

**BAY COUNTY EMPLOYEES**  
**RETIREMENT SYSTEM**  
Investment Performance Analysis

June 30, 2012

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August 6, 2012

Board of Trustees  
Bay County Employees Retirement System  
515 Center Avenue, 7th Floor  
Bay City, MI 48708-5753

Dear Trustees:

Attached is your quarterly summary report on the pension fund performance through June 30, 2012.

**Market Environment:** Equity markets did not maintain their previous winning streak. In US stock indices this quarter, value tended to outperform growth and large cap stocks mostly outpaced small cap. Losses ranged from -2.0% in the S&P 500 Growth index to -5.7% in the S&P 400 Growth index. International indices fared worse with the MSCI EAFE index losing -7.1% and the MSCI Emerging Markets index down -8.9% over the quarter. Difficult equity markets provided support for longer term fixed income. The top performing fixed income indices this quarter were the Barclays US Treasury Long index at +10.6% and the Barclays US Government Long index at +10.3%. Long term corporate credit also performed well as represented by the Barclays US Long Credit index which returned +5.0%. The broad Aggregate bond index benefited by holding some allocation to these longer term issues, returning +2.1%, while the Barclays Intermediate Aggregate index, with a shorter duration, fared worse returning +1.3%. Intermediate government and intermediate credit indices performed similarly, each returning 1.5%. Short-term risk free rates remain at 0%. The three year return of the 90 day US Treasury remains +0.1%.

**Total Fund Results:** The total value at the start of the quarter was \$247,095,185. Over the next three months, net distributions from the fund were approximately \$1,627,000. The invested assets produced roughly \$1,412,000 in income and net losses of \$11,205,000. This resulted in a total fund valuation of \$235,676,077 at quarter end.

The one quarter total fund return of -4.0% is below the policy benchmark return of -1.8%. The one year return was -0.7%, ranking 78<sup>th</sup> percentile. The five year annualized return of +2.1% matched the benchmark and was slightly above the average institutional fund.

The fund's high equity exposure was the main contributor to the negative return. At quarter-end, the fund had an equity commitment of 66.0% up from 65.9% last quarter. Compared to all other total funds, 19% have higher equity commitments than BCERS, while 17% of the public funds universe had higher equity commitment.

**Domestic Equity Results:** Combined domestic equity funds results for the quarter were -6.3% and -2.6% for the year. These returns ranked 86<sup>th</sup> and 82<sup>nd</sup> percentile respectively in relation to the large core equity funds universe. The S&P 500 returned -2.8% for the quarter and +5.4% for the year.

For the quarter on an absolute return basis Hotchkis & Wiley's return of -2.3% was highest across domestic equity managers while Denver Investment's -12.3% return was lowest. Hotchkis and Marvin & Palmer both ranked in the top quartile of their respective peer universes. For the year, Columbia's portfolio return of 2.5% was the best amongst these managers while Denver was again lowest at -13.7%. Over the longer term, Columbia's five-year return of +1.1% ranks in the top quartile. The other managers have not fared as well with Denver and Hotchkis & Wiley ranking bottom third and the rest ranking bottom quartile.

**International Equity Results:** Combined international equity managers outperformed the broad markets for the quarter returning -7.7% and ranking 66<sup>th</sup> percentile. Developed international manager Barings -7.1% return lagged the benchmark slightly for the quarter and ranked 58<sup>th</sup> percentile. For the year, they lost -10.0% ranking 32<sup>nd</sup> percentile. The other manager, Schroder, employs a small capitalization international strategy. Their results for the quarter were -8.6% which ranked 83<sup>rd</sup> percentile to other international equity funds. The one year result for Schroders -16.0% which ranked 82<sup>nd</sup> percentile.

**Other Investments:** Your REIT securities manager Cornerstone posted a one quarter return of +3.0% for the quarter which ranked 42<sup>nd</sup> percentile in the universe of REIT funds. For the year they report a gain of +11.8% which ranked 37<sup>th</sup>.

Your convertible securities manager, MacKay Shields had a return of -2.1% for the quarter which ranked 61<sup>st</sup> percentile in the convertible securities only universe. For the year, they earned -1.6% which ranked 53<sup>rd</sup>.

**Fixed Income Results:** The median return for bond funds overall was +2.3% for the quarter. Your bond managers each have specialized mandates, Baird specializes in US Government bonds and Loomis Sayles focuses on corporate credit. Baird had a return of +2.1% for the quarter, above the policy benchmark, in a difficult environment for government bonds. Loomis had better absolute performance at +2.5%, which underperformed their policy benchmark. One year results for Baird were +7.7%, above their benchmark. One year results for Loomis were +10.2% which was slightly below their policy benchmark.

On the following page is a table of contents for the exhibits in the report. We look forward to discussing this report with you at the next meeting of the Trustees.

Cordially,

A handwritten signature in black ink that reads 'Richard L. Potter'.

Richard L. Potter  
Principal

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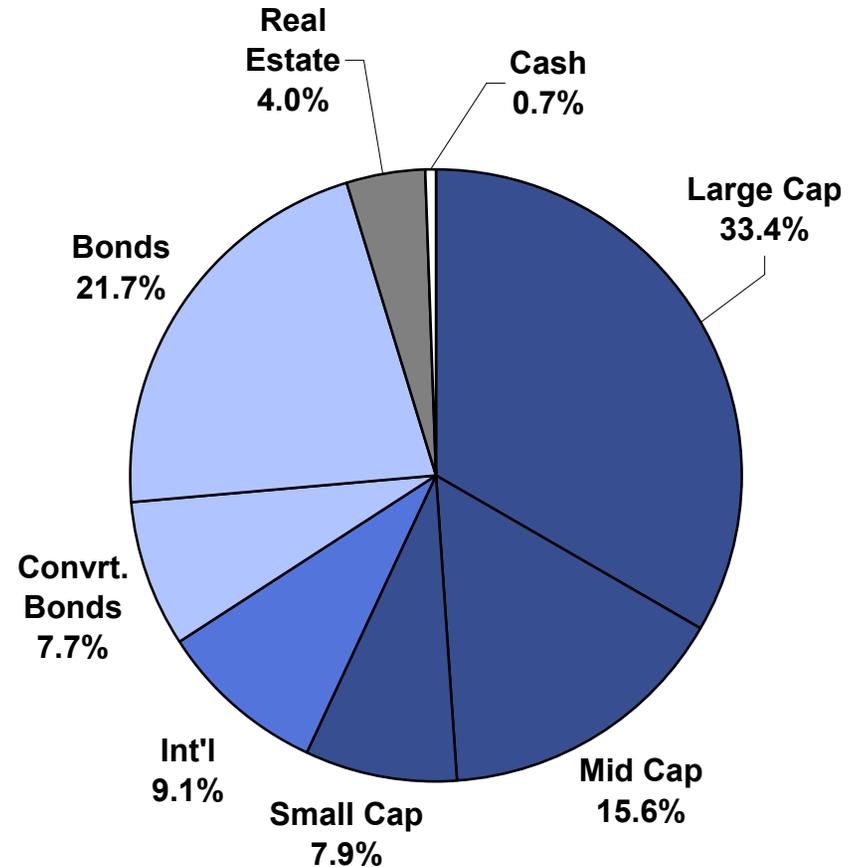
# Bay County Employees' Retirement

As of June 30, 2012

Allocation by Manager Type

Total Plan

		<u>Asset Value</u>	<u>Alloc %</u>
<b>Total Plan</b>		<b>\$235,676,077</b>	<b>100.0%</b>
<b>Domestic Equity</b>		<b>\$134,005,800</b>	<b>56.9%</b>
Large Cap Value	Columbia	\$26,249,626	11.1%
Large Cap Core	WHV	\$26,796,484	11.4%
Large Cap Growth	Marvin & Palmer	\$25,580,547	10.9%
Mid Cap Value	Integrity	\$18,402,527	7.8%
Mid Cap Growth	Denver	\$18,350,113	7.8%
Small Cap Value	Hotchkis & Wiley	\$10,029,761	4.3%
Small Cap Growth	Eagle	\$8,596,742	3.6%
<b>International Equity</b>		<b>\$21,335,529</b>	<b>9.1%</b>
Int'l Large Cap	Barings	\$12,683,367	5.4%
Int'l Small Cap	Schroder	\$8,652,162	3.7%
<b>Fixed Income</b>		<b>\$51,029,529</b>	<b>21.7%</b>
Convertible Bond	MacKay Shields	\$18,213,659	7.7%
Corporate Bond	Loomis Sayles	\$28,695,302	12.2%
Government Bond	Baird	\$22,334,227	9.5%
<b>Real Estate</b>		<b>\$9,502,897</b>	<b>4.0%</b>
REIT	Cornerstone	\$9,502,897	4.0%
<b>Cash</b>		<b>\$1,588,663</b>	<b>0.7%</b>



# Bay County Employees' Retirement

Quarter Ending June 30, 2012

Total Returns  
Summary by Manager

## Start Date

### TOTAL PLAN

### DOMESTIC EQUITY

S&P 500 Index

Large Cap Value	Columbia	Jan 2001
Large Cap Core	WHV	Mar 2004
Large Cap Growth	Marvin & Palmer	May 2006
Mid Cap Value	Integrity	Jan 2007
Mid Cap Growth	Denver	Sep 1997
Small Cap Value	Hotchkis & Wiley	Dec 2003
Small Cap Growth	Eagle	Sep 2010

### INTERNATIONAL EQUITY

MSCI EAFE Index

Int'l Large Cap	Barings	Nov 2009
Int'l Small Cap	Schroder	Jul 2006

### FIXED INCOME

BC Aggregate Bond Index

Convertible Bond	MacKay Shields	Aug 2003
Corporate Bond	Loomis Sayles	Dec 1999
Government Bond	Baird	Mar 2006

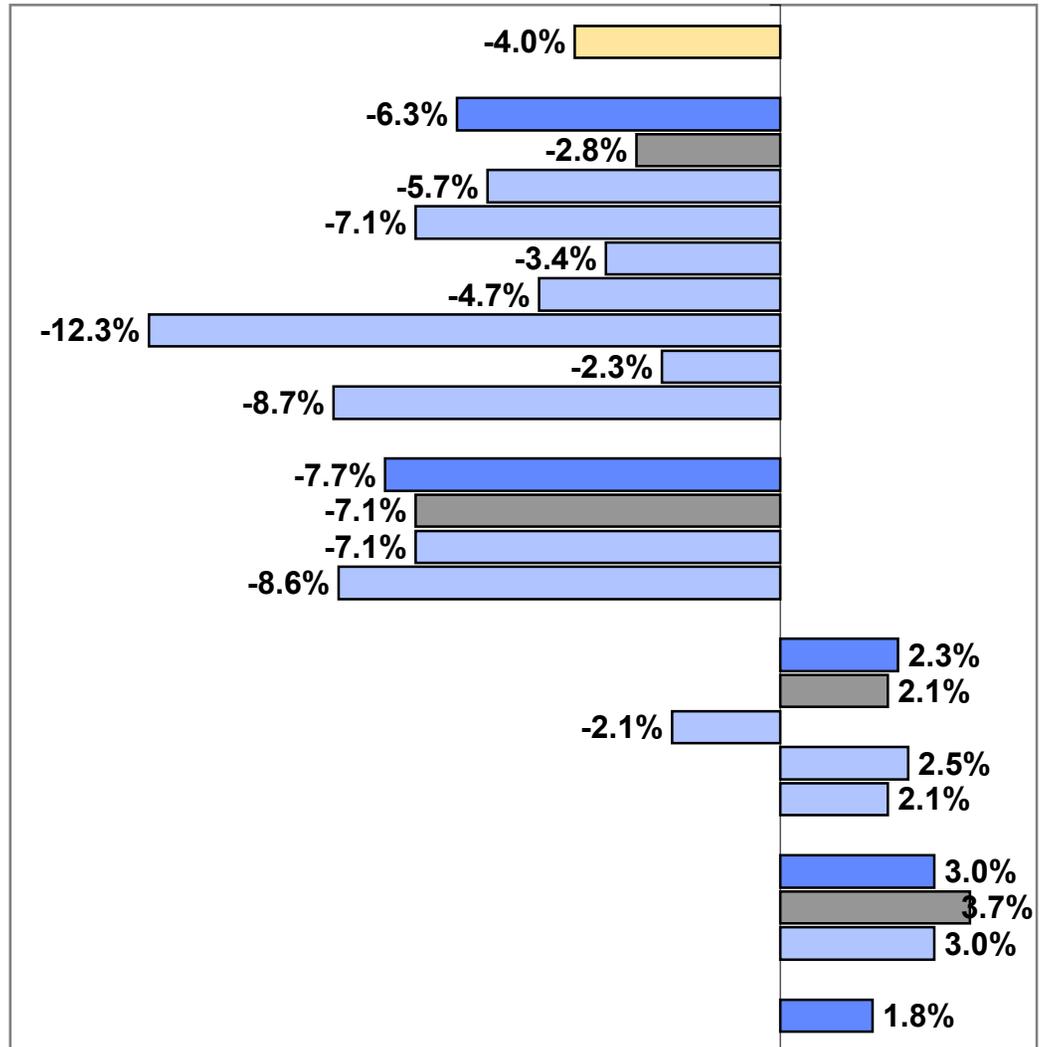
### REAL ESTATE

NAREIT Equity REIT Index

REIT	Cornerstone	Oct 2008
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### CASH

## One Quarter Return



# Bay County Employees' Retirement

One Year Ending June 30, 2012

Total Returns  
Summary by Manager

## Start Date

## One Year Return

### TOTAL PLAN

### DOMESTIC EQUITY

S&P 500 Index		
Large Cap Value	Columbia	Jan 2001
Large Cap Core	WHV	Mar 2004
Large Cap Growth	Marvin & Palmer	May 2006
Mid Cap Value	Integrity	Jan 2007
Mid Cap Growth	Denver	Sep 1997
Small Cap Value	Hotchkis & Wiley	Dec 2003
Small Cap Growth	Eagle	Sep 2010

### INTERNATIONAL EQUITY

MSCI EAFE Index		
Int'l Large Cap	Barings	Nov 2009
Int'l Small Cap	Schroder	Jul 2006

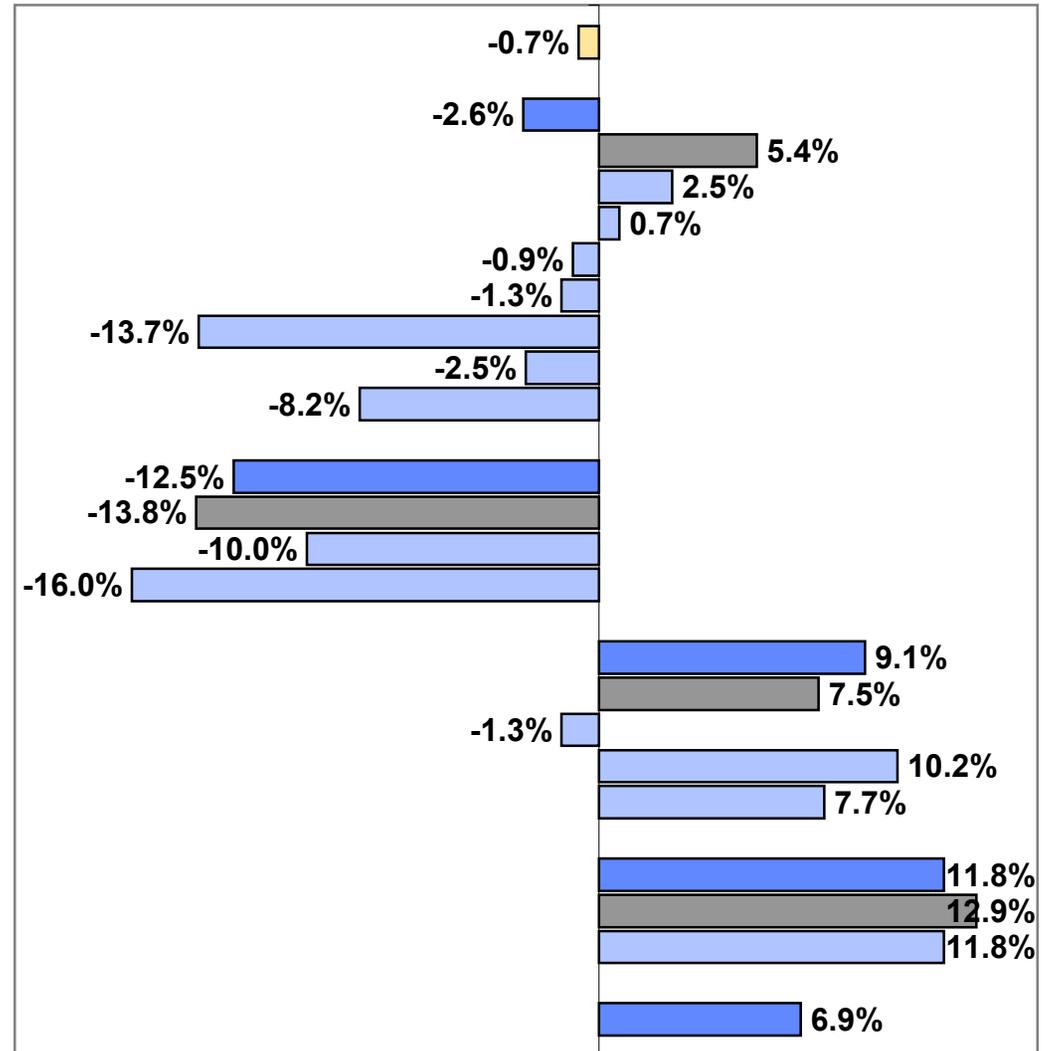
### FIXED INCOME

BC Aggregate Bond Index		
Convertible Bond	MacKay Shields	Aug 2003
Corporate Bond	Loomis Sayles	Dec 1999
Government Bond	Baird	Mar 2006

### REAL ESTATE

NAREIT Equity REIT Index		
REIT	Cornerstone	Oct 2008

### CASH



# Bay County Employees' Retirement

Periods Ending June 30, 2012

Total Returns  
Manager Performance

<u>Manager</u>	<u>1 Year Return Gross</u>	<u>1 Year Return Net-of-Fees*</u>
Columbia	2.5%	2.1%
On Watch WHV	0.7%	0.2%
Terminated Marvin & Palmer	-0.9%	-1.7%
Integrity	-1.3%	-2.1%
On Watch Denver	-13.7%	-14.4%
Hotchkis & Wiley	-2.5%	-3.5%
Eagle		
Barings	-10.0%	-11.0%
Schroder	-16.0%	-16.8%
Mackay Shields	-1.3%	-1.8%
Loomis Sayles	10.2%	9.9%
Baird	7.7%	7.4%
Total Fund	-0.7%	-1.3%
<b>Composite Fee</b>		<b>0.56%</b>

\* - Net-of-fees returns are estimates based upon account asset values and fee schedules.

## INVESTMENT MARKET ENVIRONMENT

Periods Ending June 30, 2012

### Commentary and Benchmark Index Returns

Domestic stock markets declined in the June quarter as concerns over slowing economic growth and job creation offset good news on lower energy prices and improved consumer spending. Large capitalization stocks performed better than mid and small caps for the quarter and year. Growth lagged value for the quarter, but led for the year in large caps, while it trailed mid and small.

International developed and emerging market equities performed below domestic for the quarter and year. The European debt crisis and tepid economic growth were primary factors impacting results.

Bond performance, especially long duration issues, was helped by declining interest rates. Spreads widened slightly in the quarter, while government and corporate returns were similar.

Real estate again posted solid results for the quarter and year.

