



Bay County Employees' **RETIREMENT SYSTEM**

Quarterly Investment Performance Report
Updates through June 30, 2013

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BAY COUNTY EMPLOYEES' RETIREMENT

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

Dear Trustees:

Enclosed is the quarterly summary report on the fund performance through June 30, 2013.

Market Environment: Since the start of the year, US stock markets have risen by double-digits. In late May, market indices reached all-time highs. Then, at a press conference on May 22, Federal Reserve Board Chair Bernanke offered a suggestion that a stronger US economic growth outlook would lead to a reduction in bond purchases under the current quantitative easing policy. The markets were somewhat shocked to imagine the end of this program, having been instrumental in keeping interest rates low. Over the following six weeks, stock indices declined roughly 4% in the US and twice that globally. This resulted in one-quarter gains of 1% to 4% in the US and losses of -1% to -3% internationally. The second quarter was also difficult for fixed income, with rates rising across the yield curve. Long term rates rose the most, resulting in losses of roughly -6% for long duration portfolios. The aggregate bond index lost -2.3% while the shorter-duration intermediate aggregate bond index lost -1.8%.

Total Fund Results: Despite the difficult investment conditions through the quarter, the total value of invested assets increased by just under \$1 million to \$264.5 million. The increase includes \$2.7 million of investment gains and \$1.9 million net withdrawn over the period.

In light of the large gains in US equities over the past year, rebalancing orders were issued last month to bring the allocation back to within policy ranges. The rebalancing activity began on the last day of the quarter and was completed over the following three days. As such, the following exhibits show the allocation mid-transition. PLEASE BE AWARE THAT THE EXHIBITS DO NOT REFLECT THE FINAL ASSET ALLOCATION FOLLOWING THE REBALANCE.

Total fund performance was positive, with gains of 1.0% this quarter. The return was above the policy benchmark by 0.3% and ranked in the 17th percentile against total funds with similar equity allocation. The top quartile one year return of 16.3% topped the benchmark and was better than the average similar mix total fund return of 14.1%. The five year annualized return of 6.6% was well above the benchmark and just below ranking in the top quartile.

High exposure to equities and good active manager diversification has helped to generate strong relative returns. At quarter-end, the fund had an equity commitment of 73.8%, which is again higher than last quarter. This allocation remains appropriate given the expected headwinds for fixed income as interest rates rise.

Domestic Equity Results: Combined domestic equity funds produced gains of 2.6% for the quarter. This was just below the

return of the broad Russell 3000 Index and ranked in the bottom third in the US Equity Pools universe. In US equity, new MCG manager Geneva produced the lowest absolute return this quarter at +0.3%, while the +4.1% return by Hotchkis & Wiley was again the highest. On a relative basis, WHV, Geneva, and Eagle ranked below their respective style median. WHV was terminated at the end of the quarter. Half of the assets are to be split amongst the remaining large cap managers, Columbia and MFS. The other half will be invested in a Vanguard S&P 500 Index Fund.

International Equity Results: Combined international equity managers had slightly positive performance this quarter, returning +0.1%, and ranked top quartile against Intl Equity Pools. The return was well above the -1.0% loss for the MSCI EAFE index. Lagging manager Barings outperformed their benchmark after several consecutive disappointing quarters. They rank poorly against peers in most periods since they were funded. Sector positioning has been an issue in their portfolio, but we expect to see improvement in the future as their team and process remain intact. Schroders ranked near top-quartile this quarter, and has a much stronger relative performance record.

Real Estate Securities Results: Cornerstone REIT produced negative returns as REITs sold off aggressively mid-quarter in anticipation of monetary policy tightening. The -2.5% performance was below benchmark and the median REIT fund for the quarter. Longer term

performance has been deteriorating somewhat. Once superior, the three and four year annualized returns are now in line with the benchmark.

Convertible Securities Results: MacKay Shields outperformed their benchmark and ranked in the top third of the convertible securities universe for the quarter. The investment guidelines were revised within the last year to allow greater latitude in security selection and portfolio positioning. So far, this appears to have worked favorably.

Fixed Income Results: Fixed income assets were extremely challenged this quarter following the Fed's comments. Combined bond managers produced negative returns which trailed both the index and the median. The -3.0% return was attributed to a -3.5% loss for Loomis and a -2.4% loss for Baird. Both managers trailed their benchmarks for the quarter. Performance for longer periods continue to meet expectations.

Yours Sincerely,

Jeffrey T. Black, Associate

INVESTMENT MARKET ENVIRONMENT

Periods Ending June 30, 2013

Commentary and Benchmark Index Returns

Domestic stock markets posted positive results in the second quarter despite a slight decline in the month of June. There was no clear leader when returns by capitalization were analyzed. Growth edged value in the small and mid capitalization style categories, while value led in large caps. Annual results were also excellent, with small and mid caps beating large, and value ahead of growth in all cap ranges.

International developed and emerging market equities had negative performance for the June quarter, with emerging trailing developed. Results for the year were strong for developed markets, but still trailed domestic. Emerging returns were positive, but were well below developed. Continued concerns over economic growth and financial institutional strength were factors hindering results.

Domestic bond results for the quarter and year were generally negative. High yield bonds were an exception, having the best performance in the fixed income asset class. Long duration issues lagged shorter for both the quarter and year.

While REIT's were slightly negative for the quarter, private real estate again posted solid returns for the quarter and year.

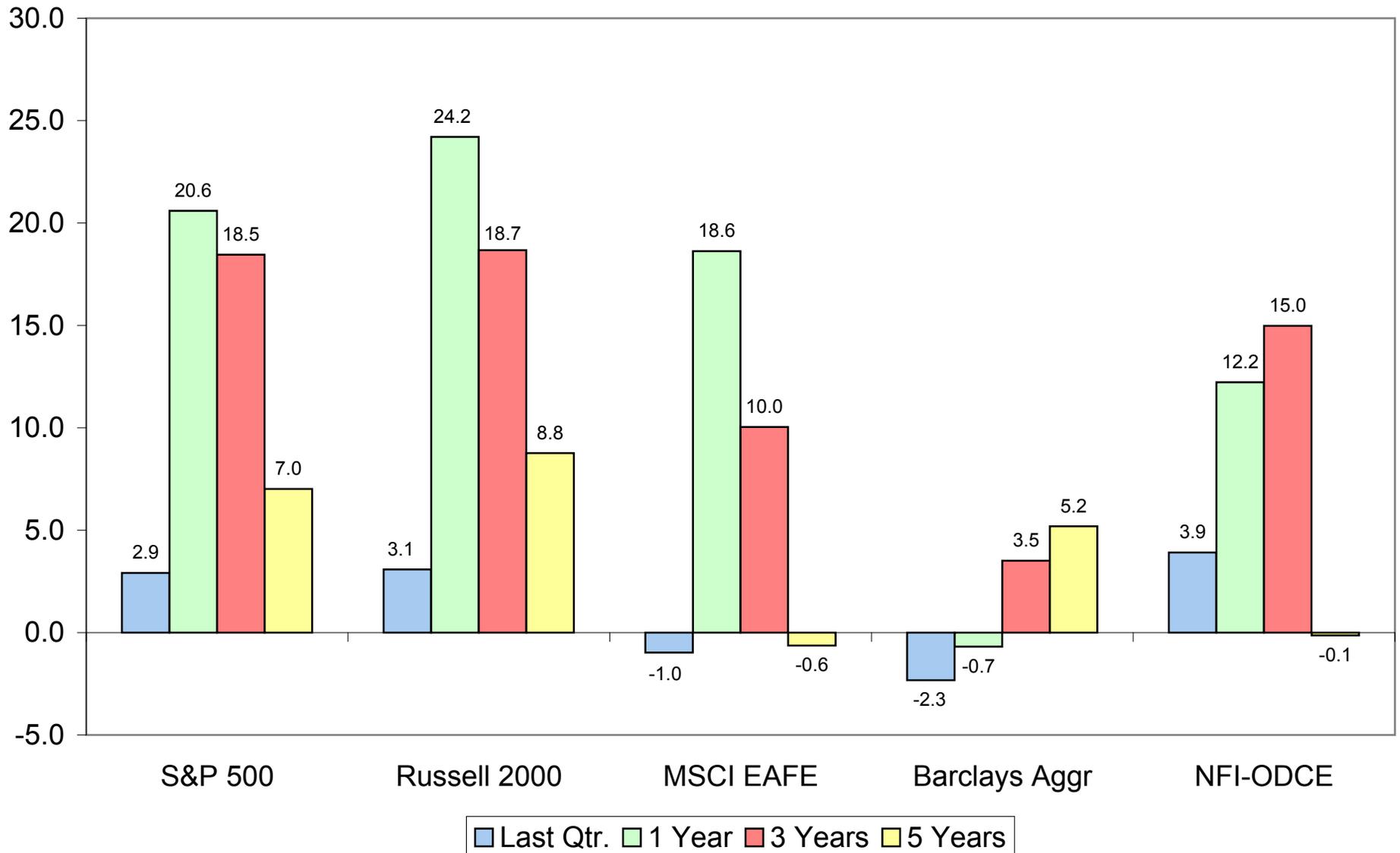
Index Returns - Periods Ending June 30, 2013

	<u>1 Quarter</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>	
S&P 500	2.9	20.6	18.5	7.0	7.3	%
S&P Mid Cap	1.0	25.2	19.4	8.9	10.7	
Russell 2000	3.1	24.2	18.7	8.8	9.5	
MSCI EAFE	-1.0	18.6	10.0	-0.6	7.7	
ACWI Ex US	-3.1	13.6	8.0	-0.8	8.6	
MSCI Emerging Markets	-8.1	2.9	3.4	-0.4	13.7	
Barclays Aggregate	-2.3	-0.7	3.5	5.2	4.5	
Barclays Govt/Credit	-2.5	-0.6	3.9	5.3	4.4	
Barclays Govt/Credit Intermediate	-1.7	0.3	3.1	4.6	4.0	
Barclays Govt/Credit Long	-6.1	-4.7	7.0	8.5	6.2	
Barclays Govt	-1.9	-1.5	2.9	4.4	4.1	
Barclays Govt Intermediate	-1.4	-0.6	2.3	3.8	3.7	
Barclays Gov't Long	-5.7	-8.2	6.2	7.5	6.1	
Barclays Mortgage Backed	-2.0	-1.1	2.5	4.8	4.7	
Barclays U.S. Credit	-3.4	0.8	5.5	7.0	5.1	
Barclays Corporate High Yield	-1.4	9.5	10.7	10.9	8.9	
NFI-ODCE (Real Estate)	3.9	12.2	15.0	-0.1	6.9	
NAREIT (REIT)	-1.6	9.4	18.2	7.6	10.9	
90-Day Treasury Bills	0.0	0.1	0.1	0.3	1.7	
CPI	0.3	1.8	2.3	1.4	2.4	

