.52 | NA | 1.00 |

SouthernSun Small Cap Equity Portfolio Detail as of 12/31/15

| | 12/31/15 | | 9/30/15 | |
|---|-------------------------------|--------------|-------------------------------|--------------|
| | Southern Sun Small Cap Equity | Russell 2000 | Southern Sun Small Cap Equity | Russell 2000 |
| Capitalization Structure: | | | | |
| Weighted Average Market Cap. (US\$ billion) | 3.2 | 1.9 | 3.0 | 1.8 |
| Median Market Cap. (US\$ billion) | 3.1 | 0.7 | 2.7 | 0.7 |
| Large (% over US\$20 billion) | 0 | 0 | 0 | 0 |
| Medium (% US\$3 billion to US\$20 billion) | 53 | 17 | 45 | 16 |
| Small (% under US\$3 billion) | 47 | 83 | 55 | 84 |
| Fundamental Structure: | | | | |
| Price-Earnings Ratio | 18 | 20 | 17 | 19 |
| Price-Book Value Ratio | 2.9 | 1.8 | 2.5 | 1.7 |
| Dividend Yield (%) | 1.1 | 1.6 | 1.1 | 1.5 |
| Historical Earnings Growth Rate (%) | 12 | 12 | 11 | 12 |
| Projected Earnings Growth Rate (%) | 9 | 14 | 11 | 14 |
| Sector Allocation (%): | | | | |
| Industrials | 35 | 12 | 33 | 12 |
| Consumer Staples | 11 | 3 | 10 | 3 |
| Consumer Discretionary | 16 | 13 | 17 | 14 |
| Utilities | 5 | 4 | 6 | 4 |
| Health Care | 17 | 17 | 17 | 15 |
| Materials | 3 | 4 | 7 | 4 |
| Energy | 2 | 3 | 2 | 3 |
| Telecommunication Services | 0 | 1 | 0 | 1 |
| Information Technology | 5 | 18 | 5 | 18 |
| Financials | 4 | 26 | 4 | 26 |
| Diversification: | | | | |
| Number of Holdings | 21 | 1,984 | 24 | 1,951 |
| % in 5 largest holdings | 30 | 2 | 29 | 1 |
| % in 10 largest holdings | 57 | 3 | 55 | 3 |
| Largest Ten Holdings: | | | | |
| | | | Industry | |
| Darling International | 6.3 | | Food, Beverage & Tobacco | |
| Aegion | 6.0 | | Capital Goods | |
| Chicago Bridge and Iron | 5.9 | | Capital Goods | |
| Centene | 5.7 | | Health Care Services | |
| Amsurg | 5.7 | | Health Care Services | |
| AGCO | 5.6 | | Capital Goods | |
| Brink's | 5.5 | | Commercial Services | |
| OGE Energy | 5.4 | | Utilities | |
| HILL-ROM | 5.4 | | Health Care Services | |
| Diebold | 5.1 | | Technology Equipment | |

¹ Fiscal Year begins July 1.



**International Developed Market Equity
Portfolio Review
As of December 31, 2015**

City of Ann Arbor VEBA

Fisher Institutional Foreign Equity Portfolio Detail as of 12/31/15

Mandate: International Equities,
Developed Markets

Active/Passive: Active

Market Value: \$13.7 million

Portfolio Manager: Team

Location: Woodside, California

Inception Date: 7/1/2009

Account Type: Commingled

| | | | |
|--------|-------|------|--------|
| | Value | Core | Growth |
| Large | | | |
| Medium | | | |
| Small | | | |

Fee Schedule:

1.00% on first \$10 mm; 0.90% on next \$15 mm; 0.80% on next \$25 mm; 0.70% on next \$50 mm; 0.60% thereafter

Liquidity Constraints:

Monthly

Strategy:

The Fisher Foreign Equity Strategy utilizes a top-down investment process focusing on what they believe to be the most important determinants of portfolio return. The team utilizes a combination of quantitative and fundamental research to formulate economic forecasts, political forecasts, and determine sentiment drivers. Based upon their forecasting, the team will develop portfolio themes to drive security selection.

| Performance (%): | 4Q15 | Fiscal YTD ¹ | 1 YR | 3 YR | 5 YR | Since 7/1/09 |
|--|------------|-------------------------|-------------|------------|------------|--------------|
| Fisher Institutional Foreign Equity | 4.9 | -5.9 | -0.7 | 5.3 | 4.0 | 9.5 |
| Net of Fees | 4.6 | -6.4 | -1.7 | 4.3 | 3.0 | 8.6 |
| MSCI EAFE | 4.7 | -6.0 | -0.8 | 5.0 | 3.6 | 7.2 |
| Peer International Core | 4.0 | -6.2 | 0.0 | 5.0 | 3.9 | 8.0 |
| Peer Ranking (percentile) | 24 | 46 | 56 | 43 | 48 | 20 |

| Risk: (sixty months) | Standard Deviation | Beta | Sharpe Measure | Info. Ratio | Correlation to Index |
|--|--------------------|-------------|----------------|-------------|----------------------|
| Fisher Institutional Foreign Equity | 18.0% | 1.10 | 0.22 | 0.09 | 0.97 |
| MSCI EAFE | 15.7 | 1.00 | 0.23 | NA | 1.00 |

| Capitalization Structure: | 12/31/15 | | 9/30/15 | |
|---|-----------------------------|-----------|-----------------------------|-----------|
| | Fisher International Equity | MSCI EAFE | Fisher International Equity | MSCI EAFE |
| Weighted Average Market Cap. (US\$ billion) | 81.1 | 53.9 | 77.1 | 52.8 |
| Median Market Cap. (US\$ billion) | 53.7 | 8.7 | 46.4 | 8.1 |
| Large (% over US\$20 billion) | 92 | 65 | 89 | 64 |
| Medium (% US\$3 billion to US\$20 billion) | 8 | 34 | 11 | 34 |
| Small (% under US\$3 billion) | 0 | 1 | 0 | 1 |

Fundamental Structure:

| | | | | |
|-------------------------------------|-----|-----|-----|-----|
| Price-Earnings Ratio | 18 | 17 | 17 | 16 |
| Price-Book Value Ratio | 2.8 | 1.7 | 2.6 | 1.5 |
| Dividend Yield (%) | 2.7 | 3.2 | 2.8 | 3.3 |
| Historical Earnings Growth Rate (%) | 10 | 8 | 9 | 7 |
| Projected Earnings Growth Rate (%) | 9 | 8 | 10 | 9 |

Sector Allocation (%):

| | | | | |
|----------------------------|----|----|----|----|
| Information Technology | 16 | 5 | 15 | 5 |
| Health Care | 21 | 12 | 22 | 12 |
| Consumer Discretionary | 18 | 13 | 21 | 13 |
| Industrials | 14 | 13 | 17 | 12 |
| Energy | 1 | 5 | 2 | 5 |
| Utilities | 0 | 4 | 0 | 4 |
| Financials | 22 | 26 | 16 | 26 |
| Materials | 2 | 6 | 2 | 7 |
| Telecommunication Services | 0 | 5 | 0 | 5 |
| Consumer Staples | 6 | 12 | 6 | 12 |

Diversification:

| | | | | |
|--------------------------|----|-----|----|-----|
| Number of Holdings | 70 | 925 | 61 | 910 |
| % in 5 largest holdings | 16 | 8 | 19 | 8 |
| % in 10 largest holdings | 29 | 12 | 33 | 13 |

Region Allocation (%):

| | | | | |
|---------------|----|----|----|----|
| North America | 3 | 0 | 3 | 0 |
| Europe | 77 | 64 | 75 | 66 |
| Asia Pacific | 16 | 35 | 17 | 33 |
| Emerging | 4 | 0 | 4 | 0 |
| Other | 0 | 1 | 0 | 1 |

Largest Five Holdings:

| | | Industry |
|--------------|-----|----------------------------|
| Novo Nordisk | 4.0 | Pharmaceuticals & Biotech. |
| Bayer | 3.3 | Pharmaceuticals & Biotech. |
| UBS GROUP | 3.1 | Diversified Financials |
| Prudential | 3.1 | Insurance |
| Asml Holding | 3.0 | Semiconductors |

¹ Fiscal Year begins July 1.



