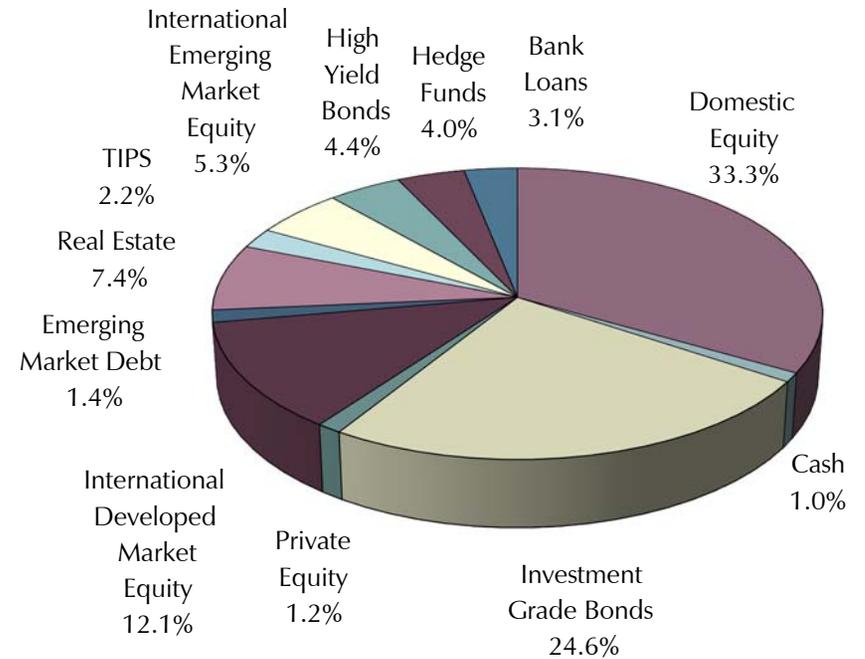


**Retirement System Summary  
As of September 30, 2015**

## City of Ann Arbor Employees' Retirement System

## Aggregate Assets as of 9/30/15



City of Ann Arbor  
Employees' Retirement System

Aggregate Assets  
Asset Summary as of 9/30/15

	Market Value 9/30/15 (\$ mm)	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 6/30/15 (\$ mm)
<b>Total Retirement System</b>	<b>449.2</b>	<b>100</b>	<b>NA</b>	<b>NA</b>	<b>474.1</b>
Domestic Equity Assets	149.5	33	31	25-37	161.6
International Developed Market Equity Assets	54.5	12	12	9-15	60.8
International Emerging Market Equity Assets	23.9	5	6	0-9	28.4
Private Equity Assets	5.3	1	3	0-5	3.6
Investment Grade Bond Assets	110.7	25	19	15-24	109.6
TIPS Assets	10.0	2	8	0-10	10.1
High Yield Bond Assets <sup>1</sup>	19.6	4	3	1-5	20.3
Bank Loan Assets	14.1	3	2	0-4	14.1
Emerging Market Debt Assets	6.1	1	2	0-4	6.9
Real Estate Assets	33.0	7	9	2-12	35.0
Natural Resources Assets	0.0	0	3	0-5	0.0
Hedge Fund Assets	17.9	4	2	1-5	18.4
Cash	4.5	1	0	< 5	5.3

<sup>1</sup> Includes Summit Partners Credit Fund II.



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

**Aggregate Assets  
Portfolio Roster as of 9/30/15**

	<b>Market Value 9/30/15 (\$ mm)</b>	<b>% of Asset Class</b>	<b>% of Retirement System</b>	<b>Target Allocation (%)</b>	<b>Target Range (%)</b>	<b>Market Value 6/30/15 (\$ mm)</b>
<b>Total Retirement System</b>	<b>449.2</b>	<b>NA</b>	<b>100</b>	<b>NA</b>	<b>NA</b>	<b>474.1</b>
<b>Domestic Equity Assets</b>	<b>149.5</b>	<b>100</b>	<b>33</b>	<b>31</b>	<b>25-37</b>	<b>161.6</b>
Northern Trust Russell 1000 Index	107.5	72	24			115.4
Northern Trust S&P 400 MidCap Index	18.0	12	4			19.7
Loomis Sayles Small Cap Value Equity	24.0	16	5			26.5
<b>International Developed Market Equity Assets</b>	<b>54.5</b>	<b>100</b>	<b>12</b>	<b>12</b>	<b>9-15</b>	<b>60.8</b>
Northern Trust MSCI EAFE Index	28.9	53	6			32.2
Fisher Institutional Foreign Equity	25.6	47	6			28.6
<b>International Emerging Market Equity Assets</b>	<b>23.9</b>	<b>100</b>	<b>5</b>	<b>6</b>	<b>0-9</b>	<b>28.4</b>
Dimensional Emerging Markets Value	14.8	62	3			18.3
Vontobel Emerging Markets Equity	9.1	38	2			10.1
<b>Private Equity Assets<sup>1</sup></b>	<b>5.3</b>	<b>100</b>	<b>1</b>	<b>3</b>	<b>0-5</b>	<b>3.6</b>
Ironsides Co-Investment Fund III, L.P.	5.0	94	1			3.3
Ironsides Partnership Fund III, L.P.	0.3	6	< 1			0.3

<sup>1</sup> Market value as of June 30, 2015, adjusted for subsequent cash flows.



City of Ann Arbor  
Employees' Retirement System

Aggregate Assets  
Portfolio Roster as of 9/30/15

	Market Value 9/30/15 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 6/30/15 (\$ mm)
<b>Investment Grade Bond Assets</b>	<b>110.7</b>	<b>100</b>	<b>25</b>	<b>19</b>	<b>15-24</b>	<b>109.6</b>
Northern Trust Barclays Aggregate Index	68.1	62	15			67.3
<b>Short Duration Bonds</b>	<b>42.6</b>	<b>38</b>	<b>9</b>			<b>42.4</b>
Northern Trust 1-5 Year Credit Bond	38.2	35	9			38.1
Northern Trust Short-Term Government Bond	4.3	4	1			4.3
<b>TIPS Assets</b>	<b>10.0</b>	<b>100</b>	<b>2</b>	<b>8</b>	<b>0-10</b>	<b>10.1</b>
IR&M 1-10 Year Index	10.0	100	2			10.1
<b>High Yield Bond Assets</b>	<b>19.6</b>	<b>100</b>	<b>4</b>	<b>3</b>	<b>1-5</b>	<b>20.3</b>
SKY Harbor Broad High Yield Market	17.4	89	4			18.1
Summit Partners Credit Fund II <sup>1</sup>	2.2	11	< 1			2.1
<b>Bank Loan Assets</b>	<b>14.1</b>	<b>100</b>	<b>3</b>	<b>2</b>	<b>0-4</b>	<b>14.1</b>
Beach Point Leveraged Loan	14.1	100	3			14.1
<b>Emerging Market Debt Assets</b>	<b>6.1</b>	<b>100</b>	<b>1</b>	<b>2</b>	<b>0-4</b>	<b>6.9</b>
Stone Harbor Emerging Markets Local Currency Debt	6.1	100	1			6.9

<sup>1</sup> Market value as of June 30, 2015, adjusted for subsequent cash flows.



City of Ann Arbor  
Employees' Retirement System

Aggregate Assets  
Portfolio Roster as of 9/30/15

	Market Value 9/30/15 (\$ mm)	% of Asset Class	% of Retirement System	Target Allocation (%)	Target Range (%)	Market Value 6/30/15 (\$ mm)
<b>Real Estate</b>	<b>33.0</b>	<b>100</b>	<b>7</b>	<b>9</b>	<b>2-12</b>	<b>35.0</b>
A.E.W. Core Property Trust	21.9	66	5			21.2
Intercontinental Real Estate Investment Fund III	5.1	16	1			8.0
DRA Growth and Income Fund VIII <sup>1</sup>	3.1	9	1			1.8
INVESCO Mortgage Recovery Loans <sup>2</sup>	2.9	9	1			3.9
INVESCO Mortgage Recovery Feeder <sup>2</sup>	< 0.1	< 1	< 1			< 0.1
<b>Hedge Fund Assets</b>	<b>17.9</b>	<b>100</b>	<b>4</b>	<b>2</b>	<b>1-5</b>	<b>18.4</b>
36 South Kohinoor Series Three	9.1	51	2			9.1
Tse Capital Offshore Fund, Ltd.	6.1	34	1			6.6
Och-Ziff Credit Opportunities	2.7	15	1			2.8
<b>Cash</b>	<b>4.5</b>	<b>100</b>	<b>1</b>	<b>0</b>	<b>&lt; 5</b>	<b>5.3</b>
Northern Trust Cash Account	4.5	100	1			5.3

<sup>1</sup> Market value as of June 30, 2015, adjusted for subsequent cash flows.



City of Ann Arbor  
Employees' Retirement System

Aggregate Assets  
Performance as of 9/30/15

	3Q15 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
<b>Total Retirement System</b>	<b>-4.9</b>	<b>-2.4</b>	<b>-0.3</b>	<b>6.8</b>	<b>7.6</b>	<b>5.4</b>	<b>10/1/90</b>	<b>8.3</b>
<b>Net of Fees</b>	<b>-4.9</b>	<b>-2.5</b>	<b>-0.5</b>	<b>6.5</b>	<b>7.4</b>	<b>NA</b>		<b>NA</b>
<i>Policy Benchmark<sup>1</sup></i>	-5.0	-2.9	-1.9	5.6	7.5	5.3		8.4
<i>Actual Allocation Benchmark</i>	-5.1	-3.1	-1.5	6.4	NA	NA		NA
<i>60% MSCI ACWI / 40% Barclays Aggregate</i>	-5.2	-3.7	-2.8	4.9	5.6	5.0		NA
Domestic Equity	-7.5	-5.1	0.2	12.8	13.4	7.3	10/1/90	9.8
<i>Russell 3000</i>	-7.2	-5.4	-0.5	12.5	13.3	6.9		10.2
International Developed Market Equity	-10.3	-5.2	-6.9	4.3	3.6	4.1	10/1/95	8.0
<i>MSCI EAFE</i>	-10.2	-5.3	-8.7	5.6	4.0	3.0		4.4
International Emerging Market Equity	-16.1	-15.1	-19.2	-5.1	NA	NA	2/1/12	-3.6
<i>MSCI Emerging Markets</i>	-17.9	-15.5	-19.3	-5.3	-3.6	4.3		-4.2
Investment Grade Bonds <sup>2</sup>	0.9	1.3	2.5	2.1	3.6	5.3	10/1/90	6.4
<i>Barclays Aggregate</i>	1.2	1.1	2.9	1.7	3.1	4.6		6.4
TIPS	-0.9	0.3	-0.8	NA	NA	NA	11/1/13	-0.3
<i>Barclays U.S. TIPS</i>	-1.1	-0.8	-0.8	-1.8	2.5	4.0		0.1
<i>Barclays U.S. TIPS 1-10 Year</i>	-0.9	0.2	-0.8	-1.4	1.8	3.6		-0.4

<sup>1</sup> 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.

<sup>2</sup> Prior to July 2011, Investment Grade Bonds included an allocation to High Yield.



City of Ann Arbor  
Employees' Retirement System

Aggregate Assets  
Performance as of 9/30/15

	3Q15 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
<b>Total Retirement System (continued)</b>	<b>-4.9</b>	<b>-2.4</b>	<b>-0.3</b>	<b>6.8</b>	<b>7.6</b>	<b>5.4</b>	<b>10/1/90</b>	<b>8.3</b>
<b>Net of Fees (continued)</b>	<b>-4.9</b>	<b>-2.5</b>	<b>-0.5</b>	<b>6.5</b>	<b>7.4</b>	<b>NA</b>		<b>NA</b>
High Yield Bonds <sup>1</sup>	-3.4	-1.2	-3.5	4.0	5.8	NA	7/1/09	9.3
<i>Barclays High Yield</i>	-4.9	-2.5	-3.4	3.5	6.1	7.3		10.1
Bank Loans	0.1	2.8	3.4	4.9	NA	NA	4/1/12	5.9
<i>CSFB Leveraged Loan</i>	-1.2	1.6	1.2	3.8	4.8	4.4		4.4
Emerging Market Debt	-11.8	-15.1	-21.8	-11.2	NA	NA	6/1/12	-7.7
<i>JPM GBI-EM Global Diversified (unhedged)</i>	-10.5	-14.9	-19.8	-8.7	-3.6	4.5		-5.0
Real Estate	2.8	13.2	18.4	17.4	14.8	5.7	7/1/03	8.1
<i>NCREIF ODCE Equal Weighted</i>	3.6	11.4	14.8	13.2	13.9	6.4		7.8
Hedge Funds	-2.9	-3.0	0.3	3.1	2.3	NA	7/1/09	4.1
<i>HFRI Fund Weighted Composite</i>	-3.8	-1.4	-1.2	4.0	3.3	4.3		4.9
<i>MSCI ACWI</i>	-9.4	-7.0	-6.7	7.0	6.8	4.6		9.6

<sup>1</sup> Includes Summit Partners Credit Fund II.



City of Ann Arbor  
Employees' Retirement System

Aggregate Assets  
Performance as of 9/30/15

	3Q15 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
<b>Domestic Equity</b>	<b>-7.5</b>	<b>-5.1</b>	<b>0.2</b>	<b>12.8</b>	<b>13.4</b>	<b>7.3</b>	<b>10/1/90</b>	<b>9.8</b>
Northern Trust Russell 1000 Index	-6.8	-5.2	-0.6	12.7	13.4	NA	7/1/06	7.1
Net of Fees	-6.8	-5.2	-0.6	12.6	13.4	NA		7.1
<i>Russell 1000</i>	-6.8	-5.2	-0.6	12.7	13.4	7.0		7.0
Northern Trust S&P 400 MidCap Index	-8.5	-4.7	1.4	13.1	13.0	NA	6/1/07	6.6
Net of Fees	-8.5	-4.7	1.4	13.1	12.9	NA		NA
<i>S&amp;P MidCap</i>	-8.5	-4.7	1.4	13.1	12.9	8.3		6.5
Loomis Sayles Small Cap Value Equity	-9.7	-5.6	2.4	12.6	13.2	8.5	4/1/97	11.0
Net of Fees	-9.8	-6.1	1.6	11.8	12.4	7.8		NA
<i>Russell 2000 Value</i>	-10.7	-10.1	-1.6	9.2	10.2	5.3		8.8
<b>International Developed Market Equity</b>	<b>-10.3</b>	<b>-5.2</b>	<b>-6.9</b>	<b>4.3</b>	<b>3.6</b>	<b>4.1</b>	<b>10/1/95</b>	<b>8.0</b>
Northern Trust MSCI EAFE Index	-10.2	-5.0	NA	NA	NA	NA	12/1/14	-8.3
Net of Fees	-10.2	-5.0	NA	NA	NA	NA		-8.3
<i>MSCI EAFE</i>	-10.2	-5.3	-8.7	5.6	4.0	3.0		-8.6
Fisher Institutional Foreign Equity	-10.3	-5.3	-6.2	6.1	5.2	NA	2/1/07	2.3
Net of Fees	-10.5	-6.0	-7.1	5.2	4.3	NA		NA
<i>MSCI EAFE</i>	-10.2	-5.3	-8.7	5.6	4.0	3.0		0.1



City of Ann Arbor  
Employees' Retirement System

Aggregate Assets  
Performance as of 9/30/15

	3Q15 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
<b>International Emerging Market Equity</b>	<b>-16.1</b>	<b>-15.1</b>	<b>-19.2</b>	<b>-5.1</b>	<b>NA</b>	<b>NA</b>	<b>2/1/12</b>	<b>-3.6</b>
Dimensional Emerging Markets Value <sup>1</sup>	-19.2	-18.0	-23.1	-6.9	NA	NA	2/1/12	-6.2
<i>MSCI Emerging Markets</i>	-17.9	-15.5	-19.3	-5.3	-3.6	4.3		-4.2
Vontobel Emerging Markets Equity	-10.4	-9.7	-11.8	-1.2	NA	NA	2/1/12	1.4
Net of Fees	-10.7	-10.4	-12.8	-2.3	NA	NA		0.3
<i>MSCI Emerging Markets</i>	-17.9	-15.5	-19.3	-5.3	-3.6	4.3		-4.2
<b>Investment Grade Bonds<sup>2</sup></b>	<b>0.9</b>	<b>1.3</b>	<b>2.5</b>	<b>2.1</b>	<b>3.6</b>	<b>5.3</b>	<b>10/1/90</b>	<b>6.4</b>
Northern Trust Barclays Aggregate Index	1.2	1.2	3.0	1.7	3.1	4.6	7/1/98	5.2
Net of Fees	1.2	1.1	2.9	1.6	3.0	4.6		NA
<i>Barclays Aggregate</i>	1.2	1.1	2.9	1.7	3.1	4.6		5.2
<b>Short Duration Bonds</b>	<b>0.5</b>	<b>1.5</b>	<b>1.8</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>2/1/13</b>	<b>1.5</b>
Northern Trust 1-5 Year Credit Bond	0.5	1.6	1.9	NA	NA	NA	2/1/13	1.7
Net of Fees	0.5	1.6	1.9	NA	NA	NA		1.6
<i>Barclays 1-5 Year Credit</i>	0.4	1.5	1.8	1.7	2.5	4.2		1.7
Northern Trust Short-Term Government Bond	0.3	0.9	1.1	NA	NA	NA	2/1/13	0.7
Net of Fees	0.3	0.9	1.1	NA	NA	NA		0.6
<i>Barclays 1-3 Year Government</i>	0.3	1.0	1.2	0.7	0.8	2.6		0.8

<sup>1</sup> Returns shown are net of fees.

<sup>2</sup> Prior to July 2011, Investment Grade Bonds included an allocation to High Yield.



City of Ann Arbor  
Employees' Retirement System

Aggregate Assets  
Performance as of 9/30/15

	3Q15 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
<b>TIPS</b>	<b>-0.9</b>	<b>0.3</b>	<b>-0.8</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>11/1/13</b>	<b>-0.3</b>
IR&M 1-10 Year Index	-0.9	0.3	-0.8	NA	NA	NA	11/1/13	-0.3
Net of Fees	-0.9	0.2	-0.9	NA	NA	NA		-0.4
<i>Barclays U.S. TIPS 1-10 Year</i>	-0.9	0.2	-0.8	-1.4	1.8	3.6		-0.4
<b>High Yield Bonds<sup>1</sup></b>	<b>-3.4</b>	<b>-1.2</b>	<b>-3.5</b>	<b>4.0</b>	<b>5.8</b>	<b>NA</b>	<b>7/1/09</b>	<b>9.3</b>
SKY Harbor Broad High Yield Market	-4.0	-1.5	-3.8	4.0	NA	NA	9/1/12	3.8
Net of Fees	-4.1	-1.9	-4.3	3.4	NA	NA		3.2
<i>Barclays High Yield</i>	-4.9	-2.5	-3.4	3.5	6.1	7.3		3.9
<b>Bank Loans</b>	<b>0.1</b>	<b>2.8</b>	<b>3.4</b>	<b>4.9</b>	<b>NA</b>	<b>NA</b>	<b>4/1/12</b>	<b>5.9</b>
Beach Point Leveraged Loan	0.1	2.8	3.4	4.9	NA	NA	4/1/12	5.9
Net of Fees	-0.1	2.3	2.7	4.2	NA	NA		5.2
<i>CSFB Leveraged Loan</i>	-1.2	1.6	1.2	3.8	4.8	4.4		4.4
<b>Emerging Market Debt</b>	<b>-11.8</b>	<b>-15.1</b>	<b>-21.8</b>	<b>-11.2</b>	<b>NA</b>	<b>NA</b>	<b>6/1/12</b>	<b>-7.7</b>
Stone Harbor Emerging Markets Local Currency Debt <sup>2</sup>	-11.8	-15.1	-21.8	-11.2	NA	NA	6/1/12	-7.7
<i>JPM GBI-EM Global Diversified (unhedged)</i>	-10.5	-14.9	-19.8	-8.7	-3.6	4.5		-5.0

<sup>1</sup> Includes Summit Partners Credit Fund II.

<sup>2</sup> Returns shown are net of fees.



City of Ann Arbor  
Employees' Retirement System

Aggregate Assets  
Performance as of 9/30/15

	3Q15 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
<b>Real Estate</b>	<b>2.8</b>	<b>13.2</b>	<b>18.4</b>	<b>17.4</b>	<b>14.8</b>	<b>5.7</b>	<b>7/1/03</b>	<b>8.1</b>
A.E.W. Core Property Trust	2.9	9.1	12.3	NA	NA	NA	7/1/13	NA
<i>NCREIF ODCE</i>	3.4	11.0	14.7	13.4	14.0	6.7		13.7
<b>Hedge Funds<sup>1</sup></b>	<b>-2.9</b>	<b>-3.0</b>	<b>0.3</b>	<b>3.1</b>	<b>2.3</b>	<b>NA</b>	<b>7/1/09</b>	<b>4.1</b>
36 South Kohinoor Series Three	0.4	NA	NA	NA	NA	NA	2/1/15	-2.5
<i>HFRI Macro Index</i>	-0.3	-0.6	1.6	1.2	0.9	3.8		-3.1
Tse Capital Offshore Fund, Ltd.	-7.2	NA	NA	NA	NA	NA	2/1/15	-0.3
<i>HFRI Macro Index</i>	-0.3	-0.6	1.6	1.2	0.9	3.8		-3.1
Och-Ziff Credit Opportunities	-3.5	NA	NA	NA	NA	NA	6/1/15	-4.7
<i>Barclays High Yield</i>	-4.9	-2.5	-3.4	3.5	6.1	7.3		-6.3

<sup>1</sup> Hedge Fund manager 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 (%)
<b>Total Retirement System</b>	<b>6.4</b>	<b>15.0</b>	<b>11.6</b>	<b>0.6</b>	<b>15.1</b>	<b>18.8</b>	<b>-26.3</b>	<b>6.4</b>	<b>14.6</b>	<b>7.1</b>
<b>Net of Fees</b>	<b>6.1</b>	<b>14.7</b>	<b>11.4</b>	<b>0.3</b>	<b>14.8</b>	<b>18.5</b>	<b>-26.4</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<i>Policy Benchmark<sup>1</sup></i>	5.5	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>	5.0	12.3	11.5	-1.1	10.8	23.0	-25.8	9.9	14.1	7.5
<b>Domestic Equity</b>	<b>11.7</b>	<b>33.5</b>	<b>16.8</b>	<b>0.5</b>	<b>21.7</b>	<b>32.5</b>	<b>-38.1</b>	<b>3.9</b>	<b>14.4</b>	<b>7.6</b>
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&amp;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

<sup>1</sup> 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 (%)
<b>International Developed Market Equity</b>	<b>-5.7</b>	<b>19.5</b>	<b>16.4</b>	<b>-12.4</b>	<b>15.5</b>	<b>37.6</b>	<b>-43.4</b>	<b>21.7</b>	<b>23.6</b>	<b>7.7</b>
Northern Trust MSCI EAFE Index	NA	NA	NA	NA	NA	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
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
<b>International Emerging Market Equity</b>	<b>-0.3</b>	<b>-4.6</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Dimensional Emerging Markets Value <sup>1</sup>	-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

<sup>1</sup> Returns shown are 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 (%)
<b>Investment Grade Bonds<sup>1</sup></b>	<b>5.5</b>	<b>-1.0</b>	<b>6.1</b>	<b>6.1</b>	<b>7.8</b>	<b>11.2</b>	<b>4.2</b>	<b>6.4</b>	<b>4.8</b>	<b>2.7</b>
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
<b>Short Duration Bonds</b>	<b>1.6</b>	<b>NA</b>								
Northern Trust 1-5 Year Credit Bond	1.8	NA								
Net of Fees	1.8	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 Government Bond	0.6	NA								
Net of Fees	0.6	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
<b>TIPS</b>	<b>0.9</b>	<b>NA</b>								
IR&M 1-10 Year Index	0.9	NA								
Net of Fees	0.8	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
<b>High Yield Bonds</b>	<b>1.4</b>	<b>9.3</b>	<b>13.5</b>	<b>3.1</b>	<b>15.0</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
SKY Harbor Broad High Yield Market	1.4	9.3	NA							
Net of Fees	0.8	8.7	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

<sup>1</sup> 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 (%)
<b>Bank Loans</b>	<b>2.7</b>	<b>7.1</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
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
<b>Emerging Market Debt</b>	<b>-8.5</b>	<b>-12.6</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Stone Harbor Emerging Markets Local Currency Debt <sup>1</sup>	-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
<b>Real Estate</b>	<b>22.0</b>	<b>11.5</b>	<b>16.7</b>	<b>7.7</b>	<b>13.6</b>	<b>-33.3</b>	<b>-10.4</b>	<b>3.1</b>	<b>23.4</b>	<b>14.4</b>
A.E.W. Core Property Trust	10.4	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>NCREIF ODCE</i>	12.5	14.0	10.9	16.0	16.4	-29.8	-10.0	16.0	16.3	21.4
Intercontinental Real Estate Investment Fund III	53.2	11.2	17.8	18.9	14.7	-40.3	-10.7	13.0	11.9	8.7
Net of Fees	51.3	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
<b>Hedge Funds<sup>2</sup></b>	<b>5.0</b>	<b>7.4</b>	<b>1.6</b>	<b>-2.1</b>	<b>5.8</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
36 South Kohinoor Series Three	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Macro Index</i>	5.6	-0.4	-0.1	-4.1	8.1	4.3	4.8	11.1	8.2	6.8
Tse Capital Offshore Fund, Ltd.	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>HFRI Macro Index</i>	5.6	-0.4	-0.1	-4.1	8.1	4.3	4.8	11.1	8.2	6.8
Och-Ziff Credit Opportunities	NA	NA	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

<sup>1</sup> Returns shown are net of fees.