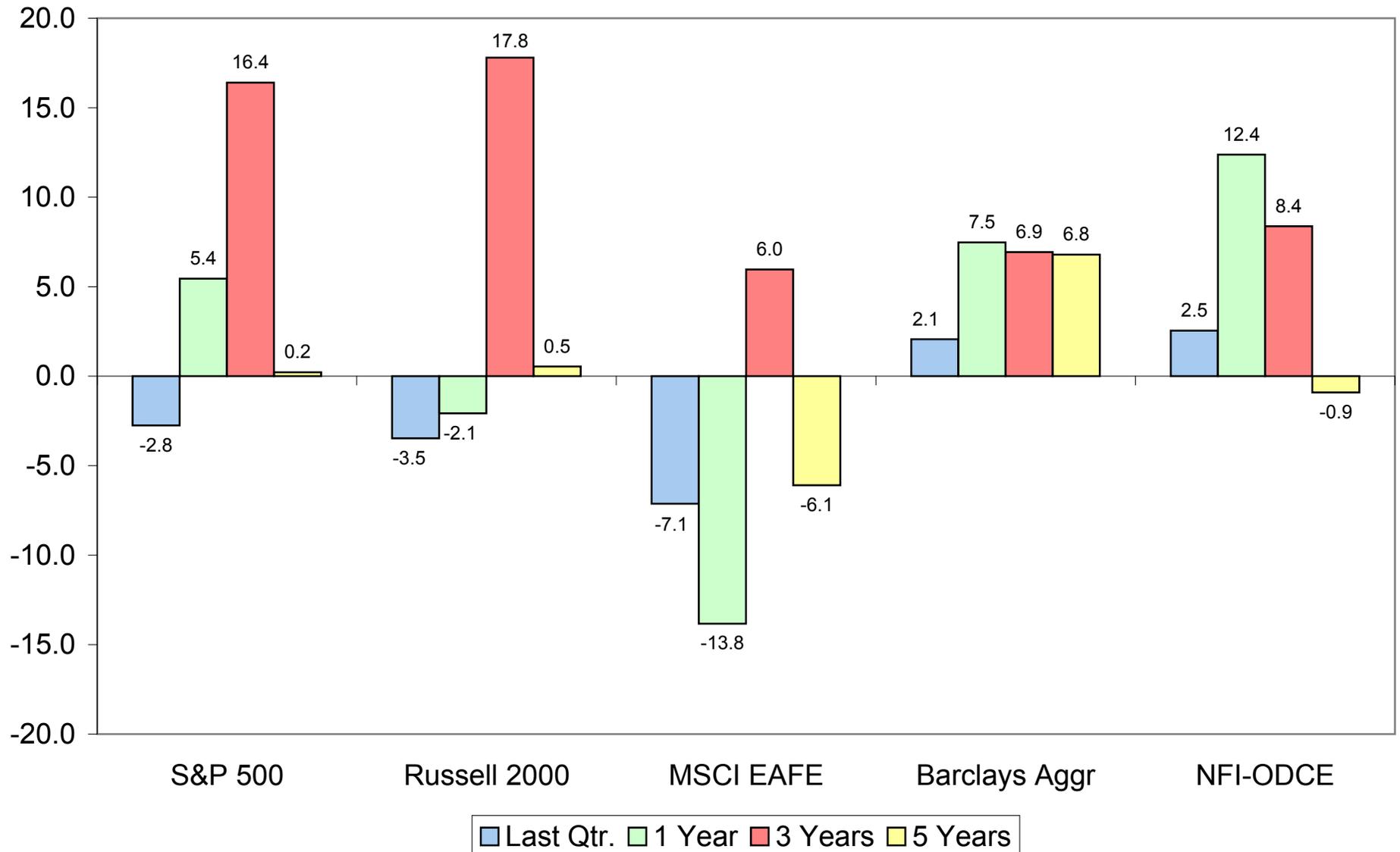
### Index Returns - Periods Ending June 30, 2012

	<u>1 Quarter</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
S&P 500	-2.8	5.4	16.4	0.2	5.3 %
S&P Mid Cap	-4.9	-2.3	19.4	2.6	8.2
Russell 2000	-3.5	-2.1	17.8	0.5	7.0
MSCI EAFE	-7.1	-13.8	6.0	-6.1	5.1
ACWI Ex US	-7.6	-14.6	7.0	-4.6	6.7
MSCI Emerging Markets	-8.9	-16.0	9.8	-0.1	14.1
Barclays Aggregate	2.1	7.5	6.9	6.8	5.6
Barclays Govt/Credit	2.6	8.8	7.3	6.9	5.8
Barclays Govt/Credit Intermediate	1.5	5.4	5.8	6.0	5.1
Barclays Govt/Credit Long	7.3	24.6	14.4	11.0	8.7
Barclays Govt	2.6	8.3	5.6	6.6	5.4
Barclays Govt Intermediate	1.5	5.0	4.4	5.8	4.6
Barclays Gov't Long	10.3	31.4	13.5	11.9	8.9
Barclays Mortgage Backed	1.1	5.0	5.4	6.7	5.4
Barclays U.S. Credit	2.5	9.5	10.1	7.6	6.5
Barclays Corporate High Yield	1.8	7.3	16.3	8.4	10.2
NFI-ODCE (Real Estate)	2.5	12.4	8.4	-0.9	6.6
NAREIT (REIT)	3.7	12.9	32.4	2.6	10.3
90-Day Treasury Bills	0.0	0.1	0.1	1.0	1.9
CPI	-0.2	1.7	2.1	2.0	2.4

# INVESTMENT MARKET ENVIRONMENT

Periods Ending June 30, 2012

## Commentary and Benchmark Index Returns



# BAY COUNTY EMPLOYEES' RETIREMENT

COMBINED

Periods Ending June 30, 2012

## Total Fund Asset Growth Summary (\$000)

	One Quarter	Year to Date	One Year	Since Inception
<b>COMBINED</b>				
Beginning Market Value	247,095	226,038	245,995	24,693
Net External Growth	-1,627	-3,986	-8,484	-99,568
Return on Investment	-9,792	13,624	-1,834	310,551
Income Received	1,412	2,663	5,122	116,333
Gain/Loss	-11,205	10,961	-6,956	194,218
Ending Market Value	235,676	235,676	235,676	235,676

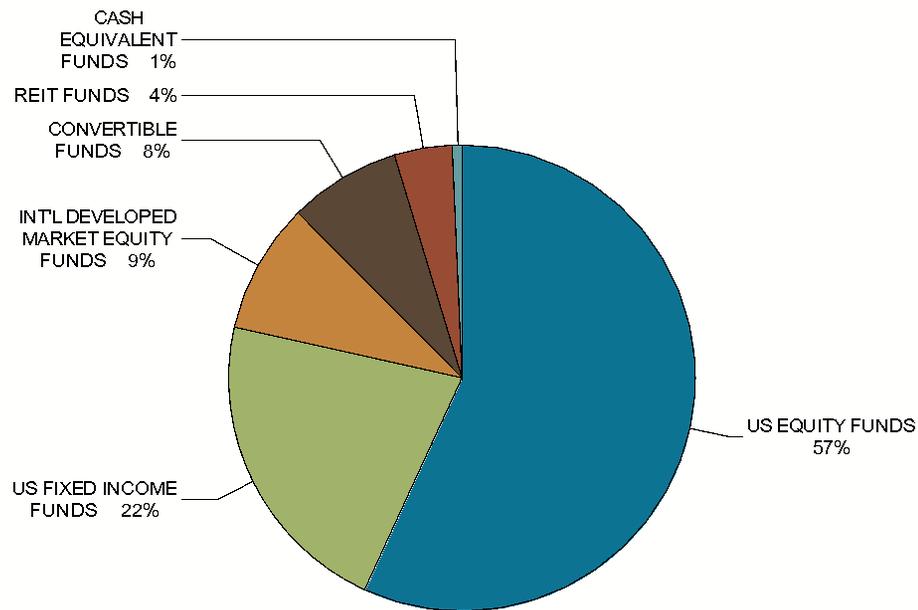
Inception Date: January 01, 1985

# BAY COUNTY EMPLOYEES' RETIREMENT

COMBINED

As of June 30, 2012

## Allocation by Manager Type

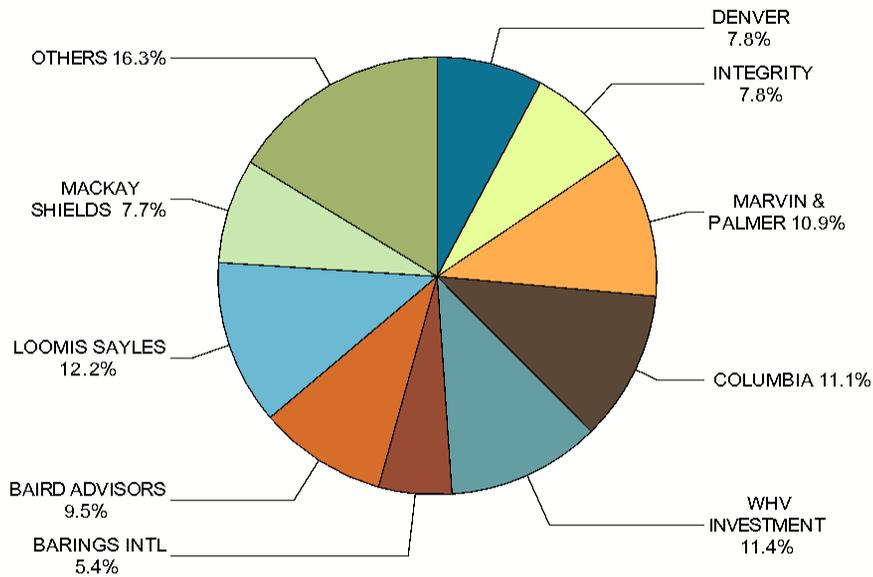


<u>MANAGER TYPE</u>	<u>Ending Market Value</u>	<u>% of Plan</u>
US EQUITY FUNDS	134,005,800	56.9
US FIXED INCOME FUNDS	51,029,529	21.7
INT'L DEVELOPED MARKET EQUITY FUNDS	21,335,529	9.1
CONVERTIBLE FUNDS	18,213,659	7.7
REIT FUNDS	9,502,897	4.0
CASH EQUIVALENT FUNDS	1,588,663	0.7
<b>TOTAL</b>	<b>235,676,077</b>	<b>100.0</b>

# BAY COUNTY EMPLOYEES' RETIREMENT

As of June 30, 2012

## Portfolio Asset Allocation by Manager



FUND	Ending Market Value	% of Plan
DENVER	18,350,113	7.8
EAGLE ASSET	8,596,742	3.6
HOTCHKIS & WILEY	10,029,761	4.3
INTEGRITY	18,402,527	7.8
MARVIN & PALMER	25,580,547	10.9
COLUMBIA	26,249,626	11.1
WHV INVESTMENT	26,796,484	11.4
BARINGS INTL	12,683,367	5.4
SCHRODER	8,652,162	3.7
BAIRD ADVISORS	22,334,227	9.5
LOOMIS SAYLES	28,695,302	12.2
MACKAY SHIELDS	18,213,659	7.7
CORNERSTONE R/E	9,502,897	4.0
CASH	1,588,663	0.7
<b>TOTAL</b>	<b>235,676,077</b>	<b>100.0</b>

## BAY COUNTY EMPLOYEES' RETIREMENT

Year Ending June 30, 2012

### Portfolio Asset Growth Summary (\$000)

	Beginning Market Value	Net External Growth	Return on Investment	Income	Gain/Loss	Ending Market Value
DENVER	21,252	0	-2,901	132	-3,033	18,350
HOTCHKIS & WILEY	12,859	-2,300	-529	174	-704	10,030
INTEGRITY	19,123	-500	-221	285	-505	18,403
COLUMBIA	25,602	0	648	574	74	26,250
MARVIN & PALMER	25,815	0	-234	256	-491	25,581
WHV INVESTMENT	28,739	-2,200	257	405	-148	26,796
BARINGS INTL	14,092	-4	-1,404	370	-1,774	12,683
SCHRODER	10,373	-17	-1,703	0	-1,703	8,652
BAIRD ADVISORS	20,747	0	1,587	824	764	22,334
LOOMIS SAYLES	26,043	0	2,652	1,290	1,362	28,695
MACKAY SHIELDS	20,547	-2,000	-333	356	-689	18,214
CORNERSTONE R/E	8,503	0	1,000	277	723	9,503
CASH	1,408	37	144	142	2	1,589
<b>COMBINED</b>	<b>245,995</b>	<b>-8,484</b>	<b>-1,834</b>	<b>5,122</b>	<b>-6,956</b>	<b>235,676</b>

# BAY COUNTY EMPLOYEES' RETIREMENT

Portfolio Returns

Periods Ending June 30, 2012

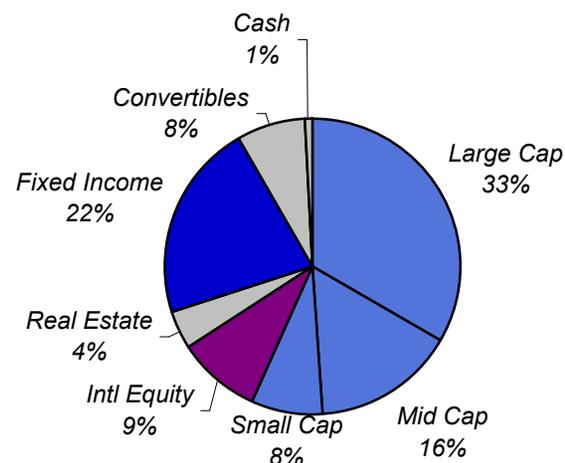
## Combined Securities Performance & Policy Allocation

	One Quarter	One Year	Three Years	Five Years	Ten Years
<b>Total Fund</b>	-4.0	-0.7	14.1	2.1	5.9
<i>Investment Policy Index **</i>	-1.8	3.6	11.9	2.1	5.5
<b>Combined US Equities</b>	-6.5	-2.6	17.5	-0.1	5.4
<i>S&amp;P 500 Index</i>	-2.8	5.4	16.4	0.2	5.3
<b>Combined Intl Equities</b>	-7.8	-12.8	9.1	-4.0	5.9
<i>MSCI EAFE Index</i>	-7.1	-13.8	6.0	-6.1	5.1
<b>Combined Bonds</b>	2.4	9.4	9.6	7.9	6.6
<i>Barclays Aggregate Index</i>	2.1	7.5	6.9	6.8	5.6

\*\* Investment Policy Index = 55% S&P 500 Index + 14% MSCI EAFE Index + 31% Barclays Aggregate Index

Allocation Ranges	Minimum	Target	Maximum
US Large Cap Equity	26%	31%	36%
US Mid Cap Equity	11%	15%	19%
US Small Cap Equity	3%	6%	9%
International Equity	10%	14%	18%
Real Estate Equity	1%	3%	5%
US Core Fixed Income	20%	26%	32%
Convertible Securities	3%	5%	7%

**Current Allocation by Manager Type**



## BAY COUNTY EMPLOYEES' RETIREMENT

Portfolio Returns

Periods Ending June 30

### Combined Securities Performance - Annual Periods

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Total Fund</b>	-0.7	28.5	16.2	-20.2	-6.5	16.3	7.8	8.0	15.7	2.6
<i>Investment Policy Index **</i>	3.6	20.6	12.0	-15.6	-6.1	15.6	6.4	6.8	13.0	3.5
<b>Combined US Equities</b>	-2.6	39.9	19.0	-30.7	-11.3	18.8	9.3	8.2	22.5	-1.7
<i>S&amp;P 500 Index</i>	5.4	30.7	14.4	-26.2	-13.1	20.6	8.6	6.3	19.1	0.3
<b>Combined Intl Equities</b>	-12.8	32.5	12.4	-25.8	-15.2	29.5	23.5	13.2	31.4	-8.8
<i>MSCI EAFE Index</i>	-13.8	30.4	5.9	-31.4	-10.6	27.0	26.6	13.7	21.4	-6.5
<b>Combined Bonds</b>	9.4	6.2	13.1	5.9	5.2	6.7	-1.4	7.0	1.7	13.2
<i>Barclays Aggregate Index</i>	7.5	3.9	9.5	6.0	7.1	6.1	-0.8	6.8	0.3	10.4
<b>Total Equity Weighting</b>	64.4	67.6	62.1	59.6	63.8	70.3	64.0	67.5	69.5	61.0

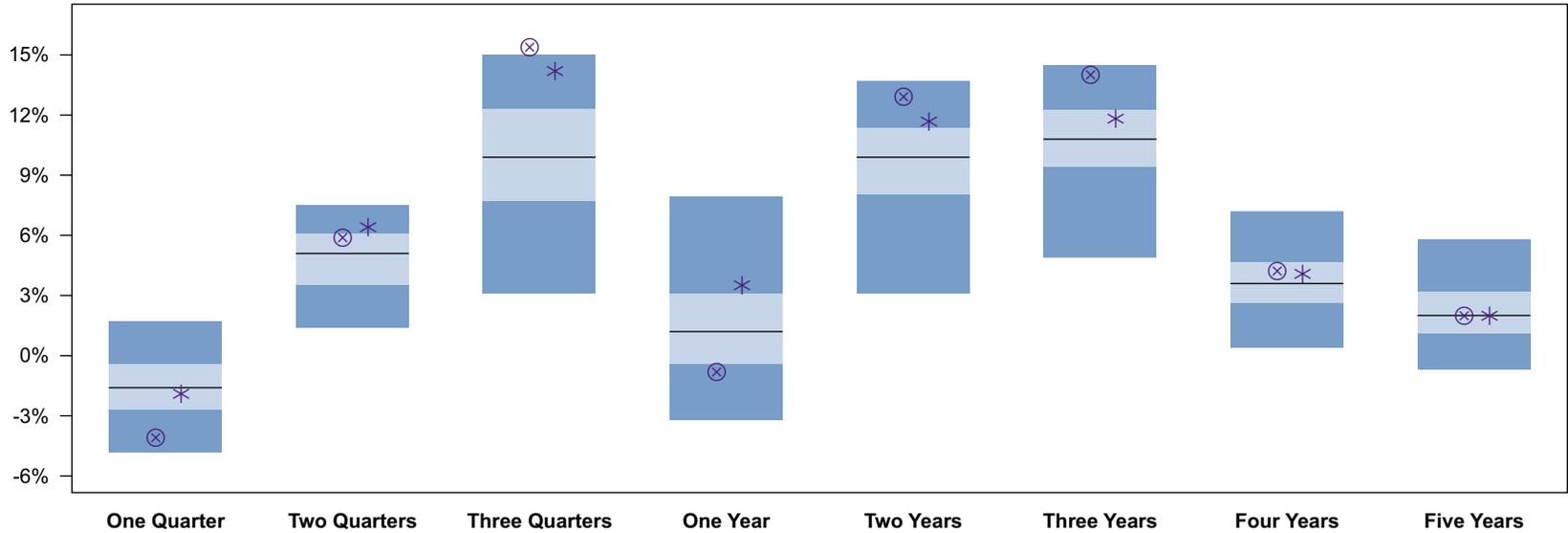
\*\* Investment Policy Index = 55% S&P 500 Index + 14% MSCI EAFE Index + 31% Barclays Aggregate Index

# BAY COUNTY EMPLOYEES' RETIREMENT

Master Trust Funds

Periods Ending June 30, 2012

## Total Fund Performance - Trailing Periods



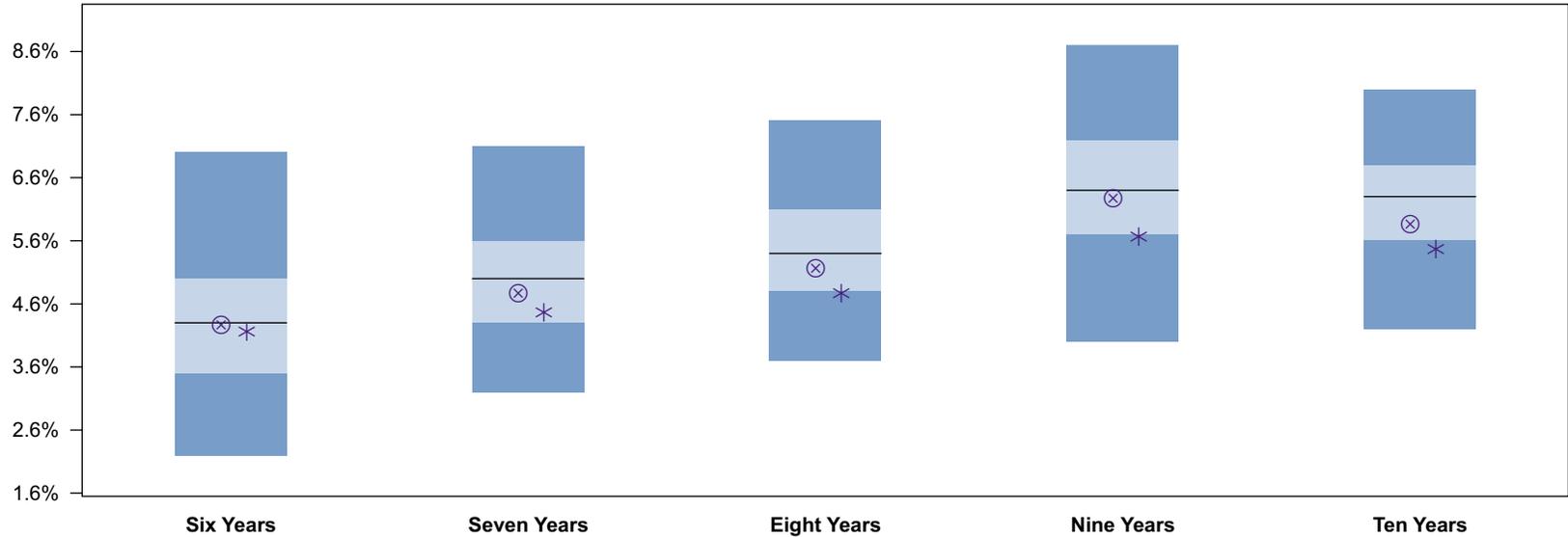
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
⊗ <b>COMBINED</b>	-4.0	89	6.0	27	15.5	4	-0.7	78	13.0	8	14.1	8	4.3	32	2.1	50
* <i>POLICY INDEX COMBINED</i>	-1.8	55	6.5	19	14.3	9	3.6	21	11.8	20	11.9	33	4.2	34	2.1	50
Median	-1.6		5.1		9.9		1.2		9.9		10.8		3.6		2.0	