**International Emerging Market Equity
Portfolio Reviews
As of December 31, 2015**

City of Ann Arbor VEBA

Dimensional Emerging Markets Value Portfolio Detail as of 12/31/15

Mandate: International Equities,
Emerging Markets

Active/Passive: Active

Market Value: \$3.6 million

Portfolio Manager: Team

Location: Austin, Texas

Inception Date: 2/1/2012

Account Type: Mutual Fund (DFEVX)

| | | | |
|--------|-------|------|--------|
| | Value | Core | Growth |
| Large | | | |
| Medium | | | |
| Small | | | |

Fee Schedule:

0.56% on all assets

Liquidity Constraints:

Daily

Strategy:

Dimensional Fund Advisors' (DFA) investment approach combines both top-down and bottom-up elements. The top-down analysis involves drawing the boundaries for qualifying countries and company characteristics. It does not include macro-economic forecasting or tactical country allocation decisions. In its bottom-up work, DFA analyzes the attributes of individual securities for portfolio suitability. DFA limits its sector and industry weightings to 25% of the portfolio's market value. Country weights have a maximum target of 15% per country at the time of purchase to mitigate country risk. Risk is controlled by investing across a broad group of emerging markets companies and countries.

| Performance (%): | 4Q15 | Fiscal YTD ¹ | 1 YR | 3 YR | Since 2/1/12 |
|---|-----------------------|----------------------------|--------------------------------|----------------|-------------------------|
| Dimensional Emerging Markets Value | -1.0 | -20.0 | -18.8 | -9.3 | -6.1 |
| MSCI Emerging Markets | 0.7 | -17.4 | -14.9 | -6.8 | -3.8 |
| Peer Emerging Markets | 0.5 | -15.4 | -14.1 | -6.8 | -3.1 |
| Peer Ranking (percentile) | 75 | 94 | 88 | 87 | 86 |
| Risk: (forty-seven months) | Standard Deviation | Beta | Sharpe Measure ² | Info. Ratio | Correlation to Index |
| Dimensional Emerging Markets Value | 15.9% | 1.08 | Neg. | Neg. | 0.98 |
| MSCI Emerging Markets | 14.6 | 1.00 | Neg. | NA | 1.00 |

¹ Fiscal Year begins July 1.

² A negative Sharpe ratio indicates that the portfolio underperformed the risk-free rate during the sample period.

| | 12/31/15 | | 9/30/15 | |
|---|--|-----------------------------|--|-----------------------------|
| | DFA Emerging Markets Value Fund | MSCI Emerging Markets | DFA Emerging Markets Value Fund | MSCI Emerging Markets |
| Capitalization Structure: | | | | |
| Weighted Average Market Cap. (US\$ billion) | 14.7 | 38.1 | 13.8 | 33.4 |
| Median Market Cap. (US\$ million) | 349.7 | 4,196.3 | 334.2 | 4,159.9 |
| Large (% over US\$20 billion) | 15 | 38 | 16 | 35 |
| Medium (% US\$3 billion to US\$20 billion) | 48 | 53 | 49 | 55 |
| Small (% under US\$3 billion) | 36 | 10 | 35 | 10 |
| Fundamental Structure: | | | | |
| Price-Earnings Ratio | 11 | 14 | 10 | 13 |
| Price-Book Value Ratio | 0.9 | 1.5 | 0.9 | 1.3 |
| Dividend Yield (%) | 3.2 | 2.5 | 3.2 | 2.7 |
| Historical Earnings Growth Rate (%) | 6 | 10 | 6 | 10 |
| Projected Earnings Growth Rate (%) | 11 | 13 | 12 | 12 |
| Sector Allocation (%): | | | | |
| Materials | 15 | 6 | 16 | 7 |
| Financials | 34 | 28 | 33 | 29 |
| Energy | 12 | 7 | 12 | 8 |
| Industrials | 12 | 7 | 12 | 7 |
| Utilities | 2 | 3 | 2 | 3 |
| Consumer Discretionary | 9 | 10 | 9 | 9 |
| Health Care | 1 | 3 | 0 | 3 |
| Consumer Staples | 5 | 8 | 6 | 9 |
| Telecommunication Services | 2 | 7 | 2 | 7 |
| Information Technology | 9 | 20 | 8 | 18 |
| Diversification: | | | | |
| Number of Holdings | 2,226 | 836 | 2,214 | 836 |
| % in 5 largest holdings | 10 | 13 | 10 | 13 |
| % in 10 largest holdings | 15 | 19 | 15 | 19 |
| Region Allocation (%): | | | | |
| Asia Pacific | 71 | 71 | 68 | 69 |
| Latin America | 15 | 12 | 16 | 13 |
| Europe/MidEast/Africa | 14 | 16 | 15 | 17 |
| Other | 0 | 2 | 0 | 0 |
| Largest Five Holdings: | | Industry | | |
| China Construction Bank | 3.0 | Banks | | |
| Reliance Industries | 2.3 | Energy | | |
| Bank of China | 1.7 | Banks | | |
| Gazprom | 1.7 | Energy | | |
| Fomento Econom Mexica | 1.4 | Food, Beverage & Tobacco | | |



City of Ann Arbor VEBA

Vontobel Emerging Markets Equity Portfolio Detail as of 12/31/15

Mandate: International Equities,
Emerging Markets

Active/Passive: Active

Market Value: \$3.4 million

Portfolio Manager: Rajiv Jain

Location: New York, New York

Inception Date: 2/1/2012

Account Type: Commingled

| | | | |
|--------|-------|------|--------|
| | Value | Core | Growth |
| Large | | | |
| Medium | | | |
| Small | | | |

Fee Schedule:

1.10% on first \$50 mm; 1.00% on next \$150 mm

Liquidity Constraints:

Monthly

Strategy:

Vontobel believes that long-term, stable, and superior earnings growth drives investment returns and risk-adjusted outperformance. Thus they seek to invest in businesses that are predictable (strong franchise, low capital intensity, shareholder oriented management, etc.), sustainable (ability to replicate or exceed past success in terms of growth, operating margins, ROE, ROA etc.), and are trading at an attractive margin of safety (to at least a 25% discount to their assessment of intrinsic value). They believe in building concentrated portfolios (50 to 90 stocks) of high conviction positions with little attention paid to the benchmark.