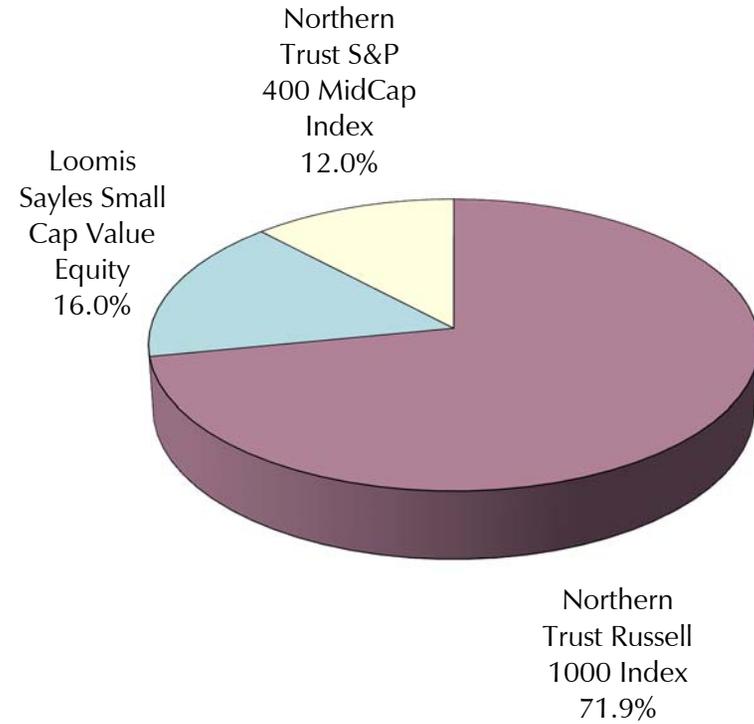
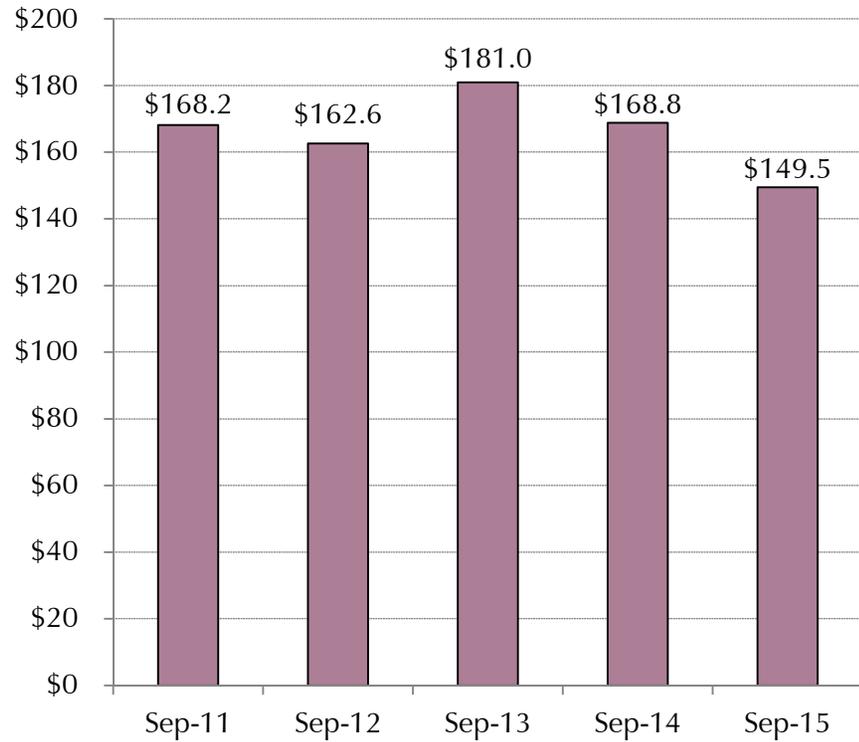
<sup>2</sup> Hedge Fund manager returns shown are net of fees.



**Domestic Equity Assets  
As of September 30, 2015**

City of Ann Arbor  
Employees' Retirement System

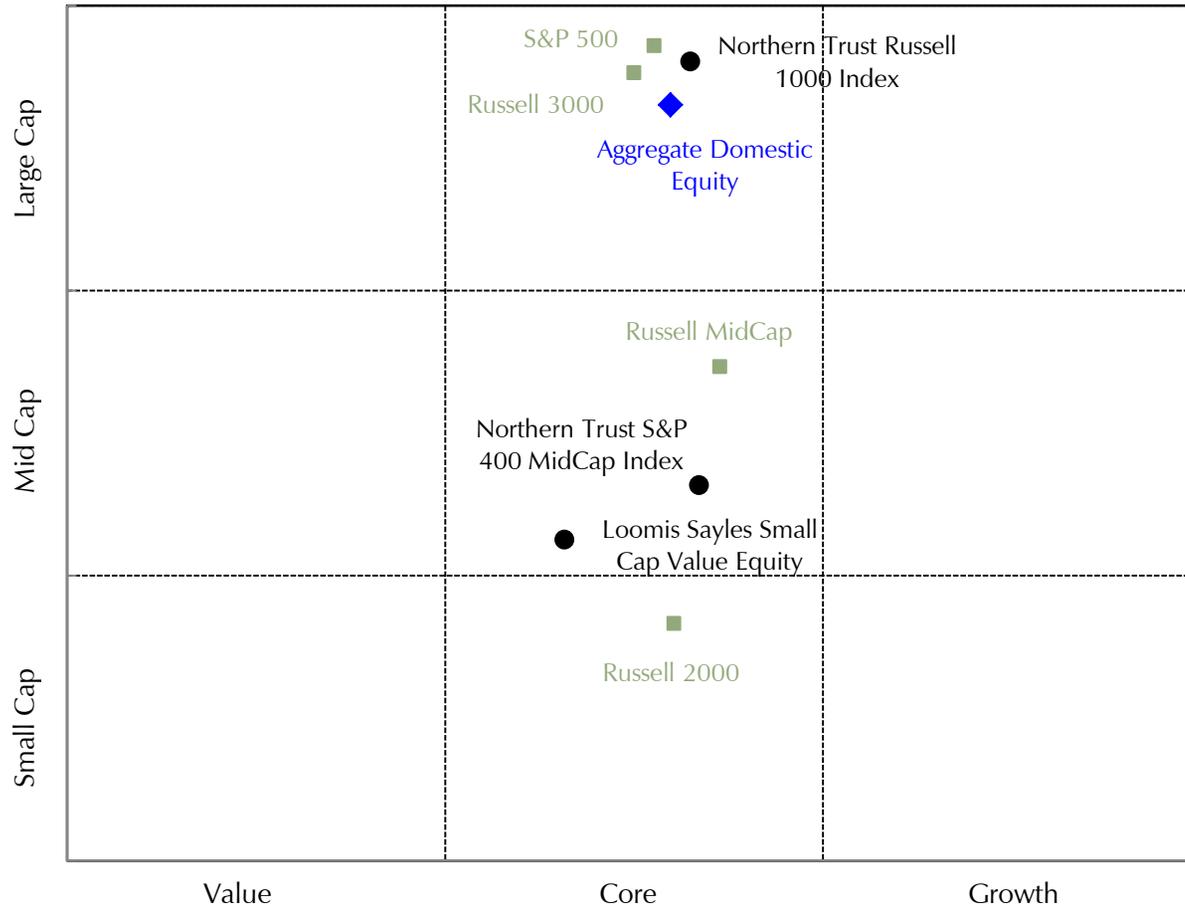
Domestic Equity Assets  
as of 9/30/15



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

**Domestic Equity Assets  
Risk as of 9/30/15**

<b>Risk: (sixty months)</b>	<b>Aggregate Domestic Equity 9/30/15</b>	<b>Russell 3000 9/30/15</b>
Annualized Return (%)	13.4	13.3
Standard Deviation (%)	14.2	13.5
Best Monthly Return (%)	12.6	11.5
Worst Monthly Return (%)	-8.9	-7.8
Beta	1.04	1.00
Correlation to Index	0.99	1.00
Correlation to Total Fund Return	0.97	NA
Sharpe Measure (risk-adjusted return)	0.94	0.98
Information Ratio	0.11	NA



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

**Domestic Equity Assets  
Characteristics as of 9/30/15**

	<b>Aggregate Domestic Equity 9/30/15</b>	<b>Russell 3000 9/30/15</b>	<b>Aggregate Domestic Equity 6/30/15</b>
<b>Capitalization Structure:</b>			
Weighted Average Market Cap. (US\$ billion)	77.0	97.4	81.6
Median Market Cap. (US\$ billion)	5.5	1.4	6.1
Large (% over US\$20 billion)	53	67	53
Medium (% US\$3 billion to US\$20 billion)	33	25	34
Small (% under US\$3 billion)	14	8	13
<b>Fundamental Structure:</b>			
Price-Earnings Ratio	19	19	20
Price-Book Value Ratio	2.5	2.3	2.7
Dividend Yield (%)	2.1	2.1	1.8
Historical Earnings Growth Rate (%)	12	11	12
Projected Earnings Growth Rate (%)	11	11	11

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

**Domestic Equity Assets  
Diversification as of 9/30/15**

<b>Diversification:</b>	<b>Aggregate Domestic Equity 9/30/15</b>	<b>Russell 3000 9/30/15</b>	<b>Aggregate Domestic Equity 6/30/15</b>
Number of Holdings	1,262	2,979	1,268
% in 5 largest holdings	7	9	7
% in 10 largest holdings	11	14	11

**Largest Five Holdings:**

Apple  
Microsoft  
ExxonMobil  
Equinix  
Johnson & Johnson

**% of Portfolio**

2.4  
1.3  
1.2  
1.1  
1.0

**Economic Sector**

Technology Equipment  
Software & Services  
Energy  
Real Estate  
Pharmaceuticals & Biotech.

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

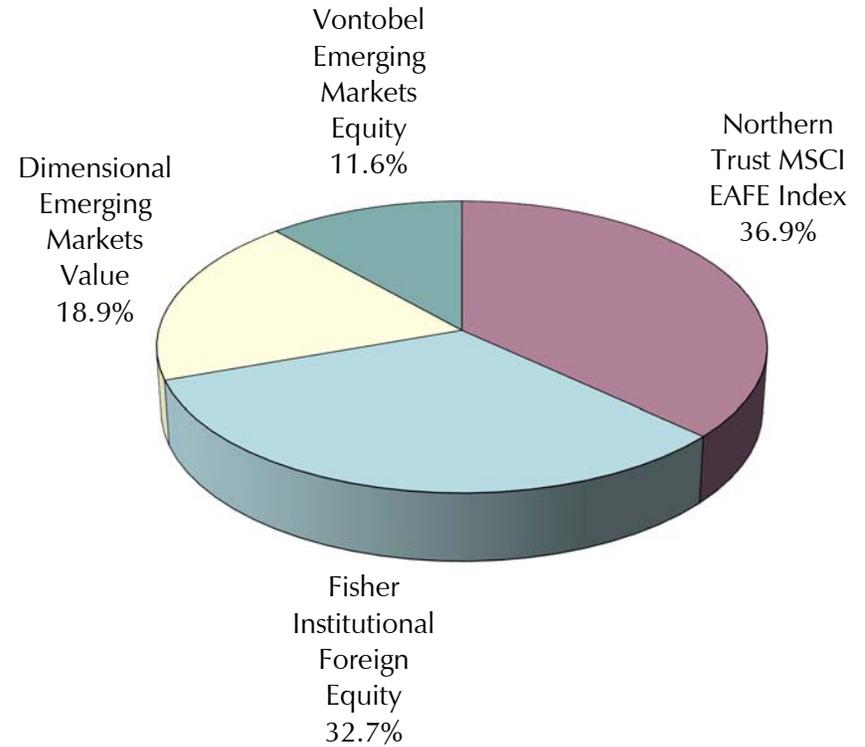
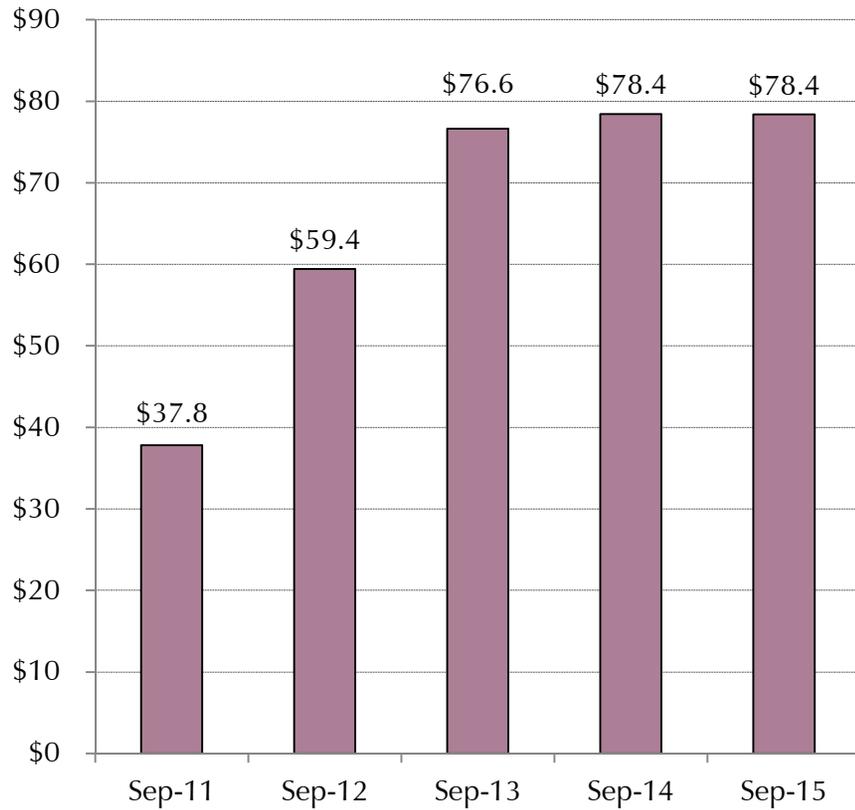
**Domestic Equity Assets  
Sector Allocation as of 9/30/15**

<b>Sector Allocation (%):</b>	<b>Aggregate Domestic Equity 9/30/15</b>	<b>Russell 3000 9/30/15</b>	<b>Aggregate Domestic Equity 6/30/15</b>
Financials	22	18	20
Industrials	12	11	12
Consumer Discretionary	14	14	14
Materials	3	3	4
Utilities	3	3	3
Telecommunication Services	2	2	2
Energy	6	6	6
Consumer Staples	8	9	7
Information Technology	18	20	19
Health Care	12	14	13

**International Equity Assets  
As of September 30, 2015**

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

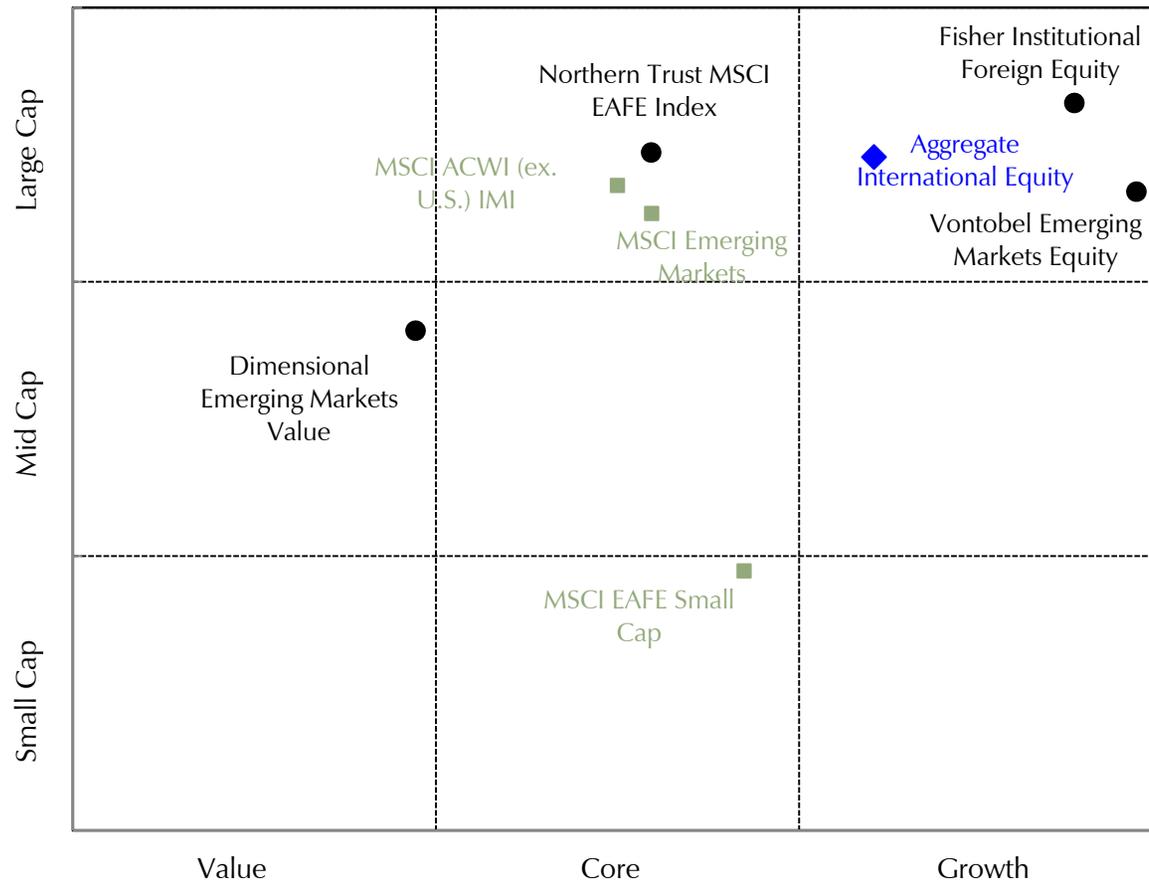
**International Equity Assets  
as of 9/30/15**



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

**International Equity Assets  
Risk as of 9/30/15**

<b>Risk: (sixty months)</b>	<b>Aggregate International Equity 9/30/15</b>	<b>MSCI ACWI (ex. U.S.) IMI 9/30/15</b>
Annualized Return (%)	1.9	2.1
Standard Deviation (%)	16.4	15.6
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)	0.11	0.13
Information Ratio	Neg.	NA



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

**International Equity Assets  
Characteristics as of 9/30/15**

	<b>Aggregate International Equity 9/30/15</b>	<b>MSCI ACWI (ex. U.S.) IMI 9/30/15</b>	<b>Aggregate International Equity 6/30/15</b>
<b>Capitalization Structure:</b>			
Weighted Average Market Cap. (US\$ billion)	51.2	41.3	56.7
Median Market Cap. (US\$ million)	902	1,052	1,119
Large (% over US\$20 billion)	62	50	67
Medium (% US\$3 billion to US\$20 billion)	31	36	27
Small (% under US\$3 billion)	8	14	7
<b>Fundamental Structure:</b>			
Price-Earnings Ratio	16	15	17
Price-Book Value Ratio	2.1	1.4	2.4
Dividend Yield (%)	3.0	3.1	2.8
Historical Earnings Growth Rate (%)	8	8	9
Projected Earnings Growth Rate (%)	10	10	11

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

**International Equity Assets  
Diversification as of 9/30/15**

	<b>Aggregate International Equity 9/30/15</b>	<b>MSCI ACWI (ex. U.S.) IMI 9/30/15</b>	<b>Aggregate International Equity 6/30/15</b>
<b>Diversification:</b>			
Number of Holdings	3,211	6,069	3,126
% in 5 largest holdings	8	5	7
% in 10 largest holdings	13	8	12
 <b>Largest Five Holdings:</b>	 <b>% of Portfolio</b>	 <b>Economic Sector</b>	
Novo Nordisk	1.7	Pharmaceuticals & Biotech.	
Novartis	1.7	Pharmaceuticals & Biotech.	
Bayer	1.6	Pharmaceuticals & Biotech.	
Roche	1.5	Pharmaceuticals & Biotech.	
UBS	1.3	Diversified Financials	

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

**International Equity Assets  
Sector Allocation as of 9/30/15**

<b>Sector Allocation (%):</b>	<b>Aggregate International Equity 9/30/15</b>	<b>MSCI ACWI (ex. U.S.) IMI 9/30/15</b>	<b>Aggregate International Equity 6/30/15</b>
Health Care	12	9	11
Information Technology	9	8	10
Consumer Discretionary	14	13	13
Consumer Staples	11	10	11
Industrials	13	12	12
Materials	7	7	7
Energy	5	6	5
Utilities	2	3	2
Telecommunication Services	3	5	3
Financials	24	26	27

City of Ann Arbor  
Employees' Retirement System

International Equity Assets  
Country & Region Breakdown as of 9/30/15

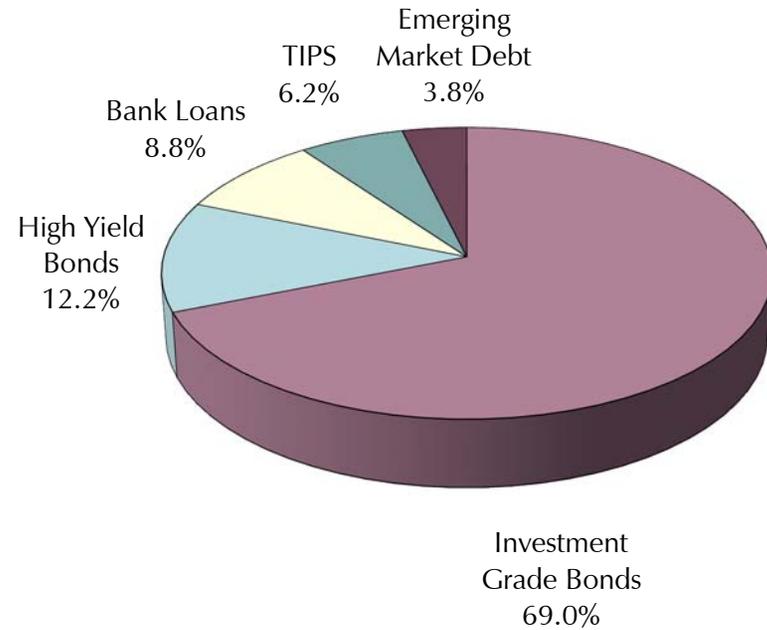
	Aggregate International Equity 9/30/15 (%)	MSCI ACWI (ex. U.S.) IMI 9/30/15 (%)		Aggregate International Equity 9/30/15 (%)	MSCI ACWI (ex. U.S.) IMI 9/30/15 (%)
<b>North America</b>	<b>1.1</b>	<b>6.5</b>	<b>Emerging</b>	<b>27.6</b>	<b>18.5</b>
<b>Europe</b>	<b>50.6</b>	<b>47.4</b>	India	5.0	1.9
Germany	8.8	6.2	Taiwan	4.3	2.7
Switzerland	8.4	6.8	Brazil	2.3	1.1
France	8.0	6.5	Mexico	2.1	0.9
Denmark	2.1	1.4	South Korea	4.2	3.3
Ireland	1.4	0.8	South Africa	2.2	1.6
Netherlands	3.4	2.9	Thailand	1.2	0.5
Belgium	1.2	1.0	Indonesia	1.0	0.4
Italy	2.1	2.0	China	2.4	2.6
Spain	1.8	2.4	<b>Other</b>	<b>0.3</b>	<b>0.6</b>
Sweden	1.5	2.3			
United Kingdom	11.0	13.5			
<b>Asia Pacific</b>	<b>20.3</b>	<b>27.1</b>			
Hong Kong	4.1	4.3			
Australia	3.6	4.6			
Japan	11.7	17.1			