INVESTMENT MARKET ENVIRONMENT

Periods Ending June 30, 2013

Commentary and Benchmark Index Returns

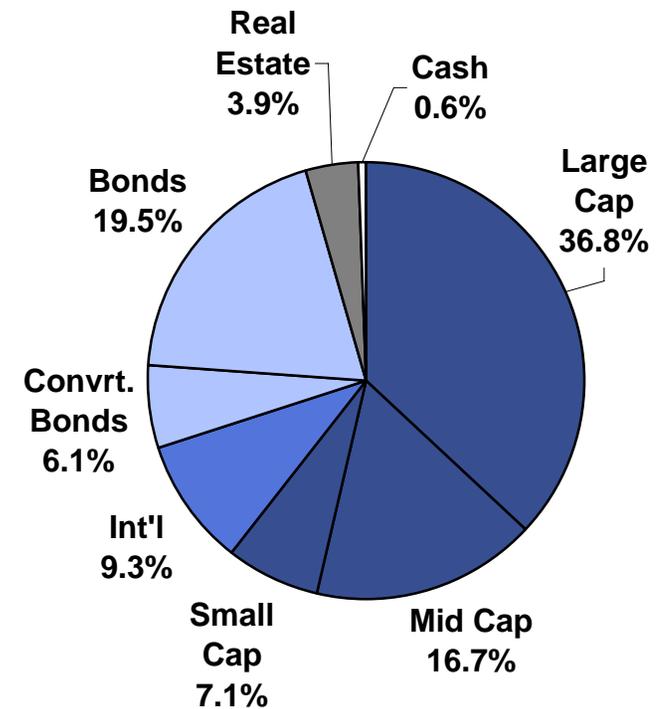


BAY COUNTY EMPLOYEES' RETIREMENT

As of June 30, 2013

Asset Allocation vs. Policy Target Allocation

		<u>Asset Value</u>	<u>Alloc %</u>	<u>Target %</u>
Total Plan		\$264,505,539	100.0%	100.0%
Domestic Equity		\$160,529,740	60.7%	52.0%
Large Cap Value	Columbia	\$32,958,582	12.5%	10.3%
Large Cap Core	WHV	\$34,685,584	13.1%	10.3%
Large Cap Growth	MFS	\$29,787,736	11.3%	10.3%
Mid Cap Value	Integrity	\$23,643,805	8.9%	7.5%
Mid Cap Growth	Geneva	\$20,625,959	7.8%	7.5%
Small Cap Value	Hotchkis & Wiley	\$9,362,647	3.5%	3.0%
Small Cap Growth	Eagle	\$9,465,427	3.6%	3.0%
International Equity		\$24,494,020	9.3%	14.0%
Int'l Large Cap	Barings	\$14,127,872	5.3%	7.0%
Int'l Small Cap	Schroder	\$10,366,148	3.9%	7.0%
Fixed Income		\$67,571,327	25.5%	31.0%
Convertible Securities	MacKay Shields	\$16,021,360	6.1%	5.0%
Corporate Bond	Loomis Sayles	\$29,539,344	11.2%	13.0%
Government Bond	Baird	\$22,010,623	8.3%	13.0%
Real Estate		\$10,263,609	3.9%	3.0%
REIT	Cornerstone	\$10,263,609	3.9%	3.0%
Cash		\$1,646,843	0.6%	



Start Date

One Quarter Return

TOTAL PLAN

DOMESTIC EQUITY

S&P 500 Index		
Large Cap Value	Columbia	Jan 2001
Large Cap Core	WHV	Mar 2004
Large Cap Growth	MFS	Aug 2012
Mid Cap Value	Integrity	Jan 2007
Mid Cap Growth	Geneva	Jan 2013
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

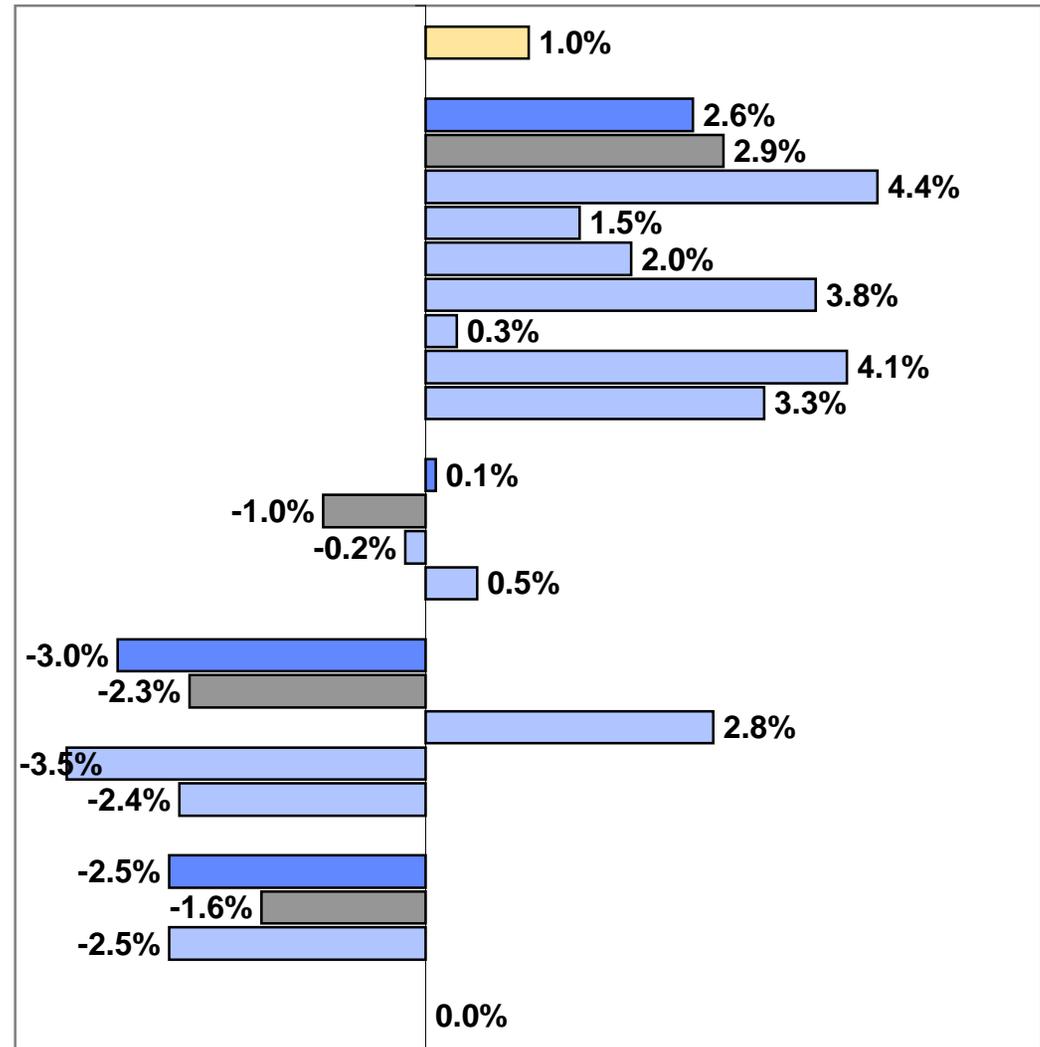
FIXED INCOME

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

One Year Ending June 30, 2013

Gross Returns

Summary by Segment / 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	MFS	Aug 2012
Mid Cap Value	Integrity	Jan 2007
Mid Cap Growth	Geneva	Jan 2013
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

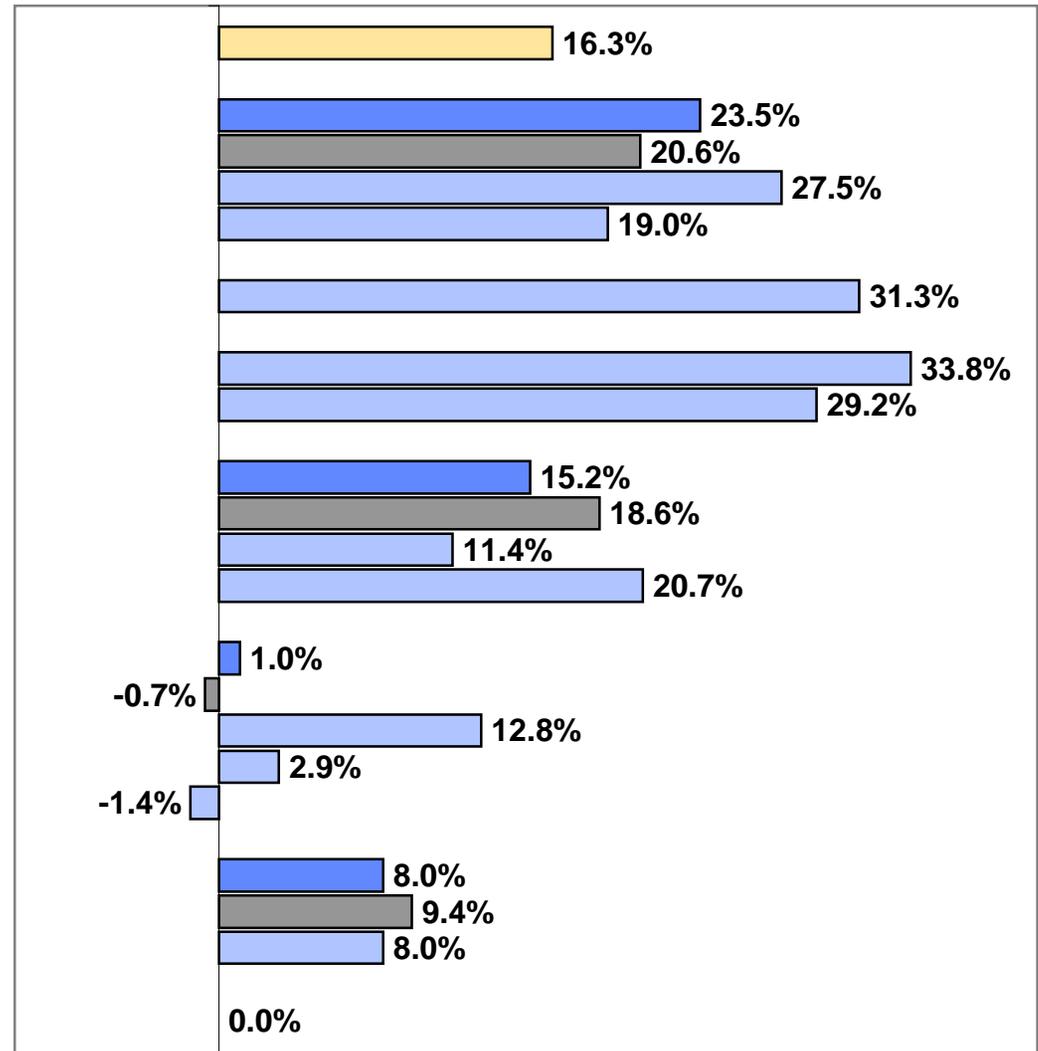
Convertible Bond	MacKay Shields	Aug 2003
Corporate Bond	Loomis Sayles	Dec 1999
Government Bond	Baird	Mar 2006

REAL ESTATE

NAREIT Equity REIT Index

REIT	Cornerstone	Oct 2008
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CASH