# BAY COUNTY EMPLOYEES' RETIREMENT

Master Trust Funds

Periods Ending June 30, 2012

## Total Fund Performance - Trailing Periods

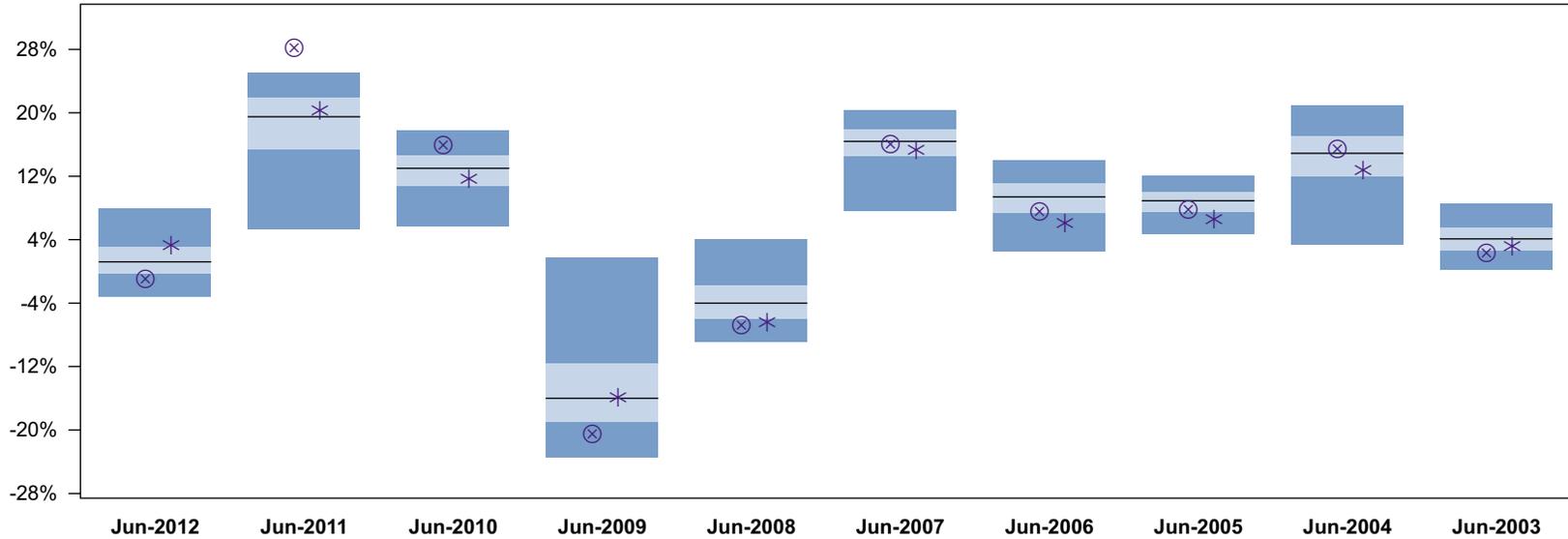


	Six Years	Seven Years	Eight Years	Nine Years	Ten Years
⊗ <b>COMBINED</b>	4.3 50	4.8 57	5.2 62	6.3 55	5.9 61
* <i>POLICY INDEX COMBINED</i>	4.2 53	4.5 68	4.8 75	5.7 76	5.5 79
Median	4.3	5.0	5.4	6.4	6.3

# BAY COUNTY EMPLOYEES' RETIREMENT

Master Trust Funds  
Years Ending June

## Total Fund Performance - Annual Periods

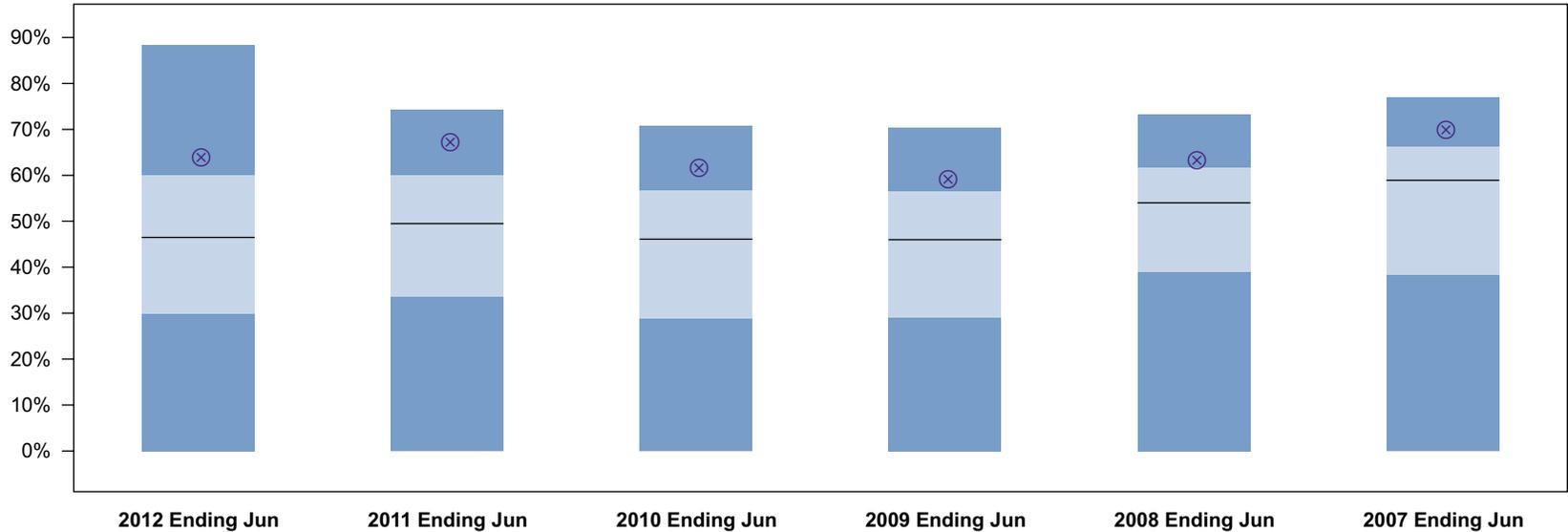


	Jun-2012		Jun-2011		Jun-2010		Jun-2009		Jun-2008		Jun-2007		Jun-2006		Jun-2005		Jun-2004		Jun-2003	
⊗ <b>COMBINED</b>	-0.7	78	28.5	1	16.2	10	-20.2	82	-6.5	81	16.3	52	7.8	71	8.0	67	15.7	42	2.6	76
* <i>POLICY INDEX COMBINE</i>	3.6	21	20.6	39	12.0	64	-15.6	49	-6.1	77	15.6	61	6.4	82	6.8	83	13.0	70	3.5	59
Median	1.2		19.5		13.0		-16.0		-4.0		16.4		9.4		8.9		14.9		4.1	

# BAY COUNTY EMPLOYEES' RETIREMENT

Master Trust Funds  
Periods Ending June

## Equity Allocation History



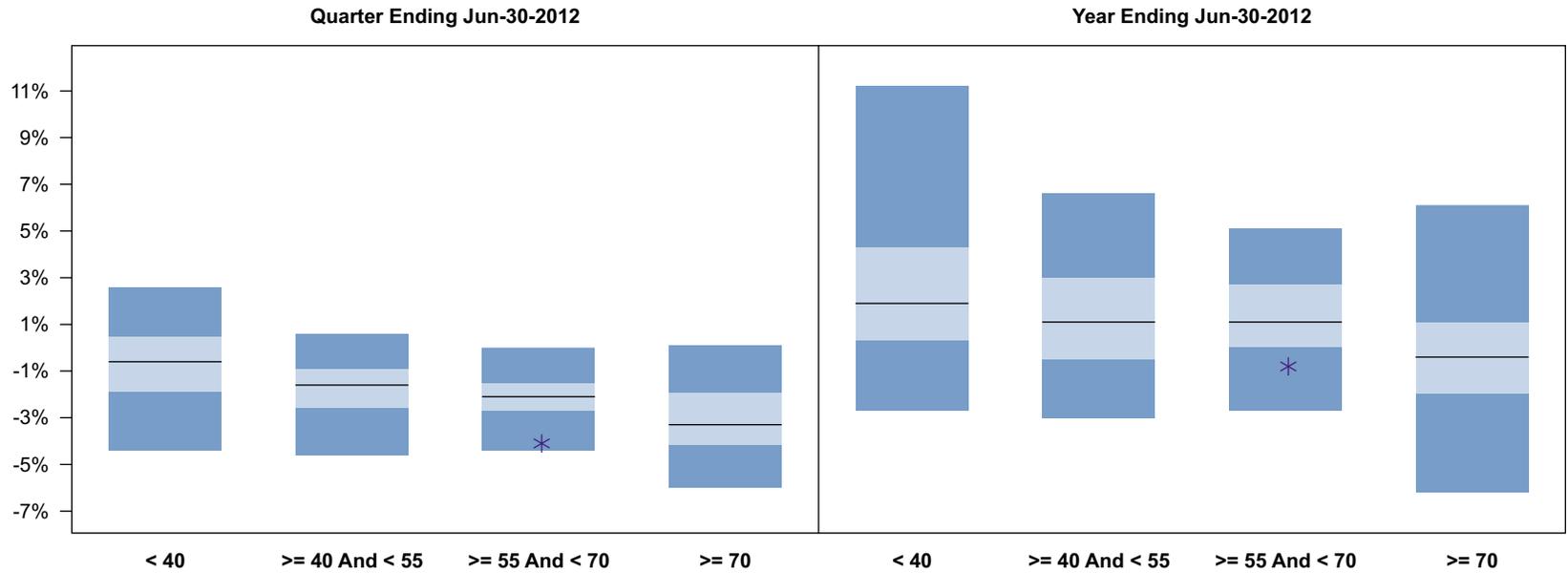
	2012 Ending Jun	2011 Ending Jun	2010 Ending Jun	2009 Ending Jun	2008 Ending Jun	2007 Ending Jun
⊗ <b>COMBINED</b>	64.4 19	67.6 12	62.1 15	59.6 19	63.8 19	70.3 16
5th Percentile	88.4	74.3	70.8	70.3	73.2	77.0
25th Percentile	60.1	60.2	56.8	56.5	61.7	66.4
50th Percentile	46.5	49.5	46.1	46.0	54.0	58.9
75th Percentile	29.8	33.5	28.7	29.0	39.0	38.2
95th Percentile	0.0	0.0	0.0	0.0	0.0	0.0

# BAY COUNTY EMPLOYEES' RETIREMENT

Master Trust Funds

Periods Ending June 30, 2012

## Effects of Equity Allocation on Total Fund Return



\* **COMBINED**  
Median

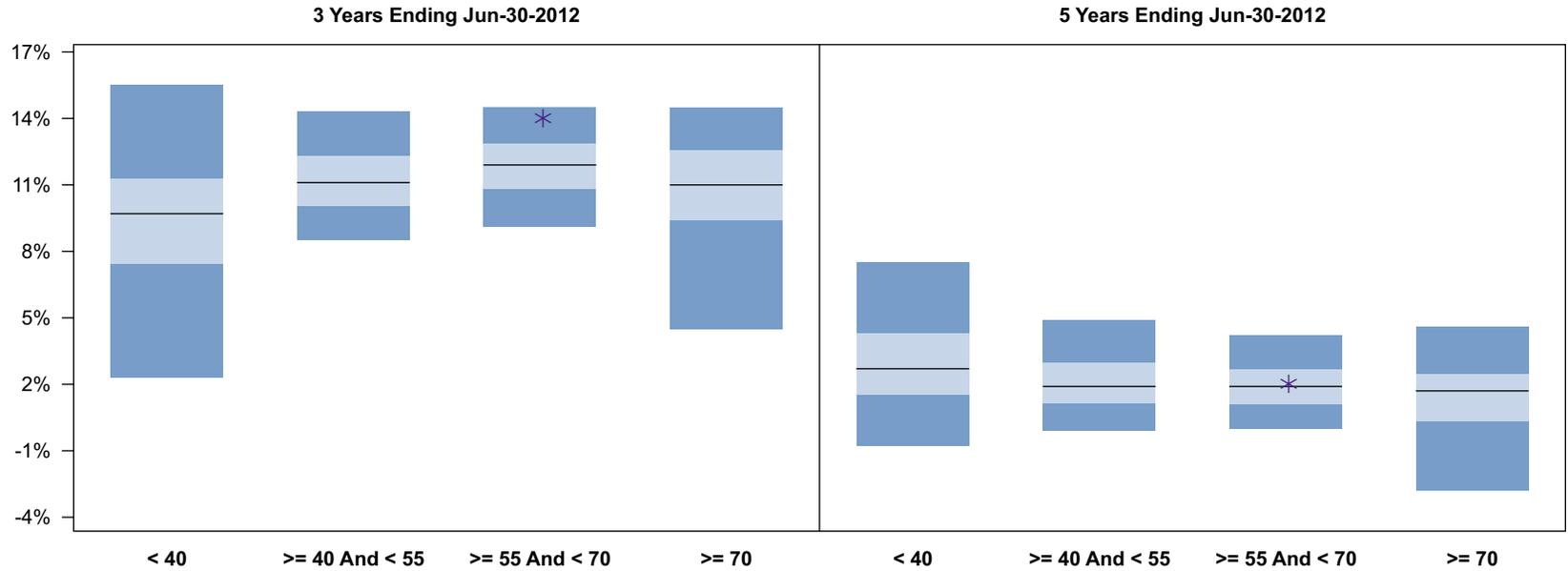
Age Group	Quarter Median	Year Median	Outlier	Count
< 40	-0.6	1.9		
>= 40 And < 55	-1.6	1.1		
>= 55 And < 70	-2.1	1.1	-0.7	82
>= 70	-3.3	-0.4		

# BAY COUNTY EMPLOYEES' RETIREMENT

Master Trust Funds

Periods Ending June 30, 2012

## Effects of Equity Allocation on Total Fund Return



\* **COMBINED**  
Median

	< 40	>= 40 And < 55	>= 55 And < 70	>= 70	< 40	>= 40 And < 55	>= 55 And < 70	>= 70
Median	9.7	11.1	11.9	11.0	2.7	1.9	1.9	1.7
Combined			14.1	9			2.1	44

# BAY COUNTY EMPLOYEES' RETIREMENT

US Equity Funds

Periods Ending June 30, 2012

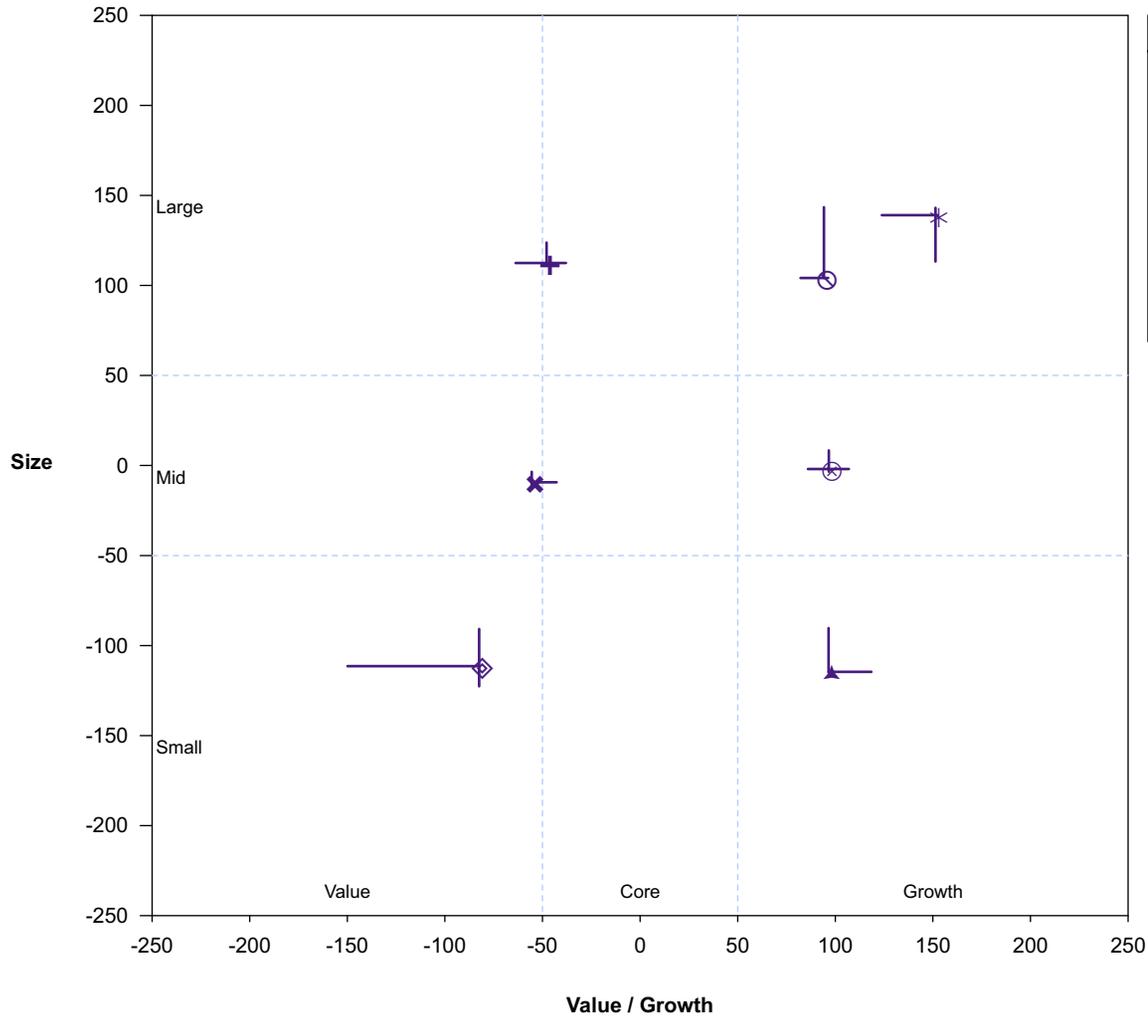
## Total Fund Performance by Style

	One Quarter		One Year		Two Years		Three Years		Four Years		Five Years	
<b>SMALL CAP VALUE FUNDS</b>												
<b>HOTCHKIS &amp; WILEY</b>	<b>-2.3</b>	<b>12</b>	<b>-2.5</b>	<b>59</b>	<b>17.8</b>	<b>5</b>	<b>27.2</b>	<b>2</b>	<b>9.5</b>	<b>19</b>	<b>0.6</b>	<b>65</b>
Russell 2000 Value +150bp	-2.6		0.0		15.5		19.0		6.5		0.5	
Median	-4.5		-1.8		14.7		18.2		7.1		1.4	
<b>SMALL CAP GROWTH FUNDS</b>												
<b>EAGLE ASSET MGT</b>	<b>-8.7</b>	<b>94</b>	<b>-8.2</b>	<b>88</b>								
Russell 2000 Growth +150bp	-3.6		-1.2									
Median	-4.8		-2.6									
<b>MID CAP CORE FUNDS</b>												
<b>INTEGRITY ASSET MGT</b>	<b>-4.7</b>	<b>30</b>	<b>-1.3</b>	<b>26</b>	<b>16.6</b>	<b>46</b>	<b>18.9</b>	<b>40</b>	<b>5.6</b>	<b>38</b>	<b>0.3</b>	<b>78</b>
Russell Mid Cap Value +150bp	-2.9		1.1		17.4		21.5		6.2		1.4	
Median	-5.6		-3.1		16.2		17.7		5.1		2.3	
<b>MID CAP GROWTH FUNDS</b>												
<b>DENVER INV ADV</b>	<b>-12.3</b>	<b>92</b>	<b>-13.7</b>	<b>91</b>	<b>12.1</b>	<b>82</b>	<b>17.1</b>	<b>66</b>	<b>2.8</b>	<b>69</b>	<b>0.4</b>	<b>72</b>
Russell Mid Cap Gwth +150bp	-5.2		-1.5		19.6		20.7		5.8		3.5	
Median	-5.5		-0.5		17.5		18.9		5.6		3.1	
<b>LARGE CAP VALUE FUNDS</b>												
<b>COLUMBIA</b>	<b>-5.7</b>	<b>86</b>	<b>2.5</b>	<b>50</b>	<b>17.4</b>	<b>28</b>	<b>17.1</b>	<b>17</b>	<b>4.3</b>	<b>31</b>	<b>1.1</b>	<b>24</b>
Russell 1000 Value +100bp	-2.0		4.0		16.4		16.9		3.5		-1.2	
Median	-3.4		2.4		15.9		15.6		3.5		0.2	
<b>LARGE CAP GROWTH FUNDS</b>												
<b>MARVIN &amp; PALMER</b>	<b>-3.4</b>	<b>17</b>	<b>-0.9</b>	<b>77</b>	<b>17.4</b>	<b>57</b>	<b>15.1</b>	<b>68</b>	<b>-2.2</b>	<b>99</b>	<b>-0.7</b>	<b>91</b>
Russell 1000 Growth +100bp	-3.8		6.8		20.7		18.6		6.3		4.0	
<b>WHV INVESTMENT</b>	<b>-7.1</b>	<b>82</b>	<b>0.7</b>	<b>66</b>	<b>17.3</b>	<b>58</b>	<b>13.5</b>	<b>89</b>	<b>3.6</b>	<b>61</b>	<b>0.7</b>	<b>84</b>
S&P 500 +100bp	-2.5		6.5		18.6		17.5		5.0		1.3	
Median	-5.6		3.1		18.3		16.9		4.4		2.9	

