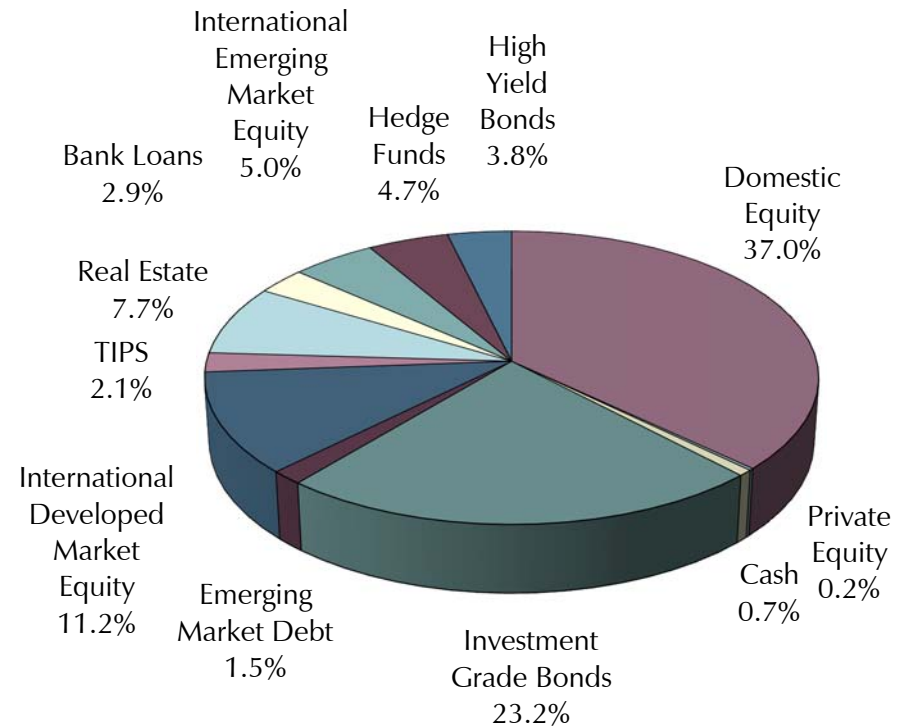
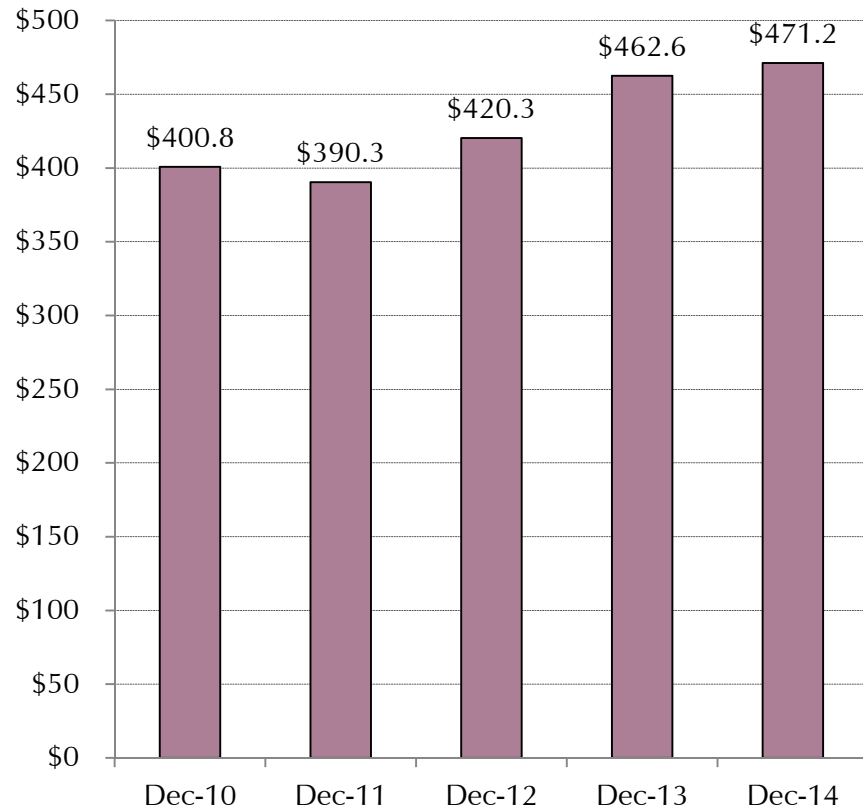


**Retirement System Summary
As of December 31, 2014**

City of Ann Arbor Employees' Retirement System

Aggregate Assets as of 12/31/14



City of Ann Arbor
Employees' Retirement System

Aggregate Assets
Asset Summary as of 12/31/14

	Market Value 12/31/14 (\$ mm)	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 9/30/14 (\$ mm)
Total Retirement System	471.2	100	NA	NA	469.1
Domestic Equity Assets	174.3	37	31	25-37	168.8
International Developed Market Equity Assets	53.0	11	12	9-15	53.8
International Emerging Market Equity Assets	23.5	5	6	0-9	24.7
Private Equity Assets ¹	1.0	< 1	3	0-5	0.0
Investment Grade Bond Assets	109.1	23	19	15-24	110.0
TIPS Assets	9.9	2	8	0-10	10.0
High Yield Bond Assets	17.7	4	3	1-5	18.1
Bank Loan Assets	13.7	3	2	0-4	13.7
Emerging Market Debt Assets	7.2	2	2	0-4	7.8
Real Estate Assets	36.1	8	9	2-12	36.1
Natural Resource Assets	0.0	0	3	0-5	0.0
Hedge Fund Assets	22.4	5	2	1-5	21.5
Cash	3.2	< 1	0	< 5	4.6

¹ Summit Partners Credit Fund II had its initial capital call on November 3, 2014.



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

**Aggregate Assets
Portfolio Roster as of 12/31/14**

	Market Value 12/31/14 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 9/30/14 (\$ mm)
Total Retirement System	471.2	NA	100	NA	NA	469.1
Domestic Equity Assets	174.3	100	37	31	25-37	168.8
Northern Trust Russell 1000 Index	126.6	73	27			124.4
Northern Trust S&P 400 MidCap Index	22.4	13	5			21.0
Loomis Sayles Small Cap Value Equity	25.4	15	5			23.4
International Developed Market Equity Assets	53.0	100	11	12	9-15	53.8
Fisher Institutional Foreign Equity	27.1	51	6			27.3
Northern Trust MSCI EAFE Index ¹	25.9	49	5			0.0
International Emerging Market Equity Assets	23.5	100	5	6	0-9	24.7
Vontobel Emerging Markets Equity	10.1	43	2			10.4
Dimensional Emerging Markets Value	13.4	57	3			14.3
Private Equity Assets	1.0	100	< 1	3	0-5	0.0
Summit Partners Credit Fund II ²	1.0	100	< 1			0.0

¹ Northern Trust MSCI EAFE Index was funded in November, replacing Thornburg International Equity.

² Summit Partners Credit Fund II had its initial capital call on November 3, 2014.



City of Ann Arbor
Employees' Retirement System

Aggregate Assets
Portfolio Roster as of 12/31/14

	Market Value 12/31/14 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 9/30/14 (\$ mm)
Investment Grade Bond Assets	109.1	100	23	19	15-24	110.0
Northern Trust Barclays Aggregate Index	67.3	62	14			67.8
Short Duration Bonds	41.8	38	9			41.7
Northern Trust Short Term Gov't Bond	4.3	4	< 1			4.3
Northern Trust 1-5 Year Credit Bond	37.6	34	8			37.4
TIPS Assets	9.9	100	2	8	0-10	10.0
IR&M 1-10 Year Index	9.9	100	2			10.0
High Yield Bond Assets	17.7	100	4	3	1-5	18.1
SKY Harbor High Yield	17.7	100	4			18.1
Bank Loan Assets	13.7	100	3	2	0-4	13.7
Beach Point Leveraged Loan	13.7	100	3			13.7
Emerging Market Debt Assets	7.2	100	2	2	0-4	7.8
Stone Harbor Emerging Markets Local Currency Debt	7.2	100	2			7.8



City of Ann Arbor
Employees' Retirement System

Aggregate Assets
Portfolio Roster as of 12/31/14

	Market Value 12/31/14 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 9/30/14 (\$ mm)
Real Estate Assets	36.1	100	8	9	2-12	36.1
AEW Core Property Trust (U.S.), Inc. ¹	20.0	55	4			19.5
Intercontinental Real Estate Investment Fund III ²	10.9	30	2			12.2
INVESCO Mortgage Recovery Loans ²	3.7	10	< 1			3.6
DRA Growth and Income Fund VIII, LLC ²	1.5	4	< 1			0.8
INVESCO Mortgage Recovery Feeder ²	0.1	< 1	< 1			0.0
Hedge Fund Assets	22.4	100	5	2	1-5	21.5
BlackRock Multi Manager Partners (Offshore), Ltd.	9.9	44	2			9.8
Optima Fund, Ltd.	6.0	27	1			5.8
Orion Managed Futures	6.5	29	1			5.9
Cash	3.2	100	< 1	0	< 5	4.6
Northern Trust Cash Account	3.2	100	< 1			4.6

¹ Market Value is preliminary as of December 31, 2014.

² Market Value is as of September 30, 2014 adjusted for subsequent cash flows.



City of Ann Arbor
Employees' Retirement System

Aggregate Assets
Performance as of 12/31/14

	4Q14 (%)	Fiscal ¹ YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Total Retirement System	1.9	1.0	6.2	10.9	9.6	6.1	10/1/90	8.7
Net of Fees	1.9	0.9	6.0	10.6	9.3	NA		NA
<i>Policy Benchmark²</i>	1.0	-0.1	5.5	10.4	9.6	6.2		8.8
<i>Actual Allocation Benchmark</i>	1.7	0.9	6.1	11.1	NA	NA		NA
<i>60% MSCI ACWI/ 40% Barclays Aggregate</i>	-0.2	-2.9	2.7	8.8	6.8	5.4		NA
Domestic Equity	5.6	4.5	11.7	20.3	16.3	8.4	10/1/90	10.4
<i>Russell 3000</i>	5.2	5.3	12.6	20.5	15.6	7.9		10.7
International Developed Market Equity	-1.2	-5.4	-5.1	9.7	5.9	5.4	10/1/95	8.7
<i>MSCI EAFE</i>	-3.6	-9.2	-4.9	11.1	5.3	4.4		4.9
International Emerging Market Equity	-4.8	-7.7	-0.3	NA	NA	NA	2/1/12	1.0
<i>MSCI Emerging Markets</i>	-4.5	-7.8	-2.2	4.0	1.8	8.4		0.4
Investment Grade Bonds ³	1.2	1.3	5.5	3.5	4.9	5.3	10/1/90	6.5
<i>Barclays Aggregate</i>	1.8	2.0	6.0	2.7	4.4	4.7		6.5
TIPS	-1.1	-3.0	0.9	NA	NA	NA	11/1/13	-0.8
<i>Barclays U.S. TIPS</i>	0.0	-2.1	3.6	0.4	4.1	4.4		0.9
<i>Barclays U.S. TIPS 1-10 year</i>	-1.0	-3.0	0.9	0.0	2.8	3.8		-0.7

¹ Fiscal Year begins July 1.

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

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



City of Ann Arbor
Employees' Retirement System

Aggregate Assets
Performance as of 12/31/14

	4Q14 (%)	Fiscal ¹ YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Total Retirement System (continued)	1.9	1.0	6.2	10.9	9.6	6.1	10/1/90	8.7
Net of Fees (continued)	1.9	0.9	6.0	10.6	9.3	NA		NA
High Yield Bonds	-2.4	-3.9	1.3	7.9	8.3	NA	7/1/09	10.9
<i>Barclays High Yield</i>	-1.0	-2.9	2.5	8.4	9.0	7.7		12.0
Bank Loans	0.5	0.5	2.7	NA	NA	NA	4/1/12	6.5
<i>CSFB Leveraged Loan</i>	-0.4	-0.7	2.0	5.8	5.8	4.7		5.1
Emerging Market Debt	-7.9	-13.9	-8.5	NA	NA	NA	6/1/12	-3.9
<i>JPM GBI-EM Global Diversified (unhedged)</i>	-5.7	-11.0	-5.7	0.1	2.6	6.7		-0.4
Real Estate	1.7	5.2	18.6	15.6	13.6	5.1	7/1/03	7.2
<i>NCREIF ODCE Equal Weighted²</i>	3.1	6.7	12.4	12.3	13.8	6.7		9.8
Hedge Funds	4.1	5.2	5.8	4.9	3.6	NA	7/1/09	5.3
<i>HFRI Fund Weighted Composite Index</i>	0.7	0.4	3.6	6.3	4.7	5.2		6.0

¹ Fiscal Year begins July 1.

² Includes preliminary performance as of December 31, 2014.



City of Ann Arbor
Employees' Retirement System

Aggregate Assets
Performance as of 12/31/14

	4Q14 (%)	Fiscal ¹ YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Domestic Equity	5.6	4.5	11.7	20.3	16.3	8.4	10/1/90	10.4
Northern Trust Russell 1000 Index	4.9	5.6	13.2	20.6	15.7	NA	7/1/06	8.4
Net of Fees	4.9	5.6	13.2	20.6	15.7	NA		8.4
<i>Russell 1000</i>	4.9	5.6	13.2	20.6	15.6	8.0		8.3
Northern Trust S&P 400 MidCap Index	6.3	2.1	9.8	20.0	16.6	NA	6/1/07	8.0
Net of Fees	6.3	2.1	9.7	20.0	16.6	NA		NA
<i>S&P MidCap</i>	6.3	2.1	9.8	20.0	16.5	9.7		7.9
Loomis Sayles Small Cap Value Equity	8.5	1.2	6.4	19.2	16.2	9.9	4/1/97	11.9
Net of Fees	8.3	0.8	5.6	18.4	15.4	9.2		NA
<i>Russell 2000 Value</i>	9.4	0.0	4.2	18.3	14.3	6.9		9.8
International Developed Market Equity	-1.2	-5.4	-5.1	9.7	5.9	5.4	10/1/95	8.7
Fisher Institutional Foreign Equity	-0.9	-7.0	-4.8	11.2	7.5	NA	2/1/07	3.3
Net of Fees	-1.2	-7.4	-5.7	10.3	6.5	NA		NA
<i>MSCI EAFE</i>	-3.6	-9.2	-4.9	11.1	5.3	4.4		0.8
Northern Trust MSCI EAFE Index	NA	NA	NA	NA	NA	NA	12/1/14	-3.5
<i>MSCI EAFE</i>	-3.6	-9.2	-4.9	11.1	5.3	4.4		-3.5

¹ Fiscal Year begins July 1.



City of Ann Arbor
Employees' Retirement System

Aggregate Assets
Performance as of 12/31/14

	4Q14 (%)	Fiscal ¹ YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
International Emerging Market Equity	-4.8	-7.7	-0.3	NA	NA	NA	2/1/12	1.0
Dimensional Emerging Markets Value	-6.3	-10.4	-4.4	NA	NA	NA	2/1/12	-1.2
<i>MSCI Emerging Markets</i>	-4.5	-7.8	-2.2	4.0	1.8	8.4		0.4
Vontobel Emerging Markets Equity	-2.4	-3.3	6.6	NA	NA	NA	2/1/12	5.4
Net of Fees	-2.7	-3.8	5.5	NA	NA	NA		4.2
<i>MSCI Emerging Markets</i>	-4.5	-7.8	-2.2	4.0	1.8	8.4		0.4
Investment Grade Bonds²	1.2	1.3	5.5	3.5	4.9	5.3	10/1/90	6.5
Northern Trust Barclays Aggregate Index	1.8	2.0	6.1	2.6	4.4	4.7	7/1/98	5.4
Net of Fees	1.8	2.0	6.0	2.6	4.4	4.6		NA
<i>Barclays Aggregate</i>	1.8	2.0	6.0	2.7	4.4	4.7		5.4
Short Duration Bonds	0.3	0.2	1.6	NA	NA	NA	2/1/13	1.3
Northern Trust 1-5 Year Credit Bond	0.3	0.2	1.8	NA	NA	NA	2/1/13	1.5
Net of Fees	0.3	0.1	1.8	NA	NA	NA		1.4
<i>Barclays 1-5 Year Credit</i>	0.3	0.2	1.9	2.9	3.4	4.1		1.6
Northern Trust Short Term Gov't Bond	0.2	0.2	0.6	NA	NA	NA	2/1/13	0.5
Net of Fees	0.2	0.2	0.6	NA	NA	NA		0.4
<i>Barclays 1-3 Year Government</i>	0.2	0.2	0.6	0.5	1.1	2.6		0.5

¹ Fiscal Year begins July 1.

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 12/31/14

	4Q14 (%)	Fiscal ¹ YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
TIPS	-1.1	-3.0	0.9	NA	NA	NA	11/1/13	-0.8
IR&M 1-10 Year Index	-1.1	-3.0	0.9	NA	NA	NA	11/1/13	-0.8
Net of Fees	-1.1	-3.1	0.8	NA	NA	NA		-0.9
<i>Barclays U.S. TIPS 1-10 Year</i>	-1.0	-3.0	0.9	0.0	2.8	3.8		-0.7
High Yield Bonds	-2.3	-3.9	1.4	7.9	8.3	NA	7/1/09	10.9
SKY Harbor High Yield	-2.3	-3.9	1.4	NA	NA	NA	9/1/12	5.7
Net of Fees	-2.5	-4.1	0.8	NA	NA	NA		5.2
<i>Barclays High Yield</i>	-1.0	-2.9	2.5	8.4	9.0	7.7		6.3
Bank Loans	0.5	0.5	2.7	NA	NA	NA	4/1/12	6.5
Beach Point Leveraged Loan	0.5	0.5	2.7	NA	NA	NA	4/1/12	6.5
Net of Fees	0.4	0.2	2.0	NA	NA	NA		5.8
<i>CSFB Leveraged Loan</i>	-0.4	-0.7	2.0	5.8	5.8	4.7		5.1
Emerging Market Debt	-7.9	-13.6	-8.5	NA	NA	NA	6/1/12	-3.9
Stone Harbor Emerging Markets Local Currency Debt	-7.9	-13.6	-8.5	NA	NA	NA	6/1/12	-3.9
<i>JPM GBI-EM Global Diversified (unhedged)</i>	-5.7	-11.0	-5.7	0.1	2.6	6.7		-0.4

¹ Fiscal Year begins July 1.



City of Ann Arbor
Employees' Retirement System

Aggregate Assets
Performance as of 12/31/14

	4Q14 (%)	Fiscal ¹ YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Real Estate	1.7	5.2	18.6	15.6	13.6	5.1	7/1/03	7.2
AEW Core Property Trust (U.S.), Inc.	2.6	5.4	10.0	NA	NA	NA	7/1/13	11.0
NCREIF ODCE	3.3	6.6	12.5	12.5	13.9	7.1		13.1
Hedge Funds^{2,3}	4.1	5.2	5.8	4.9	3.6	NA	7/1/09	5.3
BlackRock Multi Manager Partners (Offshore), Ltd.	1.3	0.5	3.2	7.5	5.0	NA	7/1/09	6.6
HFRI Fund of Funds Composite	0.8	1.1	3.2	5.6	3.3	3.0		4.0
Orion Managed Futures	9.9	12.7	NA	NA	NA	NA	4/1/10	3.7
HFRI Macro Index	3.1	5.3	6.4	1.9	1.9	4.4		2.0
Optima Fund, Ltd.	3.0	6.2	0.6	2.5	NA	NA	3/1/10	2.1
HFRI Macro Index	3.1	5.3	6.4	1.9	1.9	4.4		2.3

¹ Fiscal Year begins July 1.

² Performance is preliminary as of December 31, 2014.

³ Returns are shown as net of fees.



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

**Aggregate Assets
Calendar Year Performance**

	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)
Total Retirement System	6.2	15.0	11.6	0.6	15.1	18.8	-26.3	6.4	14.6	7.1
Net of Fees	6.0	14.5	11.4	0.3	14.8	18.5	-26.4	NA	NA	NA
<i>Policy Benchmark¹</i>	5.2	12.9	12.9	1.9	15.6	19.7	-26.0	5.0	15.1	7.5
<i>Actual Allocation Benchmark</i>	6.1	15.4	12.0	NA	NA	NA	NA	NA	NA	NA
<i>60% MSCI ACWI/ 40% Barclays Aggregate</i>	2.7	12.2	11.7	-2.1	10.3	23.8	-26.2	10.8	15.2	4.7
Domestic Equity	11.7	33.5	16.8	0.5	21.7	32.5	-38.1	3.9	14.4	7.6
Northern Trust Russell 1000 Index	13.2	33.1	16.4	1.6	16.3	28.9	-37.5	5.9	NA	NA
Net of Fees	13.2	33.1	16.4	1.5	16.3	28.9	-37.6	5.8	NA	NA
<i>Russell 1000</i>	13.2	33.1	16.4	1.5	16.1	28.4	-37.6	5.8	15.5	6.3
Northern Trust S&P 400 MidCap Index	9.8	33.5	17.9	-1.7	26.7	38.0	-36.3	NA	NA	NA
Net of Fees	9.7	33.5	17.9	-1.7	26.7	38.0	-36.3	NA	NA	NA
<i>S&P MidCap</i>	9.8	33.5	17.9	-1.7	26.6	37.4	-36.2	8.0	10.3	12.6
Loomis Sayles Small Cap Value Equity	6.4	36.1	17.0	-0.1	25.1	29.5	-31.2	3.2	20.8	9.1
Net of Fees	5.6	35.1	16.2	-0.8	24.3	28.5	-31.5	2.6	20.2	8.2
<i>Russell 2000 Value</i>	4.2	34.5	18.1	-5.5	24.5	20.6	-28.9	-9.8	23.5	4.7

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

	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)
International Developed Market Equity	-5.1	19.5	16.4	-12.4	15.5	37.6	-43.4	21.7	23.6	7.7
Fisher Institutional Foreign Equity	-4.8	23.6	17.0	-10.8	17.0	42.2	-45.0	NA	NA	NA
Net of Fees	-5.7	22.5	15.9	-11.7	16.0	41.3	-45.5	NA	NA	NA
<i>MSCI EAFE</i>	-4.9	22.8	17.3	-12.1	7.7	31.8	-43.4	11.2	26.3	13.5
International Emerging Market Equity	-0.3	-4.6	NA	NA	NA	NA	NA	NA	NA	NA
Dimensional Emerging Markets Value	-4.4	-3.8	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI Emerging Markets</i>	-2.2	-2.6	18.2	-18.4	18.9	78.5	-53.3	39.4	32.2	34.0
Vontobel Emerging Markets Equity	6.6	-4.4	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	5.5	-5.6	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI Emerging Markets</i>	-2.2	-2.6	18.2	-18.4	18.9	78.5	-53.3	39.4	32.2	34.0



City of Ann Arbor
Employees' Retirement System

Aggregate Assets
Calendar Year Performance

	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)
Investment Grade Bonds¹	5.5	-1.0	6.1	6.1	7.8	11.2	4.2	6.4	4.8	2.7
Northern Trust Barclays Aggregate Index	6.1	-2.3	4.3	7.8	6.6	6.6	3.7	7.4	4.2	2.7
Net of Fees	6.0	-2.3	4.2	7.8	6.6	6.6	3.7	7.3	4.2	2.7
<i>Barclays Aggregate</i>	6.0	-2.0	4.2	7.8	6.5	5.9	5.2	7.0	4.3	2.4
Short Duration Bonds	1.6	NA	NA	NA	NA	NA	NA	NA	NA	NA
Northern Trust 1-5 Year Credit Bond	1.8	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	1.8	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Barclays 1-5 Year Credit</i>	1.9	1.2	5.5	3.0	5.4	13.5	-1.1	6.1	4.7	1.3
Northern Trust Short Term Gov't Bond	0.6	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	0.6	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Barclays 1-3 Year Government</i>	0.6	0.4	0.5	1.6	2.4	1.4	6.7	7.1	4.1	1.7
TIPS	0.9	NA	NA	NA	NA	NA	NA	NA	NA	NA
IR&M 1-10 Year Index	0.9	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	0.8	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Barclays U.S. TIPS 1-10 Year</i>	0.9	-5.6	5.0	8.9	5.2	12.0	-2.4	11.4	1.6	1.9
High Yield Bonds	1.4	9.3	13.5	3.1	15.0	NA	NA	NA	NA	NA
SKY Harbor High Yield	1.4	9.3	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	0.8	8.7	NA	NA	NA	NA	NA	NA	NA	NA
<i>Barclays High Yield</i>	2.5	7.4	15.8	5.0	15.1	58.2	-26.2	1.9	11.8	2.7

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

	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)
Bank Loans	2.7	7.1	NA	NA	NA	NA	NA	NA	NA	NA
Beach Point Leveraged Loan	2.7	7.1	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	2.0	6.4	NA	NA	NA	NA	NA	NA	NA	NA
<i>CSFB Leveraged Loan</i>	2.0	6.2	9.4	1.8	10.0	44.9	-28.8	1.9	7.2	5.7
Emerging Market Debt	-8.6	-12.6	NA	NA	NA	NA	NA	NA	NA	NA
Stone Harbor Emerging Markets Local Currency Debt	-8.6	-12.6	NA	NA	NA	NA	NA	NA	NA	NA
<i>JPM GBI-EM Global Diversified (unhedged)</i>	-5.7	-9.0	16.8	-1.8	15.7	22.0	-5.2	18.1	15.2	6.3
Real Estate	18.6	11.5	16.7	7.7	13.6	-33.3	-10.4	3.1	23.4	14.4
AEW Core Property Trust (U.S.), Inc.	10.0	NA	NA	NA	NA	NA	NA	NA	NA	NA
Intercontinental Real Estate Investment Fund III ¹	NA	11.2	17.8	18.9	14.7	-40.3	-10.7	13.0	11.9	8.7
Net of Fees	39.6	9.8	16.5	17.4	13.2	-41.1	-11.8	11.7	10.6	7.3
<i>NCREIF Property</i>	11.8	11.0	10.7	14.3	13.1	-17.0	-6.5	15.8	16.8	20.2
Hedge Funds²	5.8	7.4	1.6	-2.1	5.8	NA	NA	NA	NA	NA
BlackRock Multi Manager Partners (Offshore), Ltd.	3.2	13.5	6.1	-4.7	7.6	NA	NA	NA	NA	NA
<i>HFRI Fund of Funds Composite</i>	3.2	9.0	4.8	-5.7	5.7	11.5	-21.4	10.3	10.4	7.5
Orion Managed Futures	16.4	0.0	-4.6	1.1	NA	NA	NA	NA	NA	NA
<i>HFRI Macro Index</i>	6.4	-0.4	-0.1	-4.1	8.1	4.3	4.8	11.1	8.2	6.8
Optima Fund, Ltd.	0.6	5.3	1.8	-1.8	NA	NA	NA	NA	NA	NA
<i>HFRI Macro Index</i>	6.4	-0.4	-0.1	-4.1	8.1	4.3	4.8	11.1	8.2	6.8

¹ December performance is not yet available.