| Performance (%): | 4Q15 | Fiscal YTD ¹ | 1 YR | 3 YR | Since 2/1/12 |
|---|--------------------|-------------------------|----------------|-------------|----------------------|
| Vontobel Emerging Markets Equity | 2.1 | -8.5 | -7.8 | -2.1 | 1.9 |
| Net of Fees | 1.8 | -9.1 | -8.8 | -3.1 | 0.7 |
| MSCI Emerging Markets | 0.7 | -17.4 | -14.9 | -6.8 | -3.8 |
| Peer Emerging Markets | 0.9 | -14.8 | -12.9 | -5.5 | -1.9 |
| Peer Ranking (percentile) | 31 | 4 | 15 | 24 | 17 |
| Risk: (forty-seven months) | Standard Deviation | Beta | Sharpe Measure | Info. Ratio | Correlation to Index |
| Vontobel Emerging Markets Equity | 14.0% | 0.79 | 0.13 | 0.70 | 0.86 |
| MSCI Emerging Markets | 14.6 | 1.00 | Neg. | NA | 1.00 |

¹ Fiscal Year begins July 1.

| | 12/31/15 | | 9/30/15 | |
|---|----------------------------------|--------------------------|----------------------------------|-----------------------|
| | Vontobel Emerging Markets Equity | MSCI Emerging Markets | Vontobel Emerging Markets Equity | MSCI Emerging Markets |
| Capitalization Structure: | | | | |
| Weighted Average Market Cap. (US\$ billion) | 46.6 | 38.1 | 39.5 | 33.4 |
| Median Market Cap. (US\$ billion) | 16.4 | 4.2 | 15.8 | 4.2 |
| Large (% over US\$20 billion) | 63 | 38 | 61 | 35 |
| Medium (% US\$3 billion to US\$20 billion) | 36 | 53 | 38 | 55 |
| Small (% under US\$3 billion) | 2 | 10 | 2 | 10 |
| Fundamental Structure: | | | | |
| Price-Earnings Ratio | 24 | 14 | 22 | 13 |
| Price-Book Value Ratio | 4.8 | 1.5 | 4.2 | 1.3 |
| Dividend Yield (%) | 2.1 | 2.5 | 2.3 | 2.7 |
| Historical Earnings Growth Rate (%) | 17 | 10 | 19 | 10 |
| Projected Earnings Growth Rate (%) | 13 | 13 | 13 | 12 |
| Sector Allocation (%): | | | | |
| Consumer Staples | 45 | 8 | 39 | 9 |
| Utilities | 4 | 3 | 4 | 3 |
| Health Care | 3 | 3 | 4 | 3 |
| Telecommunication Services | 4 | 7 | 5 | 7 |
| Consumer Discretionary | 7 | 10 | 7 | 9 |
| Materials | 2 | 6 | 2 | 7 |
| Industrials | 1 | 7 | 0 | 7 |
| Information Technology | 14 | 20 | 14 | 18 |
| Energy | 0 | 7 | 1 | 8 |
| Financials | 21 | 28 | 24 | 29 |
| Diversification: | | | | |
| Number of Holdings | 70 | 836 | 71 | 836 |
| % in 5 largest holdings | 25 | 13 | 27 | 13 |
| % in 10 largest holdings | 42 | 19 | 42 | 19 |
| Region Allocation (%): | | | | |
| Asia Pacific | 59 | 71 | 62 | 69 |
| Latin America | 13 | 12 | 17 | 13 |
| Europe/MidEast/Africa | 6 | 16 | 6 | 17 |
| Frontier | 1 | 0 | 1 | 0 |
| Other | 22 | 2 | 15 | 0 |
| Largest Five Holdings: | | | | |
| British American Tobacco | 7.2 | Food, Beverage & Tobacco | | |
| Housing Development Financial | 5.0 | Banks | | |
| SABMiller | 4.4 | Food, Beverage & Tobacco | | |
| HDFC Bank | 4.3 | Banks | | |
| ITC | 4.0 | Food, Beverage & Tobacco | | |



Investment Grade Bonds Portfolio Review
As of December 31, 2015

City of Ann Arbor VEBA

Northern Trust Barclays Aggregate Bond Index Portfolio Detail as of 12/31/15

Mandate: Investment Grade Bonds
Active/Passive: Passive
Market Value: \$23.3 million
Portfolio Manager: Bradford Adams
 Alexander Matturri Jr., CFA
Location: Chicago, Illinois
Inception Date: 10/1/1999
Account Type: Commingled

| | | | |
|--------|-------|------|------|
| | Short | Int. | Long |
| High | | | |
| Medium | | | |
| Low | | | |

Fee Schedule:
 0.06% on first \$100 mm; 0.03% thereafter

Liquidity Constraints:
 Daily

Strategy:
 The Northern Trust Aggregate Bond Index strategy seeks to replicate the returns of the Barclays Aggregate index, an index covering the broad domestic investment grade bond market. The fund is passively managed, employing statistical methods to replicate performance and composition of the index. The portfolio is comprised of U.S. Treasury, government agency, investment grade corporate bonds, mortgage- and asset-backed sectors of the fixed income markets.

| Performance (%): | 4Q15 | Fiscal YTD ¹ | 1 YR | 3 YR | 5 YR | Since 10/1/99 |
|---|-------------|-------------------------|------------|------------|------------|---------------|
| Northern Trust Barclays Aggregate Bond Index | -0.8 | 0.4 | 0.3 | 1.3 | 3.2 | 5.3 |
| Net of Fees | -0.9 | 0.4 | 0.3 | 1.3 | 3.2 | 5.3 |
| Barclays Aggregate | -0.6 | 0.7 | 0.5 | 1.4 | 3.2 | 5.3 |

| Risk: (sixty months) | Standard Deviation | Beta | Sharpe Measure | Info. Ratio | Correlation to Index |
|---|--------------------|-------------|----------------|-------------|----------------------|
| Northern Trust Barclays Aggregate Bond Index | 2.8% | 1.02 | 1.11 | NA | 1.00 |
| Barclays Aggregate | 2.8 | 1.00 | 1.15 | NA | 1.00 |

| | 12/31/15 | | 9/30/15 | |
|--|--|--------------------|--|--------------------|
| | Northern Trust Barclays Aggregate Bond Index | Barclays Aggregate | Northern Trust Barclays Aggregate Bond Index | Barclays Aggregate |
| Duration & Yield: | | | | |
| Average Effective Duration (years) | 5.7 | 5.7 | 5.6 | 5.6 |
| Yield to Maturity (%) | 2.6 | 2.6 | 2.3 | 2.3 |
| Quality Structure (%): | | | | |
| Average Quality | AA+ | AA+ | AA+ | AA+ |
| AAA (includes Treasuries and Agencies) | 72 | 72 | 72 | 72 |
| AA | 4 | 4 | 4 | 4 |
| A | 11 | 11 | 11 | 11 |
| BBB | 13 | 13 | 12 | 12 |
| BB | 0 | 0 | 0 | 0 |
| B | 0 | 0 | 0 | 0 |
| Below B | 0 | 0 | 0 | 0 |
| Non-Rated | 0 | 0 | 0 | 0 |
| Sector Allocation (%): | | | | |
| U.S. Treasury-Nominal | 36 | 36 | 36 | 36 |
| U.S. Treasury-TIPS | 0 | 0 | 0 | 0 |
| U.S. Agency | 3 | 3 | 3 | 3 |
| Mortgage Backed | 29 | 29 | 28 | 28 |
| Corporate | 24 | 24 | 24 | 24 |
| Bank Loans | 0 | 0 | 0 | 0 |
| Local & Provincial Government | 1 | 1 | 5 | 1 |
| Sovereign & Supranational | 4 | 4 | 1 | 4 |
| Commercial Mortgage Backed | 2 | 2 | 2 | 2 |
| Asset Backed | 1 | 1 | 1 | 1 |
| Cash Equivalent | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Market Allocation (%): | | | | |
| United States | 92 | 92 | 92 | 91 |
| Foreign (developed markets) | 6 | 6 | 6 | 7 |
| Foreign (emerging markets) | 2 | 2 | 2 | 2 |
| Currency Allocation (%): | | | | |
| Non-U.S. Dollar Exposure | 0 | 0 | 0 | 0 |

¹ Fiscal Year begins July 1.