**Fixed Income Assets  
As of September 30, 2015**

# City of Ann Arbor Employees' Retirement System

# Fixed Income Assets as of 9/30/15



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

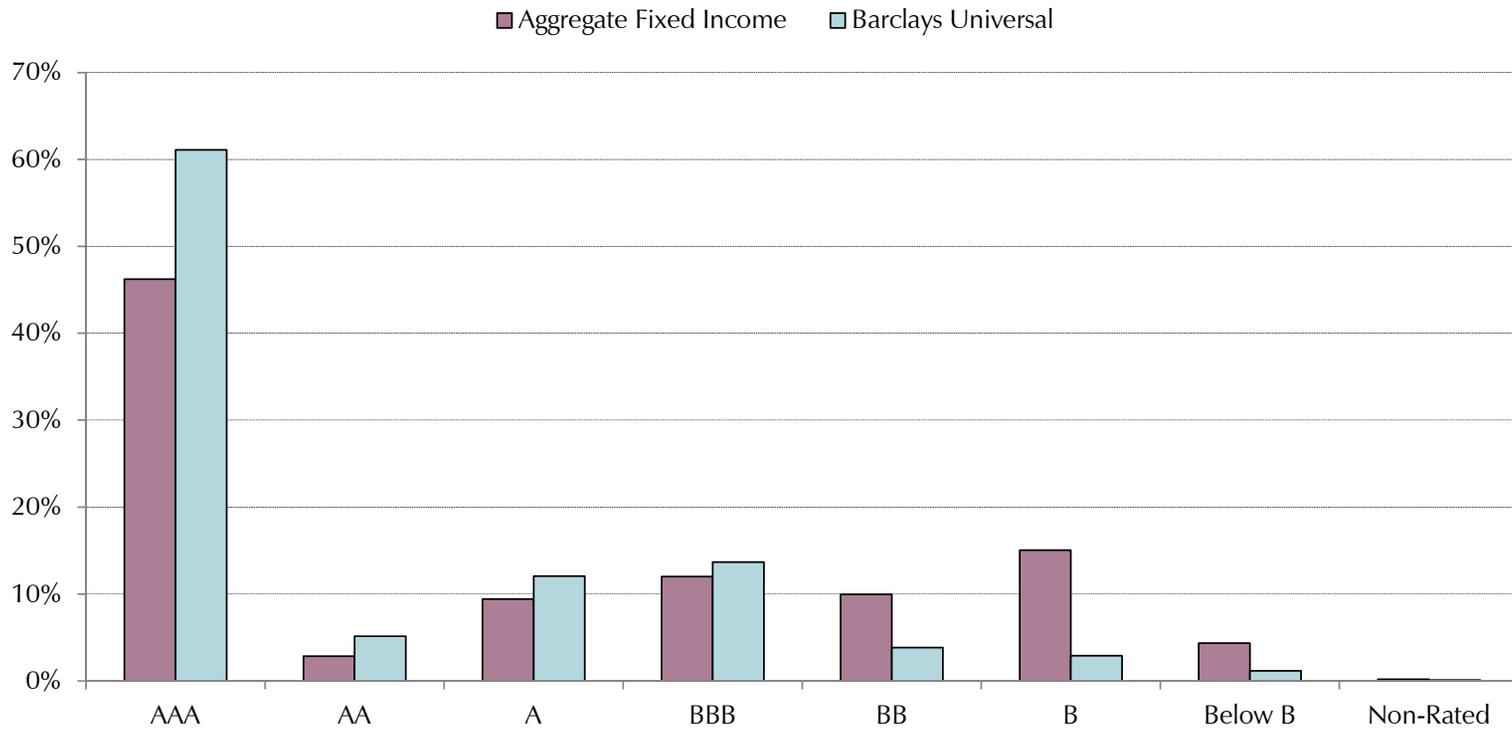
**Fixed Income Assets  
Risk as of 9/30/15**

<b>Risk: (sixty months)</b>	<b>Aggregate Fixed Income 9/30/15</b>	<b>Barclays Universal 9/30/15</b>
Annualized Return (%)	3.3	3.4
Standard Deviation (%)	2.6	2.8
Best Monthly Return (%)	1.4	1.9
Worst Monthly Return (%)	-1.8	-1.8
Beta	0.86	1.00
Correlation to Index	0.91	1.00
Correlation to Total Fund Return	0.41	NA
Sharpe Measure (risk-adjusted return)	1.24	1.19
Information Ratio	Neg.	NA

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

**Fixed Income Assets  
Characteristics as of 9/30/15**

<b>Duration &amp; Yield:</b>	<b>Aggregate Fixed Income 9/30/15</b>	<b>Barclays Universal 9/30/15</b>	<b>Aggregate Fixed Income 6/30/15</b>
Average Effective Duration (years)	4.2	5.5	4.2
Yield to Maturity (%)	3.3	2.9	3.2



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

**Fixed Income Assets  
Diversification as of 9/30/15**

	<b>Aggregate Fixed Income 9/30/15</b>	<b>Barclays Universal 9/30/15</b>	<b>Aggregate Fixed Income 6/30/15</b>
<b>Market Allocation (%):</b>			
United States	80	83	79
Foreign (developed markets)	14	11	14
Foreign (emerging markets)	6	7	7
<b>Currency Allocation (%):</b>			
Non-U.S. Dollar Exposure	4	0	5
<b>Sector Allocation (%):</b>			
U.S. Treasury-Nominal	18	31	18
U.S. Treasury-TIPS	6	0	6
U.S. Agency	3	2	4
Mortgage Backed	12	24	12
Corporate	41	31	40
Bank Loans	8	0	8
Local & Provincial Government	2	1	1
Sovereign & Supranational	7	8	10
Commercial Mortgage Backed	1	2	1
Asset Backed	0	0	0
Cash Equivalent	0	0	0
Other	0	0	0

**Domestic Equity Portfolio Reviews  
As of September 30, 2015**

## City of Ann Arbor Employees' Retirement System

## Northern Trust Russell 1000 Index Portfolio Detail as of 9/30/15

**Mandate:** Domestic Equities  
**Active/Passive:** Passive  
**Market Value:** \$107.5 million  
**Portfolio Manager:** Alexander Matturri Jr., CFA  
**Location:** Chicago, Illinois  
**Inception Date:** 7/1/2006  
**Account Type:** Commingled

	Value	Core	Growth
Large			
Medium			
Small			

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

**Liquidity Constraints:**  
Daily

**Strategy:**

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

Performance (%):	3Q15	1 YR	3 YR	5 YR	Since 7/1/06
<b>Northern Trust Russell 1000 Index</b>	<b>-6.8</b>	<b>-0.6</b>	<b>12.7</b>	<b>13.4</b>	<b>7.1</b>
<b>Net of Fees</b>	<b>-6.8</b>	<b>-0.6</b>	<b>12.6</b>	<b>13.4</b>	<b>7.1</b>
Russell 1000	-6.8	-0.6	12.7	13.4	7.0

Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
<b>Northern Trust Russell 1000 Index</b>	<b>13.3%</b>	<b>1.00</b>	<b>1.01</b>	<b>NA</b>	<b>1.00</b>
Russell 1000	13.3	1.00	1.01	NA	1.00

Capitalization Structure:	9/30/15		6/30/15	
	Northern Trust Russell 1000 Index	Russell 1000	Northern Trust Russell 1000 Index	Russell 1000
Weighted Average Market Cap. (US\$ billion)	105.5	105.5	112.5	112.3
Median Market Cap. (US\$ billion)	7.2	7.3	8.3	8.3
Large (% over US\$20 billion)	73	73	74	74
Medium (% US\$3 billion to US\$20 billion)	26	26	25	25
Small (% under US\$3 billion)	1	1	1	1

Fundamental Structure:				
Price-Earnings Ratio	19	19	20	20
Price-Book Value Ratio	2.6	2.6	2.8	2.8
Dividend Yield (%)	2.2	2.2	2.0	2.0
Historical Earnings Growth Rate (%)	11	11	12	12
Projected Earnings Growth Rate (%)	11	11	11	11

Sector Allocation (%):				
Consumer Discretionary	14	14	13	13
Information Technology	20	20	19	19
Industrials	11	11	11	11
Consumer Staples	9	9	9	9
Health Care	14	14	15	15
Telecommunication Services	2	2	2	2
Utilities	3	3	3	3
Materials	3	3	3	3
Energy	7	7	7	8
Financials	18	18	17	17

Diversification:				
Number of Holdings	1,031	1,030	1,029	1,029
% in 5 largest holdings	9	9	9	9
% in 10 largest holdings	15	15	15	15

Largest Ten Holdings:		Industry
Apple	3.3	Technology Equipment
Microsoft	1.9	Software & Services
ExxonMobil	1.6	Energy
Johnson & Johnson	1.3	Pharmaceuticals & Biotech.
General Electric	1.3	Capital Goods
Berkshire Hathaway	1.2	Diversified Financials
Wells Fargo & Company	1.2	Banks
JP Morgan Chase	1.2	Banks
AT&T	1.0	Telecom Services
Amazon.com	1.0	Retailing



## City of Ann Arbor Employees' Retirement System

## Loomis Sayles Small Cap Value Equity Portfolio Detail as of 9/30/15

**Mandate:** Domestic Equities  
**Active/Passive:** Active  
**Market Value:** \$24.0 million  
**Portfolio Manager:** Joseph R. Gatz  
**Location:** Detroit, Michigan  
**Inception Date:** 4/1/1997  
**Account Type:** Separately Managed

	Value	Core	Growth
Large			
Medium			
Small			

### Fee Schedule:

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

### Liquidity Constraints:

Daily

### Strategy:

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

Performance (%):	3Q15	1 YR	3 YR	5 YR	Since 4/1/97
<b>Loomis Sayles Small Cap Value Equity</b>	<b>-9.7</b>	<b>2.4</b>	<b>12.6</b>	<b>13.2</b>	<b>11.0</b>
<b>Net of Fees</b>	<b>-9.8</b>	<b>1.6</b>	<b>11.8</b>	<b>12.4</b>	<b>NA</b>
Russell 2000 Value	-10.7	-1.6	9.2	10.2	8.8
Peer Small Cap Value	-9.6	-0.1	12.0	12.3	10.6
Peer Ranking (percentile)	53	20	40	28	43
Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
<b>Loomis Sayles Small Cap Value Equity</b>	<b>16.7%</b>	<b>0.94</b>	<b>0.79</b>	<b>1.07</b>	<b>0.98</b>
Russell 2000 Value	17.1	1.00	0.59	NA	1.00

	9/30/15		6/30/15	
	Loomis Sayles Small Cap Value	Russell 2000 Value	Loomis Sayles Small Cap Value	Russell 2000 Value
<b>Capitalization Structure:</b>				
Weighted Average Market Cap. (US\$ billion)	3.3	1.6	3.2	1.7
Median Market Cap. (US\$ billion)	1.6	0.6	1.8	0.7
Large (% over US\$20 billion)	0	0	0	0
Medium (% US\$3 billion to US\$20 billion)	35	11	35	12
Small (% under US\$3 billion)	65	89	65	88
<b>Fundamental Structure:</b>				
Price-Earnings Ratio	19	17	21	18
Price-Book Value Ratio	1.9	1.5	2.1	1.6
Dividend Yield (%)	1.7	2.3	1.5	2.1
Historical Earnings Growth Rate (%)	13	8	13	10
Projected Earnings Growth Rate (%)	11	10	11	10
<b>Sector Allocation (%):</b>				
Consumer Discretionary	18	10	18	11
Industrials	16	12	18	12
Information Technology	15	11	19	10
Consumer Staples	3	3	3	3
Materials	3	3	4	4
Health Care	4	4	4	4
Telecommunication Services	0	1	0	1
Energy	2	5	3	6
Utilities	2	7	3	6
Financials	36	44	29	42
<b>Diversification:</b>				
Number of Holdings	153	1,304	157	1,319
% in 5 largest holdings	12	2	10	2
% in 10 largest holdings	17	4	16	4
<b>Largest Ten Holdings:</b>				
			<b>Industry</b>	
Equinix	6.3		Real Estate	
Signature Bank	1.4		Banks	
Cathay General Bancorp	1.3		Banks	
John Bean Technologies	1.3		Capital Goods	
Churchill Downs	1.3		Consumer Services	
Post Holdings	1.3		Food, Beverage & Tobacco	
Littelfuse	1.2		Technology Equipment	
CubeSmart	1.2		Real Estate	
Euronet Worldwide	1.1		Software & Services	
BancorpSouth	1.1		Banks	



## City of Ann Arbor Employees' Retirement System

## Northern Trust S&P 400 MidCap Index Portfolio Detail as of 9/30/15

**Mandate:** Domestic Equities  
**Active/Passive:** Passive  
**Market Value:** \$18.0 million  
**Portfolio Manager:** Team  
**Location:** Chicago, Illinois  
**Inception Date:** 6/1/2007  
**Account Type:** Commingled

	Value	Core	Growth
Large			
Medium			
Small			

### Fee Schedule:

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

### Liquidity Constraints:

Daily

### Strategy:

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

Performance (%):	3Q15	1 YR	3 YR	5 YR	Since 6/1/07
<b>Northern Trust S&amp;P 400 MidCap Index</b>	<b>-8.5</b>	<b>1.4</b>	<b>13.1</b>	<b>13.0</b>	<b>6.6</b>
<b>Net of Fees</b>	<b>-8.5</b>	<b>1.4</b>	<b>13.1</b>	<b>12.9</b>	<b>NA</b>
S&P MidCap	-8.5	1.4	13.1	12.9	6.5

Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
<b>Northern Trust S&amp;P 400 MidCap Index-NL</b>	<b>15.7%</b>	<b>1.00</b>	<b>0.82</b>	<b>NA</b>	<b>1.00</b>
S&P MidCap	15.7	1.00	0.82	NA	1.00

	9/30/15		6/30/15	
	Northern Trust S&P 400 MidCap Index	S&P MidCap	Northern Trust S&P 400 MidCap Index	S&P MidCap
<b>Capitalization Structure:</b>				
Weighted Average Market Cap. (US\$ billion)	4.8	4.8	5.3	5.2
Median Market Cap. (US\$ billion)	3.4	3.4	3.7	3.7
Large (% over US\$20 billion)	0	0	0	0
Medium (% US\$3 billion to US\$20 billion)	77	77	82	82
Small (% under US\$3 billion)	23	23	18	18
<b>Fundamental Structure:</b>				
Price-Earnings Ratio	20	20	23	23
Price-Book Value Ratio	2.5	2.5	2.7	2.7
Dividend Yield (%)	1.7	1.7	1.5	1.5
Historical Earnings Growth Rate (%)	14	14	14	14
Projected Earnings Growth Rate (%)	11	11	12	12
<b>Sector Allocation (%):</b>				
Utilities	5	5	4	4
Financials	26	26	24	24
Energy	3	3	4	4
Information Technology	16	16	17	17
Consumer Staples	4	4	4	4
Industrials	15	15	16	16
Materials	7	7	7	7
Telecommunication Services	0	0	0	0
Health Care	9	9	9	9
Consumer Discretionary	14	14	14	14
<b>Diversification:</b>				
Number of Holdings	400	400	400	400
% in 5 largest holdings	3	3	3	3
% in 10 largest holdings	7	7	6	6
<b>Largest Ten Holdings:</b>				
		<b>Industry</b>		
Church & Dwight	0.8	Household Products		
Alaska Air	0.7	Transportation		
Foot Locker	0.7	Retailing		
Jarden	0.7	Consumer Durables		
Hologic	0.7	Health Care Services		
Federal Realty	0.7	Real Estate		
Extra Space Storage	0.6	Real Estate		
HollyFrontier	0.6	Energy		
UDR	0.6	Real Estate		
LKQ	0.6	Retailing		



**International Developed Market Equity  
Portfolio Reviews  
As of September 30, 2015**

## City of Ann Arbor Employees' Retirement System

## Northern Trust MSCI EAFE Index Portfolio Detail as of 9/30/15

**Mandate:** International Equities  
**Active/Passive:** Passive  
**Market Value:** \$28.9 million  
**Portfolio Manager:** Team  
**Location:** Chicago, Illinois  
**Inception Date:** 12/1/2014  
**Account Type:** Commingled

	Value	Core	Growth
Large			
Medium			
Small			

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

**Liquidity Constraints:**  
 Daily

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

Performance (%):	3Q15	Since 12/1/14
<b>Northern Trust MSCI EAFE Index</b>	<b>-10.2</b>	<b>-8.3</b>
<b>Net of Fees</b>	<b>-10.2</b>	<b>-8.3</b>
MSCI EAFE	-10.2	-8.6
Peer International Core	-10.0	-7.3
Peer Ranking (percentile)	55	60

	9/30/15		6/30/15	
	Northern Trust MSCI EAFE Index	MSCI EAFE	Northern Trust MSCI EAFE Index	MSCI EAFE
<b>Capitalization Structure:</b>				
Weighted Average Market Cap. (US\$ billion)	53.0	52.8	57.8	57.7
Median Market Cap. (US\$ billion)	8.0	8.1	8.9	9.1
Large (% over US\$20 billion)	64	64	67	67
Medium (% US\$3 billion to US\$20 billion)	34	34	32	32
Small (% under US\$3 billion)	1	1	1	1
<b>Fundamental Structure:</b>				
Price-Earnings Ratio	16	16	18	18
Price-Book Value Ratio	1.5	1.5	1.8	1.8
Dividend Yield (%)	3.3	3.3	3.0	3.0
Historical Earnings Growth Rate (%)	7	7	7	7
Projected Earnings Growth Rate (%)	9	9	9	9
<b>Sector Allocation (%):</b>				
Consumer Staples	12	12	11	11
Health Care	12	12	11	11
Utilities	4	4	4	4
Materials	7	7	7	7
Energy	5	5	5	5
Telecommunication Services	5	5	5	5
Consumer Discretionary	13	13	13	13
Information Technology	5	5	5	5
Industrials	12	12	13	13
Financials	26	26	26	26
<b>Diversification:</b>				
Number of Holdings	938	910	938	908
% in 5 largest holdings	8	8	8	8
% in 10 largest holdings	13	13	12	12
<b>Region Allocation (%):</b>				
North America	0	0	0	0
Europe	66	66	65	65
Asia Pacific	33	33	35	35
Emerging	0	0	0	0
Other	1	1	1	1
<b>Largest Five Holdings:</b>				
			<b>Industry</b>	
Nestle	2.1		Food, Beverage & Tobacco	
Novartis	1.8		Pharmaceuticals & Biotech.	
Roche	1.6		Pharmaceuticals & Biotech.	
Toyota Motor	1.4		Automobiles & Components	
HSBC	1.3		Banks	



## City of Ann Arbor Employees' Retirement System

## Fisher Institutional Foreign Equity Portfolio Detail as of 9/30/15

**Mandate:** International Equities,  
Developed Markets

**Active/Passive:** Active

**Market Value:** \$25.6 million

**Portfolio Manager:** Team

**Location:** Woodside, California

**Inception Date:** 2/1/2007

**Account Type:** Commingled

	Value	Core	Growth
Large			
Medium			
Small			

### Fee Schedule:

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

### Liquidity Constraints:

Monthly

### Strategy:

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

Performance (%):	3Q15	1 YR	3 YR	5 YR	Since 2/1/07
<b>Fisher Institutional Foreign Equity</b>	<b>-10.3</b>	<b>-6.2</b>	<b>6.1</b>	<b>5.2</b>	<b>2.3</b>
<b>Net of Fees</b>	<b>-10.5</b>	<b>-7.1</b>	<b>5.2</b>	<b>4.3</b>	<b>NA</b>
MSCI EAFE	-10.2	-8.7	5.6	4.0	0.1
Peer International Core	-10.0	-6.8	6.1	4.7	1.2
Peer Ranking (percentile)	56	39	49	38	23
Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
<b>Fisher Institutional Foreign Equity</b>	<b>18.6%</b>	<b>1.11</b>	<b>0.28</b>	<b>0.26</b>	<b>0.97</b>
MSCI EAFE	16.0	1.00	0.24	NA	1.00

	9/30/15		6/30/15	
	Fisher Institutional Foreign Equity	MSCI EAFE	Fisher Institutional Foreign Equity	MSCI EAFE
<b>Capitalization Structure:</b>				
Weighted Average Market Cap. (US\$ billion)	77.1	52.8	83.6	57.7
Median Market Cap. (US\$ billion)	46.4	8.1	56.8	9.1
Large (% over US\$20 billion)	89	64	93	67
Medium (% US\$3 billion to US\$20 billion)	11	34	7	32
Small (% under US\$3 billion)	0	1	0	1

### Fundamental Structure:

Price-Earnings Ratio	17	16	18	18
Price-Book Value Ratio	2.6	1.5	3.0	1.8
Dividend Yield (%)	2.8	3.3	2.6	3.0
Historical Earnings Growth Rate (%)	9	7	11	7
Projected Earnings Growth Rate (%)	10	9	11	9

### Sector Allocation (%):

Health Care	22	12	19	11
Information Technology	15	5	15	5
Consumer Discretionary	21	13	19	13
Industrials	17	12	14	13
Energy	2	5	2	5
Utilities	0	4	0	4
Materials	2	7	2	7
Telecommunication Services	0	5	0	5
Consumer Staples	6	12	6	11
Financials	16	26	23	26

### Diversification:

Number of Holdings	61	910	69	908
% in 5 largest holdings	19	8	16	8
% in 10 largest holdings	33	13	29	12

### Region Allocation (%):

North America	3	0	3	0
Europe	75	66	77	65
Asia Pacific	17	33	17	35
Emerging	4	0	3	0
Other	0	1	0	1

### Largest Five Holdings:

		Industry
Novo Nordisk	4.5	Pharmaceuticals & Biotech.
Bayer	4.1	Pharmaceuticals & Biotech.
UBS Group	3.5	Diversified Financials
Asml Holding	3.5	Semiconductors
Novartis	3.3	Pharmaceuticals & Biotech.



**International Emerging Market Equity  
Portfolio Reviews  
As of September 30, 2015**

## City of Ann Arbor Employees' Retirement System

## Dimensional Emerging Markets Value Portfolio Detail as of 9/30/15

**Mandate:** International Equities,  
Emerging Markets

**Active/Passive:** Active

**Market Value:** \$14.8 million

**Portfolio Manager:** Team

**Location:** Austin, Texas

**Inception Date:** 2/1/2012

**Account Type:** Mutual Fund (DFEVX)

	Value	Core	Growth
Large			
Medium			
Small			

### Fee Schedule:

0.55% 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 (%):	3Q15	1 YR	3 YR	Since 2/1/12
<b>Dimensional Emerging Markets Value</b>	<b>-19.2</b>	<b>-23.1</b>	<b>-6.9</b>	<b>-6.2</b>
MSCI Emerging Markets	-17.9	-19.3	-5.3	-4.2
Peer Emerging Markets	-16.3	-18.7	-4.8	-3.4
Peer Ranking (percentile)	91	82	76	81

Risk: (forty-four months)	Standard Deviation	Beta	Sharpe Measure <sup>1</sup>	Info. Ratio	Correlation to Index
<b>Dimensional Emerging Markets Value</b>	<b>15.9%</b>	<b>1.10</b>	<b>Neg.</b>	<b>Neg.</b>	<b>0.98</b>
MSCI Emerging Markets	14.4	1.00	Neg.	NA	1.00

	9/30/15		6/30/15	
	DFA Emerging Markets Value Fund	MSCI Emerging Markets	DFA Emerging Markets Value Fund	MSCI Emerging Markets
<b>Capitalization Structure:</b>				
Weighted Average Market Cap. (US\$ billion)	13.8	33.4	18.6	39.7
Median Market Cap. (US\$ million)	334.2	4,159.9	389.8	4,979.7
Large (% over US\$20 billion)	16	35	24	44
Medium (% US\$3 billion to US\$20 billion)	49	55	46	49
Small (% under US\$3 billion)	35	10	31	7
<b>Fundamental Structure:</b>				
Price-Earnings Ratio	10	13	12	15
Price-Book Value Ratio	0.9	1.3	1.0	1.6
Dividend Yield (%)	3.2	2.7	3.0	2.7
Historical Earnings Growth Rate (%)	6	10	5	10
Projected Earnings Growth Rate (%)	12	12	13	13
<b>Sector Allocation (%):</b>				
Materials	16	7	17	7
Financials	33	29	34	30
Industrials	12	7	11	7
Energy	12	8	12	8
Consumer Discretionary	9	9	8	9
Utilities	2	3	2	3
Health Care	0	3	0	2
Consumer Staples	6	9	5	8
Telecommunication Services	2	7	2	7
Information Technology	8	18	8	18
<b>Diversification:</b>				
Number of Holdings	2,214	836	2,124	836
% in 5 largest holdings	10	13	10	12
% in 10 largest holdings	15	19	16	19
<b>Region Allocation (%):</b>				
Asia Pacific	68	69	67	69
Latin America	16	13	17	14
Europe/MidEast/Africa	15	17	15	17
Other	0	0	0	0
<b>Largest Five Holdings:</b>		<b>Industry</b>		
China Construction Bank	2.5	Banks		
Reliance Industries	1.9	Energy		
Gazprom	1.9	Energy		
Bank of China	1.8	Banks		
Fomento Econom Mexica	1.4	Food, Beverage & Tobacco		

<sup>1</sup> A negative Sharpe ratio indicates that the portfolio underperformed the risk-free rate during the sample period.