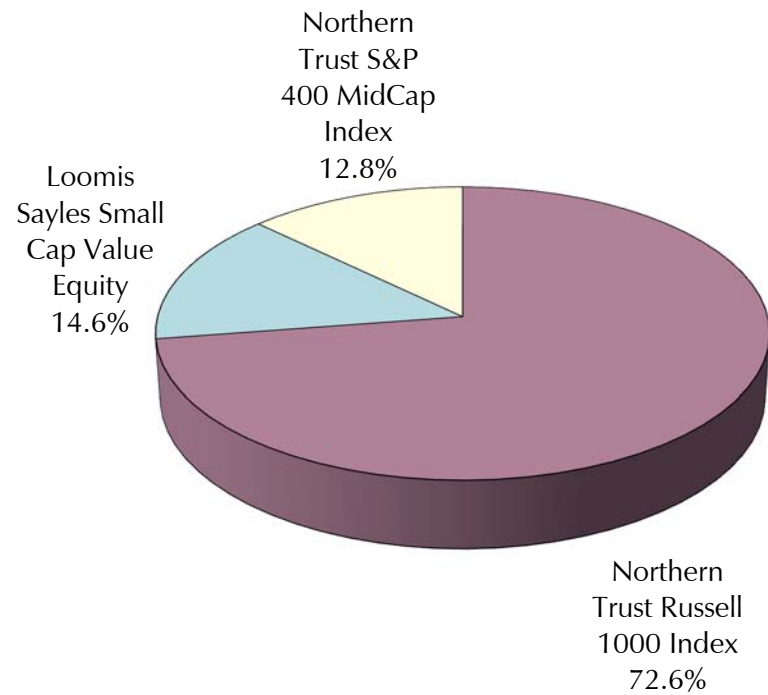
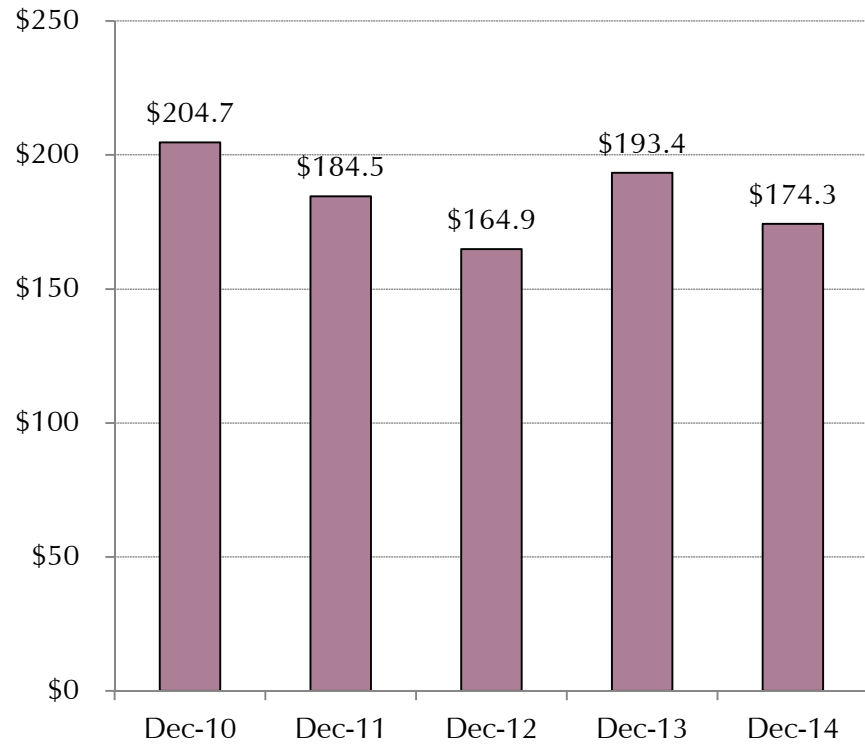
² Returns are shown as net of fees.



**Domestic Equity Assets
As of December 31, 2014**

City of Ann Arbor
Employees' Retirement System

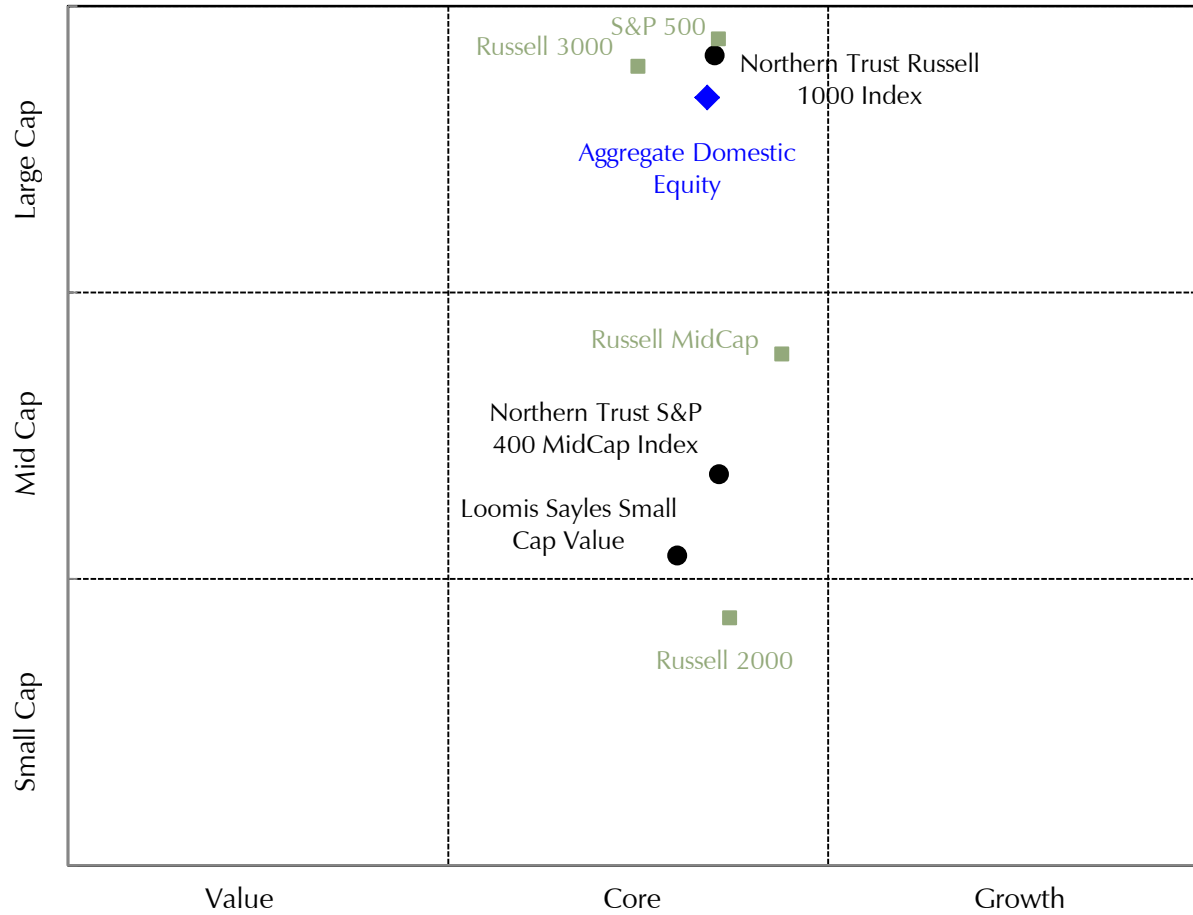
Domestic Equity Assets
as of 12/31/14



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

**Domestic Equity Assets
Risk as of 12/31/14**

Risk: (sixty months)	Aggregate Domestic Equity 12/31/14	Russell 3000 12/31/14
Annualized Return (%)	16.3	15.6
Standard Deviation (%)	16.6	15.7
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)	0.98	0.99
Information Ratio	0.43	NA



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

**Domestic Equity Assets
Characteristics as of 12/31/14**

	Aggregate Domestic Equity 12/31/14	Russell 3000 12/31/14	Aggregate Domestic Equity 9/30/14
Capitalization Structure:			
Weighted Average Market Cap. (US\$ billion)	81.8	102.4	81.5
Median Market Cap. (US\$ billion)	6.1	1.5	5.8
Large (% over US\$20 billion)	54	69	55
Medium (% US\$3 billion to US\$20 billion)	33	24	33
Small (% under US\$3 billion)	13	7	13
Fundamental Structure:			
Price-Earnings Ratio	20	20	20
Price-Book Value Ratio	2.9	2.6	2.8
Dividend Yield (%)	1.8	1.8	1.8
Historical Earnings Growth Rate (%)	13	13	14
Projected Earnings Growth Rate (%)	12	12	12

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

**Domestic Equity Assets
Diversification as of 12/31/14**

Diversification:	Aggregate Domestic Equity 12/31/14	Russell 3000 12/31/14	Aggregate Domestic Equity 9/30/14
Number of Holdings	1,252	3,051	1,248
% in 5 largest holdings	7	9	7
% in 10 largest holdings	11	14	12

Largest Five Holdings:

Apple
ExxonMobil
Microsoft
Johnson & Johnson
Berkshire Hathaway

% of Portfolio

2.3
1.4
1.3
1.0
1.0

Economic Sector

Technology Equipment
Energy
Software & Services
Pharmaceuticals & Biotech.
Diversified Financials

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

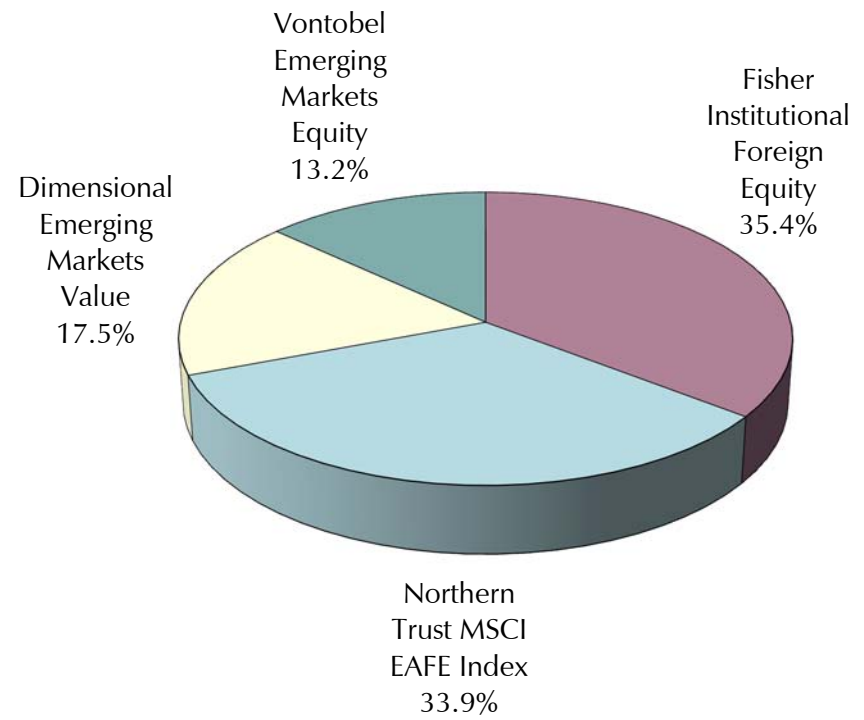
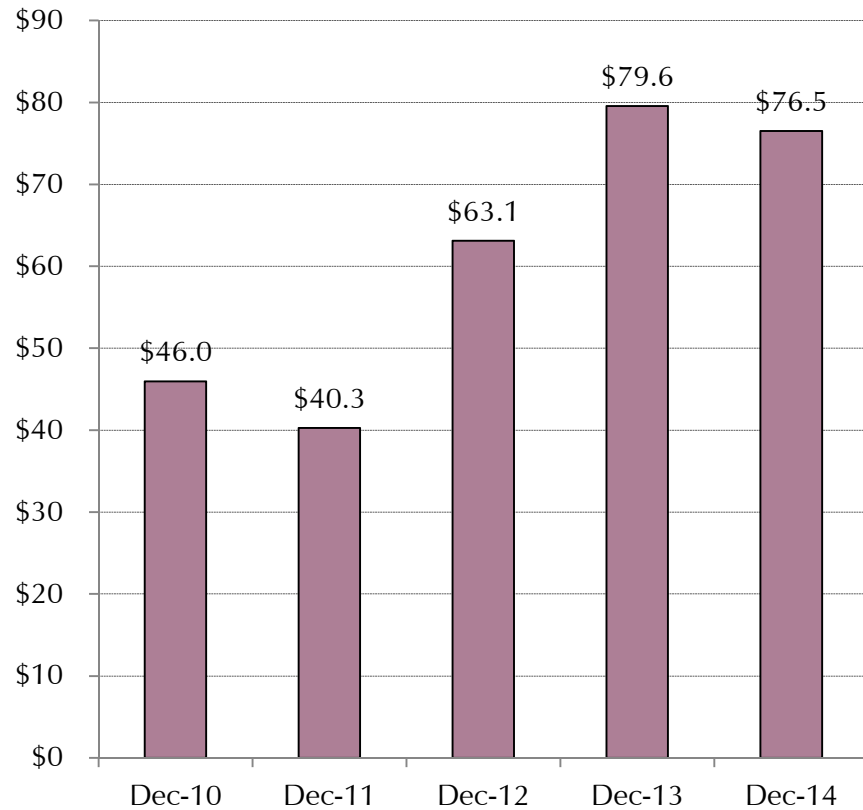
**Domestic Equity Assets
Sector Allocation as of 12/31/14**

Sector Allocation (%):	Aggregate Domestic Equity 12/31/14	Russell 3000 12/31/14	Aggregate Domestic Equity 9/30/14
Financials	20	18	19
Industrials	13	11	13
Materials	4	4	5
Consumer Discretionary	13	13	13
Utilities	4	3	3
Information Technology	19	19	18
Telecommunication Services	2	2	2
Energy	7	8	8
Consumer Staples	7	9	7
Health Care	12	14	12

**International Equity Assets
As of December 31, 2014**

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

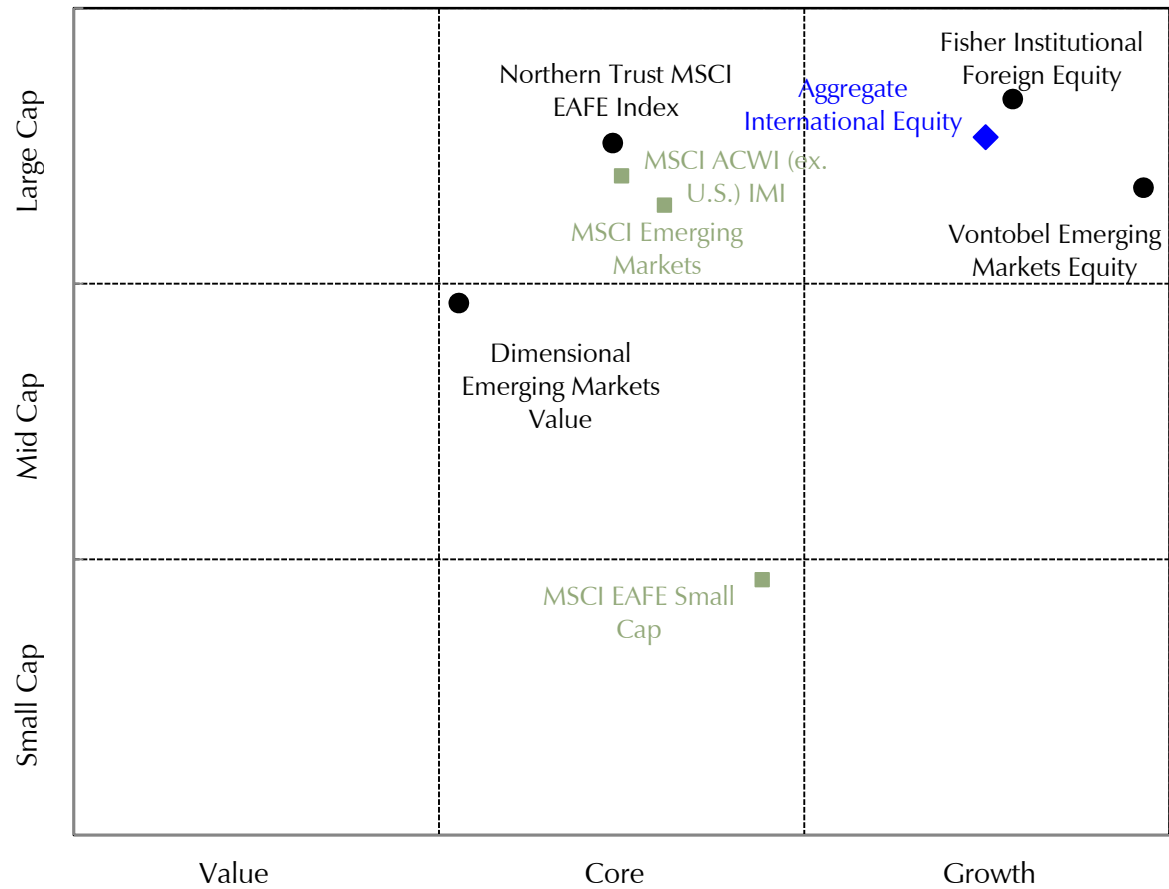
**International Equity Assets
as of 12/31/14**



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

**International Equity Assets
Risk as of 12/31/14**

Risk: (sixty months)	Aggregate International Equity 12/31/14	MSCI ACWI (ex. U.S.) IMI 12/31/14
Annualized Return (%)	4.8	4.7
Standard Deviation (%)	18.5	17.6
Best Monthly Return (%)	13.1	10.3
Worst Monthly Return (%)	-12.2	-11.3
Beta	1.04	1.00
Correlation to Index	0.99	1.00
Correlation to Total Fund Return	0.95	NA
Sharpe Measure (risk-adjusted return)	0.26	0.26
Information Ratio	0.04	NA



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

**International Equity Assets
Characteristics as of 12/31/14**

	Aggregate International Equity 12/31/14	MSCI ACWI (ex. U.S.) IMI 12/31/14	Aggregate International Equity 9/30/14
Capitalization Structure:			
Weighted Average Market Cap. (US\$ billion)	60.0	44.9	63.0
Median Market Cap. (US\$ billion)	1.1	1.1	0.5
Large (% over US\$20 billion)	71	54	71
Medium (% US\$3 billion to US\$20 billion)	27	33	23
Small (% under US\$3 billion)	2	13	6
Fundamental Structure:			
Price-Earnings Ratio	17	16	18
Price-Book Value Ratio	2.4	1.6	2.6
Dividend Yield (%)	2.1	2.9	2.5
Historical Earnings Growth Rate (%)	11	10	13
Projected Earnings Growth Rate (%)	13	10	13

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

**International Equity Assets
Diversification as of 12/31/14**

	Aggregate International Equity 12/31/14	MSCI ACWI (ex. U.S.) IMI 12/31/14	Aggregate International Equity 9/30/14
Diversification:			
Number of Holdings	3,105	6,089	2,326
% in 5 largest holdings	11	5	9
% in 10 largest holdings	20	8	16
Largest Five Holdings:	% of Portfolio	Economic Sector	
AIA Group	2.2	Insurance	
Actavis	2.2	Pharmaceuticals & Biotech.	
China Mobile	2.1	Telecom Services	
Novartis	2.1	Pharmaceuticals & Biotech.	
ING	2.0	Banks	

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

**International Equity Assets
Sector Allocation as of 12/31/14**

Sector Allocation (%):	Aggregate International Equity 12/31/14	MSCI ACWI (ex. U.S.) IMI 12/31/14	Aggregate International Equity 9/30/14
Consumer Discretionary	21	12	16
Health Care	11	8	12
Information Technology	10	8	12
Telecommunication Services	5	5	3
Industrials	12	12	12
Consumer Staples	8	9	10
Utilities	1	3	1
Energy	4	7	5
Materials	4	8	6
Financials	22	27	25