City of Ann Arbor VEBA

Mandate: Fixed Income
Active/Passive: Passive
Market Value: \$0.4 million
Portfolio Manager: Team
Location: Chicago, Illinois
Inception Date: 12/1/2015
Account Type: Commingled

| | | | |
|--------|-------|------|------|
| | Short | Int. | Long |
| High | | | |
| Medium | | | |
| Low | | | |

Fee Schedule:

0.10% on first \$25 mm; 0.06% on next \$75 mm; 0.05% thereafter

Liquidity Constraints:

Daily

Strategy:

The primary objective of the Northern Trust 1-5 Year Credit Bond Index Fund is to hold a portfolio representative of the intermediate credit securities portion of the United States bond and debt market, as characterized by the Barclays Capital U.S. 1-5 Year Credit Bond Index.

Performance (%):

| | Since 12/1/15 |
|--|------------------|
| Northern Trust 1-5 Year Credit Bond | -0.1 |
| Net of Fees | 0.0 |
| Barclays 1-5 Year Credit | -0.4 |

Northern Trust 1-5 Year Credit Bond Portfolio Detail as of 12/31/15

| | 12/31/15 | |
|--|--|-----------------------------|
| | Northern Trust 1-5 Year Credit Bond | Barclays 1-5 Year Credit |
| Duration & Yield: | | |
| Average Effective Duration (years) | 2.7 | 2.7 |
| Yield to Maturity (%) | 2.3 | 2.3 |
| Quality Structure (%): | | |
| Average Quality | A | A |
| AAA (includes Treasuries and Agencies) | 15 | 15 |
| AA | 13 | 13 |
| A | 36 | 36 |
| BBB | 36 | 36 |
| BB | 0 | 0 |
| B | 0 | 0 |
| Below B | 0 | 0 |
| Non-Rated | 0 | 0 |
| Sector Allocation (%): | | |
| U.S. Treasury-Nominal | 0 | 0 |
| U.S. Treasury-TIPS | 0 | 0 |
| U.S. Agency | 7 | 7 |
| Mortgage Backed | 0 | 0 |
| Corporate | 79 | 79 |
| Bank Loans | 0 | 0 |
| Local & Provincial Government | 2 | 2 |
| Sovereign & Supranational | 12 | 12 |
| Commercial Mortgage Backed | 0 | 0 |
| Asset Backed | 0 | 0 |
| Cash Equivalent | 0 | 0 |
| Other | 0 | 0 |
| Market Allocation (%): | | |
| United States | 63 | 63 |
| Foreign (developed markets) | 33 | 33 |
| Foreign (emerging markets) | 4 | 4 |
| Currency Allocation (%): | | |
| Non-U.S. Dollar Exposure | 0 | 0 |



City of Ann Arbor VEBA

Northern Trust Short-Term Government Bond Portfolio Detail as of 12/31/15

Mandate: Investment Grade Bonds
Active/Passive: Passive
Market Value: \$3.6 million
Portfolio Manager: Team
Location: Chicago, Illinois
Inception Date: 12/1/2015
Account Type: Commingled

| | | | |
|--------|-------|------|------|
| | Short | Int. | Long |
| High | | | |
| Medium | | | |
| Low | | | |

Fee Schedule:
 0.05% on first \$25 mm; 0.01% thereafter

Liquidity Constraints:
 Daily

Strategy:
 The primary objective of the Northern Trust Short-Term Government Bond fund is to hold a portfolio representative of the short-term government securities sector of the U.S. bond and debt market, as characterized by the Barclays Short-Term Government Bond Index. The fund provides the exposure using quantitative techniques which maintain the portfolio's neutrality to the index by monitoring a broad range of factors while avoiding illiquid securities and excessive transaction costs. The Fund may make limited use of interest rate futures and/or options for the purpose of maintaining market exposure.

| Performance (%): | Since 12/1/15 |
|--|------------------|
| Northern Trust Short-Term Government Bond | -0.3 |
| Net of Fees | -0.3 |
| Barclays 1-3 Year Government | -0.1 |

| | 12/31/15 | |
|--|--|------------------------------------|
| | NT Short Term Government Bond | Barclays 1-3 Year Government |
| Duration & Yield: | | |
| Average Effective Duration (years) | 1.9 | 1.9 |
| Yield to Maturity (%) | 1.1 | 1.1 |
| Quality Structure (%): | | |
| Average Quality | AAA | AAA |
| AAA (includes Treasuries and Agencies) | 96 | 96 |
| AA | 4 | 4 |
| A | 0 | 0 |
| BBB | 0 | 0 |
| BB | 0 | 0 |
| B | 0 | 0 |
| Below B | 0 | 0 |
| Non-Rated | 0 | 0 |
| Sector Allocation (%): | | |
| U.S. Treasury-Nominal | 89 | 89 |
| U.S. Treasury-TIPS | 0 | 0 |
| U.S. Agency | 11 | 11 |
| Mortgage Backed | 0 | 0 |
| Corporate | 0 | 0 |
| Bank Loans | 0 | 0 |
| Local & Provincial Government | 0 | 0 |
| Sovereign & Supranational | 0 | 0 |
| Commercial Mortgage Backed | 0 | 0 |
| Asset Backed | 0 | 0 |
| Cash Equivalent | 0 | 0 |
| Other | 0 | 0 |
| Market Allocation (%): | | |
| United States | 100 | 100 |
| Foreign (developed markets) | 0 | 0 |
| Foreign (emerging markets) | 0 | 0 |
| Currency Allocation (%): | | |
| Non-U.S. Dollar Exposure | 0 | 0 |



**TIPS Portfolio Review
As of December 31, 2015**

City of Ann Arbor VEBA

Mandate: TIPS
Active/Passive: Active
Market Value: \$3.0 million
Portfolio Manager: Team
Location: Boston, Massachusetts
Inception Date: 11/1/2013
Account Type: Separately Managed

| | | | |
|--------|-------|------|------|
| | Short | Int. | Long |
| High | | | |
| Medium | | | |
| Low | | | |

Fee Schedule:

0.08% on all assets

Liquidity Constraints:

Daily

Strategy:

Income Research & Management (IR&M) manages an intermediate (1-10 year) TIPS portfolio with similar duration and yield curve exposure to the benchmark. The firm strives to add a modest amount of alpha through bottom-up security selection.