# BAY COUNTY EMPLOYEES' RETIREMENT

Period Ending June 30, 2012

## Equity Style Analysis - Drift Over Time



FUND	Value / Growth	Size
⊗ DENVER	96.68	-1.96
▲ EAGLE ASSET	96.54	-114.58
◆ HOTCHKIS & WILEY	-82.46	-111.42
* INTEGRITY	-55.49	-9.32
* MARVIN & PALMER	151.32	139.08
+ COLUMBIA	-47.93	112.49
⊙ WHV INVESTMENT	94.17	104.13

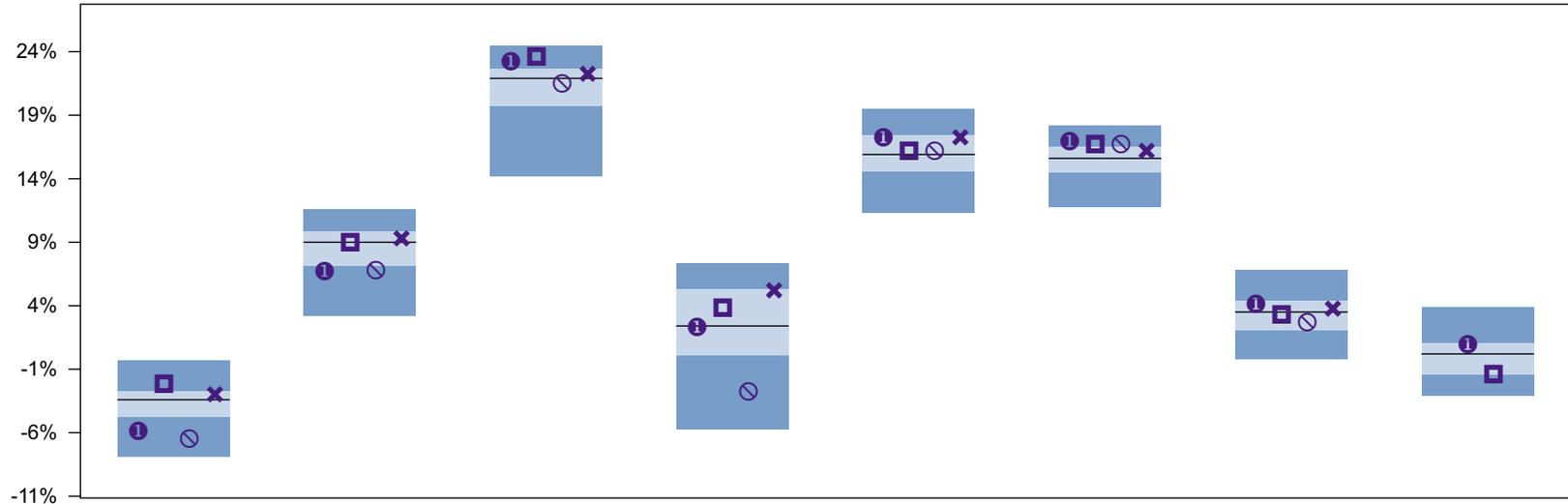
\* Equity style analysis is based on Morningstar Size and VCG Scores and Morningstar Style Box(TM) methodology

# BAY COUNTY EMPLOYEES' RETIREMENT

US Equity Funds (Active) - Large Core

Periods Ending June 30, 2012

## Total Fund Performance - Trailing Periods



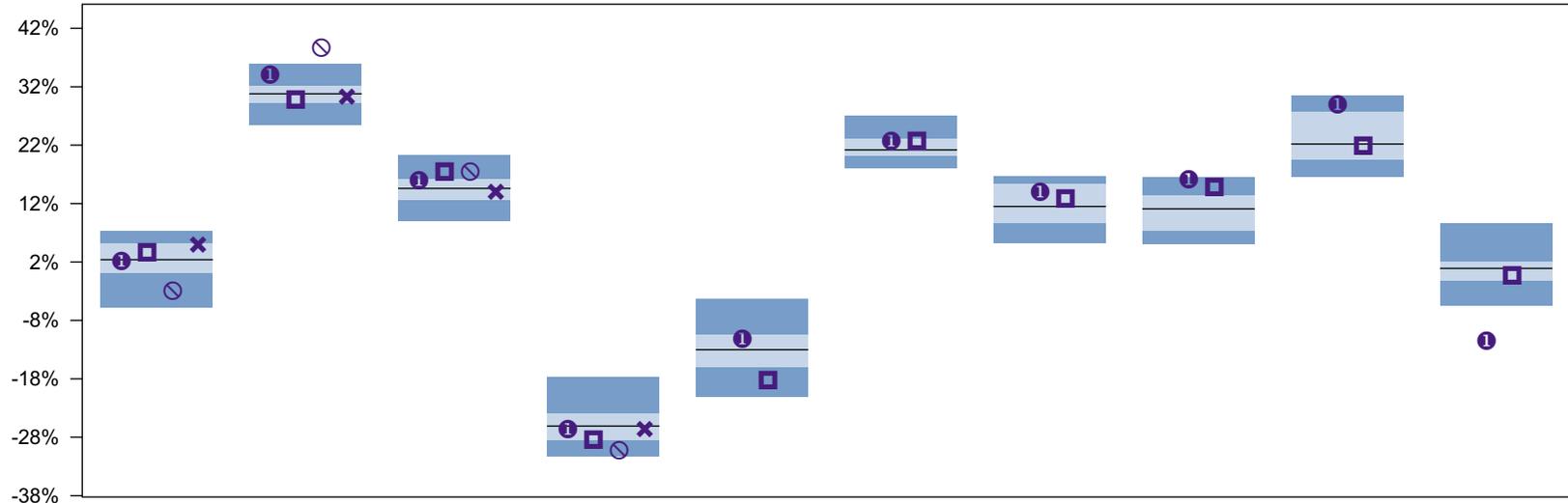
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
● COLUMBIA	-5.7	86	6.9	78	23.4	14	2.5	50	17.4	28	17.1	17	4.3	31	1.1	24
■ POLICY COLUMBIA	-2.0	12	9.2	46	23.8	11	4.0	36	16.4	42	16.9	21	3.5	50	-1.2	71
⊖ EQUITY COMBO	-6.3	90	7.0	76	21.7	54	-2.6	89	16.4	42	16.9	21	2.9	63		
✕ S&P 500	-2.8	31	9.5	39	22.4	41	5.4	23	17.4	30	16.4	32	3.9	44		
Median	-3.4		9.0		21.9		2.4		15.9		15.6		3.5		0.2	

# BAY COUNTY EMPLOYEES' RETIREMENT

US Equity Funds (Active) - Large Core

Years Ending June

## Total Fund Performance - Annual Periods



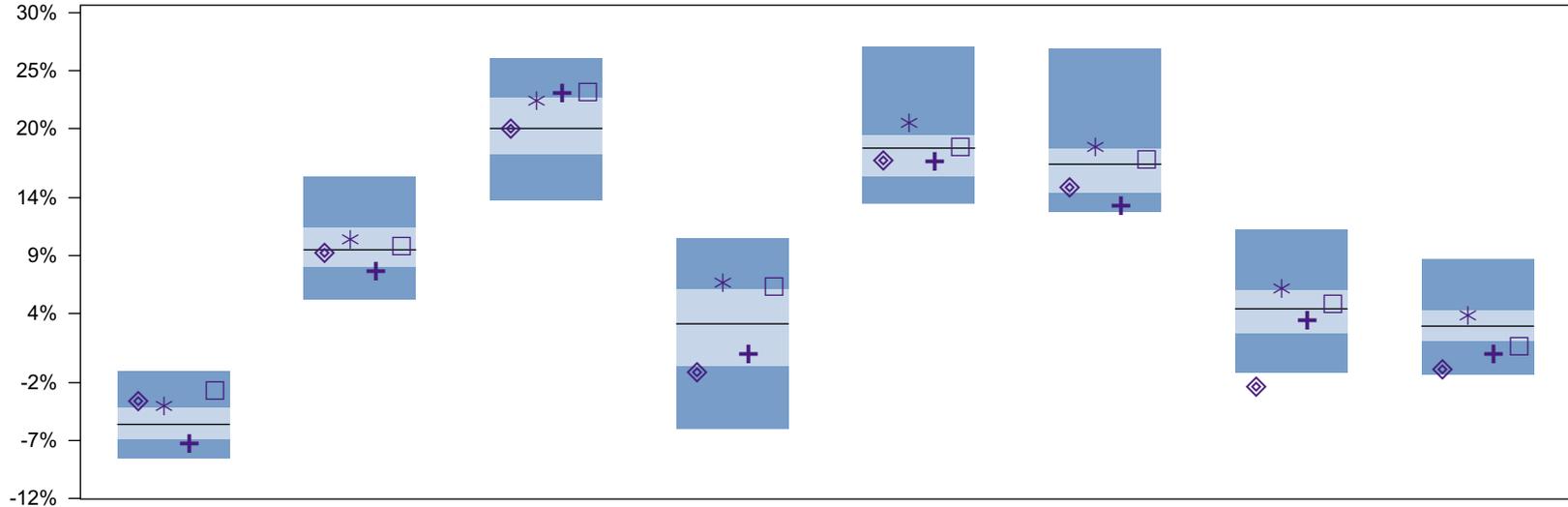
	Jun-2012		Jun-2011		Jun-2010		Jun-2009		Jun-2008		Jun-2007		Jun-2006		Jun-2005		Jun-2004		Jun-2003	
● COLUMBIA	2.5	50	34.5	9	16.3	24	-26.3	53	-10.7	32	23.1	26	14.4	35	16.5	5	29.4	12	-11.2	100
■ POLICY COLUMBIA	4.0	36	30.2	66	17.8	11	-28.1	72	-17.8	82	23.1	25	13.2	38	15.2	10	22.3	49	-0.0	67
◊ EQUITY COMBO	-2.6	89	39.1	3	17.9	11	-29.8	91												
× S&P 500	5.4	23	30.7	53	14.4	55	-26.2	52												
Median	2.4		30.8		14.6		-26.1		-13.0		21.2		11.5		11.1		22.2		0.9	

# BAY COUNTY EMPLOYEES' RETIREMENT

US Equity Funds (Active) - Large Growth

Periods Ending June 30, 2012

## Total Fund Performance - Trailing Periods



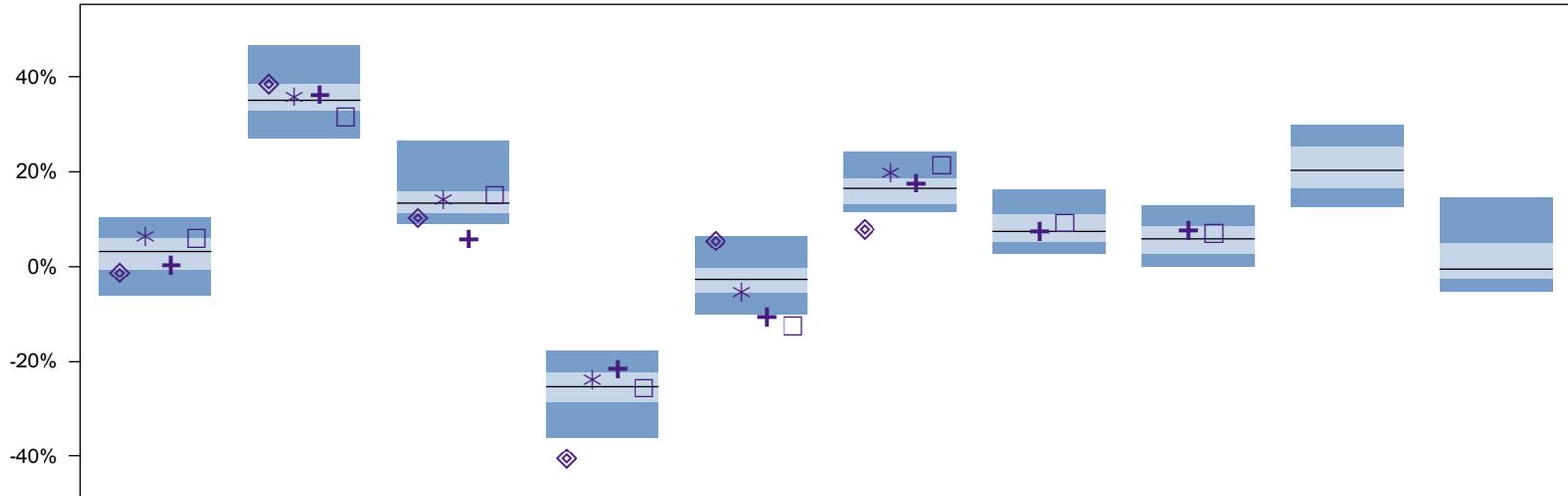
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
◆ MARVIN & PALMER	-3.4	17	9.4	51	20.2	48	-0.9	77	17.4	57	15.1	68	-2.2	99	-0.7	91
* POLICY MARVIN	-3.8	19	10.6	34	22.6	26	6.8	20	20.7	18	18.6	22	6.3	23	4.0	30
+ WHV INVESTMENT	-7.1	82	7.8	80	23.2	21	0.7	66	17.3	58	13.5	89	3.6	61	0.7	84
□ POLICY WENTWORT	-2.5	13	10.0	44	23.3	18	6.5	23	18.6	46	17.5	37	5.0	42	1.3	78
Median	-5.6		9.5		20.0		3.1		18.3		16.9		4.4		2.9	

# BAY COUNTY EMPLOYEES' RETIREMENT

US Equity Funds (Active) - Large Growth

Years Ending June

## Total Fund Performance - Annual Periods



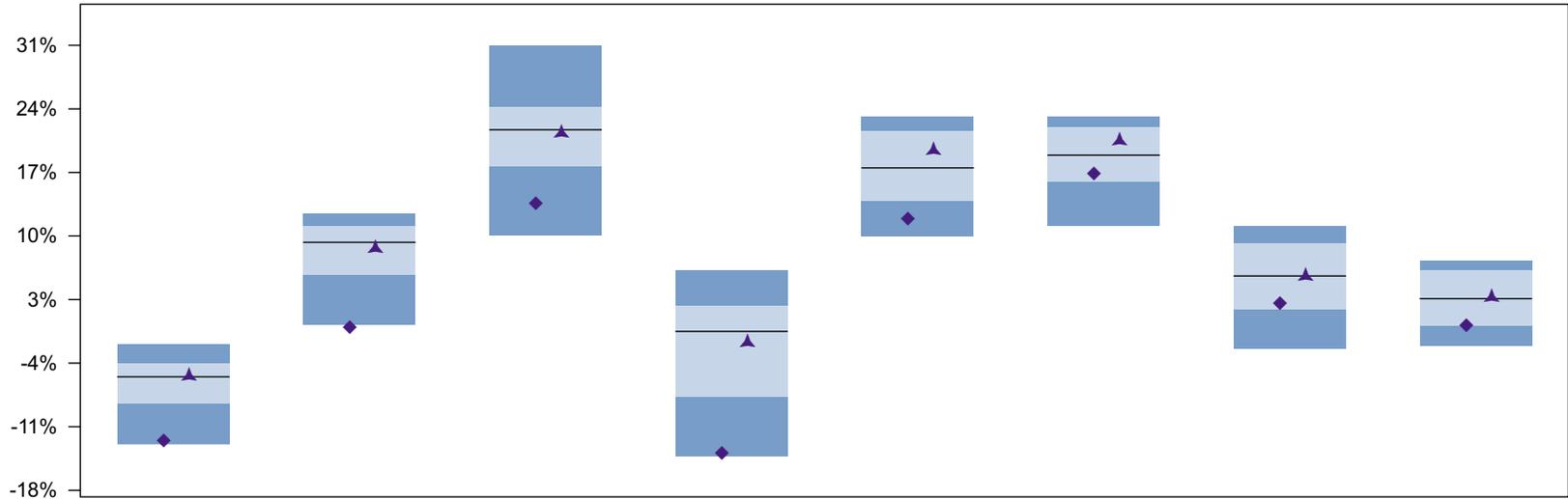
	Jun-2012		Jun-2011		Jun-2010		Jun-2009		Jun-2008		Jun-2007		Jun-2006		Jun-2005		Jun-2004		Jun-2003	
◆ MARVIN & PALMER	-0.9	77	39.0	24	10.7	82	-40.1	100	5.9	8	8.3	99								
* POLICY MARVIN	6.8	20	36.3	38	14.6	34	-23.5	35	-5.0	70	20.2	16								
+ WHV INVESTMENT	0.7	66	36.6	36	6.2	100	-21.3	23	-10.2	96	17.9	31	7.8	43	8.1	28				
□ POLICY WENTWORT	6.5	23	32.0	79	15.6	28	-25.2	50	-12.1	97	21.8	11	9.7	30	7.4	34				
Median	3.1		35.2		13.4		-25.3		-2.8		16.6		7.4		5.9		20.3		-0.5	

# BAY COUNTY EMPLOYEES' RETIREMENT

US Equity Funds (Active) - Mid Growth

Periods Ending June 30, 2012

## Total Fund Performance - Trailing Periods



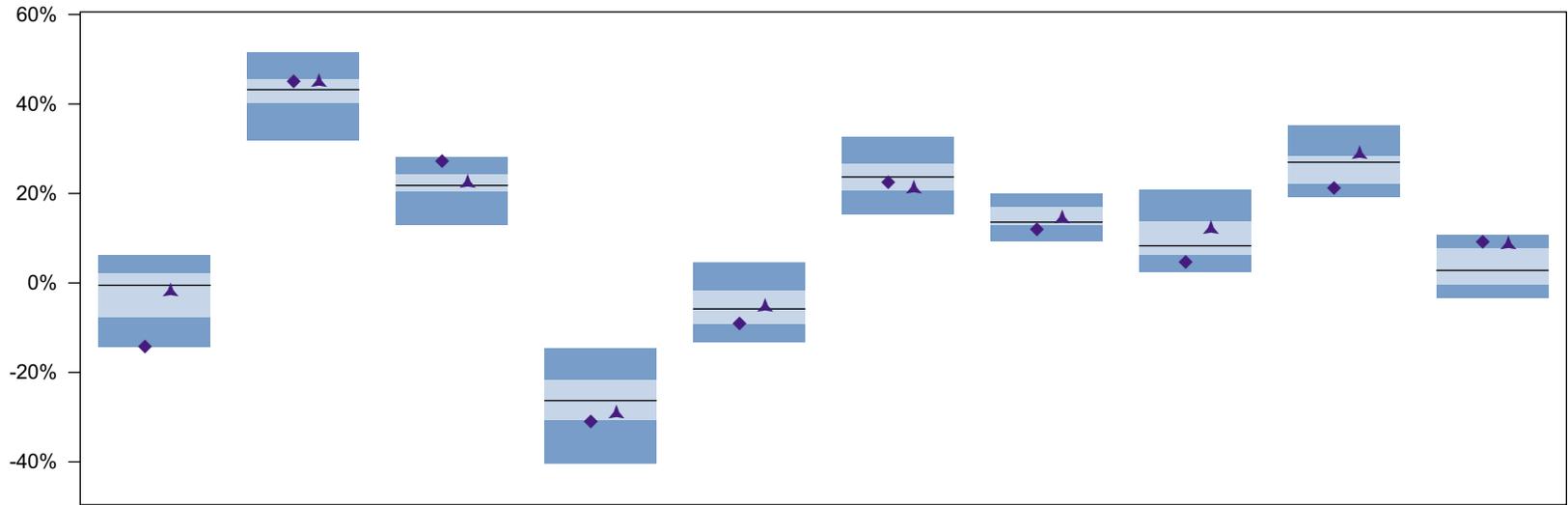
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
◆ DENVER	-12.3	92	0.2	95	13.8	87	-13.7	91	12.1	82	17.1	66	2.8	69	0.4	72
▲ POLICY DENVER	-5.2	49	8.9	55	21.6	51	-1.5	54	19.6	37	20.7	38	5.8	50	3.5	45
Median	-5.5		9.3		21.7		-0.5		17.5		18.9		5.6		3.1	