City of Ann Arbor
Employees' Retirement System

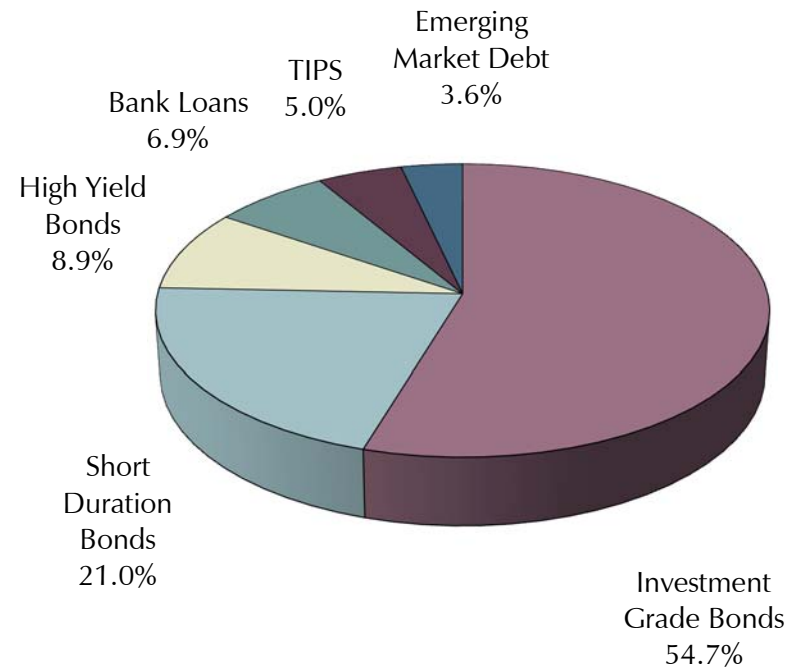
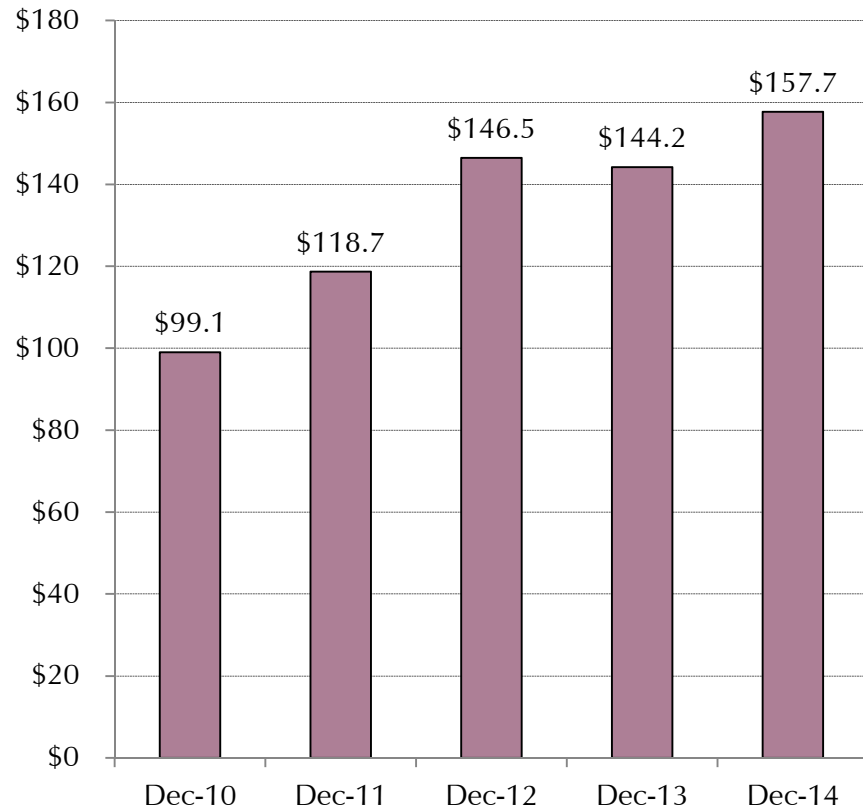
International Equity Assets
Country & Region Breakdown as of 12/31/14

	Aggregate International Equity 12/31/14 (%)	MSCI ACWI (ex. U.S.) IMI 12/31/14 (%)		Aggregate International Equity 12/31/14 (%)	MSCI ACWI (ex. U.S.) IMI 12/31/14 (%)
North America	9.9	7.7	Asia Pacific	19.4	26.3
United States of America	6.7	0.2	Hong Kong	8.2	4.1
Canada	3.2	7.5	Australia	1.2	5.2
			Japan	9.7	15.7
Europe	55.6	45.7	Emerging	14.0	19.7
United Kingdom	17.8	13.2	India	3.5	1.6
France	9.1	6.1	Brazil	2.5	1.8
Switzerland	9.3	6.5	China	2.0	2.7
Netherlands	5.5	3.1	South Korea	1.7	3.2
Ireland	1.7	0.7	Taiwan	1.3	2.9
Denmark	2.0	1.1	Other	1.1	0.6
Spain	2.9	2.3	Panama	1.0	0.0
Sweden	1.9	2.2			
Italy	1.1	1.6			
Germany	3.6	6.1			

**Fixed Income Assets
As of December 31, 2014**

City of Ann Arbor
Employees' Retirement System

Fixed Income Assets
as of 12/31/14



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

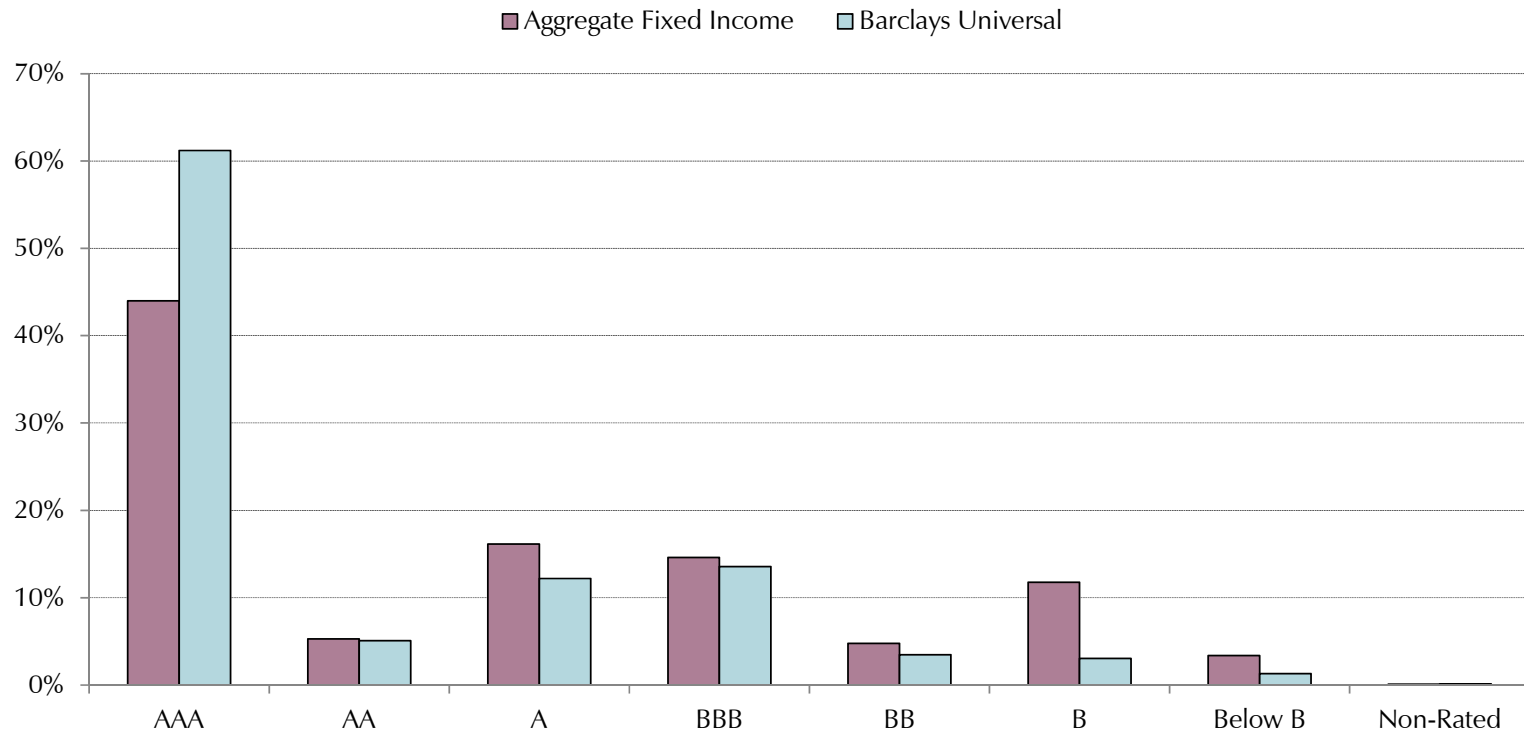
**Fixed Income Assets
Risk as of 12/31/14**

Risk: (sixty months)	Aggregate Fixed Income 12/31/14	Barclays Universal 12/31/14
Annualized Return (%)	4.8	4.8
Standard Deviation (%)	2.7	2.8
Best Monthly Return (%)	1.5	1.6
Worst Monthly Return (%)	-1.8	-1.8
Beta	0.89	1.00
Correlation to Index	0.90	1.00
Correlation to Total Fund Return	0.36	NA
Sharpe Measure (risk-adjusted return)	1.73	1.72
Information Ratio	Neg.	NA

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

**Fixed Income Assets
Characteristics as of 12/31/14**

Duration & Yield:	Aggregate Fixed Income 12/31/14	Barclays Universal 12/31/14	Aggregate Fixed Income 9/30/14
Average Effective Duration (years)	4.1	5.4	4.2
Yield to Maturity (%)	3.2	2.7	3.1



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

**Fixed Income Assets
Diversification as of 12/31/14**

	Aggregate Fixed Income 12/31/14	Barclays Universal 12/31/14	Aggregate Fixed Income 9/30/14
Market Allocation (%):			
United States	79	82	78
Foreign (developed markets)	13	11	12
Foreign (emerging markets)	7	7	9
Currency Allocation (%):			
Non-U.S. Dollar Exposure	5	0	6
Sector Allocation (%):			
U.S. Treasury-Nominal	18	30	17
U.S. Treasury-TIPS	6	0	6
U.S. Agency	4	3	4
Mortgage Backed	12	24	12
Corporate	40	31	40
Bank Loans	8	0	8
Local & Provincial Government	1	1	1
Sovereign & Supranational	9	8	9
Commercial Mortgage Backed	1	2	1
Asset Backed	0	0	0
Cash Equivalent	1	0	1
Other	0	0	0

**Domestic Equity Portfolio Reviews
As of December 31, 2014**

City of Ann Arbor Employees' Retirement System

Northern Trust Russell 1000 Index Portfolio Detail as of 12/31/14

Mandate: Domestic Equities
Active/Passive: Passive
Market Value: \$126.6 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 (%):	4Q14	Fiscal YTD ¹	1 YR	3 YR	5 YR	Since 7/1/06
Northern Trust Russell 1000 Index	4.9	5.6	13.2	20.6	15.7	8.4
Net of Fees	4.9	5.6	13.2	20.6	15.7	8.4
Russell 1000	4.9	5.6	13.2	20.6	15.6	8.3

Capitalization Structure:	12/31/14		9/30/14	
	Northern Trust Russell 1000 Index	Russell 1000	Northern Trust Russell 1000 Index	Russell 1000
Weighted Average Market Cap. (US\$ billion)	110.8	110.9	108.6	108.5
Median Market Cap. (US\$ billion)	7.8	7.8	7.5	7.5
Large (% over US\$20 billion)	75	75	74	74
Medium (% US\$3 billion to US\$20 billion)	24	24	25	25
Small (% under US\$3 billion)	1	1	1	1

Fundamental Structure:				
Price-Earnings Ratio	20	20	19	19
Price-Book Value Ratio	3.1	3.1	3.0	3.0
Dividend Yield (%)	1.9	1.9	1.9	1.9
Historical Earnings Growth Rate (%)	13	13	14	14
Projected Earnings Growth Rate (%)	12	12	12	12

Sector Allocation (%):				
Utilities	3	3	3	3
Consumer Staples	9	9	9	9
Information Technology	19	19	19	19
Energy	8	8	9	9
Telecommunication Services	2	2	2	2
Materials	4	4	4	4
Industrials	11	11	11	11
Consumer Discretionary	13	13	12	12
Health Care	14	14	14	14
Financials	17	17	17	17

Diversification:				
Number of Holdings	1,044	1,043	1,032	1,032
% in 5 largest holdings	10	10	10	10
% in 10 largest holdings	15	15	16	16

Largest Ten Holdings:		Industry
Apple	3.2	Technology Equipment
ExxonMobil	1.9	Energy
Microsoft	1.8	Software & Services
Johnson & Johnson	1.4	Pharmaceuticals & Biotech.
Berkshire Hathaway	1.3	Diversified Financials
Wells Fargo	1.2	Banks
General Electric	1.2	Capital Goods
Procter & Gamble	1.2	Household Products
JP Morgan Chase	1.1	Banks
Chevron	1.0	Energy

¹ Fiscal Year begins July 1.



City of Ann Arbor Employees' Retirement System

Northern Trust S&P 400 MidCap Index Portfolio Detail as of 12/31/14

Mandate: Domestic Equities
Active/Passive: Passive
Market Value: \$22.4 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 (%):	4Q14	Fiscal YTD ¹	1 YR	3 YR	5 YR	Since 6/1/07
Northern Trust S&P 400 MidCap Index	6.3	2.1	9.8	20.0	16.6	8.0
Net of Fees	6.3	2.1	9.7	20.0	16.6	NA
S&P MidCap	6.3	2.1	9.8	20.0	16.5	7.9

	12/31/14		9/30/14	
	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)	5.4	5.4	5.0	5.0
Median Market Cap. (US\$ billion)	3.8	3.8	3.6	3.6
Large (% over US\$20 billion)	0	0	0	0
Medium (% US\$3 billion to US\$20 billion)	83	83	80	80
Small (% under US\$3 billion)	17	17	20	20
Fundamental Structure:				
Price-Earnings Ratio	21	21	20	20
Price-Book Value Ratio	2.7	2.7	2.4	2.4
Dividend Yield (%)	1.4	1.4	1.5	1.5
Historical Earnings Growth Rate (%)	14	14	14	14
Projected Earnings Growth Rate (%)	13	13	13	13
Sector Allocation (%):				
Consumer Discretionary	14	14	14	14
Utilities	5	5	5	5
Energy	4	4	5	5
Information Technology	18	18	17	17
Consumer Staples	3	3	3	3
Telecommunication Services	0	0	1	1
Health Care	10	10	10	10
Materials	7	7	8	8
Financials	23	23	22	22
Industrials	15	15	16	16
Diversification:				
Number of Holdings	400	400	401	400
% in 5 largest holdings	4	4	3	3
% in 10 largest holdings	7	7	7	7
Largest Ten Holdings:				
		Industry		
Skyworks Solutions	0.9	Semiconductors		
Equinix	0.8	Software & Services		
Advance Auto Parts	0.7	Retailing		
SL Green Realty	0.7	Real Estate		
Henry Schein	0.7	Health Care Services		
HanesBrands	0.7	Consumer Durables		
Endo Health Solutions	0.7	Pharmaceuticals & Biotech.		
Realty Income	0.7	Real Estate		
Signet Jewelers	0.6	Retailing		
Church & Dwight	0.6	Household Products		

¹ Fiscal Year begins July 1.



City of Ann Arbor Employees' Retirement System

Loomis Sayles Small Cap Value Equity Portfolio Detail as of 12/31/14

Mandate: Domestic Equities
Active/Passive: Active
Market Value: \$25.4 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 (%):	4Q14	Fiscal YTD ¹	1 YR	3 YR	5 YR	Since 4/1/97
Loomis Sayles Small Cap Value Equity	8.5	1.2	6.4	19.2	16.2	11.9
Net of Fees	8.3	0.8	5.6	18.4	15.4	NA
Russell 2000 Value	9.4	0.0	4.2	18.3	14.3	9.8
Peer Small Cap Value	7.4	0.4	5.7	20.1	16.5	11.4
Peer Ranking (percentile)	37	41	44	62	57	36
Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index	
Loomis Sayles Small Cap Value	19.0%	0.91	0.85	0.59	0.99	
Russell 2000 Value	20.4	1.00	0.69	NA	1.00	

Capitalization Structure:	12/31/14		9/30/14	
	Loomis Sayles Small Cap Value	Russell 2000 Value	Loomis Sayles Small Cap Value	Russell 2000 Value
Weighted Average Market Cap. (US\$ billion)	3.0	1.7	2.4	1.5
Median Market Cap. (US\$ billion)	1.8	0.6	1.7	0.6
Large (% over US\$20 billion)	0	0	0	0
Medium (% US\$3 billion to US\$20 billion)	33	13	30	6
Small (% under US\$3 billion)	67	87	70	94

Fundamental Structure:

Price-Earnings Ratio	22	18	22	17
Price-Book Value Ratio	2.3	1.7	2.1	1.5
Dividend Yield (%)	1.4	2.0	1.5	2.1
Historical Earnings Growth Rate (%)	16	9	15	9
Projected Earnings Growth Rate (%)	13	12	13	13

Sector Allocation (%):

Information Technology	19	10	14	10
Industrials	20	13	21	13
Consumer Discretionary	17	12	17	11
Materials	5	4	6	5
Telecommunication Services	0	1	0	1
Consumer Staples	2	3	2	3
Energy	3	4	3	6
Health Care	2	5	4	5
Utilities	4	7	3	6
Financials	28	41	30	40

Diversification:

Number of Holdings	152	1,374	157	1,307
% in 5 largest holdings	10	2	6	2
% in 10 largest holdings	15	4	12	4

Largest Ten Holdings:

		Industry
Equinix	5.0	Software & Services
HCC Insurance	1.2	Insurance
Signature Bank	1.2	Banks
Littelfuse	1.2	Technology Equipment
Cathay General Bancorp	1.1	Banks
Marriott Vacations	1.1	Consumer Services
CubeSmart	1.1	Real Estate
Allete	1.1	Utilities
John Bean Technologies	1.1	Capital Goods
Euronet Worldwide	1.1	Software & Services

¹ Fiscal Year begins July 1.



**International Developed Market Equity
Portfolio Reviews
As of December 31, 2014**

City of Ann Arbor Employees' Retirement System

Fisher Institutional Foreign Equity Portfolio Detail as of 12/31/14

Mandate: International Equities,
Developed Markets

Active/Passive: Active

Market Value: \$27.1 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 (%):	4Q14	Fiscal YTD ¹	1 YR	3 YR	5 YR	Since 2/1/07
Fisher Institutional Foreign Equity	-0.9	-7.0	-4.8	11.2	7.5	3.3
Net of Fees	-1.2	-7.4	-5.7	10.3	6.5	NA
MSCI EAFE	-3.6	-9.2	-4.9	11.1	5.3	0.8
Peer International Core	-3.2	-8.5	-4.5	11.4	6.3	1.9
Peer Ranking (percentile)	11	25	56	54	21	19

Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
Fisher Institutional Foreign Equity	21.2%	1.12	0.35	0.42	0.97
MSCI EAFE	17.9	1.00	0.29	NA	1.00

	12/31/14		9/30/14	
	Fisher Institutional Foreign Equity	MSCI EAFE	Fisher Institutional Foreign Equity	MSCI EAFE
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	80.0	57.3	83.7	60.8
Median Market Cap. (US\$ billion)	55.9	8.7	59.3	8.7
Large (% over US\$20 billion)	91	67	91	69
Medium (% US\$3 billion to US\$20 billion)	9	32	9	31
Small (% under US\$3 billion)	0	1	0	1

Fundamental Structure:

Price-Earnings Ratio	19	17	18	17
Price-Book Value Ratio	2.6	1.6	2.6	1.6
Dividend Yield (%)	2.5	3.0	2.5	3.0
Historical Earnings Growth Rate (%)	15	9	15	8
Projected Earnings Growth Rate (%)	11	9	12	10

Sector Allocation (%):

Information Technology	15	5	14	5
Health Care	19	11	19	11
Consumer Discretionary	19	12	18	12
Industrials	15	13	16	13
Energy	2	6	2	7
Financials	22	26	23	26
Utilities	0	4	0	4
Telecommunication Services	0	5	0	5
Materials	2	8	2	8
Consumer Staples	6	11	5	11

Diversification:

Number of Holdings	69	910	66	901
% in 5 largest holdings	16	8	16	8
% in 10 largest holdings	28	13	29	13

Region Allocation (%):

North America	4	0	4	0
Europe	77	66	78	66
Asia Pacific	16	33	15	33
Emerging	4	0	3	0
Other	0	1	0	1

Largest Five Holdings:

		Industry
Bayer	3.5	Pharmaceuticals & Biotech.
Asml Holding	3.5	Semiconductors
Prudential	3.1	Insurance
Novo Nordisk	3.0	Pharmaceuticals & Biotech.
Novartis	2.7	Pharmaceuticals & Biotech.

¹ Fiscal Year begins July 1.



City of Ann Arbor Employees' Retirement System

Northern Trust MSCI EAFE Index Portfolio Detail as of 12/31/14

Mandate: International Equities
Active/Passive: Active
Market Value: \$25.9 million
Portfolio Manager: Team
Location: Chicago, Illinois
Inception Date: 12/1/2014
Account Type: Commingled Fund

	Value	Core	Growth
Large			
Medium			
Small			

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

Liquidity Constraints:
 Daily

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

Performance (%):	4Q14	Fiscal YTD ¹	Since 12/1/14
Northern Trust MSCI EAFE Index	NA	NA	-3.5
MSCI EAFE	-3.6	-9.2	-3.5
Peer International Core	-3.5	-9.0	-3.6
Peer Ranking (percentile)	NA	NA	45

Capitalization Structure:	12/31/14	
	Northern Trust MSCI EAFE Index	MSCI EAFE
Weighted Average Market Cap. (US\$ billion)	57.5	57.3
Median Market Cap. (US\$ billion)	8.6	8.7
Large (% over US\$20 billion)	67	67
Medium (% US\$3 billion to US\$20 billion)	32	32
Small (% under US\$3 billion)	1	1

Fundamental Structure:		
Price-Earnings Ratio	17	17
Price-Book Value Ratio	1.6	1.6
Dividend Yield (%)	3.0	3.0
Historical Earnings Growth Rate (%)	9	9
Projected Earnings Growth Rate (%)	9	9

Sector Allocation (%):		
Health Care	11	11
Consumer Staples	11	11
Industrials	13	13
Materials	8	8
Information Technology	5	5
Consumer Discretionary	12	12
Telecommunication Services	5	5
Energy	6	6
Utilities	4	4
Financials	26	26

Diversification:		
Number of Holdings	936	910
% in 5 largest holdings	8	8
% in 10 largest holdings	13	13

Region Allocation (%):		
North America	0	0
Europe	66	66
Asia Pacific	34	33
Emerging	0	0
Other	1	1

Largest Five Holdings:		Industry
Nestle	1.9	Food, Beverage & Tobacco
Novartis	1.8	Pharmaceuticals & Biotech.
Roche	1.6	Pharmaceuticals & Biotech.
HSBC	1.5	Banks
Toyota Motor	1.4	Automobiles & Components

¹ Fiscal Year begins July 1.