BAY COUNTY EMPLOYEES' RETIREMENT

Investment Managers & Segments

Periods Ending June 30, 2013

Total Fund Performance by Style

	One Quarter		Two Qtrs		Three Qtrs		One Year		Two Years		Three Years		Four Years		Five Years	
TOTAL FUND																
BAY COUNTY EMPLOYEES'	1.0	17	8.7	15	10.6	17	16.3	21	7.5	46	14.1	13	14.6	10	6.6	27
Investment Policy Index	0.7		7.3		8.1		13.4		8.4		12.3		12.2		6.0	
Master Trust Over 70% Equity Median	0.3		6.7		8.6		14.1		7.3		12.1		12.6		5.5	
COMBINED US EQUITY FUND POOL																
US EQUITY FUNDS	2.6	70	14.2	58	16.6	31	23.5	33	9.7	84	18.7	43	18.5	38	6.7	74
Russell 3000 Index	2.7		14.1		14.3		21.5		12.3		18.6		17.9		7.2	
US Equity Pools Median	3.0		14.5		15.1		22.1		11.9		18.6		18.0		7.4	
LARGE CAP VALUE FUNDS																
COLUMBIA	4.4	47	18.1	34	21.6	25	27.5	41	14.3	33	20.7	14	19.6	27	8.6	32
Russell 1000 Value +100bp	3.5		16.5		18.5		26.6		14.7		19.7		19.2		7.7	
US Equity (Active) - Large Value Median	4.2		17.0		18.9		26.4		13.8		19.1		18.4		7.8	
LARGE CAP GROWTH FUNDS																
WHV (TERMINATED)	1.5	69	9.9	70	9.5	64	19.0	33	9.5	65	17.9	63	14.8	84	6.5	73
S&P 500 +100bp	3.2		14.4		14.2		21.8		13.9		19.6		18.6		8.2	
MFS	2.0	49	12.1	36	12.8	21										
Russell 1000 Growth + 100bp	2.3		12.4		11.1											
US Equity (Active) - Large Growth Median	1.9		11.2		10.1		17.5		10.3		18.4		17.1		7.4	
MID CAP VALUE FUNDS																
INTEGRITY ASSET MGT	3.8	35	18.8	31	24.7	24	31.3	24	13.8	36	21.3	17	21.9	20	10.3	66
Russell Mid Cap Value +150bp	2.0		16.9		22.0		29.5		14.4		21.3		23.5		10.5	
US Equity (Active) - Mid Value Median	2.7		16.7		21.2		28.5		12.2		19.6		19.7		10.4	
MID CAP GROWTH FUNDS																
GENEVA	0.3	95														
Russell Mid Cap Growth +150bp	3.3															
US Equity (Active) - Mid Growth Median	2.4															

BAY COUNTY EMPLOYEES' RETIREMENT

Investment Managers & Segments

Periods Ending June 30, 2013

Total Fund Performance by Style

	One Quarter		Two Qtrs		Three Qtrs		One Year		Two Years		Three Years		Four Years		Five Years	
SMALL CAP VALUE FUNDS																
HOTCHKIS & WILEY	4.1	38	20.6	11	27.4	10	33.8	17	14.2	9	22.9	4	28.8	4	14.0	17
Russell 2000 Value +150bp	2.9		15.2		19.4		26.6		12.5		19.1		20.8		10.2	
<i>US Equity (Active) - Small Value Median</i>	3.1		16.5		21.2		27.8		12.8		19.0		20.9		12.1	
SMALL CAP GROWTH FUNDS																
EAGLE ASSET MGT	3.3	78	16.9	64	20.1	35	29.2	17	8.9	63						
Russell 2000 Growth +150bp	4.1		18.3		19.3		25.5		11.3							
<i>US Equity (Active) - Small Growth Median</i>	4.7		17.7		18.9		24.6		10.5							
COMBINED INTL EQUITY FUND POOL																
INTERNATIONAL EQUITY FUNDS																
MSCI EAFE	-1.0		4.1		10.9		18.6		1.1		10.0					
<i>International Equity Pools Median</i>	-1.9		1.6		7.9		15.3		0.9		9.7					
INTERNATIONAL EQUITY FUNDS																
BARINGS INTL LARGE CAP	-0.2	42	2.3	67	2.5	94	11.4	93	0.2	78	8.4	89				
MCSI EAFE Index +100bp	-0.7		4.6		11.8		19.8		2.1		11.1					
SCHRODERS INTL SMALL CAP	0.5	26	7.5	17	13.5	23	20.7	32	0.7	72	12.7	25	13.0	24	3.6	22
S&P EPAC Small Cap +150bp	-1.6		6.2		13.0		22.4		2.6		13.6		13.4		3.4	
<i>Intl Equity Developed Mkt (Active) Median</i>	-0.6		4.1		10.4		18.3		2.0		11.0		10.8		1.4	
REAL ESTATE FUNDS																
CORNERSTONE REIT	-2.5	73	4.8	46	7.7	56	8.0	70	9.9	45	18.2	24	26.3	27		
NAREIT Equity REIT Index	-1.6		6.5		9.2		9.4		11.2		18.2		26.2			
<i>REIT Funds Median</i>	-1.3		4.6		7.9		9.3		9.5		15.6		16.4			
CONVERTIBLE SECURITIES FUNDS																
MACKAY SHIELDS	2.8	31	7.9	45	7.8	53	12.8	56	5.4	54	9.5	66	10.1	71	2.7	87
BoAML IG Convertible +100bp	2.3		9.1		10.0		14.5		6.7		9.4		10.1		7.1	
<i>Convertible Only Median</i>	1.5		6.4		8.0		13.5		6.0		11.6		14.8		9.8	

BAY COUNTY EMPLOYEES' RETIREMENT

Investment Managers & Segments

Periods Ending June 30, 2013

Total Fund Performance by Style

	One Quarter	Two Qtrs	Three Qtrs	One Year	Two Years	Three Years	Four Years	Five Years
COMBINED FIXED INCOME FUND POOL								
COMBINED FIXED INCOME FDS	-3.0 73	-2.9 72	-1.9 64	1.0 41	5.0 38	5.3 39	7.1 44	6.8 40
Barclays US Aggregate Bond	-2.3	-2.4	-2.2	-0.7	3.3	3.5	5.0	5.2
<i>US Fixed Income Pools Median</i>	-2.3	-2.0	-1.4	0.7	4.3	4.7	6.8	6.3
US FIXED INCOME FUNDS								
BAIRD GOVERNMENT BOND	-2.4 60	-2.5 71	-2.5 83	-1.4 88	3.0 80	2.9 86	4.0 86	4.9 79
Baird Policy Index *	-1.8	-1.9	-1.9	-1.0	2.9	3.0	4.1	4.9
LOOMIS SAYLES CREDIT	-3.5 82	-3.2 84	-1.4 55	2.9 27	6.5 25	7.3 25	9.8 25	8.4 22
Barclays US Corporate Bond +100bp	-3.1	-2.9	-1.6	2.4	6.5	6.8	9.3	8.4
<i>US Fixed Income Funds Median</i>	-2.1	-1.8	-1.2	0.8	4.1	4.7	6.5	6.3

BAY COUNTY EMPLOYEES' RETIREMENT

Portfolio Returns - Gross / Net of Investment Mgmt Fees

Periods Ending June 30, 2013

Performance by Manager - Trailing Periods

	<u>Annual Fee %</u>	<u>Annual Fee \$*</u>		<u>One Quarter</u>	<u>One Year</u>	<u>Three Years</u>	<u>Five Years</u>
Columbia	0.40%	\$131,834	Gross	4.4	27.5	20.7	8.6
			Net	4.3	27.0	20.4	8.4
WHV	0.50%	\$172,742	Gross	1.5	19.0	17.9	6.5
			Net	1.4	18.4	17.5	6.3
MFS	0.60%	\$178,726	Gross	2.0			
			Net	2.0			
Integrity	0.81%	\$192,329	Gross	3.8	31.3	21.3	10.3
			Net	3.6	30.2	20.7	10.0
Geneva	0.75%	\$154,695	Gross	0.3			
			Net	0.1			
Hotchkis & Wiley	1.00%	\$93,626	Gross	4.1	33.8	22.9	14.0
			Net	3.9	32.5	22.2	13.6
Eagle	0.85%	\$80,456	Gross	3.3	29.2		
			Net	3.1	28.2		
Barings	0.95%	\$134,215	Gross	-0.2	11.4	8.4	
			Net	-0.4	10.4	7.8	
Schroder	0.74%	\$76,831	Gross	0.5	20.7	12.7	3.6
			Net	0.3	19.8	11.8	3.0
Mackay Shields	0.50%	\$80,107	Gross	2.8	12.8	9.5	2.7
			Net	2.4	11.4	8.7	3.0
Loomis Sayles	0.32%	\$93,848	Gross	-3.5	2.9	7.3	8.4
			Net	-3.6	2.6	7.1	8.2
Baird	0.30%	\$66,032	Gross	-2.4	-1.4	2.9	4.9
			Net	-2.4	-1.7	2.7	4.8
Cornerstone	0.60%	\$61,582	Gross	-2.5	8.0	18.2	
			Net	-2.7	7.4	17.8	

* Approximated in dollars, calculated from fee schedule and quarter-end market values

BAY COUNTY EMPLOYEES' RETIREMENT

COMBINED

Periods Ending June 30, 2013

Total Fund Asset Growth Summary (\$000)

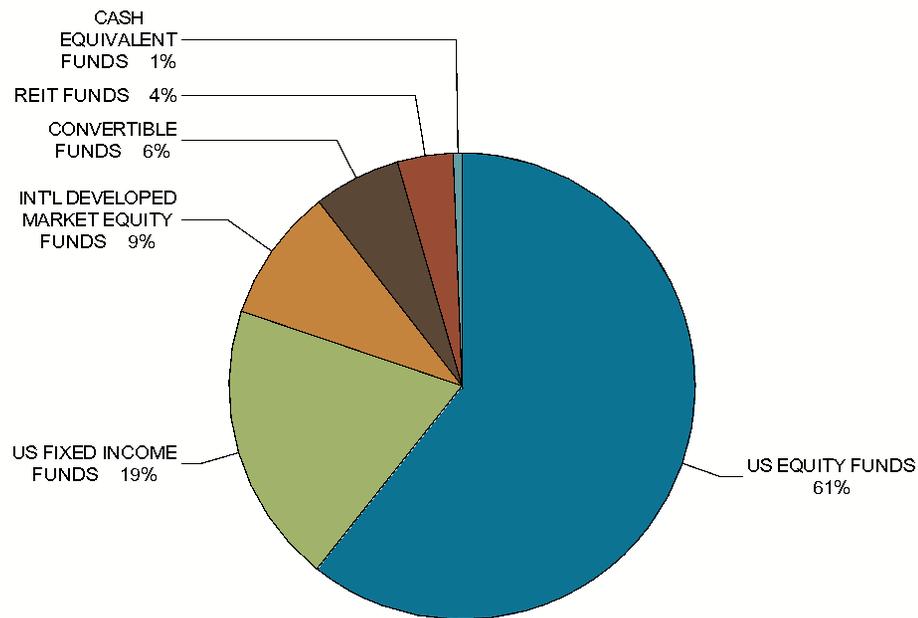
	One Quarter	Year to Date	One Year	Since Inception
COMBINED				
Beginning Market Value	263,638	246,973	235,676	24,693
Net External Growth	-1,872	-4,293	-9,231	-108,799
Return on Investment	2,739	21,825	38,060	348,611
Income Received	1,391	2,560	5,448	121,782
Gain/Loss	1,348	19,265	32,612	226,830
Ending Market Value	264,506	264,506	264,506	264,506