## City of Ann Arbor Employees' Retirement System

## Vontobel Emerging Markets Equity Portfolio Detail as of 9/30/15

**Mandate:** International Equities,  
Emerging Markets

**Active/Passive:** Active

**Market Value:** \$9.1 million

**Portfolio Manager:** Rajiv Jain

**Location:** New York, New York

**Inception Date:** 2/1/2012

**Account Type:** Commingled

	Value	Core	Growth
Large			
Medium			
Small			

### Fee Schedule:

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

### Liquidity Constraints:

Monthly

### Strategy:

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

Performance (%):	3Q15	1 YR	3 YR	Since 2/1/12
<b>Vontobel Emerging Markets Equity</b>	<b>-10.4</b>	<b>-11.8</b>	<b>-1.2</b>	<b>1.4</b>
<b>Net of Fees</b>	<b>-10.7</b>	<b>-12.8</b>	<b>-2.3</b>	<b>0.3</b>
MSCI Emerging Markets	-17.9	-19.3	-5.3	-4.2
Peer Emerging Markets	-16.0	-17.6	-3.4	-2.0
Peer Ranking (percentile)	5	13	32	19

Risk: (forty-four months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
<b>Vontobel Emerging Markets Equity</b>	<b>13.9%</b>	<b>0.78</b>	<b>0.10</b>	<b>0.68</b>	<b>0.85</b>
MSCI Emerging Markets	14.4	1.00	Neg.	NA	1.00

	9/30/15		6/30/15	
	Vontobel Emerging Markets Equity	MSCI Emerging Markets	Vontobel Emerging Markets Equity	MSCI Emerging Markets
<b>Capitalization Structure:</b>				
Weighted Average Market Cap. (US\$ billion)	39.5	33.4	44.4	39.7
Median Market Cap. (US\$ billion)	15.8	4.2	19.2	5.0
Large (% over US\$20 billion)	61	35	67	44
Medium (% US\$3 billion to US\$20 billion)	38	55	32	49
Small (% under US\$3 billion)	2	10	1	7

### Fundamental Structure:

Price-Earnings Ratio	22	13	24	15
Price-Book Value Ratio	4.2	1.3	4.7	1.6
Dividend Yield (%)	2.3	2.7	2.2	2.7
Historical Earnings Growth Rate (%)	19	10	20	10
Projected Earnings Growth Rate (%)	13	12	15	13

### Sector Allocation (%):

Consumer Staples	39	9	34	8
Health Care	4	3	3	2
Utilities	4	3	3	3
Telecommunication Services	5	7	5	7
Consumer Discretionary	7	9	8	9
Information Technology	14	18	17	18
Materials	2	7	2	7
Financials	24	29	27	30
Energy	1	8	1	8
Industrials	0	7	0	7

### Diversification:

Number of Holdings	71	836	73	836
% in 5 largest holdings	27	13	23	12
% in 10 largest holdings	42	19	37	19

### Region Allocation (%):

Asia Pacific	62	69	61	69
Latin America	17	13	19	14
Europe/MidEast/Africa	6	17	5	17
Frontier	1	0	1	0
Other	15	0	14	0

### Largest Five Holdings:

		Industry
British American Tobacco	6.9	Food, Beverage & Tobacco
Housing Development Financial	5.7	Banks
HDFC Bank	5.0	Banks
ITC	4.8	Food, Beverage & Tobacco
SABMiller	4.2	Food, Beverage & Tobacco



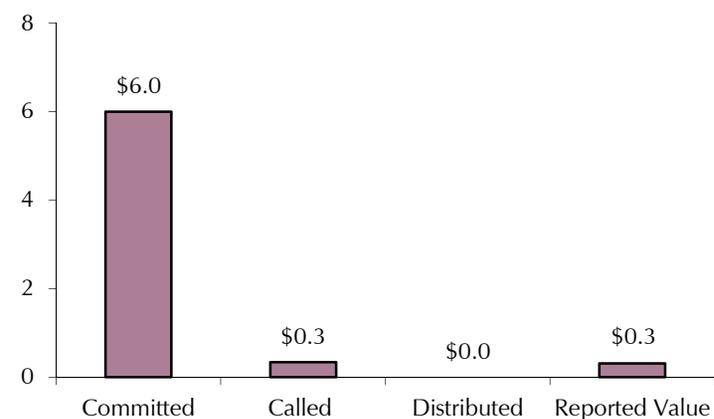
**Private Equity Portfolio Reviews  
As of September 30, 2015**

## City of Ann Arbor Employees' Retirement System

## Ironsides Partnership Fund III, L.P. Portfolio Detail as of 9/30/15

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

**Commitment:** \$6.0 million  
**Capital Contributions:** \$0.3 million  
**Outstanding Commitment:** \$5.7 million  
**Realized Proceeds:** \$0.0 million  
**Total Value:** \$0.3 million  
**Number of Investments:<sup>1</sup>** 4  
**Net IRR:** NA



### Investment Strategy:

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

<sup>1</sup> Data presented is as of June 30, 2015.

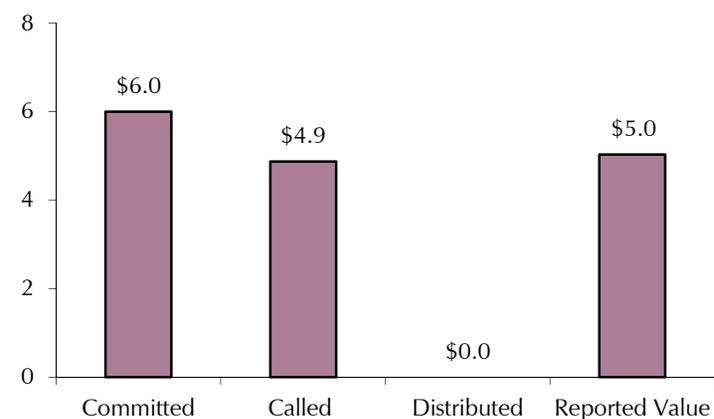


## City of Ann Arbor Employees' Retirement System

## Ironsides Co-Investment Fund III, L.P. Portfolio Detail as of 9/30/15

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

**Commitment:** \$6.0 million  
**Capital Contributions:** \$4.9 million  
**Outstanding Commitment:** \$1.1 million  
**Realized Proceeds:** \$0.0 million  
**Total Value:** \$5.0 million  
**Number of Investments:<sup>1</sup>** 7  
**Net IRR:** NA



### Investment Strategy:

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

<sup>1</sup> Data presented is as of June 30, 2015.



**Investment Grade Bond Portfolio Reviews  
As of September 30, 2015**

## City of Ann Arbor Employees' Retirement System

## Northern Trust Barclays Aggregate Index Portfolio Detail as of 9/30/15

**Mandate:** Investment Grade Bonds  
**Active/Passive:** Passive  
**Market Value:** \$68.1 million  
**Portfolio Manager:** Bradford Adams  
 Alexander Matturri Jr., CFA  
**Location:** Chicago, Illinois  
**Inception Date:** 7/1/1998  
**Account Type:** Commingled

	Short	Int.	Long
High			
Medium			
Low			

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

**Liquidity Constraints:**  
 Daily

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

Performance (%):	3Q15	1 YR	3 YR	5 YR	Since 7/1/98
<b>Northern Trust Barclays Aggregate Index</b>	<b>1.2</b>	<b>3.0</b>	<b>1.7</b>	<b>3.1</b>	<b>5.2</b>
<b>Net of Fees</b>	<b>1.2</b>	<b>2.9</b>	<b>1.6</b>	<b>3.0</b>	<b>NA</b>
Barclays Aggregate	1.2	2.9	1.7	3.1	5.2

Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
<b>Northern Trust Barclays Aggregate Index</b>	<b>2.9%</b>	<b>1.01</b>	<b>1.05</b>	<b>NA</b>	<b>1.00</b>
Barclays Aggregate	2.9	1.00	1.06	NA	1.00

	9/30/15		6/30/15	
Duration & Yield:	NT Barclays Aggregate Index	Barclays Aggregate	NT Barclays Aggregate Index	Barclays Aggregate
Average Effective Duration (years)	5.6	5.6	5.6	5.6
Yield to Maturity (%)	2.3	2.3	2.4	2.4
Quality Structure (%):				
Average Quality	AA+	AA+	AA+	AA+
AAA (includes Treasuries and Agencies)	72	72	72	71
AA	4	4	4	4
A	11	11	12	12
BBB	12	12	13	13
BB	0	0	0	0
B	0	0	0	0
Below B	0	0	0	0
Non-Rated	0	0	0	0
Sector Allocation (%):				
U.S. Treasury-Nominal	36	36	36	36
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	3	3	3	3
Mortgage Backed	28	28	28	28
Corporate	24	24	24	24
Bank Loans	0	0	0	0
Local & Provincial Government	5	1	1	1
Sovereign & Supranational	1	4	5	5
Commercial Mortgage Backed	2	2	2	2
Asset Backed	1	1	1	1
Cash Equivalent	0	0	0	0
Other	0	0	0	0
Market Allocation (%):				
United States	92	91	91	91
Foreign (developed markets)	6	7	7	7
Foreign (emerging markets)	2	2	2	2
Currency Allocation (%):				
Non-U.S. Dollar Exposure	0	0	0	0



## City of Ann Arbor Employees' Retirement System

## Northern Trust 1-5 Year Credit Bond Portfolio Detail as of 9/30/15

**Mandate:** Fixed Income  
**Active/Passive:** Passive  
**Market Value:** \$38.2 million  
**Portfolio Manager:** Team  
**Location:** Chicago, Illinois  
**Inception Date:** 2/1/2013  
**Account Type:** Commingled

	Short	Int.	Long
High			
Medium			
Low			

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

**Liquidity Constraints:**  
 Daily

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

Performance (%):	3Q15	1 YR	Since 2/1/13
<b>Northern Trust 1-5 Year Credit Bond</b>	<b>0.5</b>	<b>1.9</b>	<b>1.7</b>
<b>Net of Fees</b>	<b>0.5</b>	<b>1.9</b>	<b>1.6</b>
Barclays 1-5 Year Credit	0.4	1.8	1.7
Peer Short-Term Core Fixed Income	0.3	1.5	1.3
Peer Ranking (percentile)	29	23	19

	9/30/15		6/30/15	
	Northern Trust 1-5 Year Credit Bond	Barclays 1-5 Year Credit	Northern Trust 1-5 Year Credit Bond	Barclays 1-5 Year Credit
<b>Duration &amp; Yield:</b>				
Average Effective Duration (years)	2.8	2.8	2.8	2.8
Yield to Maturity (%)	2.0	2.0	1.9	1.9
<b>Quality Structure (%):</b>				
Average Quality	A	A	A	A
AAA (includes Treasuries and Agencies)	16	16	16	16
AA	12	12	13	13
A	41	41	40	40
BBB	31	31	31	31
BB	0	0	0	0
B	0	0	0	0
Below B	0	0	0	0
Non-Rated	0	0	0	0
<b>Sector Allocation (%):</b>				
U.S. Treasury-Nominal	0	0	0	0
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	8	8	8	8
Mortgage Backed	0	0	0	0
Corporate	78	78	76	76
Bank Loans	0	0	0	0
Local & Provincial Government	2	2	2	2
Sovereign & Supranational	13	13	14	14
Commercial Mortgage Backed	0	0	0	0
Asset Backed	0	0	0	0
Cash Equivalent	0	0	0	0
Other	0	0	0	0
<b>Market Allocation (%):</b>				
United States	62	62	61	61
Foreign (developed markets)	33	33	34	34
Foreign (emerging markets)	5	5	6	6
<b>Currency Allocation (%):</b>				
Non-U.S. Dollar Exposure	0	0	0	0



## City of Ann Arbor Employees' Retirement System

## Northern Trust Short-Term Government Bond Portfolio Detail as of 9/30/15

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

	Short	Int.	Long
High			
Medium			
Low			

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

**Liquidity Constraints:**  
 Daily

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

Performance (%):	3Q15	1 YR	Since 2/1/13
<b>Northern Trust Short-Term Government Bond</b>	<b>0.3</b>	<b>1.1</b>	<b>0.7</b>
<b>Net of Fees</b>	<b>0.3</b>	<b>1.1</b>	<b>0.6</b>
Barclays 1-3 Year Government	0.3	1.2	0.8
Peer Short-Term Core Fixed Income	0.3	1.5	1.3
Peer Ranking (percentile)	51	76	88

	9/30/15		6/30/15	
	NT Short-Term Government Bond	Barclays 1-3 Year Government	NT Short-Term Government Bond	Barclays 1-3 Year Government
<b>Duration &amp; Yield:</b>				
Average Effective Duration (years)	1.8	1.8	1.9	1.9
Yield to Maturity (%)	0.6	0.6	0.7	0.6
<b>Quality Structure (%):</b>				
Average Quality	AAA	AAA	AAA	AAA
AAA (includes Treasuries and Agencies)	96	96	96	96
AA	4	4	4	4
A	0	0	0	0
BBB	0	0	0	0
BB	0	0	0	0
B	0	0	0	0
Below B	0	0	0	0
Non-Rated	0	0	0	0
<b>Sector Allocation (%):</b>				
U.S. Treasury-Nominal	89	89	88	88
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	11	11	12	12
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
<b>Market Allocation (%):</b>				
United States	100	100	100	100
Foreign (developed markets)	0	0	0	0
Foreign (emerging markets)	0	0	0	0
<b>Currency Allocation (%):</b>				
Non-U.S. Dollar Exposure	0	0	0	0



**TIPS Portfolio Review  
As of September 30, 2015**

# City of Ann Arbor Employees' Retirement System

# IR&M 1-10 Year Index Portfolio Detail as of 9/30/15

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

	Short	Int.	Long
High			
Medium			
Low			

**Fee Schedule:**  
0.08% on all assets

**Liquidity Constraints:**  
Daily

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

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

Performance (%):	3Q15	1 YR	Since 11/1/13
<b>IR&amp;M 1-10 Year Index</b>	<b>-0.9</b>	<b>-0.8</b>	<b>-0.3</b>
<b>Net of Fees</b>	<b>-0.9</b>	<b>-0.9</b>	<b>-0.4</b>
Barclays U.S. TIPS 1-10 Year	-0.9	-0.8	-0.4
Peer TIPS	-1.3	-1.1	-0.1
Peer Ranking (percentile)	23	30	76

Duration & Yield:	9/30/15		6/30/15	
	IR&M 1-10 Year Index	Barclays U.S. TIPS 1-10 Year	IR&M 1-10 Year Index	Barclays U.S. TIPS 1-10 Year
Average Effective Duration (years)	5.5	3.6	5.5	5.5
Yield to Maturity (%) <sup>1</sup>	1.5	1.6	1.7	1.8
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

<sup>1</sup> 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.



**High Yield Bond Portfolio Reviews  
As of September 30, 2015**

## City of Ann Arbor Employees' Retirement System

## SKY Harbor Broad High Yield Market Portfolio Detail as of 9/30/15

**Mandate:** High Yield Bonds  
**Active/Passive:** Active  
**Market Value:** \$17.4 million  
**Portfolio Manager:** Hanna H. Strasser  
**Location:** Greenwich, Connecticut  
**Inception Date:** 9/1/2012  
**Account Type:** Commingled

	Short	Int.	Long
High			
Medium			
Low			

**Fee Schedule:**  
0.30% on all assets

**Liquidity Constraints:**  
Daily

**Strategy:**

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

Performance (%):	3Q15	1 YR	3 YR	Since 9/1/12
<b>SKY Harbor Broad High Yield Market</b>	<b>-4.0</b>	<b>-3.8</b>	<b>4.0</b>	<b>3.8</b>
<b>Net of Fees</b>	<b>-4.1</b>	<b>-4.3</b>	<b>3.4</b>	<b>3.2</b>
Barclays High Yield	-4.9	-3.4	3.5	3.9
Peer High Yield	-4.2	-2.3	4.0	4.4
Peer Ranking (percentile)	39	73	53	76

Risk: (thirty-seven months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
<b>SKY Harbor Broad High Yield Market</b>	<b>4.6%</b>	<b>0.91</b>	<b>0.82</b>	<b>Neg.</b>	<b>0.96</b>
Barclays High Yield	4.9	1.00	0.78	NA	1.00

Duration & Yield:	9/30/15		6/30/15	
	Sky Harbor	Barclays High Yield	Sky Harbor	Barclays High Yield
Average Effective Duration (years)	4.4	4.4	4.4	4.4
Yield to Maturity (%)	7.7	8.0	6.8	6.6

Quality Structure (%):	Sky Harbor	Barclays High Yield	Sky Harbor	Barclays High Yield
Average Quality	B	B	B	B
AAA (includes Treasuries and Agencies)	0	0	0	0
AA	0	0	0	0
A	0	0	0	0
BBB	2	0	2	0
BB	32	45	31	44
B	44	40	42	40
Below B	22	15	24	15
Non-Rated	0	0	0	0

Sector Allocation (%):	Sky Harbor	Barclays High Yield	Sky Harbor	Barclays High Yield
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	99	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	1	0	2	0
Other	0	0	0	0

Market Allocation (%):	Sky Harbor	Barclays High Yield	Sky Harbor	Barclays High Yield
United States	87	82	87	83
Foreign (developed markets)	13	18	13	17
Foreign (emerging markets)	0	0	0	0

Currency Allocation (%):	Sky Harbor	Barclays High Yield	Sky Harbor	Barclays High Yield
Non-U.S. Dollar Exposure	0	0	0	0

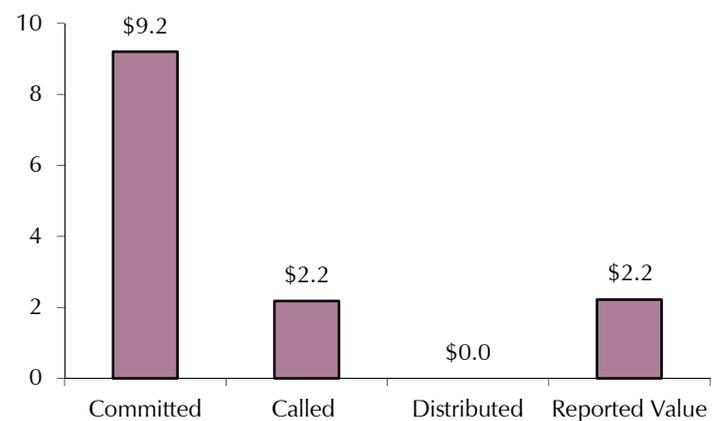


## City of Ann Arbor Employees' Retirement System

## Summit Partners Credit Fund II Portfolio Detail as of 9/30/15

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

**Commitment:** \$9.2 million  
**Capital Contributions:** \$2.2 million  
**Outstanding Commitment:** \$7.0 million  
**Realized Proceeds:** \$0.0 million  
**Total Value:** \$2.2 million  
**Number of Investments<sup>1</sup>:** 6  
**Net IRR:** 4.0%



### Investment Strategy:

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

<sup>1</sup> Data presented is as of June 30, 2015.



**Bank Loans Portfolio Review  
As of September 30, 2015**

## City of Ann Arbor Employees' Retirement System

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

	Short	Int.	Long
High			
Medium			
Low			

**Fee Schedule:**  
0.65% on all assets

**Liquidity Constraints:**  
Quarterly

**Strategy:**

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

Performance (%):	3Q15	1 YR	3 YR	Since 4/1/12
<b>Beach Point Leveraged Loan</b>	<b>0.1</b>	<b>3.4</b>	<b>4.9</b>	<b>5.9</b>
<b>Net of Fees</b>	<b>-0.1</b>	<b>2.7</b>	<b>4.2</b>	<b>5.2</b>
CSFB Leveraged Loan	-1.2	1.2	3.8	4.4

Risk: (forty-two months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
<b>Beach Point Leveraged Loan</b>	<b>1.8%</b>	<b>0.84</b>	<b>3.18</b>	<b>2.01</b>	<b>0.93</b>
CSFB Leveraged Loan	2.0	1.00	2.18	NA	1.00

## Beach Point Leveraged Loan Portfolio Detail as of 9/30/15

	9/30/15		6/30/15	
	Beach Point Leveraged Loan	CSFB Leveraged Loan	Beach Point Leveraged Loan	CSFB Leveraged Loan
<b>Duration &amp; Yield:</b>				
Average Effective Duration (years)	0.7	0.3	0.4	0.3
Yield to Maturity (%)	5.7	4.9	5.0	4.9
<b>Quality Structure (%):</b>				
Average Quality	B+	B	B	B
AAA (includes Treasuries and Agencies)	0	0	0	0
AA	0	0	0	0
A	0	0	0	0
BBB	1	0	0	0
BB	35	34	31	33
B	59	58	64	58
Below B	4	6	4	7
Non-Rated	1	2	1	2
<b>Sector Allocation (%):</b>				
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	14	0	8	0
Bank Loans	86	100	93	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
<b>Market Allocation (%):</b>				
United States	79	100	79	100
Foreign (developed markets)	21	0	21	0
Foreign (emerging markets)	0	0	0	0
<b>Currency Allocation (%):</b>				
Non-U.S. Dollar Exposure	3	0	5	0



**Emerging Market Debt Portfolio Review**  
**As of September 30, 2015**

## City of Ann Arbor Employees' Retirement System

## Stone Harbor Emerging Markets Local Currency Debt Portfolio Detail as of 9/30/15

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

	Short	Int.	Long
High			
Medium			
Low			

**Fee Schedule:**  
0.87% on all assets

**Liquidity Constraints:**  
Daily

**Strategy:**

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

Performance (%):	3Q15	1 YR	3 YR	Since 6/1/12
<b>Stone Harbor Emerging Markets Local Currency Debt</b>	<b>-11.8</b>	<b>-21.8</b>	<b>-11.2</b>	<b>-7.7</b>
JPM GBI-EM Global Diversified (unhedged)	-10.5	-19.8	-8.7	-5.0
Peer Emerging Market Debt	-5.1	-8.0	-2.4	0.6
Peer Ranking (percentile)	94	94	99	99

Risk: (forty months)	Standard Deviation	Beta	Sharpe Measure <sup>1</sup>	Info. Ratio	Correlation to Index
<b>Stone Harbor Emerging Markets Local Currency Debt</b>	<b>10.1%</b>	<b>1.02</b>	<b>Neg.</b>	<b>Neg.</b>	<b>0.99</b>
JPM GBI-EM Global Diversified (unhedged)	10.1	1.00	Neg.	NA	1.00

	9/30/15		6/30/15	
	Stone Harbor EM Local Debt	JPM GBI-EM Global Diversified (unhedged)	Stone Harbor EM Local Debt	JPM GBI-EM Global Diversified (unhedged)
<b>Duration &amp; Yield:</b>				
Average Effective Duration (years)	5.0	4.9	4.9	5.0
Yield to Maturity (%)	9.8	7.1	8.6	6.8
<b>Quality Structure (%):</b>				
Average Quality	BBB	BBB+	BBB+	BBB
AAA (includes Treasuries and Agencies)	1	0	2	0
AA	0	0	0	0
A	36	41	32	37
BBB	60	58	64	55
BB	1	2	0	7
B	0	0	0	0
Below B	3	0	2	0
Non-Rated	0	0	0	1
<b>Sector Allocation (%):</b>				
U.S. Treasury-Nominal	0	0	0	0
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	0	0	0	0
Mortgage Backed	0	0	0	0
Corporate	0	0	0	0
Bank Loans	0	0	0	0
Local & Provincial Government	0	0	0	0
Sovereign & Supranational	99	100	100	100
Commercial Mortgage Backed	0	0	0	0
Asset Backed	0	0	0	0
Cash Equivalent	1	0	0	0
Other	0	0	0	0
<b>Market Allocation (%):</b>				
United States	1	0	0	0
Foreign (developed markets)	0	0	0	0
Foreign (emerging markets)	99	100	100	100
<b>Currency Allocation (%):</b>				
Non-U.S. Dollar Exposure	98	100	97	100

<sup>1</sup> A negative Sharpe ratio indicates that the portfolio underperformed the risk-free rate during the sample period.