# BAY COUNTY EMPLOYEES' RETIREMENT

US Equity Funds (Active) - Mid Growth

Years Ending June

## Total Fund Performance - Annual Periods



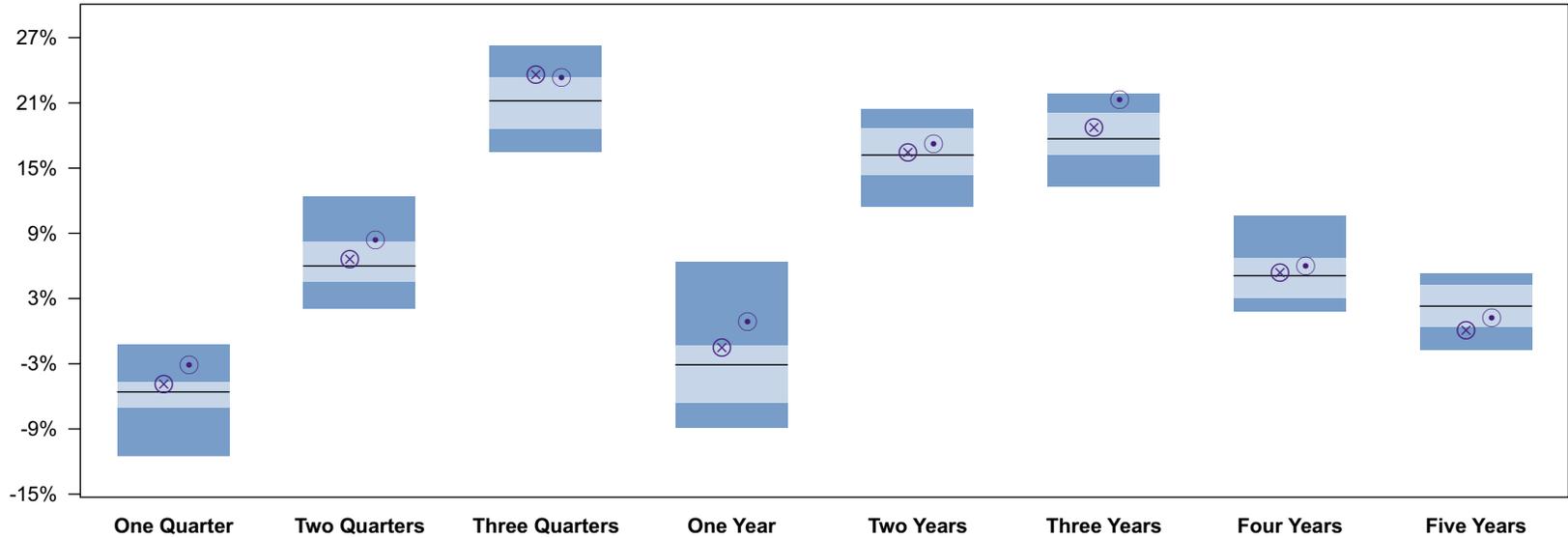
	Jun-2012		Jun-2011		Jun-2010		Jun-2009		Jun-2008		Jun-2007		Jun-2006		Jun-2005		Jun-2004		Jun-2003	
◆ DENVER	-13.7	91	45.6	26	27.8	6	-30.5	73	-8.6	73	22.9	54	12.4	85	5.1	82	21.6	80	9.6	19
▲ POLICY DENVER	-1.5	54	45.3	28	22.8	41	-28.8	60	-4.9	36	21.5	70	14.7	45	12.5	34	29.2	19	9.0	23
Median	-0.5		43.2		21.8		-26.3		-5.8		23.7		13.6		8.3		27.0		2.8	

# BAY COUNTY EMPLOYEES' RETIREMENT

US Equity Funds (Active) - Mid Core

Periods Ending June 30, 2012

## Total Fund Performance - Trailing Periods



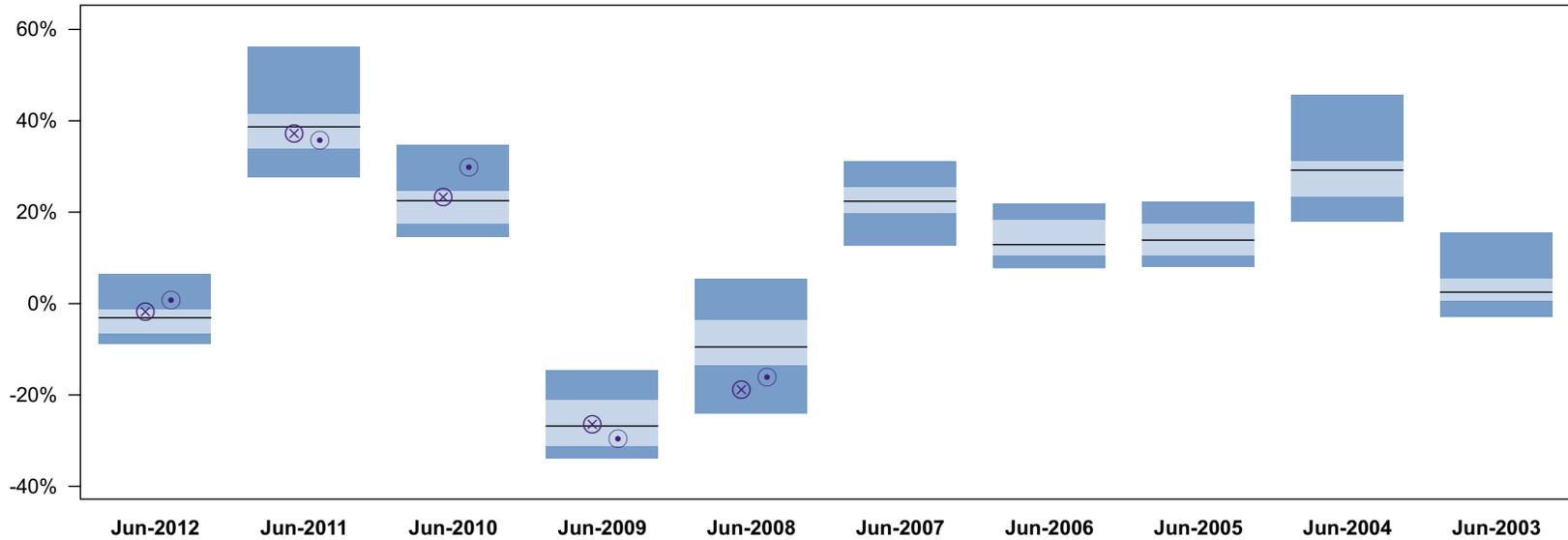
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
⊗ INTEGRITY	-4.7	30	6.8	34	23.8	20	-1.3	26	16.6	46	18.9	40	5.6	38	0.3	78
○ POLICY INTEGRITY	-2.9	12	8.6	19	23.5	23	1.1	15	17.4	37	21.5	6	6.2	35	1.4	60
Median	-5.6		6.0		21.2		-3.1		16.2		17.7		5.1		2.3	

# BAY COUNTY EMPLOYEES' RETIREMENT

US Equity Funds (Active) - Mid Core

Years Ending June

## Total Fund Performance - Annual Periods



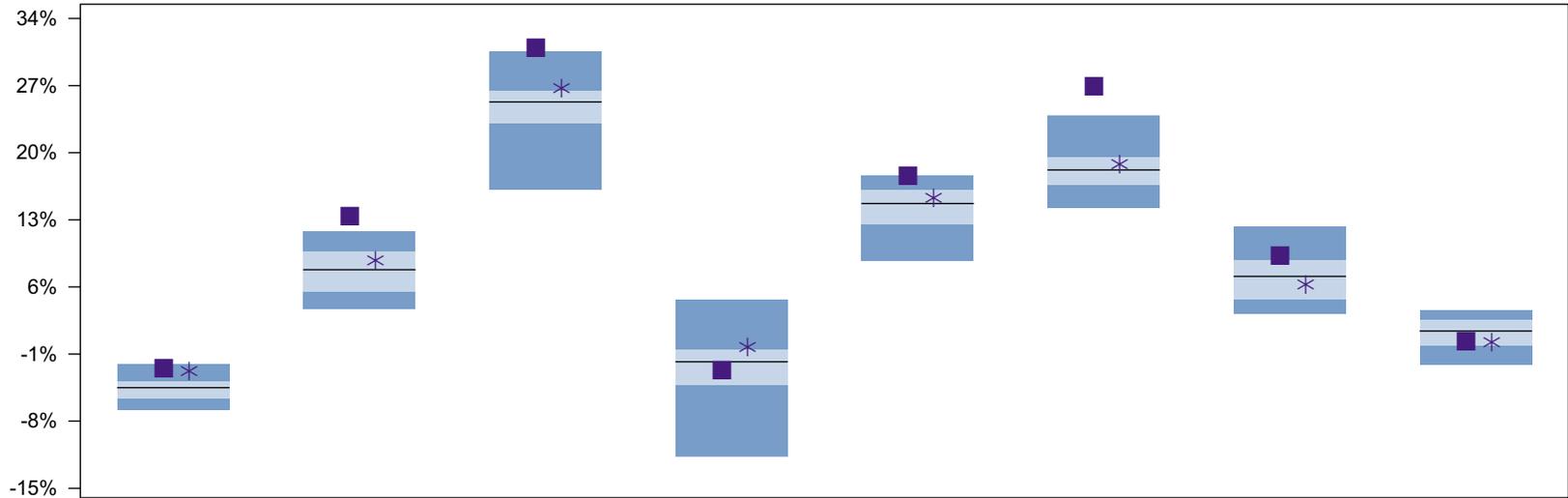
	Jun-2012	Jun-2011	Jun-2010	Jun-2009	Jun-2008	Jun-2007	Jun-2006	Jun-2005	Jun-2004	Jun-2003
⊗ INTEGRITY	-1.3	37.6	23.8	-26.0	-18.5					
○ POLICY INTEGRITY	1.1	36.2	30.3	-29.1	-15.6					
Median	-3.1	38.7	22.5	-26.8	-9.5	22.4	12.9	13.9	29.2	2.5

# BAY COUNTY EMPLOYEES' RETIREMENT

US Equity Funds (Active) - Small Value

Periods Ending June 30, 2012

## Total Fund Performance - Trailing Periods



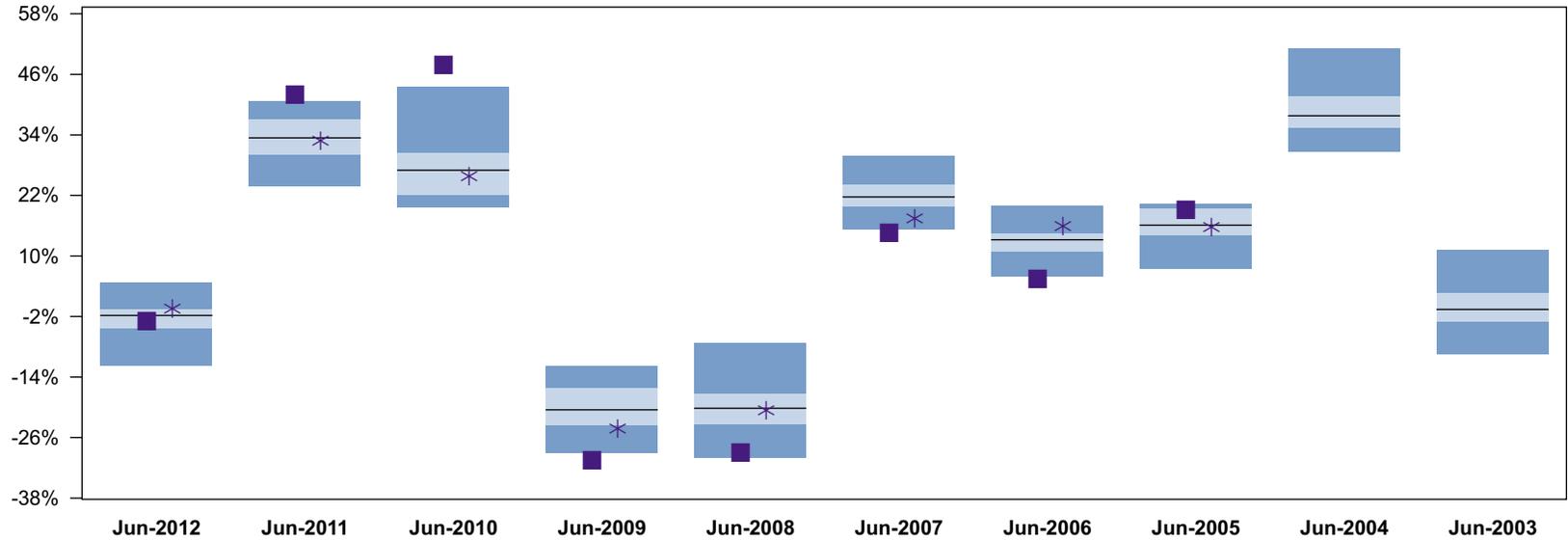
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
■ <b>HOTCHKIS &amp; WILEY</b>	-2.3	12	13.6	2	31.2	3	-2.5	59	17.8	5	27.2	2	9.5	19	0.6	65
* <b>POLICY HOTCHKIS</b>	-2.6	13	9.0	29	26.9	23	0.0	20	15.5	31	19.0	36	6.5	58	0.5	66
Median	-4.5		7.8		25.3		-1.8		14.7		18.2		7.1		1.4	

# BAY COUNTY EMPLOYEES' RETIREMENT

US Equity Funds (Active) - Small Value

Years Ending June

## Total Fund Performance - Annual Periods



■ **HOTCHKIS & WILEY**  
\* POLICY HOTCHKIS  
Median

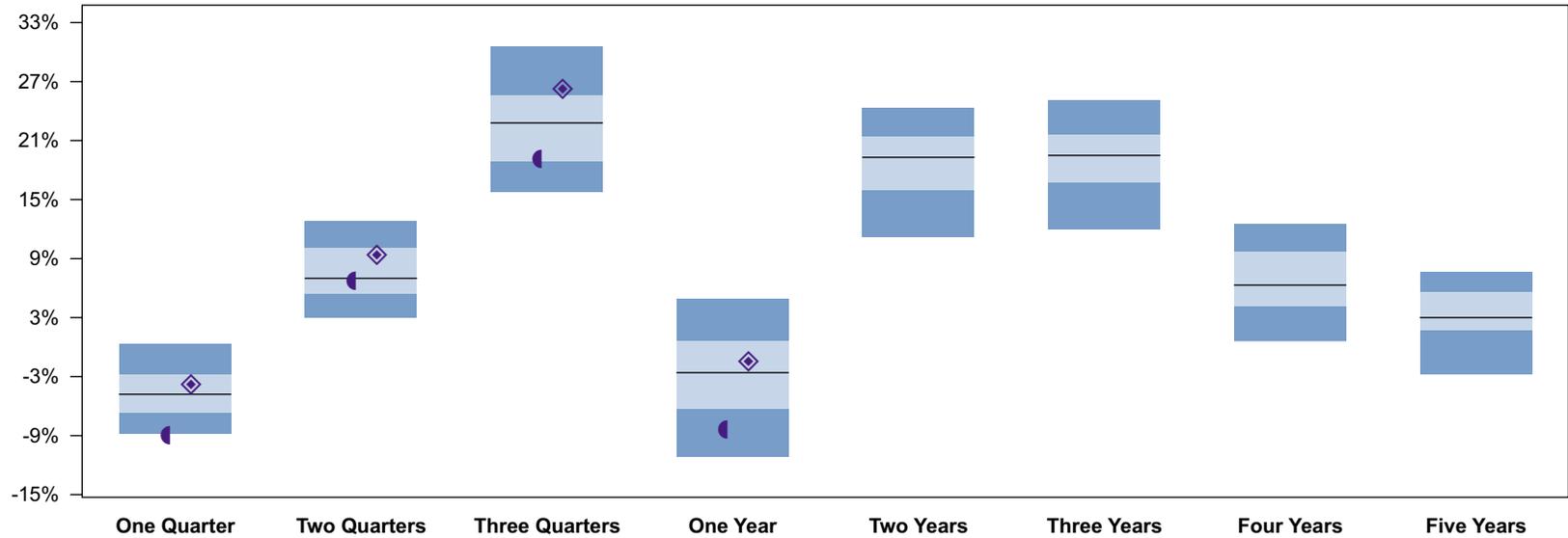
	Jun-2012		Jun-2011		Jun-2010		Jun-2009		Jun-2008		Jun-2007		Jun-2006		Jun-2005		Jun-2004	Jun-2003
■ <b>HOTCHKIS &amp; WILEY</b>	-2.5	59	42.3	4	48.3	2	-30.1	100	-28.5	95	15.0	99	5.9	96	19.5	24		
* POLICY HOTCHKIS	0.0	20	33.3	52	26.3	56	-23.8	76	-20.1	50	17.8	86	16.3	13	16.1	51		
Median	-1.8		33.4		27.0		-20.5		-20.2		21.7		13.2		16.1		37.8	-0.6

# BAY COUNTY EMPLOYEES' RETIREMENT

US Equity Funds (Active) - Small Growth

Periods Ending June 30, 2012

## Total Fund Performance - Trailing Periods



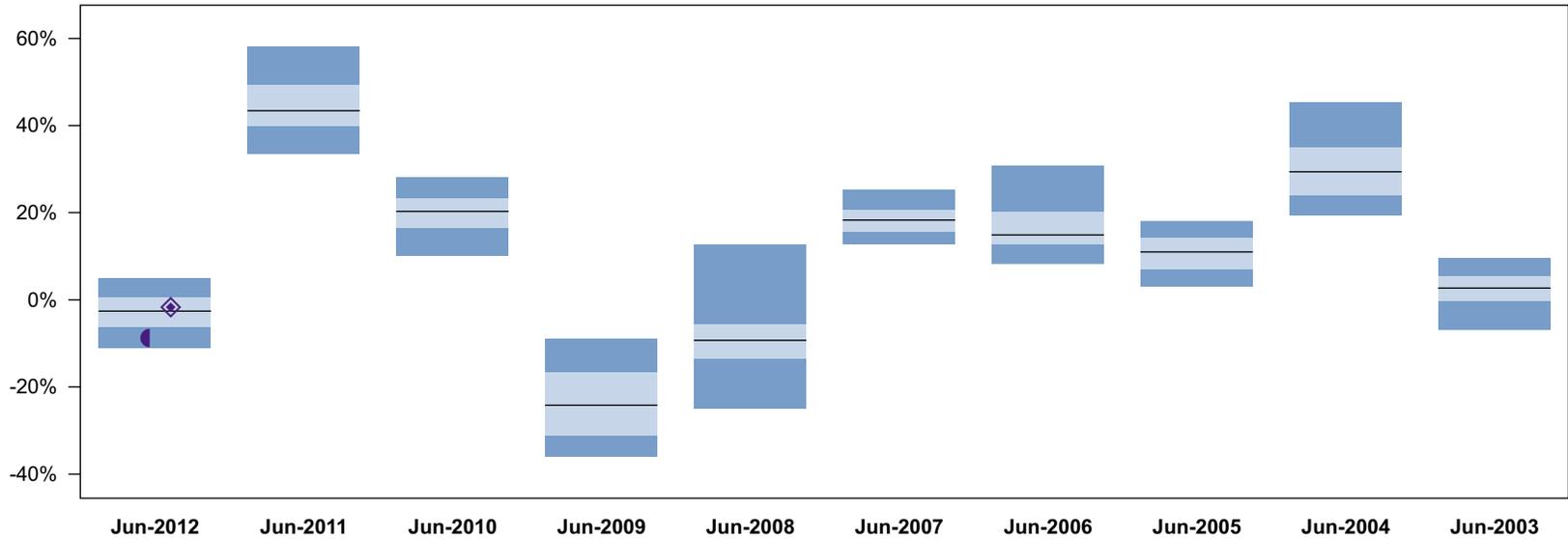
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years	Three Years	Four Years	Five Years
◐ <b>EAGLE ASSET</b>	-8.7	94	7.0	50	19.3	74	-8.2	88				
◊ <b>POLICY EAGLE ASSET</b>	-3.6	34	9.6	32	26.5	20	-1.2	39				
Median	-4.8		7.0		22.8		-2.6		19.3	19.5	6.3	3.0