BAY COUNTY EMPLOYEES' RETIREMENT

COMBINED

As of June 30, 2013

Allocation by Manager Type

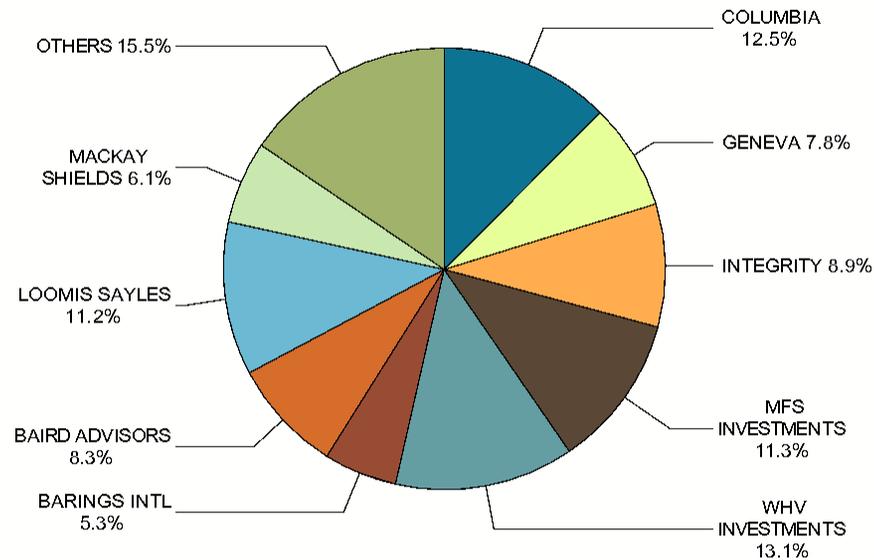


<u>MANAGER TYPE</u>	<u>Ending Market Value</u>	<u>% of Plan</u>
US EQUITY FUNDS	160,529,740	60.7
US FIXED INCOME FUNDS	51,549,967	19.5
INT'L DEVELOPED MARKET EQUITY FUNDS	24,494,020	9.3
CONVERTIBLE FUNDS	16,021,360	6.1
REIT FUNDS	10,263,609	3.9
CASH EQUIVALENT FUNDS	1,646,843	0.6
TOTAL	264,505,539	100.0

BAY COUNTY EMPLOYEES' RETIREMENT

As of June 30, 2013

Portfolio Asset Allocation by Manager



FUND	Ending Market Value	% of Plan
COLUMBIA	32,958,582	12.5
EAGLE	9,465,427	3.6
GENEVA	20,625,959	7.8
HOTCHKIS & WILEY	9,362,647	3.5
INTEGRITY	23,643,805	8.9
MFS INVESTMENTS	29,787,736	11.3
WHV INVESTMENTS	34,685,584	13.1
BARINGS INTL	14,127,872	5.3
SCHRODER	10,366,148	3.9
BAIRD ADVISORS	22,010,623	8.3
LOOMIS SAYLES	29,539,344	11.2
MACKAY SHIELDS	16,021,360	6.1
CORNERSTONE R/E	10,263,609	3.9
CASH W / LENDING	1,646,843	0.6
TOTAL	264,505,539	100.0

BAY COUNTY EMPLOYEES' RETIREMENT

Year Ending June 30, 2013

Portfolio Asset Growth Summary (\$000)

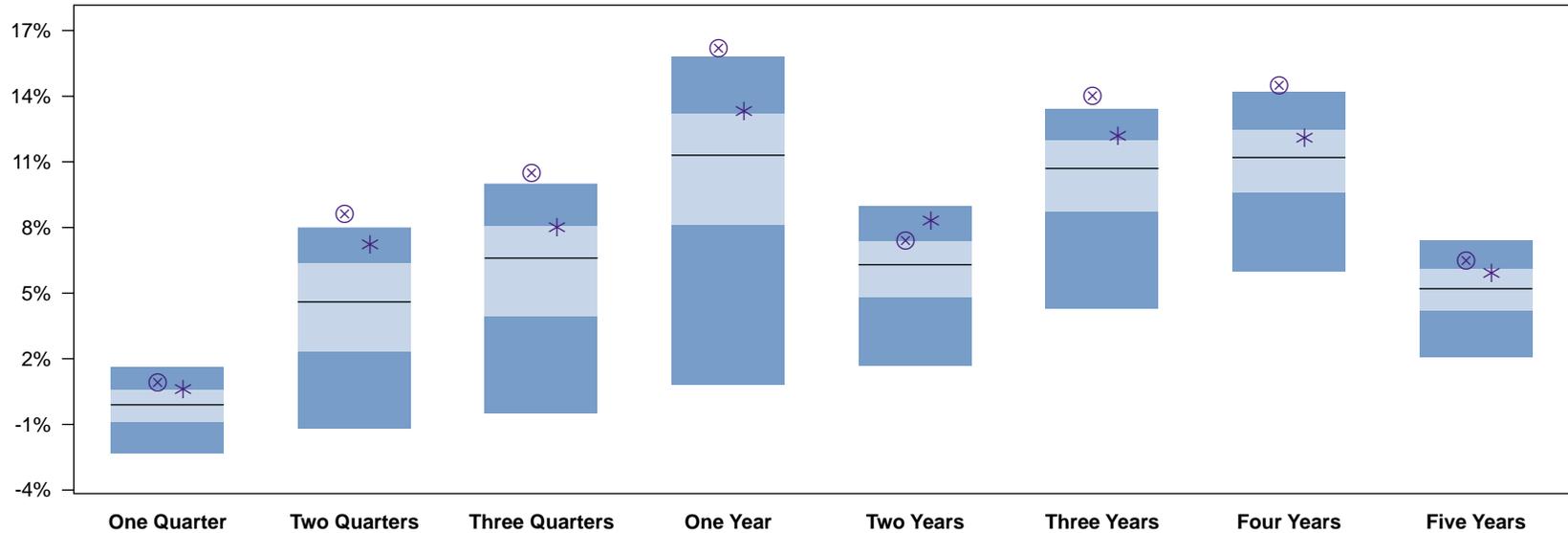
	Beginning Market Value	Net External Growth	Return on Investment	Income	Gain/Loss	Ending Market Value
COLUMBIA	26,250	-500	7,209	737	6,472	32,959
DENVER	18,350	-20,095	1,745	131	1,614	
EAGLE	8,597	-1,645	2,514	73	2,441	9,465
GENEVA		19,198	1,428	40	1,388	20,626
HOTCHKIS & WILEY	10,030	-3,889	3,222	146	3,076	9,363
INTEGRITY	18,403	-500	5,741	321	5,421	23,644
MARVIN & PALMER	25,581	-25,958	377	89	288	
MFS INVESTMENTS		25,434	4,354	276	4,078	29,788
WHV INVESTMENTS	26,796	2,921	4,968	428	4,540	34,686
BARINGS INTL	12,683	-5	1,450	326	1,124	14,128
SCHRODER	8,652	0	1,714		1,714	10,366
BAIRD ADVISORS	22,334	0	-324	711	-1,034	22,011
LOOMIS SAYLES	28,695	0	844	1,290	-446	29,539
MACKAY SHIELDS	18,214	-4,000	1,808	386	1,422	16,021
CORNERSTONE R/E	9,503	0	761	346	415	10,264
CASH W / LENDING	1,589	-192	250	150	100	1,647
COMBINED	235,676	-9,231	38,060	5,448	32,612	264,506

BAY COUNTY EMPLOYEES' RETIREMENT

Master Trust Funds

Periods Ending June 30, 2013

Total Fund Performance - Trailing Periods



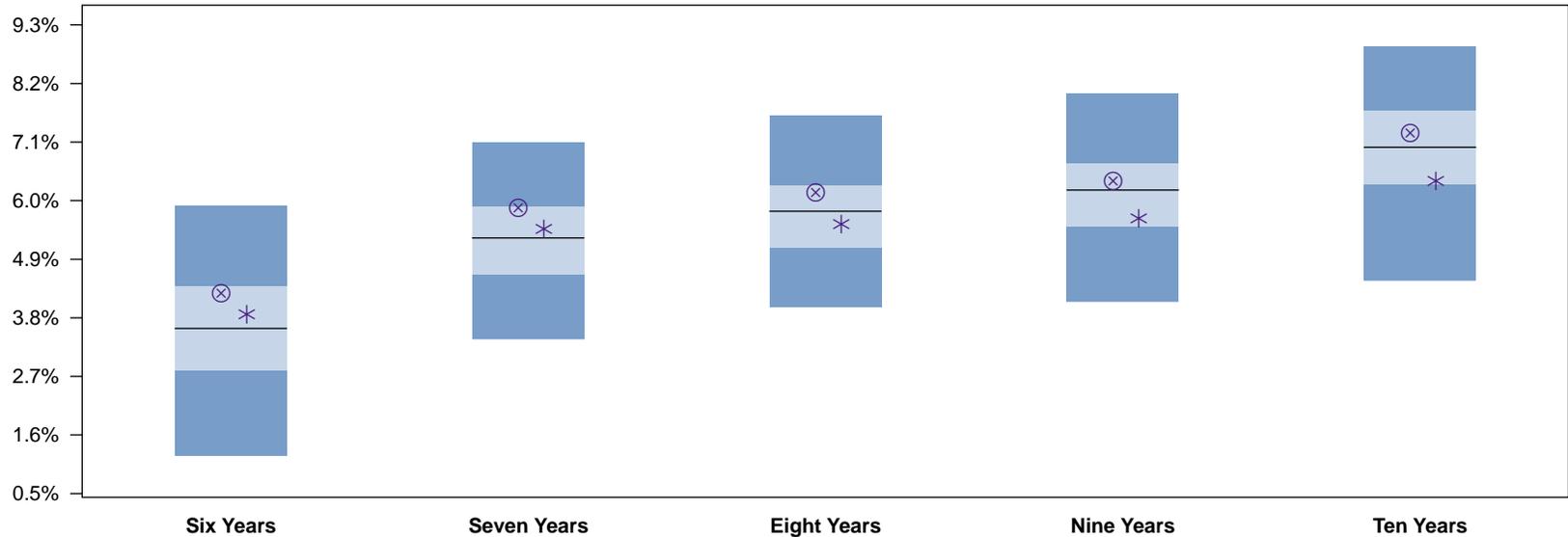
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
⊗ COMBINED	1.0	15	8.7	4	10.6	4	16.3	4	7.5	24	14.1	3	14.6	3	6.6	16
* <i>Policy Index Combined</i>	0.7	21	7.3	11	8.1	25	13.4	22	8.4	10	12.3	18	12.2	30	6.0	27
Median	-0.1		4.6		6.6		11.3		6.3		10.7		11.2		5.2	