**Real Estate Portfolio Reviews  
As of September 30, 2015**

# City of Ann Arbor Employees' Retirement System

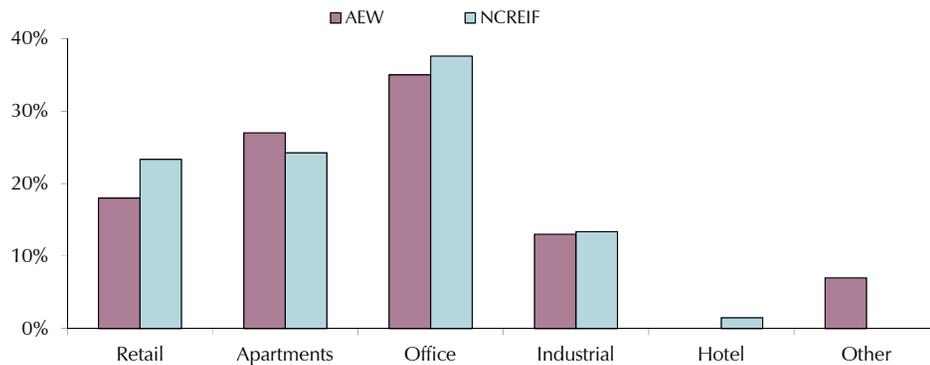
# A.E.W. Core Property Trust Portfolio Detail as of 9/30/15

**Strategy:** Real Estate  
Open-End  
Core  
**Market Value:** \$21.9 million  
**Senior Professionals:** Team  
**Location:** Boston, Massachusetts  
**Inception Date:** 7/1/2013  
**Account Type:** Separately Managed  
**# of Investments:** 62  
**Liquidity Constraints:** Quarterly  
**Net IRR:** 11.2%

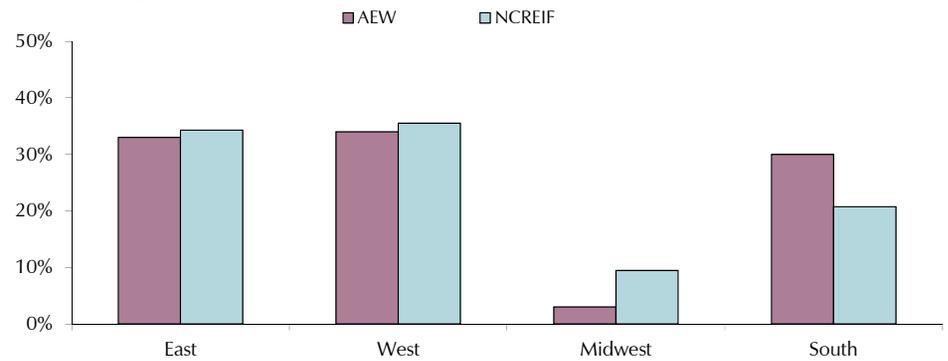
**Portfolio Size:**



**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 9/30/15

**Strategy:** Real Estate  
Closed-End  
Core-Plus

**Market Value:** \$5.1 million

**Senior Professionals:** Team

**Location:** Boston, Massachusetts

**Vintage Year:** 2003

**Account Type:** Separately Managed

**# of Investments:** 3

**Liquidity Constraints:** No interim liquidity

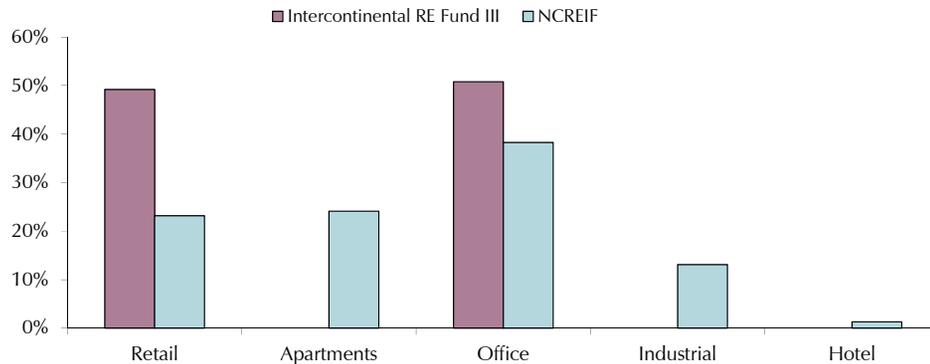
**Fee Schedule:** 1.25% on all assets

**IRR:** 5.1%

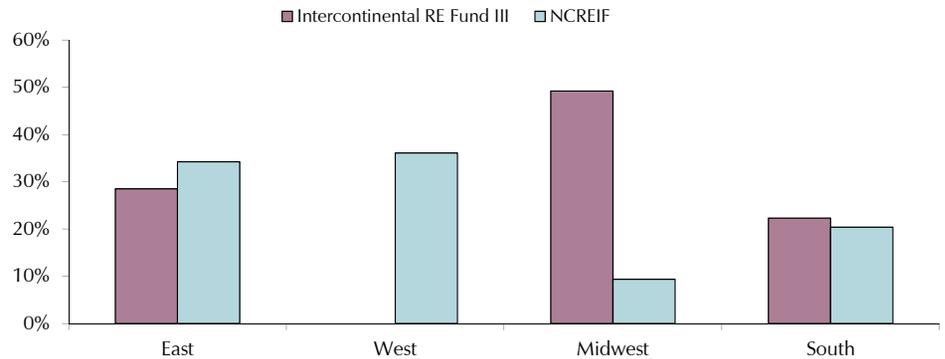
**Portfolio Size:**



**Property Type:**



**Geographic Region:**



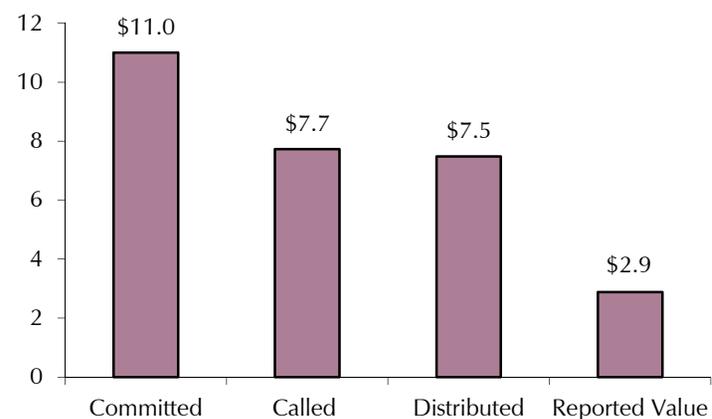
**Investment Strategy:** Intercontinental searches for properties that may generate attractive capital appreciation through some degree of asset repositioning, re-tenanting, or through moderate physical or financial rehabilitation. The manager will construct a geographically diversified portfolio across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



## City of Ann Arbor Employees' Retirement System

## INVESCO Mortgage Recovery Loans Portfolio Detail as of 9/30/15

<b>Strategy:</b>	Opportunistic Debt - PPIP
<b>Senior Professionals:</b>	Richard J. King, CFA
<b>Location:</b>	Atlanta, Georgia
<b>Vintage Year:</b>	2008
<b>Fee Schedule:</b>	1.0% management fee on invested capital; 8% preferred return; 20% carried interest
<b>Commitment<sup>1</sup>:</b>	\$11.0 million
<b>Capital Contributions:</b>	\$7.7 million
<b>Realized Proceeds:</b>	\$7.5 million
<b>Reported Value:</b>	\$2.9 million
<b>Net IRR:</b>	16.8% <sup>2</sup>



### 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.

<sup>1</sup> Combined commitment for INVESCO Mortgage Recovery Loans and Mortgage Recovery Feeder.

<sup>2</sup> Data presented is as of June 30, 2015.



## City of Ann Arbor Employees' Retirement System

## INVESCO Mortgage Recovery Feeder Portfolio Detail as of 9/30/15

<b>Strategy:</b>	Opportunistic Debt - PPIP
<b>Senior Professionals:</b>	Richard J. King, CFA
<b>Location:</b>	Atlanta, Georgia
<b>Vintage Year:</b>	2008
<b>Fee Schedule:</b>	1.0% management fee; 8% preferred return; 20% carried interest
<b>Commitment:</b>	\$4.5 million
<b>Capital Contributions:</b>	\$4.2 million
<b>Realized Proceeds:</b>	\$5.6 million
<b>Reported Value:</b>	< \$0.1 million
<b>Net IRR:</b>	19.5% <sup>1</sup>



### 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.

<sup>1</sup> Data presented is as of June 30, 2015.



# City of Ann Arbor Employees' Retirement System

# DRA Growth and Income Fund VIII, LLC Portfolio Detail as of 9/30/15

**Strategy:** Real Estate  
Closed-End  
Value-Added

**Market Value:** \$3.1 million

**Senior Professionals:** Team

**Location:** New York, New York

**Vintage Year:** 2013

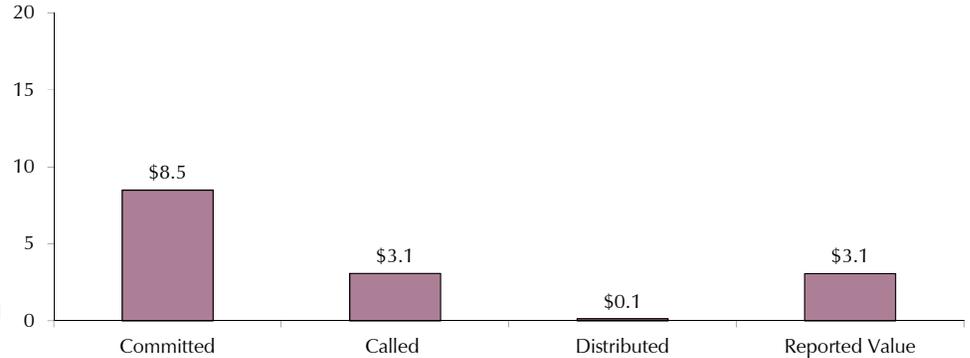
**Account Type:** Limited Partnership

**# of Investments<sup>1</sup>:** 39

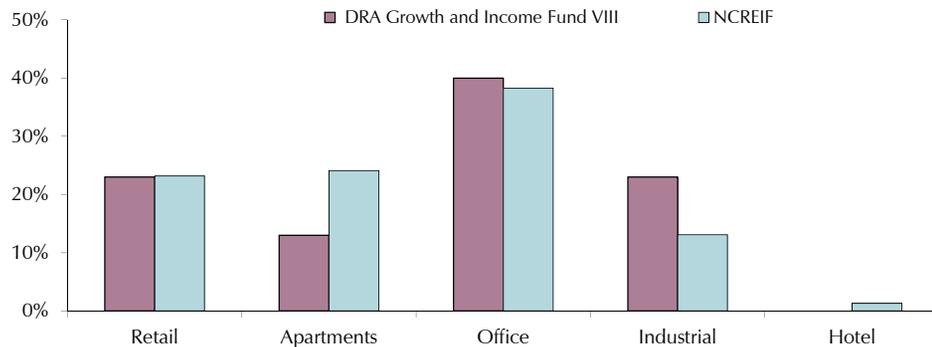
**Fee Schedule:** 0.90% on gross cost during investment period; 0.60% thereafter; 8% preferred return and 20% carried interest

**IRR:** 14.0%

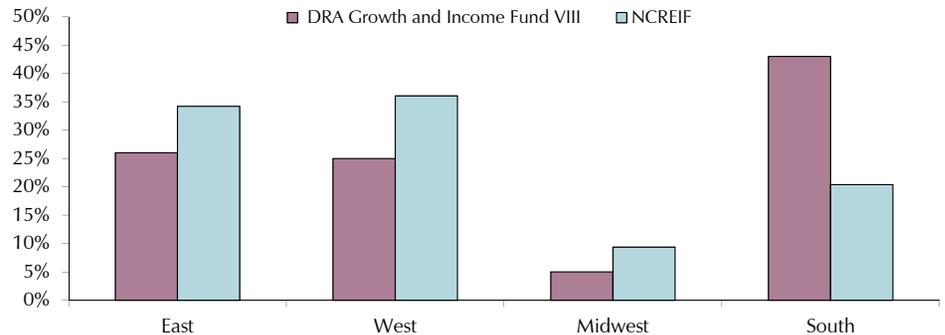
**Portfolio Size:**



**Property Type:**



**Geographic Region:**



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

<sup>1</sup> Data presented is as of June 30, 2015.



**Hedge Fund Portfolio Reviews  
As of September 30, 2015**

## City of Ann Arbor Employees' Retirement System

## Tse Capital Offshore Fund, Ltd. Portfolio Detail as of 9/30/15

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

**Fee Schedule:**

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

**Liquidity Constraints:**

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

**Strategy:**

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

<b>Performance (%):</b>	<b>3Q15</b>	<b>Since 2/1/15</b>
<b>Tse Capital Offshore Fund, Ltd.</b>	<b>-7.2</b>	<b>-0.3</b>
HFRI Macro Index	-0.7	-3.1

<b>Security Type Exposure (%):</b>	<b>9/30/2015</b>		<b>6/30/2015</b>	
	<b>Long</b>	<b>Short</b>	<b>Long</b>	<b>Short</b>
Commodity	4	0	15	0
Currency	0	65	8	74
Equity	25	4	36	0
Fixed Income (Developed)	14	0	12	117

**Top 3 Notional Positions (%):**

Short Singapore currency to the dollar  
 Short Japanese currency to the dollar  
 Short South Korean currency to the dollar



## City of Ann Arbor Employees' Retirement System

## 36 South Kohinoor Series Three Portfolio Detail as of 9/30/15

**Mandate:** Hedge Fund, Global Macro  
**Market Value:** \$9.1 million  
**Portfolio Manager:** Richard Haworth  
 Anthony Limbrick  
 Richard Hollington, CAIA  
**Location:** London, United Kingdom  
**Inception Date:** 2/1/2015  
**Account Type:** Limited Partnership  
**# of Investments:** 113  
**Fee Schedule:**  
 1.75% management, 20.0% performance

**Liquidity Constraints:**

Monthly with 30 days' notice

**Strategy:**

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

Performance (%):	3Q15	Since 2/1/15
<b>36 South Kohinoor Series Three</b>	<b>0.4</b>	<b>-2.5</b>
HFRI Macro Index	-0.7	-3.1

Geographic Exposure (%):	9/30/2015		6/30/2015	
	Gross	Net	Gross	Net
North America	41	36	106	105
Developed Europe	142	103	64	64
Developed Asia	43	35	37	37
Emerging Markets	0	0	0	0

Security Type Exposure (%):	Long	Short	Long	Short
Commodity	69	32	83	39
Currency	161	0	206	0
Equity	153	2	116	<1
Fixed Income (Developed)	30	0	91	0

**Top 3 Notional Positions (%):**

XAU Calls	26
UKX Index Puts	18
AUD JPY Call	15

**Top 3 Risk Positions (%):**

EUR USD	18
AUD JPY	15
WTI and Brent Calls	10



## City of Ann Arbor Employees' Retirement System

## Och-Ziff Credit Opportunities Portfolio Detail as of 9/30/15

**Mandate:** Hedge Fund, Fixed Income

**Market Value:** \$2.7 million

**Portfolio Manager:** Team

**Location:** New York, New York

**Inception Date:** 6/30/2015

**Account Type:** Limited Partnership

**# of Investments:** 557

**Fee Schedule:**

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

**Liquidity Constraints:**

Quarterly (with 61 days advance notice)

**Strategy:**

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

Performance (%):	3Q15	Since 6/30/15
<b>Och-Ziff Credit Opportunities</b>	<b>-3.5</b>	<b>-4.7</b>
Barclays High Yield	-4.9	-6.3

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

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

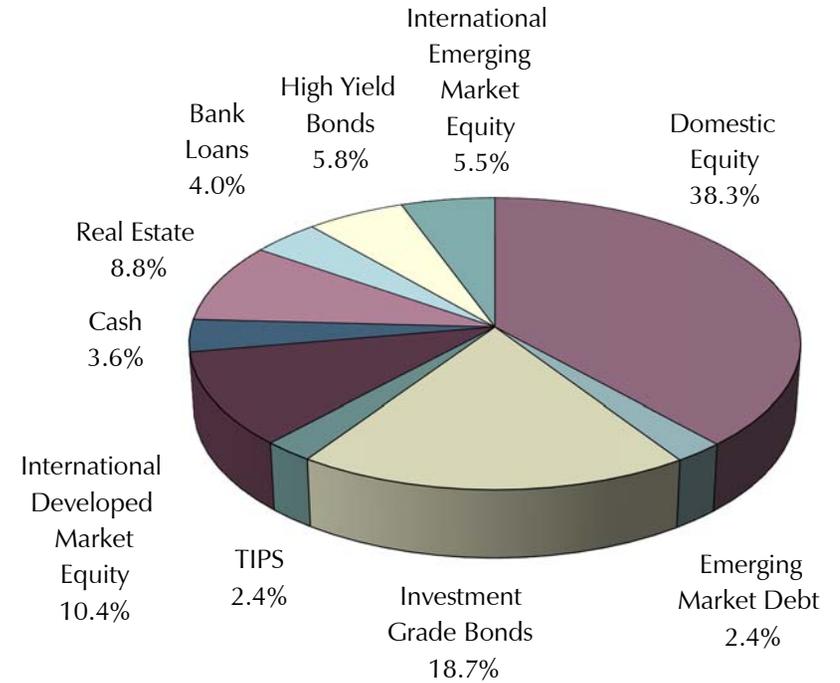
Security Type (%):	9/30/15		6/30/15	
	Long Exposure	Short Exposure	Long Exposure	Short Exposure
Equities	2	1	2	1
Fixed Income	123	1	121	3
Derivative	1	25	1	23
Cash	-	-	-	-



**VEBA Summary  
As of September 30, 2015**

City of Ann Arbor  
VEBA

Aggregate Assets  
as of 9/30/15



City of Ann Arbor  
VEBA

Aggregate Assets  
Asset Summary as of 9/30/15

	Market Value 9/30/15 (\$ mm)	% of Health Care Trust	Target Allocation (%)	Target Range (%)	Market Value 6/30/15 (\$ mm)
<b>Total VEBA</b>	<b>125.5</b>	<b>100</b>	<b>NA</b>	<b>NA</b>	<b>132.1</b>
Domestic Equity Assets	48.1	38	38	30-46	52.7
International Developed Market Equity Assets	13.1	10	11	8-14	14.6
International Emerging Market Equity Assets	6.9	6	6	0-9	8.2
Investment Grade Bond Assets	23.5	19	10	8-12	23.2
TIPS Assets	3.0	2	9	0-11	3.0
High Yield Bond Assets <sup>1</sup>	7.3	6	6	2-8	7.6
Bank Loan Assets	5.0	4	4	0-6	5.0
Emerging Market Debt Assets	3.0	2	3	0-5	3.4
Real Estate Assets	11.1	9	10	2-12	10.4
Natural Resources Assets	0.0	0	3	0-5	0.0
Cash	4.5	4	0	< 5	4.0

<sup>1</sup> Includes Summit Partners Credit Fund II.



City of Ann Arbor  
VEBA

Aggregate Assets  
Portfolio Roster as of 9/30/15

	Market Value 9/30/15 (\$ mm)	% of Asset Class	% of Health Care Trust	Target Allocation (%)	Target Range (%)	Market Value 6/30/15 (\$ mm)
<b>Total VEBA</b>	<b>125.5</b>	<b>NA</b>	<b>100</b>	<b>NA</b>	<b>NA</b>	<b>132.1</b>
<b>Domestic Equity Assets</b>	<b>48.1</b>	<b>100</b>	<b>38</b>	<b>38</b>	<b>30-46</b>	<b>52.7</b>
Northern Trust Russell 1000 Index	32.9	68	26			35.3
RhumbLine S&P 400 Index	9.2	19	7			10.0
SouthernSun Small Cap Equity	6.0	13	5			7.5
<b>International Developed Market Equity Assets</b>	<b>13.1</b>	<b>100</b>	<b>10</b>	<b>11</b>	<b>8-14</b>	<b>14.6</b>
Fisher Institutional Foreign Equity	13.1	100	10			14.6
<b>International Emerging Market Equity Assets</b>	<b>6.9</b>	<b>100</b>	<b>6</b>	<b>6</b>	<b>0-9</b>	<b>8.2</b>
Dimensional Emerging Markets Value	3.6	52	3			4.5
Vontobel Emerging Markets Equity	3.3	48	3			3.7
<b>Investment Grade Bond Assets</b>	<b>23.5</b>	<b>100</b>	<b>19</b>	<b>10</b>	<b>8-12</b>	<b>23.2</b>
Northern Trust Barclays Aggregate Bond Index	23.5	100	19			23.2
<b>TIPS Assets</b>	<b>3.0</b>	<b>100</b>	<b>2</b>	<b>9</b>	<b>0-11</b>	<b>3.0</b>
IR&M 1-10 Year Index	3.0	100	2			3.0



City of Ann Arbor  
VEBA

Aggregate Assets  
Portfolio Roster as of 9/30/15

	Market Value 9/30/15 (\$ mm)	% of Asset Class	% of Health Care Trust	Target Allocation (%)	Target Range (%)	Market Value 6/30/15 (\$ mm)
<b>High Yield Bond Assets</b>	<b>7.3</b>	<b>100</b>	<b>6</b>	<b>6</b>	<b>2-8</b>	<b>7.6</b>
SKY Harbor Broad High Yield Market	6.7	92	5			7.0
Summit Partners Credit Fund II <sup>1</sup>	0.6	8	< 1			0.5
<b>Bank Loan Assets</b>	<b>5.0</b>	<b>100</b>	<b>4</b>	<b>4</b>	<b>0-6</b>	<b>5.0</b>
Beach Point Leveraged Loan	5.0	100	4			5.0
<b>Emerging Market Debt Assets</b>	<b>3.0</b>	<b>100</b>	<b>2</b>	<b>3</b>	<b>0-5</b>	<b>3.4</b>
Stone Harbor Emerging Markets Local Currency Debt	3.0	100	2			3.4
<b>Real Estate Assets</b>	<b>11.1</b>	<b>100</b>	<b>9</b>	<b>10</b>	<b>2-12</b>	<b>10.4</b>
Vanguard REIT Index	4.7	42	4			4.6
A.E.W. Core Property Trust	5.5	50	4			5.3
DRA Growth and Income Fund VIII <sup>1</sup>	0.9	8	1			0.5
<b>Cash</b>	<b>4.5</b>	<b>100</b>	<b>4</b>	<b>0</b>	<b>&lt; 5</b>	<b>4.0</b>
Northern Trust Cash Account	4.5	100	4			4.0

<sup>1</sup> Market value as of June 30, 2015, adjusted for subsequent cash flows.



City of Ann Arbor  
VEBA

Aggregate Assets  
Performance as of 9/30/15

	3Q15 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
<b>Total VEBA</b>	<b>-5.6</b>	<b>-3.8</b>	<b>-2.2</b>	<b>6.0</b>	<b>8.1</b>	<b>5.7</b>	<b>10/1/99</b>	<b>5.6</b>
<b>Net of Fees</b>	<b>-5.7</b>	<b>-4.0</b>	<b>-2.5</b>	<b>5.7</b>	<b>7.7</b>	<b>NA</b>		<b>NA</b>
<i>Policy Benchmark<sup>1</sup></i>	-5.7	-3.4	-2.3	5.8	7.5	5.6		5.1
<i>Actual Allocation Benchmark</i>	-5.2	-3.1	-1.4	6.4	NA	NA		NA
<i>60% MSCI ACWI / 40% Barclays Aggregate</i>	-5.2	-3.7	-2.8	4.9	5.6	5.0		NA
Domestic Equity	-8.8	-6.3	-2.8	12.0	13.9	7.4	10/1/99	5.9
<i>Russell 3000</i>	-7.2	-5.4	-0.5	12.5	13.3	6.9		5.1
International Developed Market Equity	-10.3	-5.3	-6.2	6.1	5.2	NA	7/1/09	9.1
<i>MSCI EAFE</i>	-10.2	-5.3	-8.7	5.6	4.0	3.0		6.7
International Emerging Market Equity	-15.3	-14.4	-18.4	-4.7	NA	NA	2/1/12	-3.3
<i>MSCI Emerging Markets</i>	-17.9	-15.5	-19.3	-5.3	-3.6	4.3		-4.2
Investment Grade Bonds <sup>2</sup>	1.2	1.2	3.0	2.1	3.8	5.3	10/1/00	5.7
<i>Barclays Aggregate</i>	1.2	1.1	2.9	1.7	3.1	4.6		5.3
<i>Barclays Universal</i>	0.7	1.0	2.3	1.9	3.4	4.8		5.5
TIPS	-0.9	0.3	-0.8	NA	NA	NA	11/1/13	-0.3
<i>Barclays U.S. TIPS</i>	-1.1	-0.8	-0.8	-1.8	2.5	4.0		0.1
<i>Barclays U.S. TIPS 1-10 Year</i>	-0.9	0.2	-0.8	-1.4	1.8	3.6		-0.4

<sup>1</sup> 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.

<sup>2</sup> Prior to July 2011, Investment Grade Bonds included an allocation to High Yield.



City of Ann Arbor  
VEBA

Aggregate Assets  
Performance as of 9/30/15

	3Q15 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
<b>Total VEBA (continued)</b>	<b>-5.6</b>	<b>-3.8</b>	<b>-2.2</b>	<b>6.0</b>	<b>8.1</b>	<b>5.7</b>	<b>10/1/99</b>	<b>5.6</b>
<b>Net of Fees (continued)</b>	<b>-5.7</b>	<b>-4.0</b>	<b>-2.5</b>	<b>5.7</b>	<b>7.7</b>	<b>NA</b>		<b>NA</b>
High Yield Bond Assets <sup>1</sup>	-3.6	-1.4	-3.7	3.5	5.9	NA	7/1/09	8.8
<i>Barclays High Yield</i>	-4.9	-2.5	-3.4	3.5	6.1	7.3		10.1
Bank Loans	0.1	2.8	3.4	4.9	NA	NA	4/1/12	5.9
<i>CSFB Leveraged Loan</i>	-1.2	1.6	1.2	3.8	4.8	4.4		4.4
Emerging Market Debt	-11.8	-15.1	-21.8	-11.2	NA	NA	6/1/12	-7.7
<i>JPM GBI-EM Global Diversified (unhedged)</i>	-10.5	-14.9	-19.8	-8.7	-3.6	4.5		-5.0
Real Estate	2.5	2.6	10.8	8.4	11.9	7.9	3/1/05	9.1
<i>NCREIF ODCE Equal Weighted</i>	3.6	11.4	14.8	13.2	13.9	6.4		7.4
<i>MSCI U.S. REIT</i>	2.1	-4.3	9.5	9.5	12.0	6.5		7.7

<sup>1</sup> Includes Summit Partners Credit Fund II.



City of Ann Arbor  
VEBA

Aggregate Assets  
Performance as of 9/30/15

	3Q15 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
<b>Domestic Equity</b>	<b>-8.8</b>	<b>-6.3</b>	<b>-2.8</b>	<b>12.0</b>	<b>13.9</b>	<b>7.4</b>	<b>10/1/99</b>	<b>5.9</b>
Northern Trust Russell 1000 Index	-6.8	-5.3	-0.6	12.7	NA	NA	2/1/12	13.3
Net of Fees	-6.8	-5.3	-0.7	12.6	NA	NA		13.2
<i>Russell 1000</i>	-6.8	-5.2	-0.6	12.7	13.4	7.0		13.4
RhumbLine S&P 400 Index	-8.1	-3.9	2.2	13.4	13.2	NA	2/1/10	14.4
Net of Fees	-8.1	-3.9	2.1	13.4	13.1	NA		NA
<i>S&amp;P MidCap</i>	-8.5	-4.7	1.4	13.1	12.9	8.3		14.2
SouthernSun Small Cap Equity	-19.7	-15.7	-19.0	6.6	12.7	8.3	12/1/04	8.4
Net of Fees	-20.0	-16.4	-19.8	5.6	11.6	7.4		NA
<i>Russell 2000</i>	-11.9	-7.7	1.2	11.0	11.7	6.5		6.6
<b>International Developed Market Equity</b>	<b>-10.3</b>	<b>-5.3</b>	<b>-6.2</b>	<b>6.1</b>	<b>5.2</b>	<b>NA</b>	<b>7/1/09</b>	<b>9.1</b>
Fisher Institutional Foreign Equity	-10.3	-5.3	-6.2	6.1	5.2	NA	7/1/09	9.1
Net of Fees	-10.5	-6.0	-7.1	5.1	4.2	NA		8.1
<i>MSCI EAFE</i>	-10.2	-5.3	-8.7	5.6	4.0	3.0		6.7



City of Ann Arbor  
VEBA

Aggregate Assets  
Performance as of 9/30/15

	3Q15 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
<b>International Emerging Market Equity</b>	<b>-15.3</b>	<b>-14.4</b>	<b>-18.4</b>	<b>-4.7</b>	<b>NA</b>	<b>NA</b>	<b>2/1/12</b>	<b>-3.3</b>
Dimensional Emerging Markets Value <sup>1</sup>	-19.2	-18.0	-23.1	-6.9	NA	NA	2/1/12	-6.2
<i>MSCI Emerging Markets</i>	-17.9	-15.5	-19.3	-5.3	-3.6	4.3		-4.2
Vontobel Emerging Markets Equity	-10.4	-9.7	-11.8	-1.2	NA	NA	2/1/12	1.4
Net of Fees	-10.7	-10.4	-12.8	-2.3	NA	NA		0.3
<i>MSCI Emerging Markets</i>	-17.9	-15.5	-19.3	-5.3	-3.6	4.3		-4.2
<b>Investment Grade Bonds<sup>2</sup></b>	<b>1.2</b>	<b>1.2</b>	<b>3.0</b>	<b>2.1</b>	<b>3.8</b>	<b>5.3</b>	<b>10/1/00</b>	<b>5.7</b>
Northern Trust Barclays Aggregate Bond Index	1.2	1.2	3.0	1.7	3.1	4.8	10/1/99	5.5
Net of Fees	1.2	1.1	3.0	1.6	3.1	4.7		5.4
<i>Barclays Aggregate</i>	1.2	1.1	2.9	1.7	3.1	4.6		5.4
<b>TIPS</b>	<b>-0.9</b>	<b>0.3</b>	<b>-0.8</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>11/1/13</b>	<b>-0.3</b>
IR&M 1-10 Year Index	-0.9	0.3	-0.8	NA	NA	NA	11/1/13	-0.3
Net of Fees	-0.9	0.2	-0.9	NA	NA	NA		-0.4
<i>Barclays U.S. TIPS 1-10 Year</i>	-0.9	0.2	-0.8	-1.4	1.8	3.6		-0.4

<sup>1</sup> Returns shown are net of fees.