**International Emerging Market Equity
Portfolio Reviews
As of December 31, 2014**

City of Ann Arbor Employees' Retirement System

Dimensional Emerging Markets Value Portfolio Detail as of 12/31/14

Mandate: International Equities,
Emerging Markets

Active/Passive: Active

Market Value: \$13.4 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:

0.57% 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 (%):	4Q14	Fiscal YTD ¹	1 YR	Since 2/1/12
Dimensional Emerging Markets Value	-6.3	-10.4	-4.4	-1.2
MSCI Emerging Markets	-4.5	-7.8	-2.2	0.4
Peer Emerging Markets	-4.7	-8.4	-2.7	1.1
Peer Ranking (percentile)	70	78	66	78

	12/31/14		9/30/14	
	Dimensional Emerging Markets Value	MSCI Emerging Markets	Dimensional Emerging Markets Value	MSCI Emerging Markets
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	17.3	36.0	17.3	34.8
Median Market Cap. (US\$ million)	379.1	4,856.6	403.7	5,004.6
Large (% over US\$20 billion)	23	44	25	45
Medium (% US\$3 billion to US\$20 billion)	44	48	43	47
Small (% under US\$3 billion)	32	8	31	8
Fundamental Structure:				
Price-Earnings Ratio	11	14	12	14
Price-Book Value Ratio	1.0	1.6	1.0	1.6
Dividend Yield (%)	3.1	2.7	3.1	2.7
Historical Earnings Growth Rate (%)	6	12	5	12
Projected Earnings Growth Rate (%)	13	12	15	14
Sector Allocation (%):				
Materials	16	7	17	8
Financials	37	29	34	27
Industrials	12	7	12	7
Energy	10	8	13	10
Utilities	2	3	2	4
Health Care	0	2	0	2
Consumer Discretionary	7	9	7	9
Consumer Staples	5	8	5	8
Telecommunication Services	1	7	1	8
Information Technology	8	18	8	17
Diversification:				
Number of Holdings	2,090	834	2,148	834
% in 5 largest holdings	10	12	10	11
% in 10 largest holdings	16	18	16	16
Region Allocation (%):				
Asia Pacific	64	58	62	55
Latin America	16	16	19	19
Europe/MidEast/Africa	15	17	15	18
Other	5	9	4	8
Largest Five Holdings:				
		Industry		
China Construction Bank	2.6	Banks		
Bank of China	2.3	Banks		
Gazprom	1.8	Energy		
Reliance Industries	1.7	Energy		
Standard Bank	1.4	Banks		

¹ Fiscal Year begins July 1.



City of Ann Arbor Employees' Retirement System

Vontobel Emerging Markets Equity Portfolio Detail as of 12/31/14

Mandate: International Equities,
Emerging Markets

Active/Passive: Active

Market Value: \$10.1 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 (%):	4Q14	Fiscal YTD ¹	1 YR	Since 2/1/12
Vontobel Emerging Markets Equity	-2.4	-3.3	6.6	5.4
Net of Fees	-2.7	-3.8	5.5	4.2
MSCI Emerging Markets	-4.5	-7.8	-2.2	0.4
Peer Emerging Markets	-4.4	-7.7	-1.3	2.6
Peer Ranking (percentile)	18	8	5	21

	12/31/14		9/30/14	
	Vontobel Emerging Markets Equity	MSCI Emerging Markets	Vontobel Emerging Markets Equity	MSCI Emerging Markets
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	41.1	36.0	36.9	34.8
Median Market Cap. (US\$ billion)	14.9	4.9	13.2	5.0
Large (% over US\$20 billion)	67	44	60	45
Medium (% US\$3 billion to US\$20 billion)	32	48	39	47
Small (% under US\$3 billion)	0	8	1	8
Fundamental Structure:				
Price-Earnings Ratio	23	14	23	14
Price-Book Value Ratio	5.5	1.6	5.9	1.6
Dividend Yield (%)	2.3	2.7	2.4	2.7
Historical Earnings Growth Rate (%)	19	12	21	12
Projected Earnings Growth Rate (%)	16	12	14	14
Sector Allocation (%):				
Consumer Staples	34	8	35	8
Consumer Discretionary	9	9	9	9
Health Care	2	2	2	2
Utilities	3	3	3	4
Financials	29	29	29	27
Telecommunication Services	5	7	5	8
Information Technology	14	18	13	17
Materials	3	7	3	8
Industrials	1	7	1	7
Energy	1	8	1	10
Diversification:				
Number of Holdings	74	834	76	834
% in 5 largest holdings	23	12	23	11
% in 10 largest holdings	38	18	37	16
Region Allocation (%):				
Asia Pacific	50	58	49	55
Latin America	21	16	23	19
Europe/MidEast/Africa	6	17	5	18
Other	24	9	23	8
Largest Five Holdings:				
		Industry		
British American Tobacco	5.8	Food, Beverage & Tobacco		
Housing Development Financial	4.8	Banks		
HDFC Bank	4.3	Banks		
ITC	4.1	Food, Beverage & Tobacco		
AmBev	3.6	Food, Beverage & Tobacco		

¹ Fiscal Year begins July 1.



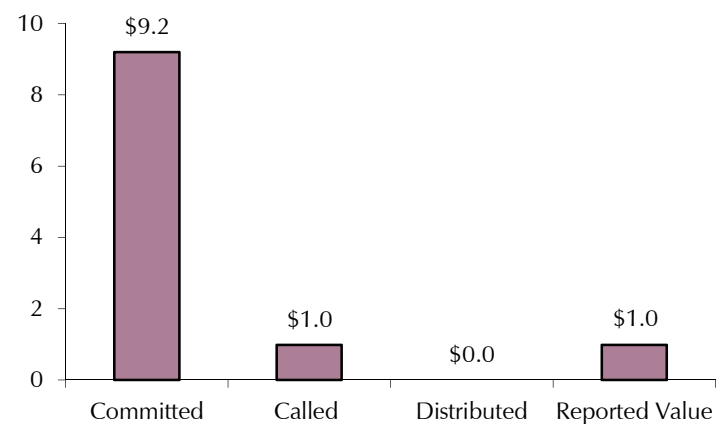
Private Equity Portfolio Review
As of December 31, 2014

City of Ann Arbor Employees' Retirement System

Summit Credit Fund II, L.P. Portfolio Detail as of 12/31/14

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

Commitment: \$9.2 million
Capital Contributions: \$1.0 million
Outstanding Commitment: \$1.0 million
Realized Proceeds: \$0.0 million
Total Value: \$1.0 million
Net IRR: NA



Investment Strategy:

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

**Investment Grade Bond Portfolio Reviews
As of December 31, 2014**

City of Ann Arbor Employees' Retirement System

Northern Trust Barclays Aggregate Index Portfolio Detail as of 12/31/14

Mandate: Fixed Income
Active/Passive: Passive
Market Value: \$67.3 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 (%):	4Q14	Fiscal YTD ¹	1 YR	3 YR	5 YR	Since 7/1/98
Northern Trust Barclays Aggregate Index	1.8	2.0	6.1	2.6	4.4	5.4
Net of Fees	1.8	2.0	6.0	2.6	4.4	NA
Barclays Aggregate	1.8	2.0	6.0	2.7	4.4	5.4

	12/31/14		9/30/14	
	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 (%)	2.2	2.3	2.4	2.4
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	11	12
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	36	36
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	3	3	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	5	4	3
Commercial Mortgage Backed	2	2	2	2
Asset Backed	1	1	1	1
Cash Equivalent	0	0	0	0
Other	0	0	0	0
Market Allocation (%):				
United States	91	91	91	91
Foreign (developed markets)	5	7	9	7
Foreign (emerging markets)	4	2	0	2
Currency Allocation (%):				
Non-U.S. Dollar Exposure	0	0	0	0

¹ Fiscal Year begins July 1.



City of Ann Arbor Employees' Retirement System

Northern Trust 1-5 Year Credit Bond Portfolio Detail as of 12/31/14

Mandate: Fixed Income
Active/Passive: Passive
Market Value: \$37.6 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 (%):	4Q14	Fiscal YTD ¹	1 YR	Since 2/1/13
Northern Trust 1-5 Year Credit Bond	0.3	0.2	1.8	1.5
Net of Fees	0.3	0.1	1.8	1.4
Barclays 1-5 Year Credit	0.3	0.2	1.9	1.6
Peer Short-Term Core Fixed Income	0.2	0.3	1.4	1.2
Peer Ranking (percentile)	37	69	36	17

	12/31/14		9/30/14	
	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)	2.6	2.7	2.7	2.8
Yield to Maturity (%)	1.7	1.8	1.6	1.7
Quality Structure (%):				
Average Quality	A	A	A	A
AAA (includes Treasuries and Agencies)	18	16	16	16
AA	14	13	15	15
A	40	41	40	40
BBB	28	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	8	8	9	8
Mortgage Backed	0	0	0	0
Corporate	75	75	77	76
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	3	0	0	0
Other	0	0	0	0
Market Allocation (%):				
United States	60	60	61	61
Foreign (developed markets)	35	35	35	35
Foreign (emerging markets)	5	5	5	5
Currency Allocation (%):				
Non-U.S. Dollar Exposure	0	0	0	0

¹ Fiscal Year begins July 1.



City of Ann Arbor Employees' Retirement System

Northern Trust Short Term Gov't Bond Portfolio Detail as of 12/31/14

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 (%):	4Q14	Fiscal YTD ¹	1 YR	Since 2/1/13
Northern Trust Short Term Gov't Bond	0.2	0.2	0.6	0.5
Net of Fees	0.2	0.2	0.6	0.4
Barclays 1-3 Year Government	0.2	0.2	0.6	0.5
Peer Short-Term Core Fixed Income	0.2	0.3	1.4	1.2
Peer Ranking (percentile)	55	50	84	91

	12/31/14		9/30/14	
	NT Short-Term Government Index	Barclays 1-3 yr Govt	NT Short-Term Government Index	Barclays 1-3 yr Govt
Duration & Yield:				
Average Effective Duration (years)	1.9	1.9	2.0	1.9
Yield to Maturity (%)	0.7	0.7	0.6	0.6
Quality Structure (%):				
Average Quality	AAA	AAA	AAA	AAA
AAA (includes Treasuries and Agencies)	96	96	97	97
AA	4	4	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	90	89	87	89
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	9	11	11	11
Mortgage Backed	0	0	0	0
Corporate	0	0	0	0
Bank Loans	0	0	0	0
Local & Provincial Government	0	0	0	0
Sovereign & Supranational	0	0	0	0
Commercial Mortgage Backed	0	0	0	0
Asset Backed	0	0	0	0
Cash Equivalent	1	0	2	0
Other	0	0	0	0
Market Allocation (%):				
United States	100	100	100	100
Foreign (developed markets)	0	0	0	0
Foreign (emerging markets)	0	0	0	0
Currency Allocation (%):				
Non-U.S. Dollar Exposure	0	0	0	0

¹ Fiscal Year begins July 1.



**TIPS Portfolio Review
As of December 31, 2014**

City of Ann Arbor Employees' Retirement System

IR&M 1-10 Year Index Portfolio Detail as of 12/31/14

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

	Short	Int.	Long
High			
Medium			
Low			

Fee Schedule:
 0.10% 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 (%):	4Q14	Fiscal YTD ¹	1 YR	Since 11/1/13
IR&M 1-10 Year Index	-1.1	-3.0	0.9	-0.8
Net of Fees	-1.1	-3.1	0.8	-0.9
Barclays U.S. TIPS 1-10 Year	-1.0	-3.0	0.9	-0.7
Peer TIPS	-0.3	-2.4	3.3	0.7
Peer Ranking (percentile)	71	81	80	86

Duration & Yield:	12/31/14		9/30/14	
	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)	5.2	3.6	5.3	5.0
Yield to Maturity (%) ²	1.7	1.7	1.9	1.9
Quality Structure (%):				
Average Quality	AAA	AAA	AAA	AAA
AAA (includes Treasuries and Agencies)	100	100	100	100
AA	0	0	0	0
A	0	0	0	0
BBB	0	0	0	0
BB	0	0	0	0
B	0	0	0	0
Below B	0	0	0	0
Non-Rated	0	0	0	0
Sector Allocation (%):				
U.S. Treasury-Nominal	0	0	0	0
U.S. Treasury-TIPS	100	100	100	100
U.S. Agency	0	0	0	0
Mortgage Backed	0	0	0	0
Corporate	0	0	0	0
Bank Loans	0	0	0	0
Local & Provincial Government	0	0	0	0
Sovereign & Supranational	0	0	0	0
Commercial Mortgage Backed	0	0	0	0
Asset Backed	0	0	0	0
Cash Equivalent	0	0	0	0
Other	0	0	0	0
Market Allocation (%):				
United States	100	100	100	100
Foreign (developed markets)	0	0	0	0
Foreign (emerging markets)	0	0	0	0
Currency Allocation (%):				
Non-U.S. Dollar Exposure	0	0	0	0

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

¹ Fiscal Year begins July 1.



**High Yield Bond Portfolio Review
As of December 31, 2014**

City of Ann Arbor Employees' Retirement System

Mandate: High Yield
Active/Passive: Active
Market Value: \$17.7 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 (%):	4Q14	Fiscal YTD ¹	1 YR	Since 9/1/12
SKY Harbor High Yield	-2.3	-3.9	1.4	5.7
Net of Fees	-2.5	-4.1	0.8	5.2
Barclays High Yield	-1.0	-2.9	2.5	6.3
Peer High Yield	-1.0	-2.6	2.6	6.6
Peer Ranking (percentile)	81	79	73	76

SKY Harbor High Yield Portfolio Detail as of 12/31/14

	12/31/14		9/30/14	
Duration & Yield:	Sky Harbor	Barclays High Yield	Sky Harbor	Barclays High Yield
Average Effective Duration (years)	4.6	4.3	4.5	4.4
Yield to Maturity (%)	7.4	6.6	6.7	6.1
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	0	0	2	0
BB	29	43	26	42
B	46	41	50	41
Below B	25	16	21	17
Non-Rated	0	0	2	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	96	100	98	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	4	0	2	0
Other	0	0	0	0
Market Allocation (%):				
United States	90	83	89	83
Foreign (developed markets)	10	17	11	17
Foreign (emerging markets)	0	0	0	0
Currency Allocation (%):				
Non-U.S. Dollar Exposure	0	0	0	0

¹ Fiscal Year begins July 1.



**Bank Loans Portfolio Review
As of December 31, 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 (%):	4Q14	Fiscal YTD ¹	1 YR	Since 4/1/12
Beach Point Leveraged Loan	0.5	0.5	2.7	6.5
Net of Fees	0.4	0.2	2.0	5.8
CSFB Leveraged Loan	-0.4	-0.7	2.0	5.1

Beach Point Leveraged Loan Portfolio Detail as of 12/31/14

	12/31/14		9/30/14	
	Beach Point Leveraged Loan	CSFB Leveraged Loan	Beach Point Leveraged Loan	CSFB Leveraged Loan
Duration & Yield:				
Average Effective Duration (years)	0.5	0.3	0.4	0.3
Yield to Maturity (%)	5.8	5.0	5.5	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	0	0	1	0
BB	18	30	11	30
B	76	60	71	60
Below B	5	8	11	8
Non-Rated	1	2	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	13	0	9	0
Bank Loans	87	100	91	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	78	100	73	100
Foreign (developed markets)	22	0	27	0
Foreign (emerging markets)	0	0	0	0
Currency Allocation (%):				
Non-U.S. Dollar Exposure	7	0	14	0

¹ Fiscal Year begins July 1.



Emerging Market Debt Portfolio Review
As of December 31, 2014

City of Ann Arbor Employees' Retirement System

Stone Harbor Emerging Markets Local Currency Debt Portfolio Detail as of 12/31/14

Mandate: Fixed Income
Active/Passive: Active
Market Value: \$7.2 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 (%):	4Q14	Fiscal YTD ¹	1 YR	Since 6/1/12
Stone Harbor Emerging Markets Local Currency Debt	-7.9	-13.6	-8.5	-3.9
JPM GBI-EM Global Diversified (unhedged)	-5.7	-11.0	-5.7	-0.4
Peer Emerging Market Debt	-3.8	-6.7	0.7	2.3
Peer Ranking (percentile)	97	96	96	96

Duration & Yield:	12/31/14		9/30/14	
	Stone Harbor EM Local Debt	JPM GBI-EM Global Div	Stone Harbor EM Local Debt	JPM GBI-EM Global Div
Average Effective Duration (years)	4.6	5.0	4.6	4.8
Yield to Maturity (%)	7.7	6.6	7.1	6.7
Quality Structure (%):				
Average Quality	BBB+	BBB+	BBB+	BBB+
AAA (includes Treasuries and Agencies)	2	0	3	0
AA	0	0	1	0
A	36	37	37	37
BBB	60	54	54	55
BB	0	8	2	8
B	0	0	0	0
Below B	2	0	4	0
Non-Rated	0	0	0	0
Sector Allocation (%):				
U.S. Treasury-Nominal	0	0	0	0
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	0	0	0	0
Mortgage Backed	0	0	0	0
Corporate	0	0	1	0
Bank Loans	0	0	0	0
Local & Provincial Government	0	0	0	0
Sovereign & Supranational	100	100	97	100
Commercial Mortgage Backed	0	0	0	0
Asset Backed	0	0	0	0
Cash Equivalent	0	0	2	0
Other	0	0	0	0
Market Allocation (%):				
United States	0	0	2	0
Foreign (developed markets)	0	0	0	0
Foreign (emerging markets)	100	100	98	100
Currency Allocation (%):				
Non-U.S. Dollar Exposure	95	100	94	100

¹ Fiscal Year begins July 1.

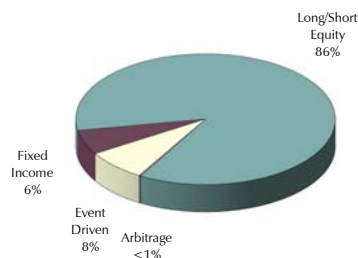


**Hedge Fund Portfolio Reviews
As of December 31, 2014**

City of Ann Arbor Employees' Retirement System

BlackRock Multi Manager Partners (Offshore), Ltd. Portfolio Detail as of 12/31/14

Mandate: Hedge Fund,
Market Value: \$9.9 million
Portfolio Manager: Nicholas Sideratos
Location: New York, New York
Inception Date: 7/1/2009
Account Type: Commingled
of Investments: 23



Fee Schedule:

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

Liquidity Constraints:

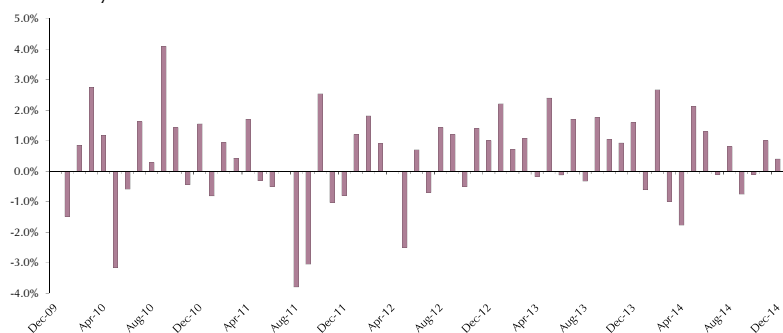
Quarterly (with 90 days' notice); subject to 10% audit holdback

Strategy:

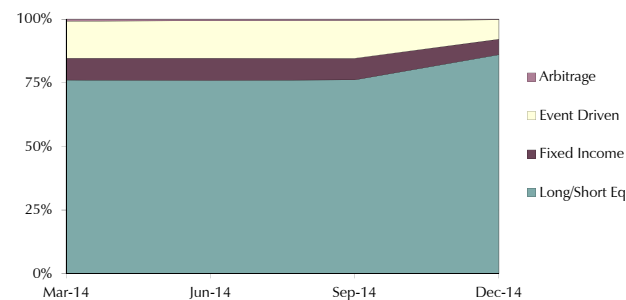
The Fund is broadly diversified with a greater emphasis to long/short and event driven strategies. They seek a return through active allocation to absolute return, hedged equity, and directional investment strategies. The underlying managers' investments are global, with about two-thirds of them being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

Performance (%):	Fiscal					Since 7/1/09
	4Q14	YTD	1 YR	3 YR	5 YR	
BlackRock Multi Manager Partners (Offshore), Ltd.	1.3	0.5	3.2	7.5	5.0	6.6
HFRI Fund of Funds Composite	0.8	1.1	3.2	5.6	3.3	4.0

Historical Monthly Returns:



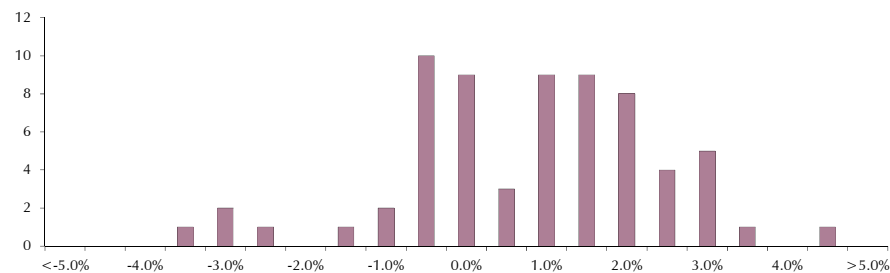
Historical Strategy Allocations:



Geographic Allocation (%)	12/31/14	9/30/14	6/30/14	3/31/14
Domestic	76	71	70	70
Developed Europe	14	18	19	20
Developed Asia	4	4	3	3
Emerging Market	7	7	7	7

Exposure Report (%)	12/31/14	9/30/14	6/30/14	3/31/14
Total Gross Exposure	151	149	144	150
Gross Long Exposure	102	103	100	101
Gross Short Exposure	-50	-46	-44	-48
Net Exposure	52	58	56	53

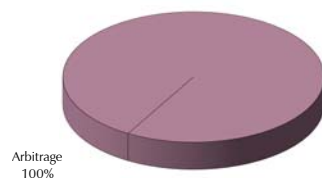
Return Distribution (Since Inception):



City of Ann Arbor Employees' Retirement System

Orion Managed Futures Portfolio Detail as of 12/31/14

Mandate: Hedge Fund,
Market Value: \$6.5 million
Portfolio Manager: Team
Location: New York, New York
Inception Date: 4/1/2010
Account Type: Commingled
of Investments: 3



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:

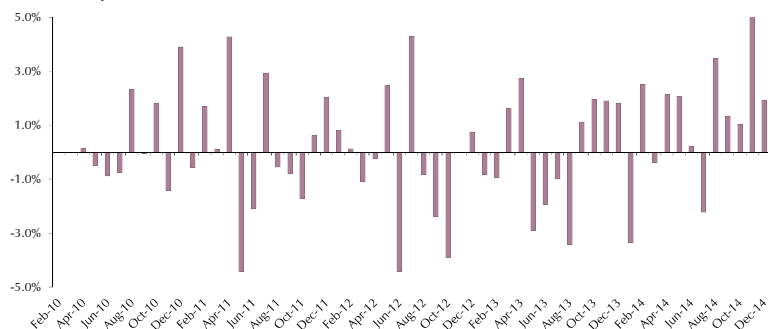
Monthly, with 10 days' notice. May be subject to a redemption gate.

Strategy:

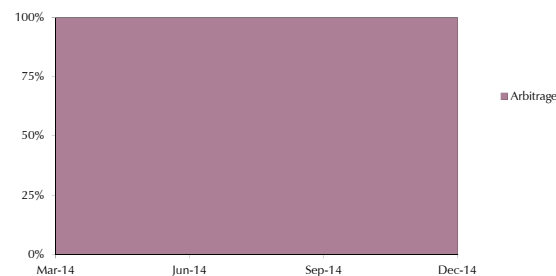
Using a systematic and a fundamental approach based on supply and demand in the global energy markets, they invest in the global market sectors with low correlations to equities. Evaluating the risk reward, they strive for a higher risk adjusted return than other major market indexes.