BAY COUNTY EMPLOYEES' RETIREMENT

Master Trust Funds

Periods Ending June 30, 2013

Total Fund Performance - Trailing Periods

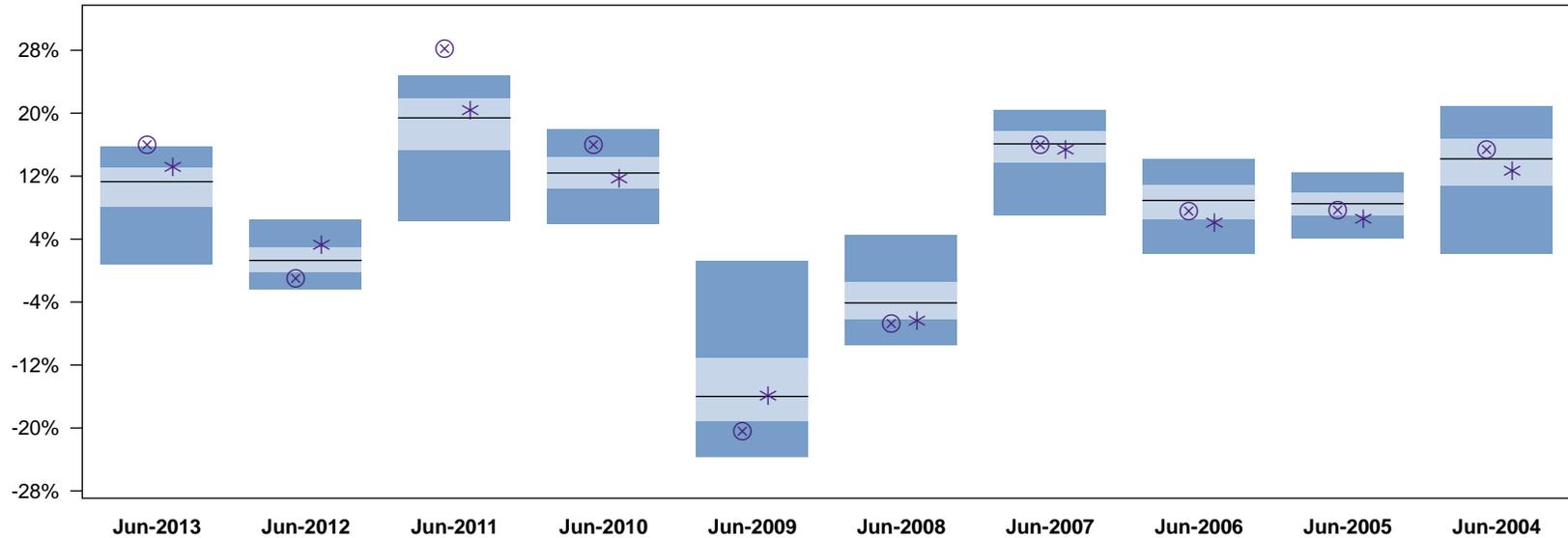


	Six Years	Seven Years	Eight Years	Nine Years	Ten Years
⊗ COMBINED	4.3 28	5.9 24	6.2 31	6.4 39	7.3 40
* <i>Policy Index Combined</i>	3.9 41	5.5 42	5.6 59	5.7 68	6.4 72
Median	3.6	5.3	5.8	6.2	7.0

BAY COUNTY EMPLOYEES' RETIREMENT

Master Trust Funds
Years Ending June

Total Fund Performance - Annual Periods

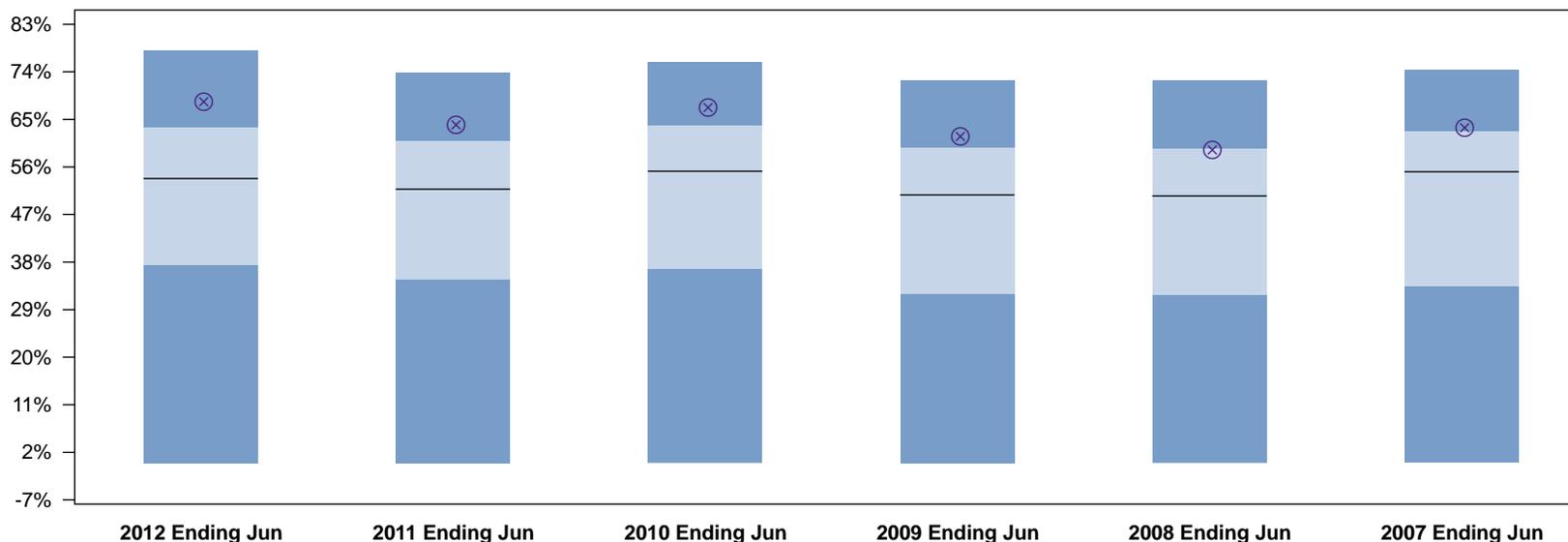


	Jun-2013		Jun-2012		Jun-2011		Jun-2010		Jun-2009		Jun-2008		Jun-2007		Jun-2006		Jun-2005		Jun-2004	
⊗ COMBINED	16.3	4	-0.7	82	28.5	1	16.2	10	-20.2	82	-6.5	79	16.3	47	7.8	64	8.0	60	15.7	36
* <i>Policy Index Combined</i>	13.4	22	3.6	20	20.6	38	12.0	57	-15.6	49	-6.1	74	15.6	56	6.4	76	6.8	77	13.0	62
Median	11.3		1.3		19.4		12.4		-16.0		-4.1		16.1		8.9		8.5		14.2	

BAY COUNTY EMPLOYEES' RETIREMENT

Master Trust Funds
Periods Ending June

Equity Allocation History

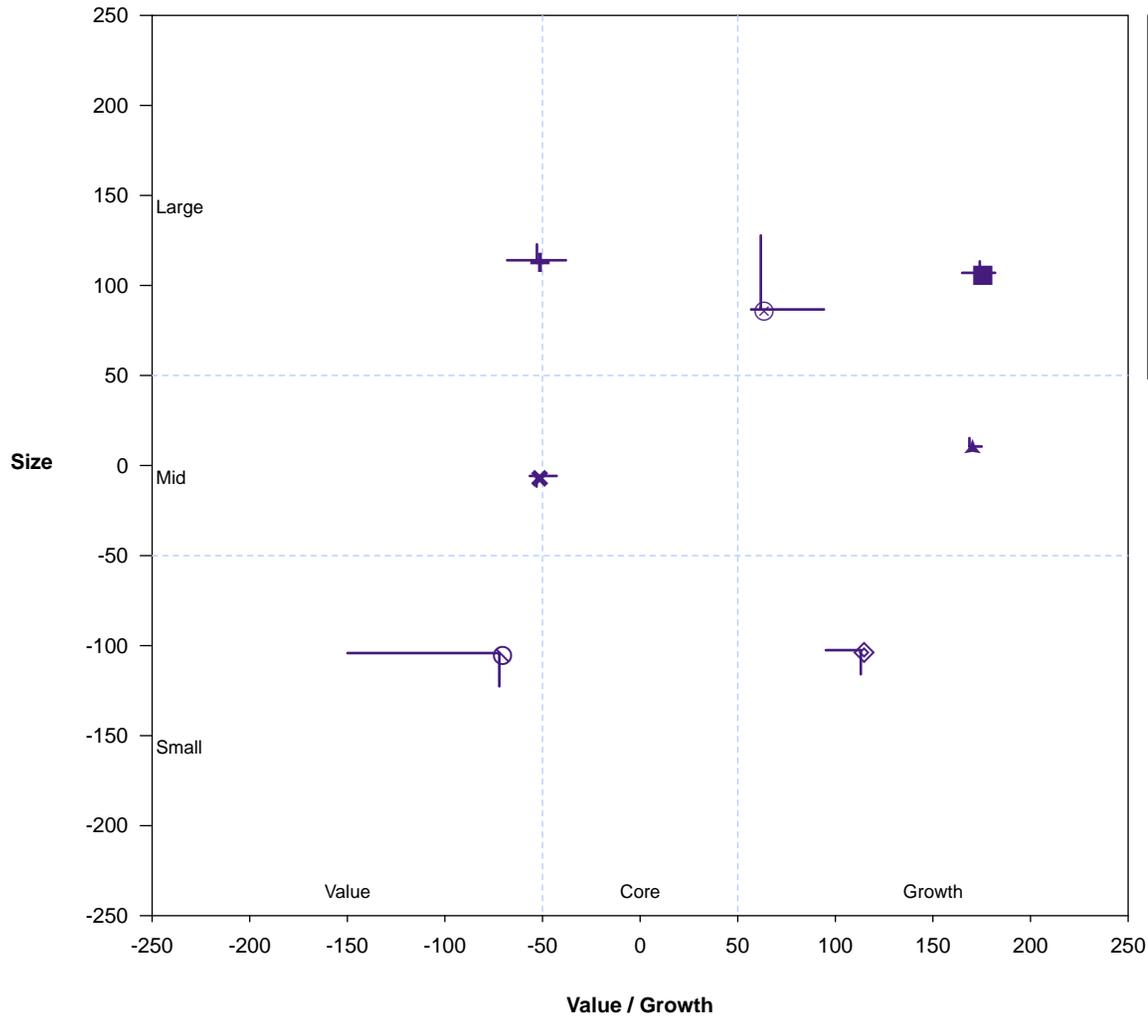


	2012 Ending Jun	2011 Ending Jun	2010 Ending Jun	2009 Ending Jun	2008 Ending Jun	2007 Ending Jun
⊗ COMBINED	68.8 14	64.4 18	67.6 17	62.1 19	59.6 25	63.8 22
5th Percentile	77.9	73.8	75.9	72.3	72.4	74.3
25th Percentile	63.5	60.9	63.9	59.6	59.6	62.8
50th Percentile	53.8	51.8	55.2	50.7	50.5	55.1
75th Percentile	37.4	34.7	36.6	31.9	31.7	33.3
95th Percentile	0.0	0.0	0.0	0.0	0.0	0.0

BAY COUNTY EMPLOYEES' RETIREMENT

Period Ending June 30, 2013

Equity Style Analysis - Drift Over Time



FUND	Value / Growth	Size
+ COLUMBIA	-52.89	114.03
* DENVER	-53.07	-5.78
◇ EAGLE	113.06	-102.49
▲ GENEVA	168.73	10.54
○ HOTCHKIS & WILEY	-72.16	-104.11
× INTEGRITY	-53.07	-5.78
■ MFS INVESTMENTS	173.97	106.98
⊗ WHV INVESTMENTS	61.82	86.70

