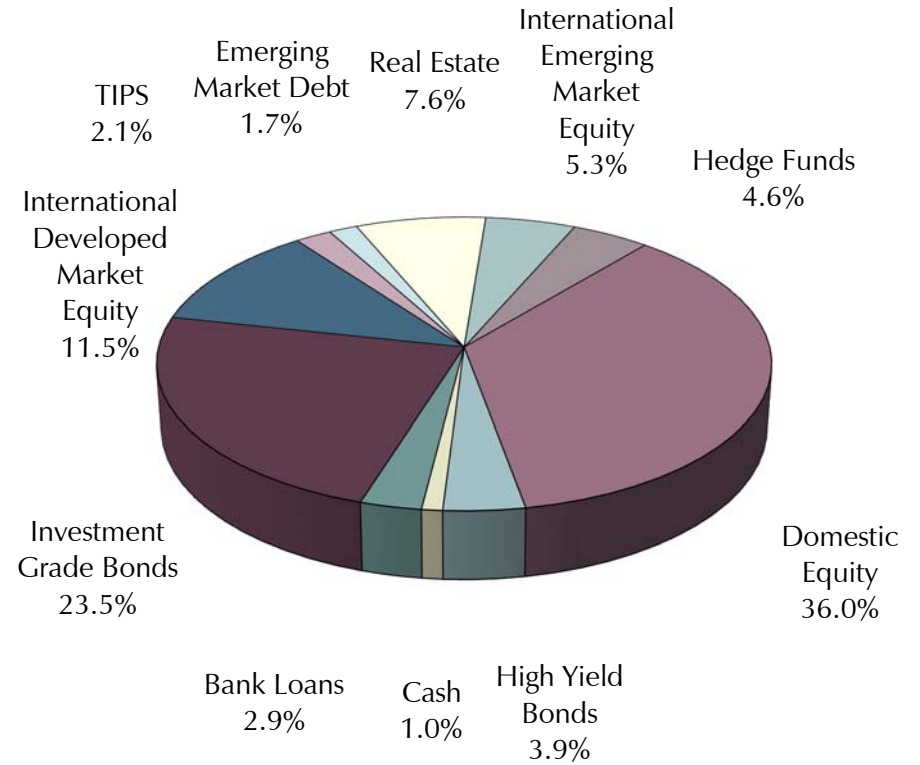
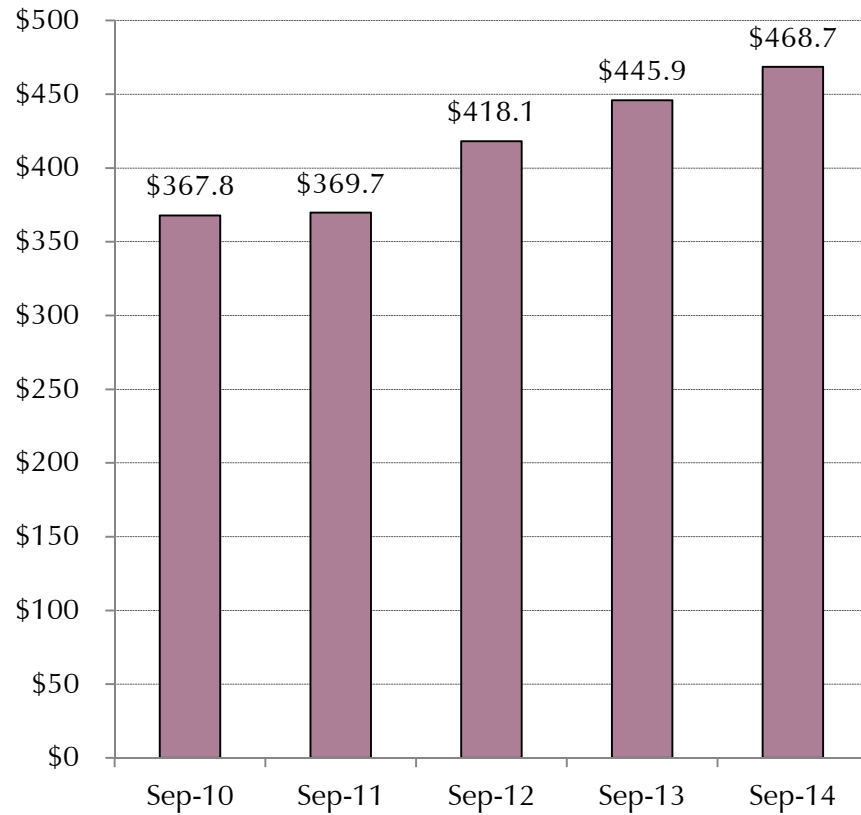


**Retirement System Summary
As of September 30, 2014**

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

**Aggregate Assets
as of 9/30/14**



City of Ann Arbor
Employees' Retirement System

Aggregate Assets
Asset Summary as of 9/30/14

	Market Value 9/30/14 (\$ mm)	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 6/30/14 (\$ mm)
Total Retirement System	468.7	100	NA	NA	475.5
Domestic Equity Assets	168.8	36	31	25-37	171.1
International Developed Market Equity Assets	53.8	11	12	9-15	56.1
International Emerging Market Equity Assets	24.7	5	6	0-9	25.5
Private Equity	0.0	0	3	0-5	0.0
Investment Grade Bond Assets	110.0	23	19	15-24	118.4
TIPS Assets	10.0	2	8	0-10	10.2
High Yield Bond Assets	18.1	4	3	1-5	14.2
Bank Loan Assets	13.7	3	2	0-4	9.4
Emerging Market Debt Assets	7.8	2	2	0-4	8.3
Real Estate Assets	35.7	8	9	2-12	36.0
Natural Resources	0.0	0	3	0-5	0.0
Hedge Fund Assets	21.5	5	2	1-5	21.3
Cash	4.6	< 1	0	< 5	5.1



City of Ann Arbor
Employees' Retirement System

Aggregate Assets
Portfolio Roster as of 9/30/14

	Market Value 9/30/14 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 6/30/14 (\$ mm)
Total Retirement System	468.7	NA	100	NA	NA	475.5
Domestic Equity Assets	168.8	100	36	31	25-37	171.1
Northern Trust Russell 1000 Index	124.4	74	27			124.0
Northern Trust S&P 400 MidCap Index	21.0	12	4			21.9
Loomis Sayles Small Cap Value Equity	23.4	14	5			25.1
International Developed Market Equity Assets	53.8	100	11	12	9-15	56.1
Fisher Institutional Foreign Equity	27.3	51	6			29.1
Thornburg International Equity	26.4	49	6			27.0
International Emerging Market Equity Assets	24.7	100	5	6	0-9	25.5
Vontobel Emerging Markets Equity	10.4	42	2			10.5
Dimensional Emerging Markets Value	14.3	58	3			15.0
Investment Grade Bond Assets¹	110.0	100	23	19	15-24	118.4
Northern Trust Barclays Aggregate Index	67.8	62	14			39.1
Short Duration Bonds	41.7	38	9			21.7
Northern Trust Short Term Gov't Bond	4.3	4	< 1			4.3
Northern Trust 1-5 Year Credit Bond	37.4	34	8			17.4

¹ Includes assets transitioned from the Bradford & Marzec portfolio: \$0.5 million as of 9/30 and \$57.6 million as of 6/30.



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

**Aggregate Assets
Portfolio Roster as of 9/30/14**

	Market Value 9/30/14 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 6/30/14 (\$ mm)
TIPS Assets	10.0	100	2	8	0-10	10.2
IR&M 1-10 Year Index	10.0	100	2			10.2
High Yield Bond Assets	18.1	100	4	3	1-5	14.2
SKY Harbor High Yield	18.1	100	4			14.2
Bank Loan Assets	13.7	100	3	2	0-4	9.4
Beach Point Leveraged Loan	13.7	100	3			9.4
Emerging Market Debt Assets	7.8	100	2	2	0-4	8.3
Stone Harbor Emerging Markets Local Currency Debt	7.8	100	2			8.3
Real Estate Assets	35.7	100	8	9	2-12	36.0
AEW Core Property Trust	19.5	55	4			19.0
Intercontinental Real Estate Investment Fund III	11.8	33	3			13.7
INVESCO Mortgage Recovery Loans	3.6	10	< 1			3.3
DRA Growth & Income Fund VIII, L.P.	0.8	2	< 1			0.0



City of Ann Arbor
Employees' Retirement System

Aggregate Assets
Portfolio Roster as of 9/30/14

	Market Value 9/30/14 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 6/30/14 (\$ mm)
Hedge Fund Assets	21.5	100	5	2	1-5	21.3
BlackRock Multi Manager Partners (Offshore), Ltd.	9.8	46	2			9.9
Optima Fund, Ltd.	5.8	27	1			5.6
Orion Managed Futures	5.9	27	1			5.7
Cash	4.6	100	< 1	0	< 5	5.1
Northern Trust Cash Account	4.6	100	< 1			5.1



City of Ann Arbor
Employees' Retirement System

Aggregate Assets
Performance as of 9/30/14

	3Q14 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Total Retirement System	-1.0	4.1	9.3	12.8	9.9	6.7	10/1/90	8.7
Net of Fees	-1.1	3.9	9.1	12.5	9.6	NA		NA
<i>Policy Benchmark¹</i>	-1.0	4.6	9.2	11.9	10.1	6.9		8.9
<i>Actual Allocation Benchmark</i>	-0.8	4.3	9.7	12.8	NA	NA		NA
<i>60% MSCI ACWI/ 40% Barclays Aggregate</i>	-2.7	3.0	7.3	10.5	7.4	6.5		NA
Domestic Equity	-1.0	5.8	16.1	23.2	16.4	8.9	10/1/90	10.3
<i>Russell 3000</i>	0.0	7.0	17.8	23.1	15.8	8.4		10.6
International Developed Market Equity	-4.2	-4.0	1.0	12.4	7.0	7.0	10/1/95	8.8
<i>MSCI EAFE</i>	-5.9	-1.4	4.3	13.6	6.6	6.3		5.1
International Emerging Market Equity	-3.1	4.7	5.4	NA	NA	NA	2/1/12	2.9
<i>MSCI Emerging Markets</i>	-3.5	2.4	4.3	7.2	4.4	10.7		2.2
Investment Grade Bonds ²	0.1	4.3	4.8	3.7	5.0	5.3	10/1/90	6.5
<i>Barclays Aggregate</i>	0.2	4.1	4.0	2.4	4.1	4.6		6.5
TIPS	-2.0	2.0	NA	NA	NA	NA	11/1/13	0.2
<i>Barclays U.S. TIPS</i>	-2.0	3.7	1.6	1.3	4.5	4.6		1.0

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.

² 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 9/30/14

	3Q14 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Total Retirement System (continued)	-1.0	4.1	9.3	12.8	9.9	6.7	10/1/90	8.7
Net of Fees (continued)	-1.1	3.9	9.1	12.5	9.6	NA		NA
High Yield Bonds	-1.6	3.8	7.5	10.0	9.8	NA	7/1/09	11.9
<i>Barclays High Yield</i>	-1.9	3.5	7.2	11.1	10.6	8.3		12.9
Bank Loans	0.0	2.1	4.4	NA	NA	NA	4/1/12	7.0
<i>CSFB Leveraged Loan</i>	-0.7	2.0	3.9	6.8	6.6	4.8		5.6
Emerging Market Debt	-6.2	-0.7	-4.1	NA	NA	NA	6/1/12	-0.8
<i>JPM GBI-EM Global Diversified (unhedged)</i>	-5.7	0.0	-1.5	2.2	4.4	8.8		2.1
Real Estate	2.3	15.3	18.7	15.6	11.7	5.8	7/1/03	7.1
<i>NCREIF ODCE Equal Weighted¹</i>	3.5	9.0	12.4	12.2	12.1	6.8		7.2
Hedge Funds	1.1	1.6	5.4	3.5	3.6	NA	7/1/09	4.8
<i>HFRI Fund Weighted Composite Index</i>	0.2	3.4	7.0	6.6	5.2	5.7		6.2

¹ Performance as of September is preliminary.



City of Ann Arbor
Employees' Retirement System

Aggregate Assets
Performance as of 9/30/14

	3Q14 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Domestic Equity	-1.0	5.8	16.1	23.2	16.4	8.9	10/1/90	10.3
Northern Trust Russell 1000 Index	0.7	8.0	19.0	23.2	16.0	NA	7/1/06	8.0
Net of Fees	0.7	8.0	19.0	23.2	16.0	NA		8.0
<i>Russell 1000</i>	0.7	8.0	19.0	23.2	15.9	8.5		7.9
Northern Trust S&P 400 MidCap Index	-4.0	3.2	11.8	22.4	16.5	NA	6/1/07	7.3
Net of Fees	-4.0	3.2	11.8	22.4	16.4	NA		NA
<i>S&P MidCap</i>	-4.0	3.2	11.8	22.4	16.4	10.3		7.2
Loomis Sayles Small Cap Value Equity	-6.7	-1.9	7.2	22.2	15.2	10.2	4/1/97	11.6
Net of Fees	-6.9	-2.5	6.4	21.4	14.4	9.5		NA
<i>Russell 2000 Value</i>	-8.6	-4.7	4.1	20.6	13.0	7.3		9.4
International Developed Market Equity	-4.2	-4.0	1.0	12.4	7.0	7.0	10/1/95	8.8
Fisher Institutional Foreign Equity	-6.1	-3.9	2.1	14.8	8.6	NA	2/1/07	3.5
Net of Fees	-6.3	-4.5	1.2	13.8	7.6	NA		NA
<i>MSCI EAFE</i>	-5.9	-1.4	4.3	13.6	6.6	6.3		1.3
Thornburg International Equity	-2.2	-4.1	-0.1	10.2	5.5	NA	4/1/07	2.6
<i>MSCI EAFE</i>	-5.9	-1.4	4.3	13.6	6.6	6.3		0.9



City of Ann Arbor
Employees' Retirement System

Aggregate Assets
Performance as of 9/30/14

	3Q14 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
International Emerging Market Equity	-3.1	4.7	5.4	NA	NA	NA	2/1/12	2.9
Vontobel Emerging Markets Equity	-1.0	9.2	9.6	NA	NA	NA	2/1/12	6.8
Net of Fees	-1.2	8.3	8.4	NA	NA	NA		5.6
<i>MSCI Emerging Markets</i>	-3.5	2.4	4.3	7.2	4.4	10.7		2.2
Dimensional Emerging Markets Value	-4.4	2.1	3.1	NA	NA	NA	2/1/12	1.1
<i>MSCI Emerging Markets</i>	-3.5	2.4	4.3	7.2	4.4	10.7		2.2
Investment Grade Bonds¹	0.1	4.3	4.8	3.7	5.0	5.3	10/1/90	6.5
Northern Trust Barclays Aggregate Index	0.2	4.2	4.0	2.4	4.2	4.6	7/1/98	5.3
Net of Fees	0.2	4.2	3.9	2.3	4.1	4.5		NA
<i>Barclays Aggregate</i>	0.2	4.1	4.0	2.4	4.1	4.6		5.4
Short Duration Bonds	-0.1	1.3	1.7	NA	NA	NA	2/1/13	1.3
Northern Trust 1-5 Year Credit Bond	-0.1	1.5	2.0	NA	NA	NA	2/1/13	1.5
Net of Fees	-0.1	1.5	2.0	NA	NA	NA		1.5
<i>Barclays 1-5 Year Credit</i>	-0.1	1.6	2.2	2.9	3.7	4.1		1.7
Northern Trust Short Term Gov't Bond	0.0	0.4	0.5	NA	NA	NA	2/1/13	0.5
Net of Fees	0.0	0.4	0.4	NA	NA	NA		0.4
<i>Barclays 1-3 Year Government</i>	0.0	0.4	0.5	0.5	1.1	2.6		0.5

¹ 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 9/30/14

	3Q14 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
TIPS	-2.0	2.0	NA	NA	NA	NA	11/1/13	0.2
IR&M 1-10 Year Index	-2.0	2.0	NA	NA	NA	NA	11/1/13	0.2
Net of Fees	-2.0	1.9	NA	NA	NA	NA		0.1
<i>Barclays U.S. TIPS 1-10 Year</i>	-2.0	1.9	0.6	0.9	3.4	4.0		0.1
High Yield Bonds	-1.6	3.8	7.5	10.0	9.8	NA	7/1/09	11.9
SKY Harbor High Yield	-1.6	3.8	7.5	NA	NA	NA	9/1/12	7.7
Net of Fees	-1.7	3.4	7.0	NA	NA	NA		7.1
<i>Barclays High Yield</i>	-1.9	3.5	7.2	11.1	10.6	8.3		7.6
Bank Loans	0.0	2.1	4.4	NA	NA	NA	4/1/12	7.0
Beach Point Leveraged Loan	0.0	2.1	4.4	NA	NA	NA	4/1/12	7.0
Net of Fees	-0.2	1.6	3.7	NA	NA	NA		6.3
<i>CSFB Leveraged Loan</i>	-0.7	2.0	3.9	6.8	6.6	4.8		5.6
Emerging Market Debt	-6.3	-0.7	-4.2	NA	NA	NA	6/1/12	-0.9
Stone Harbor Emerging Markets Local Currency Debt	-6.3	-0.7	-4.2	NA	NA	NA	6/1/12	-0.9
<i>JPM GBI-EM Global Diversified (unhedged)</i>	-5.7	0.0	-1.5	2.2	4.4	8.8		2.1

City of Ann Arbor
Employees' Retirement System

Aggregate Assets
Performance as of 9/30/14

	3Q14 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Hedge Funds	1.1	1.6	5.4	3.5	3.6	NA	7/1/09	4.8
BlackRock Multi Manager Partners (Offshore), Ltd.	-0.8	1.8	5.5	7.3	5.5	NA	7/1/09	6.6
<i>HFRI Fund of Funds Composite</i>	0.5	2.7	6.4	5.3	3.5	3.5		4.1
Optima Fund, Ltd.	3.2	-2.3	-0.6	0.8	NA	NA	3/1/10	1.6
<i>HFRI Macro Index</i>	3.0	4.1	6.0	0.6	1.5	4.6		1.9
Orion Managed Futures	2.5	5.9	12.3	0.6	NA	NA	4/1/10	1.8
<i>HFRI Macro Index</i>	3.0	4.1	6.0	0.6	1.5	4.6		1.6
Real Estate	2.3	15.3	18.7	15.6	11.7	5.8	7/1/03	7.1
AEW Core Property Trust	2.8	7.2	10.5	NA	NA	NA	7/1/13	11.1
<i>NCREIF ODCE</i>	3.2	8.9	12.4	12.4	12.4	7.1		8.6



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

**Aggregate Assets
Calendar Year Performance**

	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)
Total Retirement System	15.0	11.6	0.6	15.1	18.8	-26.3	6.4	14.6	7.1	13.2
Net of Fees	14.5	11.4	0.3	14.8	18.5	-26.4	NA	NA	NA	NA
<i>Policy Benchmark¹</i>	12.9	12.9	1.9	15.6	19.7	-26.0	5.0	15.1	7.5	12.0
<i>Actual Allocation Benchmark</i>	15.5	12.0	NA	NA	NA	NA	NA	NA	NA	NA
<i>60% MSCI ACWI/ 40% Barclays Aggregate</i>	12.2	11.7	-2.1	10.3	23.8	-26.2	10.8	15.2	4.7	12.9
Domestic Equity	33.5	16.8	0.5	21.7	32.5	-38.1	3.9	14.4	7.6	14.8
Northern Trust Russell 1000 Index	33.1	16.4	1.6	16.3	28.9	-37.5	5.9	NA	NA	NA
Net of Fees	33.1	16.4	1.5	16.3	28.9	-37.6	5.8	NA	NA	NA
<i>Russell 1000</i>	33.1	16.4	1.5	16.1	28.4	-37.6	5.8	15.5	6.3	11.4
Northern Trust S&P 400 MidCap Index	33.5	17.9	-1.7	26.7	38.0	-36.3	NA	NA	NA	NA
Net of Fees	33.5	17.9	-1.7	26.7	38.0	-36.3	NA	NA	NA	NA
<i>S&P MidCap</i>	33.5	17.9	-1.7	26.6	37.4	-36.2	8.0	10.3	12.6	16.5
Loomis Sayles Small Cap Value	36.1	17.0	-0.1	25.1	29.5	-31.2	3.2	20.8	9.1	23.6
Net of Fees	35.1	16.2	-0.8	24.3	28.5	-31.5	2.6	20.2	8.2	22.7
<i>Russell 2000 Value</i>	34.5	18.1	-5.5	24.5	20.6	-28.9	-9.8	23.5	4.7	22.2

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

	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)
International Developed Market Equity	19.5	16.4	-12.4	15.5	37.6	-43.4	21.7	23.6	7.7	21.3
Fisher Institutional Foreign Equity	23.6	17.0	-10.8	17.0	42.2	-45.0	NA	NA	NA	NA
Net of Fees	22.5	15.9	-11.7	16.0	41.3	-45.5	NA	NA	NA	NA
<i>MSCI EAFE</i>	22.8	17.3	-12.1	7.7	31.8	-43.4	11.2	26.3	13.5	20.2
Thornburg International Equity	15.4	15.8	-13.8	14.1	33.7	-41.9	NA	NA	NA	NA
<i>MSCI EAFE</i>	22.8	17.3	-12.1	7.7	31.8	-43.4	11.2	26.3	13.5	20.2
International Emerging Market Equity	-4.6	NA	NA	NA	NA	NA	NA	NA	NA	NA
Dimensional Emerging Markets Value	-3.8	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI Emerging Markets</i>	-2.6	18.2	-18.4	18.9	78.5	-53.3	39.4	32.2	34.0	25.6
Vontobel Emerging Markets Equity	-4.5	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	-5.6	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI Emerging Markets</i>	-2.6	18.2	-18.4	18.9	78.5	-53.3	39.4	32.2	34.0	25.6



City of Ann Arbor
Employees' Retirement System

Aggregate Assets
Calendar Year Performance

	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)
Investment Grade Bonds¹	-1.0	6.1	6.1	7.8	11.2	4.2	6.4	4.8	2.7	4.3
Northern Trust Barclays Aggregate Index	-2.3	4.3	7.8	6.6	6.6	3.7	7.4	4.2	2.7	4.4
Net of Fees	-2.3	4.2	7.8	6.6	6.6	3.7	7.3	4.2	2.7	4.3
<i>Barclays Aggregate</i>	-2.0	4.2	7.8	6.5	5.9	5.2	7.0	4.3	2.4	4.3
High Yield Bonds	9.1	13.5	3.1	15.0	NA	NA	NA	NA	NA	NA
SKY Harbor High Yield	9.3	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	8.7	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Barclays High Yield</i>	7.4	15.8	5.0	15.1	58.2	-26.2	1.9	11.8	2.7	11.1
Bank Loans	7.3	NA	NA	NA	NA	NA	NA	NA	NA	NA
Beach Point Leveraged Loan	7.3	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	6.6	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>CSFB Leveraged Loan</i>	6.2	9.4	1.8	10.0	44.9	-28.8	1.9	7.2	5.7	5.6
Emerging Market Debt	-12.6	NA	NA	NA	NA	NA	NA	NA	NA	NA
Stone Harbor Emerging Markets Local Currency Debt	-12.6	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>JPM GBI-EM Global Diversified</i>	-9.0	16.8	-1.8	15.7	22.0	-5.2	18.1	15.2	6.3	23.0