Performance (%):	4Q14	Fiscal YTD	1 YR	3 YR	Since 4/1/10
Orion Managed Futures	9.9	12.7	NA	NA	NA
HFRI Macro Index	3.1	5.3	6.4	1.9	2.0

Historical Monthly Returns:



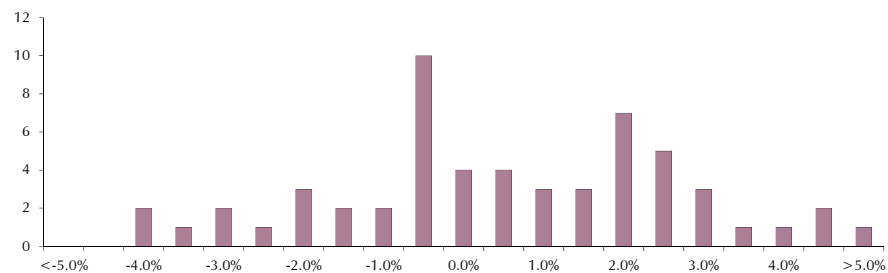
Historical Strategy Allocations:



Geographic Allocation (%)	12/31/14	9/30/14	6/30/14	3/31/14
Domestic	35	34	32	37
Developed Europe	41	37	37	34
Developed Asia	9	12	10	9
Emerging Market	15	17	21	20

Exposure Report (%)	12/31/14	9/30/14	6/30/14	3/31/14
Total Gross Exposure	856	1068	1104	886
Gross Long Exposure	719	828	930	754
Gross Short Exposure	136	241	174	132
Net Exposure	583	587	756	623

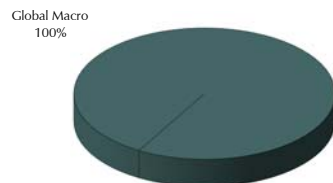
Return Distribution (Since Inception):



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



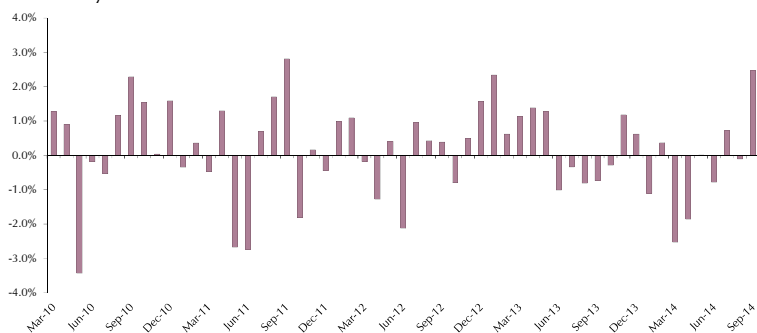
Fee Schedule:
 1.50% on first \$50 mm; 1.25% on next \$50 mm; 1.00% thereafter

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

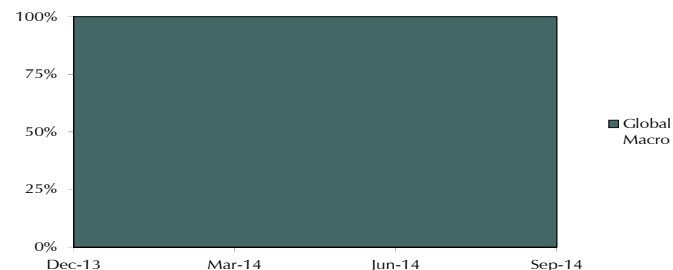
Strategy:
 Using an investment process that is a combination of top-down macroeconomic, thematic view with a bottom-up fundamental approach, the Fund invests in managers who trade all markets opportunistically. They try and maintain exposure to a range of asset classes and trading styles.

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:



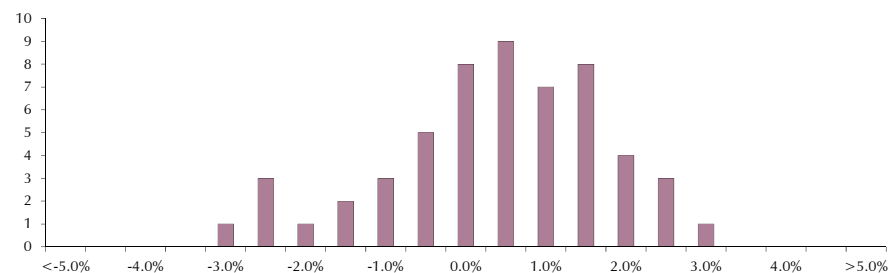
Historical Strategy Allocations:



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 December 31, 2014**

City of Ann Arbor Employees' Retirement System

AEW Core Property Trust Portfolio Detail as of 12/31/14

Strategy: Real Estate
Open-End
Core

Market Value: \$20.0 million

Senior Professionals: Team

Location: Boston, Massachusetts

Inception Date: 7/1/2013

Account Type: Separately Managed

of Investments: 50

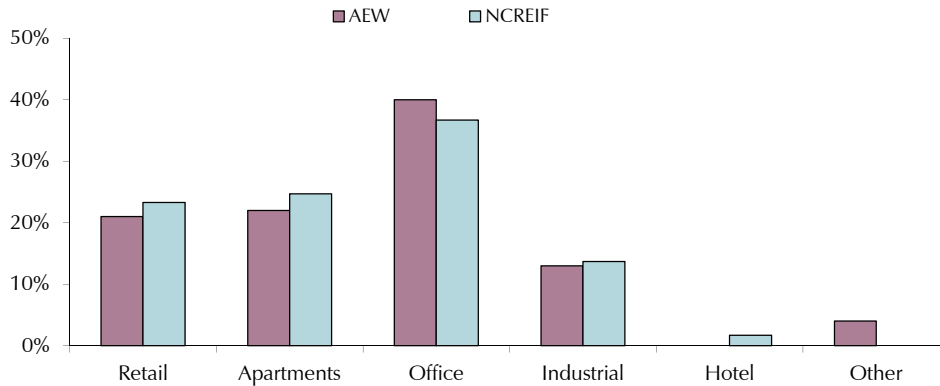
Liquidity Constraints: Quarterly

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

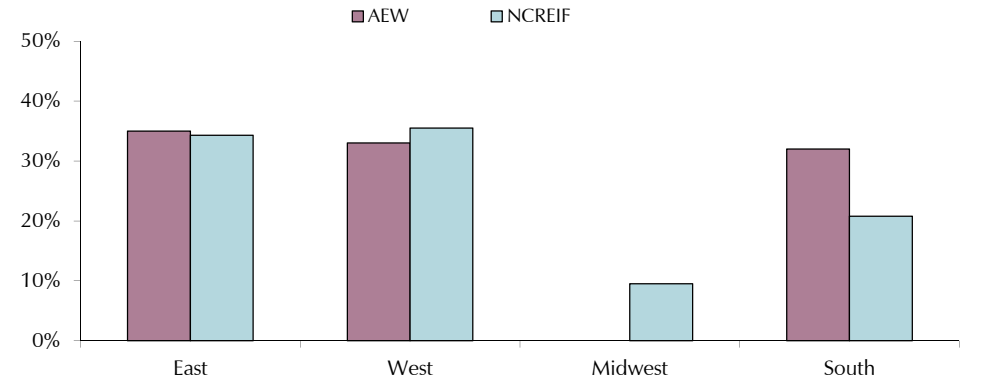
Portfolio Size:



Property Type:



Geographic Region:



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 12/31/14

Strategy: Real Estate
Closed-End
Core-Plus

Market Value: \$10.9 million¹

Senior Professionals: Team

Location: Boston, Massachusetts

Vintage Year: 2003

Account Type: Separately Managed

of Investments: 9

Liquidity Constraints: No interim liquidity

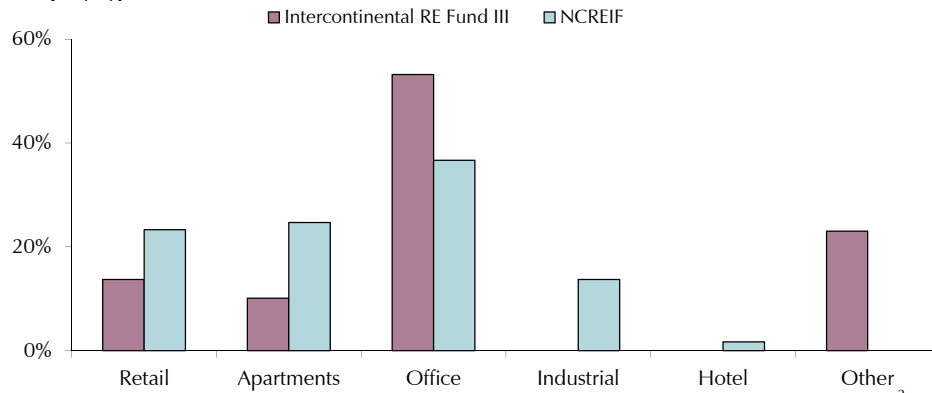
Fee Schedule: 1.25% on all assets

IRR: 4.70%

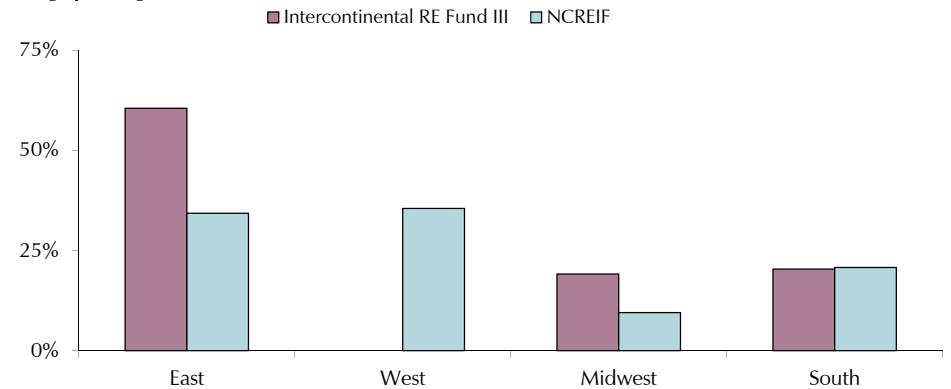
Portfolio Size:



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.

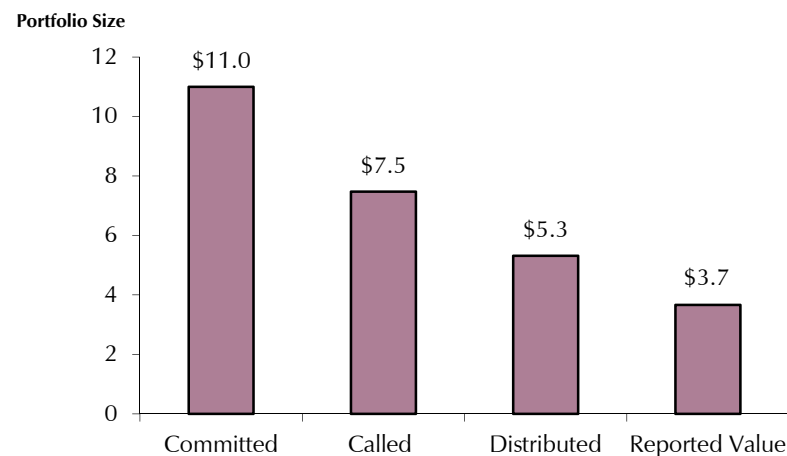
¹ Market value and characteristics as of September 30, 2014



City of Ann Arbor Employees' Retirement System

INVESCO Mortgage Recovery Loans Portfolio Detail as of 12/31/14

Mandate:	Opportunistic Debt - PPIP
Reported Value:	\$3.7 million
Portfolio Manager:	Rich King
Location:	Atlanta, Georgia
Vintage Year:	2008
Account Type:	Ltd. Partnership
Commitment:	\$11.0 million ¹
Capital Contribution:	\$7.5 million
Fee Schedule:	1.0% management fee on invested capital; 8% preferred return; 20% carried interest
Realized Proceeds:	\$5.3 million
Net IRR:	23.9%



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.

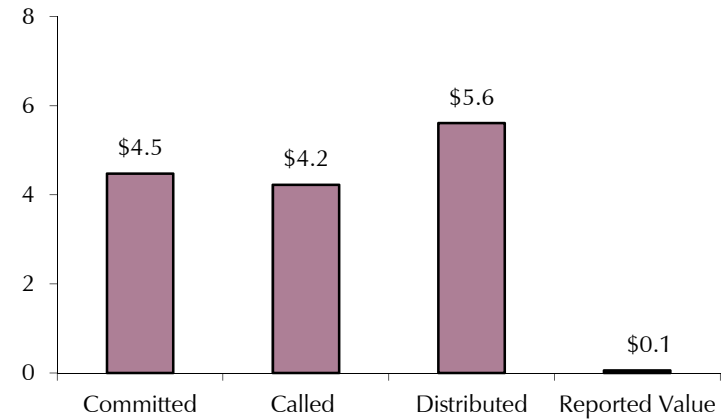


**City of Ann Arbor
Employees' Retirement System**

**INVESCO Mortgage Recovery Feeder
Portfolio Detail as of 12/31/14**

Mandate: Opportunistic Debt - PPIP
Reported Value: \$0.1 million
Portfolio Manager: Rich King
Location: Atlanta, Georgia
Vintage Year: 2008
Account Type: Ltd. Partnership
Commitment: \$4.5 million
Capital Contribution: \$4.2 million
Fee Schedule: 1.0% management fee; 8% preferred return; 20% carried interest
Realized Proceeds: \$5.6 million
Net IRR: 33.31%

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.



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

**DRA Growth and Income Fund VIII, LLC
Portfolio Detail as of 12/31/14**

Strategy: Real Estate
Closed-End
Value-Added

Market Value: \$1.5 million

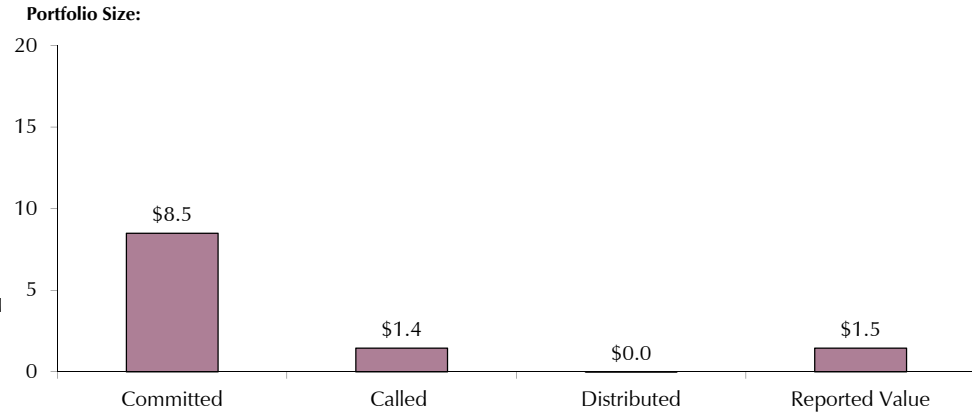
Senior Professionals: Team

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



Investment Strategy:

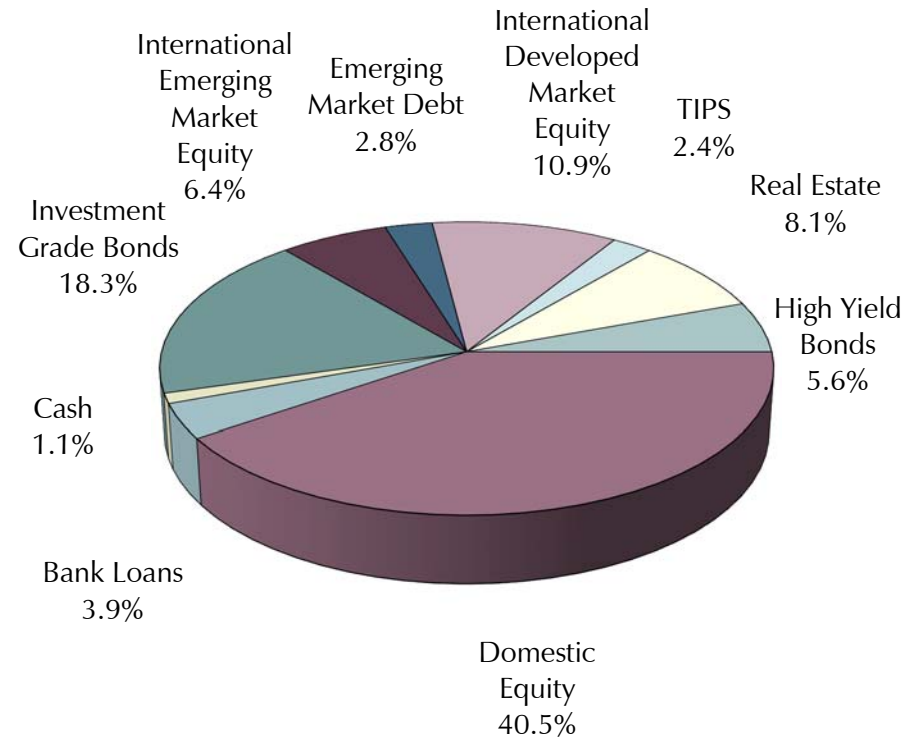
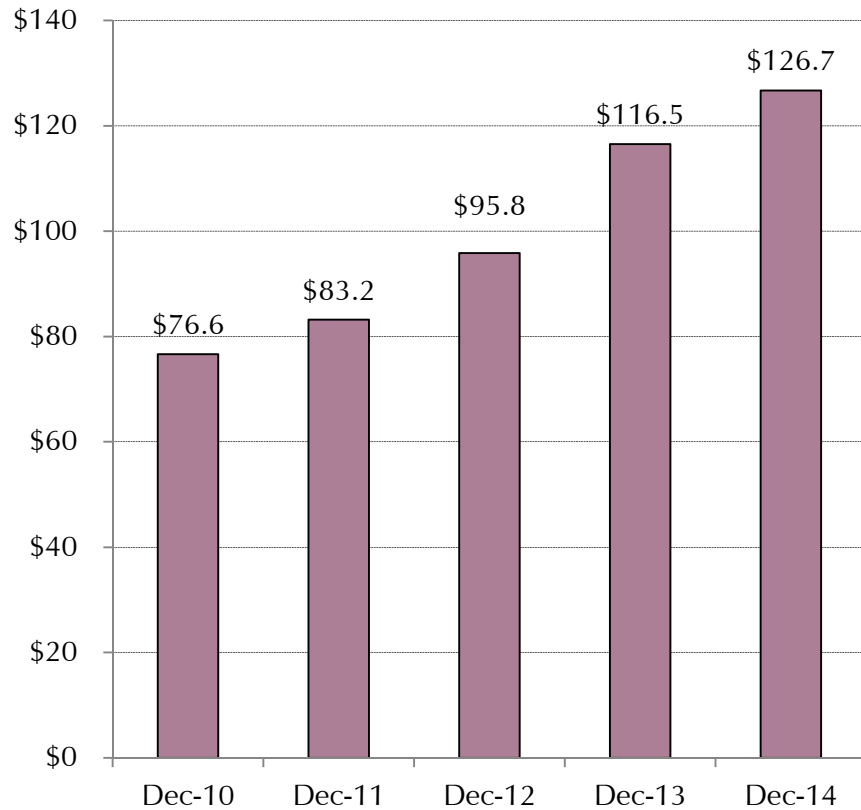
Fund VIII will invest in a diversified portfolio of office, retail, multi-family, industrial and other real-estate related properties and assets across the United States and its territories. The Company will seek to generate an attractive return to investors of 12-15%, net of fees, expenses and carried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

VEBA
Fourth Quarter Investment Review

**VEBA Summary
As of December 31, 2014**

City of Ann Arbor
VEBA

Aggregate Assets
as of 12/31/14



City of Ann Arbor
VEBA

Aggregate Assets
Asset Summary as of 12/31/14

	Market Value 12/31/14 (\$ mm)	% of Health Care Trust	Target Allocation (%)	Target Range (%)	Market Value 9/30/14 (\$ mm)
Total VEBA	126.7	100	NA	NA	124.7
Domestic Equity Assets	51.4	41	38	30-46	49.5
International Developed Market Equity Assets	13.8	11	11	8-14	14.0
International Emerging Market Equity Assets	8.1	6	6	0-9	8.5
Investment Grade Bond Assets	23.2	18	10	8-12	23.0
TIPS Assets	3.0	2	9	0-11	3.0
High Yield Bond Assets ¹	7.1	6	6	2-8	7.0
Bank Loan Assets	4.9	4	4	0-6	4.9
Emerging Market Debt Assets	3.5	3	3	0-5	3.8
Real Estate Assets	10.3	8	10	2-12	9.4
Natural Resources Assets	0.0	0	3	0-5	0.0
Cash	1.4	1	0	< 5	1.7

¹ Includes Summit Partners Credit Fund II.



City of Ann Arbor
VEBA

Aggregate Assets
Portfolio Roster as of 12/31/14

	Market Value 12/31/14 (\$ mm)	% of Asset Class	% of Health Care Trust	Target Allocation (%)	Target Range (%)	Market Value 9/30/14 (\$ mm)
Total VEBA	126.7	NA	100	NA	NA	124.7
Domestic Equity Assets	51.4	100	41	38	30-46	49.5
Northern Trust Russell 1000 Index	34.7	68	27			33.1
RhumbLine S&P 400 Index	9.5	19	8			9.0
SouthernSun Small Cap Equity	7.1	14	6			7.4
International Developed Market Equity Assets	13.8	100	11	11	8-14	14.0
Fisher Institutional Foreign Equity	13.8	100	11			14.0
International Emerging Market Equity Assets	8.1	100	6	6	0-9	8.5
Dimensional Emerging Markets Value	4.4	54	3			4.7
Vontobel Emerging Markets Equity	3.7	46	3			3.8
Investment Grade Bond Assets	23.2	100	18	10	8-12	23.0
Northern Trust Barclays Aggregate Index	23.2	100	18			22.8
TIPS Assets	3.0	100	2	9	0-11	3.0
IR&M 1-10 Year Index	3.0	100	2			3.0



City of Ann Arbor
VEBA

Aggregate Assets
Portfolio Roster as of 12/31/14

	Market Value 12/31/14 (\$ mm)	% of Asset Class	% of Health Care Trust	Target Allocation (%)	Target Range (%)	Market Value 9/30/14 (\$ mm)
High Yield Bond Assets	7.1	100	6	6	2-8	7.0
SKY Harbor High Yield	6.9	97	5			7.0
Summit Partners Credit Fund II	0.2	3	< 1			0.0
Bank Loan Assets	4.9	100	4	4	0-6	4.9
Beach Point Leveraged Loan	4.9	100	4			4.9
Emerging Market Debt Assets	3.5	100	3	3	0-5	3.8
Stone Harbor Emerging Markets Local Currency Debt	3.5	100	3			3.8
Real Estate Assets	10.3	100	8	10	2-12	9.4
Vanguard REIT Index	4.9	47	4			4.3
AEW Core Property Trust (U.S.), Inc.	5.0	48	4			4.9
DRA Growth and Income Fund VIII, L.P.	0.4	4	< 1			0.2
Cash	1.4	100	1	0	< 5	1.7
Northern Trust Cash Account	1.4	100	1			1.7



City of Ann Arbor
VEBA

Aggregate Assets
Performance as of 12/31/14

	4Q14 (%)	Fiscal ¹ YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Total VEBA	1.6	-0.4	5.1	10.9	10.9	6.7	10/1/99	6.1
Net of Fees	1.5	-0.5	4.8	10.5	10.5	NA		NA
<i>Policy Benchmark²</i>	1.2	-0.2	5.7	10.9	9.9	6.5		5.6
<i>Actual Allocation Benchmark</i>	1.7	0.7	6.1	11.1	NA	NA		NA
<i>60% MSCI ACWI/ 40% Barclays Aggregate</i>	-0.2	-2.9	2.7	8.8	6.8	5.4		NA
Domestic Equity	3.8	2.0	9.5	20.2	17.7	8.8	10/1/99	6.7
<i>Russell 3000</i>	5.2	5.3	12.6	20.5	15.6	7.9		5.8
International Developed Market Equity	-0.9	-7.0	-4.8	11.2	7.5	NA	7/1/09	11.5
<i>MSCI EAFE</i>	-3.6	-9.2	-4.9	11.1	5.3	4.4		8.7
International Emerging Market Equity	-4.7	-7.5	-0.1	NA	NA	NA	2/1/12	1.2
<i>MSCI Emerging Markets</i>	-4.5	-7.8	-2.2	4.0	1.8	8.4		0.4
Investment Grade Bonds ³	1.8	2.0	6.4	3.4	5.3	5.4	10/1/00	5.9
<i>Barclays Aggregate</i>	1.8	2.0	6.0	2.7	4.4	4.7		5.5
<i>Barclays Universal</i>	1.3	1.3	5.5	3.2	4.8	4.9		5.7
TIPS	-1.1	-3.0	0.9	NA	NA	NA	11/1/13	-0.7
<i>Barclays U.S. TIPS</i>	0.0	-2.1	3.6	0.4	4.1	4.4		0.9
<i>Barclays U.S. TIPS 1-10 Year</i>	-1.0	-3.0	0.9	0.0	2.8	3.8		-0.7

¹ Fiscal Year begins July 1.