<sup>2</sup> Prior to July 2011, Investment Grade Bonds included an allocation to High Yield.



City of Ann Arbor  
VEBA

Aggregate Assets  
Performance as of 9/30/15

	3Q15 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
<b>High Yield Bond Assets<sup>1</sup></b>	<b>-3.6</b>	<b>-1.4</b>	<b>-3.7</b>	<b>3.5</b>	<b>5.9</b>	<b>NA</b>	<b>7/1/09</b>	<b>8.8</b>
SKY Harbor Broad High Yield Market	-4.0	-1.5	-3.8	NA	NA	NA	12/1/12	3.6
Net of Fees	-4.1	-1.9	-4.3	NA	NA	NA		3.0
<i>Barclays High Yield</i>	-4.9	-2.5	-3.4	3.5	6.1	7.3		3.1
<b>Bank Loans</b>	<b>0.1</b>	<b>2.8</b>	<b>3.4</b>	<b>4.9</b>	<b>NA</b>	<b>NA</b>	<b>4/1/12</b>	<b>5.9</b>
Beach Point Leveraged Loan	0.1	2.8	3.4	4.9	NA	NA	4/1/12	5.9
Net of Fees	0.0	2.4	2.7	4.2	NA	NA		5.2
<i>CSFB Leveraged Loan</i>	-1.2	1.6	1.2	3.8	4.8	4.4		4.4
<b>Emerging Market Debt</b>	<b>-11.8</b>	<b>-15.1</b>	<b>-21.8</b>	<b>-11.2</b>	<b>NA</b>	<b>NA</b>	<b>6/1/12</b>	<b>-7.7</b>
Stone Harbor Emerging Markets Local Currency Debt <sup>2</sup>	-11.8	-15.1	-21.8	-11.2	NA	NA	6/1/12	-7.7
<i>JPM GBI-EM Global Diversified (unhedged)</i>	-10.5	-14.9	-19.8	-8.7	-3.6	4.5		-5.0
<b>Real Estate</b>	<b>2.5</b>	<b>2.6</b>	<b>10.8</b>	<b>8.4</b>	<b>11.9</b>	<b>7.9</b>	<b>3/1/05</b>	<b>9.1</b>
Vanguard REIT Index	2.0	-4.3	9.3	NA	NA	NA	3/1/14	8.6
<i>MSCI U.S. REIT</i>	2.1	-4.3	9.5	9.5	12.0	6.5		8.7
A.E.W. Core Property Trust <sup>3</sup>	2.9	9.1	12.3	NA	NA	NA	7/1/13	NA
<i>NCREIF ODCE</i>	3.4	11.0	14.7	13.4	14.0	6.7		13.7

<sup>1</sup> Includes Summit Partners Credit Fund II.

<sup>2</sup> Performance is shown as net of fees.

<sup>3</sup> Performance is preliminary.



City of Ann Arbor  
VEBA

Aggregate Assets  
Calendar Year Performance

	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)
<b>Total VEBA</b>	<b>5.1</b>	<b>15.2</b>	<b>12.6</b>	<b>2.7</b>	<b>19.6</b>	<b>21.9</b>	<b>-24.2</b>	<b>4.0</b>	<b>10.9</b>	<b>7.0</b>
<b>Net of Fees</b>	<b>4.8</b>	<b>14.8</b>	<b>12.3</b>	<b>2.3</b>	<b>19.2</b>	<b>21.6</b>	<b>-24.2</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<i>Policy Benchmark<sup>1</sup></i>	5.7	14.2	13.0	1.6	15.7	24.6	-25.0	5.0	11.9	6.9
<i>Actual Allocation Benchmark</i>	6.2	15.3	12.2	NA	NA	NA	NA	NA	NA	NA
<i>60% MSCI ACWI / 40% Barclays Aggregate</i>	5.0	12.3	11.5	-1.1	10.8	23.0	-25.8	9.9	14.1	7.5
<b>Domestic Equity</b>	<b>9.5</b>	<b>34.6</b>	<b>17.7</b>	<b>2.2</b>	<b>27.4</b>	<b>31.4</b>	<b>-38.7</b>	<b>4.5</b>	<b>13.5</b>	<b>7.8</b>
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&amp;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
<b>International Developed Market Equity</b>	<b>-4.8</b>	<b>23.6</b>	<b>17.0</b>	<b>-10.8</b>	<b>17.0</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
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

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



City of Ann Arbor  
VEBA

Aggregate Assets  
Calendar Year Performance

	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)
<b>International Emerging Market Equity</b>	<b>-0.1</b>	<b>-4.4</b>	<b>NA</b>							
Dimensional Emerging Markets Value	-4.4	-3.8	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							
Net of Fees	5.5	-5.5	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
<b>Investment Grade Bonds<sup>1</sup></b>	<b>6.4</b>	<b>-1.6</b>	<b>5.8</b>	<b>8.1</b>	<b>8.2</b>	<b>7.0</b>	<b>6.2</b>	<b>7.3</b>	<b>4.3</b>	<b>2.4</b>
Northern Trust Barclays Aggregate Bond 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
<b>TIPS</b>	<b>0.9</b>	<b>NA</b>								
IR&M 1-10 Year Index	0.9	NA								
Net of Fees	0.8	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
<b>High Yield Bond Assets</b>	<b>1.4</b>	<b>9.2</b>	<b>12.4</b>	<b>5.7</b>	<b>12.3</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
SKY Harbor Broad High Yield Market	1.4	9.2	NA							
Net of Fees	0.8	8.6	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

<sup>1</sup> Prior to July 2011, Investment Grade Bonds included an allocation to High Yield.



City of Ann Arbor  
VEBA

Aggregate Assets  
Calendar Year Performance

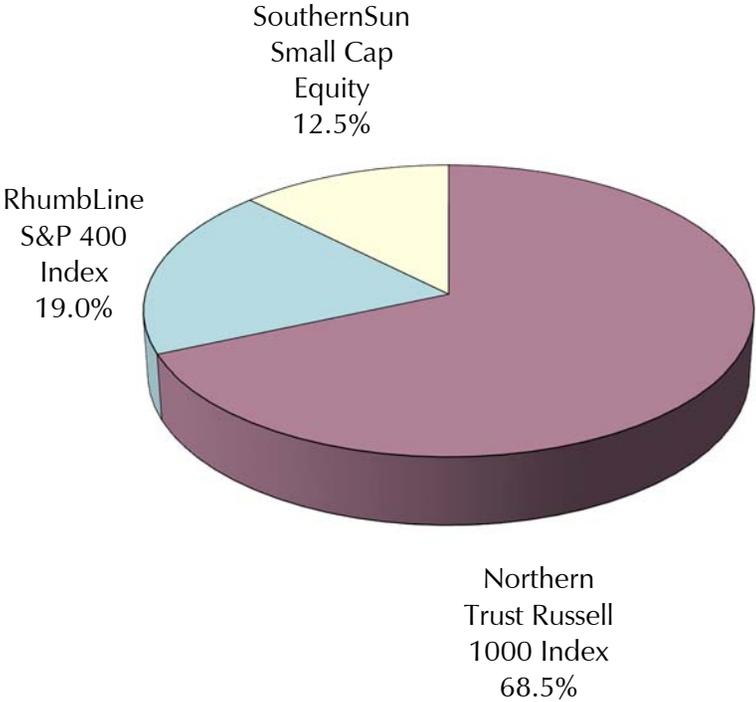
	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)
<b>Bank Loans</b>	<b>2.7</b>	<b>7.1</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Beach Point Leveraged Loan	2.7	7.1	NA	NA	NA	NA	NA	NA	NA	NA
Net of Fees	2.0	6.4	NA	NA	NA	NA	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
<b>Emerging Market Debt</b>	<b>-8.5</b>	<b>-12.6</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
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
<b>Real Estate</b>	<b>15.4</b>	<b>4.1</b>	<b>20.1</b>	<b>10.2</b>	<b>29.7</b>	<b>29.6</b>	<b>-36.3</b>	<b>-15.2</b>	<b>38.4</b>	<b>NA</b>
Vanguard REIT Index	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>MSCI U.S. REIT</i>	30.4	2.5	17.8	8.7	28.5	28.6	-38.4	-17.8	34.4	12.1
A.E.W. Core Property Trust	10.4	NA	NA	NA	NA	NA	NA	NA	NA	NA
<i>NCREIF ODCE</i>	12.5	14.0	10.9	16.0	16.4	-29.8	-10.0	16.0	16.3	21.4



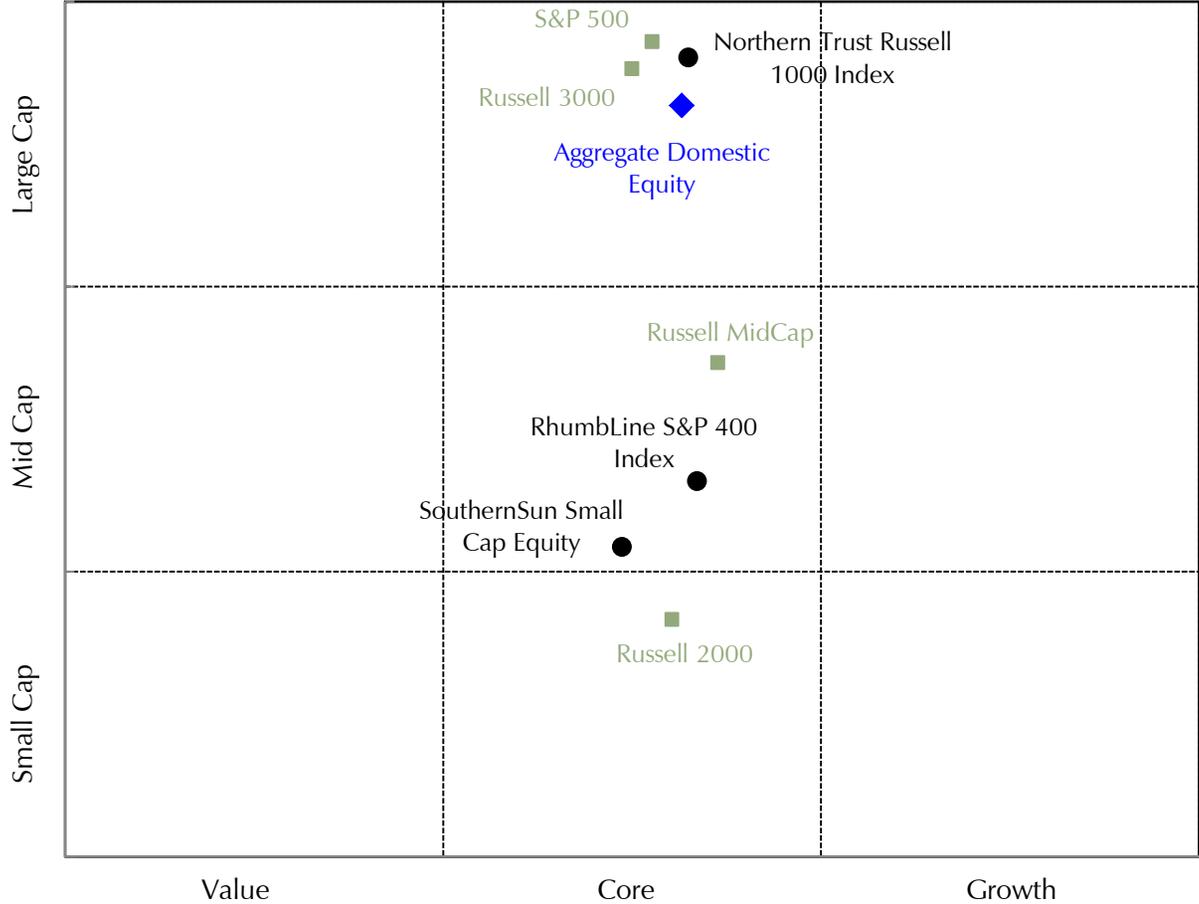
**Domestic Equity Assets  
As of September 30, 2015**

City of Ann Arbor  
VEBA

Domestic Equity Assets  
as of 9/30/15



<b>Risk: (sixty months)</b>	<b>Aggregate Domestic Equity 9/30/15</b>	<b>Russell 3000 9/30/15</b>
Annualized Return (%)	13.9	13.3
Standard Deviation (%)	15.2	13.5
Best Monthly Return (%)	13.7	11.5
Worst Monthly Return (%)	-9.3	-7.8
Beta	1.10	1.00
Correlation to Index	0.98	1.00
Correlation to Total Fund Return	0.97	NA
Sharpe Measure (risk-adjusted return)	0.92	0.98
Information Ratio	0.25	NA



	Aggregate Domestic Equity 9/30/15	Russell 3000 9/30/15	Aggregate Domestic Equity 6/30/15
<b>Capitalization Structure:</b>			
Weighted Average Market Cap. (US\$ billion)	74.4	97.4	77.4
Median Market Cap. (US\$ billion)	6.0	1.4	6.9
Large (% over US\$20 billion)	51	67	50
Medium (% US\$3 billion to US\$20 billion)	38	25	39
Small (% under US\$3 billion)	12	8	11
<b>Fundamental Structure:</b>			
Price-Earnings Ratio	19	19	21
Price-Book Value Ratio	2.6	2.3	2.8
Dividend Yield (%)	2.0	2.1	1.7
Historical Earnings Growth Rate (%)	11	11	12
Projected Earnings Growth Rate (%)	11	11	11

	Aggregate Domestic Equity 9/30/15	Russell 3000 9/30/15	Aggregate Domestic Equity 6/30/15
<b>Diversification:</b>			
Number of Holdings	1,178	2,979	1,176
% in 5 largest holdings	7	9	6
% in 10 largest holdings	10	14	11

**Largest Five Holdings:**

Apple

2.3

Technology Equipment

Microsoft

1.3

Software & Services

ExxonMobil

1.1

Energy

Johnson & Johnson

0.9

Pharmaceuticals & Biotech.

General Electric

0.9

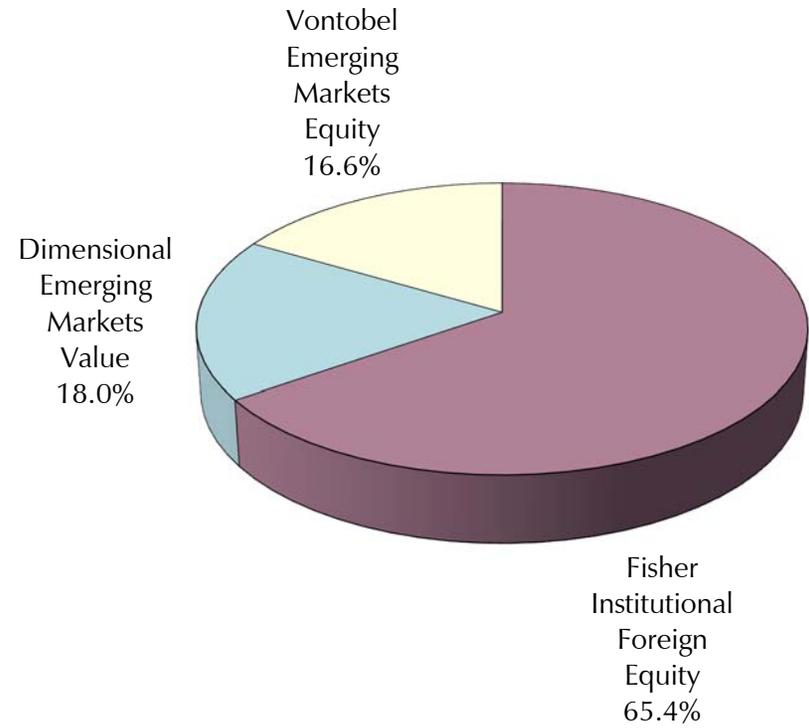
Capital Goods

Sector Allocation (%):	Aggregate Domestic Equity 9/30/15	Russell 3000 9/30/15	Aggregate Domestic Equity 6/30/15
Industrials	14	11	14
Materials	4	3	5
Utilities	4	3	3
Consumer Discretionary	14	14	14
Consumer Staples	8	9	8
Financials	18	18	17
Telecommunication Services	2	2	1
Health Care	13	14	14
Energy	5	6	6
Information Technology	17	20	17

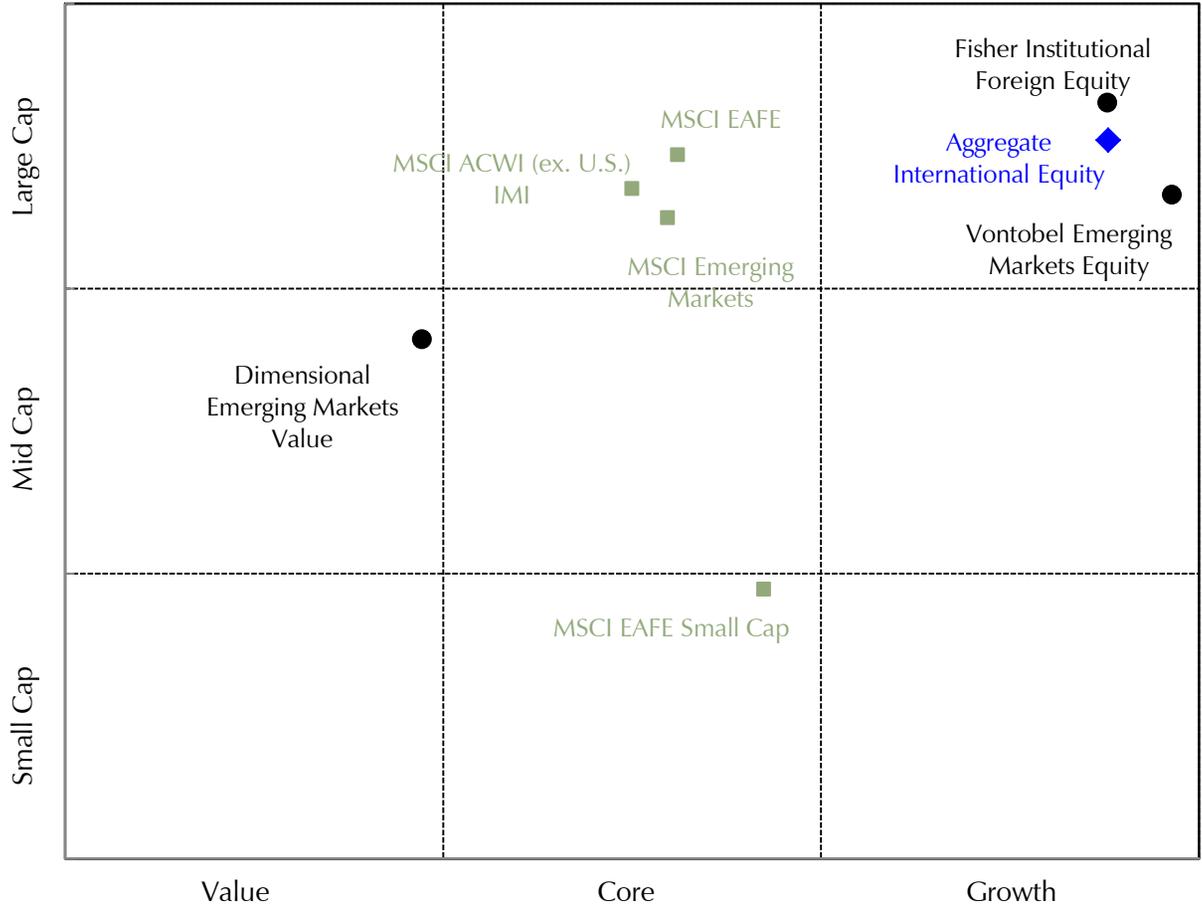
**International Equity Assets  
As of September 30, 2015**

City of Ann Arbor  
VEBA

International Equity Assets  
as of 9/30/15



<b>Risk: (sixty months)</b>	<b>Aggregate International Equity 9/30/15</b>	<b>MSCI ACWI (ex. U.S.) IMI 9/30/15</b>
Annualized Return (%)	3.0	2.1
Standard Deviation (%)	17.9	15.6
Best Monthly Return (%)	15.4	10.3
Worst Monthly Return (%)	-13.9	-11.3
Beta	1.11	1.00
Correlation to Index	0.98	1.00
Correlation to Total Fund Return	0.96	NA
Sharpe Measure (risk-adjusted return)	0.16	0.13
Information Ratio	0.25	NA



	Aggregate International Equity 9/30/15	MSCI ACWI (ex. U.S.) IMI 9/30/15	Aggregate International Equity 6/30/15
<b>Capitalization Structure:</b>			
Weighted Average Market Cap. (US\$ billion)	58.8	41.3	64.8
Median Market Cap. (US\$ million)	369	1,052	434
Large (% over US\$20 billion)	70	50	75
Medium (% US\$3 billion to US\$20 billion)	23	36	18
Small (% under US\$3 billion)	8	14	6
<b>Fundamental Structure:</b>			
Price-Earnings Ratio	17	15	18
Price-Book Value Ratio	2.6	1.4	2.9
Dividend Yield (%)	2.8	3.1	2.6
Historical Earnings Growth Rate (%)	10	8	11
Projected Earnings Growth Rate (%)	11	10	12

	Aggregate International Equity 9/30/15	MSCI ACWI (ex. U.S.) IMI 9/30/15	Aggregate International Equity 6/30/15
<b>Diversification:</b>			
Number of Holdings	2,332	6,069	2,253
% in 5 largest holdings	12	5	11
% in 10 largest holdings	21	8	19
<b>Largest Five Holdings:</b>	<b>% of Portfolio</b>	<b>Economic Sector</b>	
Novo Nordisk	2.9	Pharmaceuticals & Biotech.	
Bayer	2.7	Pharmaceuticals & Biotech.	
UBS	2.3	Diversified Financials	
Asml Holding	2.3	Semiconductors	
Novartis	2.1	Pharmaceuticals & Biotech.	