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

	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)
Real Estate	11.5	16.7	7.7	13.6	-33.3	-10.4	3.1	23.4	14.4	24.7
Intercontinental Real Estate Investment Fund III	11.2	17.8	18.9	14.7	-40.3	-10.7	13.0	11.9	8.7	1.1
Net of Fees	9.8	16.5	17.4	13.2	-41.1	-11.8	11.7	10.6	7.3	-0.1
<i>NCREIF Property</i>	11.0	10.7	14.3	13.1	-17.0	-6.5	15.8	16.8	20.2	14.7
Hedge Funds¹	7.4	1.6	-2.1	5.8	NA	NA	NA	NA	NA	NA
BlackRock Multi Manager Partners (Offshore), Ltd.	13.5	6.1	-4.7	7.6	NA	NA	NA	NA	NA	NA
<i>HFRI Fund of Funds Composite</i>	9.0	4.8	-5.7	5.7	11.5	-21.4	10.3	10.4	7.5	6.9
Orion Managed Futures	0.0	-4.6	1.1	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Macro Index</i>	-0.4	-0.1	-4.1	8.1	4.3	4.8	11.1	8.2	6.8	4.6
Optima Fund, Ltd.	5.3	1.8	-1.8	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Macro Index</i>	-0.4	-0.1	-4.1	8.1	4.3	4.8	11.1	8.2	6.8	4.6

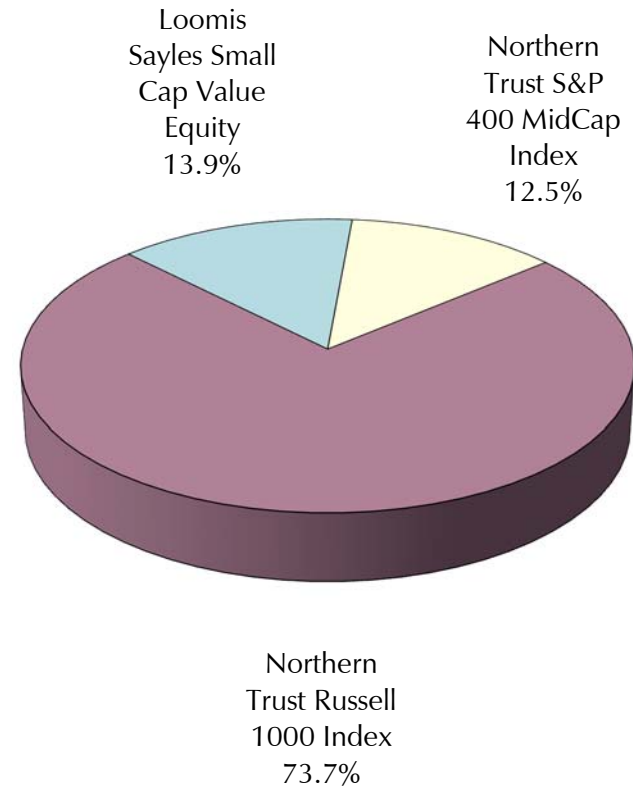
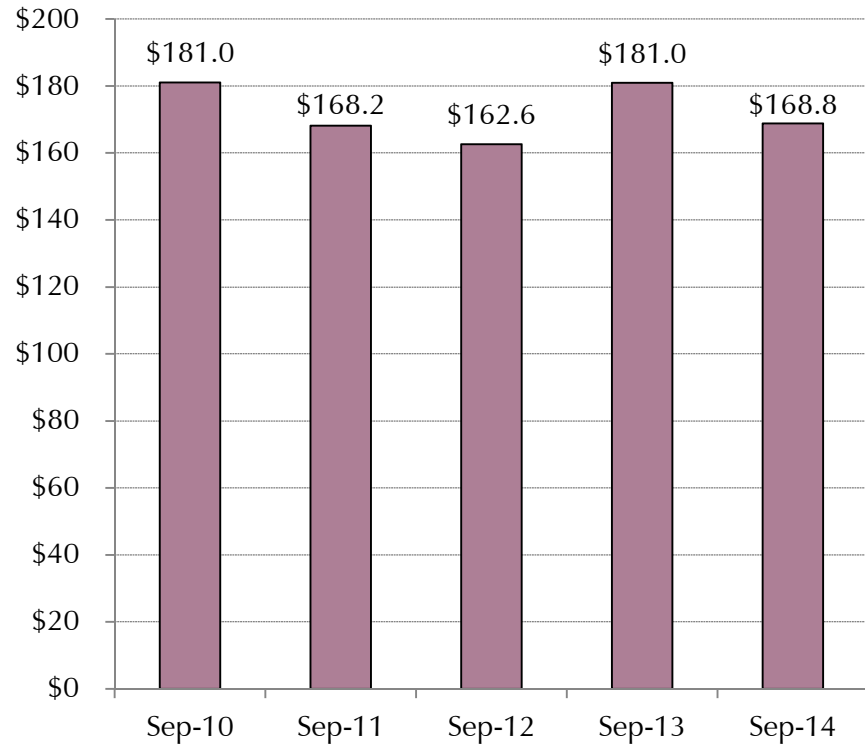
¹ Returns shown are net of fees.



**Domestic Equity Assets
As of September 30, 2014**

City of Ann Arbor
Employees' Retirement System

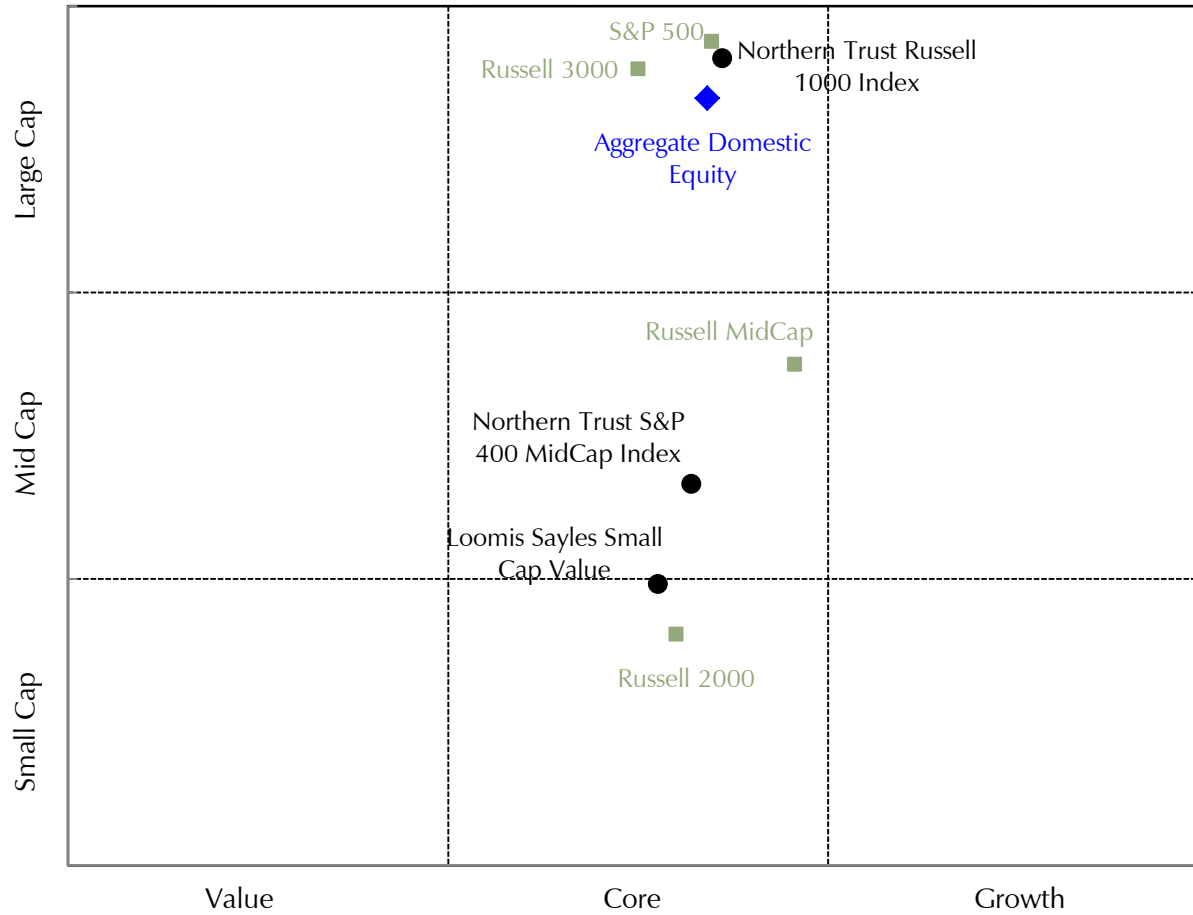
Domestic Equity Assets
as of 9/30/14



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

**Domestic Equity Assets
Risk as of 9/30/14**

Risk: (sixty months)	Aggregate Domestic Equity 9/30/14	Russell 3000 9/30/14
Annualized Return (%)	16.4	15.8
Standard Deviation (%)	17.0	16.0
Best Monthly Return (%)	12.6	11.5
Worst Monthly Return (%)	-8.9	-7.9
Beta	1.05	1.00
Correlation to Index	0.99	1.00
Correlation to Total Fund Return	0.98	NA
Sharpe Measure (risk-adjusted return)	0.96	0.98
Information Ratio	0.31	NA



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

**Domestic Equity Assets
Characteristics as of 9/30/14**

	Aggregate Domestic Equity 9/30/14	Russell 3000 9/30/14	Aggregate Domestic Equity 6/30/14
Capitalization Structure:			
Weighted Average Market Cap. (US\$ billion)	81.5	100.7	76.7
Median Market Cap. (US\$ billion)	5.8	1.4	6.1
Large (% over US\$20 billion)	55	68	53
Medium (% US\$3 billion to US\$20 billion)	33	24	35
Small (% under US\$3 billion)	13	8	12
Fundamental Structure:			
Price-Earnings Ratio	20	19	20
Price-Book Value Ratio	2.8	2.5	2.9
Dividend Yield (%)	1.8	1.9	1.8
Historical Earnings Growth Rate (%)	14	14	15
Projected Earnings Growth Rate (%)	12	12	12

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

**Domestic Equity Assets
Diversification as of 9/30/14**

Diversification:	Aggregate Domestic Equity 9/30/14	Russell 3000 9/30/14	Aggregate Domestic Equity 6/30/14
Number of Holdings	1,248	2,983	1,245
% in 5 largest holdings	7	9	7
% in 10 largest holdings	12	14	11

Largest Five Holdings:

Apple
ExxonMobil
Microsoft
Johnson & Johnson
General Electric

% of Portfolio

2.2
1.5
1.4
1.1
0.9

Economic Sector

Technology Equipment
Energy
Software & Services
Pharmaceuticals & Biotech.
Capital Goods

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

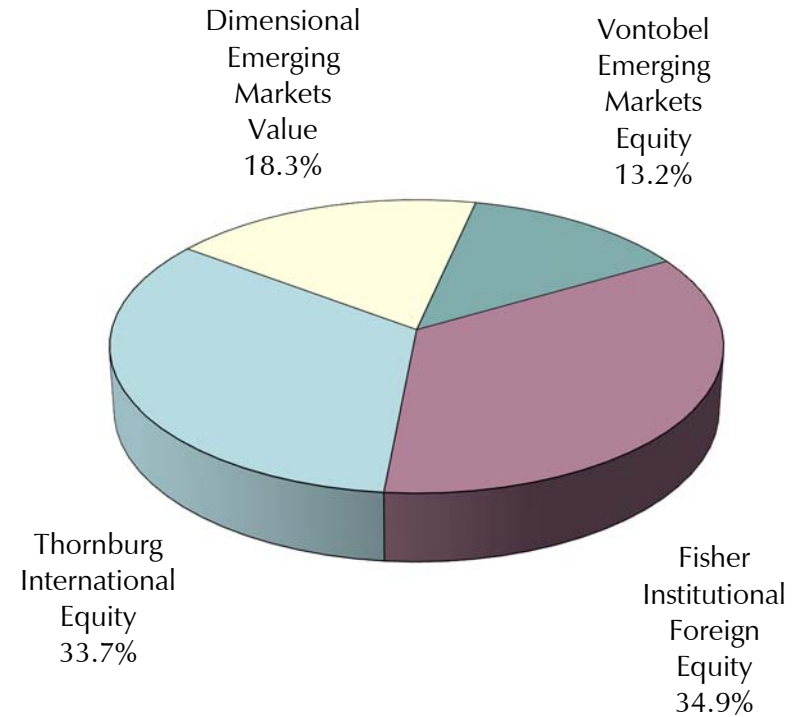
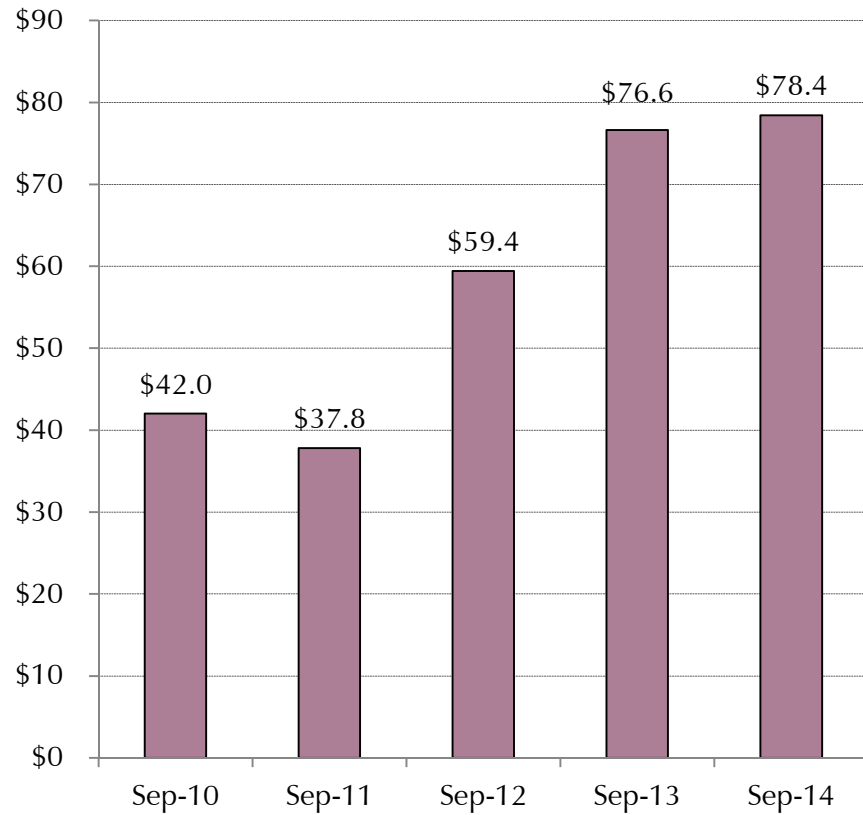
**Domestic Equity Assets
Sector Allocation as of 9/30/14**

Sector Allocation (%):	Aggregate Domestic Equity 9/30/14	Russell 3000 9/30/14	Aggregate Domestic Equity 6/30/14
Financials	19	17	19
Industrials	13	11	13
Consumer Discretionary	13	12	13
Materials	5	4	5
Utilities	3	3	3
Telecommunication Services	2	2	2
Information Technology	18	19	18
Energy	8	9	9
Consumer Staples	7	8	7
Health Care	12	14	11

**International Equity Assets
As of September 30, 2014**

City of Ann Arbor Employees' Retirement System

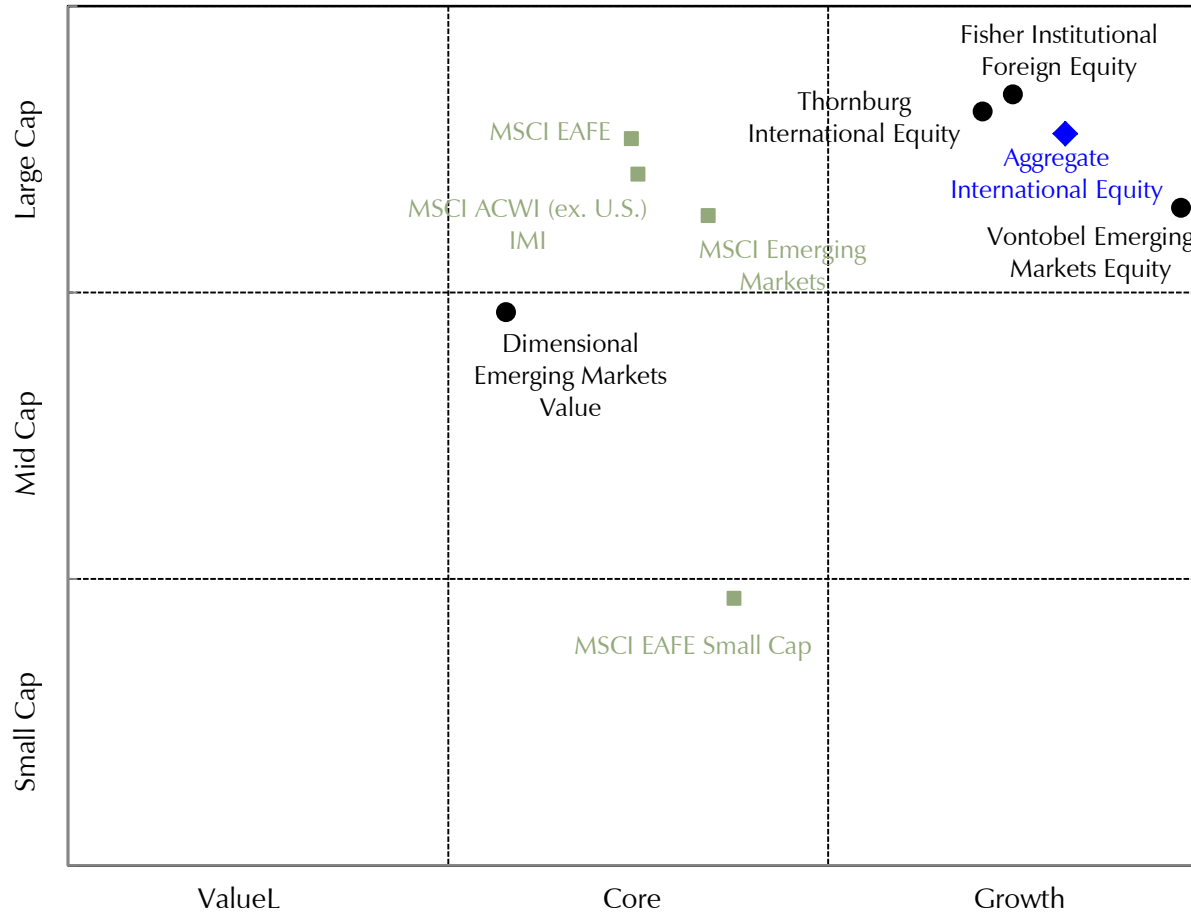
International Equity Assets as of 9/30/14



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

**International Equity Assets
Risk as of 9/30/14**

Risk: (sixty months)	Aggregate International Equity 9/30/14	MSCI ACWI (ex. U.S.) IMI 9/30/14
Annualized Return (%)	6.1	6.3
Standard Deviation (%)	18.6	17.7
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	0.94	NA
Sharpe Measure (risk-adjusted return)	0.32	0.35
Information Ratio	Neg.	NA



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

**International Equity Assets
Characteristics as of 9/30/14**

	Aggregate International Equity 9/30/14	MSCI ACWI (ex. U.S.) IMI 9/30/14	Aggregate International Equity 6/30/14
Capitalization Structure:			
Weighted Average Market Cap. (US\$ billion)	63.0	46.9	65.3
Median Market Cap. (US\$ million)	452	1,158	459
Large (% over US\$20 billion)	71	55	72
Medium (% US\$3 billion to US\$20 billion)	23	32	22
Small (% under US\$3 billion)	6	12	6
Fundamental Structure:			
Price-Earnings Ratio	18	16	17
Price-Book Value Ratio	2.6	1.6	2.6
Dividend Yield (%)	2.5	2.9	2.6
Historical Earnings Growth Rate (%)	13	9	14
Projected Earnings Growth Rate (%)	13	11	12

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

**International Equity Assets
Diversification as of 9/30/14**

	Aggregate International Equity 9/30/14	MSCI ACWI (ex. U.S.) IMI 9/30/14	Aggregate International Equity 6/30/14
Diversification:			
Number of Holdings	2,326	6,034	2,362
% in 5 largest holdings	9	5	9
% in 10 largest holdings	16	8	16
Largest Five Holdings:	% of Portfolio	Economic Sector	
Novo Nordisk	2.1	Pharmaceuticals & Biotech.	
Novartis	2.1	Pharmaceuticals & Biotech.	
Roche	1.7	Pharmaceuticals & Biotech.	
Toyota Motor	1.7	Automobiles & Components	
UBS	1.6	Diversified Financials	

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

**International Equity Assets
Sector Allocation as of 9/30/14**

Sector Allocation (%):	Aggregate International Equity 9/30/14	MSCI ACWI (ex. U.S.) IMI 9/30/14	Aggregate International Equity 6/30/14
Consumer Discretionary	16	11	18
Information Technology	12	8	11
Health Care	12	8	11
Consumer Staples	10	9	11
Industrials	12	12	11
Financials	25	26	25
Telecommunication Services	3	5	2
Materials	6	8	5
Utilities	1	3	1
Energy	5	9	5