# BAY COUNTY EMPLOYEES' RETIREMENT

US Equity Funds (Active) - Small Growth

Years Ending June

## Total Fund Performance - Annual Periods



●	<b>EAGLE ASSET</b>	-8.2	88
◆	POLICY EAGLE ASSET	-1.2	39
	Median	-2.6	43.4

	Jun-2012	Jun-2011	Jun-2010	Jun-2009	Jun-2008	Jun-2007	Jun-2006	Jun-2005	Jun-2004	Jun-2003
	-2.6	43.4	20.3	-24.2	-9.3	18.3	14.9	11.0	29.4	2.7

## BAY COUNTY EMPLOYEES' RETIREMENT

International Equity, Real Estate, Fixed Income, & Convertible Funds

Periods Ending June 30, 2012

### Total Fund Performance by Style

	One Quarter		One Year		Two Years		Three Years		Four Years		Five Years	
<b>INTERNATIONAL EQUITY FUNDS</b>												
<b>BARINGS INTL LARGE CAP</b>	<b>-7.1</b>	<b>58</b>	<b>-10.0</b>	<b>32</b>	<b>6.9</b>	<b>53</b>						
MCSI EAFE Index +100bp	-6.9		-13.0		7.0							
<b>SCHRODERS INTL SMALL CAP</b>	<b>-8.6</b>	<b>83</b>	<b>-16.0</b>	<b>82</b>	<b>8.9</b>	<b>30</b>	<b>10.5</b>	<b>27</b>	<b>-0.3</b>	<b>21</b>	<b>-3.6</b>	<b>48</b>
S&P EPAC Small Cap +150bp	-7.7		-14.0		9.5		10.6		-0.9		-3.6	
Median	-6.9		-12.5		7.1		8.2		-2.6		-3.9	
<b>REAL ESTATE FUNDS</b>												
<b>CORNERSTONE REIT</b>	<b>3.0</b>	<b>42</b>	<b>11.8</b>	<b>37</b>	<b>23.6</b>	<b>21</b>	<b>33.1</b>	<b>20</b>				
NAREIT Equity REIT Index	3.7		12.9		22.8		32.4					
Median	2.0		8.6		16.7		19.4					
<b>US FIXED INCOME FUNDS</b>												
<b>BAIRD ADV GOVT BOND</b>	<b>2.1</b>	<b>47</b>	<b>7.7</b>	<b>39</b>	<b>5.1</b>	<b>75</b>	<b>5.9</b>	<b>80</b>	<b>6.5</b>	<b>72</b>	<b>6.9</b>	<b>67</b>
Baird Policy Index *	1.9		7.0		5.1		5.8		6.5		7.0	
<b>LOOMIS SAYLES CREDIT</b>	<b>2.5</b>	<b>30</b>	<b>10.2</b>	<b>15</b>	<b>9.5</b>	<b>26</b>	<b>12.2</b>	<b>29</b>	<b>9.8</b>	<b>21</b>	<b>8.2</b>	<b>35</b>
Barclays US Corporate Bond +100bp	2.8		10.8		9.1		11.7		9.9		8.7	
Median	1.9		7.1		6.9		9.1		8.1		7.0	
<b>CONVERTIBLES</b>												
<b>MACKAY SHIELDS</b>	<b>-2.1</b>	<b>61</b>	<b>-1.6</b>	<b>53</b>	<b>7.8</b>	<b>54</b>	<b>9.2</b>	<b>75</b>	<b>0.4</b>	<b>87</b>	<b>1.7</b>	<b>76</b>
BoAML IG Convertible +100bp	-2.8		-0.5		6.9		8.7		5.3		5.1	
Median	-0.3		-0.9		8.2		13.5		7.3		5.8	

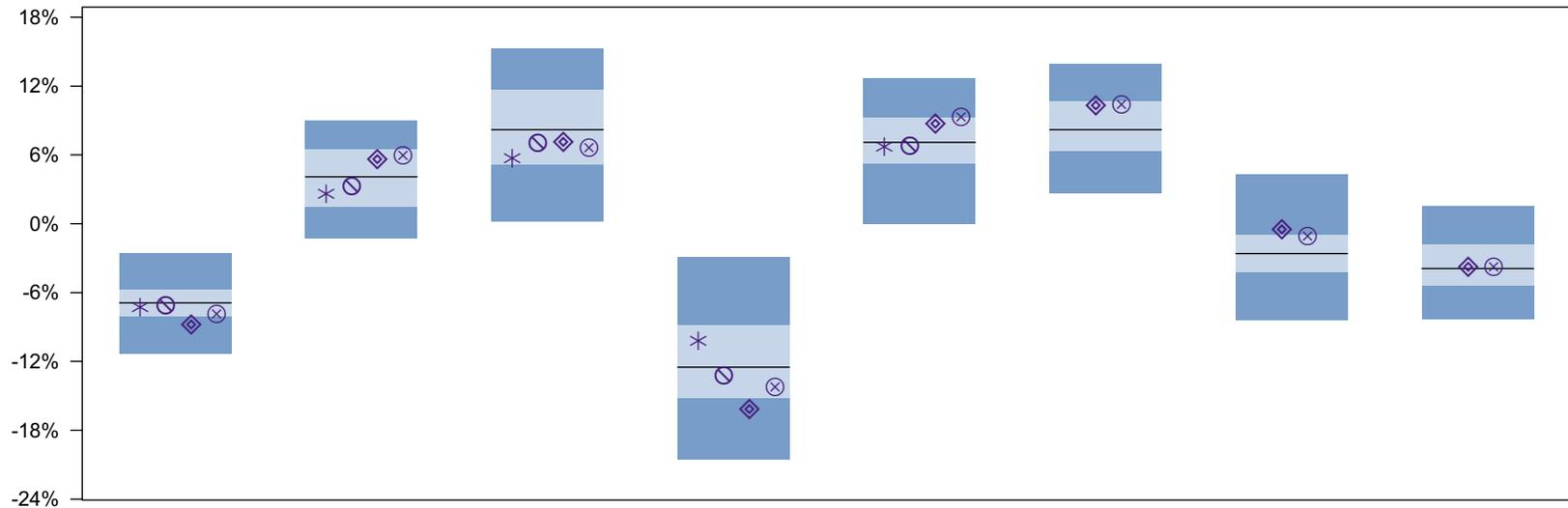
\* (50% Barclays Government Index + 50% Barclays Mortgage Backed Securities Index) + 30bp

# BAY COUNTY EMPLOYEES' RETIREMENT

Intl Equity Developed Mkt Funds (Active)

Periods Ending June 30, 2012

## Total Fund Performance - Trailing Periods



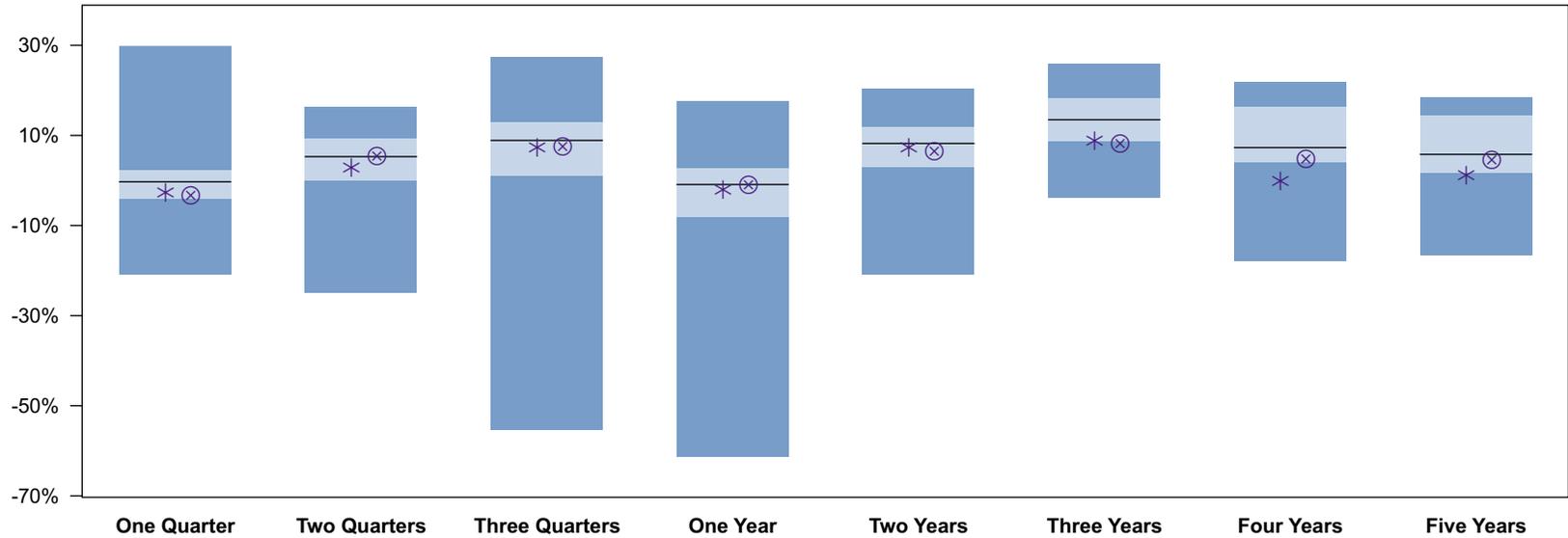
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
* <b>BARINGS INTL</b>	-7.1	58	2.8	68	5.9	70	-10.0	32	6.9	53						
○ <b>POLICY - BARINGS</b>	-6.9	51	3.5	62	7.2	60	-13.0	53	7.0	51						
◇ <b>SCHRODER</b>	-8.6	83	5.8	30	7.3	59	-16.0	82	8.9	30	10.5	27	-0.3	21	-3.6	48
⊗ <b>POLICY SCHRODER</b>	-7.7	68	6.1	28	6.8	63	-14.0	64	9.5	22	10.6	26	-0.9	24	-3.6	48
Median	-6.9		4.1		8.2		-12.5		7.1		8.2		-2.6		-3.9	

# BAY COUNTY EMPLOYEES' RETIREMENT

Convertibles Only

Periods Ending June 30, 2012

## Convertibles Only Performance



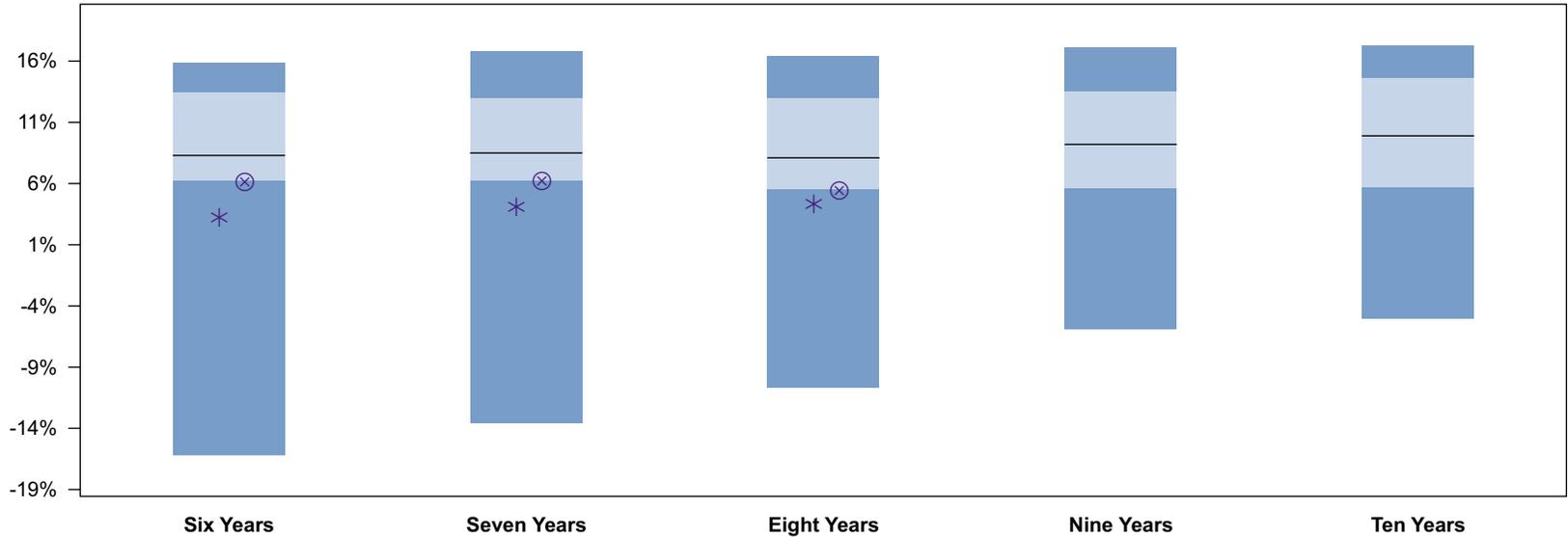
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
* MACKAY SHIELDS	-2.1	61	3.3	59	7.7	54	-1.6	53	7.8	54	9.2	75	0.4	87	1.7	76
⊗ POLICY MACKAY	-2.8	66	5.9	47	8.0	54	-0.5	47	6.9	61	8.7	77	5.3	66	5.1	54
Median	-0.3		5.3		8.9		-0.9		8.2		13.5		7.3		5.8	

# BAY COUNTY EMPLOYEES' RETIREMENT

Convertibles Only

Periods Ending June 30, 2012

## Convertibles Only Performance



\* MACKAY SHIELDS

⊗ POLICY MACKAY

Median

3.4 82

6.3 65

8.3

Seven Years

4.3 82

6.4 75

8.5

Eight Years

4.5 79

5.6 74

8.1

Nine Years

9.2

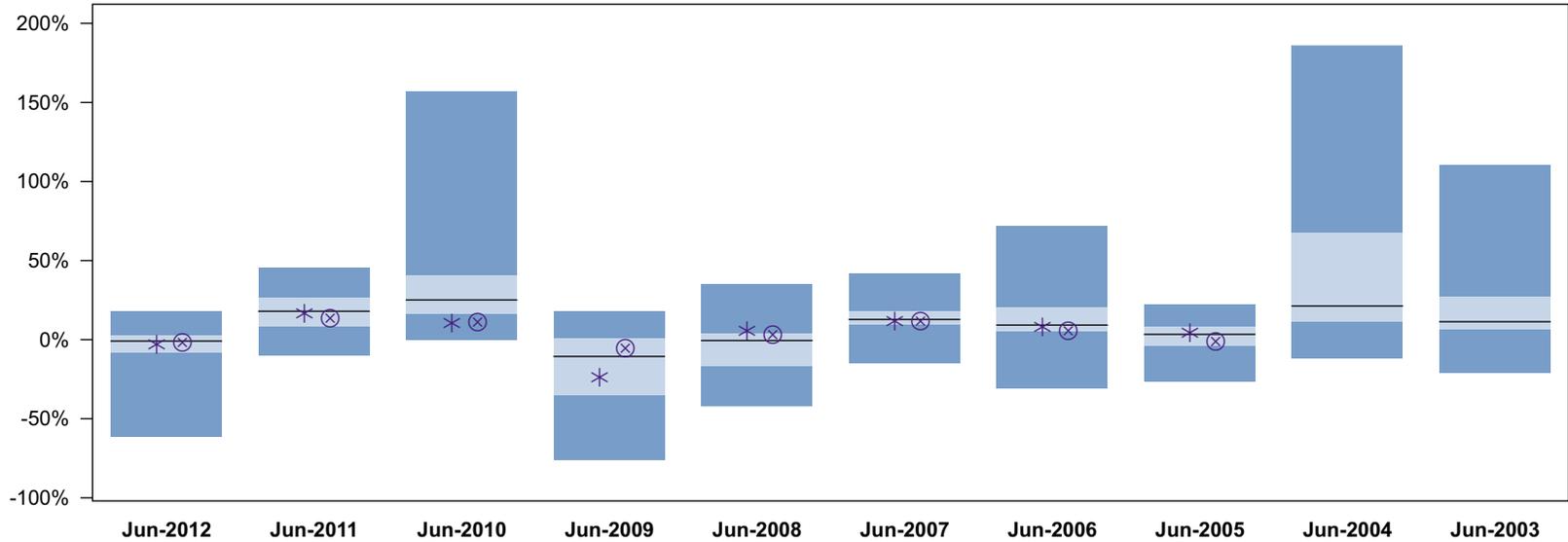
Ten Years

9.9

# BAY COUNTY EMPLOYEES' RETIREMENT

Convertibles Only  
Years Ending June

## Convertibles Only Performance



\* MACKAY SHIELDS  
⊗ POLICY MACKAY  
Median

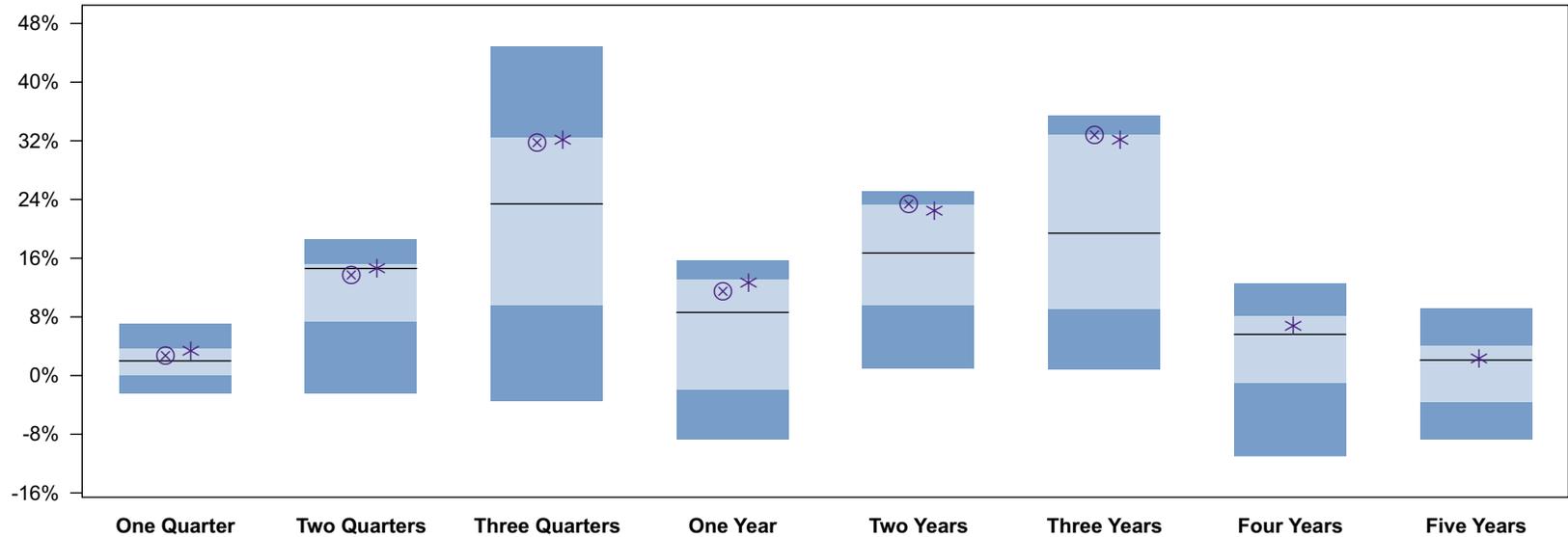
	Jun-2012		Jun-2011		Jun-2010		Jun-2009		Jun-2008		Jun-2007		Jun-2006		Jun-2005		Jun-2004		Jun-2003	
* MACKAY SHIELDS	-1.6	53	18.2	49	12.1	83	-22.2	71	7.1	18	12.8	51	9.4	50	5.8	36				
⊗ POLICY MACKAY	-0.5	47	14.9	61	12.4	82	-4.3	37	4.2	26	12.9	49	6.8	62	0.1	67				
Median	-0.9		17.9		25.1		-10.6		-0.6		12.8		9.2		3.3		21.3		11.3	