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

City of Ann Arbor  
VEBA

International Equity Assets  
Country & Region Breakdown as of 9/30/15

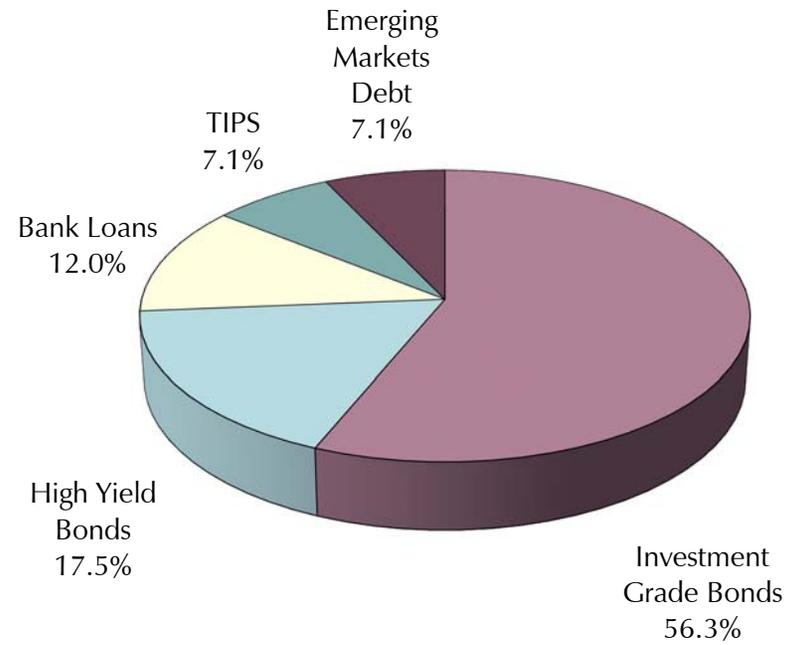
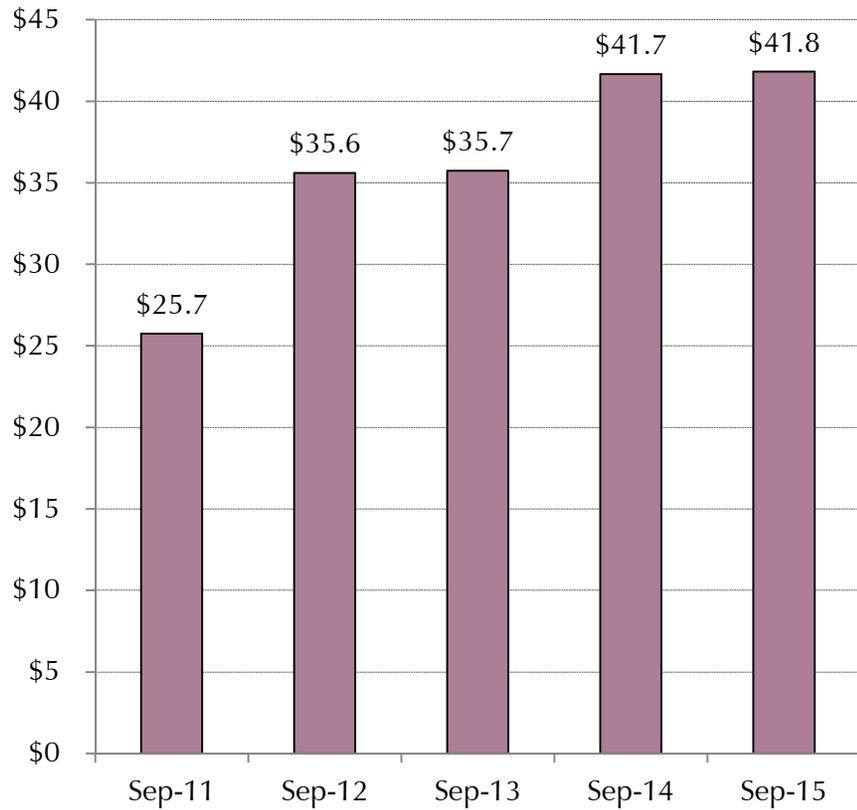
	Aggregate International Equity 9/30/15 (%)	MSCI ACWI (ex. U.S.) IMI 9/30/15 (%)		Aggregate International Equity 9/30/15 (%)	MSCI ACWI (ex. U.S.) IMI 9/30/15 (%)
<b>North America</b>	<b>2.3</b>	<b>6.5</b>	<b>Emerging</b>	<b>33.0</b>	<b>18.5</b>
Canada	1.6	6.4	India	6.5	1.9
<b>Europe</b>	<b>51.0</b>	<b>47.4</b>	Taiwan	5.3	2.7
Germany	11.2	6.2	South Korea	5.0	3.3
France	9.0	6.5	Brazil	2.8	1.1
Switzerland	9.2	6.8	Mexico	2.5	0.9
Denmark	2.9	1.4	South Africa	2.5	1.6
Ireland	2.2	0.8	Thailand	1.4	0.5
Netherlands	3.5	2.9	Indonesia	1.2	0.4
Italy	2.4	2.0	Malaysia	1.0	0.7
Belgium	1.5	1.0	China	2.6	2.6
Spain	1.0	2.4	<b>Other</b>	<b>0.1</b>	<b>0.6</b>
United Kingdom	7.1	13.5			
<b>Asia Pacific</b>	<b>13.5</b>	<b>27.1</b>			
Hong Kong	4.6	4.3			
Australia	2.1	4.6			
Japan	5.9	17.1			



**Fixed Income Assets  
As of September 30, 2015**

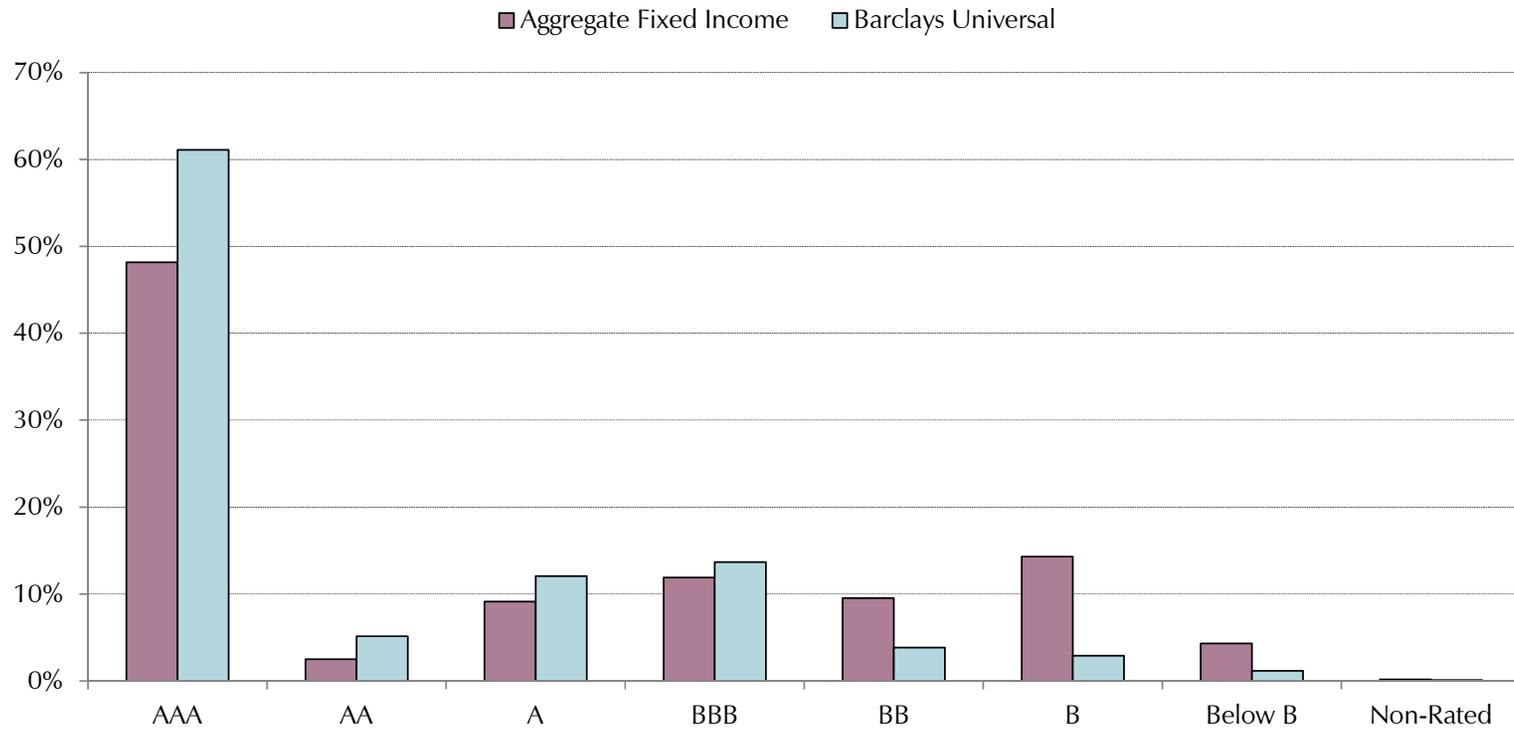
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Fixed Income Assets  
as of 9/30/15



Risk: (sixty months)	Aggregate Fixed Income 9/30/15	Barclays Universal 9/30/15
Annualized Return (%)	3.4	3.4
Standard Deviation (%)	2.8	2.8
Best Monthly Return (%)	1.5	1.9
Worst Monthly Return (%)	-1.9	-1.8
Beta	0.95	1.00
Correlation to Index	0.93	1.00
Correlation to Total Fund Return	0.33	NA
Sharpe Measure (risk-adjusted return)	1.18	1.19
Information Ratio	0.06	NA

Duration & Yield:	Aggregate Fixed Income 9/30/15	Barclays Universal 9/30/15	Aggregate Fixed Income 6/30/15
Average Effective Duration (years)	4.6	5.5	4.7
Yield to Maturity (%)	4.1	2.9	3.9



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Fixed Income Assets  
Diversification as of 9/30/15

	Aggregate Fixed Income 9/30/15	Barclays Universal 9/30/15	Aggregate Fixed Income 6/30/15
<b>Market Allocation (%):</b>			
United States	83	83	82
Foreign (developed markets)	8	11	8
Foreign (emerging markets)	8	7	9
<b>Currency Allocation (%):</b>			
Non-U.S. Dollar Exposure	7	0	9
<b>Sector Allocation (%):</b>			
U.S. Treasury-Nominal	21	31	20
U.S. Treasury-TIPS	7	0	7
U.S. Agency	2	2	2
Mortgage Backed	16	24	16
Corporate	31	31	31
Bank Loans	10	0	11
Local & Provincial Government	3	1	1
Sovereign & Supranational	8	8	11
Commercial Mortgage Backed	1	2	1
Asset Backed	0	0	0
Cash Equivalent	0	0	1
Other	0	0	0

**Domestic Equity Portfolio Reviews  
As of September 30, 2015**

## City of Ann Arbor VEBA

## Northern Trust Russell 1000 Index Portfolio Detail as of 9/30/15

**Mandate:** Domestic Equities  
**Active/Passive:** Passive  
**Market Value:** \$32.9 million  
**Portfolio Manager:** Alexander Matturri Jr., CFA  
**Location:** Chicago, Illinois  
**Inception Date:** 2/1/2012  
**Account Type:** Commingled

	Value	Core	Growth
Large			
Medium			
Small			

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

**Liquidity Constraints:**  
 Daily

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

Performance (%):	3Q15	1 YR	3 YR	Since 2/1/12
<b>Northern Trust Russell 1000 Index</b>	<b>-6.8</b>	<b>-0.6</b>	<b>12.7</b>	<b>13.3</b>
<b>Net of Fees</b>	<b>-6.8</b>	<b>-0.7</b>	<b>12.6</b>	<b>13.2</b>
Russell 1000	-6.8	-0.6	12.7	13.4
Peer Large Cap Core	-7.1	-0.8	13.0	13.4
Peer Ranking (percentile)	43	47	58	51

Risk: (forty-four months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
<b>Northern Trust Russell 1000 Index</b>	<b>11.3%</b>	<b>1.00</b>	<b>1.17</b>	<b>NA</b>	<b>1.00</b>
Russell 1000	11.4	1.00	1.18	NA	1.00

Capitalization Structure:	9/30/15		6/30/15	
	Northern Trust Russell 1000 Index	Russell 1000	Northern Trust Russell 1000 Index	Russell 1000
Weighted Average Market Cap. (US\$ billion)	105.5	105.5	112.5	112.3
Median Market Cap. (US\$ billion)	7.2	7.3	8.3	8.3
Large (% over US\$20 billion)	73	73	74	74
Medium (% US\$3 billion to US\$20 billion)	26	26	25	25
Small (% under US\$3 billion)	1	1	1	1

Fundamental Structure:				
Price-Earnings Ratio	19	19	20	20
Price-Book Value Ratio	2.6	2.6	2.8	2.8
Dividend Yield (%)	2.2	2.2	2.0	2.0
Historical Earnings Growth Rate (%)	11	11	12	12
Projected Earnings Growth Rate (%)	11	11	11	11

Sector Allocation (%):				
Consumer Discretionary	14	14	13	13
Information Technology	20	20	19	19
Industrials	11	11	11	11
Consumer Staples	9	9	9	9
Health Care	14	14	15	15
Telecommunication Services	2	2	2	2
Utilities	3	3	3	3
Materials	3	3	3	3
Energy	7	7	7	8
Financials	18	18	17	17

Diversification:				
Number of Holdings	1,031	1,030	1,029	1,029
% in 5 largest holdings	9	9	9	9
% in 10 largest holdings	15	15	15	15

Largest Ten Holdings:		Industry
Apple	3.3	Technology Equipment
Microsoft	1.9	Software & Services
ExxonMobil	1.6	Energy
Johnson & Johnson	1.3	Pharmaceuticals & Biotech.
General Electric	1.3	Capital Goods
Berkshire Hathaway	1.2	Diversified Financials
Wells Fargo & Company	1.2	Banks
JP Morgan Chase	1.2	Banks
AT&T	1.0	Telecom Services
Amazon.com	1.0	Retailing



# City of Ann Arbor VEBA

# RhumbLine S&P 400 Index Portfolio Detail as of 9/30/15

**Mandate:** Domestic Equities  
**Active/Passive:** Passive  
**Market Value:** \$9.2 million  
**Portfolio Manager:** Jeffrey D. Kusmierz  
 Julie C. Lind  
 Norman H. Meltz  
**Location:** Boston, Massachusetts  
**Inception Date:** 2/1/2010  
**Account Type:** Separately Managed

	Value	Core	Growth
Large			
Medium			
Small			

**Fee Schedule:**  
 0.0485% on first \$50 mm; 0.04% thereafter

**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 (%):	3Q15	1 YR	3 YR	5 YR	Since 2/1/10
<b>RhumbLine S&amp;P 400 Index</b>	<b>-8.1</b>	<b>2.2</b>	<b>13.4</b>	<b>13.2</b>	<b>14.4</b>
<b>Net of Fees</b>	<b>-8.1</b>	<b>2.1</b>	<b>13.4</b>	<b>13.1</b>	<b>NA</b>
S&P MidCap	-8.5	1.4	13.1	12.9	14.2

Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
<b>RhumbLine S&amp;P 400 Index</b>	<b>15.6%</b>	<b>1.00</b>	<b>0.84</b>	<b>NA</b>	<b>1.00</b>
S&P MidCap	15.7	1.00	0.82	NA	1.00

	9/30/15		6/30/15	
	RhumbLine S&P 400 Index	S&P MidCap	RhumbLine S&P 400 Index	S&P MidCap
<b>Capitalization Structure:</b>				
Weighted Average Market Cap. (US\$ billion)	4.8	4.8	5.2	5.2
Median Market Cap. (US\$ billion)	3.4	3.4	3.7	3.7
Large (% over US\$20 billion)	0	0	0	0
Medium (% US\$3 billion to US\$20 billion)	77	77	82	82
Small (% under US\$3 billion)	23	23	18	18
<b>Fundamental Structure:</b>				
Price-Earnings Ratio	20	20	23	23
Price-Book Value Ratio	2.5	2.5	2.7	2.7
Dividend Yield (%)	1.7	1.7	1.5	1.5
Historical Earnings Growth Rate (%)	14	14	15	14
Projected Earnings Growth Rate (%)	11	11	12	12
<b>Sector Allocation (%):</b>				
Utilities	5	5	4	4
Financials	26	26	24	24
Energy	3	3	5	4
Information Technology	16	16	17	17
Consumer Staples	4	4	4	4
Industrials	15	15	15	16
Materials	7	7	7	7
Telecommunication Services	0	0	0	0
Health Care	9	9	9	9
Consumer Discretionary	14	14	14	14
<b>Diversification:</b>				
Number of Holdings	400	400	397	400
% in 5 largest holdings	3	3	3	3
% in 10 largest holdings	7	7	6	6
<b>Largest Ten Holdings:</b>				
		<b>Industry</b>		
Church & Dwight	0.8	Household Products		
Alaska Air	0.7	Transportation		
Foot Locker	0.7	Retailing		
Jarden	0.7	Consumer Durables		
Hologic	0.7	Health Care Services		
Federal Realty	0.7	Real Estate		
Extra Space Storage	0.6	Real Estate		
HollyFrontier	0.6	Energy		
UDR	0.6	Real Estate		
LKQ	0.6	Retailing		



## City of Ann Arbor VEBA

**Mandate:** Domestic Equities  
**Active/Passive:** Active  
**Market Value:** \$6.0 million  
**Portfolio Manager:** Michael W. Cook Sr.  
**Location:** Memphis, Tennessee  
**Inception Date:** 12/1/2004  
**Account Type:** Separately Managed

	Value	Core	Growth
Large			
Medium			
Small			

### Fee Schedule:

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

### Liquidity Constraints:

10% cash restriction

### Strategy:

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

Performance (%):	3Q15	1 YR	3 YR	5 YR	Since 12/1/04
<b>SouthernSun Small Cap Equity</b>	<b>-19.7</b>	<b>-19.0</b>	<b>6.6</b>	<b>12.7</b>	<b>8.4</b>
<b>Net of Fees</b>	<b>-20.0</b>	<b>-19.8</b>	<b>5.6</b>	<b>11.6</b>	<b>NA</b>
Russell 2000	-11.9	1.2	11.0	11.7	6.6
Peer Small Cap Core	-10.2	1.3	12.7	13.1	8.0
Peer Ranking (percentile)	98	97	95	55	35
Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
<b>SouthernSun Small Cap Equity</b>	<b>21.4%</b>	<b>1.04</b>	<b>0.59</b>	<b>0.11</b>	<b>0.88</b>
Russell 2000	18.0	1.00	0.65	NA	1.00

## SouthernSun Small Cap Equity Portfolio Detail as of 9/30/15

	9/30/15		6/30/15	
	Southern Sun Small Cap Equity	Russell 2000	Southern Sun Small Cap Equity	Russell 2000
<b>Capitalization Structure:</b>				
Weighted Average Market Cap. (US\$ billion)	3.0	1.8	3.4	1.9
Median Market Cap. (US\$ billion)	2.7	0.7	2.9	0.8
Large (% over US\$20 billion)	0	0	0	0
Medium (% US\$3 billion to US\$20 billion)	45	16	49	18
Small (% under US\$3 billion)	55	84	51	82
<b>Fundamental Structure:</b>				
Price-Earnings Ratio	17	19	25	21
Price-Book Value Ratio	2.5	1.7	3.1	2.0
Dividend Yield (%)	1.1	1.5	0.9	1.4
Historical Earnings Growth Rate (%)	11	12	12	13
Projected Earnings Growth Rate (%)	11	14	11	14
<b>Sector Allocation (%):</b>				
Industrials	33	12	28	13
Consumer Staples	10	3	13	3
Materials	7	4	9	4
Consumer Discretionary	17	14	18	15
Utilities	6	4	5	3
Health Care	17	15	15	16
Telecommunication Services	0	1	0	1
Energy	2	3	3	4
Information Technology	5	18	5	17
Financials	4	26	4	24
<b>Diversification:</b>				
Number of Holdings	24	1,951	25	1,974
% in 5 largest holdings	29	1	28	1
% in 10 largest holdings	55	3	51	2
<b>Largest Ten Holdings:</b>				
		<b>Industry</b>		
Darling International	6.1	Food, Beverage & Tobacco		
HILL-ROM Holdings	5.7	Health Care Services		
AGCO	5.7	Capital Goods		
OGE Energy	5.6	Utilities		
Amsurg	5.5	Health Care Services		
Centene	5.3	Health Care Services		
Chicago Bridge and Iron	5.3	Capital Goods		
Aegion	5.3	Capital Goods		
Diebold	5.2	Technology Equipment		
Brink's	4.9	Commercial Services		



**International Developed Market Equity  
Portfolio Review  
As of September 30, 2015**

## City of Ann Arbor VEBA

## Fisher Institutional Foreign Equity Portfolio Detail as of 9/30/15

**Mandate:** International Equities,  
Developed Markets

**Active/Passive:** Active

**Market Value:** \$13.1 million

**Portfolio Manager:** Team

**Location:** Woodside, California

**Inception Date:** 7/1/2009

**Account Type:** Commingled

	Value	Core	Growth
Large			
Medium			
Small			

### Fee Schedule:

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

### Liquidity Constraints:

Monthly

### Strategy:

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

Performance (%):	3Q15	1 YR	3 YR	5 YR	Since 7/1/09
<b>Fisher Institutional Foreign Equity</b>	<b>-10.3</b>	<b>-6.2</b>	<b>6.1</b>	<b>5.2</b>	<b>9.1</b>
<b>Net of Fees</b>	<b>-10.5</b>	<b>-7.1</b>	<b>5.1</b>	<b>4.2</b>	<b>8.1</b>
MSCI EAFE	-10.2	-8.7	5.6	4.0	6.7
Peer International Core	-10.0	-6.8	6.1	4.7	7.8
Peer Ranking (percentile)	56	39	49	38	21
Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
<b>Fisher Institutional Foreign Equity</b>	<b>18.6%</b>	<b>1.11</b>	<b>0.28</b>	<b>0.26</b>	<b>0.97</b>
MSCI EAFE	16.0	1.00	0.24	NA	1.00

Capitalization Structure:	9/30/15		6/30/15	
	Fisher International Equity	MSCI EAFE	Fisher International Equity	MSCI EAFE
Weighted Average Market Cap. (US\$ billion)	77.1	52.8	83.6	57.7
Median Market Cap. (US\$ billion)	46.4	8.1	56.8	9.1
Large (% over US\$20 billion)	89	64	93	67
Medium (% US\$3 billion to US\$20 billion)	11	34	7	32
Small (% under US\$3 billion)	0	1	0	1

### Fundamental Structure:

Price-Earnings Ratio	17	16	18	18
Price-Book Value Ratio	2.6	1.5	3.0	1.8
Dividend Yield (%)	2.8	3.3	2.6	3.0
Historical Earnings Growth Rate (%)	9	7	11	7
Projected Earnings Growth Rate (%)	10	9	11	9

### Sector Allocation (%):

Health Care	22	12	19	11
Information Technology	15	5	15	5
Consumer Discretionary	21	13	19	13
Industrials	17	12	14	13
Energy	2	5	2	5
Utilities	0	4	0	4
Materials	2	7	2	7
Telecommunication Services	0	5	0	5
Consumer Staples	6	12	6	11
Financials	16	26	23	26

### Diversification:

Number of Holdings	61	910	69	908
% in 5 largest holdings	19	8	16	8
% in 10 largest holdings	33	13	29	12

### Region Allocation (%):

North America	3	0	3	0
Europe	75	66	77	65
Asia Pacific	17	33	17	35
Emerging	4	0	3	0
Other	0	1	0	1

### Largest Five Holdings:

		Industry
Novo Nordisk	4.5	Pharmaceuticals & Biotech.
Bayer	4.1	Pharmaceuticals & Biotech.
UBS GROUP	3.5	Diversified Financials
Asml Holding	3.5	Semiconductors
Novartis	3.3	Pharmaceuticals & Biotech.



**International Emerging Market Equity  
Portfolio Reviews  
As of September 30, 2015**

## City of Ann Arbor VEBA

## Dimensional Emerging Markets Value Portfolio Detail as of 9/30/15

**Mandate:** International Equities,  
Emerging Markets

**Active/Passive:** Active

**Market Value:** \$3.6 million

**Portfolio Manager:** Team

**Location:** Austin, Texas

**Inception Date:** 2/1/2012

**Account Type:** Mutual Fund (DFEVX)

	Value	Core	Growth
Large			
Medium			
Small			

### Fee Schedule:

0.55% 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 (%):	3Q15	1 YR	3 YR	Since 2/1/12
<b>Dimensional Emerging Markets Value</b>	<b>-19.2</b>	<b>-23.1</b>	<b>-6.9</b>	<b>-6.2</b>
MSCI Emerging Markets	-17.9	-19.3	-5.3	-4.2
Peer Emerging Markets	-16.3	-18.7	-4.8	-3.4
Peer Ranking (percentile)	91	82	76	81

Risk: (forty-four months)	Standard Deviation	Beta	Sharpe Measure <sup>1</sup>	Info. Ratio	Correlation to Index
<b>Dimensional Emerging Markets Value</b>	<b>15.9%</b>	<b>1.10</b>	<b>Neg.</b>	<b>Neg.</b>	<b>0.98</b>
MSCI Emerging Markets	14.4	1.00	Neg.	NA	1.00

	9/30/15		6/30/15	
	DFA Emerging Markets Value Fund	MSCI Emerging Markets	DFA Emerging Markets Value Fund	MSCI Emerging Markets
<b>Capitalization Structure:</b>				
Weighted Average Market Cap. (US\$ billion)	13.8	33.4	18.6	39.7
Median Market Cap. (US\$ million)	334.2	4,159.9	389.8	4,979.7
Large (% over US\$20 billion)	16	35	24	44
Medium (% US\$3 billion to US\$20 billion)	49	55	46	49
Small (% under US\$3 billion)	35	10	31	7
<b>Fundamental Structure:</b>				
Price-Earnings Ratio	10	13	12	15
Price-Book Value Ratio	0.9	1.3	1.0	1.6
Dividend Yield (%)	3.2	2.7	3.0	2.7
Historical Earnings Growth Rate (%)	6	10	5	10
Projected Earnings Growth Rate (%)	12	12	13	13
<b>Sector Allocation (%):</b>				
Materials	16	7	17	7
Financials	33	29	34	30
Industrials	12	7	11	7
Energy	12	8	12	8
Consumer Discretionary	9	9	8	9
Utilities	2	3	2	3
Health Care	0	3	0	2
Consumer Staples	6	9	5	8
Telecommunication Services	2	7	2	7
Information Technology	8	18	8	18
<b>Diversification:</b>				
Number of Holdings	2,214	836	2,124	836
% in 5 largest holdings	10	13	10	12
% in 10 largest holdings	15	19	16	19
<b>Region Allocation (%):</b>				
Asia Pacific	68	69	67	69
Latin America	16	13	17	14
Europe/MidEast/Africa	15	17	15	17
Other	0	0	0	0
<b>Largest Five Holdings:</b>		<b>Industry</b>		
China Construction Bank	2.5	Banks		
Reliance Industries	1.9	Energy		
Gazprom	1.9	Energy		
Bank of China	1.8	Banks		
Fomento Econom Mexica	1.4	Food, Beverage & Tobacco		

<sup>1</sup> A negative Sharpe ratio indicates that the portfolio underperformed the risk-free rate during the sample period.