City of Ann Arbor
Employees' Retirement System

International Equity Assets
Country & Region Breakdown as of 9/30/14

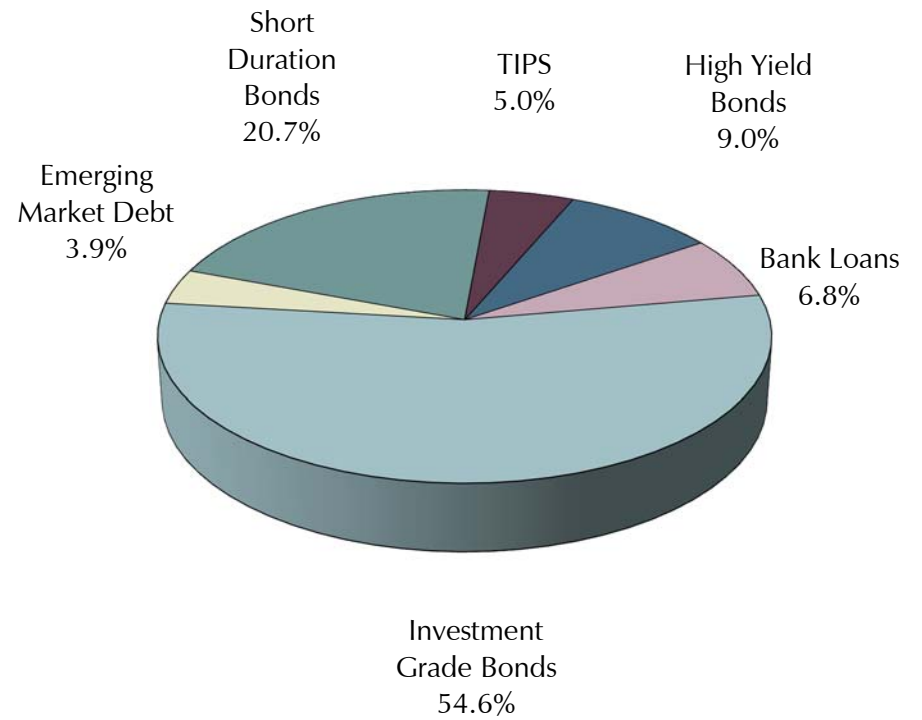
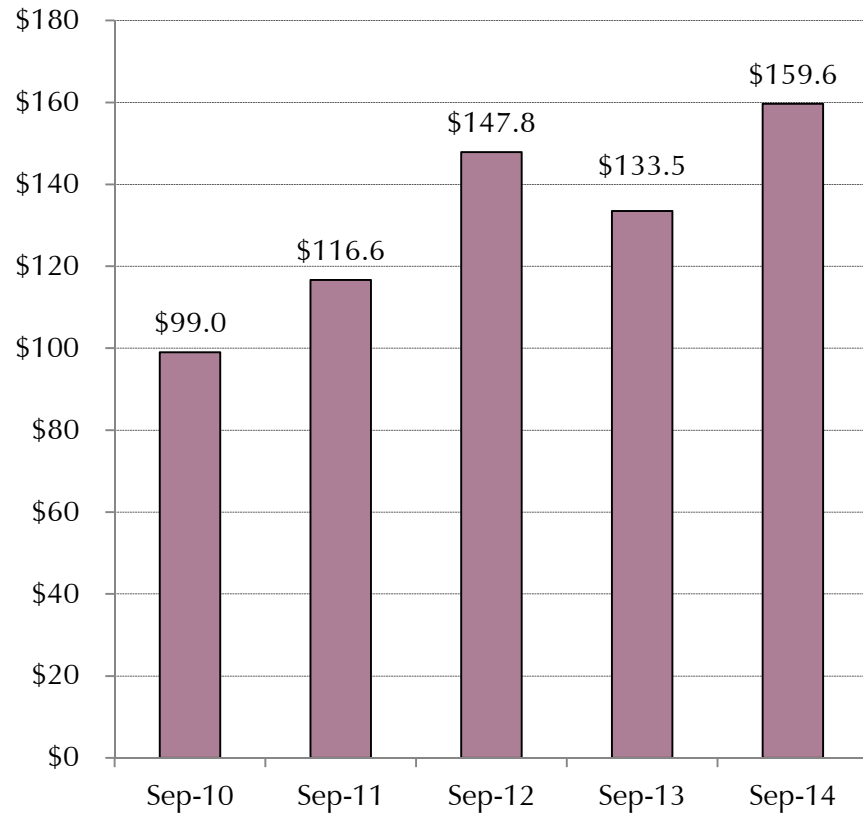
	Aggregate International Equity 9/30/14 (%)	MSCI ACWI (ex. U.S.) IMI 9/30/14 (%)		Aggregate International Equity 9/30/14 (%)	MSCI ACWI (ex. U.S.) IMI 9/30/14 (%)
Europe/North America	56.2	53.8	Asia (emerging)	19.0	12.3
Switzerland	8.6	6.5	India	4.5	1.5
France	8.2	6.1	Taiwan	4.1	2.8
United Kingdom	15.2	13.2	China	3.3	2.3
United States of America	2.1	0.1	Thailand	1.1	0.6
Denmark	2.1	1.1	Indonesia	1.0	0.6
Germany	6.8	5.9	Malaysia	1.2	0.9
Ireland	1.5	0.7	South Korea	3.4	3.3
Netherlands	3.7	3.2	Latin America (emerging)	6.1	3.8
Belgium	1.0	0.9	Brazil	3.4	2.1
Spain	1.9	2.4	Mexico	2.4	1.1
Italy	1.0	1.8	Europe/MidEast/Africa (emerging)	3.3	4.2
Sweden	1.3	2.2	South Africa	1.8	1.6
Canada	2.4	7.7			
Pacific/Asia	15.4	25.9			
Hong Kong	5.8	3.9			
Australia	1.1	5.2			
Japan	7.9	15.5			



**Fixed Income Assets
As of September 30, 2014**

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

**Fixed Income Assets
as of 9/30/14**



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

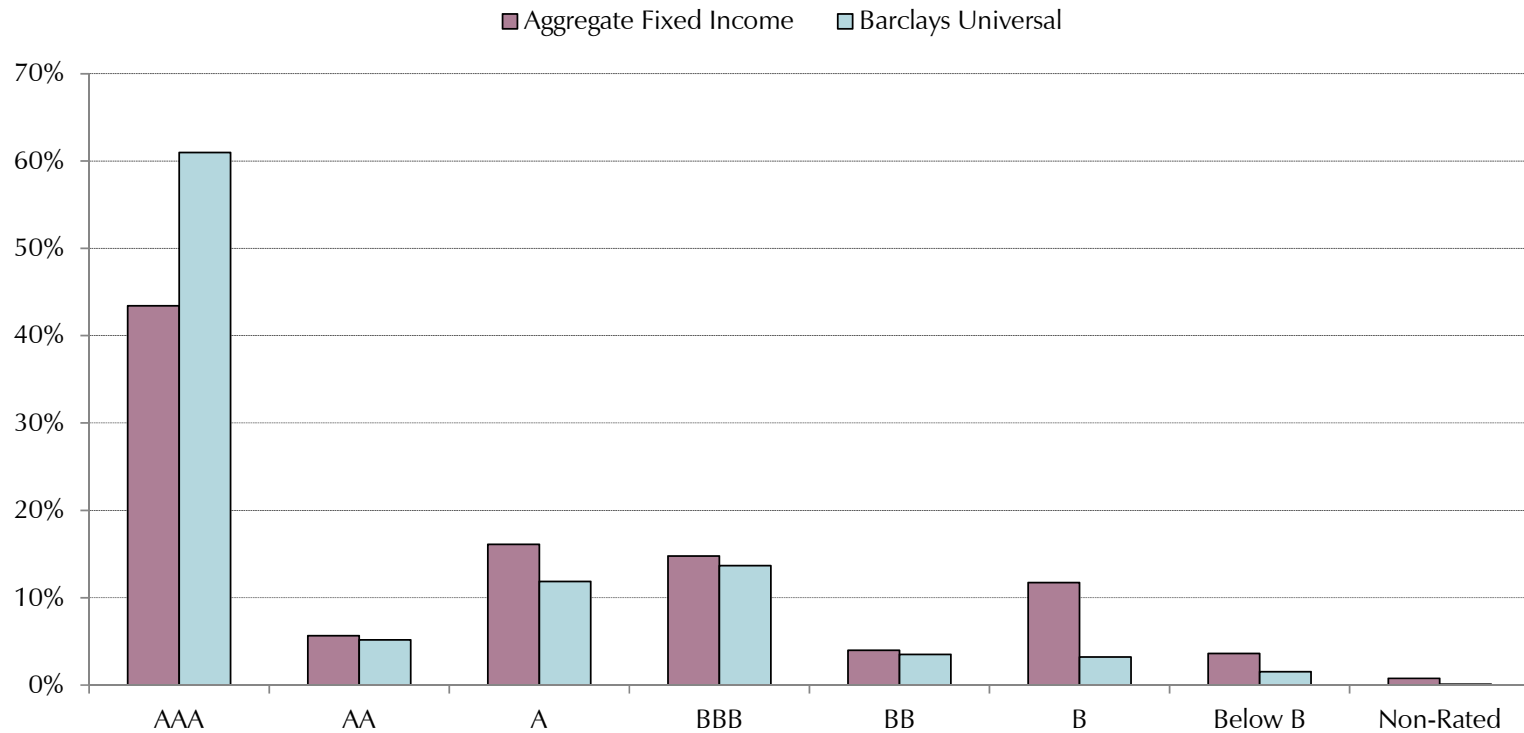
**Fixed Income Assets
Risk as of 9/30/14**

Risk: (sixty months)	Aggregate Fixed Income 9/30/14	Barclays Universal 9/30/14
Annualized Return (%)	5.1	4.7
Standard Deviation (%)	2.7	2.9
Best Monthly Return (%)	1.5	1.6
Worst Monthly Return (%)	-1.8	-1.8
Beta	0.84	1.00
Correlation to Index	0.90	1.00
Correlation to Total Fund Return	0.33	NA
Sharpe Measure (risk-adjusted return)	1.85	1.60
Information Ratio	0.35	NA

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

**Fixed Income Assets
Characteristics as of 9/30/14**

Duration & Yield:	Aggregate Fixed Income 9/30/14	Barclays Universal 9/30/14	Aggregate Fixed Income 6/30/14
Average Effective Duration (years)	4.2	5.5	4.6
Yield to Maturity (%)	3.1	2.8	3.1



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

**Fixed Income Assets
Diversification as of 9/30/14**

	Aggregate Fixed Income 9/30/14	Barclays Universal 9/30/14	Aggregate Fixed Income 6/30/14
Market Allocation (%):			
United States	78	82	84
Foreign (developed markets)	12	11	8
Foreign (emerging markets)	9	7	8
Currency Allocation (%):			
Non-U.S. Dollar Exposure	6	0	8
Sector Allocation (%):			
U.S. Treasury-Nominal	17	30	12
U.S. Treasury-TIPS	6	0	6
U.S. Agency	4	7	2
Mortgage Backed	12	24	16
Corporate	40	31	36
Bank Loans	8	0	7
Local & Provincial Government	1	1	1
Sovereign & Supranational	9	4	10
Commercial Mortgage Backed	1	2	4
Asset Backed	0	0	2
Cash Equivalent	1	0	2
Other	0	1	3

**Domestic Equity Portfolio Reviews
As of September 30, 2014**

City of Ann Arbor Employees' Retirement System

Northern Trust Russell 1000 Index Portfolio Detail as of 9/30/14

Mandate: Domestic Equities
Active/Passive: Passive
Market Value: \$124.4 million
Portfolio Manager: Alexander Matturri, Jr., CFA
Location: Chicago, Illinois
Inception Date: 7/1/2006
Account Type: Commingled Fund

	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 (%):	3Q14	1 YR	3 YR	5 YR	Since 7/1/06
Northern Trust Russell 1000 Index	0.7	19.0	23.2	16.0	8.0
Net of Fees	0.7	19.0	23.2	16.0	8.0
Russell 1000	0.7	19.0	23.2	15.9	7.9

	9/30/14		6/30/14	
	Northern Trust Russell 1000 Index	Russell 1000	Northern Trust Russell 1000 Index	Russell 1000
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	108.6	108.5	104.1	104.1
Median Market Cap. (US\$ billion)	7.5	7.5	7.6	7.6
Large (% over US\$20 billion)	74	74	73	73
Medium (% US\$3 billion to US\$20 billion)	25	25	26	26
Small (% under US\$3 billion)	1	1	1	1
Fundamental Structure:				
Price-Earnings Ratio	19	19	19	19
Price-Book Value Ratio	3.0	3.0	3.0	3.0
Dividend Yield (%)	1.9	1.9	1.9	1.9
Historical Earnings Growth Rate (%)	14	14	15	15
Projected Earnings Growth Rate (%)	12	12	12	12
Sector Allocation (%):				
Health Care	14	14	13	13
Energy	9	9	10	10
Consumer Staples	9	9	9	9
Utilities	3	3	3	3
Telecommunication Services	2	2	2	2
Consumer Discretionary	12	12	12	12
Materials	4	4	4	4
Financials	17	17	17	17
Industrials	11	11	11	11
Information Technology	19	19	18	18
Diversification:				
Number of Holdings	1,032	1,032	1,027	1,027
% 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	
ExxonMobil	2.0		Energy	
Microsoft	1.9		Software & Services	
Johnson & Johnson	1.5		Pharmaceuticals & Biotech.	
General Electric	1.3		Capital Goods	
Berkshire Hathaway	1.3		Diversified Financials	
Wells Fargo	1.2		Banks	
JP Morgan Chase	1.1		Banks	
Chevron	1.1		Energy	
Procter & Gamble	1.1		Household Products	



City of Ann Arbor Employees' Retirement System

Loomis Sayles Small Cap Value Portfolio Detail as of 9/30/14

Mandate: Domestic Equities
Active/Passive: Active
Market Value: \$23.4 million
Portfolio Manager: Joe Gatz
Location: Bloomfield Hills, 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 (%):	3Q14	1 YR	3 YR	5 YR	Since 4/1/97
Loomis Sayles Small Cap Value Equity	-6.7	7.2	22.2	15.2	11.6
Net of Fees	-6.9	6.4	21.4	14.4	NA
Russell 2000 Value	-8.6	4.1	20.6	13.0	9.4
Peer Small Cap Value	-6.6	7.7	23.2	15.7	11.2
Peer Ranking (percentile)	53	54	63	63	39
Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
Loomis Sayles Small Cap Value	19.2%	0.90	0.79	0.66	0.99
Russell 2000 Value	20.7	1.00	0.63	NA	1.00

	9/30/14		6/30/14	
	Loomis Sayles Small Cap Value	Russell 2000 Value	Loomis Sayles Small Cap Value	Russell 2000 Value
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	2.4	1.5	2.9	1.6
Median Market Cap. (US\$ billion)	1.7	0.6	1.8	0.7
Large (% over US\$20 billion)	0	0	0	0
Medium (% US\$3 billion to US\$20 billion)	30	6	37	10
Small (% under US\$3 billion)	70	94	63	90
Fundamental Structure:				
Price-Earnings Ratio	22	17	24	18
Price-Book Value Ratio	2.1	1.5	2.4	1.7
Dividend Yield (%)	1.5	2.1	1.3	1.9
Historical Earnings Growth Rate (%)	15	9	16	11
Projected Earnings Growth Rate (%)	13	13	13	13
Sector Allocation (%):				
Industrials	21	13	20	13
Consumer Discretionary	17	11	16	11
Information Technology	14	10	20	10
Materials	6	5	5	5
Telecommunication Services	0	1	0	1
Consumer Staples	2	3	2	3
Health Care	4	5	3	5
Utilities	3	6	3	7
Energy	3	6	3	8
Financials	30	40	27	38
Diversification:				
Number of Holdings	157	1,307	156	1,320
% in 5 largest holdings	6	2	9	2
% in 10 largest holdings	12	4	15	4
Largest Ten Holdings:				
			Industry	
HCC Insurance	1.2		Insurance	
Cathay General Bancorp	1.2		Banks	
Euronet Worldwide	1.2		Software & Services	
Signature Bank	1.2		Banks	
Marriott Vacations	1.2		Consumer Services	
WEX	1.2		Software & Services	
Littelfuse	1.2		Technology Equipment	
Churchill Downs	1.1		Consumer Services	
Sovran Self Storage	1.1		Real Estate	
John Bean Technologies	1.1		Capital Goods	



City of Ann Arbor Employees' Retirement System

Northern Trust S&P 400 MidCap Index Portfolio Detail as of 9/30/14

Mandate: Domestic Equities
Active/Passive: Passive
Market Value: \$21.0 million
Portfolio Manager: Team
Location: Chicago, Illinois
Inception Date: 6/1/2007
Account Type: Commingled Fund

	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 (%):	3Q14	1 YR	3 YR	5 YR	Since 6/1/07
Northern Trust S&P 400 MidCap Index	-4.0	11.8	22.4	16.5	7.3
Net of Fees	-4.0	11.8	22.4	16.4	NA
S&P MidCap	-4.0	11.8	22.4	16.4	7.2

	9/30/14		6/30/14	
	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	5.2	5.2
Median Market Cap. (US\$ billion)	3.6	3.6	3.9	3.9
Large (% over US\$20 billion)	0	0	0	0
Medium (% US\$3 billion to US\$20 billion)	80	80	82	82
Small (% under US\$3 billion)	20	20	18	18
Fundamental Structure:				
Price-Earnings Ratio	20	20	22	22
Price-Book Value Ratio	2.4	2.4	2.6	2.6
Dividend Yield (%)	1.5	1.5	1.4	1.4
Historical Earnings Growth Rate (%)	14	14	16	16
Projected Earnings Growth Rate (%)	13	13	13	13
Sector Allocation (%):				
Utilities	5	5	5	5
Industrials	16	16	17	17
Consumer Discretionary	14	14	13	13
Energy	5	5	5	5
Health Care	10	10	9	9
Telecommunication Services	1	1	1	0
Information Technology	17	17	16	16
Consumer Staples	3	3	3	3
Materials	8	8	8	8
Financials	22	22	23	23
Diversification:				
Number of Holdings	401	400	401	400
% in 5 largest holdings	3	3	3	3
% in 10 largest holdings	7	7	6	6
Largest Ten Holdings:				
		Industry		
Equinix	0.7	Software & Services		
Skyworks Solutions	0.7	Semiconductors		
HanesBrands	0.7	Consumer Durables		
Endo Health Solutions	0.7	Pharmaceuticals & Biotech.		
Salix Pharmaceuticals	0.6	Pharmaceuticals & Biotech.		
Henry Schein	0.6	Health Care Services		
SL Green Realty	0.6	Real Estate		
Advance Auto Parts	0.6	Retailing		
Church & Dwight	0.6	Household Products		
Signet Jewelers	0.6	Retailing		



**International Developed Market Equity
Portfolio Reviews
As of September 30, 2014**

City of Ann Arbor Employees' Retirement System

Fisher Institutional Foreign Equity Portfolio Detail as of 9/30/14

Mandate: International Equities,
Developed Markets

Active/Passive: Active

Market Value: \$27.3 million

Portfolio Manager: Team

Location: Woodside, California

Inception Date: 2/1/2007

Account Type: Commingled Fund

	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 (%):	3Q14	1 YR	3 YR	5 YR	Since 2/1/07
Fisher Institutional Foreign Equity	-6.1	2.1	14.8	8.6	3.5
Net of Fees	-6.3	1.2	13.8	7.6	NA
MSCI EAFE	-5.9	4.3	13.6	6.6	1.3
Peer International Core	-5.3	5.1	14.5	7.7	2.4
Peer Ranking (percentile)	71	86	46	28	23
Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
Fisher Institutional Foreign Equity	21.3%	1.12	0.40	0.40	0.97
MSCI EAFE	18.0	1.00	0.36	NA	1.00

	9/30/14		6/30/14	
	Fisher Institutional Foreign Equity	MSCI EAFE	Fisher Institutional Foreign Equity	MSCI EAFE
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	83.7	60.8	87.2	63.8
Median Market Cap. (US\$ billion)	59.3	8.7	60.9	9.4
Large (% over US\$20 billion)	91	69	92	69
Medium (% US\$3 billion to US\$20 billion)	9	31	8	30
Small (% under US\$3 billion)	0	1	0	1

Fundamental Structure:

Price-Earnings Ratio	18	17	17	17
Price-Book Value Ratio	2.6	1.6	2.6	1.8
Dividend Yield (%)	2.5	3.0	2.6	3.0
Historical Earnings Growth Rate (%)	15	8	15	9
Projected Earnings Growth Rate (%)	12	10	12	10

Sector Allocation (%):

Information Technology	14	5	13	4
Health Care	19	11	18	11
Consumer Discretionary	18	12	20	12
Industrials	16	13	15	13
Financials	23	26	22	25
Utilities	0	4	0	4
Energy	2	7	3	7
Telecommunication Services	0	5	0	5
Materials	2	8	3	8
Consumer Staples	5	11	5	11

Diversification:

Number of Holdings	66	901	65	899
% in 5 largest holdings	16	8	15	7
% in 10 largest holdings	29	13	27	13

Region Allocation (%):

Europe/North America	82	66	82	67
Pacific/Asia	15	33	15	32
Asia (emerging)	3	0	3	0
Europe/MidEast/Africa (emerging)	0	1	0	1
Other	0	0	0	0

Largest Five Holdings:

		Industry
Bayer	3.7	Pharmaceuticals & Biotech.
Novo Nordisk	3.4	Pharmaceuticals & Biotech.
Asml	3.1	Semiconductors
Prudential	2.9	Insurance
Novartis	2.8	Pharmaceuticals & Biotech.



City of Ann Arbor Employees' Retirement System

Thornburg International Equity Portfolio Detail as of 9/30/14

Mandate: International Equities,
Developed Markets

Active/Passive: Active

Market Value: \$26.4 million

Portfolio Manager: Team

Location: Santa Fe, New Mexico

Inception Date: 4/1/2007

Account Type: Commingled Fund

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:

0.80% on first \$10 mm; 0.75% on next \$15 mm; 0.70% on next \$75 mm; 0.60% thereafter

Liquidity Constraints:

Monthly

Strategy:

The Thornburg International Equity portfolio looks for companies with sound business fundamentals selling at a discount to perceived value. Thornburg utilizes a bottom-up, fundamental approach to identify these securities. The International Equity strategy is diversified by three different "value" types: basic value, consistent earners, and emerging franchises. Thornburg can invest up to 30% in emerging market companies.

Performance (%):	3Q14	1 YR	3 YR	5 YR	Since 4/1/07
Thornburg International Equity	-2.2	-0.1	10.2	5.5	2.6
MSCI EAFE	-5.9	4.3	13.6	6.6	0.9
Peer International Core	-5.5	4.1	13.4	6.6	1.0
Peer Ranking (percentile)	1	91	90	72	17

Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
Thornburg International Equity	16.6%	0.90	0.33	Neg.	0.96
MSCI EAFE	18.0	1.00	0.36	NA	1.00

	9/30/14		6/30/14	
	Thornburg International Equity	MSCI EAFE	Thornburg International Equity	MSCI EAFE
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	74.0	60.8	77.9	63.8
Median Market Cap. (US\$ billion)	45.7	8.7	47.9	9.4
Large (% over US\$20 billion)	78	69	79	69
Medium (% US\$3 billion to US\$20 billion)	22	31	21	30
Small (% under US\$3 billion)	0	1	0	1
Fundamental Structure:				
Price-Earnings Ratio	19	17	19	17
Price-Book Value Ratio	2.2	1.6	2.3	1.8
Dividend Yield (%)	2.1	3.0	2.3	3.0
Historical Earnings Growth Rate (%)	13	8	15	9
Projected Earnings Growth Rate (%)	13	10	12	10
Sector Allocation (%):				
Consumer Discretionary	20	12	26	12
Information Technology	12	5	11	4
Health Care	13	11	11	11
Telecommunication Services	6	5	4	5
Industrials	12	13	9	13
Consumer Staples	10	11	11	11
Energy	4	7	5	7
Utilities	0	4	0	4
Materials	4	8	2	8
Financials	20	26	21	25
Diversification:				
Number of Holdings	69	901	67	899
% in 5 largest holdings	14	8	14	7
% in 10 largest holdings	25	13	25	13
Region Allocation (%):				
Europe/North America	73	66	74	67
Pacific/Asia	24	33	21	32
Asia (emerging)	3	0	4	0
Europe/MidEast/Africa (emerging)	0	1	0	1
Other	0	0	0	0
Largest Five Holdings:				
			Industry	
Toyota Motor	3.1		Automobiles & Components	
Novartis	3.0		Pharmaceuticals & Biotech.	
AlA	2.6		Insurance	
Novo Nordisk	2.6		Pharmaceuticals & Biotech.	
Actavis	2.6		Pharmaceuticals & Biotech.	