Guidelines:

Cash < 10%. Duration within .25 years of the benchmark.

| Performance (%): | 4Q15 | Fiscal YTD ¹ | 1 YR | Since 11/1/13 |
|---------------------------------|-------------|-------------------------|-------------|---------------|
| IR&M 1-10 Year Index | -0.7 | -1.5 | -0.4 | -0.6 |
| Net of Fees | -0.7 | -1.6 | -0.5 | -0.7 |
| Barclays U.S. TIPS 1-10 Year | -0.7 | -1.6 | -0.5 | -0.6 |
| Peer TIPS | -0.6 | -1.8 | -1.5 | -0.4 |
| Peer Ranking (percentile) | 65 | 20 | 14 | 75 |

IR&M 1-10 Year Index Portfolio Detail as of 12/31/15

| Duration & Yield: | 12/31/15 | | 9/30/15 | |
|--|----------------------|------------------------------|----------------------|------------------------------|
| | IR&M 1-10 Year Index | Barclays U.S. TIPS 1-10 Year | IR&M 1-10 Year Index | Barclays U.S. TIPS 1-10 Year |
| Average Effective Duration (years) | 5.3 | 3.3 | 5.5 | 3.6 |
| Yield to Maturity (%) ² | 1.9 | 2.0 | 1.5 | 1.6 |
| Quality Structure (%): | | | | |
| Average Quality | AAA | AAA | AAA | AAA |
| AAA (includes Treasuries and Agencies) | 100 | 100 | 100 | 100 |
| AA | 0 | 0 | 0 | 0 |
| A | 0 | 0 | 0 | 0 |
| BBB | 0 | 0 | 0 | 0 |
| BB | 0 | 0 | 0 | 0 |
| B | 0 | 0 | 0 | 0 |
| Below B | 0 | 0 | 0 | 0 |
| Non-Rated | 0 | 0 | 0 | 0 |
| Sector Allocation (%): | | | | |
| U.S. Treasury-Nominal | 0 | 0 | 0 | 0 |
| U.S. Treasury-TIPS | 100 | 100 | 99 | 100 |
| U.S. Agency | 0 | 0 | 0 | 0 |
| Mortgage Backed | 0 | 0 | 0 | 0 |
| Corporate | 0 | 0 | 0 | 0 |
| Bank Loans | 0 | 0 | 0 | 0 |
| Local & Provincial Government | 0 | 0 | 0 | 0 |
| Sovereign & Supranational | 0 | 0 | 0 | 0 |
| Commercial Mortgage Backed | 0 | 0 | 0 | 0 |
| Asset Backed | 0 | 0 | 0 | 0 |
| Cash Equivalent | 0 | 0 | 1 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Market Allocation (%): | | | | |
| United States | 100 | 100 | 100 | 100 |
| Foreign (developed markets) | 0 | 0 | 0 | 0 |
| Foreign (emerging markets) | 0 | 0 | 0 | 0 |
| Currency Allocation (%): | | | | |
| Non-U.S. Dollar Exposure | 0 | 0 | 0 | 0 |

² This figure is an estimated yield-to-maturity (YTM) for the fund. It is calculated by adding the trailing 12-month inflation adjustment to the "real" (i.e., before inflation) YTM of the fund. Adding the 12-month inflation adjustment allows the fund's yield to be more directly comparable to those of other bond funds. Investors should recognize that the actual YTM will depend upon the level of inflation experienced going forward.

¹ Fiscal Year begins July 1.



**High Yield Bonds Portfolio Reviews
As of December 31, 2015**

City of Ann Arbor VEBA

SKY Harbor Broad High Yield Market Portfolio Detail as of 12/31/15

Mandate: High Yield Bonds
Active/Passive: Active
Market Value: \$6.6 million
Portfolio Manager: Hanna H. Strasser
Location: Greenwich, Connecticut
Inception Date: 12/1/2012
Account Type: Commingled

| | | | |
|--------|-------|------|------|
| | Short | Int. | Long |
| High | | | |
| Medium | | | |
| Low | | | |

Fee Schedule:
0.30% on all assets

Liquidity Constraints:
Daily

Strategy:

SKY Harbor's strategy is income oriented and is based on the understanding that the largest component of high yield bond returns comes from coupon return. At the same time, the strategy seeks to minimize defaults through credit analysis and a top-down assessment of the economic and credit cycle. SKY Harbor segments the universe not only by industry but also by yield. They believe that credits trading with higher yields have more equity-like risk and those trading at lower yields are more exposed to bond-like risk (e.g., interest rate risk). Their exposure to these segments of the high yield market will be driven by credit analysis and their assessment of the economic and credit cycle.

| Performance (%): | 4Q15 | Fiscal YTD ¹ | 1 YR | 3 YR | Since 12/1/12 |
|---|--------------------|-------------------------|----------------|-------------|----------------------|
| SKY Harbor Broad High Yield Market | -1.9 | -5.8 | -3.4 | 2.3 | 2.6 |
| Net of Fees | -2.1 | -6.1 | -3.9 | 1.7 | 2.1 |
| Barclays High Yield | -2.1 | -6.8 | -4.5 | 1.7 | 2.2 |
| Peer High Yield | -1.7 | -5.9 | -2.9 | 2.5 | 2.9 |
| Peer Ranking (percentile) | 64 | 48 | 53 | 59 | 61 |
| Risk: (thirty-seven months) | Standard Deviation | Beta | Sharpe Measure | Info. Ratio | Correlation to Index |
| SKY Harbor Broad High Yield Market | 5.1% | 0.91 | 0.51 | 0.43 | 0.98 |
| Barclays High Yield | 5.4 | 1.00 | 0.39 | NA | 1.00 |

| | 12/31/15 | | 9/30/15 | |
|--|-----------------------|---------------------|-----------------------|---------------------|
| Duration & Yield: | Sky Harbor High Yield | Barclays High Yield | Sky Harbor High Yield | Barclays High Yield |
| Average Effective Duration (years) | 4.5 | 4.3 | 4.4 | 4.4 |
| Yield to Maturity (%) | 8.6 | 8.7 | 7.7 | 8.0 |
| Quality Structure (%): | | | | |
| Average Quality | B | B | B | B |
| AAA (includes Treasuries and Agencies) | 0 | 0 | 0 | 0 |
| AA | 0 | 0 | 0 | 0 |
| A | 0 | 0 | 0 | 0 |
| BBB | 2 | 0 | 2 | 0 |
| BB | 34 | 46 | 32 | 45 |
| B | 43 | 40 | 44 | 40 |
| Below B | 20 | 14 | 22 | 15 |
| Non-Rated | 0 | 0 | 0 | 0 |
| Sector Allocation (%): | | | | |
| U.S. Treasury-Nominal | 0 | 0 | 0 | 0 |
| U.S. Treasury-TIPS | 0 | 0 | 0 | 0 |
| U.S. Agency | 0 | 0 | 0 | 0 |
| Mortgage Backed | 0 | 0 | 0 | 0 |
| Corporate | 98 | 100 | 99 | 100 |
| Bank Loans | 0 | 0 | 0 | 0 |
| Local & Provincial Government | 0 | 0 | 0 | 0 |
| Sovereign & Supranational | 0 | 0 | 0 | 0 |
| Commercial Mortgage Backed | 0 | 0 | 0 | 0 |
| Asset Backed | 0 | 0 | 0 | 0 |
| Cash Equivalent | 2 | 0 | 1 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Market Allocation (%): | | | | |
| United States | 88 | 82 | 87 | 82 |
| Foreign (developed markets) | 12 | 18 | 13 | 18 |
| Foreign (emerging markets) | 0 | 0 | 0 | 0 |
| Currency Allocation (%): | | | | |
| Non-U.S. Dollar Exposure | 0 | 0 | 0 | 0 |