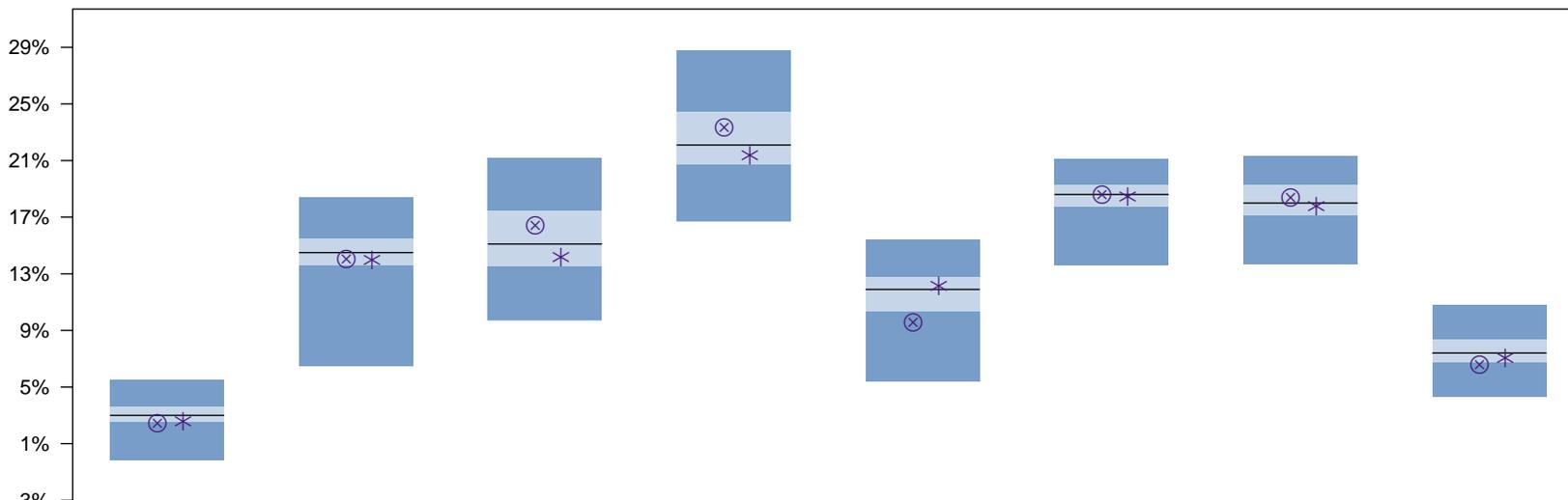
* Equity style analysis is based on Morningstar Size and VCG Scores and Morningstar Style Box(TM) methodology

BAY COUNTY EMPLOYEES' RETIREMENT

US Equity Pools

Periods Ending June 30, 2013

Total Fund Performance - Trailing Periods



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
⊗ EQUITY COMBO	2.6	70	14.2	58	16.6	31	23.5	33	9.7	84	18.7	43	18.5	38	6.7	74
* RUSSELL 3000	2.7	68	14.1	63	14.3	67	21.5	63	12.3	38	18.6	48	17.9	53	7.2	61
Median	3.0		14.5		15.1		22.1		11.9		18.6		18.0		7.4	

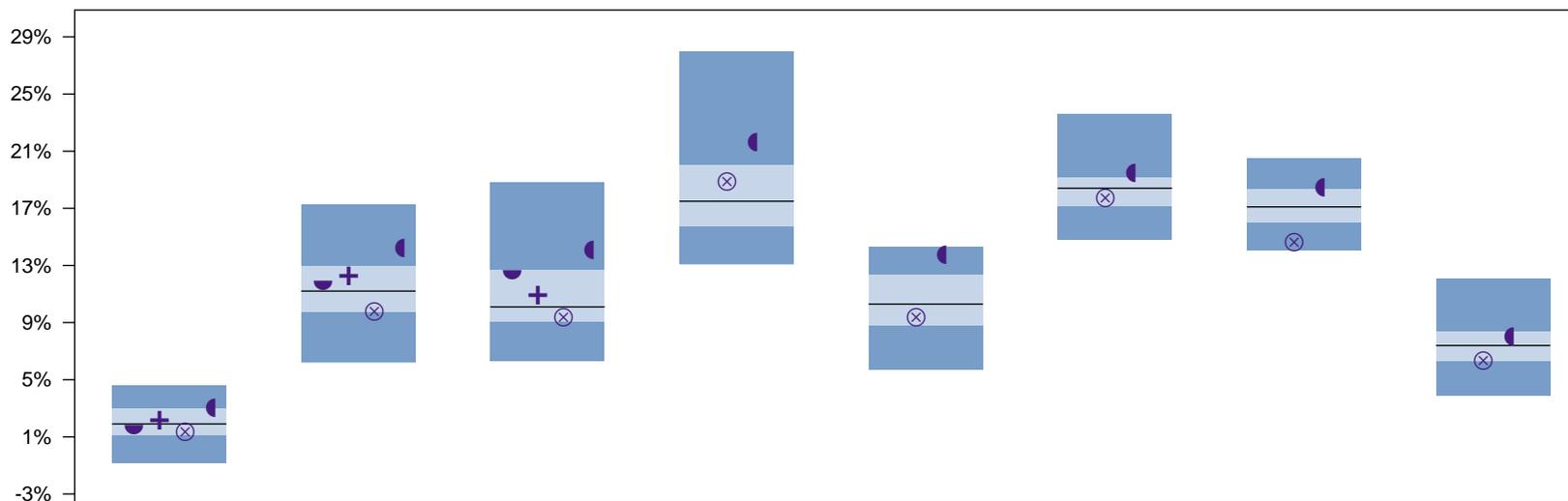
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BAY COUNTY EMPLOYEES' RETIREMENT

US Equity Funds (Active) - Large Growth

Periods Ending June 30, 2013

Total Fund Performance - Trailing Periods



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
◐ MFS INVESTMENTS	2.0	49	12.1	36	12.8	21										
+ R1000 Growth + 1%	2.3	41	12.4	34	11.1	37										
⊗ WHV INVESTMENTS	1.5	69	9.9	70	9.5	64	19.0	33	9.5	65	17.9	63	14.8	84	6.5	73
◐ S&P 500 + 1%	3.2	23	14.4	12	14.2	8	21.8	13	13.9	12	19.6	18	18.6	19	8.2	29
Median	1.9		11.2		10.1		17.5		10.3		18.4		17.1		7.4	

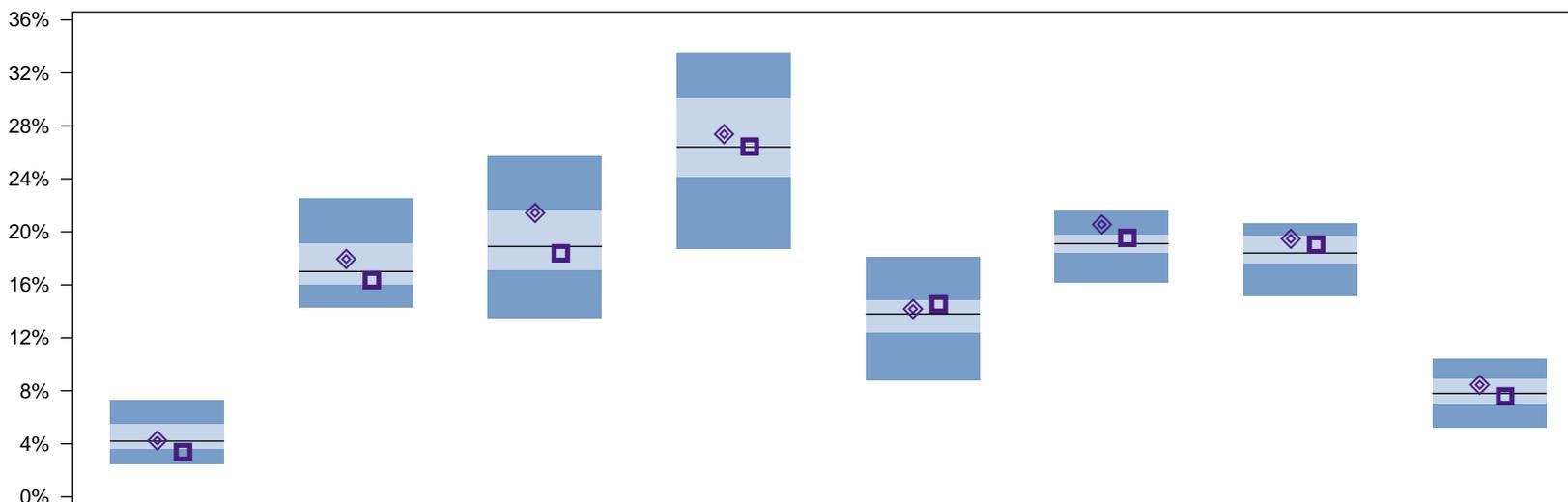
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BAY COUNTY EMPLOYEES' RETIREMENT

US Equity Funds (Active) - Large Value

Periods Ending June 30, 2013

Total Fund Performance - Trailing Periods



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
◆ COLUMBIA	4.4	47	18.1	34	21.6	25	27.5	41	14.3	33	20.7	14	19.6	27	8.6	32
■ R1000 Value + 1%	3.5	86	16.5	62	18.5	64	26.6	48	14.7	28	19.7	27	19.2	31	7.7	53
Median	4.2		17.0		18.9		26.4		13.8		19.1		18.4		7.8	

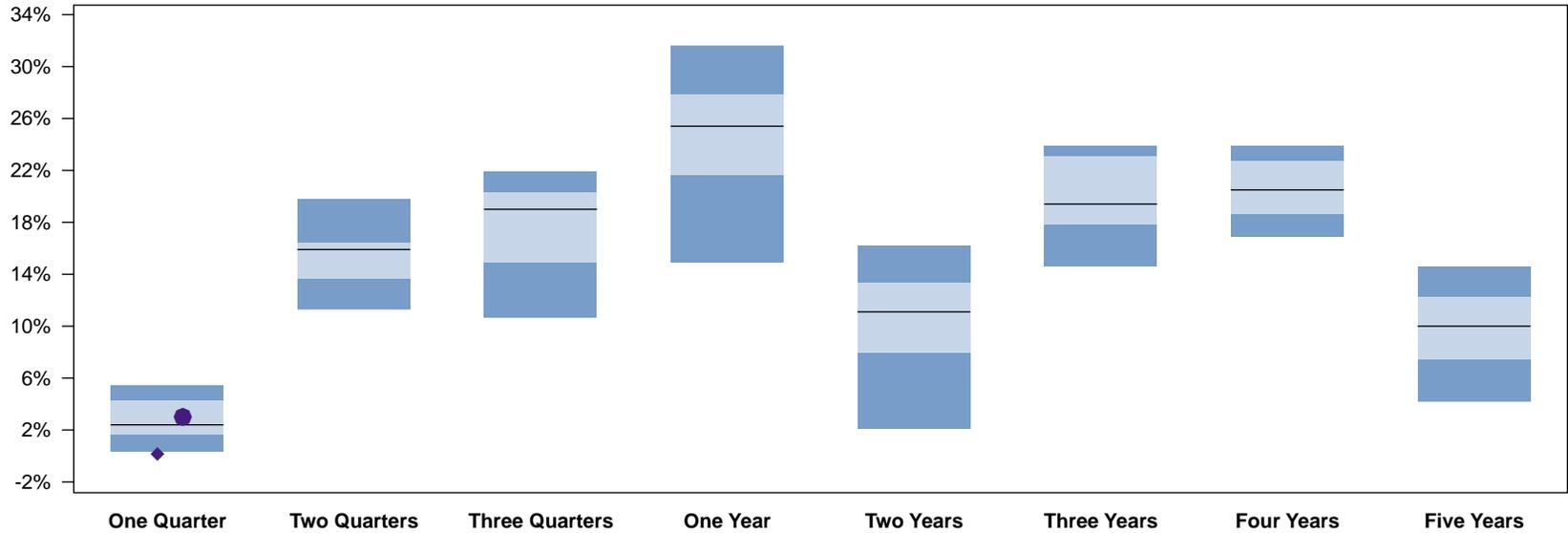
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BAY COUNTY EMPLOYEES' RETIREMENT