**International Emerging Market Equity
Portfolio Reviews
As of September 30, 2014**

City of Ann Arbor Employees' Retirement System

Dimensional Emerging Markets Value Portfolio Detail as of 9/30/14

Mandate: International Equities,
Emerging Markets

Active/Passive: Active

Market Value: \$14.3 million

Portfolio Manager: Karen Umland

Location: Austin, Texas

Inception Date: 2/1/2012

Account Type: Mutual Fund (DFEVX)

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:

0.61% 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 (%):	3Q14	1 YR	Since 2/1/12
Dimensional Emerging Markets Value	-4.4	3.1	1.1
MSCI Emerging Markets	-3.5	4.3	2.2
Peer Emerging Markets	-3.7	4.5	3.3
Peer Ranking (percentile)	70	67	71

	9/30/14		6/30/14	
	Dimensional Emerging Markets Value	MSCI Emerging Markets	Dimensional Emerging Markets Value	MSCI Emerging Markets
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	17.3	34.8	18.9	36.6
Median Market Cap. (US\$ million)	403.7	5,004.6	414.3	5,186.6
Large (% over US\$20 billion)	25	45	28	46
Medium (% US\$3 billion to US\$20 billion)	43	47	40	47
Small (% under US\$3 billion)	31	8	32	7
Fundamental Structure:				
Price-Earnings Ratio	12	14	12	16
Price-Book Value Ratio	1.0	1.6	1.1	1.7
Dividend Yield (%)	3.1	2.7	3.0	2.8
Historical Earnings Growth Rate (%)	5	12	6	13
Projected Earnings Growth Rate (%)	15	14	14	14
Sector Allocation (%):				
Materials	17	8	17	9
Financials	34	27	34	27
Industrials	12	7	12	7
Energy	13	10	14	11
Utilities	2	4	2	4
Health Care	0	2	0	2
Consumer Discretionary	7	9	7	9
Consumer Staples	5	8	5	8
Telecommunication Services	1	8	1	7
Information Technology	8	17	8	17
Diversification:				
Number of Holdings	2,148	834	2,185	835
% in 5 largest holdings	10	11	10	11
% in 10 largest holdings	16	16	16	16
Region Allocation (%):				
Europe/North America	0	0	0	0
Pacific/Asia	4	8	4	8
Asia (emerging)	62	55	61	55
Latin America (emerging)	19	19	19	19
Europe/MidEast/Africa (emerging)	15	18	16	19
Other	0	0	0	0
Largest Five Holdings:				
		Industry		
Gazprom	2.5	Energy		
China Construction Bank	2.0	Banks		
Bank of China	1.8	Banks		
Reliance Industries	1.7	Energy		
Petroleo Brasileiro	1.7	Energy		



City of Ann Arbor Employees' Retirement System

Vontobel Emerging Markets Equity Portfolio Detail as of 9/30/14

Mandate: International Equities,
Emerging Markets

Active/Passive: Active

Market Value: \$10.4 million

Portfolio Manager: Rajiv Jain

Location: New York, New York

Inception Date: 2/1/2012

Account Type: Commingled Fund

	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 (%):	3Q14	1 YR	Since 2/1/12
Vontobel Emerging Markets Equity	-1.0	9.6	6.8
Net of Fees	-1.2	8.4	5.6
MSCI Emerging Markets	-3.5	4.3	2.2
Peer Emerging Markets	-3.3	5.9	4.8
Peer Ranking (percentile)	12	14	26

	9/30/14		6/30/14	
	Vontobel Emerging Markets Equity	MSCI Emerging Markets	Vontobel Emerging Markets Equity	MSCI Emerging Markets
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	36.9	34.8	37.3	36.6
Median Market Cap. (US\$ billion)	13.2	5.0	12.9	5.2
Large (% over US\$20 billion)	60	45	61	46
Medium (% US\$3 billion to US\$20 billion)	39	47	37	47
Small (% under US\$3 billion)	1	8	2	7
Fundamental Structure:				
Price-Earnings Ratio	23	14	22	16
Price-Book Value Ratio	5.9	1.6	5.8	1.7
Dividend Yield (%)	2.4	2.7	2.3	2.8
Historical Earnings Growth Rate (%)	21	12	21	13
Projected Earnings Growth Rate (%)	14	14	15	14
Sector Allocation (%):				
Consumer Staples	35	8	36	8
Financials	29	27	28	27
Health Care	2	2	2	2
Consumer Discretionary	9	9	10	9
Utilities	3	4	3	4
Telecommunication Services	5	8	4	7
Information Technology	13	17	12	17
Materials	3	8	4	9
Industrials	1	7	1	7
Energy	1	10	0	11
Diversification:				
Number of Holdings	76	834	78	835
% in 5 largest holdings	23	11	24	11
% in 10 largest holdings	37	16	38	16
Region Allocation (%):				
Europe/North America	12	0	14	0
Pacific/Asia	11	8	12	8
Asia (emerging)	49	55	44	55
Latin America (emerging)	23	19	25	19
Europe/MidEast/Africa (emerging)	5	18	5	19
Other	0	0	0	0
Largest Five Holdings:				
		Industry		
British American Tobacco	5.9	Food, Beverage & Tobacco		
Housing Development Financial	4.9	Banks		
ITC	4.5	Food, Beverage & Tobacco		
HDFC Bank	4.3	Banks		
SABMiller	3.4	Food, Beverage & Tobacco		



**Investment Grade Bond Portfolio Reviews
As of September 30, 2014**

City of Ann Arbor Employees' Retirement System

Northern Trust Barclays Aggregate Index Portfolio Detail as of 9/30/14

Mandate: Fixed Income
Active/Passive: Passive
Market Value: \$67.8 million
Portfolio Manager: Alexander Matturri, Jr., CFA
Location: Chicago, Illinois
Inception Date: 7/1/1998
Account Type: Commingled Fund

	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 (%):	3Q14	1 YR	3 YR	5 YR	Since 7/1/98
Northern Trust Barclays Aggregate Index	0.2	4.0	2.4	4.2	5.3
Net of Fees	0.2	3.9	2.3	4.1	NA
Barclays Aggregate	0.2	4.0	2.4	4.1	5.4

	9/30/14		6/30/14	
	NT Barclays Aggregate Index	Barclays Aggregate	NT Barclays Aggregate Index	Barclays Aggregate
Duration & Yield:				
Average Effective Duration (years)	5.6	5.6	5.6	5.6
Yield to Maturity (%)	2.4	2.4	2.2	2.2
Quality Structure (%):				
Average Quality	AA+	AA+	AA+	AA+
AAA (includes Treasuries and Agencies)	72	72	72	72
AA	5	5	5	5
A	11	12	12	11
BBB	12	12	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	35	35
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	4	5	4	5
Mortgage Backed	29	29	29	29
Corporate	23	23	23	23
Bank Loans	0	0	0	0
Local & Provincial Government	2	1	2	1
Sovereign & Supranational	4	3	4	3
Commercial Mortgage Backed	2	2	2	2
Asset Backed	1	1	0	0
Cash Equivalent	0	0	0	0
Other	0	0	0	0
Market Allocation (%):				
United States	91	91	91	91
Foreign (developed markets)	9	7	5	7
Foreign (emerging markets)	0	2	4	2
Currency Allocation (%):				
Non-U.S. Dollar Exposure	0	0	0	0



City of Ann Arbor Employees' Retirement System

Northern Trust 1-5 Year Credit Bond Portfolio Detail as of 9/30/14

Mandate: Fixed Income
Active/Passive: Passive
Market Value: \$37.4 million
Portfolio Manager: Team
Location: Chicago, Illinois
Inception Date: 2/1/2013
Account Type: Commingled Fund

	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 (%):	3Q14	1 YR	Since 2/1/13
Northern Trust 1-5 Year Credit Bond	-0.1	2.0	1.5
Net of Fees	-0.1	2.0	1.5
Barclays 1-5 Year Credit	-0.1	2.2	1.7
Peer Short-Term Core Fixed Income	0.1	1.7	1.2
Peer Ranking (percentile)	84	32	25

	9/30/14		6/30/14	
	Northern Trust 1-5 Year Credit Bond	Barclays 1-5 Yr Credit	Northern Trust 1-5 Year Credit Bond	Barclays 1-5 Yr Credit
Duration & Yield:				
Average Effective Duration (years)	2.7	2.8	2.7	2.8
Yield to Maturity (%)	1.6	1.7	1.3	1.4
Quality Structure (%):				
Average Quality	A	A	A	A
AAA (includes Treasuries and Agencies)	16	16	16	16
AA	15	15	16	15
A	40	40	40	39
BBB	29	30	29	30
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	9	8	8	9
Mortgage Backed	0	0	0	0
Corporate	77	76	77	75
Bank Loans	0	0	0	0
Local & Provincial Government	2	2	2	2
Sovereign & Supranational	12	14	12	14
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	61	61	61	61
Foreign (developed markets)	22	35	22	35
Foreign (emerging markets)	18	5	17	4
Currency Allocation (%):				
Non-U.S. Dollar Exposure	0	0	0	0



City of Ann Arbor Employees' Retirement System

Northern Trust Short Term Gov't Bond Portfolio Detail as of 9/30/14

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

	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 (%):	3Q14	1 YR	Since 2/1/13
Northern Trust Short Term Gov't Bond	0.0	0.5	0.5
Net of Fees	0.0	0.4	0.4
Barclays 1-3 Year Government	0.0	0.5	0.5
Peer Short-Term Core Fixed Income	0.1	1.7	1.2
Peer Ranking (percentile)	57	99	99

	9/30/14		6/30/14	
	Northern Trust Short- Term Gov't Bond	Barclays 1-3 yr Govt	Northern Trust Short- Term Gov't Bond	Barclays 1-3 yr Govt
Duration & Yield:				
Average Effective Duration (years)	2.0	1.9	2.0	1.9
Yield to Maturity (%)	0.6	0.6	0.5	0.5
Quality Structure (%):				
Average Quality	AAA	AAA	AAA	AAA
AAA (includes Treasuries and Agencies)	97	97	97	97
AA	3	3	3	3
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	87	89	89	89
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	11	11	8	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	2	0	3	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



**High Yield Bond Portfolio Review
As of September 30, 2014**

City of Ann Arbor Employees' Retirement System

Mandate: High Yield
Active/Passive: Active
Market Value: \$18.1 million
Portfolio Manager: Hannah Strasser
 Anne Yobage
 Tom Kelleher
Location: Greenwich, Connecticut
Inception Date: 9/1/2012
Account Type: Commingled Fund

	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 (%):	3Q14	1 YR	Since 9/1/12
SKY Harbor High Yield	-1.6	7.5	7.7
Net of Fees	-1.7	7.0	7.1
Barclays High Yield	-1.9	7.2	7.6
Peer High Yield	-1.7	7.4	7.9
Peer Ranking (percentile)	36	39	57

SKY Harbor High Yield Portfolio Detail as of 9/30/14

	9/30/14		6/30/14	
	Sky Harbor	Barclays High Yield	Sky Harbor	Barclays High Yield
Duration & Yield:				
Average Effective Duration (years)	4.5	4.4	4.1	4.0
Yield to Maturity (%)	6.7	6.1	5.6	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	2	0	0	0
BB	26	42	26	41
B	50	41	46	41
Below B	21	17	27	18
Non-Rated	2	0	1	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	100	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	0	0
Other	0	0	0	0
Market Allocation (%):				
United States	89	83	89	83
Foreign (developed markets)	11	17	11	17
Foreign (emerging markets)	0	0	0	0
Currency Allocation (%):				
Non-U.S. Dollar Exposure	0	0	0	0



**TIPS Portfolio Review
As of September 30, 2014**

City of Ann Arbor Employees' Retirement System

IR&M 1-10 Year Index Portfolio Detail as of 9/30/14

Mandate: TIPS
Active/Passive: Active
Market Value: \$10.0 million
Portfolio Manager: Team
Location: Boston, Massachusetts
Inception Date: 11/1/2013
Account Type: Separately Managed

	Short	Int.	Long
High			
Medium			
Low			

Fee Schedule:
 0.10% on first \$50 mm; 0.05% thereafter

Liquidity Constraints:
 Daily

Strategy:
 Seeks to replicate, net of fees, the return of the Barclays 1-10 Year U.S. TIPS Index.

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

Performance (%):	3Q14	Since 11/1/13
IR&M 1-10 Year Index	-2.0	0.2
Net of Fees	-2.0	0.1
Barclays U.S. TIPS 1-10 Year	-2.0	0.1
Peer TIPS	-2.0	1.1
Peer Ranking (percentile)	46	84

Duration & Yield:	9/30/14		6/30/14	
	IR&M 1-10 Year Index	Barclays TIPS 1-10 Yr	IR&M 1-10 Year Index	Barclays TIPS 1-10 Yr
Average Effective Duration (years)	5.3	5.0	5.3	4.6
Yield to Maturity (%) ¹	1.9	1.9	1.7	1.7
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

¹ 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.



**Bank Loans Portfolio Review
As of September 30, 2014**

City of Ann Arbor Employees' Retirement System

Mandate: Fixed Income
Active/Passive: Active
Market Value: \$13.7 million
Portfolio Manager: Scott Klein
 Carl Goldsmith
 William Kozicki
Location: Los Angeles, California
Inception Date: 4/1/2012
Account Type: Commingled Fund

	Short	Int.	Long
High			
Medium			
Low			

Fee Schedule:
 0.65% on all assets

Liquidity Constraints:
 Quarterly

Strategy:

The Beach Point 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 (%):	3Q14	1 YR	Since 4/1/12
Beach Point Leveraged Loan	0.0	4.4	7.0
Net of Fees	-0.2	3.7	6.3
CSFB Leveraged Loan	-0.7	3.9	5.6

Beach Point Leveraged Loan Portfolio Detail as of 9/30/14

	9/30/14		6/30/14	
Duration & Yield:	Beach Point Leveraged Loan	CSFB Leveraged Loan	Beach Point Leveraged Loan	CSFB Leveraged Loan
Average Effective Duration (years)	0.4	0.3	0.5	0.3
Yield to Maturity (%)	5.5	6.2	5.2	4.8
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	11	30	13	30
B	71	60	69	59
Below B	11	8	12	8
Non-Rated	6	3	6	3
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	9	0	10	0
Bank Loans	91	0	90	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	73	100	76	100
Foreign (developed markets)	27	0	24	0
Foreign (emerging markets)	0	0	0	0
Currency Allocation (%):				
Non-U.S. Dollar Exposure	14	0	12	0



Emerging Market Debt Portfolio Review
As of September 30, 2014

City of Ann Arbor Employees' Retirement System

Stone Harbor Emerging Markets Local Currency Debt Portfolio Detail as of 9/30/14

Mandate: Fixed Income
Active/Passive: Active
Market Value: \$7.8 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:
0.89% 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 (%):	3Q14	1 YR	Since 6/1/12
Stone Harbor Emerging Markets Local Currency Debt	-6.3	-4.2	-0.9
JPM GBI-EM Global Diversified (unhedged)	-5.7	-1.5	2.1
Peer Emerging Market Debt	-2.4	5.7	4.7
Peer Ranking (percentile)	95	99	96

	9/30/14		6/30/14	
	Stone Harbor Emerging Markets Local Currency Debt	JPM GBI-EM Global Diversified	Stone Harbor Emerging Markets Local Currency Debt	JPM GBI-EM Global Diversified
Duration & Yield:				
Average Effective Duration (years)	4.6	4.8	4.4	4.8
Yield to Maturity (%)	7.1	6.7	6.1	6.4
Quality Structure (%):				
Average Quality	BBB+	BBB+	BBB+	BBB+
AAA (includes Treasuries and Agencies)	3	0	2	0
AA	1	0	0	0
A	37	37	38	36
BBB	54	55	53	56
BB	2	8	4	8
B	0	0	2	0
Below B	4	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	0	0	0	0
Mortgage Backed	0	0	0	0
Corporate	1	0	0	0
Bank Loans	0	0	0	0
Local & Provincial Government	0	0	0	0
Sovereign & Supranational	97	100	98	100
Commercial Mortgage Backed	0	0	0	0
Asset Backed	0	0	0	0
Cash Equivalent	2	0	2	0
Other	0	0	0	0
Market Allocation (%):				
United States	2	0	1	0
Foreign (developed markets)	0	0	0	0
Foreign (emerging markets)	98	100	99	100
Currency Allocation (%):				
Non-U.S. Dollar Exposure	94	100	97	100

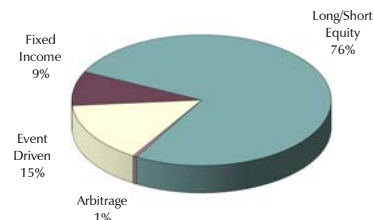


**Hedge Fund Portfolio Reviews
As of September 30, 2014**

City of Ann Arbor Employees' Retirement System

BlackRock Multi Manager Partners (Offshore), Ltd. Portfolio Detail as of 9/30/14

Mandate: Hedge Fund
Market Value: \$9.8 million
Portfolio Manager: Nick Sideratos
Location: New York, New York
Inception Date: 7/1/2009
Account Type: Commingled Fund
of Investments: 24



Fee Schedule:

0.75% management fee; 10.0% performance fee over the 3-month T-bill + 1.0%

Liquidity Constraints:

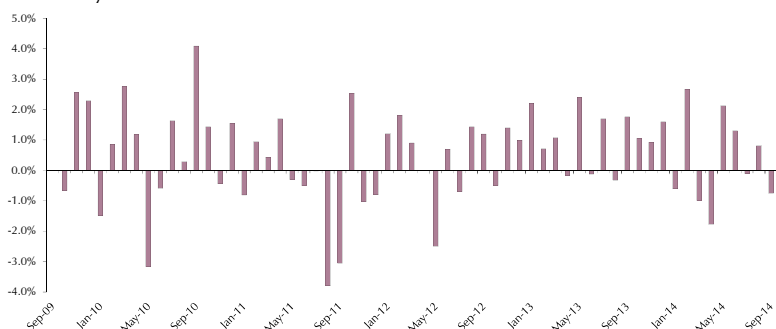
quarterly (with 90 days' notice); subject to 10% audit holdback

Strategy:

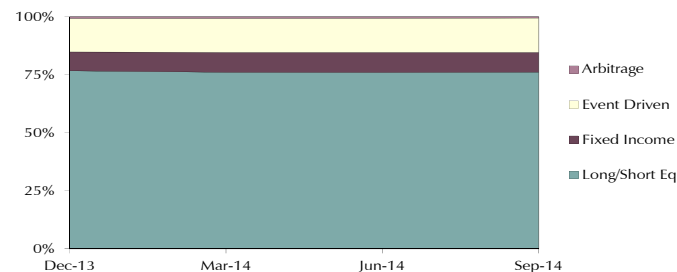
The Fund is broadly diversified with a greater emphasis to long/short and event driven strategies. They seek a return through active allocation to absolute return, hedged equity, and directional investment strategies. The underlying managers' investments are global, with about two-thirds of them being in North America.

Performance (%):	3Q14	1 YR	3 YR	5 YR	Since 7/1/09
BlackRock Multi Manager Partners (Offshore), Ltd.	-0.8	5.5	7.3	5.5	6.6
HFRI Fund of Funds Composite	0.5	6.4	5.3	3.5	4.1

Historical Monthly Returns:



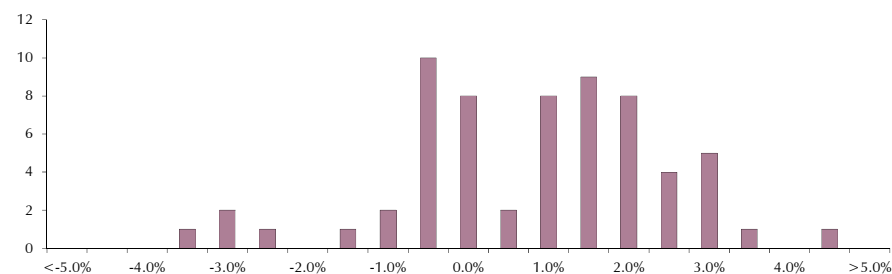
Historical Strategy Allocations:



Geographic Allocation (%)	9/30/14	6/30/14	3/31/14	12/31/13
Domestic	71	70	70	71
Developed Europe	18	19	20	20
Developed Asia	4	3	3	3
Emerging Market	7	7	7	7

Exposure Report (%)	9/30/14	6/30/14	3/31/14	12/31/13
Total Gross Exposure	149	144	150	152
Gross Long Exposure	103	100	101	103
Gross Short Exposure	-46	-44	-48	-49
Net Exposure	58	56	53	54

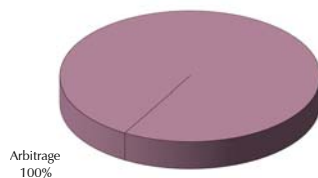
Return Distribution (Since Inception):



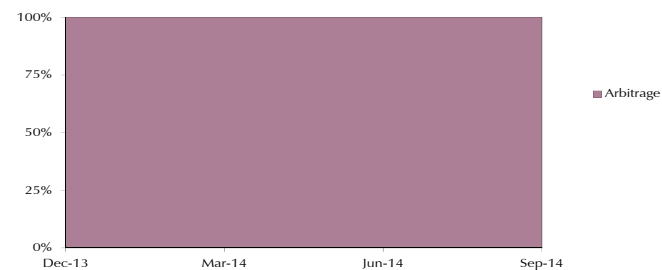
City of Ann Arbor Employees' Retirement System

Orion Managed Futures Portfolio Detail as of 9/30/14

Mandate: Hedge Fund
Market Value: \$5.9 million
Portfolio Manager: Alper Daglioglu
 Pat Egan
Location: New York, New York
Inception Date: 4/1/2010
Account Type: Commingled Fund
of Investments: 4



Historical Strategy Allocations:



Fee Schedule:

2% management fee per year of net assets, calculated monthly; 20% performance fee of new trading profits each quarter over the excess of net assets allocated to the advisor at the trading commencement or net assets managed by the advisor at the end of the highest previous quarter

Liquidity Constraints:

Monthly, with 10 days' notice. May be subject to a redemption gate.

Strategy:

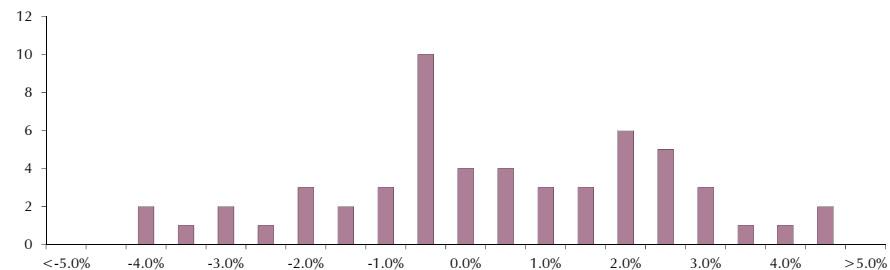
Using a systematic and a fundamental approach based on supply and demand in the global energy markets, they invest in the global market sectors with low correlations to equities. Evaluating the risk reward, they strive for a higher risk adjusted return than other major market indexes.