## City of Ann Arbor VEBA

## Vontobel Emerging Markets Equity Portfolio Detail as of 9/30/15

**Mandate:** International Equities,  
Emerging Markets

**Active/Passive:** Active

**Market Value:** \$3.3 million

**Portfolio Manager:** Rajiv Jain

**Location:** New York, New York

**Inception Date:** 2/1/2012

**Account Type:** Commingled

	Value	Core	Growth
Large			
Medium			
Small			

### Fee Schedule:

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

### Liquidity Constraints:

Monthly

### Strategy:

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

Performance (%):	3Q15	1 YR	3 YR	Since 2/1/12
<b>Vontobel Emerging Markets Equity</b>	<b>-10.4</b>	<b>-11.8</b>	<b>-1.2</b>	<b>1.4</b>
<b>Net of Fees</b>	<b>-10.7</b>	<b>-12.8</b>	<b>-2.3</b>	<b>0.3</b>
MSCI Emerging Markets	-17.9	-19.3	-5.3	-4.2
Peer Emerging Markets	-16.0	-17.6	-3.4	-2.0
Peer Ranking (percentile)	5	13	32	19

Risk: (forty-four months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
<b>Vontobel Emerging Markets Equity</b>	<b>13.9%</b>	<b>0.78</b>	<b>0.10</b>	<b>0.68</b>	<b>0.85</b>
MSCI Emerging Markets	14.4	1.00	Neg.	NA	1.00

	9/30/15		6/30/15	
<b>Capitalization Structure:</b>	Vontobel Emerging Markets Equity	MSCI Emerging Markets	Vontobel Emerging Markets Equity	MSCI Emerging Markets
Weighted Average Market Cap. (US\$ billion)	39.5	33.4	44.4	39.7
Median Market Cap. (US\$ billion)	15.8	4.2	19.2	5.0
Large (% over US\$20 billion)	61	35	67	44
Medium (% US\$3 billion to US\$20 billion)	38	55	32	49
Small (% under US\$3 billion)	2	10	1	7

### Fundamental Structure:

Price-Earnings Ratio	22	13	24	15
Price-Book Value Ratio	4.2	1.3	4.7	1.6
Dividend Yield (%)	2.3	2.7	2.2	2.7
Historical Earnings Growth Rate (%)	19	10	20	10
Projected Earnings Growth Rate (%)	13	12	15	13

### Sector Allocation (%):

Consumer Staples	39	9	34	8
Health Care	4	3	3	2
Utilities	4	3	3	3
Telecommunication Services	5	7	5	7
Consumer Discretionary	7	9	8	9
Information Technology	14	18	17	18
Materials	2	7	2	7
Financials	24	29	27	30
Energy	1	8	1	8
Industrials	0	7	0	7

### Diversification:

Number of Holdings	71	836	73	836
% in 5 largest holdings	27	13	23	12
% in 10 largest holdings	42	19	37	19

### Region Allocation (%):

Asia Pacific	62	69	61	69
Latin America	17	13	19	14
Europe/MidEast/Africa	6	17	5	17
Frontier	1	0	1	0
Other	15	0	14	0

### Largest Five Holdings:

		Industry
British American Tobacco	6.9	Food, Beverage & Tobacco
Housing Development Financial	5.7	Banks
HDFC Bank	5.0	Banks
ITC	4.8	Food, Beverage & Tobacco
SABMiller	4.2	Food, Beverage & Tobacco



**Investment Grade Bonds Portfolio Review**  
**As of September 30, 2015**

## City of Ann Arbor VEBA

## Northern Trust Barclays Aggregate Bond Index Portfolio Detail as of 9/30/15

**Mandate:** Investment Grade Bonds  
**Active/Passive:** Passive  
**Market Value:** \$23.5 million  
**Portfolio Manager:** Bradford Adams  
 Alexander Matturri Jr., CFA  
**Location:** Chicago, Illinois  
**Inception Date:** 10/1/1999  
**Account Type:** Commingled

	Short	Int.	Long
High			
Medium			
Low			

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

**Liquidity Constraints:**  
 Daily

**Strategy:**

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

Performance (%):	3Q15	1 YR	3 YR	5 YR	Since 10/1/99
<b>Northern Trust Barclays Aggregate Bond Index</b>	<b>1.2</b>	<b>3.0</b>	<b>1.7</b>	<b>3.1</b>	<b>5.5</b>
<b>Net of Fees</b>	<b>1.2</b>	<b>3.0</b>	<b>1.6</b>	<b>3.1</b>	<b>5.4</b>
Barclays Aggregate	1.2	2.9	1.7	3.1	5.4

Risk: (sixty months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
<b>Northern Trust Barclays Aggregate Bond Index</b>	<b>2.9%</b>	<b>1.01</b>	<b>1.06</b>	<b>NA</b>	<b>1.00</b>
Barclays Aggregate	2.9	1.00	1.06	NA	1.00

	9/30/15		6/30/15	
	Northern Trust Barclays Aggregate Bond Index	Barclays Aggregate	Northern Trust Barclays Aggregate Bond Index	Barclays Aggregate
<b>Duration &amp; Yield:</b>				
Average Effective Duration (years)	5.6	5.6	5.6	5.6
Yield to Maturity (%)	2.3	2.3	2.4	2.4
<b>Quality Structure (%):</b>				
Average Quality	AA+	AA+	AA+	AA+
AAA (includes Treasuries and Agencies)	72	72	72	71
AA	4	4	4	4
A	11	11	12	12
BBB	12	12	13	13
BB	0	0	0	0
B	0	0	0	0
Below B	0	0	0	0
Non-Rated	0	0	0	0
<b>Sector Allocation (%):</b>				
U.S. Treasury-Nominal	36	36	36	36
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	3	3	3	3
Mortgage Backed	28	28	28	28
Corporate	24	24	24	24
Bank Loans	0	0	0	0
Local & Provincial Government	5	1	1	1
Sovereign & Supranational	1	4	5	5
Commercial Mortgage Backed	2	2	2	2
Asset Backed	1	1	1	1
Cash Equivalent	0	0	0	0
Other	0	0	0	0
<b>Market Allocation (%):</b>				
United States	92	91	91	91
Foreign (developed markets)	6	7	7	7
Foreign (emerging markets)	2	2	2	2
<b>Currency Allocation (%):</b>				
Non-U.S. Dollar Exposure	0	0	0	0



**TIPS Portfolio Review**  
**As of September 30, 2015**

## City of Ann Arbor VEBA

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

	Short	Int.	Long
High			
Medium			
Low			

**Fee Schedule:**

0.08% on all assets

**Liquidity Constraints:**

Daily

**Strategy:**

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

**Guidelines:**

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

Performance (%):	3Q15	1 YR	Since 11/1/13
<b>IR&amp;M 1-10 Year Index</b>	<b>-0.9</b>	<b>-0.8</b>	<b>-0.3</b>
<b>Net of Fees</b>	<b>-0.9</b>	<b>-0.9</b>	<b>-0.4</b>
Barclays U.S. TIPS 1-10 Year	-0.9	-0.8	-0.4
Peer TIPS	-1.3	-1.1	-0.1
Peer Ranking (percentile)	23	30	76

## IR&M 1-10 Year Index Portfolio Detail as of 9/30/15

Duration & Yield:	9/30/15		6/30/15	
	IR&M 1-10 Year Index	Barclays U.S. TIPS 1-10 Year	IR&M 1-10 Year Index	Barclays U.S. TIPS 1-10 Year
Average Effective Duration (years)	3.6	3.6	5.5	5.5
Yield to Maturity (%) <sup>1</sup>	1.6	1.6	1.7	1.8
<b>Quality Structure (%):</b>				
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
<b>Sector Allocation (%):</b>				
U.S. Treasury-Nominal	0	0	0	0
U.S. Treasury-TIPS	99	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	1	0	0	0
Other	0	0	0	0
<b>Market Allocation (%):</b>				
United States	100	100	100	100
Foreign (developed markets)	0	0	0	0
Foreign (emerging markets)	0	0	0	0
<b>Currency Allocation (%):</b>				
Non-U.S. Dollar Exposure	0	0	0	0

<sup>1</sup> 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.



**High Yield Bonds Portfolio Reviews  
As of September 30, 2015**

## City of Ann Arbor VEBA

## SKY Harbor Broad High Yield Market Portfolio Detail as of 9/30/15

**Mandate:** High Yield Bonds  
**Active/Passive:** Active  
**Market Value:** \$6.7 million  
**Portfolio Manager:** Hanna H. Strasser  
**Location:** Greenwich, Connecticut  
**Inception Date:** 12/1/2012  
**Account Type:** Commingled

	Short	Int.	Long
High			
Medium			
Low			

**Fee Schedule:**  
0.30% on all assets

**Liquidity Constraints:**  
Daily

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

Performance (%):	3Q15	1 YR	Since 12/1/12
<b>SKY Harbor Broad High Yield Market</b>	<b>-4.0</b>	<b>-3.8</b>	<b>3.6</b>
<b>Net of Fees</b>	<b>-4.1</b>	<b>-4.3</b>	<b>3.0</b>
Barclays High Yield	-4.9	-3.4	3.1
Peer High Yield	-4.2	-2.3	3.7
Peer Ranking (percentile)	39	73	56

	9/30/15		6/30/15	
<b>Duration &amp; Yield:</b>	Sky Harbor High Yield	Barclays High Yield	Sky Harbor High Yield	Barclays High Yield
Average Effective Duration (years)	4.4	4.4	4.4	4.4
Yield to Maturity (%)	7.7	8.0	6.8	6.6
<b>Quality Structure (%):</b>				
Average Quality	B	B	B	B
AAA (includes Treasuries and Agencies)	0	0	0	0
AA	0	0	0	0
A	0	0	0	0
BBB	2	0	2	0
BB	32	45	31	44
B	44	40	42	40
Below B	22	15	24	15
Non-Rated	0	0	0	0
<b>Sector Allocation (%):</b>				
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	99	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	1	0	2	0
Other	0	0	0	0
<b>Market Allocation (%):</b>				
United States	87	82	87	83
Foreign (developed markets)	13	18	13	17
Foreign (emerging markets)	0	0	0	0
<b>Currency Allocation (%):</b>				
Non-U.S. Dollar Exposure	0	0	0	0

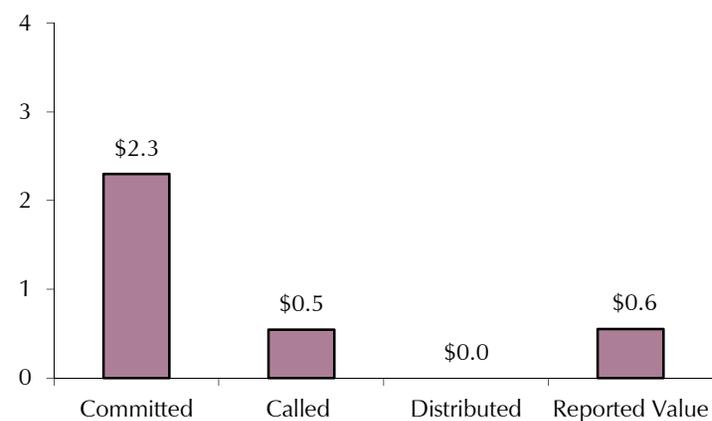


## City of Ann Arbor VEBA

## Summit Partners Credit Fund II Portfolio Detail as of 9/30/15

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

**Commitment:** \$2.3 million  
**Capital Contributions:** \$0.5 million  
**Outstanding Commitment:** \$1.8 million  
**Realized Proceeds:** \$0.0 million  
**Reported Value:** \$0.6 million  
**Number of Investments:** 6  
**Net IRR:** 4.0%



### Investment Strategy:

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

**Bank Loans Portfolio Review  
As of September 30, 2015**

## City of Ann Arbor VEBA

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

	Short	Int.	Long
High			
Medium			
Low			

**Fee Schedule:**  
0.65% on all assets

**Liquidity Constraints:**  
Quarterly

**Strategy:**

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

Performance (%):	3Q15	1 YR	3 YR	Since 4/1/12
<b>Beach Point Leveraged Loan</b>	<b>0.1</b>	<b>3.4</b>	<b>4.9</b>	<b>5.9</b>
<b>Net of Fees</b>	<b>0.0</b>	<b>2.7</b>	<b>4.2</b>	<b>5.2</b>
CSFB Leveraged Loan	-1.2	1.2	3.8	4.4

Risk: (forty-two months)	Standard Deviation	Beta	Sharpe Measure	Info. Ratio	Correlation to Index
<b>Beach Point Leveraged Loan</b>	<b>1.8%</b>	<b>0.84</b>	<b>3.18</b>	<b>2.01</b>	<b>0.93</b>
CSFB Leveraged Loan	2.0	1.00	2.18	NA	1.00

## Beach Point Leveraged Loan Portfolio Detail as of 9/30/15

	9/30/15		6/30/15	
	Beach Point Leveraged Loan	CSFB Leveraged Loan	Beach Point Leveraged Loan	CSFB Leveraged Loan
<b>Duration &amp; Yield:</b>				
Average Effective Duration (years)	0.7	0.3	0.4	0.3
Yield to Maturity (%)	5.7	4.9	5.0	4.9
<b>Quality Structure (%):</b>				
Average Quality	B+	B	B	B
AAA (includes Treasuries and Agencies)	0	0	0	0
AA	0	0	0	0
A	0	0	0	0
BBB	1	0	0	0
BB	35	34	31	33
B	59	58	64	58
Below B	4	6	4	7
Non-Rated	1	2	1	2
<b>Sector Allocation (%):</b>				
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	14	0	8	0
Bank Loans	86	100	93	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
<b>Market Allocation (%):</b>				
United States	79	100	79	100
Foreign (developed markets)	21	0	21	0
Foreign (emerging markets)	0	0	0	0
<b>Currency Allocation (%):</b>				
Non-U.S. Dollar Exposure	3	0	5	0



**Emerging Markets Debt Portfolio Review**  
**As of September 30, 2015**

## City of Ann Arbor VEBA

## Stone Harbor Emerging Markets Local Currency Debt Portfolio Detail as of 9/30/15

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

	Short	Int.	Long
High			
Medium			
Low			

**Fee Schedule:**  
0.87% on all assets

**Liquidity Constraints:**  
Daily

**Strategy:**

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

Performance (%):	3Q15	1 YR	3 YR	Since 6/1/12
<b>Stone Harbor Emerging Markets Local Currency Debt</b>	<b>-11.8</b>	<b>-21.8</b>	<b>-11.2</b>	<b>-7.7</b>
JPM GBI-EM Global Diversified (unhedged)	-10.5	-19.8	-8.7	-5.0
Peer Emerging Market Debt	-5.1	-8.0	-2.4	0.6
Peer Ranking (percentile)	94	94	99	99

Risk: (forty months)	Standard Deviation	Beta	Sharpe Measure <sup>1</sup>	Info. Ratio	Correlation to Index
<b>Stone Harbor Emerging Markets Local Currency Debt</b>	<b>10.1%</b>	<b>1.02</b>	<b>Neg.</b>	<b>Neg.</b>	<b>0.99</b>
JPM GBI-EM Global Diversified (unhedged)	10.1	1.00	Neg.	NA	1.00

	9/30/15		6/30/15	
	Stone Harbor EM Local Debt	JPM GBI-EM Global Diversified (unhedged)	Stone Harbor EM Local Debt	JPM GBI-EM Global Diversified (unhedged)
<b>Duration &amp; Yield:</b>				
Average Effective Duration (years)	5.0	4.9	4.9	5.0
Yield to Maturity (%)	9.8	7.1	8.6	6.8
<b>Quality Structure (%):</b>				
Average Quality	BBB	BBB+	BBB+	BBB
AAA (includes Treasuries and Agencies)	1	0	2	0
AA	0	0	0	0
A	36	41	32	37
BBB	60	58	64	55
BB	1	2	0	7
B	0	0	0	0
Below B	3	0	2	0
Non-Rated	0	0	0	1
<b>Sector Allocation (%):</b>				
U.S. Treasury-Nominal	0	0	0	0
U.S. Treasury-TIPS	0	0	0	0
U.S. Agency	0	0	0	0
Mortgage Backed	0	0	0	0
Corporate	0	0	0	0
Bank Loans	0	0	0	0
Local & Provincial Government	0	0	0	0
Sovereign & Supranational	99	100	100	100
Commercial Mortgage Backed	0	0	0	0
Asset Backed	0	0	0	0
Cash Equivalent	1	0	0	0
Other	0	0	0	0
<b>Market Allocation (%):</b>				
United States	1	0	0	0
Foreign (developed markets)	0	0	0	0
Foreign (emerging markets)	99	100	100	100
<b>Currency Allocation (%):</b>				
Non-U.S. Dollar Exposure	98	100	97	100

<sup>1</sup> A negative Sharpe ratio indicates that the portfolio underperformed the risk-free rate during the sample period.



**Real Estate Portfolio Reviews  
As of September 30, 2015**

## City of Ann Arbor VEBA

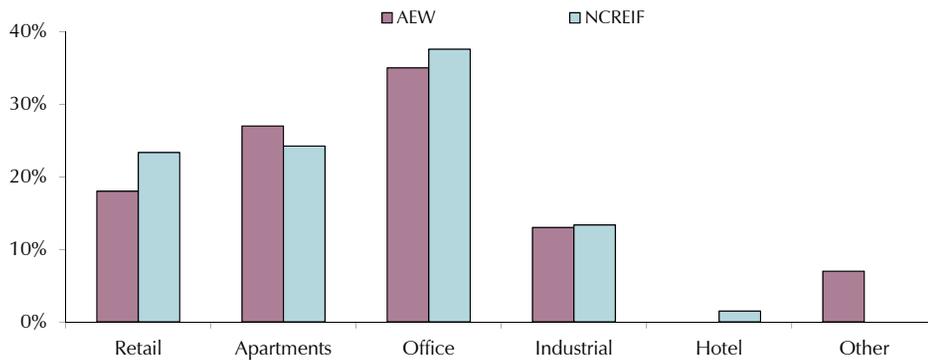
## A.E.W. Core Property Trust Portfolio Detail as of 6/30/15

**Strategy:** Real Estate  
Open-End  
Core  
**Market Value:** \$5.5 million  
**Senior Professionals:** Team  
**Location:** Boston, Massachusetts  
**Account Type:** Separately Managed  
**# of Investments:** 62  
**Liquidity Constraints:** Quarterly  
**Fee Schedule:** 1.10% on first \$10 mm; 1.00% on next \$15 mm  
**IRR:** 11.2%

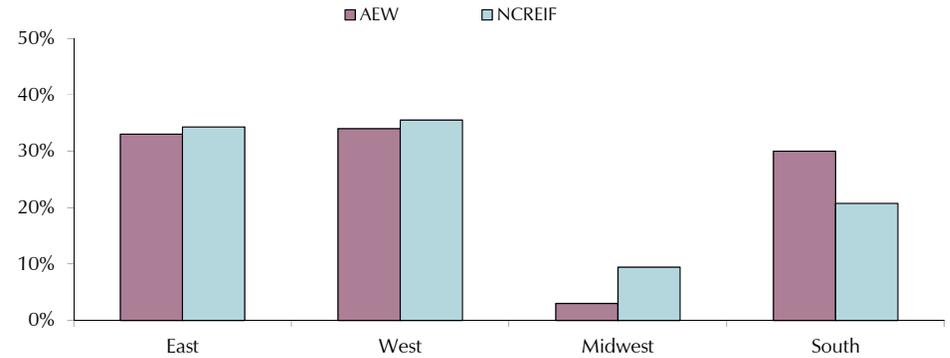
### Portfolio Size:



### 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 9/30/15

**Mandate:** Real Estate  
Public REIT  
Domestic Equities

**Active/Passive:** Passive

**Market Value:** \$4.7 million

**Portfolio Manager:** Gerard C. O'Reilly

**Location:** Valley Forge, Pennsylvania

**Inception Date:** 3/1/2014

**Account Type:** Mutual Fund (VGSIX)

**Fee Schedule:**  
0.12% on all assets

**Liquidity Constraints:**  
Daily

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

Performance (%):	3Q15	1 YR	Since 3/1/14
<b>Vanguard REIT Index</b>	<b>2.0</b>	<b>9.3</b>	<b>8.6</b>
MSCI U.S. REIT	2.1	9.5	8.7
Peer Real Estate	2.6	10.8	10.3
Peer Ranking (percentile)	65	75	85

Capitalization Structure:	9/30/15		6/30/15	
	Vanguard REIT	MSCI U.S. REIT	Vanguard REIT	MSCI U.S. REIT
Weighted Average Market Cap. (US\$ billion)	15.7	24.4	14.7	22.8
Median Market Cap. (US\$ billion)	2.6	11.0	2.7	10.9
Large (% over US\$20 billion)	29	54	28	50
Medium (% US\$3 billion to US\$20 billion)	55	45	55	50
Small (% under US\$3 billion)	16	1	17	0

Fundamental Structure:				
Price-Earnings Ratio	34	35	32	32
Price-Book Value Ratio	2.1	2.5	1.9	2.5
Dividend Yield (%)	4.1	3.8	4.1	4.0
Historical Earnings Growth Rate (%)	21	26	19	20
Projected Earnings Growth Rate (%)	9	9	17	17

Diversification:				
Number of Holdings	145	30	145	35
% in 5 largest holdings	24	40	23	34
% in 10 largest holdings	37	62	36	54

Largest Ten Holdings:		Industry
Simon Property Group	8.3	Real Estate
Public Storage	4.5	Real Estate
Equity Residential REIT	4.0	Real Estate
Health Care REIT	3.5	Real Estate
AvalonBay Communities	3.4	Real Estate
Prologis	3.0	Real Estate
Ventas	2.7	Real Estate
Boston Properties	2.6	Real Estate
HCP	2.5	Real Estate
Equinix	2.3	Real Estate

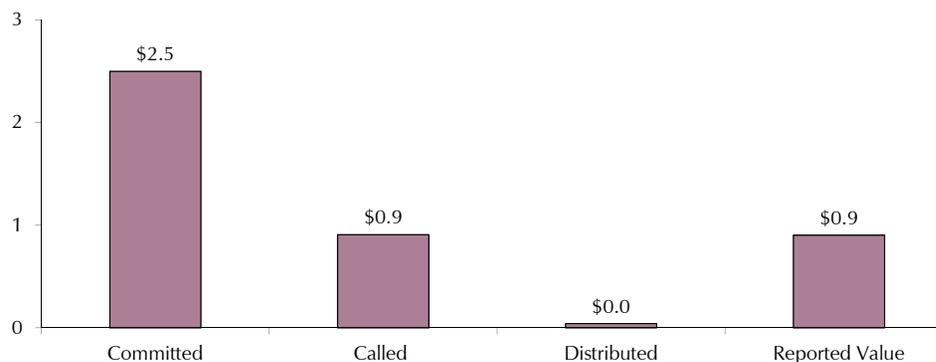


## City of Ann Arbor VEBA

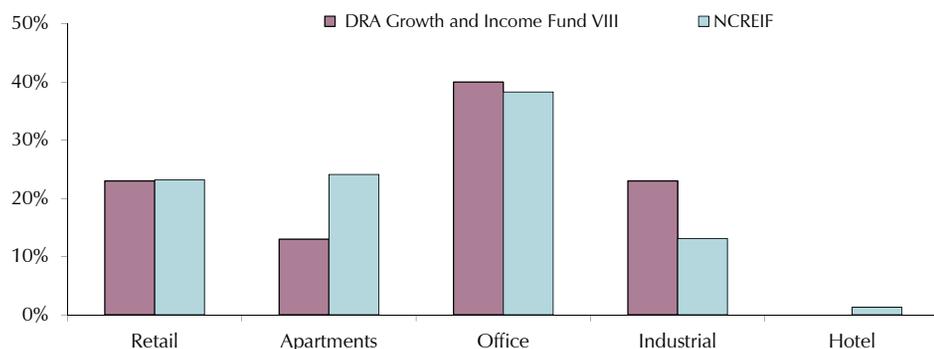
## DRA Growth and Income Fund VIII, LLC Portfolio Detail as of 9/30/15

<b>Strategy:</b>	Real Estate Closed-End Value-Added
<b>Market Value:</b>	\$0.9 million
<b>Senior Professionals:</b>	Team
<b>Location:</b>	New York, New York
<b>Vintage Year:</b>	2013
<b>Account Type:</b>	Limited Partnership
<b># of Investments<sup>1</sup>:</b>	39
<b>Fee Schedule:</b>	0.90% on gross cost during investment period; 0.60% thereafter; 8% preferred return and 20% carried interest
<b>IRR:</b>	14.0%

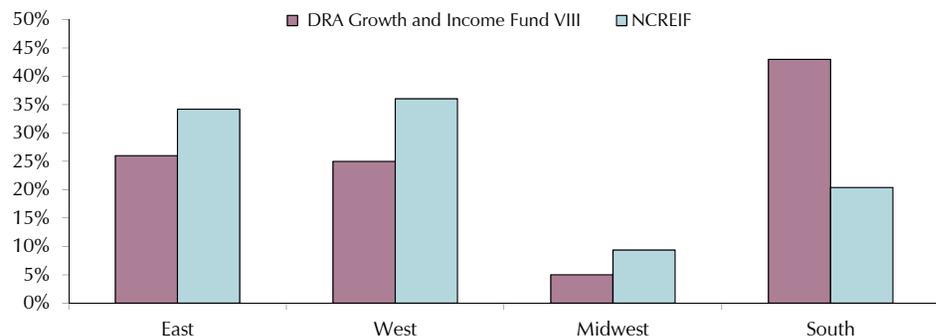
### Portfolio Size:



### Property Type:



### Geographic Region:



### Investment Strategy:

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

<sup>1</sup> Data presented is as of June 30, 2015.