# BAY COUNTY EMPLOYEES' RETIREMENT

REIT Funds

Periods Ending June 30, 2012

## Total Fund Performance - Trailing Periods



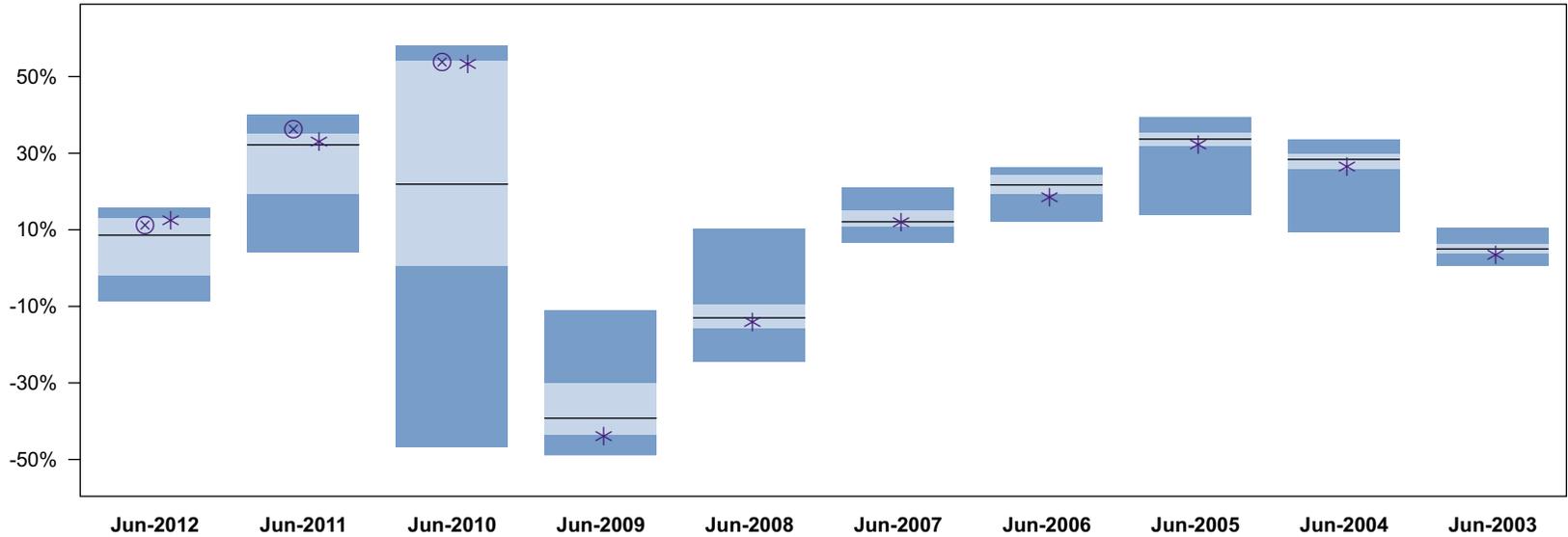
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
⊗ <b>CORNERSTONE R/E</b>	3.0	42	14.0	62	32.0	37	11.8	37	23.6	21	33.1	20				
* <b>NAREIT EQUITY REIT INDE</b>	3.7	20	14.9	35	32.4	29	12.9	29	22.8	34	32.4	32	7.1	38	2.6	47
Median	2.0		14.6		23.4		8.6		16.7		19.4		5.6		2.1	

# BAY COUNTY EMPLOYEES' RETIREMENT

REIT Funds

Years Ending June

## Total Fund Performance - Annual Periods



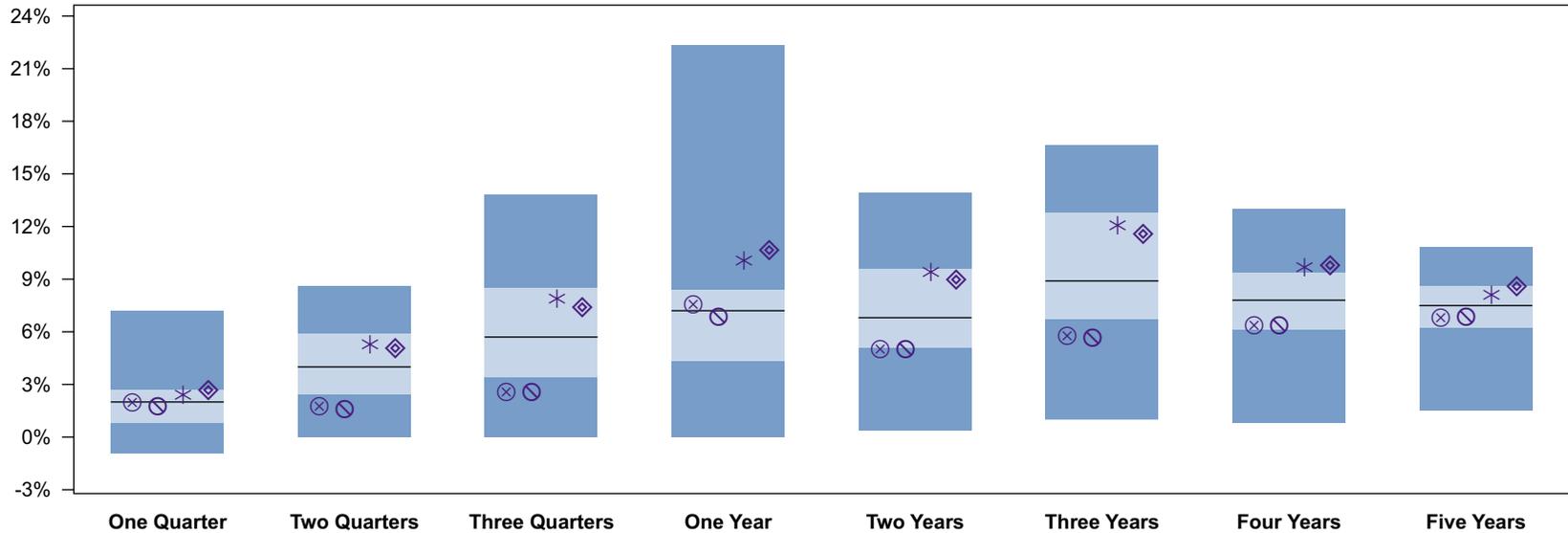
	Jun-2012		Jun-2011		Jun-2010		Jun-2009		Jun-2008		Jun-2007		Jun-2006		Jun-2005		Jun-2004		Jun-2003	
⊗ <b>CORNERSTONE R/E</b>	11.8	37	36.8	10	54.3	25														
* <b>NAREIT EQUITY REIT IND</b>	12.9	29	33.6	42	53.9	26	-43.3	75	-13.6	54	12.6	44	19.0	77	32.7	59	27.0	67	4.0	72
Median	8.6		32.2		21.9		-39.2		-13.0		12.1		21.7		33.7		28.4		5.0	

# BAY COUNTY EMPLOYEES' RETIREMENT

US Fixed Income Funds

Periods Ending June 30, 2012

## Total Fund Performance - Trailing Periods



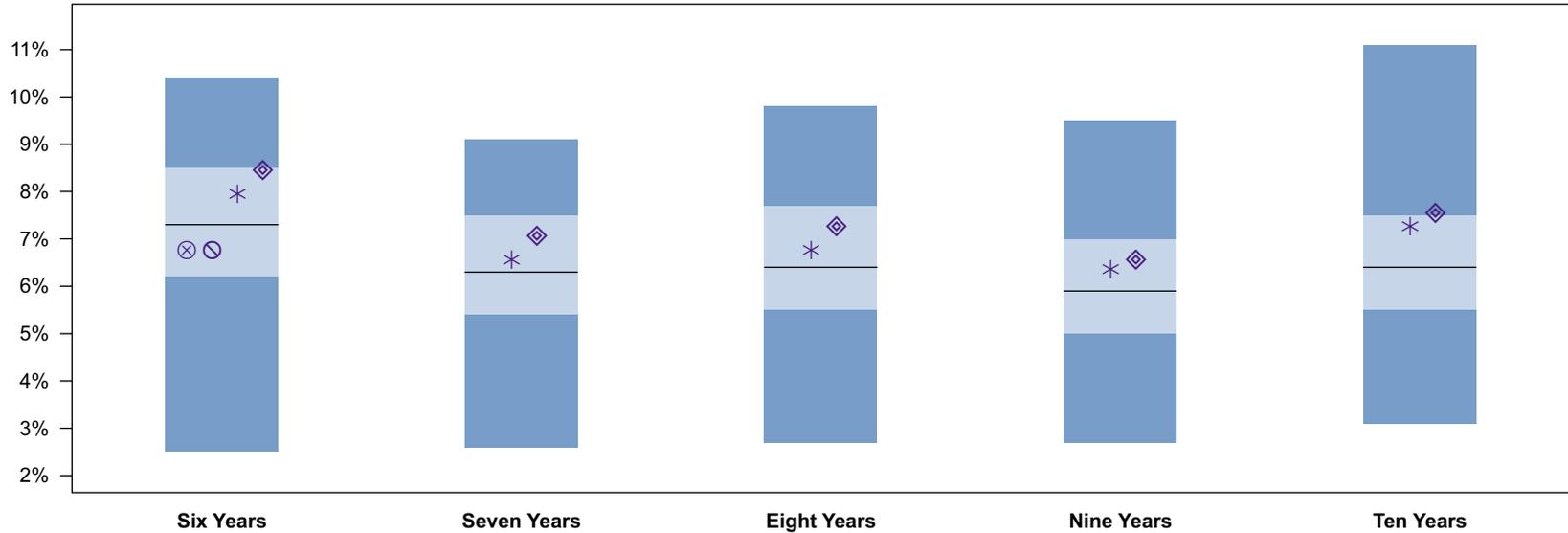
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
⊗ BAIRD ADVISORS	2.1	47	1.9	80	2.7	81	7.7	39	5.1	75	5.9	80	6.5	71	6.9	65
⊖ POLICY BAIRD	1.9	51	1.7	82	2.7	81	7.0	54	5.1	75	5.8	81	6.5	71	7.0	61
* LOOMIS SAYLES	2.5	30	5.4	33	8.0	31	10.2	16	9.5	27	12.2	28	9.8	20	8.2	33
◇ POLICY LOOMIS	2.8	25	5.2	35	7.5	34	10.8	15	9.1	29	11.7	29	9.9	19	8.7	24
Median	2.0		4.0		5.7		7.2		6.8		8.9		7.8		7.5	

# BAY COUNTY EMPLOYEES' RETIREMENT

US Fixed Income Funds

Periods Ending June 30, 2012

## Total Fund Performance - Trailing Periods

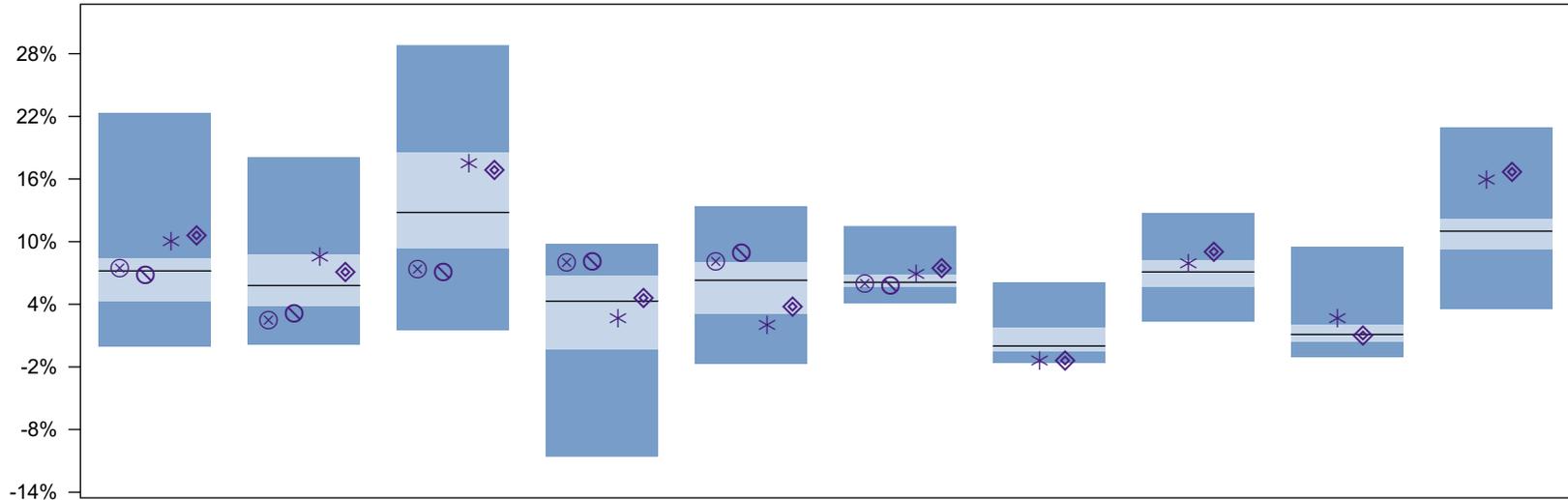


	Six Years	Seven Years	Eight Years	Nine Years	Ten Years
⊗ <b>BAIRD ADVISORS</b>	6.8 65				
⊙ POLICY BAIRD	6.8 63				
* <b>LOOMIS SAYLES</b>	8.0 35	6.6 40	6.8 40	6.4 39	7.3 33
◇ POLICY LOOMIS	8.5 25	7.1 31	7.3 29	6.6 33	7.6 23
Median	7.3	6.3	6.4	5.9	6.4

# BAY COUNTY EMPLOYEES' RETIREMENT

US Fixed Income Funds  
Years Ending June

## Total Fund Performance - Annual Periods



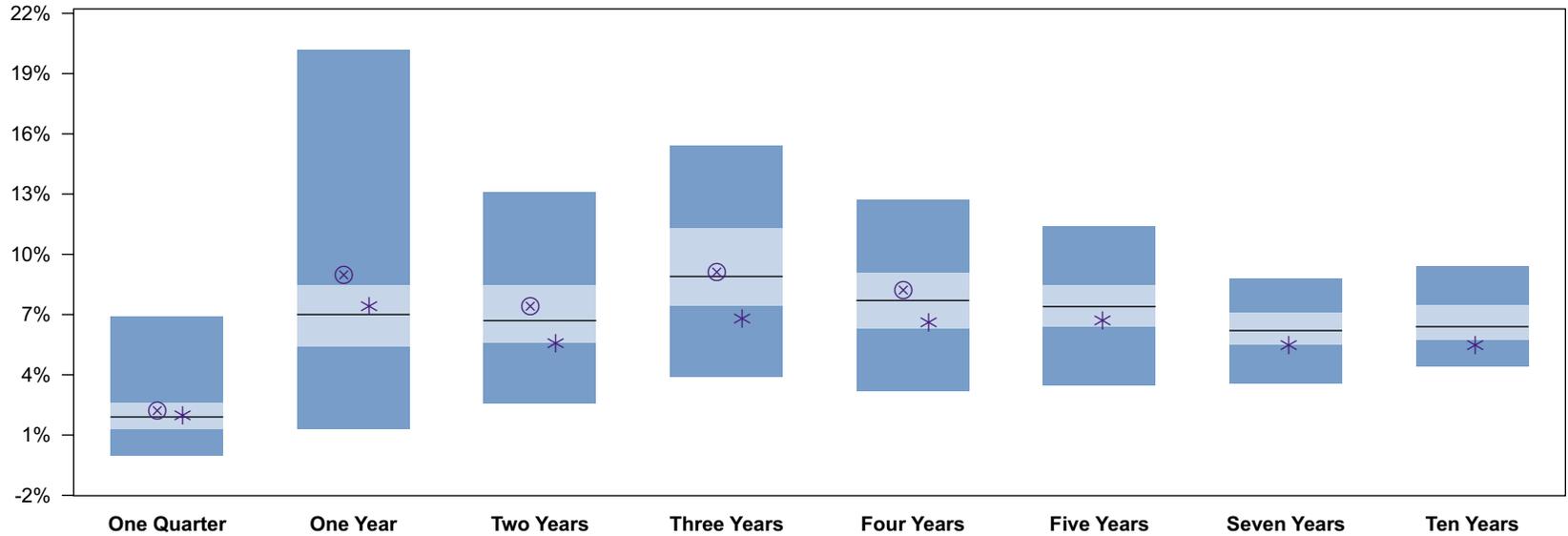
	Jun-2012		Jun-2011		Jun-2010		Jun-2009		Jun-2008		Jun-2007		Jun-2006		Jun-2005		Jun-2004		Jun-2003	
⊗ BAIRD ADVISORS	7.7	39	2.7	86	7.6	83	8.2	16	8.3	24	6.2	43								
⊙ POLICY BAIRD	7.0	54	3.3	81	7.3	85	8.3	15	9.1	20	6.0	55								
* LOOMIS SAYLES	10.2	16	8.8	26	17.7	28	2.9	58	2.2	80	7.1	22	-1.2	93	8.1	29	2.9	20	16.1	12
◇ POLICY LOOMIS	10.8	15	7.3	33	17.1	30	4.8	47	4.0	70	7.7	17	-1.2	93	9.2	16	1.2	47	16.9	10
Median	7.2		5.8		12.8		4.3		6.3		6.1		0.0		7.1		1.1		11.0	

# BAY COUNTY EMPLOYEES' RETIREMENT

US Fixed Income Pools

Periods Ending June 30, 2012

## Total Fund Performance - Trailing Periods



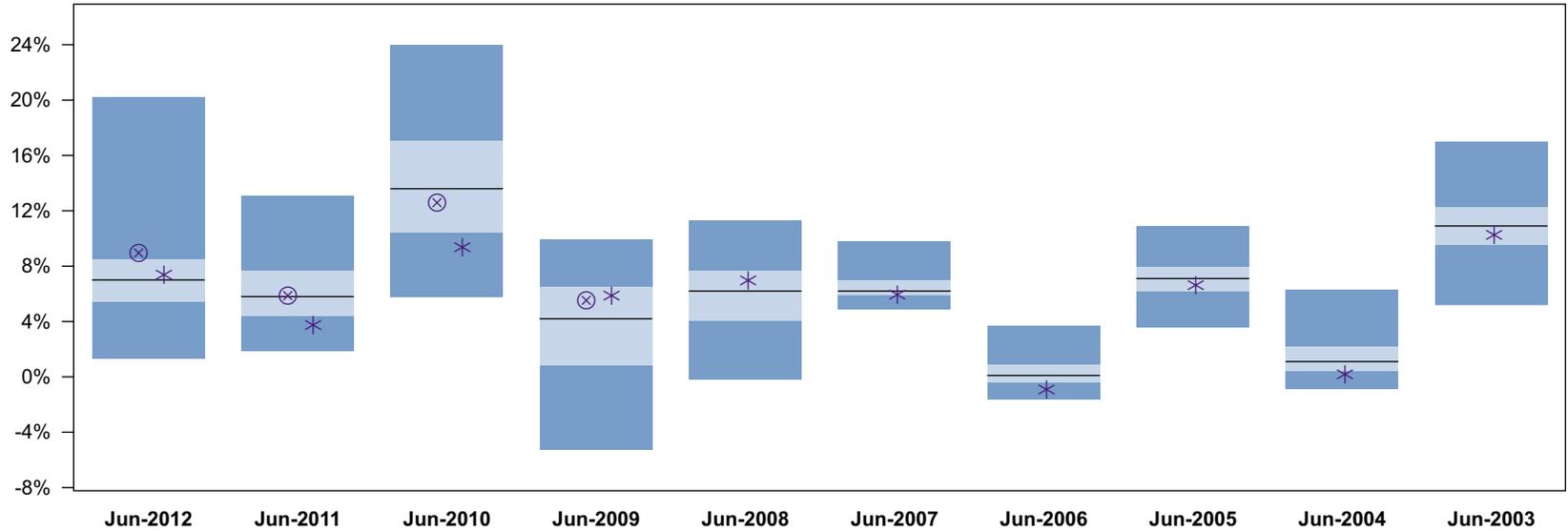
	One Quarter		One Year		Two Years		Three Years		Four Years		Five Years		Seven Years		Ten Years	
⊗ <b>FIXED COMBO</b>	2.3	34	9.1	23	7.5	35	9.2	46	8.3	38						
* <i>Barclays Aggregate Bond</i>	2.1	44	7.5	43	5.7	74	6.9	81	6.7	71	6.8	66	5.6	72	5.6	80
Median	1.9		7.0		6.7		8.9		7.7		7.4		6.2		6.4	