Performance (%):	3Q14	1 YR	3 YR	Since 4/1/10
Orion Managed Futures	2.5	NA	NA	NA
HFRI Macro Index	3.0	6.0	0.6	1.6

Geographic Allocation	9/30/14	6/30/14	3/31/14	12/31/13
Domestic	34	32	37	38
Developed Europe	37	37	34	29
Developed Asia	12	10	9	11
Emerging Market	17	21	20	21

Exposure Report	9/30/14	6/30/14	3/31/14	12/31/13
Total Gross Exposure	1068	1104	886	894
Gross Long Exposure	828	930	754	707
Gross Short Exposure	241	174	132	187
Net Exposure	587	756	623	520

Return Distribution (Since Inception):



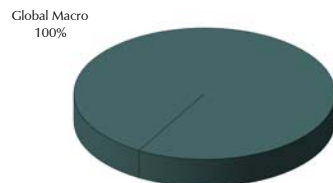
Historical Monthly Returns:



City of Ann Arbor Employees' Retirement System

Optima Fund, Ltd. Portfolio Detail as of 9/30/14

Mandate: Hedge Fund
Market Value: \$5.8 million
Portfolio Manager: Michael Spelman
Location: New York, New York
Inception Date: 3/1/2010
Account Type: Commingled Fund
of Investments: 12



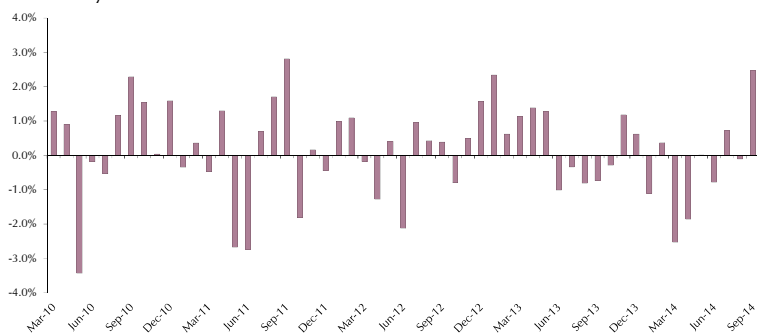
Fee Schedule:
 1.50% on first \$50 mm; 1.25% on next \$50 mm; 1.00% thereafter

Liquidity Constraints:
 Quarterly redemption; 63 day notice period; no lock up; 10% gate provision

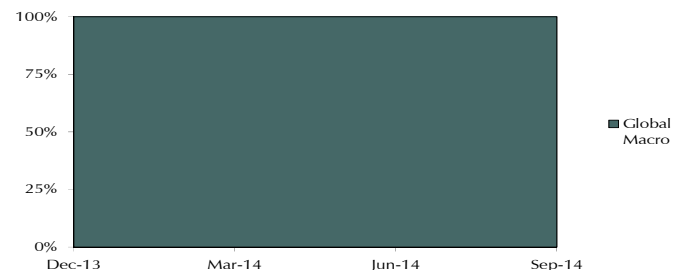
Strategy:
 Using an investment process that is a combination of top-down macroeconomic, thematic view with a bottom-up fundamental approach, the Fund invests in managers who trade all markets opportunistically. They try and maintain exposure to a range of asset classes and trading styles.

Performance (%):	3Q14	1 YR	3 YR	Since 3/1/10
Optima Fund, Ltd.	3.2	-0.6	0.8	1.6
HFRI Macro Index	3.0	6.0	0.6	1.9

Historical Monthly Returns:



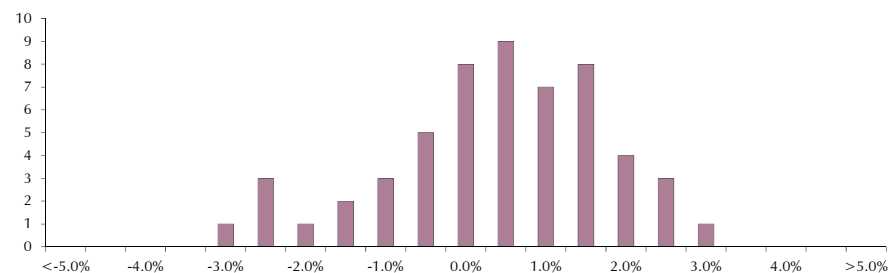
Historical Strategy Allocations:



Geographic Allocation (%):	9/30/14	6/30/14	3/31/2014	12/31/2013
Domestic	34	35	36	30
Developed Europe	34	32	30	29
Developed Asia	25	23	27	36
Emerging Market	7	11	7	6

Exposure Report (%):	9/30/14	6/30/14	3/31/2014	12/31/2013
Total Gross Exposure	NA	NA	NA	NA
Gross Long Exposure	NA	NA	NA	NA
Gross Short Exposure	NA	NA	NA	NA
Net Exposure	NA	NA	NA	NA

Return Distribution (Since Inception):



**Real Estate Portfolio Reviews
As of September 30, 2014**

City of Ann Arbor Employees' Retirement System

AEW Core Property Trust Portfolio Detail as of 9/30/14

Strategy: Real Estate
Open-End
Core

Market Value: \$19.5 million

Senior Professionals: Team

Location: Boston, Massachusetts

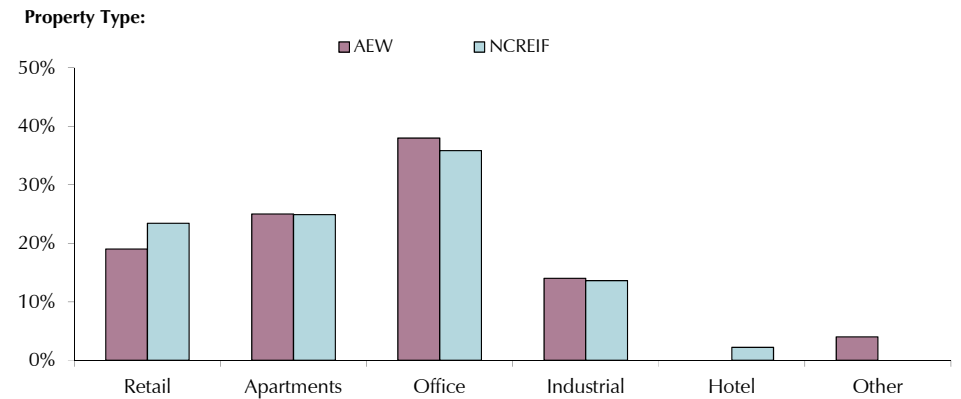
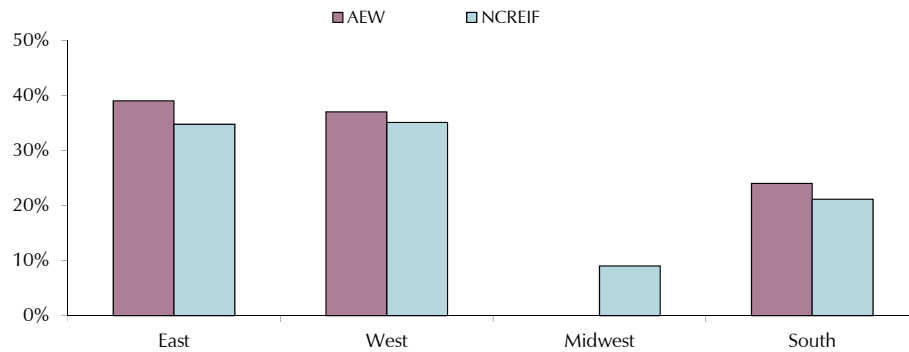
Inception Date: 7/1/2013

Account Type: Separately Managed

of Investments: 45

Liquidity Constraints: Quarterly

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



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 Employees' Retirement System

Intercontinental Real Estate Investment Fund III Portfolio Detail as of 9/30/14

Strategy: Real Estate
Closed-End
Core-Plus

Market Value: \$11.8 million

Senior Professionals: Team

Location: Boston, Massachusetts

Vintage Year: 2003

Account Type: Separately Managed

of Investments: 12

Liquidity Constraints: No interim liquidity

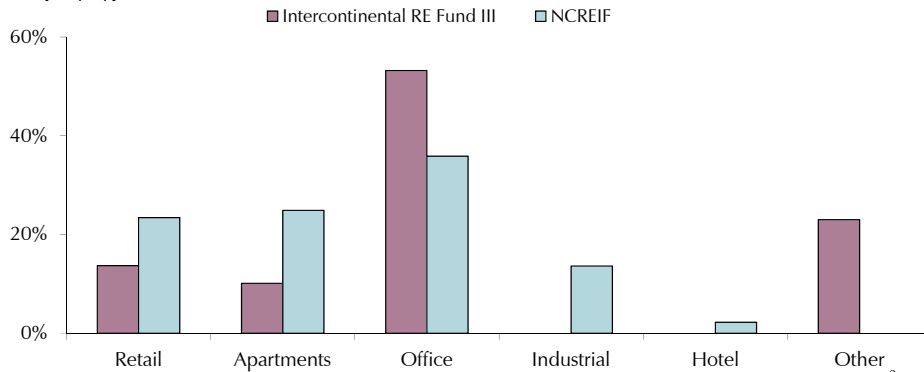
Fee Schedule: 1.25% on all assets

Net IRR: 4.70%

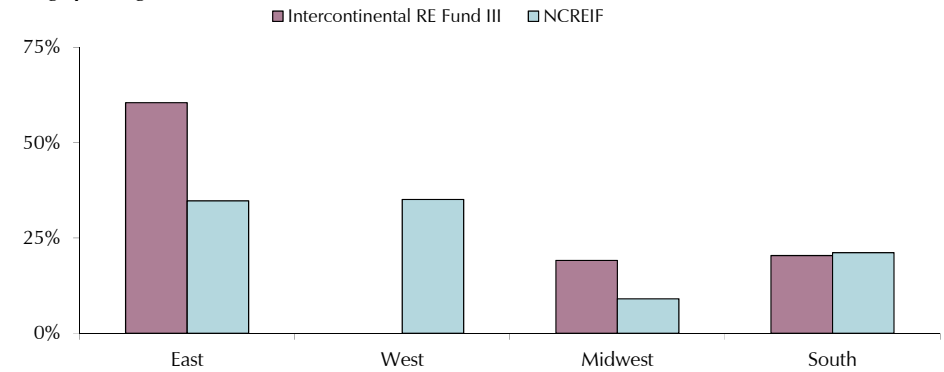
Portfolio Size:



Property Type:



Geographic Region:



Investment Strategy: This Fund's objective targets yield-driven returns with annual cash yields of 6-8% and a total return of 10%. The fund will invest in all property types in all U.S. markets.

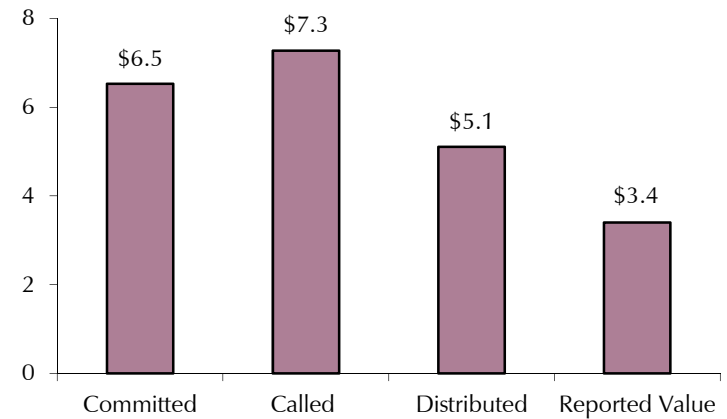


City of Ann Arbor Employees' Retirement System

INVESCO Mortgage Recovery Loans Portfolio Detail as of 9/30/14

Mandate:	Opportunistic Debt - PPIP
Reported Value:	\$3.4 million
Portfolio Manager:	Rich King
Location:	Atlanta, Georgia
Vintage Year:	2008
Account Type:	Ltd. Partnership
Commitment:	\$11.0 million ¹
Capital Contribution:	\$7.3 million
Fee Schedule:	1.0% management fee on invested capital; 8% preferred return; 20% carried interest
Realized Proceeds:	\$5.1 million
Net IRR:	16.3%

Portfolio Size



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.

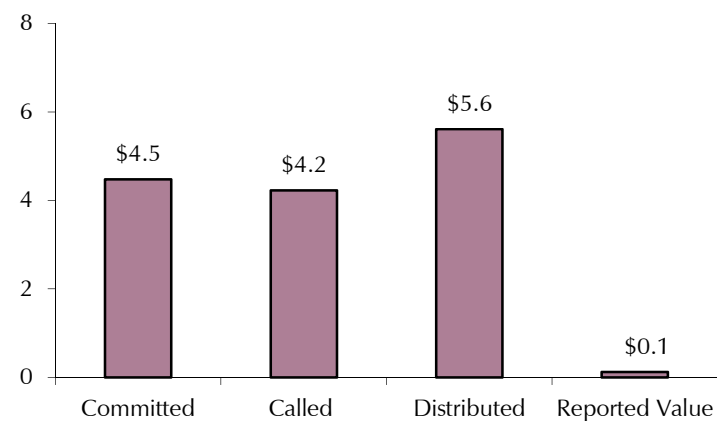


City of Ann Arbor Employees' Retirement System

INVESCO Mortgage Recovery Feeder Portfolio Detail as of 9/30/14

Mandate:	Opportunistic Debt - PPIP
Reported Value:	\$0.1 million
Portfolio Manager:	Rich King
Location:	Atlanta, Georgia
Vintage Year:	2008
Account Type:	Ltd. Partnership
Commitment:	\$11.0 million ¹
Capital Contribution:	\$4.2 million
Fee Schedule:	1.0% management fee; 8% preferred return; 20% carried interest
Realized Proceeds:	\$5.6 million
Net IRR:	12.6%

Portfolio Size



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.



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

**DRA Growth & Income Fund VIII, L.P.
Portfolio Detail as of 9/30/14**

Strategy: Real Estate
Closed-End
Value-Added

Market Value: \$0.8 million

Senior Professionals: Team

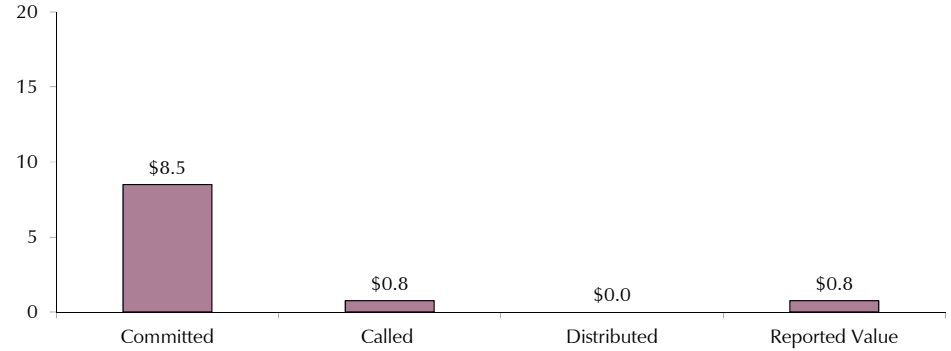
Location: New York, New York

Vintage Year: 2013

Account Type: Ltd. Partnership

Fee Schedule: 0.90% on gross cost during investment period; 0.60% thereafter;
8% preferred return and 20% carried interest

Portfolio Size:



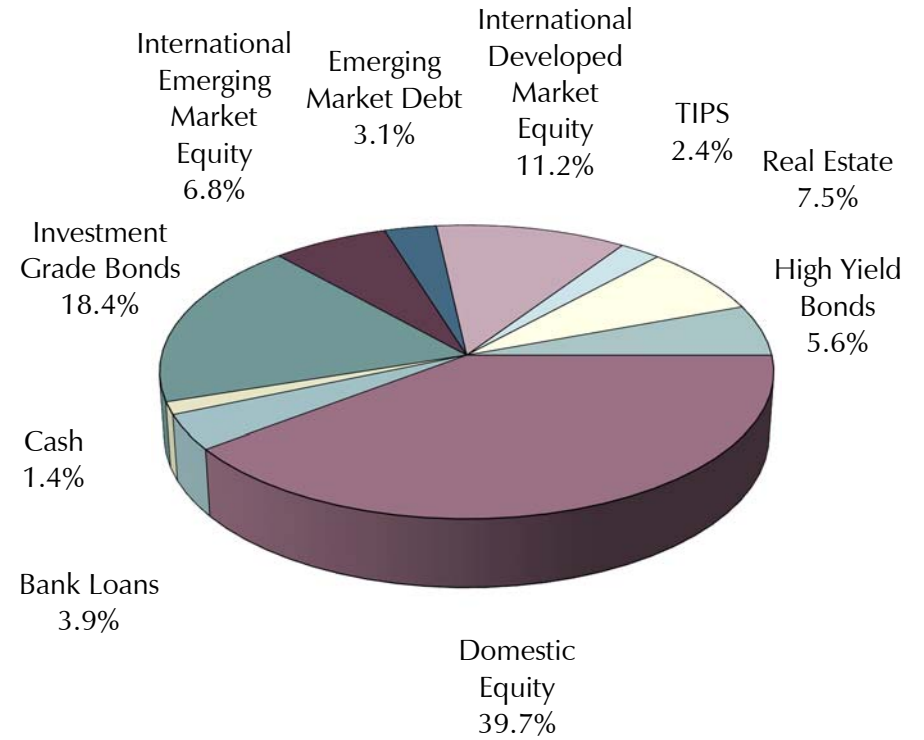
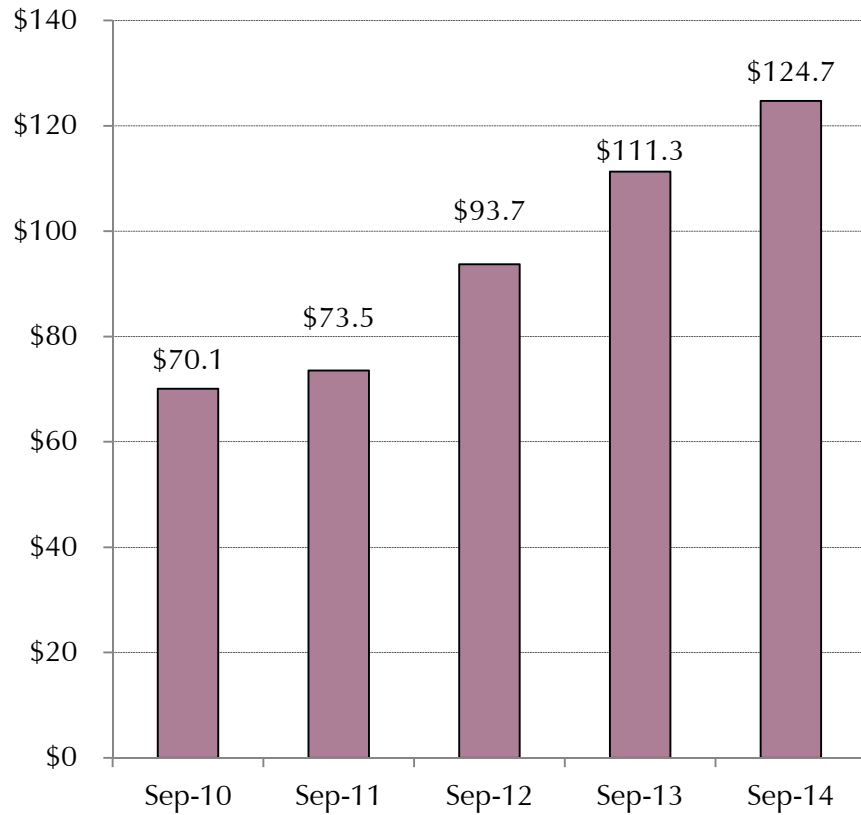
Investment Strategy: The Fund VIII will invest in a diversified portfolio of office, retail, multifamily, industrial, and other real estate related properties across the United States. The four themes emphasized in this strategy include prior owner financial distress, portfolio sales/REIT Joint ventures, out of favor markets, and value enhancement properties.

VEBA
Third Quarter Investment Review

**VEBA Summary
As of September 30, 2014**

City of Ann Arbor
VEBA

Aggregate Assets
as of 9/30/14



City of Ann Arbor
VEBA

Aggregate Assets
Asset Summary as of 9/30/14

	Market Value 9/30/14 (\$ mm)	% of Health Care Trust	Target Allocation (%)	Target Range (%)	Market Value 6/30/14 (\$ mm)
Total VEBA	124.7	100	NA	NA	127.3
Domestic Equity Assets	49.5	40	38	30-46	50.3
International Developed Market Equity Assets	14.0	11	11	8-14	14.9
International Emerging Market Equity Assets	8.5	7	6	0-9	5.9
Investment Grade Bond Assets	23.0	18	10	8-12	24.4
TIPS Assets	3.0	2	9	0-11	3.1
High Yield Bond Assets	7.0	6	6	2-8	6.4
Bank Loan Assets	4.9	4	4	0-6	4.1
Emerging Market Debt Assets	3.8	3	3	0-5	2.6
Real Estate Assets	9.4	8	10	2-12	9.2
Natural Resources Assets	0.0	0	3	0-5	0.0
Cash	1.7	1	0	< 5	6.4



City of Ann Arbor
VEBA

Aggregate Assets
Portfolio Roster as of 9/30/14

	Market Value 9/30/14 (\$ mm)	% of Asset Class	% of Health Care Trust	Target Allocation (%)	Target Range (%)	Market Value 6/30/14 (\$ mm)
Total VEBA	124.7	NA	100	NA	NA	127.3
Domestic Equity Assets	49.5	100	40	38	30-46	50.3
Northern Trust Russell 1000 Index	33.1	67	27			32.9
RhumbLine S&P 400 Index	9.0	18	7			9.3
SouthernSun Small Cap Equity	7.4	15	6			8.1
International Developed Market Equity Assets	14.0	100	11	11	8-14	14.9
Fisher Institutional Foreign Equity	14.0	100	11			14.9
International Emerging Market Equity Assets	8.5	100	7	6	0-9	5.9
Dimensional Emerging Markets Value	4.7	55	4			3.5
Vontobel Emerging Markets Equity	3.8	45	3			2.4
Investment Grade Bond Assets¹	23.0	100	18	10	8-12	24.4
Northern Trust Barclays Aggregate Index	22.8	99	18			14.5
TIPS Assets	3.0	100	2	9	0-11	3.1
IR&M 1-10 Year Index	3.0	100	2			3.1

¹ Includes assets transitioned from the Bradford & Marzec portfolio: \$0.2 million as of 9/30 and \$9.9 million as of 6/30.