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

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



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Aggregate Assets
Performance as of 12/31/14

	4Q14 (%)	Fiscal ¹ YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Total VEBA (continued)	1.6	-0.4	5.1	10.9	10.9	6.7	10/1/99	6.1
Net of Fees (continued)	1.5	-0.5	4.8	10.5	10.5	NA		NA
High Yield Bond Assets	-2.3	-3.9	1.4	7.6	8.1	NA	7/1/09	10.4
<i>Barclays High Yield</i>	-1.0	-2.9	2.5	8.4	9.0	7.7		12.0
Bank Loans	0.5	0.5	2.7	NA	NA	NA	4/1/12	6.5
<i>CSFB Leveraged Loan</i>	-0.4	-0.7	2.0	5.8	5.8	4.7		5.1
Emerging Market Debt	-7.9	-13.6	-8.5	NA	NA	NA	6/1/12	-3.9
<i>JPM GBI-EM Global Diversified (unhedged)</i>	-5.7	-11.0	-5.7	0.1	2.6	6.7		-0.4
Real Estate	7.8	7.7	15.3	12.9	15.6	NA	3/1/05	9.5
<i>NCREIF ODCE Equal Weighted</i>	3.1	6.7	12.4	12.2	13.8	6.7		6.9

¹ Fiscal Year begins July 1.



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Aggregate Assets
Performance as of 12/31/14

	4Q14 (%)	Fiscal ¹ YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Domestic Equity	3.8	2.0	9.5	20.2	17.7	8.8	10/1/99	6.7
Northern Trust Russell 1000 Index	4.9	5.6	13.2	NA	NA	NA	2/1/12	19.1
Net of Fees	4.9	5.6	13.2	NA	NA	NA		19.1
<i>Russell 1000</i>	4.9	5.6	13.2	20.6	15.6	8.0		19.3
RhumbLine S&P 400 Index	6.3	2.1	9.8	20.1	NA	NA	2/1/10	17.7
Net of Fees	6.3	2.1	9.8	20.0	NA	NA		NA
<i>S&P MidCap</i>	6.3	2.1	9.8	20.0	16.5	9.7		17.6
SouthernSun Small Cap Equity	-3.9	-12.3	-6.0	17.5	20.7	10.6	12/1/04	10.9
Net of Fees	-4.2	-12.8	-7.0	16.3	19.6	9.7		NA
<i>Russell 2000</i>	9.7	1.7	4.9	19.2	15.5	7.8		8.0
International Developed Market Equity	-0.9	-7.0	-4.8	11.2	7.5	NA	7/1/09	11.5
Fisher Institutional Foreign Equity	-0.9	-7.0	-4.8	11.2	7.5	NA	7/1/09	11.5
Net of Fees	-1.2	-7.5	-5.7	10.2	6.5	NA		10.6
<i>MSCI EAFE</i>	-3.6	-9.2	-4.9	11.1	5.3	4.4		48.7

¹ Fiscal Year begins July 1.



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Aggregate Assets
Performance as of 12/31/14

	4Q14 (%)	Fiscal ¹ YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
International Emerging Market Equity	-4.7	-7.5	-0.1	NA	NA	NA	2/1/12	1.2
Dimensional Emerging Markets Value	-6.3	-10.4	-4.4	NA	NA	NA	2/1/12	-1.2
<i>MSCI Emerging Markets</i>	-4.5	-7.8	-2.2	4.0	1.8	8.4		0.4
Vontobel Emerging Markets Equity	-2.4	-3.3	6.6	NA	NA	NA	2/1/12	5.4
Net of Fees	-2.7	-3.8	5.5	NA	NA	NA		4.2
<i>MSCI Emerging Markets</i>	-4.5	-7.8	-2.2	4.0	1.8	8.4		0.4
Investment Grade Bonds²	1.8	2.0	6.4	3.4	5.3	5.4	10/1/00	5.9
Northern Trust Barclays Aggregate Index	1.8	2.0	6.1	2.7	4.5	4.8	10/1/99	5.7
Net of Fees	1.8	2.0	6.0	2.6	4.4	4.8		5.6
<i>Barclays Aggregate</i>	1.8	2.0	6.0	2.7	4.4	4.7		5.6
TIPS	-1.1	-3.0	0.9	NA	NA	NA	11/1/13	-0.8
IR&M 1-10 Year Index	-1.1	-3.0	0.9	NA	NA	NA	11/1/13	-0.7
Net of Fees	-1.1	-3.1	0.8	NA	NA	NA		-0.9
<i>Barclays U.S. TIPS 1-10 Year</i>	-1.0	-3.0	0.9	0.0	2.8	3.8		-0.7

¹ Fiscal Year begins July 1.

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



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Aggregate Assets
Performance as of 12/31/14

	4Q14 (%)	Fiscal ¹ YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
High Yield Bond Assets	-2.3	-3.9	1.4	7.6	8.1	NA	7/1/09	10.4
SKY Harbor High Yield	-2.3	-3.9	1.4	NA	NA	NA	12/1/12	5.6
Net of Fees	-2.5	-4.1	0.8	NA	NA	NA		5.0
<i>Barclays High Yield</i>	-1.0	-2.9	2.5	8.4	9.0	7.7		5.5
Bank Loans	0.5	0.5	2.7	NA	NA	NA	4/1/12	6.5
Beach Point Leveraged Loan	0.5	0.5	2.7	NA	NA	NA	4/1/12	6.5
Net of Fees	0.4	0.2	2.0	NA	NA	NA		5.8
<i>CSFB Leveraged Loan</i>	-0.4	-0.7	2.0	5.8	5.8	4.7		5.1
Emerging Market Debt	-7.9	-13.6	-8.5	NA	NA	NA	6/1/12	-3.9
Stone Harbor Emerging Markets Local Currency Debt	-7.9	-13.6	-8.5	NA	NA	NA	6/1/12	-3.9
<i>JPM GBI-EM Global Diversified (unhedged)</i>	-5.7	-11.0	-5.7	0.1	2.6	6.7		-0.4
Real Estate	7.8	7.7	15.3	12.9	15.6	NA	3/1/05	9.5
Vanguard REIT Index	14.3	10.7	NA	NA	NA	NA	3/1/14	19.1
<i>MSCI U.S. REIT</i>	14.3	10.8	30.4	16.3	17.0	8.0		19.2
AEW Core Property Trust (U.S.), Inc.	2.6	5.4	9.3	NA	NA	NA	7/1/13	9.3
<i>NCREIF ODCE</i>	3.1	6.7	12.4	12.2	13.8	6.7		6.9

¹ Fiscal Year begins July 1.



City of Ann Arbor
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Aggregate Assets
Calendar Year Performance

	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)
Total VEBA	5.1	15.2	12.6	2.7	19.6	21.9	-24.2	4.0	10.9	7.0
Net of Fees	4.8	14.8	12.3	2.3	19.2	21.6	-24.2	NA	NA	NA
<i>Policy Benchmark¹</i>	5.6	14.2	13.0	1.6	15.7	24.6	-25.0	5.0	11.9	6.9
<i>Actual Allocation Benchmark</i>	5.8	15.3	12.2	NA	NA	NA	NA	NA	NA	NA
<i>60% MSCI ACWI/ 40% Barclays Aggregate</i>	2.7	12.2	11.7	-2.1	10.3	23.8	-26.2	10.8	15.2	4.7
Domestic Equity	9.5	34.6	17.7	2.2	27.4	31.4	-38.7	4.5	13.5	7.8
Northern Trust Russell 1000 Index	13.2	33.1	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	13.2	33.1	NA	NA	NA	NA	NA	NA	NA	NA
<i>Russell 1000</i>	13.2	33.1	16.4	1.5	16.1	28.4	-37.6	5.8	15.5	6.3
RhumbLine S&P 400 Index	9.8	33.9	17.9	-1.7	NA	NA	NA	NA	NA	NA
Net of Fees	9.8	33.8	17.8	-1.7	NA	NA	NA	NA	NA	NA
<i>S&P MidCap</i>	9.8	33.5	17.9	-1.7	26.6	37.4	-36.2	8.0	10.3	12.6
SouthernSun Small Cap Equity	-6.0	41.6	21.8	6.4	48.4	29.3	-35.1	9.9	12.7	2.6
Net of Fees	-7.0	40.2	20.6	5.4	47.6	28.4	-35.1	9.0	11.9	1.8
<i>Russell 2000</i>	4.9	38.8	16.3	-4.2	26.9	27.2	-33.8	-1.6	18.4	4.6
International Developed Market Equity	-4.8	23.6	17.0	-10.8	17.0	NA	NA	NA	NA	NA
Fisher Institutional Foreign Equity	-4.8	23.6	17.0	-10.8	17.0	NA	NA	NA	NA	NA
Net of Fees	-5.7	22.4	15.8	-11.7	16.3	NA	NA	NA	NA	NA
<i>MSCI EAFE</i>	-4.9	22.8	17.3	-12.1	7.7	31.8	-43.4	11.2	26.3	13.5

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
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Aggregate Assets
Calendar Year Performance

	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)
International Emerging Market Equity	-0.1	-4.4	NA	NA	NA	NA	NA	NA	NA	NA
Dimensional Emerging Markets Value	-4.4	-3.8	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI Emerging Markets</i>	-2.2	-2.6	18.2	-18.4	18.9	78.5	-53.3	39.4	32.2	34.0
Vontobel Emerging Markets Equity	6.6	-4.4	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	5.5	-5.5	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI Emerging Markets</i>	-2.2	-2.6	18.2	-18.4	18.9	78.5	-53.3	39.4	32.2	34.0
Investment Grade Bonds¹	6.4	-1.6	5.8	8.1	8.2	7.0	6.2	7.3	4.3	2.4
Northern Trust Barclays Aggregate Index	6.1	-2.2	4.4	7.8	6.8	5.6	6.2	7.3	4.3	2.4
Net of Fees	6.0	-2.3	4.3	7.8	6.7	5.6	6.1	7.3	4.3	2.4
<i>Barclays Aggregate</i>	6.0	-2.0	4.2	7.8	6.5	5.9	5.2	7.0	4.3	2.4
TIPS	0.9	NA	NA	NA	NA	NA	NA	NA	NA	NA
IR&M 1-10 Year Index	0.9	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	0.8	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>Barclays U.S. TIPS 1-10 Year</i>	0.9	-5.6	5.0	8.9	5.2	12.0	-2.4	11.4	1.6	1.9
High Yield Bond Assets	1.4	9.2	12.4	5.7	12.3	NA	NA	NA	NA	NA
SKY Harbor High Yield	1.4	9.2	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	0.8	8.6	NA	NA	NA	NA	NA	NA	NA	NA
<i>Barclays High Yield</i>	2.5	7.4	15.8	5.0	15.1	58.2	-26.2	1.9	11.8	2.7

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



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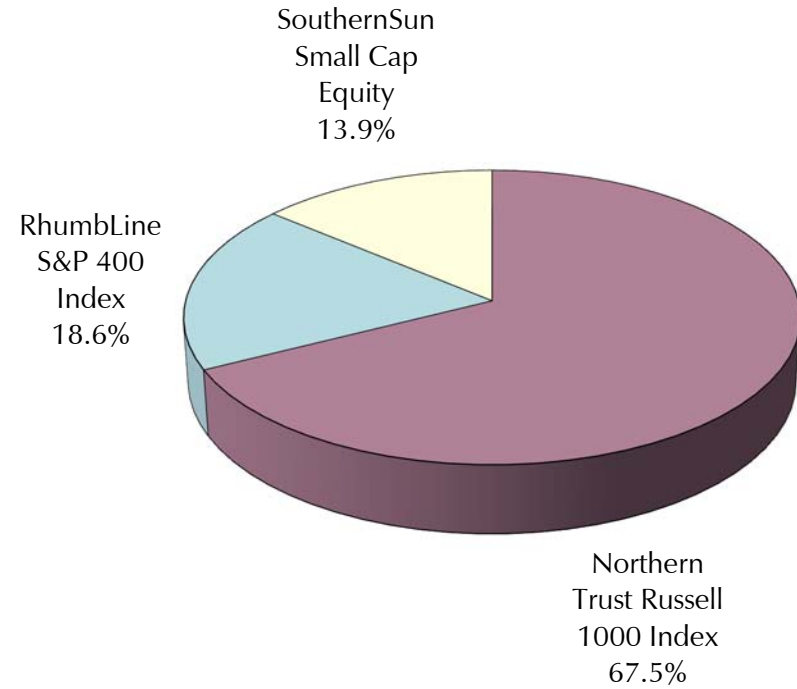
Aggregate Assets
Calendar Year Performance

	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)
Bank Loans	2.7	7.1	NA	NA	NA	NA	NA	NA	NA	NA
Beach Point Leveraged Loan	2.7	7.1	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	2.0	6.4	NA	NA	NA	NA	NA	NA	NA	NA
<i>CSFB Leveraged Loan</i>	2.0	6.2	9.4	1.8	10.0	44.9	-28.8	1.9	7.2	5.7
Emerging Market Debt	-8.5	-12.6	NA	NA	NA	NA	NA	NA	NA	NA
Stone Harbor Emerging Markets Local Currency Debt	-8.5	-12.6	NA	NA	NA	NA	NA	NA	NA	NA
<i>JPM GBI-EM Global Diversified (unhedged)</i>	-5.7	-9.0	16.8	-1.8	15.7	22.0	-5.2	18.1	15.2	6.3

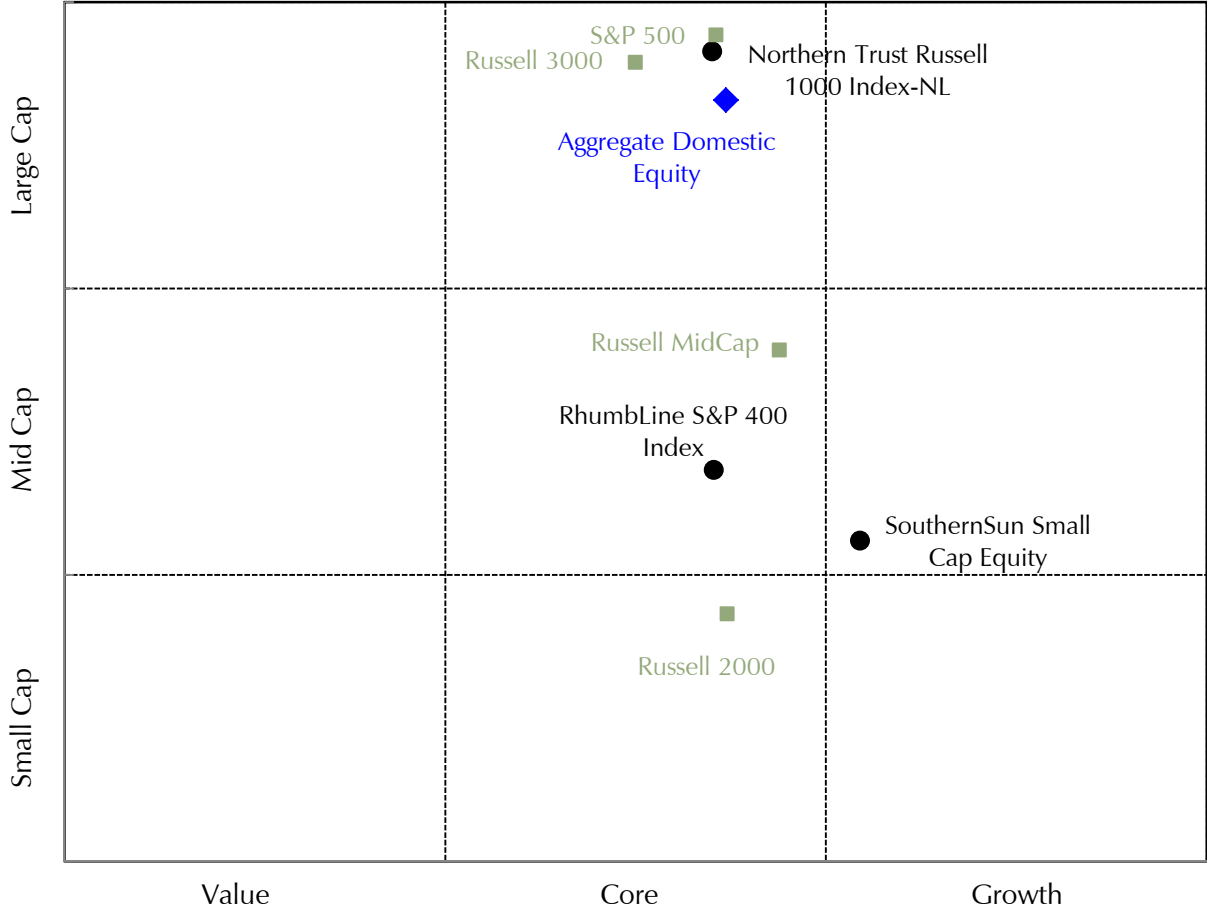
**Domestic Equity Assets
As of December 31, 2014**

City of Ann Arbor
VEBA

Domestic Equity Assets
as of 12/31/14



Risk: (sixty months)	Aggregate Domestic Equity 12/31/14	Russell 3000 12/31/14
Annualized Return (%)	17.7	15.6
Standard Deviation (%)	17.8	15.7
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	0.99
Information Ratio	0.71	NA



	Aggregate Domestic Equity 12/31/14	Russell 3000 12/31/14	Aggregate Domestic Equity 9/30/14
Capitalization Structure:			
Weighted Average Market Cap. (US\$ billion)	78.0	102.4	75.3
Median Market Cap. (US\$ billion)	6.9	1.5	6.5
Large (% over US\$20 billion)	52	69	50
Medium (% US\$3 billion to US\$20 billion)	37	24	38
Small (% under US\$3 billion)	12	7	12
Fundamental Structure:			
Price-Earnings Ratio	21	20	19
Price-Book Value Ratio	2.9	2.6	2.8
Dividend Yield (%)	1.7	1.8	1.7
Historical Earnings Growth Rate (%)	13	13	14
Projected Earnings Growth Rate (%)	12	12	12

	Aggregate Domestic Equity 12/31/14	Russell 3000 12/31/14	Aggregate Domestic Equity 9/30/14
Diversification:			
Number of Holdings	1,164	3,051	1,154
% in 5 largest holdings	7	9	7
% in 10 largest holdings	11	14	11

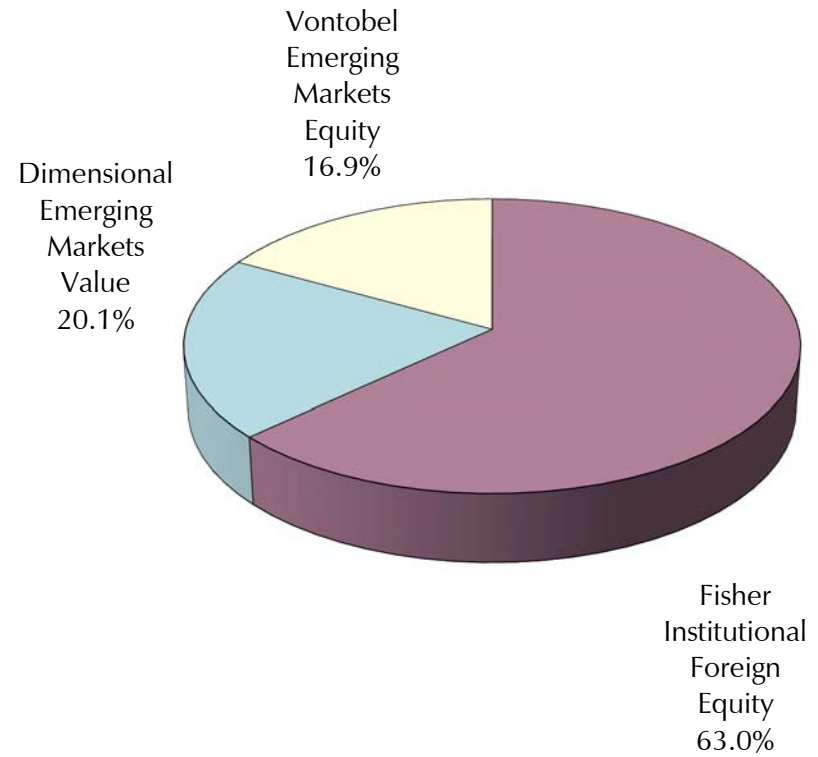
Largest Five Holdings:	% of Portfolio	Economic Sector
Apple	2.2	Technology Equipment
ExxonMobil	1.3	Energy
Microsoft	1.3	Software & Services
Johnson & Johnson	1.0	Pharmaceuticals & Biotech.
Berkshire Hathaway	0.9	Diversified Financials

Sector Allocation (%):	Aggregate Domestic Equity 12/31/14	Russell 3000 12/31/14	Aggregate Domestic Equity 9/30/14
Industrials	14	11	15
Materials	5	4	5
Consumer Discretionary	14	13	13
Utilities	4	3	3
Consumer Staples	9	9	8
Health Care	14	14	13
Telecommunication Services	1	2	2
Energy	7	8	8
Financials	16	18	16
Information Technology	17	19	17