US Equities Only (Active) - Mid Growth

Periods Ending June 30, 2013

Total Fund Performance - Trailing Periods



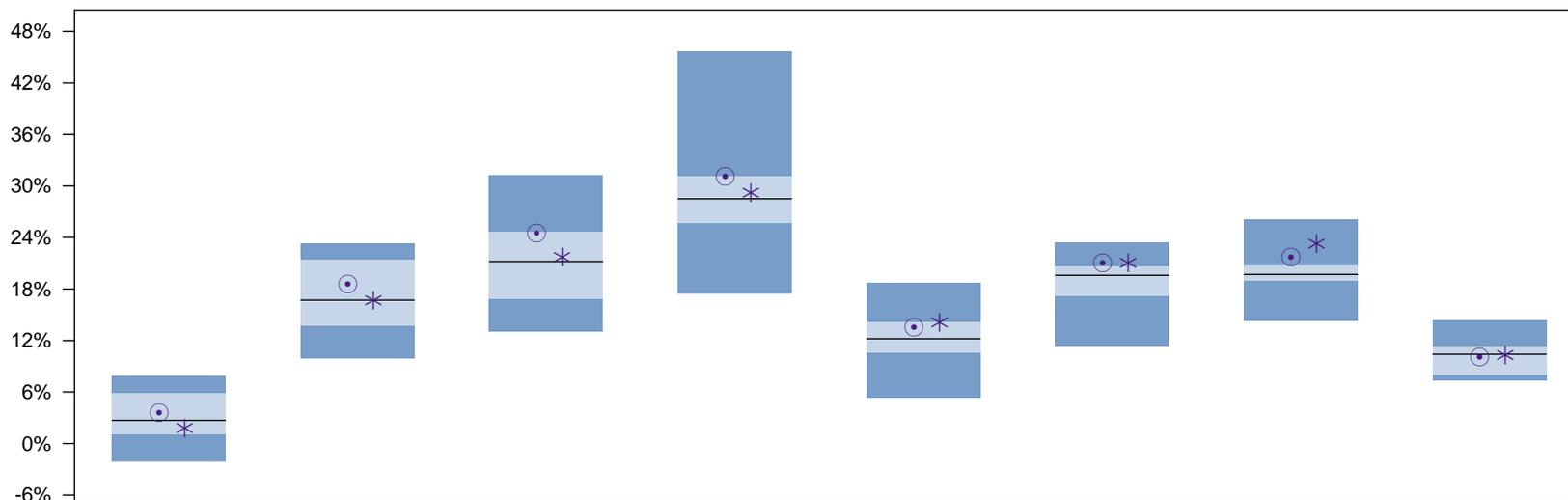
◆ GENEVA	0.3	95						
● Russell Midcap Growth + 1.	3.2	37						
Median	2.4	15.9	19.0	25.4	11.1	19.4	20.5	10.0

BAY COUNTY EMPLOYEES' RETIREMENT

US Equity Funds (Active) - Mid Value

Periods Ending June 30, 2013

Total Fund Performance - Trailing Periods



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
○ INTEGRITY	3.8	35	18.8	31	24.7	24	31.3	24	13.8	36	21.3	17	21.9	20	10.3	66
* Russell Midcap Value + 1.5	2.0	53	16.9	49	22.0	39	29.5	34	14.4	17	21.3	16	23.5	10	10.5	47
Median	2.7		16.7		21.2		28.5		12.2		19.6		19.7		10.4	

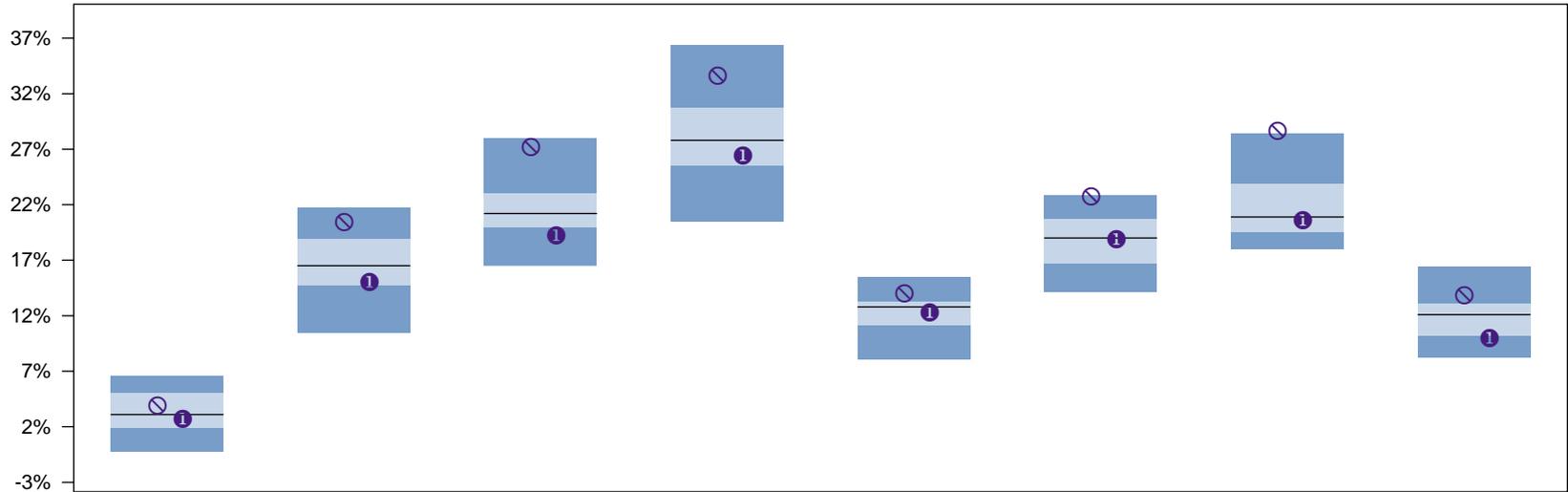
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BAY COUNTY EMPLOYEES' RETIREMENT

US Equity Funds (Active) - Small Value

Periods Ending June 30, 2013

Total Fund Performance - Trailing Periods



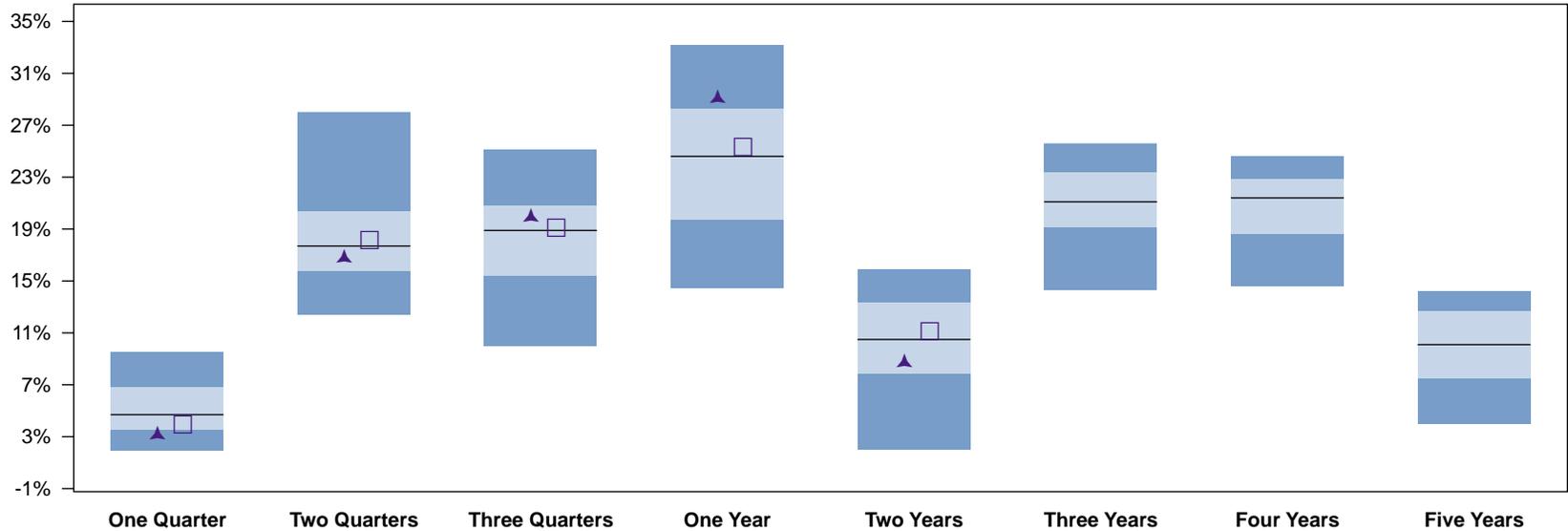
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
○ HOTCHKIS & WILEY	4.1	38	20.6	11	27.4	10	33.8	17	14.2	9	22.9	4	28.8	4	14.0	17
■ R2000 Value + 1.5%	2.9	53	15.2	72	19.4	85	26.6	71	12.5	54	19.1	44	20.8	56	10.2	75
Median	3.1		16.5		21.2		27.8		12.8		19.0		20.9		12.1	

BAY COUNTY EMPLOYEES' RETIREMENT

US Equity Funds (Active) - Small Growth

Periods Ending June 30, 2013

Total Fund Performance - Trailing Periods



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years	Four Years	Five Years
▲ EAGLE	3.3	78	16.9	64	20.1	35	29.2	17	8.9	63			
□ R2000 Growth + 1.5%	4.1	63	18.3	43	19.3	47	25.5	45	11.3	44			
Median	4.7		17.7		18.9		24.6		10.5		21.1	21.4	10.1