# BAY COUNTY EMPLOYEES' RETIREMENT

US Fixed Income Pools

Years Ending June

## Total Fund Performance - Annual Periods



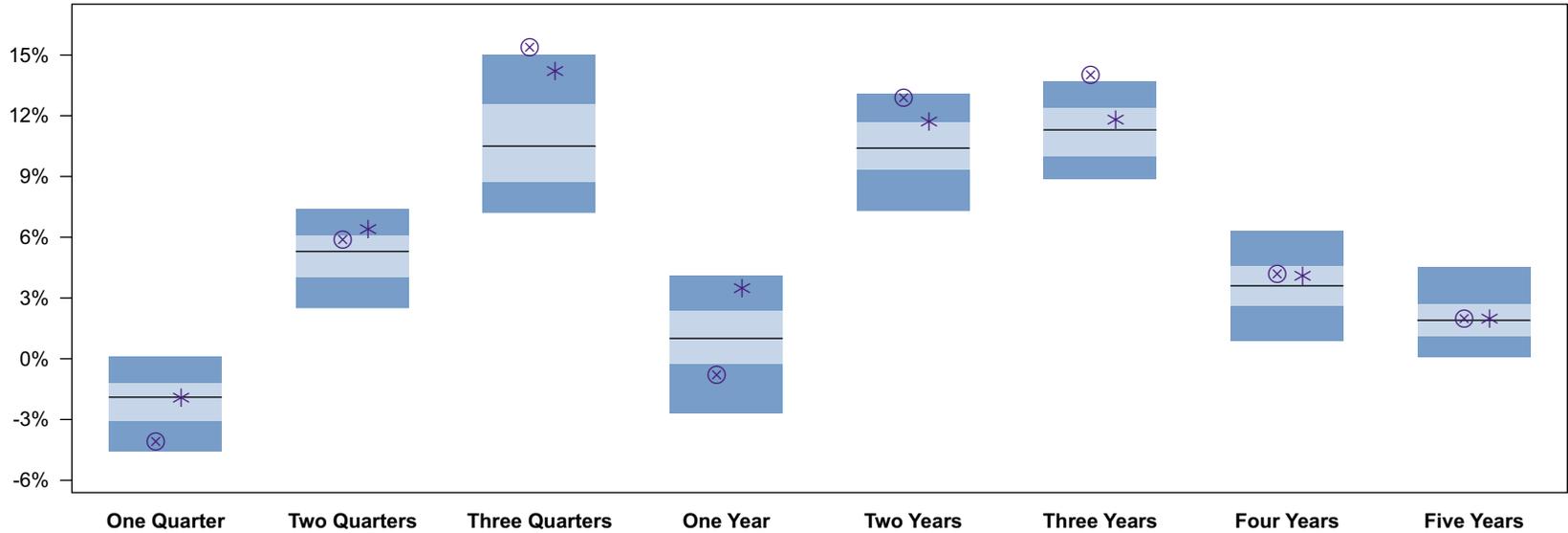
	Jun-2012	Jun-2011	Jun-2010	Jun-2009	Jun-2008	Jun-2007	Jun-2006	Jun-2005	Jun-2004	Jun-2003
⊗ <b>FIXED COMBO</b>	9.1 23	6.0 46	12.7 59	5.7 35						
* <i>Barclays Aggregate Bond</i>	7.5 43	3.9 83	9.5 82	6.0 32	7.1 35	6.1 59	-0.8 89	6.8 61	0.3 77	10.4 62
Median	7.0	5.8	13.6	4.2	6.2	6.2	0.1	7.1	1.1	10.9

# BAY COUNTY EMPLOYEES' RETIREMENT

Public Funds (DB)

Periods Ending June 30, 2012

## Total Fund Performance - Trailing Periods



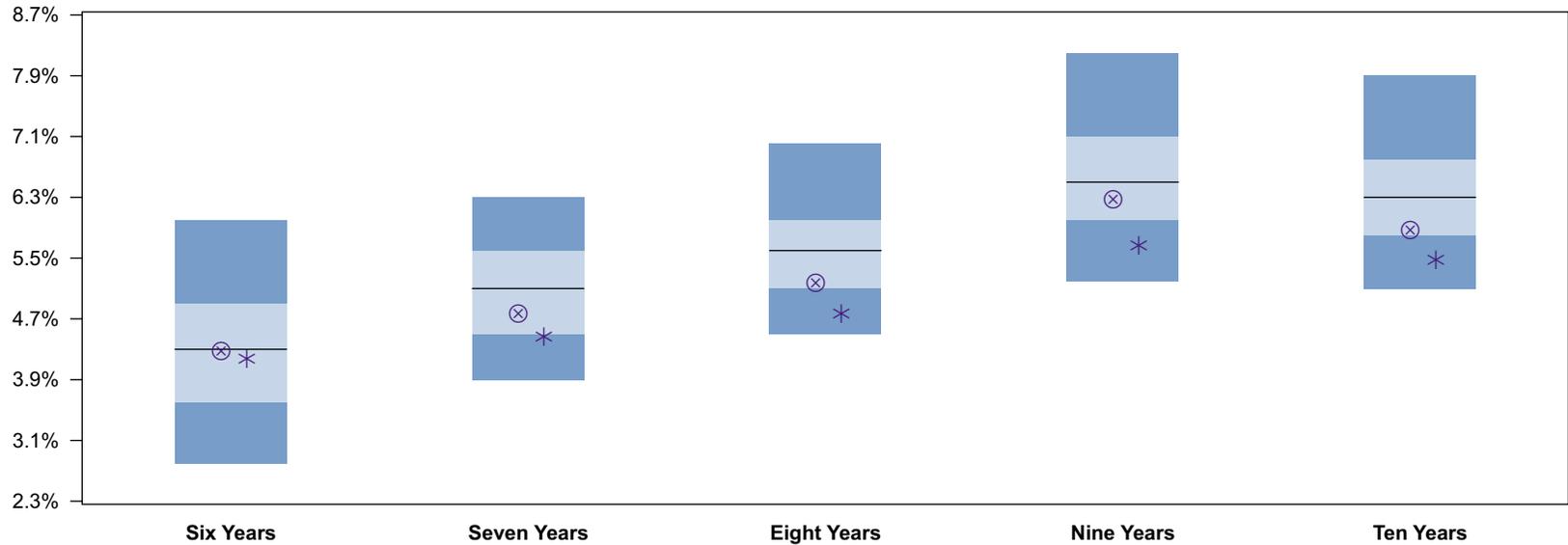
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
⊗ <b>COMBINED</b>	-4.0	86	6.0	28	15.5	3	-0.7	80	13.0	7	14.1	4	4.3	34	2.1	42
* <i>POLICY INDEX COMBINED</i>	-1.8	47	6.5	14	14.3	9	3.6	9	11.8	22	11.9	34	4.2	37	2.1	41
Median	-1.9		5.3		10.5		1.0		10.4		11.3		3.6		1.9	

# BAY COUNTY EMPLOYEES' RETIREMENT

Public Funds (DB)

Periods Ending June 30, 2012

## Total Fund Performance - Trailing Periods



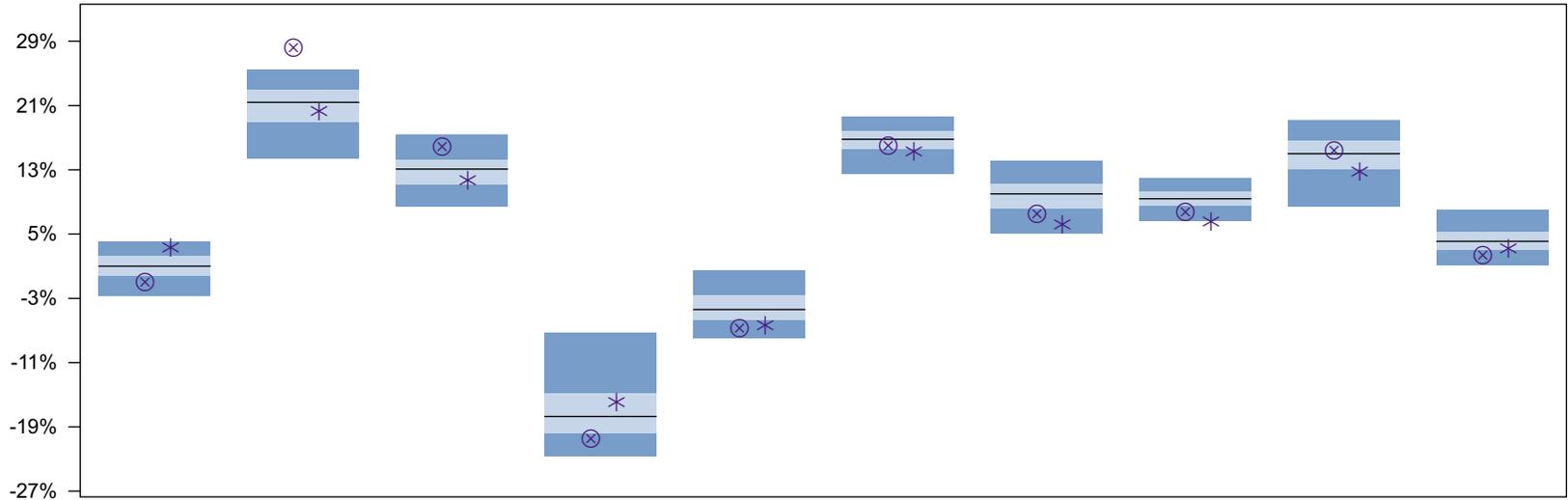
	Six Years	Seven Years	Eight Years	Nine Years	Ten Years
⊗ <b>COMBINED</b>	4.3 49	4.8 64	5.2 72	6.3 59	5.9 69
* <i>POLICY INDEX COMBINED</i>	4.2 52	4.5 74	4.8 85	5.7 87	5.5 90
Median	4.3	5.1	5.6	6.5	6.3

# BAY COUNTY EMPLOYEES' RETIREMENT

Public Funds (DB)

Years Ending June

## Total Fund Performance - Annual Periods



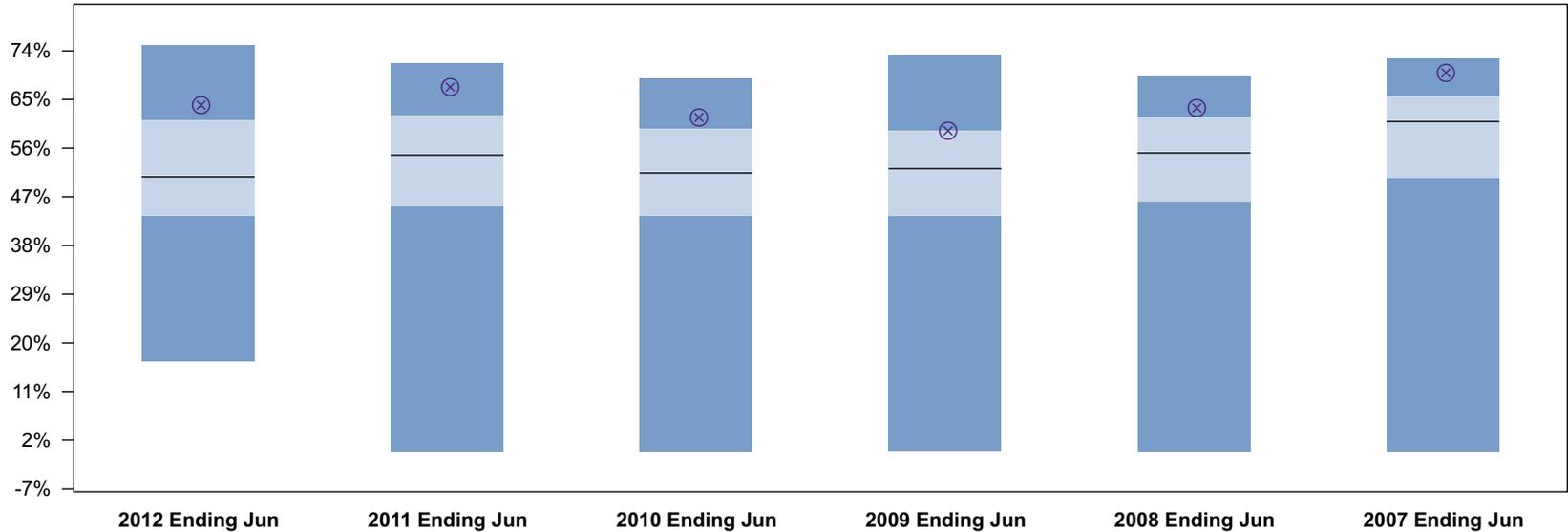
	Jun-2012		Jun-2011		Jun-2010		Jun-2009		Jun-2008		Jun-2007		Jun-2006		Jun-2005		Jun-2004		Jun-2003	
⊗ <b>COMBINED</b>	-0.7	80	28.5	2	16.2	11	-20.2	80	-6.5	84	16.3	62	7.8	80	8.0	82	15.7	38	2.6	84
* <i>POLICY INDEX COMBINE</i>	3.6	9	20.6	63	12.0	65	-15.6	33	-6.1	79	15.6	74	6.4	89	6.8	95	13.0	76	3.5	62
Median	1.0		21.4		13.1		-17.7		-4.4		16.8		10.0		9.4		15.0		4.1	

# BAY COUNTY EMPLOYEES' RETIREMENT

Public Funds (DB)

Periods Ending June

## Equity Allocation History



	2012 Ending Jun	2011 Ending Jun	2010 Ending Jun	2009 Ending Jun	2008 Ending Jun	2007 Ending Jun
⊗ <b>COMBINED</b>	64.4 17	67.6 14	62.1 20	59.6 23	63.8 13	70.3 11
5th Percentile	75.1	71.7	68.9	73.1	69.2	72.5
25th Percentile	61.3	62.2	59.6	59.4	61.7	65.6
50th Percentile	50.7	54.7	51.4	52.2	55.1	60.9
75th Percentile	43.3	45.2	43.5	43.4	45.9	50.5
95th Percentile	16.6	0.0	0.0	0.0	0.0	0.0

# Bay County Employees' Retirement System

DB Pension Investment Manager Watchlist

Performance Summary

Investment Manager / Product	Investment Style Universe	One Qtr 4/1/12-6/30/12		One Yr 7/1/11-6/30/12		Three Yr 7/1/10-6/30/12		Five Yr 7/1/08-6/30/12		2011 7/1/10-6/30/11		2010 7/1/09-6/30/10		2009 7/1/08-6/30/09	
		Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
WHV Lg-Cap Core	Lg Growth	-7.1%	82	0.7%	66	13.5%	89	0.7%	84	36.6%	36	6.2%	100	-21.3%	23
Benchmark Index		-2.5%		6.5%		17.5%		1.3%		32.0%		15.6%		-25.2%	
Denver Inv Mid-Cap Growth	Mid Growth	-12.3%	92	-13.7%	91	17.1%	66	0.4%	72	45.6%	26	27.8%	6	-30.5%	73
Benchmark Index		-5.2%		-1.5%		20.7%		3.5%		45.3%		22.8%		-28.8%	

## Investment Manager/ Product

## Status / Recommendation

WHV Lg-Cap Core

Weak quarter caused by unfavorable stock selections in consumer, IT, and healthcare. This negatively impacted their longer term performance with 3 and 5 year returns ranking in the bottom quartile. One year returns rank bottom third, however the prior 12 month period was much better, ranking near top third. WHV has yet to close the gap caused by poor performance in the 12 months ending June 2010.

Denver Investment Mid-Cap Growth

Poor returns this quarter were attributable to both unfavorable sector weighting and stock selection, particularly in energy. Three and five year returns rank bottom third which is mainly due to losses experienced over the past 12 months. The prior year saw returns near top quartile and top decile the 12 months before that. Denver's long term performance trend had been improving until the difficulty this quarter.

# Bay County Employees' Retirement System

DB Pension Investment Manager Watchlist

Performance Trends

## LONG-TERM RETURN TREND

Three & Five Year Returns Historical

Investment Manager / Product	Qtr End 6/30/12		1 Qtr Ago End 3/31/12		2 Qtrs Ago End 12/31/11		3 Qtrs Ago End 9/30/11									
	Three Yr	Five Yr	Three Yr	Five Yr	Three Yr	Five Yr	Three Yr	Five Yr								
	4/1/09-3/31/12	4/1/07-3/31/12	1/1/09-12/31/11	1/1/07-12/31/11	10/1/08-9/30/11	10/1/06-9/30/11	7/1/08-6/30/11	7/1/06-6/30/11								
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank						
WHV Lg-Cap Core	13.5%	89	0.7%	84	23.5%	56	3.3%	83	14.7%	75	0.8%	78	1.5%	78	-0.9%	87
Benchmark Index	17.5%		1.3%		24.6%		3.1%		15.2%		0.9%		2.3%		-0.1%	
Denver Inv Mid-Cap Growth	17.1%	66	0.4%	72	30.1%	43	4.8%	59	22.3%	41	2.6%	65	6.1%	45	1.5%	73
Benchmark Index	20.7%		3.5%		30.8%		6.1%		23.6%		4.1%		7.5%		3.3%	

## SHORT-TERM RETURN TREND

Quarterly Returns Historical

Investment Manager / Product	Last Qtr		2 Qtrs Ago		3 Qtrs Ago		4 Qtrs Ago		5 Qtrs Ago		6 Qtrs Ago		7 Qtrs Ago		8 Qtrs Ago	
	1 Quarter	1 Quarter	1 Quarter	1 Quarter	1 Quarter	1 Quarter	1 Quarter	1 Quarter	1 Quarter	1 Quarter	1 Quarter	1 Quarter	1 Quarter	1 Quarter	1 Quarter	
	1/1/12-3/31/12	10/1/11-12/31/11	7/1/11-9/30/11	4/1/11-6/30/11	1/1/11-3/31/11	10/1/10-12/31/10	7/1/10-9/30/10	4/1/10-6/30/10								
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
WHV Lg-Cap Core	-7.1%	82	16.1%	47	14.3%	2	-18.3%	89	-0.5%	73	5.4%	58	14.8%	12	13.5%	42
Benchmark Index	-2.5%		12.9%		12.1%		-13.6%		0.3%		6.2%		11.0%		11.6%	
Denver Inv Mid-Cap Growth	-12.3%	92	14.3%	65	13.6%	37	-24.1%	87	1.0%	42	8.2%	61	14.7%	52	16.1%	15
Benchmark Index	-5.2%		14.9%		11.6%		-19.0%		2.0%		8.2%		14.4%		15.1%	

○ Indicates performance below benchmark

# BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

As of June 30, 2012

## Policy Index Detail

### POLICY COMBINED

**EFFECTIVE DATE: 6/30/2011**

55.00% S&P 500

14.00% MS EAFE NET

31.00% BC AGGREGATE BOND

**EFFECTIVE DATE: 12/31/1985 - 6/30/2011**

60.00% S&P 500

5.00% MS EAFE NET

30.00% CITIGROUP BIG

5.00% 90 DAY T-BILLS

### POLICY - BAIRD

**EFFECTIVE DATE: 3/31/2006**

50.00% BC MBS

50.00% BC US AGG GOV

+0.60%

### POLICY - EAGLE ASSET

**EFFECTIVE DATE: 8/31/2010**

100.00% RUSSELL 2000 GROWTH

+1.50%

### POLICY - MACKAY SHIELDS

**EFFECTIVE DATE: 12/31/1999**

100.00% BofAML INVEST. GRADE CONVERT

+1.00%

### POLICY - BARINGS

**EFFECTIVE DATE: 10/31/1999**

100.00% MSCIN EAFE (NET)

+1.00%

### POLICY - HOTCHKIS & WILEY

**EFFECTIVE DATE: 12/31/2003**

100.00% RUSSELL 2000 VALUE

+1.50%

### POLICY - MARVIN & PALMER

**EFFECTIVE DATE: 5/31/2006**

100.00% RUSSELL 1000 GROWTH

+1.00%

### POLICY - COLUMBIA

**EFFECTIVE DATE: 1/31/2001**

100.00% RUSSELL 1000 VALUE

+1.00%

### POLICY - INTEGRITY

**EFFECTIVE DATE: 12/31/2006**

100.00% RUSSELL MIDCAP VALUE

+1.50%

### POLICY - SCHRODER

**EFFECTIVE DATE: 6/30/2006**

100.00% S&P EPAC SMALLCAP

+1.50%

### POLICY - DENVER

**EFFECTIVE DATE: 3/30/1996**

100.00% RUSSELL MIDCAP GROWTH

+1.50%

### POLICY - LOOMIS

**EFFECTIVE DATE: 2/28/1997**

100.00% BC CORPORATE

+1.00%

### POLICY - WENTWORTH HAUSER & VIOLICH

**EFFECTIVE DATE: 3/31/2004**

100.00% S&P 500

+1.00%

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