City of Ann Arbor
VEBA

Aggregate Assets
Portfolio Roster as of 9/30/14

	Market Value 9/30/14 (\$ mm)	% of Asset Class	% of Health Care Trust	Target Allocation (%)	Target Range (%)	Market Value 6/30/14 (\$ mm)
High Yield Bond Assets	7.0	100	6	6	2-8	6.4
SKY Harbor High Yield	7.0	100	6			6.4
Bank Loan Assets	4.9	100	4	4	0-6	4.1
Beach Point Leveraged Loan	4.9	100	4			4.1
Emerging Market Debt Assets	3.8	100	3	3	0-5	2.6
Stone Harbor Emerging Markets Local Currency Debt	3.8	100	3			2.6
Real Estate Assets	9.4	100	8	10	2-12	9.2
Vanguard REIT Index	4.3	46	3			4.4
AEW Core Property Trust	4.9	52	4			4.7
DRA Growth & Income Fund VIII, L.P.	0.2	2	< 1			0.0
Cash	1.7	100	1	0	< 5	6.4
Northern Trust Cash Account	1.7	100	1			6.4



City of Ann Arbor
VEBA

Aggregate Assets
Performance as of 9/30/14

	3Q14 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Total VEBA	-2.0	3.4	8.3	13.3	11.5	7.2	10/1/99	6.1
Net of Fees	-2.0	3.2	8.0	13.0	11.1	NA		NA
<i>Policy Benchmark¹</i>	-1.4	4.4	9.4	12.8	10.4	7.2		5.6
<i>Actual Allocation Benchmark</i>	-1.1	4.2	9.5	12.7	NA	NA		NA
<i>60% MSCI ACWI/ 40% Barclays Aggregate</i>	-2.7	3.0	7.3	10.5	7.4	6.5		NA
Domestic Equity	-1.7	5.4	15.6	24.0	18.2	9.5	10/1/99	6.5
<i>Russell 3000</i>	0.0	7.0	17.8	23.1	15.8	8.4		5.5
International Developed Market Equity	-6.1	-3.9	2.1	14.8	8.6	NA	7/1/09	12.3
<i>MSCI EAFE</i>	-5.9	-1.4	4.3	13.6	6.6	6.3		9.9
International Emerging Market Equity	-3.0	4.7	5.4	NA	NA	NA	2/1/12	3.1
<i>MSCI Emerging Markets</i>	-3.5	2.4	4.3	7.2	4.4	10.7		2.2
Investment Grade Bonds ²	0.1	4.5	4.6	3.3	5.1	5.3	10/1/00	5.9
<i>Barclays Aggregate</i>	0.2	4.1	4.0	2.4	4.1	4.6		5.5
<i>Barclays Universal</i>	0.0	4.2	4.4	3.2	4.7	4.9		5.7
TIPS	-2.0	2.0	NA	NA	NA	NA	11/1/13	0.2
<i>Barclays U.S. TIPS</i>	-2.0	3.7	1.6	1.3	4.5	4.6		1.0

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.

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



City of Ann Arbor
VEBA

Aggregate Assets
Performance as of 9/30/14

	3Q14 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Total VEBA (continued)	-2.0	3.4	8.3	13.3	11.5	7.2	10/1/99	6.1
Net of Fees (continued)	-2.0	3.2	8.0	13.0	11.1	NA		NA
High Yield Bond Assets	-1.6	3.8	7.5	10.1	9.7	NA	7/1/09	11.4
<i>Barclays High Yield</i>	-1.9	3.5	7.2	11.1	10.6	8.3		12.9
Bank Loans	0.0	2.1	4.4	NA	NA	NA	4/1/12	7.0
<i>CSFB Leveraged Loan</i>	-0.7	2.0	3.9	6.8	6.6	4.8		5.6
Emerging Market Debt	-6.3	-0.7	-4.2	NA	NA	NA	6/1/12	-0.9
<i>JPM GBI-EM Global Diversified (unhedged)</i>	-5.7	0.0	-1.5	2.2	4.4	8.8		2.1
Real Estate	-3.1	9.1	8.7	15.5	15.9	NA	3/1/05	8.9
<i>NAREIT Equity</i>	-2.5	13.4	13.2	17.2	16.2	8.5		8.0

City of Ann Arbor
VEBA

Aggregate Assets
Performance as of 9/30/14

	3Q14 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Domestic Equity	-1.7	5.4	15.6	24.0	18.2	9.5	10/1/99	6.5
Northern Trust Russell 1000 Index	0.7	8.0	19.0	NA	NA	NA	2/1/12	19.0
Net of Fees	0.7	7.9	19.0	NA	NA	NA		18.9
<i>Russell 1000</i>	0.7	8.0	19.0	23.2	15.9	8.5		19.1
RhumbLine S&P 400 Index	-4.0	3.3	11.9	22.5	NA	NA	2/1/10	17.2
Net of Fees	-4.0	3.2	11.9	22.5	NA	NA		NA
<i>S&P MidCap</i>	-4.0	3.2	11.8	22.4	16.4	10.3		17.1
SouthernSun Small Cap Equity	-8.7	-2.2	6.1	26.3	23.4	NA	12/1/04	11.6
Net of Fees	-9.0	-2.9	5.0	25.1	22.3	NA		NA
<i>Russell 2000</i>	-7.4	-4.4	3.9	21.3	14.3	8.2		7.2
International Developed Market Equity	-6.1	-3.9	2.1	14.8	8.6	NA	7/1/09	12.3
Fisher Institutional Foreign Equity	-6.1	-3.9	2.1	14.8	8.6	NA	7/1/09	12.3
Net of Fees	-6.4	-4.6	1.1	13.7	7.6	NA		11.3
<i>MSCI EAFE</i>	-5.9	-1.4	4.3	13.6	6.6	6.3		9.9
International Emerging Market Equity	-3.0	4.7	5.4	NA	NA	NA	2/1/12	3.1
Dimensional Emerging Markets Value	-4.4	2.1	3.1	NA	NA	NA	2/1/12	1.1
<i>MSCI Emerging Markets</i>	-3.5	2.4	4.3	7.2	4.4	10.7		2.2
Vontobel Emerging Markets Equity	-0.9	9.2	9.6	NA	NA	NA	2/1/12	6.9
Net of Fees	-1.2	8.3	8.4	NA	NA	NA		5.7
<i>MSCI Emerging Markets</i>	-3.5	2.4	4.3	7.2	4.4	10.7		2.2



City of Ann Arbor
VEBA

Aggregate Assets
Performance as of 9/30/14

	3Q14 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Investment Grade Bonds¹	0.1	4.5	4.6	3.3	5.1	5.3	10/1/00	5.9
Northern Trust Barclays Aggregate Index	0.2	4.2	4.0	2.5	4.1	4.8	10/1/99	5.6
Net of Fees	0.2	4.2	4.0	2.4	4.1	4.7		5.6
<i>Barclays Aggregate</i>	0.2	4.1	4.0	2.4	4.1	4.6		5.6
TIPS	-2.0	2.0	NA	NA	NA	NA	11/1/13	0.2
IR&M 1-10 Year Index	-2.0	2.0	NA	NA	NA	NA	11/1/13	0.2
Net of Fees	-2.0	1.9	NA	NA	NA	NA		0.1
<i>Barclays U.S. TIPS 1-10 Year</i>	-2.0	1.9	0.6	0.9	3.4	4.0		0.1
High Yield Bond Assets	-1.6	3.8	7.5	10.1	9.7	NA	7/1/09	11.4
SKY Harbor High Yield	-1.6	3.8	7.5	NA	NA	NA	12/1/12	7.8
Net of Fees	-1.7	3.4	7.0	NA	NA	NA		7.2
<i>Barclays High Yield</i>	-1.9	3.5	7.2	11.1	10.6	8.3		6.9
Bank Loans	0.0	2.1	4.4	NA	NA	NA	4/1/12	7.0
Beach Point Leveraged Loan	0.0	2.1	4.4	NA	NA	NA	4/1/12	7.0
Net of Fees	-0.2	1.6	3.7	NA	NA	NA		6.3
<i>CSFB Leveraged Loan</i>	-0.7	2.0	3.9	6.8	6.6	4.8		5.6

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



City of Ann Arbor
VEBA

Aggregate Assets
Performance as of 9/30/14

	3Q14 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Emerging Market Debt	-6.3	-0.7	-4.2	NA	NA	NA	6/1/12	-0.9
Stone Harbor Emerging Markets Local Currency Debt	-6.3	-0.7	-4.2	NA	NA	NA	6/1/12	-0.9
JPM GBI-EM Global Diversified (unhedged)	-5.7	0.0	-1.5	2.2	4.4	8.8		2.1
Real Estate	-3.1	9.1	8.7	15.5	15.9	NA	3/1/05	8.9
Vanguard REIT Index	-3.1	NA	NA	NA	NA	NA	3/1/14	4.2
MSCI U.S. REIT	-3.1	14.0	13.3	16.6	16.0	8.1		4.2
AEW Core Property Trust	2.8	7.2	10.5	NA	NA	NA	7/1/13	11.1
NCREIF ODCE	3.2	8.9	12.4	12.4	12.4	7.1		8.6

City of Ann Arbor
VEBA

Aggregate Assets
Calendar Year Performance

	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)
Total VEBA	15.2	12.6	2.7	19.6	21.9	-24.2	4.0	10.9	7.0	7.1
Net of Fees	14.8	12.3	2.3	19.2	21.6	-24.2	NA	NA	NA	NA
<i>Policy Benchmark¹</i>	14.2	13.0	1.6	15.7	24.6	-25.0	5.0	11.9	6.9	10.7
<i>Actual Allocation Benchmark</i>	15.3	12.2	NA	NA	NA	NA	NA	NA	NA	NA
<i>60% MSCI ACWI/ 40% Barclays Aggregate</i>	12.2	11.7	-2.1	10.3	23.8	-26.2	10.8	15.2	4.7	12.9
Domestic Equity	34.6	17.7	2.2	27.4	31.4	-38.7	4.5	13.5	7.8	8.3
Northern Trust Russell 1000 Index	33.1	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	33.1	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Russell 1000</i>	33.1	16.4	1.5	16.1	28.4	-37.6	5.8	15.5	6.3	11.4
RhumbLine S&P 400 Index	33.9	17.9	-1.7	NA	NA	NA	NA	NA	NA	NA
Net of Fees	33.8	17.8	-1.7	NA	NA	NA	NA	NA	NA	NA
<i>S&P MidCap</i>	33.5	17.9	-1.7	26.6	37.4	-36.2	8.0	10.3	12.6	16.5
SouthernSun Small Cap Equity	41.6	21.8	6.4	48.4	29.3	-35.1	9.9	12.7	2.6	NA
Net of Fees	40.2	20.6	5.4	47.6	28.4	-35.1	9.0	11.9	1.8	NA
<i>Russell 2000</i>	38.8	16.3	-4.2	26.9	27.2	-33.8	-1.6	18.4	4.6	18.3
International Developed Market Equity	23.6	17.0	-10.8	17.0	NA	NA	NA	NA	NA	NA
Fisher Institutional Foreign Equity	23.6	17.0	-10.8	17.0	NA	NA	NA	NA	NA	NA
Net of Fees	22.4	15.8	-11.7	16.3	NA	NA	NA	NA	NA	NA
<i>MSCI EAFE</i>	22.8	17.3	-12.1	7.7	31.8	-43.4	11.2	26.3	13.5	20.2

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

	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)
International Emerging Market Equity	-4.4	NA	NA	NA	NA	NA	NA	NA	NA	NA
Dimensional Emerging Markets Value	-3.8	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI Emerging Markets</i>	-2.6	18.2	-18.4	18.9	78.5	-53.3	39.4	32.2	34.0	25.6
Vontobel Emerging Markets Equity	-4.4	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	-5.5	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI Emerging Markets</i>	-2.6	18.2	-18.4	18.9	78.5	-53.3	39.4	32.2	34.0	25.6
Investment Grade Bonds¹	-1.6	5.8	8.1	8.2	7.0	6.2	7.3	4.3	2.4	4.4
Northern Trust Barclays Aggregate Index	-2.2	4.4	7.8	6.8	5.6	6.2	7.3	4.3	2.4	4.4
Net of Fees	-2.3	4.3	7.8	6.7	5.6	6.1	7.3	4.3	2.4	4.3
<i>Barclays Aggregate</i>	-2.0	4.2	7.8	6.5	5.9	5.2	7.0	4.3	2.4	4.3
High Yield Bond Assets	9.2	12.4	5.7	12.3	NA	NA	NA	NA	NA	NA
SKY Harbor High Yield	9.2	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	8.6	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Barclays High Yield</i>	7.4	15.8	5.0	15.1	58.2	-26.2	1.9	11.8	2.7	11.1

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



City of Ann Arbor
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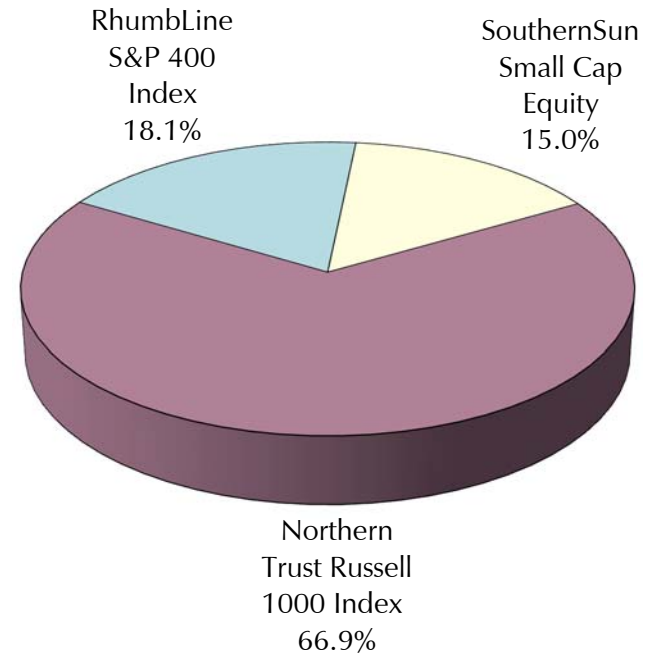
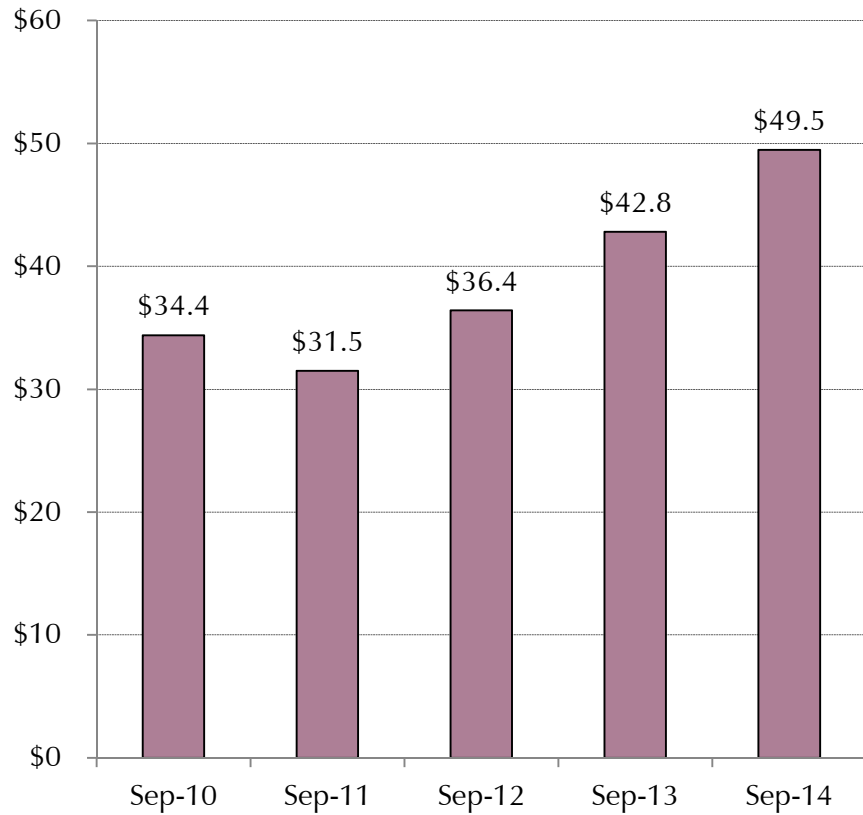
Aggregate Assets
Calendar Year Performance

	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 (%)
Bank Loans	7.3	NA	NA	NA	NA	NA	NA	NA	NA	NA
Beach Point Leveraged Loan	7.3	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	6.6	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>CSFB Leveraged Loan</i>	6.2	9.4	1.8	10.0	44.9	-28.8	1.9	7.2	5.7	5.6
Emerging Market Debt	-12.6	NA	NA	NA	NA	NA	NA	NA	NA	NA
Stone Harbor Emerging Markets Local Currency Debt	-12.6	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>JPM GBI-EM Global Diversified (unhedged)</i>	-9.0	16.8	-1.8	15.7	22.0	-5.2	18.1	15.2	6.3	23.0

**Domestic Equity Assets
As of September 30, 2014**

City of Ann Arbor
VEBA

Domestic Equity Assets
as of 9/30/14



Risk: (sixty months)	Aggregate Domestic Equity 9/30/14	Russell 3000 9/30/14
Annualized Return (%)	18.2	15.8
Standard Deviation (%)	18.3	16.0
Best Monthly Return (%)	13.7	11.5
Worst Monthly Return (%)	-9.3	-7.9
Beta	1.10	1.00
Correlation to Index	0.99	1.00
Correlation to Total Fund Return	0.98	NA
Sharpe Measure (risk-adjusted return)	0.99	0.98
Information Ratio	0.80	NA



	Aggregate Domestic Equity 9/30/14	Russell 3000 9/30/14	Aggregate Domestic Equity 6/30/14
Capitalization Structure:			
Weighted Average Market Cap. (US\$ billion)	75.3	100.7	70.8
Median Market Cap. (US\$ billion)	6.5	1.4	6.7
Large (% over US\$20 billion)	50	68	48
Medium (% US\$3 billion to US\$20 billion)	38	24	41
Small (% under US\$3 billion)	12	8	10
Fundamental Structure:			
Price-Earnings Ratio	19	19	20
Price-Book Value Ratio	2.8	2.5	2.9
Dividend Yield (%)	1.7	1.9	1.7
Historical Earnings Growth Rate (%)	14	14	15
Projected Earnings Growth Rate (%)	12	12	12

	Aggregate Domestic Equity 9/30/14	Russell 3000 9/30/14	Aggregate Domestic Equity 6/30/14
Diversification:			
Number of Holdings	1,154	2,983	1,148
% in 5 largest holdings	7	9	6
% in 10 largest holdings	11	14	11

Largest Five Holdings:

Apple

2.1

Technology Equipment

ExxonMobil

1.4

Energy

Microsoft

1.3

Software & Services

Johnson & Johnson

1.0

Pharmaceuticals & Biotech.

Trinity Industries

0.9

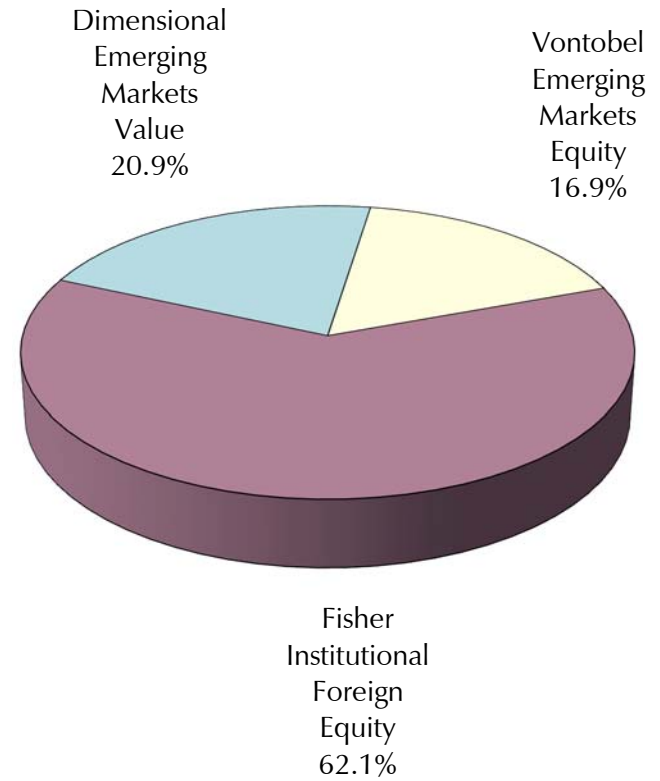
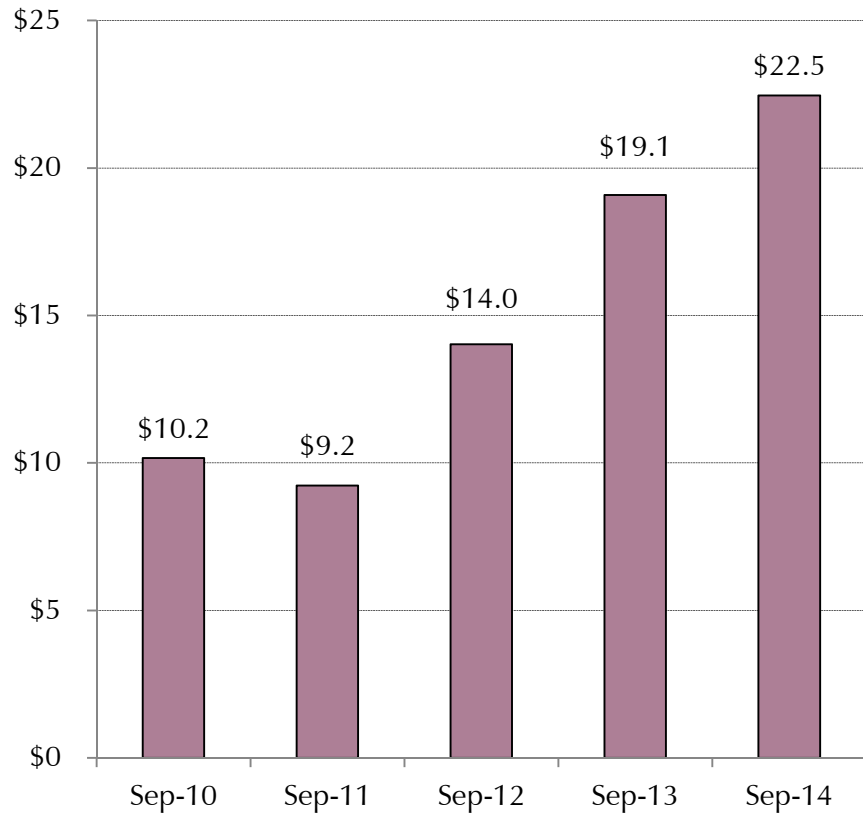
Capital Goods

Sector Allocation (%):	Aggregate Domestic Equity 9/30/14	Russell 3000 9/30/14	Aggregate Domestic Equity 6/30/14
Industrials	15	11	16
Materials	5	4	5
Consumer Discretionary	13	12	13
Utilities	3	3	4
Consumer Staples	8	8	8
Telecommunication Services	2	2	2
Health Care	13	14	12
Energy	8	9	9
Financials	16	17	15
Information Technology	17	19	16