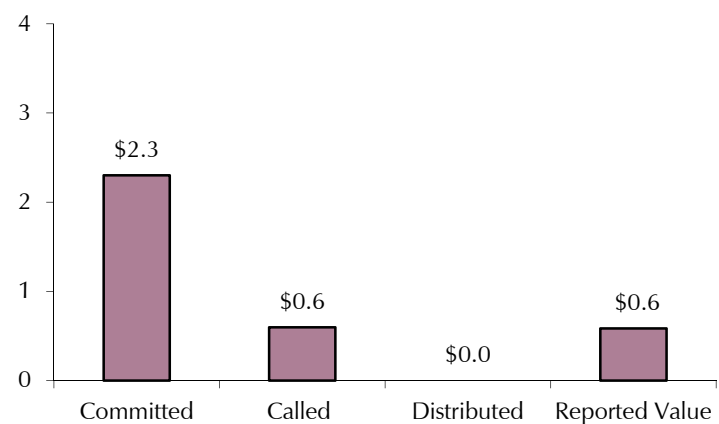
¹ Fiscal Year begins July 1.



City of Ann Arbor VEBA

Summit Partners Credit Fund II Portfolio Detail as of 12/31/15

| | | | |
|------------------------------|---|---|---------------|
| Strategy: | High Yield | Commitment: | \$2.3 million |
| Senior Professionals: | Team | Capital Contributions: | \$0.6 million |
| Location: | Boston, Massachusetts | Outstanding Commitment: | \$1.7 million |
| Vintage Year: | 2011 | Realized Proceeds: | \$0.0 million |
| Fee Schedule: | 1.5% management fee; 20% carried interest | Reported Value: | \$0.6 million |
| | | Number of Investments¹: | 6 |
| | | Net IRR: | 4.0% |



Investment Strategy:

Summit Partners Credit Fund II ("Fund II" or the "Fund") will invest in middle market companies through directly originated, senior secured (first or second lien) loans. When in a second lien position, Summit prefers to be junior to an asset-backed loan from a bank, and ideally a senior lender that it has brought into the transaction itself, often by syndicating a portion of unitranche loan at a lower rate while keeping a portion for itself at a much higher effective interest rate. The Fund will target middle market companies of scale that have stable and recurring revenue, while avoiding highly cyclical companies with high CAPEX requirements. Borrowers' use of proceeds will vary and may include acquisition capital, working capital, or refinancing capital. The Fund will seek to reduce repayment risk through call protections and will seek upside through penny warrants.

¹ Data presented is as of September 30, 2015.



Bank Loans Portfolio Review
As of December 31, 2015

City of Ann Arbor VEBA

Mandate: Fixed Income
Active/Passive: Active
Market Value: \$5.0 million
Portfolio Manager: Scott M. Klein
 William Kozicki
 Carl H. Goldsmith
Location: Santa Monica, California
Inception Date: 4/1/2012
Account Type: Commingled

| | | | |
|--------|-------|------|------|
| | Short | Int. | Long |
| High | | | |
| Medium | | | |
| Low | | | |

Fee Schedule:
 0.65% on all assets

Liquidity Constraints:
 Quarterly

Strategy:
 The Beach Point Leveraged Loan fund has the primary investment objective of achieving a risk-adjusted high rate of return through investments in secured corporate loans of below investment grade companies supplemented by investments in other below investment grade instruments. A significant portion of the portfolio will be invested in first lien secured loans. The Loan fund may also opportunistically invest in DIP loans, second lien loans, floating rate notes, high yield bonds, and short-term bonds. The Loan fund has a long bias and the majority of investments are floating rate. The geographical market focus is predominantly U.S., although the Loan fund has exposure to securities of foreign issuers, typically located in Canada and Western Europe.

| Performance (%): | 4Q15 | Fiscal YTD ¹ | 1 YR | 3 YR | Since 4/1/12 |
|-----------------------------------|-------------|-------------------------|------------|------------|--------------|
| Beach Point Leveraged Loan | -0.1 | 0.0 | 2.8 | 4.2 | 5.5 |
| Net of Fees | -0.3 | -0.3 | 2.1 | 3.5 | 4.8 |
| CSFB Leveraged Loan | -2.0 | -3.2 | -0.4 | 2.6 | 3.6 |

| Risk: (forty-five months) | Standard Deviation | Beta | Sharpe Measure | Info. Ratio | Correlation to Index |
|-----------------------------------|--------------------|-------------|----------------|-------------|----------------------|
| Beach Point Leveraged Loan | 1.9% | 0.78 | 2.90 | 2.23 | 0.92 |
| CSFB Leveraged Loan | 2.2 | 1.00 | 1.63 | NA | 1.00 |

Beach Point Leveraged Loan Portfolio Detail as of 12/31/15

| | 12/31/15 | | 9/30/15 | |
|--|----------------------------|---------------------|----------------------------|---------------------|
| | Beach Point Leveraged Loan | CSFB Leveraged Loan | Beach Point Leveraged Loan | CSFB Leveraged Loan |
| Duration & Yield: | | | | |
| Average Effective Duration (years) | 0.8 | 0.3 | 0.7 | 0.3 |
| Yield to Maturity (%) | 6.4 | 4.9 | 5.7 | 4.9 |
| Quality Structure (%): | | | | |
| Average Quality | B+ | B+ | B+ | B |
| AAA (includes Treasuries and Agencies) | 0 | 0 | 0 | 0 |
| AA | 0 | 0 | 0 | 0 |
| A | 0 | 0 | 0 | 0 |
| BBB | 1 | 0 | 1 | 0 |
| BB | 47 | 36 | 35 | 34 |
| B | 46 | 57 | 59 | 58 |
| Below B | 5 | 5 | 4 | 6 |
| Non-Rated | 1 | 2 | 1 | 2 |
| Sector Allocation (%): | | | | |
| U.S. Treasury-Nominal | 0 | 0 | 0 | 0 |
| U.S. Treasury-TIPS | 0 | 0 | 0 | 0 |
| U.S. Agency | 0 | 0 | 0 | 0 |
| Mortgage Backed | 0 | 0 | 0 | 0 |
| Corporate | 18 | 0 | 14 | 0 |
| Bank Loans | 82 | 100 | 86 | 100 |
| Local & Provincial Government | 0 | 0 | 0 | 0 |
| Sovereign & Supranational | 0 | 0 | 0 | 0 |
| Commercial Mortgage Backed | 0 | 0 | 0 | 0 |
| Asset Backed | 0 | 0 | 0 | 0 |
| Cash Equivalent | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Market Allocation (%): | | | | |
| United States | 80 | 100 | 79 | 100 |
| Foreign (developed markets) | 20 | 0 | 21 | 0 |
| Foreign (emerging markets) | 0 | 0 | 0 | 0 |
| Currency Allocation (%): | | | | |
| Non-U.S. Dollar Exposure | 2 | 0 | 3 | 0 |

¹ Fiscal Year begins July 1.