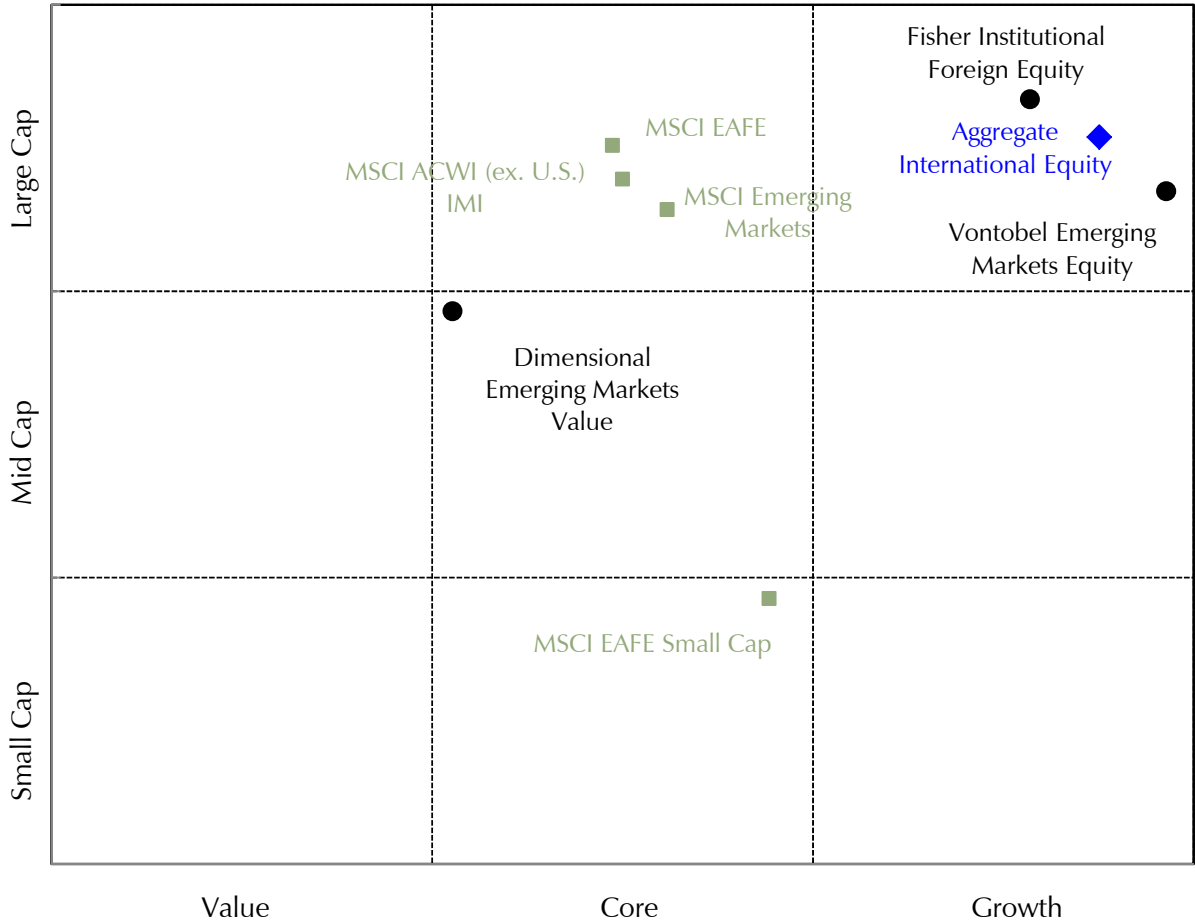
**International Equity Assets
As of December 31, 2014**

City of Ann Arbor
VEBA

International Equity Assets
as of 12/31/14



Risk: (sixty months)	Aggregate International Equity 12/31/14	MSCI ACWI (ex. U.S.) IMI 12/31/14
Annualized Return (%)	6.0	4.7
Standard Deviation (%)	20.7	17.6
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	0.96	NA
Sharpe Measure (risk-adjusted return)	0.29	0.26
Information Ratio	0.32	NA



	Aggregate International Equity 12/31/14	MSCI ACWI (ex. U.S.) IMI 12/31/14	Aggregate International Equity 9/30/14
Capitalization Structure:			
Weighted Average Market Cap. (US\$ billion)	60.9	44.9	63.0
Median Market Cap. (US\$ million)	419	1,134	438
Large (% over US\$20 billion)	73	54	73
Medium (% US\$3 billion to US\$20 billion)	20	33	20
Small (% under US\$3 billion)	7	13	7
Fundamental Structure:			
Price-Earnings Ratio	18	16	18
Price-Book Value Ratio	2.8	1.6	2.8
Dividend Yield (%)	2.6	2.9	2.6
Historical Earnings Growth Rate (%)	14	10	14
Projected Earnings Growth Rate (%)	12	10	13

	Aggregate International Equity 12/31/14	MSCI ACWI (ex. U.S.) IMI 12/31/14	Aggregate International Equity 9/30/14
Diversification:			
Number of Holdings	2,222	6,089	2,279
% in 5 largest holdings	10	5	10
% in 10 largest holdings	18	8	19
Largest Five Holdings:		% of Portfolio	Economic Sector
Bayer	2.2	Pharmaceuticals & Biotech.	
Asml Holding	2.2	Semiconductors	
Prudential	1.9	Insurance	
Novo Nordisk	1.9	Pharmaceuticals & Biotech.	
Novartis	1.7	Pharmaceuticals & Biotech.	

Sector Allocation (%):	Aggregate International Equity 12/31/14	MSCI ACWI (ex. U.S.) IMI 12/31/14	Aggregate International Equity 9/30/14
Information Technology	13	8	13
Health Care	12	8	13
Consumer Discretionary	15	12	15
Consumer Staples	10	9	9
Industrials	12	12	13
Financials	26	27	26
Utilities	1	3	1
Materials	5	8	6
Energy	3	7	5
Telecommunication Services	1	5	1

City of Ann Arbor
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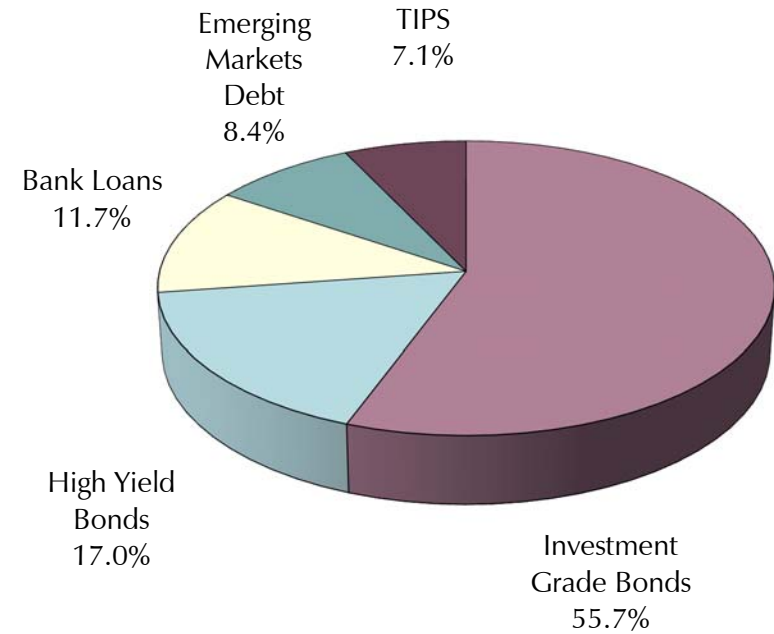
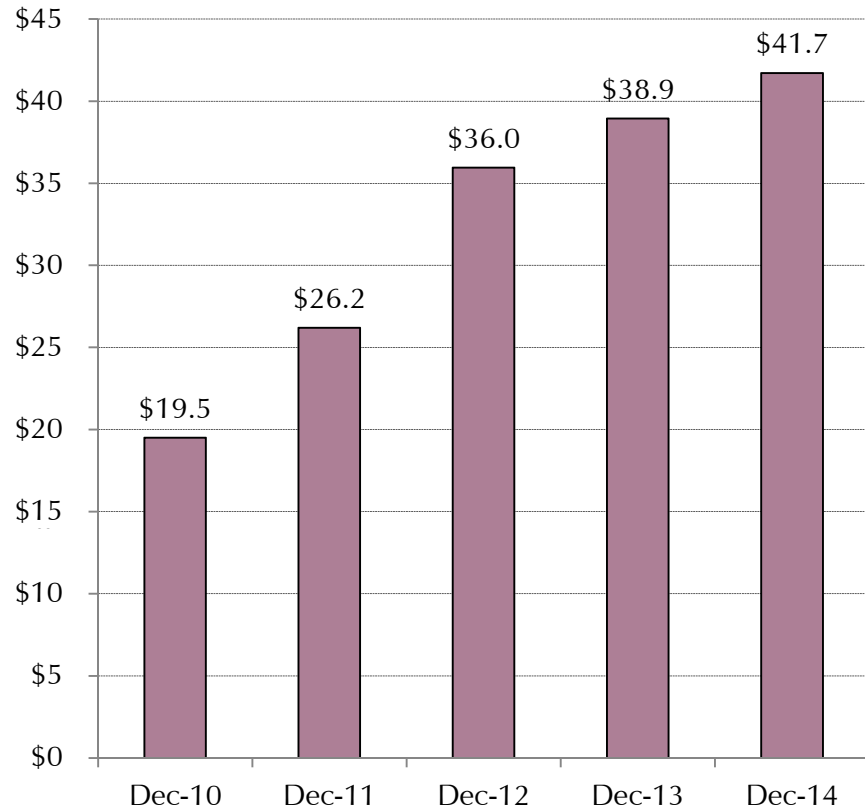
International Equity Assets
Country & Region Breakdown as of 12/31/14

	Aggregate International Equity 12/31/14 (%)	MSCI ACWI (ex. U.S.) IMI 12/31/14 (%)		Aggregate International Equity 12/31/14 (%)	MSCI ACWI (ex. U.S.) IMI 12/31/14 (%)
North America	2.6	7.7	Emerging	34.2	19.7
Canada	2.4	7.5	India	6.2	1.6
Europe	50.4	45.7	Taiwan	5.2	2.9
Germany	10.6	6.1	Brazil	3.8	1.8
United Kingdom	15.2	13.2	Mexico	2.5	1.0
Denmark	1.9	1.1	Thailand	1.5	0.6
Switzerland	7.2	6.5	China	3.6	2.7
Ireland	1.3	0.7	Indonesia	1.5	0.6
Netherlands	3.4	3.1	South Korea	3.9	3.2
Belgium	1.2	0.9	South Africa	2.4	1.7
France	6.1	6.1	Malaysia	1.4	0.8
Italy	1.2	1.6	Other	0.0	0.6
Spain	1.3	2.3			
Asia Pacific	12.8	26.3			
Hong Kong	4.6	4.1			
Singapore	1.2	1.1			
Australia	2.0	5.2			
Japan	5.0	15.7			

**Fixed Income Assets
As of December 31, 2014**

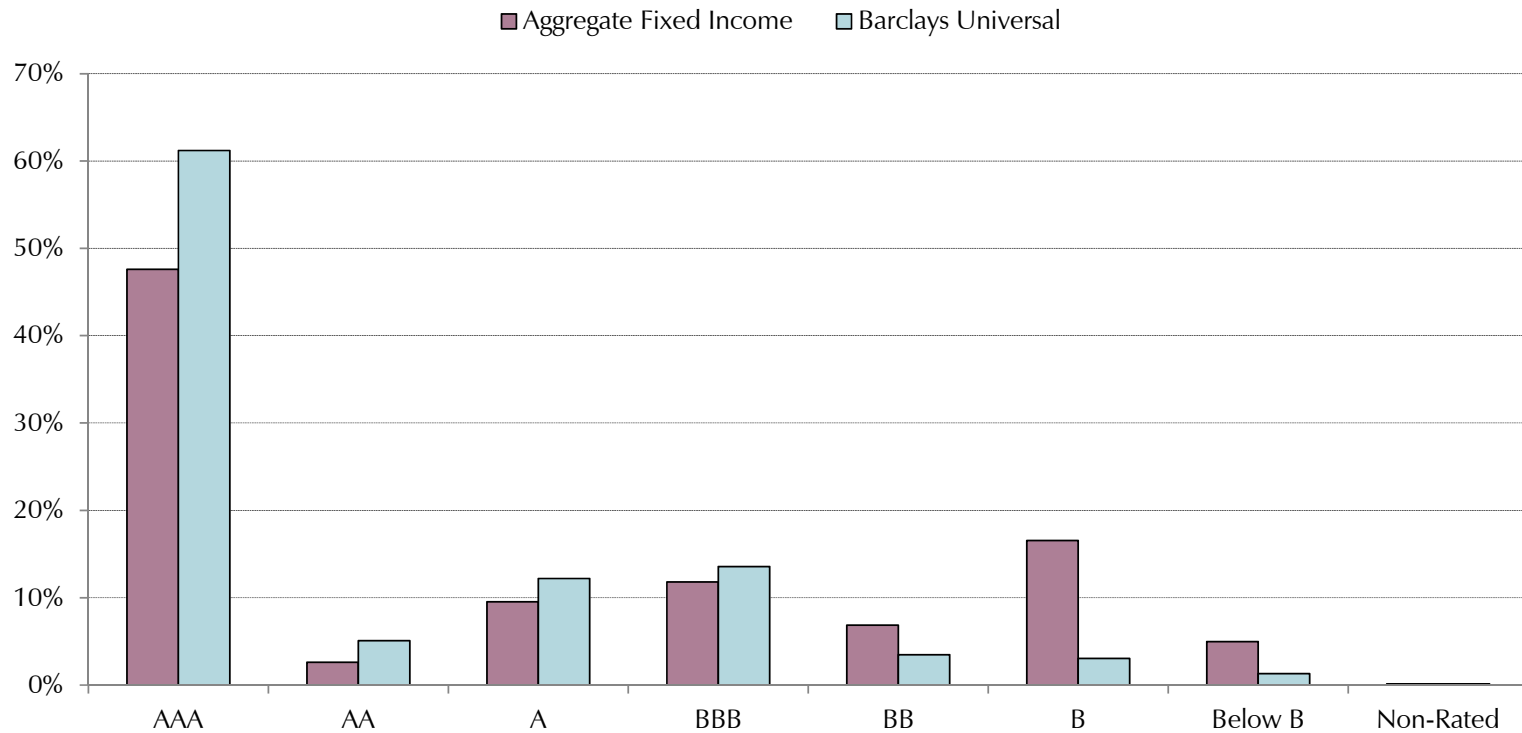
City of Ann Arbor
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Fixed Income Assets
as of 12/31/14



Risk: (sixty months)	Aggregate Fixed Income 12/31/14	Barclays Universal 12/31/14
Annualized Return (%)	5.2	4.8
Standard Deviation (%)	2.9	2.8
Best Monthly Return (%)	1.6	1.6
Worst Monthly Return (%)	-1.9	-1.8
Beta	0.99	1.00
Correlation to Index	0.95	1.00
Correlation to Total Fund Return	0.22	NA
Sharpe Measure (risk-adjusted return)	1.79	1.72
Information Ratio	0.48	NA

Duration & Yield:	Aggregate Fixed Income 12/31/14	Barclays Universal 12/31/14	Aggregate Fixed Income 9/30/14
Average Effective Duration (years)	4.7	5.4	4.7
Yield to Maturity (%)	3.9	2.7	3.9



City of Ann Arbor
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Fixed Income Assets
Diversification as of 12/31/14

	Aggregate Fixed Income 12/31/14	Barclays Universal 12/31/14	Aggregate Fixed Income 9/30/14
Market Allocation (%):			
United States	82	82	81
Foreign (developed markets)	7	11	10
Foreign (emerging markets)	11	7	9
Currency Allocation (%):			
Non-U.S. Dollar Exposure	9	0	10
Sector Allocation (%):			
U.S. Treasury-Nominal	20	30	20
U.S. Treasury-TIPS	7	0	7
U.S. Agency	2	3	2
Mortgage Backed	16	24	16
Corporate	30	31	30
Bank Loans	10	0	11
Local & Provincial Government	1	1	1
Sovereign & Supranational	11	8	11
Commercial Mortgage Backed	1	2	1
Asset Backed	0	0	0
Cash Equivalent	1	0	1
Other	0	0	0

**Domestic Equity Portfolio Reviews
As of December 31, 2014**

City of Ann Arbor VEBA

Northern Trust Russell 1000 Index Portfolio Detail as of 12/31/14

Mandate: Domestic Equities
Active/Passive: Passive
Market Value: \$34.7 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 (%):	4Q14	Fiscal YTD ¹	1 YR	Since 2/1/12
Northern Trust Russell 1000 Index	4.9	5.6	13.2	19.1
Net of Fees	4.9	5.6	13.2	19.1
Russell 1000	4.9	5.6	13.2	19.3
Peer Large Cap Core	5.0	6.0	13.6	19.4
Peer Ranking (percentile)	58	59	52	56

Capitalization Structure:	12/31/14		9/30/14	
	Northern Trust Russell 1000 Index	Russell 1000	Northern Trust Russell 1000 Index	Russell 1000
Weighted Average Market Cap. (US\$ billion)	110.8	110.9	108.6	108.5
Median Market Cap. (US\$ billion)	7.8	7.8	7.5	7.5
Large (% over US\$20 billion)	75	75	74	74
Medium (% US\$3 billion to US\$20 billion)	24	24	25	25
Small (% under US\$3 billion)	1	1	1	1

Fundamental Structure:				
Price-Earnings Ratio	20	20	19	19
Price-Book Value Ratio	3.1	3.1	3.0	3.0
Dividend Yield (%)	1.9	1.9	1.9	1.9
Historical Earnings Growth Rate (%)	13	13	14	14
Projected Earnings Growth Rate (%)	12	12	12	12

Sector Allocation (%):				
Utilities	3	3	3	3
Consumer Staples	9	9	9	9
Information Technology	19	19	19	19
Energy	8	8	9	9
Telecommunication Services	2	2	2	2
Materials	4	4	4	4
Industrials	11	11	11	11
Consumer Discretionary	13	13	12	12
Health Care	14	14	14	14
Financials	17	17	17	17

Diversification:				
Number of Holdings	1,044	1,043	1,032	1,032
% in 5 largest holdings	10	10	10	10
% in 10 largest holdings	15	15	16	16

Largest Ten Holdings:		Industry
Apple	3.2	Technology Equipment
ExxonMobil	1.9	Energy
Microsoft	1.8	Software & Services
Johnson & Johnson	1.4	Pharmaceuticals & Biotech.
Berkshire Hathaway	1.3	Diversified Financials
Wells Fargo & Company	1.2	Banks
General Electric	1.2	Capital Goods
Procter & Gamble	1.2	Household Products
JP Morgan Chase	1.1	Banks
Chevron	1.0	Energy

¹ Fiscal Year begins July 1.



City of Ann Arbor VEBA

RhumbLine S&P 400 Index Portfolio Detail as of 12/31/14

Mandate: Domestic Equities
Active/Passive: Passive
Market Value: \$9.5 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:
 0.05% on first \$50 mm; 0.04% thereafter

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 (%):	4Q14	Fiscal YTD ¹	1 YR	3 YR	Since 2/1/10
RhumbLine S&P 400 Index	6.3	2.1	9.8	20.1	17.7
Net of Fees	6.3	2.1	9.8	20.0	NA
S&P MidCap	6.3	2.1	9.8	20.0	17.6

Capitalization Structure:	12/31/14		9/30/14	
	RhumbLine S&P 400 Index	S&P MidCap	RhumbLine S&P 400 Index	S&P MidCap
Weighted Average Market Cap. (US\$ billion)	5.4	5.4	5.0	5.0
Median Market Cap. (US\$ billion)	3.8	3.8	3.6	3.6
Large (% over US\$20 billion)	0	0	0	0
Medium (% US\$3 billion to US\$20 billion)	82	83	79	80
Small (% under US\$3 billion)	18	17	21	20

Fundamental Structure:	12/31/14	9/30/14	12/31/13	9/30/13
Price-Earnings Ratio	21	21	20	20
Price-Book Value Ratio	2.7	2.7	2.4	2.4
Dividend Yield (%)	1.4	1.4	1.5	1.5
Historical Earnings Growth Rate (%)	14	14	15	14
Projected Earnings Growth Rate (%)	13	13	13	13

Sector Allocation (%):	12/31/14	9/30/14	12/31/13	9/30/13
Information Technology	18	18	17	17
Health Care	10	10	10	10
Materials	7	7	8	8
Consumer Discretionary	14	14	14	14
Telecommunication Services	0	0	1	1
Energy	4	4	5	5
Utilities	5	5	5	5
Industrials	15	15	16	16
Consumer Staples	3	3	3	3
Financials	23	23	22	22

Diversification:	12/31/14	9/30/14	12/31/13	9/30/13
Number of Holdings	399	400	398	400
% in 5 largest holdings	4	4	4	3
% in 10 largest holdings	7	7	7	7

Largest Ten Holdings:	12/31/14	Industry
Skyworks Solutions	0.9	Semiconductors
Equinix	0.8	Software & Services
SL Green Realty	0.8	Real Estate
Church & Dwight	0.7	Household Products
Advance Auto Parts	0.7	Retailing
Henry Schein	0.7	Health Care Services
HanesBrands	0.7	Consumer Durables
Endo Health Solutions	0.7	Pharmaceuticals & Biotech.
Federal Realty	0.7	Real Estate
Signet Jewelers	0.6	Retailing

¹ Fiscal Year begins July 1.



City of Ann Arbor VEBA

Mandate: Domestic Equities
Active/Passive: Active
Market Value: \$7.1 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 (%):	4Q14	Fiscal YTD ¹	1 YR	3 YR	5 YR	Since 12/1/04
SouthernSun Small Cap Equity	-3.9	-12.3	-6.0	17.5	20.7	10.9
Net of Fees	-4.2	-12.8	-7.0	16.3	19.6	NA
Russell 2000	9.7	1.7	4.9	19.2	15.5	8.0
Peer Small Cap Core	8.1	1.4	5.7	19.9	16.5	9.4
Peer Ranking (percentile)	98	98	97	80	2	13
Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index	
SouthernSun Small Cap Equity	24.2%	1.01	0.85	0.60	0.91	
Russell 2000	21.0	1.00	0.74	NA	1.00	

SouthernSun Small Cap Equity Portfolio Detail as of 12/31/14

	12/31/14		9/30/14	
	Southern Sun Small Cap Equity	Russell 2000	Southern Sun Small Cap Equity	Russell 2000
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	3.2	1.9	3.5	1.7
Median Market Cap. (US\$ billion)	2.6	0.7	2.4	0.7
Large (% over US\$20 billion)	0	0	0	0
Medium (% US\$3 billion to US\$20 billion)	37	18	45	11
Small (% under US\$3 billion)	63	82	55	89
Fundamental Structure:				
Price-Earnings Ratio	28	21	19	19
Price-Book Value Ratio	2.2	2.1	2.4	1.9
Dividend Yield (%)	1.1	1.3	1.1	1.4
Historical Earnings Growth Rate (%)	12	14	17	14
Projected Earnings Growth Rate (%)	15	16	14	16
Sector Allocation (%):				
Industrials	30	14	33	14
Consumer Staples	15	3	12	3
Consumer Discretionary	18	14	17	13
Materials	7	5	7	5
Health Care	16	15	12	13
Utilities	4	4	4	3
Energy	4	3	5	6
Telecommunication Services	0	1	0	1
Information Technology	6	18	6	18
Financials	0	24	3	24
Diversification:				
Number of Holdings	21	2,008	22	1,951
% in 5 largest holdings	31	1	30	1
% in 10 largest holdings	57	3	57	3
Largest Ten Holdings:				
		Industry		
Darling International	6.4	Food, Beverage & Tobacco		
Centene	6.2	Health Care Services		
Hill-Rom	6.1	Health Care Services		
AGCO	6.0	Capital Goods		
Iconix Brand Group	6.0	Consumer Durables		
Diebold	6.0	Technology Equipment		
Brink's	5.9	Commercial Services		
Nordson	5.0	Capital Goods		
Thor Industries	4.8	Automobiles & Components		
Chicago Bridge and Iron	4.8	Capital Goods		

¹ Fiscal Year begins July 1.