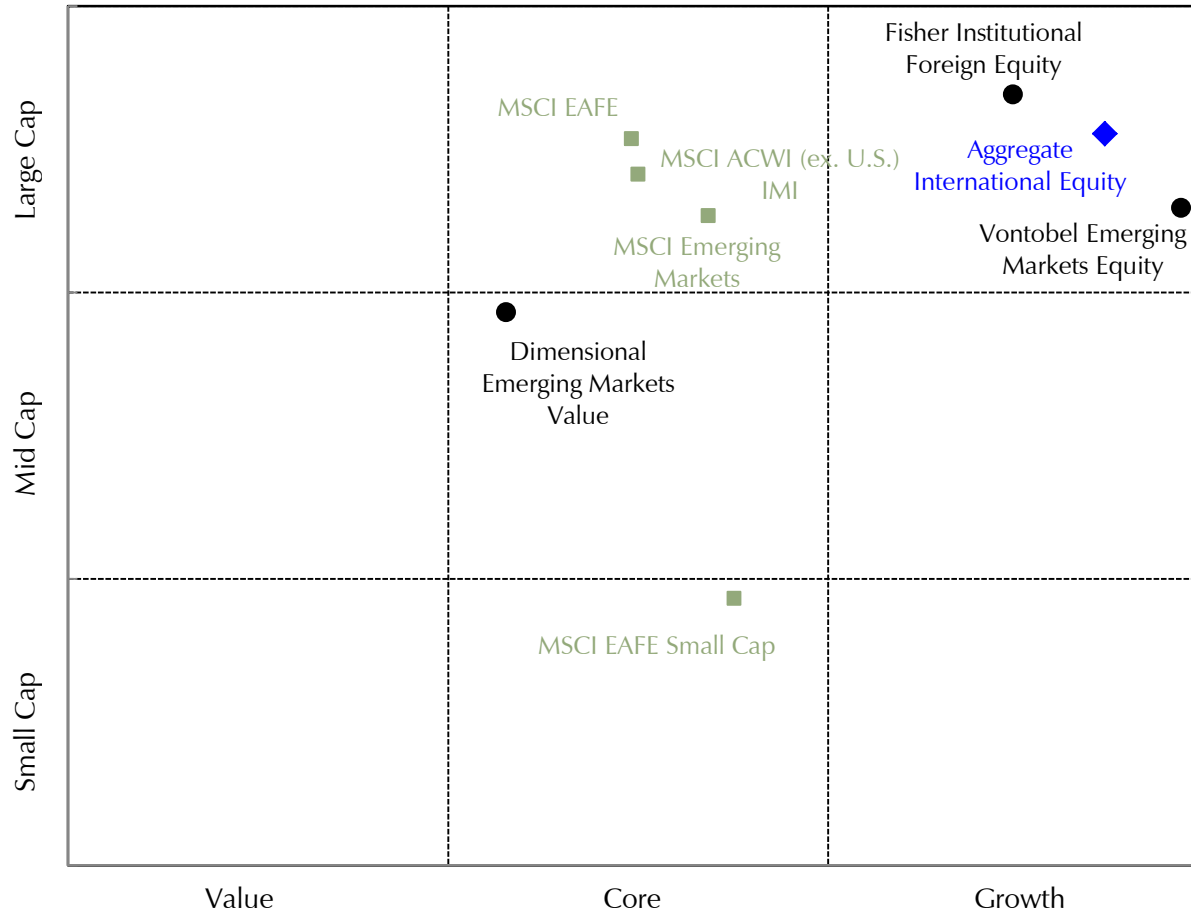
**International Equity Assets
As of September 30, 2014**

City of Ann Arbor
VEBA

International Equity Assets
as of 9/30/14



Risk: (sixty months)	Aggregate International Equity 9/30/14	MSCI ACWI (ex. U.S.) IMI 9/30/14
Annualized Return (%)	7.4	6.3
Standard Deviation (%)	20.9	17.7
Best Monthly Return (%)	15.4	10.3
Worst Monthly Return (%)	-13.9	-11.3
Beta	1.14	1.00
Correlation to Index	0.99	1.00
Correlation to Total Fund Return	0.95	NA
Sharpe Measure (risk-adjusted return)	0.35	0.35
Information Ratio	0.27	NA



	Aggregate International Equity 9/30/14	MSCI ACWI (ex. U.S.) IMI 9/30/14	Aggregate International Equity 6/30/14
Capitalization Structure:			
Weighted Average Market Cap. (US\$ billion)	63.0	46.9	70.1
Median Market Cap. (US\$ million)	438	1,158	448
Large (% over US\$20 billion)	73	55	78
Medium (% US\$3 billion to US\$20 billion)	20	32	17
Small (% under US\$3 billion)	7	12	6
Fundamental Structure:			
Price-Earnings Ratio	18	16	17
Price-Book Value Ratio	2.8	1.6	2.7
Dividend Yield (%)	2.6	2.9	2.6
Historical Earnings Growth Rate (%)	14	9	15
Projected Earnings Growth Rate (%)	13	11	12

	Aggregate International Equity 9/30/14	MSCI ACWI (ex. U.S.) IMI 9/30/14	Aggregate International Equity 6/30/14
Diversification:			
Number of Holdings	2,279	6,034	2,317
% in 5 largest holdings	10	5	11
% in 10 largest holdings	19	8	19
Largest Five Holdings:		% of Portfolio	Economic Sector
Bayer	2.4	Pharmaceuticals & Biotech.	
Novo Nordisk	2.2	Pharmaceuticals & Biotech.	
Asml Holding	2.0	Semiconductors	
Prudential	1.9	Insurance	
Novartis	1.8	Pharmaceuticals & Biotech.	

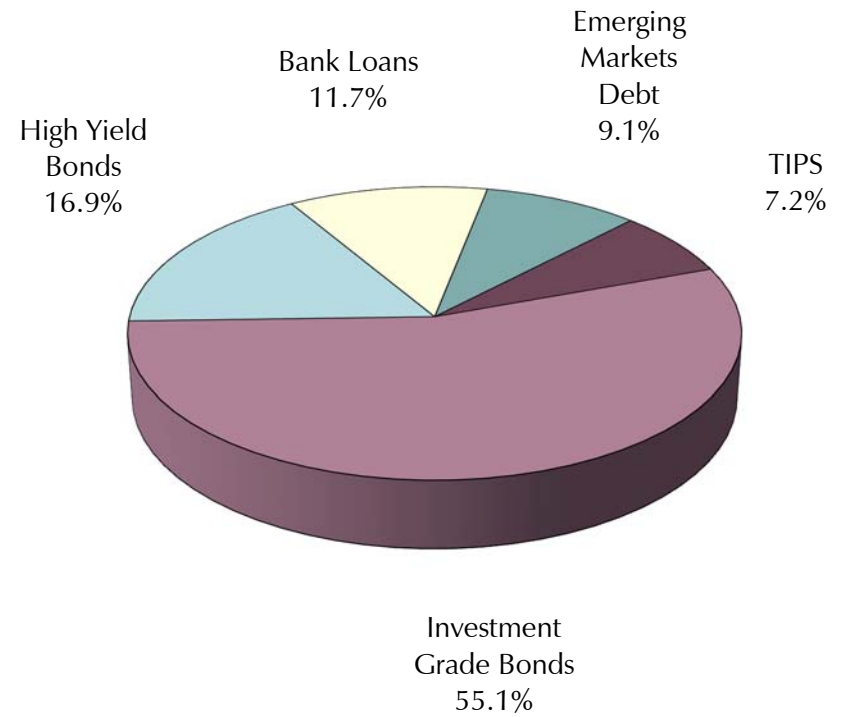
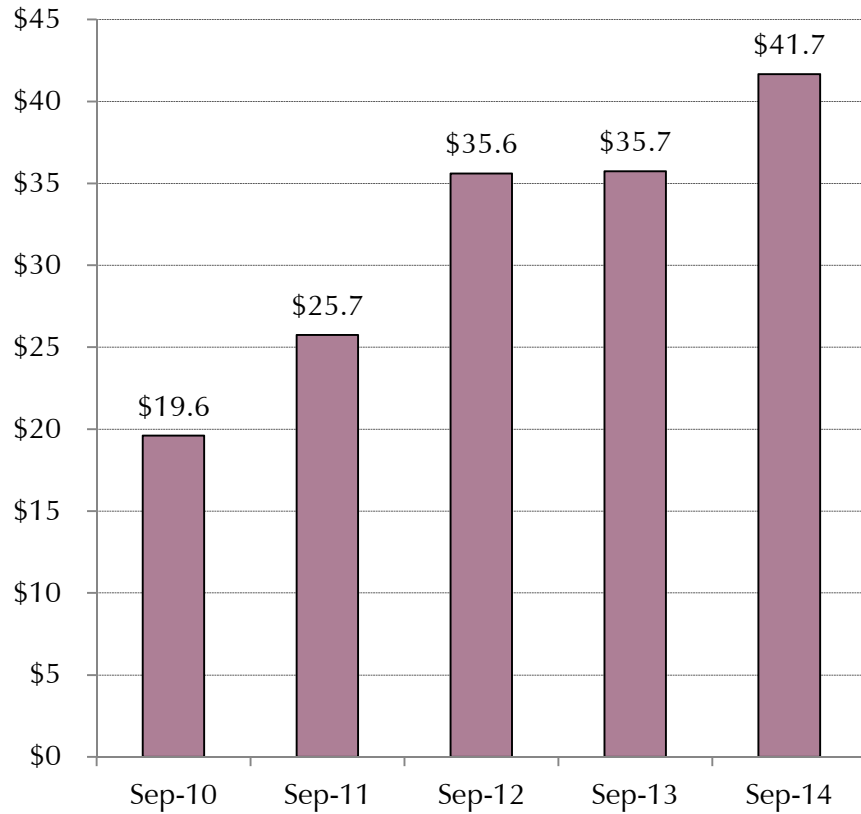
Sector Allocation (%):	Aggregate International Equity 9/30/14	MSCI ACWI (ex. U.S.) IMI 9/30/14	Aggregate International Equity 6/30/14
Information Technology	13	8	12
Health Care	13	8	13
Consumer Discretionary	15	11	17
Industrials	13	12	13
Financials	26	26	25
Consumer Staples	9	9	9
Utilities	1	3	1
Materials	6	8	6
Telecommunication Services	1	5	1
Energy	5	9	4

	Aggregate International Equity 9/30/14 (%)	MSCI ACWI (ex. U.S.) IMI 9/30/14 (%)		Aggregate International Equity 9/30/14 (%)	MSCI ACWI (ex. U.S.) IMI 9/30/14 (%)
Europe/North America	54.7	53.8	Asia (emerging)	22.0	12.3
Germany	11.2	5.9	India	5.6	1.5
United Kingdom	15.6	13.2	Taiwan	4.7	2.8
Switzerland	7.8	6.5	South Korea	4.3	3.3
Denmark	2.2	1.1	Thailand	1.4	0.6
France	6.6	6.1	China	3.1	2.3
Netherlands	3.5	3.2	Indonesia	1.2	0.6
Belgium	1.2	0.9	Malaysia	1.5	0.9
Italy	1.2	1.8	Latin America (emerging)	7.3	3.8
Spain	1.4	2.4	Brazil	4.1	2.1
Canada	2.5	7.7	Mexico	2.9	1.1
Pacific/Asia	12.0	25.9	Europe/MidEast/Africa (emerging)	3.9	4.2
Hong Kong	4.0	3.9	South Africa	2.2	1.6
Singapore	1.0	1.1			
Australia	2.0	5.2			
Japan	5.0	15.5			

**Fixed Income Assets
As of September 30, 2014**

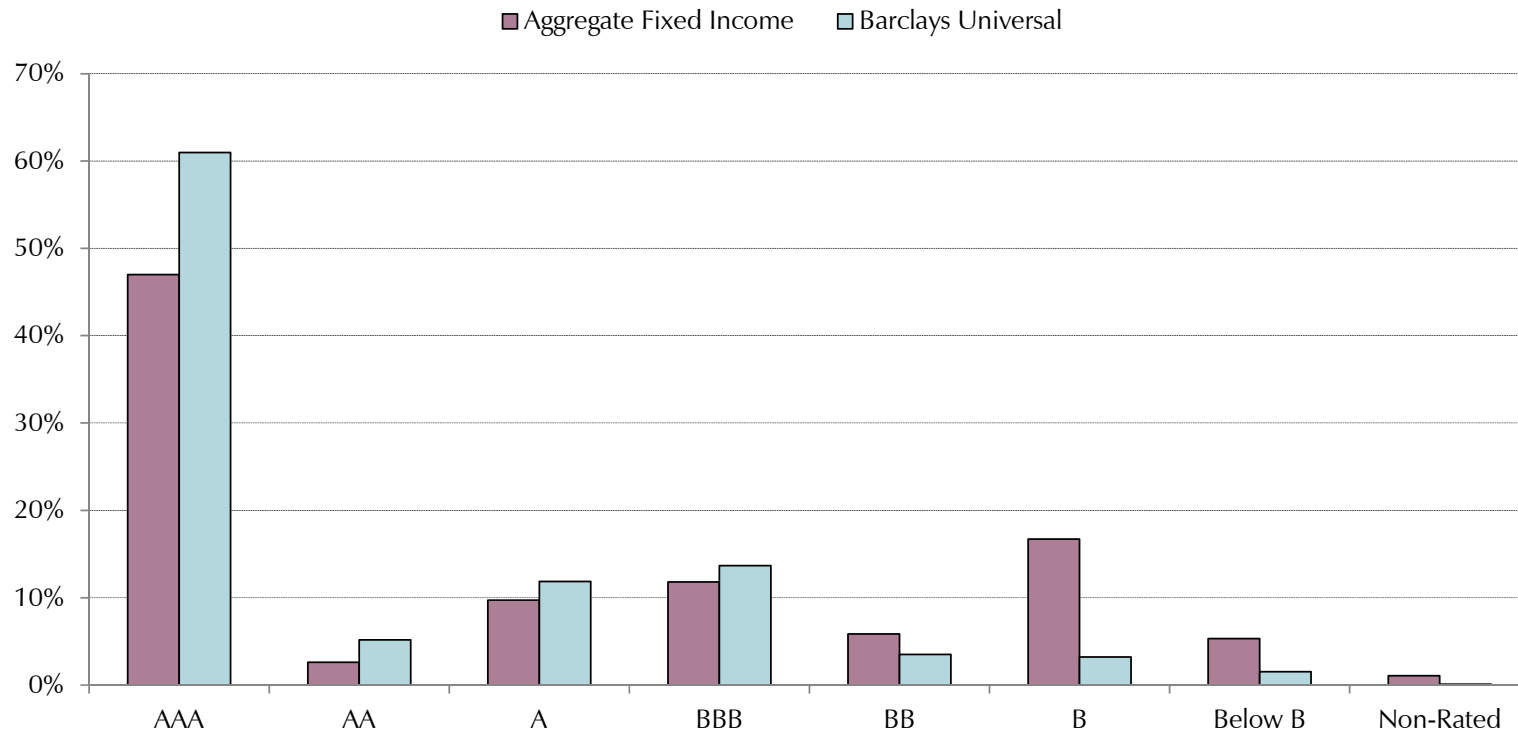
City of Ann Arbor
VEBA

Fixed Income Assets
as of 9/30/14



Risk: (sixty months)	Aggregate Fixed Income 9/30/14	Barclays Universal 9/30/14
Annualized Return (%)	5.5	4.7
Standard Deviation (%)	2.9	2.9
Best Monthly Return (%)	1.6	1.6
Worst Monthly Return (%)	-1.9	-1.8
Beta	0.96	1.00
Correlation to Index	0.96	1.00
Correlation to Total Fund Return	0.19	NA
Sharpe Measure (risk-adjusted return)	1.87	1.60
Information Ratio	1.02	NA

Duration & Yield:	Aggregate Fixed Income 9/30/14	Barclays Universal 9/30/14	Aggregate Fixed Income 6/30/14
Average Effective Duration (years)	4.7	5.5	4.7
Yield to Maturity (%)	3.9	2.8	3.4



City of Ann Arbor
VEBA

Fixed Income Assets
Diversification as of 9/30/14

	Aggregate Fixed Income 9/30/14	Barclays Universal 9/30/14	Aggregate Fixed Income 6/30/14
Market Allocation (%):			
United States	81	82	85
Foreign (developed markets)	10	11	7
Foreign (emerging markets)	9	7	8
Currency Allocation (%):			
Non-U.S. Dollar Exposure	10	0	9
Sector Allocation (%):			
U.S. Treasury-Nominal	20	30	16
U.S. Treasury-TIPS	7	0	8
U.S. Agency	2	7	1
Mortgage Backed	16	24	18
Corporate	30	31	25
Bank Loans	11	0	11
Local & Provincial Government	1	1	5
Sovereign & Supranational	11	4	8
Commercial Mortgage Backed	1	2	2
Asset Backed	0	0	1
Cash Equivalent	1	0	2
Other	0	1	2

**Domestic Equity Portfolio Reviews
As of September 30, 2014**

City of Ann Arbor VEBA

Northern Trust Russell 1000 Index Portfolio Detail as of 9/30/14

Mandate: Domestic Equities
Active/Passive: Passive
Market Value: \$33.1 million
Portfolio Manager: Alexander Matturri, Jr., CFA
Location: Chicago, Illinois
Inception Date: 2/1/2012
Account Type: Commingled Fund

	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 (%):	3Q14	1 YR	Since 2/1/12
Northern Trust Russell 1000 Index	0.7	19.0	19.0
Net of Fees	0.7	19.0	18.9
Russell 1000	0.7	19.0	19.1
Peer Large Cap Core	0.9	18.9	19.2
Peer Ranking (percentile)	58	47	56

	9/30/14		6/30/14	
	Northern Trust Russell 1000 Index	Russell 1000	Northern Trust Russell 1000 Index	Russell 1000
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	108.6	108.5	104.1	104.1
Median Market Cap. (US\$ billion)	7.5	7.5	7.6	7.6
Large (% over US\$20 billion)	74	74	73	73
Medium (% US\$3 billion to US\$20 billion)	25	25	26	26
Small (% under US\$3 billion)	1	1	1	1
Fundamental Structure:				
Price-Earnings Ratio	19	19	19	19
Price-Book Value Ratio	3.0	3.0	3.0	3.0
Dividend Yield (%)	1.9	1.9	1.9	1.9
Historical Earnings Growth Rate (%)	14	14	15	15
Projected Earnings Growth Rate (%)	12	12	12	12
Sector Allocation (%):				
Health Care	14	14	13	13
Energy	9	9	10	10
Consumer Staples	9	9	9	9
Utilities	3	3	3	3
Telecommunication Services	2	2	2	2
Consumer Discretionary	12	12	12	12
Materials	4	4	4	4
Financials	17	17	17	17
Industrials	11	11	11	11
Information Technology	19	19	18	18
Diversification:				
Number of Holdings	1,032	1,032	1,027	1,027
% 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	
ExxonMobil	2.0		Energy	
Microsoft	1.9		Software & Services	
Johnson & Johnson	1.5		Pharmaceuticals & Biotech.	
General Electric	1.3		Capital Goods	
Berkshire Hathaway	1.3		Diversified Financials	
Wells Fargo	1.2		Banks	
JP Morgan Chase	1.1		Banks	
Chevron	1.1		Energy	
Procter & Gamble	1.1		Household Products	



City of Ann Arbor VEBA

RhumbLine S&P 400 Index Portfolio Detail as of 9/30/14

Mandate: Domestic Equities
Active/Passive: Passive
Market Value: \$9.0 million
Portfolio Manager: Norman Meltz
 Julie Lind
 Jeff Kusmierz
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 (%):	3Q14	1 YR	3 YR	Since 2/1/10
RhumbLine S&P 400 Index	-4.0	11.9	22.5	17.2
Net of Fees	-4.0	11.9	22.5	NA
S&P MidCap	-4.0	11.8	22.4	17.1

	9/30/14		6/30/14	
	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	5.1	5.2
Median Market Cap. (US\$ billion)	3.6	3.6	3.9	3.9
Large (% over US\$20 billion)	0	0	0	0
Medium (% US\$3 billion to US\$20 billion)	79	80	80	82
Small (% under US\$3 billion)	21	20	20	18
Fundamental Structure:				
Price-Earnings Ratio	20	20	22	22
Price-Book Value Ratio	2.4	2.4	2.6	2.6
Dividend Yield (%)	1.5	1.5	1.4	1.4
Historical Earnings Growth Rate (%)	15	14	16	16
Projected Earnings Growth Rate (%)	13	13	13	13
Sector Allocation (%):				
Health Care	10	10	10	9
Information Technology	17	17	16	16
Consumer Discretionary	14	14	13	13
Telecommunication Services	1	1	1	0
Energy	5	5	5	5
Utilities	5	5	5	5
Materials	8	8	8	8
Consumer Staples	3	3	4	3
Industrials	16	16	17	17
Financials	22	22	22	23
Diversification:				
Number of Holdings	398	400	398	400
% in 5 largest holdings	4	3	3	3
% in 10 largest holdings	7	7	6	6
Largest Ten Holdings:				
		Industry		
Equinix	0.7	Software & Services		
Skyworks Solutions	0.7	Semiconductors		
HanesBrands	0.7	Consumer Durables		
SL Green Realty	0.7	Real Estate		
Henry Schein	0.7	Health Care Services		
Endo Health Solutions	0.7	Pharmaceuticals & Biotech.		
Church & Dwight	0.7	Household Products		
Salix Pharmaceuticals	0.6	Pharmaceuticals & Biotech.		
Federal Realty	0.6	Real Estate		
Advance Auto Parts	0.6	Retailing		



City of Ann Arbor VEBA

Mandate: Domestic Equities
Active/Passive: Active
Market Value: \$7.4 million
Portfolio Manager: Michael Cook
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 (%):	3Q14	1 YR	3 YR	5 YR	Since 12/1/04
SouthernSun Small Cap Equity	-8.7	6.1	26.3	23.4	11.6
Net of Fees	-9.0	5.0	25.1	22.3	NA
Russell 2000	-7.4	3.9	21.3	14.3	7.2
Peer Small Cap Core	-6.1	7.5	23.1	16.1	8.8
<i>Peer Ranking (percentile)</i>	90	66	13	1	7
Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
SouthernSun Small Cap Equity	25.0%	1.02	0.93	1.22	0.94
Russell 2000	21.3	1.00	0.67	NA	1.00

SouthernSun Small Cap Equity Portfolio Detail as of 9/30/14

	9/30/14		6/30/14	
	Southern Sun Small Cap Equity	Russell 2000	Southern Sun Small Cap Equity	Russell 2000
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	3.5	1.7	3.8	1.8
Median Market Cap. (US\$ billion)	2.4	0.7	3.2	0.7
Large (% over US\$20 billion)	0	0	0	0
Medium (% US\$3 billion to US\$20 billion)	45	11	59	13
Small (% under US\$3 billion)	55	89	41	87
Fundamental Structure:				
Price-Earnings Ratio	19	19	20	21
Price-Book Value Ratio	2.4	1.9	2.9	2.1
Dividend Yield (%)	1.1	1.4	1.0	1.2
Historical Earnings Growth Rate (%)	17	14	16	15
Projected Earnings Growth Rate (%)	14	16	13	16
Sector Allocation (%):				
Industrials	33	14	36	14
Consumer Staples	12	3	12	3
Consumer Discretionary	17	13	17	13
Materials	7	5	8	5
Utilities	4	3	4	3
Telecommunication Services	0	1	0	1
Energy	5	6	6	6
Health Care	12	13	12	13
Information Technology	6	18	6	18
Financials	3	24	0	23
Diversification:				
Number of Holdings	22	1,951	21	1,972
% in 5 largest holdings	30	1	31	1
% in 10 largest holdings	57	3	60	2
Largest Ten Holdings:				
		Industry		
Trinity Industries	6.1	Capital Goods		
Iconix Brand	6.1	Consumer Durables		
Centene	6.1	Health Care Services		
Diebold	6.0	Technology Equipment		
Darling International	6.0	Food, Beverage & Tobacco		
Hill-Rom	5.6	Health Care Services		
Chicago Bridge and Iron	5.5	Capital Goods		
Sanderson Farms	5.2	Food, Beverage & Tobacco		
AGCO	5.2	Capital Goods		
Brink's	4.9	Commercial Services		



**International Developed Market Equity
Portfolio Review
As of September 30, 2014**

City of Ann Arbor VEBA

Mandate: International Equities,
Developed Markets

Active/Passive: Active

Market Value: \$14.0 million

Portfolio Manager: Team

Location: Woodside, California

Inception Date: 7/1/2009

Account Type: Commingled Fund

	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 (%):	3Q14	1 YR	3 YR	5 YR	Since 7/1/09
Fisher Institutional Foreign Equity	-6.1	2.1	14.8	8.6	12.3
Net of Fees	-6.4	1.1	13.7	7.6	11.3
MSCI EAFE	-5.9	4.3	13.6	6.6	9.9
Peer International Core	-5.3	5.1	14.5	7.7	10.9
Peer Ranking (percentile)	71	86	46	28	14
Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
Fisher Institutional Foreign Equity	21.3%	1.12	0.40	0.40	0.97
MSCI EAFE	18.0	1.00	0.36	NA	1.00

Fisher Institutional Foreign Equity Portfolio Detail as of 9/30/14

	9/30/14		6/30/14	
	Fisher Institutional Foreign Equity	MSCI EAFE	Fisher Institutional Foreign Equity	MSCI EAFE
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	83.7	60.8	87.2	63.8
Median Market Cap. (US\$ billion)	59.3	8.7	60.9	9.4
Large (% over US\$20 billion)	91	69	92	69
Medium (% US\$3 billion to US\$20 billion)	9	31	8	30
Small (% under US\$3 billion)	0	1	0	1
Fundamental Structure:				
Price-Earnings Ratio	18	17	17	17
Price-Book Value Ratio	2.6	1.6	2.6	1.8
Dividend Yield (%)	2.5	3.0	2.6	3.0
Historical Earnings Growth Rate (%)	15	8	15	9
Projected Earnings Growth Rate (%)	12	10	12	10
Sector Allocation (%):				
Information Technology	14	5	13	4
Health Care	19	11	18	11
Consumer Discretionary	18	12	20	12
Industrials	16	13	15	13
Financials	23	26	22	25
Utilities	0	4	0	4
Energy	2	7	3	7
Telecommunication Services	0	5	0	5
Materials	2	8	3	8
Consumer Staples	5	11	5	11
Diversification:				
Number of Holdings	66	901	65	899
% in 5 largest holdings	16	8	15	7
% in 10 largest holdings	29	13	27	13
Region Allocation (%):				
Europe/North America	82	66	82	67
Pacific/Asia	15	33	15	32
Asia (emerging)	3	0	3	0
Europe/MidEast/Africa (emerging)	0	1	0	1
Other	0	0	0	0
Largest Five Holdings:				
			Industry	
Bayer	3.7		Pharmaceuticals & Biotech.	
Novo Nordisk	3.4		Pharmaceuticals & Biotech.	
Asml Holding	3.1		Semiconductors	
Prudential	2.9		Insurance	
Novartis	2.8		Pharmaceuticals & Biotech.	