Emerging Markets Debt Portfolio Review
As of December 31, 2015

City of Ann Arbor VEBA

Stone Harbor Emerging Markets Local Currency Debt Portfolio Detail as of 12/31/15

Mandate: Fixed Income
Active/Passive: Active
Market Value: \$3.0 million
Portfolio Manager: Team
Location: New York, New York
Inception Date: 6/1/2012
Account Type: Mutual Fund (SHLMX)

| | | | |
|--------|-------|------|------|
| | Short | Int. | Long |
| High | | | |
| Medium | | | |
| Low | | | |

Fee Schedule:
0.87% on all assets

Liquidity Constraints:
Daily

Strategy:

Stone Harbor believes that investing in a diversified portfolio of emerging markets local currency instruments will result in strong, long-term performance. The investment team monitors the emerging markets universe for improving credit quality opportunities and undervalued currencies with high real return potential. The active investment management approach is characterized by fundamental credit analysis. The investment process emphasizes country selection based on intensive economic and political analysis as well as a rigorous analytical approach to currency, sector, and security selection.

| Performance (%): | 4Q15 | Fiscal YTD ¹ | 1 YR | 3 YR | Since 6/1/12 |
|--|-------------|-------------------------|--------------|--------------|--------------|
| Stone Harbor Emerging Markets Local Currency Debt | -0.1 | -11.9 | -15.1 | -12.1 | -7.2 |
| JPM GBI-EM Global Diversified (unhedged) | 0.0 | -10.6 | -14.9 | -10.0 | -4.7 |
| Peer Emerging Market Debt | 0.5 | -4.8 | -3.1 | -2.6 | 1.2 |
| Peer Ranking (percentile) | 66 | 95 | 90 | 96 | 96 |

| Risk: (forty-three months) | Standard Deviation | Beta | Sharpe Measure ² | Info. Ratio | Correlation to Index |
|--|--------------------|-------------|-----------------------------|-------------|----------------------|
| Stone Harbor Emerging Markets Local Currency Debt | 10.2% | 1.02 | Neg. | Neg. | 0.99 |
| JPM GBI-EM Global Diversified (unhedged) | 10.2 | 1.00 | Neg. | NA | 1.00 |

| | 12/31/15 | | 9/30/15 | |
|--|----------------------------|--|----------------------------|--|
| | Stone Harbor EM Local Debt | JPM GBI-EM Global Diversified (unhedged) | Stone Harbor EM Local Debt | JPM GBI-EM Global Diversified (unhedged) |
| Duration & Yield: | | | | |
| Average Effective Duration (years) | 5.4 | 4.8 | 5.0 | 4.9 |
| Yield to Maturity (%) | 9.1 | 7.1 | 9.8 | 7.1 |
| Quality Structure (%): | | | | |
| Average Quality | BBB+ | BBB+ | BBB | BBB+ |
| AAA (includes Treasuries and Agencies) | 0 | 0 | 1 | 0 |
| AA | 0 | 0 | 0 | 0 |
| A | 36 | 41 | 36 | 41 |
| BBB | 60 | 59 | 60 | 58 |
| BB | 1 | 0 | 1 | 2 |
| B | 0 | 0 | 0 | 0 |
| Below B | 2 | 0 | 3 | 0 |
| Non-Rated | 0 | 0 | 0 | 0 |
| Sector Allocation (%): | | | | |
| U.S. Treasury-Nominal | 0 | 0 | 0 | 0 |
| U.S. Treasury-TIPS | 0 | 0 | 0 | 0 |
| U.S. Agency | 0 | 0 | 0 | 0 |
| Mortgage Backed | 0 | 0 | 0 | 0 |
| Corporate | 0 | 0 | 0 | 0 |
| Bank Loans | 0 | 0 | 0 | 0 |
| Local & Provincial Government | 0 | 0 | 0 | 0 |
| Sovereign & Supranational | 100 | 100 | 99 | 100 |
| Commercial Mortgage Backed | 0 | 0 | 0 | 0 |
| Asset Backed | 0 | 0 | 0 | 0 |
| Cash Equivalent | 0 | 0 | 1 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Market Allocation (%): | | | | |
| United States | 0 | 0 | 1 | 0 |
| Foreign (developed markets) | 0 | 0 | 0 | 0 |
| Foreign (emerging markets) | 100 | 100 | 99 | 100 |
| Currency Allocation (%): | | | | |
| Non-U.S. Dollar Exposure | 99 | 100 | 98 | 100 |

¹ Fiscal Year begins July 1.

² A negative Sharpe ratio indicates that the portfolio underperformed the risk-free rate during the sample period.



**Real Estate Portfolio Reviews
As of December 31, 2015**

City of Ann Arbor VEBA

A.E.W. Core Property Trust Portfolio Detail as of 12/31/15

Strategy: Real Estate
Open-End
Core

Market Value: \$5.6 million

Senior Professionals: Team

Location: Boston, Massachusetts

Inception Date: 7/1/2013

Account Type: Separately Managed

of Investments: 62

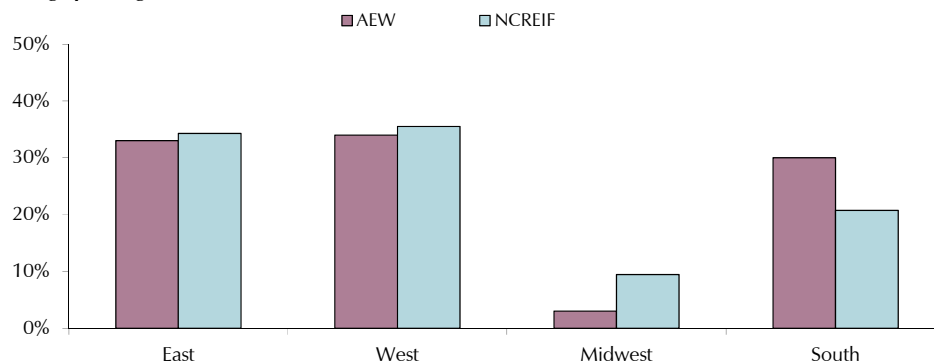
Liquidity Constraints: Quarterly

Fee Schedule: 1.10% on first \$10 mm; 1.00% on next \$15 mm

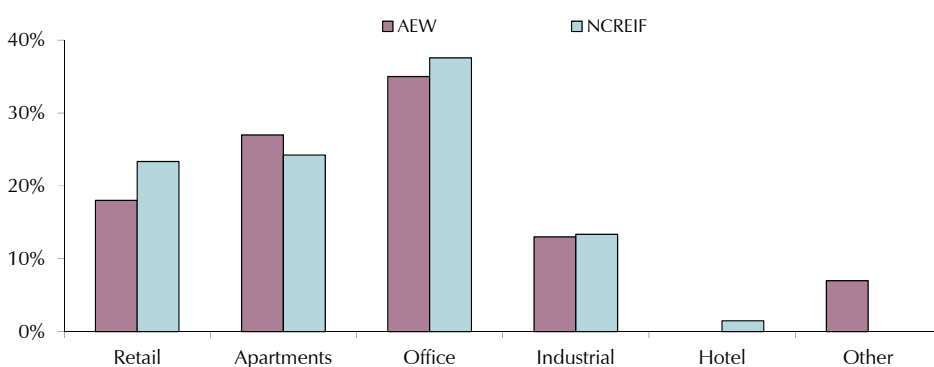
IRR: 10.1%

| Performance (%): | 4Q15 | Fiscal YTD | 1 YR | Since 7/1/13 |
|---------------------------|------|---------------|------|-----------------|
| A.E.W Core Property Trust | 3.0 | 6.0 | 12.4 | 12.2 |
| NCREIF ODCE | 3.3 | 7.1 | 15.0 | 13.8 |

Geographic Region:



Property Type:



Investment Strategy:

AEW employs leverage that is in-line with NFI-ODCE and currently has 10% of the net asset value in non-core investments, but in an investment with primarily core characteristics (mezzanine loan). The strategy invests mostly in the East and South, with significantly less exposure to the Midwest.