**International Developed Market Equity
Portfolio Review
As of December 31, 2014**

City of Ann Arbor VEBA

Fisher Institutional Foreign Equity Portfolio Detail as of 12/31/14

Mandate: International Equities,
Developed Markets

Active/Passive: Active

Market Value: \$13.8 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 (%):	4Q14	Fiscal YTD ¹	1 YR	3 YR	5 YR	Since 7/1/09
Fisher Institutional Foreign Equity	-0.9	-7.0	-4.8	11.2	7.5	11.5
Net of Fees	-1.2	-7.5	-5.7	10.2	6.5	10.6
MSCI EAFE	-3.6	-9.2	-4.9	11.1	5.3	8.7
Peer International Core	-3.2	-8.5	-4.5	11.4	6.3	9.7
Peer Ranking (percentile)	11	24	56	54	21	11

Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
Fisher Institutional Foreign Equity	21.2%	1.12	0.35	0.42	0.97
MSCI EAFE	17.9	1.00	0.29	NA	1.00

Capitalization Structure:	12/31/14		9/30/14	
	Fisher International Equity	MSCI EAFE	Fisher International Equity	MSCI EAFE
Weighted Average Market Cap. (US\$ billion)	80.0	57.3	83.7	60.8
Median Market Cap. (US\$ billion)	55.9	8.7	59.3	8.7
Large (% over US\$20 billion)	91	67	91	69
Medium (% US\$3 billion to US\$20 billion)	9	32	9	31
Small (% under US\$3 billion)	0	1	0	1

Fundamental Structure:

Price-Earnings Ratio	19	17	18	17
Price-Book Value Ratio	2.6	1.6	2.6	1.6
Dividend Yield (%)	2.5	3.0	2.5	3.0
Historical Earnings Growth Rate (%)	15	9	15	8
Projected Earnings Growth Rate (%)	11	9	12	10

Sector Allocation (%):

Information Technology	15	5	14	5
Health Care	19	11	19	11
Consumer Discretionary	19	12	18	12
Industrials	15	13	16	13
Energy	2	6	2	7
Financials	22	26	23	26
Utilities	0	4	0	4
Telecommunication Services	0	5	0	5
Materials	2	8	2	8
Consumer Staples	6	11	5	11

Diversification:

Number of Holdings	69	910	66	901
% in 5 largest holdings	16	8	16	8
% in 10 largest holdings	28	13	29	13

Region Allocation (%):

North America	4	0	4	0
Europe	77	66	78	66
Asia Pacific	16	33	15	33
Emerging	4	0	3	0
Other	0	1	0	1

Largest Five Holdings:

		Industry
Bayer	3.5	Pharmaceuticals & Biotech.
Asml Holding	3.5	Semiconductors
Prudential	3.1	Insurance
Novo Nordisk	3.0	Pharmaceuticals & Biotech.
Novartis	2.7	Pharmaceuticals & Biotech.

¹ Fiscal Year begins July 1.



**International Emerging Market Equity
Portfolio Reviews
As of December 31, 2014**

City of Ann Arbor VEBA

Dimensional Emerging Markets Value Portfolio Detail as of 12/31/14

Mandate: International Equities,
Emerging Markets

Active/Passive: Active

Market Value: \$4.4 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:

0.57% 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 (%):	4Q14	Fiscal YTD ¹	1 YR	Since 2/1/12
Dimensional Emerging Markets Value	-6.3	-10.4	-4.4	-1.2
MSCI Emerging Markets	-4.5	-7.8	-2.2	0.4
Peer Emerging Markets	-4.7	-8.4	-2.7	1.1
Peer Ranking (percentile)	70	78	66	78

	12/31/14		9/30/14	
	DFA Emerging Markets Value Fund	MSCI Emerging Markets	DFA Emerging Markets Value Fund	MSCI Emerging Markets
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	17.3	36.0	17.3	34.8
Median Market Cap. (US\$ million)	379.1	4,856.6	403.7	5,004.6
Large (% over US\$20 billion)	23	44	25	45
Medium (% US\$3 billion to US\$20 billion)	44	48	43	47
Small (% under US\$3 billion)	32	8	31	8
Fundamental Structure:				
Price-Earnings Ratio	11	14	12	14
Price-Book Value Ratio	1.0	1.6	1.0	1.6
Dividend Yield (%)	3.1	2.7	3.1	2.7
Historical Earnings Growth Rate (%)	6	12	5	12
Projected Earnings Growth Rate (%)	13	12	15	14
Sector Allocation (%):				
Materials	16	7	17	8
Financials	37	29	34	27
Industrials	12	7	12	7
Energy	10	8	13	10
Utilities	2	3	2	4
Health Care	0	2	0	2
Consumer Discretionary	7	9	7	9
Consumer Staples	5	8	5	8
Telecommunication Services	1	7	1	8
Information Technology	8	18	8	17
Diversification:				
Number of Holdings	2,090	834	2,148	834
% in 5 largest holdings	10	12	10	11
% in 10 largest holdings	16	18	16	16
Region Allocation (%):				
Asia Pacific	64	58	62	55
Latin America	16	16	19	19
Europe/MidEast/Africa	15	17	15	18
Other	5	9	4	8
Largest Five Holdings:		Industry		
China Construction Bank	2.6	Banks		
Bank of China	2.3	Banks		
Gazprom	1.8	Energy		
Reliance Industries	1.7	Energy		
Standard Bank	1.4	Banks		

¹ Fiscal Year begins July 1.



City of Ann Arbor VEBA

Vontobel Emerging Markets Equity Portfolio Detail as of 12/31/14

Mandate: International Equities,
Emerging Markets

Active/Passive: Active

Market Value: \$3.7 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 (%):	4Q14	Fiscal YTD ¹	1 YR	Since 2/1/12
Vontobel Emerging Markets Equity	-2.4	-3.3	6.6	5.4
Net of Fees	-2.7	-3.8	5.5	4.2
MSCI Emerging Markets	-4.5	-7.8	-2.2	0.4
Peer Emerging Markets	-4.4	-7.7	-1.3	2.6
Peer Ranking (percentile)	18	8	5	21

	12/31/14		9/30/14	
	Vontobel Emerging Markets	MSCI Emerging Markets	Vontobel Emerging Markets	MSCI Emerging Markets
Capitalization Structure:				
Weighted Average Market Cap. (US\$ billion)	41.1	36.0	36.9	34.8
Median Market Cap. (US\$ billion)	14.9	4.9	13.2	5.0
Large (% over US\$20 billion)	67	44	60	45
Medium (% US\$3 billion to US\$20 billion)	32	48	39	47
Small (% under US\$3 billion)	0	8	1	8
Fundamental Structure:				
Price-Earnings Ratio	23	14	23	14
Price-Book Value Ratio	5.5	1.6	5.9	1.6
Dividend Yield (%)	2.3	2.7	2.4	2.7
Historical Earnings Growth Rate (%)	19	12	21	12
Projected Earnings Growth Rate (%)	16	12	14	14
Sector Allocation (%):				
Consumer Staples	34	8	35	8
Consumer Discretionary	9	9	9	9
Health Care	2	2	2	2
Utilities	3	3	3	4
Financials	29	29	29	27
Telecommunication Services	5	7	5	8
Information Technology	14	18	13	17
Materials	3	7	3	8
Industrials	1	7	1	7
Energy	1	8	1	10
Diversification:				
Number of Holdings	74	834	76	834
% in 5 largest holdings	23	12	23	11
% in 10 largest holdings	38	18	37	16
Region Allocation (%):				
Asia Pacific	50	58	49	55
Latin America	21	16	23	19
Europe/MidEast/Africa	6	17	5	18
Other	24	9	23	8
Largest Five Holdings:				
		Industry		
British American Tobacco	5.8	Food, Beverage & Tobacco		
Housing Development Financial	4.8	Banks		
HDFC Bank	4.3	Banks		
ITC	4.1	Food, Beverage & Tobacco		
AmBev	3.6	Food, Beverage & Tobacco		

¹ Fiscal Year begins July 1.



Investment Grade Bond Portfolio Review
As of December 31, 2014

City of Ann Arbor VEBA

Northern Trust Barclays Aggregate Index Portfolio Detail as of 12/31/14

Mandate: Fixed Income
Active/Passive: Passive
Market Value: \$23.2 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 (%):	4Q14	Fiscal YTD ¹	1 YR	3 YR	5 YR	Since 10/1/99
Northern Trust Barclays Aggregate Index	1.8	2.0	6.1	2.7	4.5	5.7
Net of Fees	1.8	2.0	6.0	2.6	4.4	5.6
Barclays Aggregate	1.8	2.0	6.0	2.7	4.4	5.6

	12/31/14		9/30/14	
	NT Barclays Aggregate Bond Index	Barclays Aggregate	NT Barclays Aggregate Bond Index	Barclays Aggregate
Duration & Yield:				
Average Effective Duration (years)	5.6	5.6	5.6	5.6
Yield to Maturity (%)	2.2	2.3	2.4	2.4
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	11	12
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	36	36
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	3	3	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	5	4	3
Commercial Mortgage Backed	2	2	2	2
Asset Backed	1	1	1	1
Cash Equivalent	0	0	0	0
Other	0	0	0	0
Market Allocation (%):				
United States	91	91	91	91
Foreign (developed markets)	5	7	9	7
Foreign (emerging markets)	4	2	0	2
Currency Allocation (%):				
Non-U.S. Dollar Exposure	0	0	0	0

¹ Fiscal Year begins July 1.



**TIPS Portfolio Review
As of December 31, 2014**

City of Ann Arbor VEBA

IR&M 1-10 Year Index Portfolio Detail as of 12/31/14

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 (%):	4Q14	Fiscal YTD ¹	1 YR	Since 11/1/13
IR&M 1-10 Year Index	-1.1	-3.0	0.9	-0.8
Net of Fees	-1.1	-3.1	0.8	-0.9
Barclays U.S. TIPS 1-10 Year	-1.0	-3.0	0.9	-0.7
Peer TIPS	-0.3	-2.4	3.3	0.7
Peer Ranking (percentile)	71	81	80	86

Duration & Yield:	12/31/14		9/30/14	
	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)	5.2	3.6	5.3	5.0
Yield to Maturity (%) ²	1.7	1.7	1.9	1.9
Quality Structure (%):				
Average Quality	AAA	AAA	AAA	AAA
AAA (includes Treasuries and Agencies)	100	100	100	100
AA	0	0	0	0
A	0	0	0	0
BBB	0	0	0	0
BB	0	0	0	0
B	0	0	0	0
Below B	0	0	0	0
Non-Rated	0	0	0	0
Sector Allocation (%):				
U.S. Treasury-Nominal	0	0	0	0
U.S. Treasury-TIPS	100	100	100	100
U.S. Agency	0	0	0	0
Mortgage Backed	0	0	0	0
Corporate	0	0	0	0
Bank Loans	0	0	0	0
Local & Provincial Government	0	0	0	0
Sovereign & Supranational	0	0	0	0
Commercial Mortgage Backed	0	0	0	0
Asset Backed	0	0	0	0
Cash Equivalent	0	0	0	0
Other	0	0	0	0
Market Allocation (%):				
United States	100	100	100	100
Foreign (developed markets)	0	0	0	0
Foreign (emerging markets)	0	0	0	0
Currency Allocation (%):				
Non-U.S. Dollar Exposure	0	0	0	0

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

¹ Fiscal Year begins July 1.



**High Yield Bond Portfolio Reviews
As of December 31, 2014**

City of Ann Arbor VEBA

Mandate: High Yield
Active/Passive: Active
Market Value: \$6.9 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 (%):	4Q14	Fiscal YTD ¹	1 YR	Since 12/1/12
SKY Harbor High Yield	-2.3	-3.9	1.4	5.6
Net of Fees	-2.5	-4.1	0.8	5.0
Barclays High Yield	-1.0	-2.9	2.5	5.5
Peer High Yield	-1.0	-2.6	2.6	5.7
Peer Ranking (percentile)	81	79	73	51

SKY Harbor High Yield Portfolio Detail as of 12/31/14

	12/31/14		9/30/14	
Duration & Yield:	Sky Harbor High Yield	Barclays High Yield	Sky Harbor High Yield	Barclays High Yield
Average Effective Duration (years)	4.6	4.3	4.5	4.4
Yield to Maturity (%)	7.4	6.6	6.7	6.1
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	0	0	2	0
BB	29	43	26	42
B	46	41	50	41
Below B	25	16	21	17
Non-Rated	0	0	2	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	96	100	98	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	4	0	2	0
Other	0	0	0	0
Market Allocation (%):				
United States	90	83	89	83
Foreign (developed markets)	10	17	11	17
Foreign (emerging markets)	0	0	0	0
Currency Allocation (%):				
Non-U.S. Dollar Exposure	0	0	0	0

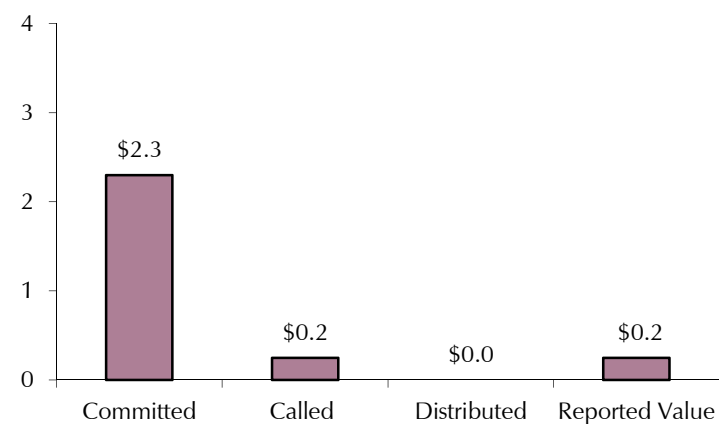
¹ Fiscal Year begins July 1.



City of Ann Arbor VEBA

Summit Credit Fund II, L.P. Portfolio Detail as of 12/31/14

Strategy:	Private Equity	Commitment:	\$2.3 million
Senior Professionals:	Team	Capital Contributions:	\$0.2 million
Location:	Boston, Massachusetts	Outstanding Commitment:	\$2.1 million
Vintage Year:	2011	Realized Proceeds:	\$0.0million
Fee Schedule:	1.5% management fee; 20% carried interest	Total Value:	\$0.2million



Investment Strategy:

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

Bank Loans Portfolio Review
As of December 31, 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 (%):	4Q14	Fiscal YTD ¹	1 YR	Since 4/1/12
Beach Point Leveraged Loan	0.5	0.5	2.7	6.5
Net of Fees	0.4	0.2	2.0	5.8
CSFB Leveraged Loan	-0.4	-0.7	2.0	5.1

Beach Point Leveraged Loan Portfolio Detail as of 12/31/14

	12/31/14		9/30/14	
	Beach Point Leveraged Loan	CSFB Leveraged Loan	Beach Point Leveraged Loan	CSFB Leveraged Loan
Duration & Yield:				
Average Effective Duration (years)	0.5	0.3	0.4	0.3
Yield to Maturity (%)	5.8	5.0	5.5	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	0	0	1	0
BB	18	30	11	30
B	76	60	71	60
Below B	5	8	11	8
Non-Rated	1	2	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	13	0	9	0
Bank Loans	87	100	91	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	78	100	73	100
Foreign (developed markets)	22	0	27	0
Foreign (emerging markets)	0	0	0	0
Currency Allocation (%):				
Non-U.S. Dollar Exposure	7	0	14	0

¹ Fiscal Year begins July 1.



Emerging Markets Debt Portfolio Review
As of December 31, 2014

City of Ann Arbor VEBA

Stone Harbor Emerging Markets Local Currency Debt Portfolio Detail as of 12/31/14

Mandate: Fixed Income
Active/Passive: Active
Market Value: \$3.5 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 (%):	4Q14	Fiscal YTD ¹	1 YR	Since 6/1/12
Stone Harbor Emerging Markets Local Currency Debt	-7.9	-13.6	-8.5	-3.9
JPM GBI-EM Global Diversified (unhedged)	-5.7	-11.0	-5.7	-0.4
Peer Emerging Market Debt	-3.8	-6.7	0.7	2.3
Peer Ranking (percentile)	96	96	96	96

Duration & Yield:	12/31/14		9/30/14	
	Stone Harbor EM Local Debt	JPM GBI-EM Global Div	Stone Harbor EM Local Debt	JPM GBI-EM Global Div
Average Effective Duration (years)	4.6	5.0	4.6	4.8
Yield to Maturity (%)	7.7	6.6	7.1	6.7
Quality Structure (%):				
Average Quality	BBB+	BBB+	BBB+	BBB+
AAA (includes Treasuries and Agencies)	2	0	3	0
AA	0	0	1	0
A	36	37	37	37
BBB	60	54	54	55
BB	0	8	2	8
B	0	0	0	0
Below B	2	0	4	0
Non-Rated	0	0	0	0
Sector Allocation (%):				
U.S. Treasury-Nominal	0	0	0	0
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	0	0	0	0
Mortgage Backed	0	0	0	0
Corporate	0	0	1	0
Bank Loans	0	0	0	0
Local & Provincial Government	0	0	0	0
Sovereign & Supranational	100	100	97	100
Commercial Mortgage Backed	0	0	0	0
Asset Backed	0	0	0	0
Cash Equivalent	0	0	2	0
Other	0	0	0	0
Market Allocation (%):				
United States	0	0	2	0
Foreign (developed markets)	0	0	0	0
Foreign (emerging markets)	100	100	98	100
Currency Allocation (%):				
Non-U.S. Dollar Exposure	95	100	94	100

¹ Fiscal Year begins July 1.



**Real Estate Portfolio Reviews
As of December 31, 2014**

**City of Ann Arbor
VEBA**

**AEW Core Property Trust
Portfolio Detail as of 12/31/14**

Strategy: Real Estate

Market Value: \$5.0 million

Senior Professionals: Team

Location: Boston, Massachusetts

Inception Date: 7/1/2013

Account Type: Separately Managed

of Investments: 50

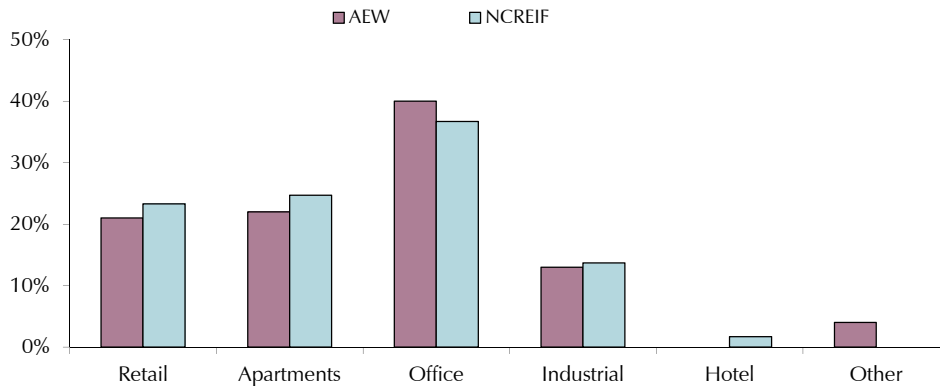
Liquidity Constraints: Quarterly

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

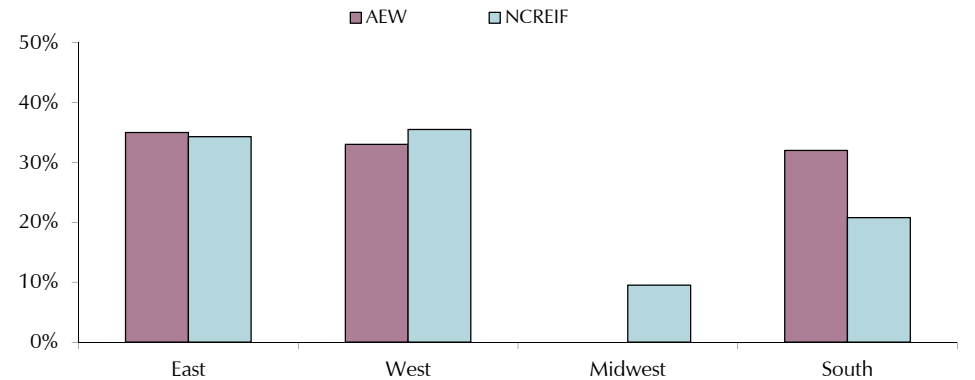
Portfolio Size:



Property Type:



Geographic Region:



Investment Strategy:

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



City of Ann Arbor VEBA

Vanguard REIT Index Portfolio Detail as of 12/31/14

Mandate: Real Estate
Public REIT
Domestic Equities

Active/Passive: Passive

Market Value: \$4.9 million

Portfolio Manager: Gerard O'Reilly

Location: Valley Forge, Pennsylvania

Inception Date: 3/1/2014

Account Type: Mutual Fund (VGS LX)

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 (%):	4Q14	Fiscal YTD ¹	Since 3/1/14
Vanguard REIT Index	14.3	10.7	19.1
MSCI U.S. REIT	14.3	10.8	19.2
Peer Real Estate	14.4	11.4	20.5
Peer Ranking (percentile)	63	76	81

Capitalization Structure:	12/31/14		9/30/14	
	Vanguard REIT	MSCI U.S. REIT	Vanguard REIT	MSCI U.S. REIT
Weighted Average Market Cap. (US\$ billion)	15.8	24.1	14.1	21.8
Median Market Cap. (US\$ billion)	2.8	13.2	2.5	11.1
Large (% over US\$20 billion)	37	60	22	41
Medium (% US\$3 billion to US\$20 billion)	47	40	59	59
Small (% under US\$3 billion)	16	0	19	0

Fundamental Structure:	12/31/14	9/30/14	12/31/13	9/30/13
Price-Earnings Ratio	42	39	39	40
Price-Book Value Ratio	2.1	2.7	1.9	2.4
Dividend Yield (%)	3.6	3.6	4.0	3.8
Historical Earnings Growth Rate (%)	14	14	12	14
Projected Earnings Growth Rate (%)	15	19	16	13

Diversification:	12/31/14	9/30/14	12/31/13	9/30/13
Number of Holdings	142	33	138	32
% in 5 largest holdings	23	33	23	34
% in 10 largest holdings	38	54	38	55

Largest Ten Holdings:	Weighted Avg. Market Cap. (\$B)	Industry
Simon Property Group	8.3	Real Estate
Public Storage	4.0	Real Estate
Equity Residential REIT	3.6	Real Estate
Health Care REIT	3.6	Real Estate
Prologis	3.2	Real Estate
AvalonBay Communities	3.1	Real Estate
Ventas	3.1	Real Estate
HCP	3.0	Real Estate
Vornado Realty	2.9	Real Estate
Boston Properties	2.9	Real Estate

¹ Fiscal Year begins July 1.



Strategy: Real Estate
Closed-End
Value-Added

Market Value: \$0.4 million

Senior Professionals: Team

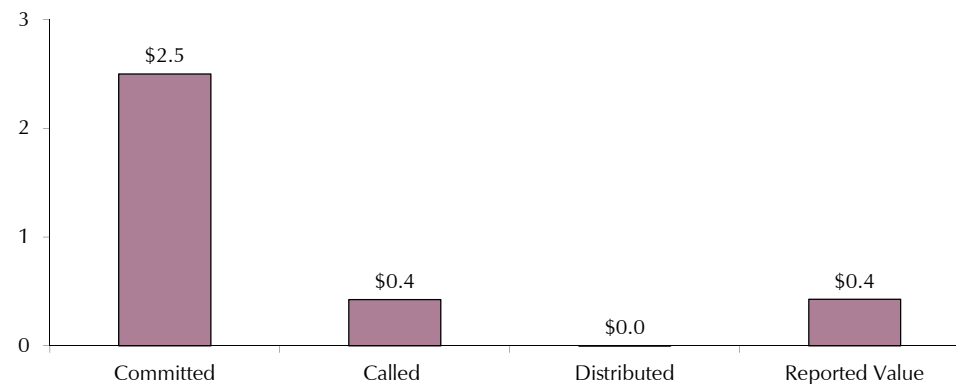
Location: New York, New York

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:

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