**International Emerging Market Equity
Portfolio Reviews
As of September 30, 2014**

City of Ann Arbor VEBA

Dimensional Emerging Markets Value Portfolio Detail as of 9/30/14

Mandate: International Equities,
Emerging Markets

Active/Passive: Active

Market Value: \$4.7 million

Portfolio Manager: Karen Umland

Location: Austin, Texas

Inception Date: 2/1/2012

Account Type: Mutual Fund (DFEVX)

	Value	Core	Growth
Large			
Medium			
Small			

Fee Schedule:

0.61% 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 (%):	3Q14	1 YR	Since 2/1/12
Dimensional Emerging Markets Value¹	-4.4	3.1	1.1
MSCI Emerging Markets	-3.5	4.3	2.2
Peer Emerging Markets	-3.7	4.5	3.3
Peer Ranking (percentile)	70	67	71

	9/30/14		6/30/14	
	Dimensional Emerging Markets Value	MSCI Emerging Markets	Dimensional Emerging Markets Value	MSCI Emerging Markets
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	17.3	34.8	18.9	36.6
Median Market Cap. (US\$ million)	403.7	5,004.6	414.3	5,186.6
Large (% over US\$20 billion)	25	45	28	46
Medium (% US\$3 billion to US\$20 billion)	43	47	40	47
Small (% under US\$3 billion)	31	8	32	7

Fundamental Structure:

Price-Earnings Ratio	12	14	12	16
Price-Book Value Ratio	1.0	1.6	1.1	1.7
Dividend Yield (%)	3.1	2.7	3.0	2.8
Historical Earnings Growth Rate (%)	5	12	6	13
Projected Earnings Growth Rate (%)	15	14	14	14

Sector Allocation (%):

Materials	17	8	17	9
Financials	34	27	34	27
Industrials	12	7	12	7
Energy	13	10	14	11
Utilities	2	4	2	4
Health Care	0	2	0	2
Consumer Discretionary	7	9	7	9
Consumer Staples	5	8	5	8
Telecommunication Services	1	8	1	7
Information Technology	8	17	8	17

Diversification:

Number of Holdings	2,148	834	2,185	835
% in 5 largest holdings	10	11	10	11
% in 10 largest holdings	16	16	16	16

Region Allocation (%):

Europe/North America	0	0	0	0
Pacific/Asia	4	8	4	8
Asia (emerging)	62	55	61	55
Latin America (emerging)	19	19	19	19
Europe/MidEast/Africa (emerging)	15	18	16	19
Other	0	0	0	0

Largest Five Holdings:

		Industry
Gazprom	2.5	Energy
China Construction Bank	2.0	Banks
Bank of China	1.8	Banks
Reliance Industries	1.7	Energy
Petroleo Brasileiro	1.7	Energy

¹ Performance shown as net of fees.



City of Ann Arbor
VEBA

Vontobel Emerging Markets Equity
Portfolio Detail as of 9/30/14

Mandate: International Equities,
Emerging Markets

Active/Passive: Active

Market Value: \$3.8 million

Portfolio Manager: Rajiv Jain

Location: New York, New York

Inception Date: 2/1/2012

Account Type: Commingled Fund

	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 (%):	3Q14	1 YR	Since 2/1/12
Vontobel Emerging Markets Equity	-0.9	9.6	6.9
Net of Fees	-1.2	8.4	5.7
MSCI Emerging Markets	-3.5	4.3	2.2
Peer Emerging Markets	-3.3	5.9	4.8
Peer Ranking (percentile)	12	14	26

	9/30/14		6/30/14	
	Vontobel Emerging Markets	MSCI Emerging Markets	Vontobel Emerging Markets	MSCI Emerging Markets
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	36.9	34.8	37.3	36.6
Median Market Cap. (US\$ billion)	13.2	5.0	12.9	5.2
Large (% over US\$20 billion)	60	45	61	46
Medium (% US\$3 billion to US\$20 billion)	39	47	37	47
Small (% under US\$3 billion)	1	8	2	7
Fundamental Structure:				
Price-Earnings Ratio	23	14	22	16
Price-Book Value Ratio	5.9	1.6	5.8	1.7
Dividend Yield (%)	2.4	2.7	2.3	2.8
Historical Earnings Growth Rate (%)	21	12	21	13
Projected Earnings Growth Rate (%)	14	14	15	14
Sector Allocation (%):				
Consumer Staples	35	8	36	8
Financials	29	27	28	27
Health Care	2	2	2	2
Consumer Discretionary	9	9	10	9
Utilities	3	4	3	4
Telecommunication Services	5	8	4	7
Information Technology	13	17	12	17
Materials	3	8	4	9
Industrials	1	7	1	7
Energy	1	10	0	11
Diversification:				
Number of Holdings	76	834	78	835
% in 5 largest holdings	23	11	24	11
% in 10 largest holdings	37	16	38	16
Region Allocation (%):				
Europe/North America	12	0	14	0
Pacific/Asia	11	8	12	8
Asia (emerging)	49	55	44	55
Latin America (emerging)	23	19	25	19
Europe/MidEast/Africa (emerging)	5	18	5	19
Other	0	0	0	0
Largest Five Holdings:				
		Industry		
British American Tobacco	5.9	Food, Beverage & Tobacco		
Housing Development Financial	4.9	Banks		
ITC	4.5	Food, Beverage & Tobacco		
HDFC Bank	4.3	Banks		
SABMiller	3.4	Food, Beverage & Tobacco		



**Investment Grade Bond Portfolio Reviews
As of September 30, 2014**

City of Ann Arbor VEBA

Northern Trust Barclays Aggregate Bond Index Portfolio Detail as of 9/30/14

Mandate: Fixed Income
Active/Passive: Passive
Market Value: \$22.8 million
Portfolio Manager: Alexander Matturri, Jr., CFA
Location: Chicago, Illinois
Inception Date: 10/1/1999
Account Type: Commingled Fund

	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 (%):	3Q14	1 YR	3 YR	5 YR	Since 10/1/99
Northern Trust Barclays Aggregate Index	0.2	4.0	2.5	4.1	5.6
Net of Fees	0.2	4.0	2.4	4.1	5.6
Barclays Aggregate	0.2	4.0	2.4	4.1	5.6

	9/30/14		6/30/14	
	Northern Trust Barclays Aggregate Bond Index	Barclays Aggregate	Northern Trust Barclays Aggregate Bond Index	Barclays Aggregate
Duration & Yield:				
Average Effective Duration (years)	5.6	5.6	5.6	5.6
Yield to Maturity (%)	2.4	2.4	2.2	2.2
Quality Structure (%):				
Average Quality	AA+	AA+	AA+	AA+
AAA (includes Treasuries and Agencies)	72	72	72	72
AA	5	5	5	5
A	11	12	12	11
BBB	12	12	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	35	35
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	4	5	4	5
Mortgage Backed	29	29	29	29
Corporate	23	23	23	23
Bank Loans	0	0	0	0
Local & Provincial Government	2	1	2	1
Sovereign & Supranational	4	3	4	3
Commercial Mortgage Backed	2	2	2	2
Asset Backed	1	1	0	0
Cash Equivalent	0	0	0	0
Other	0	0	0	0
Market Allocation (%):				
United States	91	91	91	91
Foreign (developed markets)	9	7	5	7
Foreign (emerging markets)	0	2	4	2
Currency Allocation (%):				
Non-U.S. Dollar Exposure	0	0	0	0



High Yield Bond Portfolio Review
As of September 30, 2014

City of Ann Arbor VEBA

Mandate: High Yield
Active/Passive: Active
Market Value: \$7.0 million
Portfolio Manager: Hannah Strasser
 Anne Yobage
 Tom Kelleher
Location: Greenwich, Connecticut
Inception Date: 12/1/2012
Account Type: Commingled Fund

	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 (%):	3Q14	1 YR	Since 12/1/12
SKY Harbor High Yield	-1.6	7.5	7.8
Net of Fees	-1.7	7.0	7.2
Barclays High Yield	-1.9	7.2	6.9
Peer High Yield	-1.7	7.4	7.1
Peer Ranking (percentile)	36	39	25

SKY Harbor High Yield Portfolio Detail as of 9/30/14

	9/30/14		6/30/14	
Duration & Yield:	Sky Harbor High Yield	Barclays High Yield	Sky Harbor High Yield	Barclays High Yield
Average Effective Duration (years)	4.5	4.4	4.1	4.0
Yield to Maturity (%)	6.7	6.1	5.6	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	2	0	0	0
BB	26	42	26	41
B	50	41	46	41
Below B	21	17	27	18
Non-Rated	2	0	1	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	100	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	0	0
Other	0	0	0	0
Market Allocation (%):				
United States	89	83	89	83
Foreign (developed markets)	11	17	11	17
Foreign (emerging markets)	0	0	0	0
Currency Allocation (%):				
Non-U.S. Dollar Exposure	0	0	0	0



**Bank Loan Portfolio Review
As of September 30, 2014**

City of Ann Arbor VEBA

Mandate: Fixed Income
Active/Passive: Active
Market Value: \$4.9 million
Portfolio Manager: Scott Klein
 Carl Goldsmith
 William Kozicki
Location: Los Angeles, California
Inception Date: 4/1/2012
Account Type: Commingled Fund

	Short	Int.	Long
High			
Medium			
Low			

Fee Schedule:
0.65% on all assets

Liquidity Constraints:
Quarterly

Strategy:

The Beach Point 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 (%):	3Q14	1 YR	Since 4/1/12
Beach Point Leveraged Loan	0.0	4.4	7.0
Net of Fees	-0.2	3.7	6.3
CSFB Leveraged Loan	-0.7	3.9	5.6

Beach Point Leveraged Loan Portfolio Detail as of 9/30/14

	9/30/14		6/30/14	
	Beach Point Leveraged Loan	CSFB Leveraged Loan	Beach Point Leveraged Loan	CSFB Leveraged Loan
Duration & Yield:				
Average Effective Duration (years)	0.4	0.3	0.5	0.3
Yield to Maturity (%)	5.5	6.2	5.2	4.8
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	11	30	13	30
B	71	60	69	59
Below B	11	8	12	8
Non-Rated	6	3	6	3
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	9	0	10	0
Bank Loans	91	100	90	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	73	100	76	100
Foreign (developed markets)	27	0	24	0
Foreign (emerging markets)	0	0	0	0
Currency Allocation (%):				
Non-U.S. Dollar Exposure	14	0	12	0



**TIPS Portfolio Review
As of September 30, 2014**

City of Ann Arbor VEBA

IR&M 1-10 Year Index Portfolio Detail as of 9/30/14

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:
 0.10% on first \$50 mm; 0.05% thereafter

Liquidity Constraints:
 Daily

Strategy:
 Seeks to replicate, net of fees, the return of the Barclays 1-10 Year U.S. TIPS Index.

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

Performance (%):	3Q14	Since 11/1/13
IR&M 1-10 Year Index	-2.0	0.2
Net of Fees	-2.0	0.1
Barclays U.S. TIPS 1-10 Year	-2.0	0.1
Peer TIPS	-2.0	1.1
Peer Ranking (percentile)	46	84

Duration & Yield:	9/30/14		6/30/14	
	IR&M 1-10 Year Index	Barclays TIPS 1-10 Yr	IR&M 1-10 Year Index	Barclays TIPS 1-10 Yr
Average Effective Duration (years)	5.3	5.0	5.3	4.6
Yield to Maturity (%) ¹	1.9	1.9	1.7	1.7
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

¹ 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.



**Emerging Market Debt Portfolio Review
As of September 30, 2014**

City of Ann Arbor VEBA

Stone Harbor Emerging Markets Local Currency Debt Portfolio Detail as of 9/30/14

Mandate: Fixed Income
Active/Passive: Active
Market Value: \$3.8 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:
0.89% 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 (%):	3Q14	1 YR	Since 6/1/12
Stone Harbor Emerging Markets Local Currency Debt	-6.3	-4.2	-0.9
JPM GBI-EM Global Diversified (unhedged)	-5.7	-1.5	2.1
Peer Emerging Market Debt	-2.4	5.7	4.7
Peer Ranking (percentile)	95	99	96

	9/30/14		6/30/14	
	Stone Harbor EM Local Debt	JPM GBI-EM Global Diversified	Stone Harbor EM Local Debt	JPM GBI-EM Global Diversified
Duration & Yield:				
Average Effective Duration (years)	4.6	4.8	4.4	4.8
Yield to Maturity (%)	7.1	6.7	6.1	6.4
Quality Structure (%):				
Average Quality	BBB+	BBB+	BBB+	BBB+
AAA (includes Treasuries and Agencies)	3	0	2	0
AA	1	0	0	0
A	37	37	38	36
BBB	54	55	53	56
BB	2	8	4	8
B	0	0	2	0
Below B	4	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	0	0	0	0
Mortgage Backed	0	0	0	0
Corporate	1	0	0	0
Bank Loans	0	0	0	0
Local & Provincial Government	0	0	0	0
Sovereign & Supranational	97	100	98	100
Commercial Mortgage Backed	0	0	0	0
Asset Backed	0	0	0	0
Cash Equivalent	2	0	2	0
Other	0	0	0	0
Market Allocation (%):				
United States	2	0	1	0
Foreign (developed markets)	0	0	0	0
Foreign (emerging markets)	98	100	99	100
Currency Allocation (%):				
Non-U.S. Dollar Exposure	94	100	97	100



**Real Estate Portfolio Reviews
As of September 30, 2014**

**City of Ann Arbor
VEBA**

**AEW Core Property Trust
Portfolio Detail as of 9/30/14**

Strategy: Real Estate

Market Value: \$4.9 million

Senior Professionals: Team

Location: Boston, Massachusetts

Inception Date: 7/1/2013

Account Type: Separately Managed

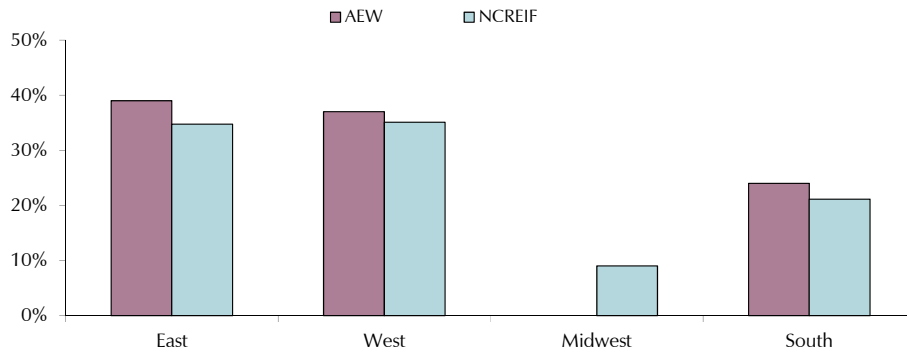
of Investments: 45

Liquidity Constraints: Quarterly

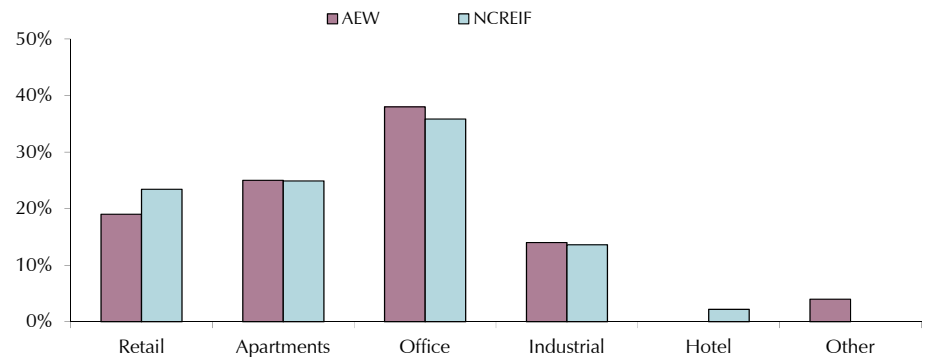
Fee Schedule: 1.10% on first \$10 mm; 1.00% on next \$15 mm



Geographic Region:



Property Type:¹



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 Characteristics are as of 6/30/2014.



City of Ann Arbor
VEBA

Vanguard REIT Index
Portfolio Detail as of 9/30/14

Mandate: Real Estate
Public REIT
Domestic Equities

Active/Passive: Passive

Market Value: \$4.3 million

Portfolio Manager: Gerard O'Reilly

Location: Valley Forge, Pennsylvania

Inception Date: 3/1/2014

Account Type: Mutual Fund

Fee Schedule:
0.08% 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 (%):	3Q14	Since 3/1/14
Vanguard REIT Index	-3.1	4.2
MSCI U.S. REIT	-3.1	4.2
Peer Real Estate	-2.8	5.1
Peer Ranking (percentile)	81	91

	9/30/14		6/30/14	
Capitalization Structure:	Vanguard REIT	MSCI U.S. REIT	Vanguard REIT	MSCI U.S. REIT
Weighted Average Market Cap. (US\$ million)	14.1	21.8	14.4	21.9
Median Market Cap. (US\$ million)	2.5	11.1	2.5	11.5
Large (% over US\$20 billion)	22	41	25	44
Medium (% US\$3 billion to US\$20 billion)	59	59	57	56
Small (% under US\$3 billion)	19	0	19	0

Fundamental Structure:				
Price-Earnings Ratio	39	40	38	46
Price-Book Value Ratio	1.9	2.4	2.0	2.5
Dividend Yield (%)	4.0	3.8	3.8	3.6
Historical Earnings Growth Rate (%)	12	14	10	12
Projected Earnings Growth Rate (%)	16	13	10	16

Diversification:				
Number of Holdings	138	32	138	32
% in 5 largest holdings	23	34	23	33
% in 10 largest holdings	38	55	38	53

Largest Ten Holdings:	%	Industry
Simon Property	8.7	Real Estate
Public Storage	4.1	Real Estate
Equity Residential REIT	3.6	Real Estate
Health Care REIT	3.4	Real Estate
Prologis	3.2	Real Estate
AvalonBay Communities	3.1	Real Estate
Ventas	3.1	Real Estate
HCP	3.1	Real Estate
Boston Properties	3.0	Real Estate
Vornado Realty	2.9	Real Estate



Strategy: Real Estate
Closed-End
Value-Added

Market Value: \$0.2 million

Senior Professionals: Team

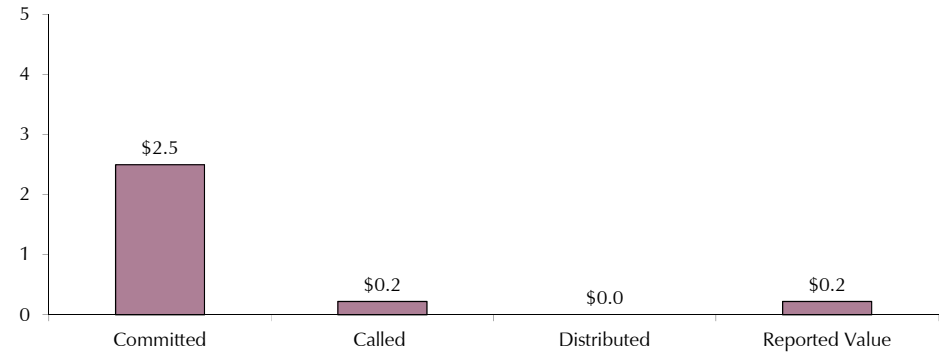
Location: New York, New York

Vintage Year: 2013

Account Type: Ltd. Partnership

Fee Schedule: 0.90% on gross cost during investment period; 0.60% thereafter; 8% preferred return and 20% carried interest

Portfolio Size:



Investment Strategy: The Fund VIII will invest in a diversified portfolio of office, retail, multifamily, industrial, and other real estate related properties across the United States. The four themes emphasized in this strategy include prior owner financial distress, portfolio sales/REIT Joint ventures, out of favor markets, and value enhancement properties.