City of Ann Arbor VEBA

Vanguard REIT Index Portfolio Detail as of 12/31/15

Mandate: Real Estate
Public REIT
Domestic Equities

Active/Passive: Passive

Market Value: \$5.0 million

Portfolio Manager: Gerard C. O'Reilly

Location: Valley Forge, Pennsylvania

Inception Date: 3/1/2014

Account Type: Mutual Fund (VGSIX)

Fee Schedule:
0.12% on all assets

Liquidity Constraints:
Daily

Strategy:
The Vanguard REIT Index fund seeks to replicate the characteristics and performance of the MSCI U.S. Real Estate index, which represents approximately 85% of the U.S. REIT universe. The fund invests in stocks issued by real estate investment trusts (REITs), companies that purchase office buildings, hotels, and other real property.

| Performance (%): | 4Q15 | Fiscal YTD ¹ | 1 YR | Since 3/1/14 |
|----------------------------------|------------|----------------------------|------------|-----------------|
| Vanguard REIT Index | 7.0 | 9.2 | 2.4 | 11.4 |
| MSCI U.S. REIT | 7.1 | 9.3 | 2.5 | 11.5 |
| Peer Real Estate | 7.5 | 9.9 | 4.1 | 13.2 |
| <i>Peer Ranking (percentile)</i> | 66 | 73 | 88 | 84 |

| Capitalization Structure: | 12/31/15 | | 9/30/15 | |
|---|---------------|----------------|---------------|----------------|
| | Vanguard REIT | MSCI U.S. REIT | Vanguard REIT | MSCI U.S. REIT |
| Weighted Average Market Cap. (US\$ billion) | 17.0 | 25.5 | 15.7 | 24.4 |
| Median Market Cap. (US\$ billion) | 2.5 | 12.8 | 2.6 | 11.0 |
| Large (% over US\$20 billion) | 29 | 50 | 29 | 54 |
| Medium (% US\$3 billion to US\$20 billion) | 54 | 50 | 55 | 45 |
| Small (% under US\$3 billion) | 16 | 0 | 16 | 1 |

| Fundamental Structure: | 12/31/15 | 9/30/15 |
|-------------------------------------|----------|---------|
| Price-Earnings Ratio | 34 | 34 |
| Price-Book Value Ratio | 1.9 | 2.1 |
| Dividend Yield (%) | 4.1 | 4.1 |
| Historical Earnings Growth Rate (%) | 19 | 21 |
| Projected Earnings Growth Rate (%) | 5 | 9 |

| Diversification: | 12/31/15 | 9/30/15 |
|--------------------------|----------|---------|
| Number of Holdings | 152 | 145 |
| % in 5 largest holdings | 24 | 24 |
| % in 10 largest holdings | 37 | 37 |

| Largest Ten Holdings: | Industry |
|-------------------------|-------------|
| Simon Property Group | Real Estate |
| Public Storage | Real Estate |
| Equity Residential REIT | Real Estate |
| AvalonBay Communities | Real Estate |
| Health Care REIT | Real Estate |
| Prologis | Real Estate |
| Boston Properties | Real Estate |
| Ventas | Real Estate |
| Equinix | Real Estate |
| HCP | Real Estate |

¹ Fiscal Year begins July 1.



City of Ann Arbor VEBA

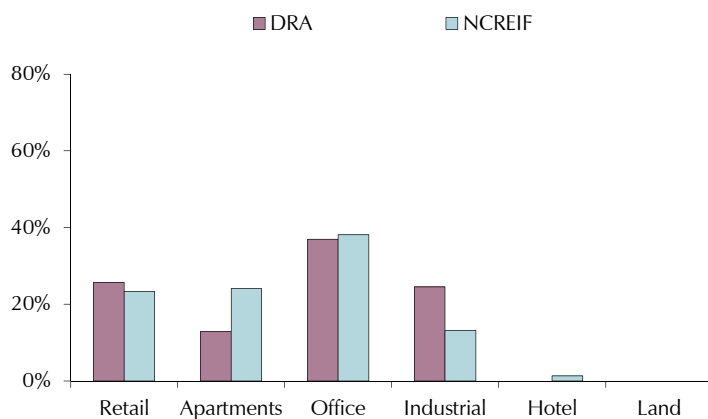
DRA Growth and Income Fund VIII, LLC Portfolio Detail as of 12/31/15

| | |
|------------------------------|--|
| Strategy: | Real Estate Closed-End Value-Added |
| Market Value: | \$1.1 million |
| Senior Professionals: | Team |
| Location: | New York, New York |
| Vintage Year: | 2014 |
| Account Type: | Limited Partnership |
| # of Investments: | 39 |
| Fee Schedule: | 0.90% on gross cost during investment period; 0.60% thereafter; 8% preferred return and 20% carried interest |
| IRR: | 16.8% |

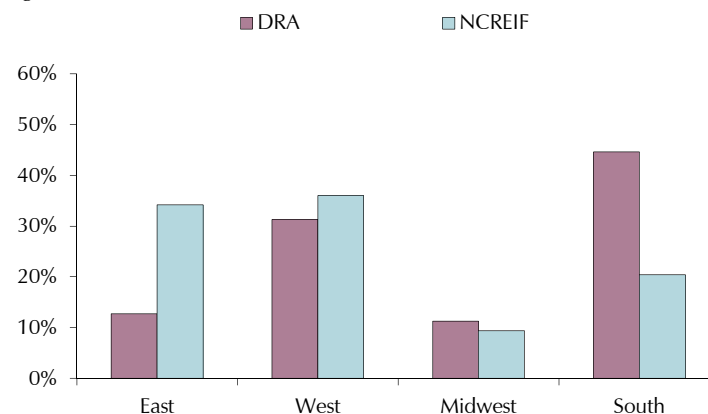
Portfolio Size:



Property Type:



Geographic Region:



Investment Strategy:

Fund VIII will invest in a diversified portfolio of office, retail, multi-family, industrial and other real-estate related properties and assets across the United States and its territories. The Company will seek to generate an attractive return to investors of 12-15%, net of fees, expenses and carried interest, and a significant portion of this return is expected to be from cash flow. Fund VIII will attempt to capitalize on inefficiencies in real estate markets to acquire high quality operating assets at discounts to replacement cost. Such inefficiencies can result from (i) taking advantage of sellers' strategic or financial motivations, (ii) investing in markets or properties that are perceived as out of favor by other investors, (iii) leveraging DRA's industry relationships with both private and public joint venture partners to access deals, and (iv) utilizing DRA's financial experience and resources to exploit pricing inefficiencies in complex transactions.