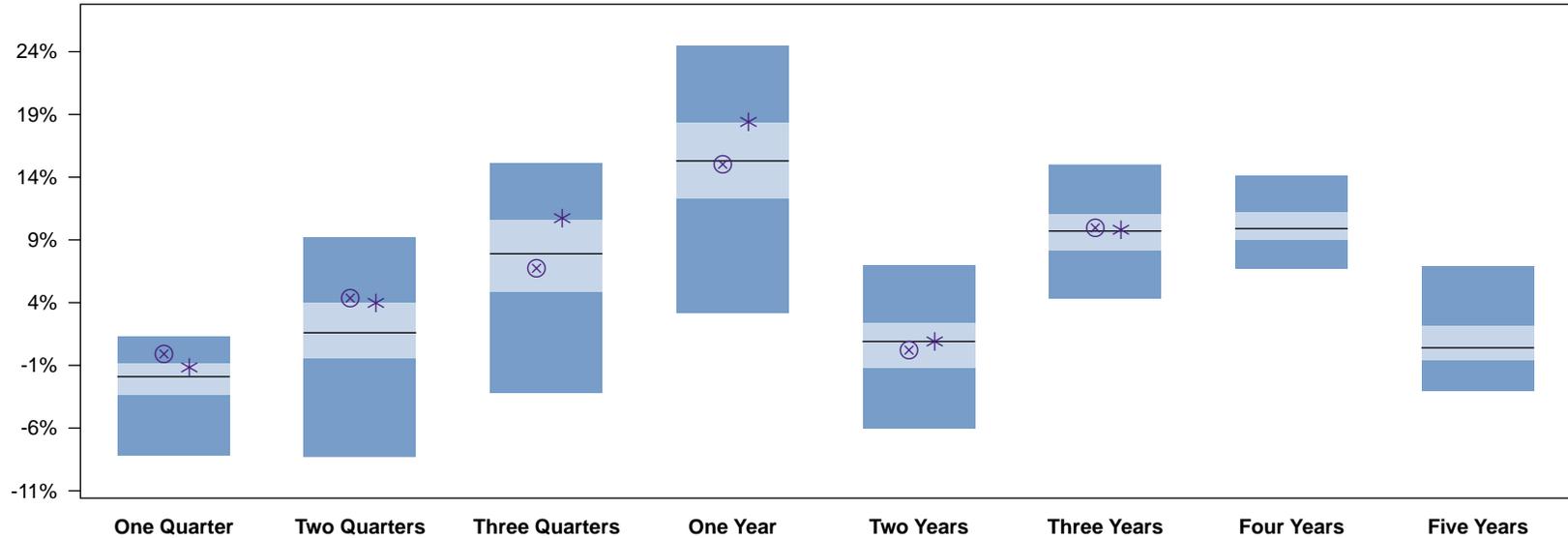
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BAY COUNTY EMPLOYEES' RETIREMENT

Intl Equity Pools

Periods Ending June 30, 2013

Total Fund Performance - Trailing Periods



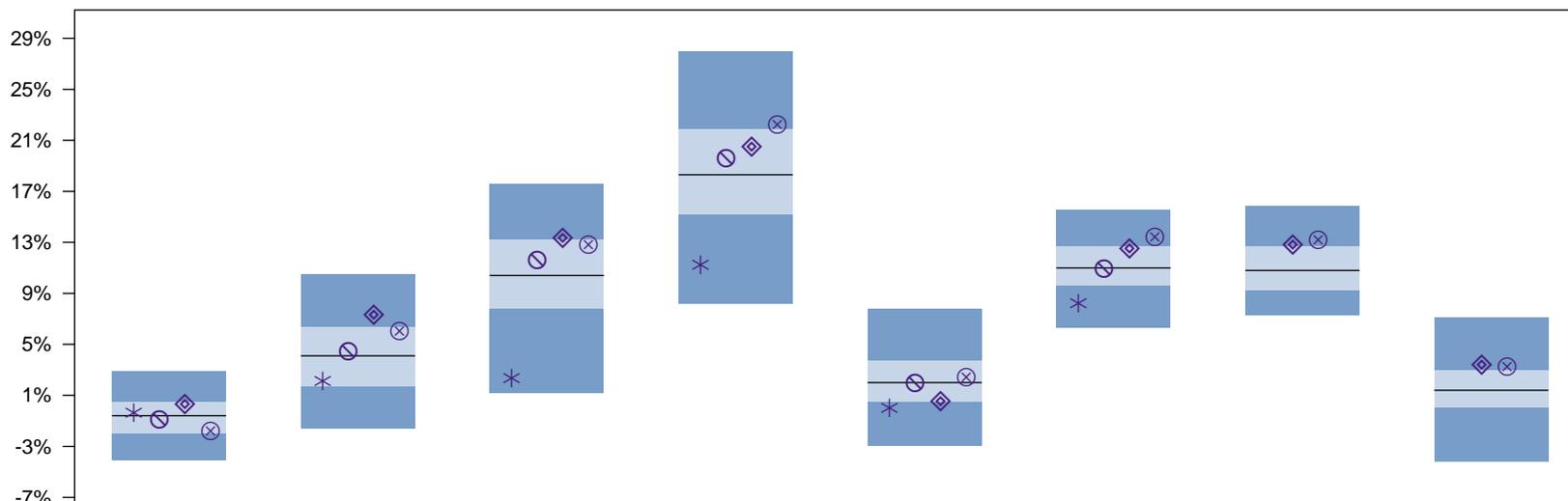
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years	Five Years
⊗ INTL COMBO	0.1	17	4.5	20	6.9	60	15.2	51	0.4	57	10.1	42		
* MSCI EAFE (NET)	-1.0	31	4.1	24	10.9	22	18.6	24	1.1	46	10.0	46		
Median	-1.9		1.6		7.9		15.3		0.9		9.7		9.9	0.4

BAY COUNTY EMPLOYEES' RETIREMENT

Intl Equity Developed Mkt Funds (Active)

Periods Ending June 30, 2013

Total Fund Performance - Trailing Periods



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
* BARINGS INTL	-0.2	42	2.3	67	2.5	94	11.4	93	0.2	78	8.4	89				
○ MSCI EAFE (Net) + 1%	-0.7	54	4.6	45	11.8	38	19.8	39	2.1	48	11.1	47				
◇ SCHRODER	0.5	26	7.5	17	13.5	23	20.7	32	0.7	72	12.7	25	13.0	24	3.6	22
⊗ S&P EPAC Small Cap + 1.5	-1.6	72	6.2	26	13.0	26	22.4	23	2.6	39	13.6	14	13.4	21	3.4	23
Median	-0.6		4.1		10.4		18.3		2.0		11.0		10.8		1.4	

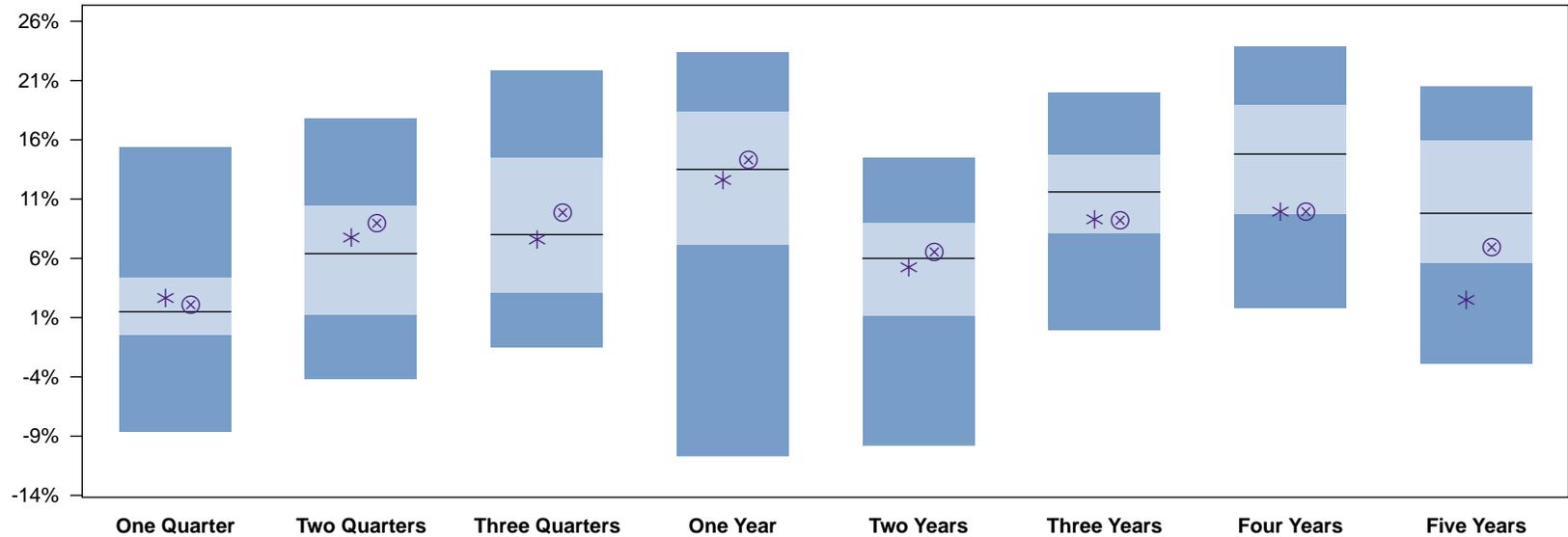
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BAY COUNTY EMPLOYEES' RETIREMENT

Convertibles Only

Periods Ending June 30, 2013

Convertibles Only Performance



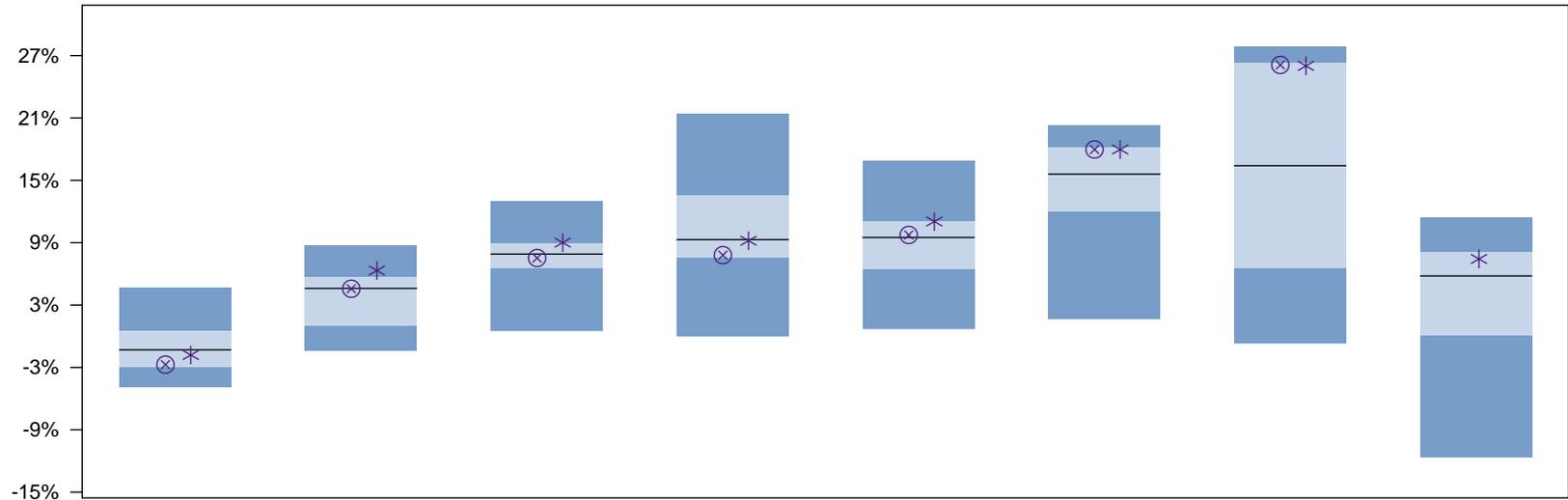
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
* MACKAY SHIELDS	2.8	31	7.9	45	7.8	53	12.8	56	5.4	54	9.5	66	10.1	71	2.7	87
⊗ BOA IG Convert +1%	2.3	40	9.1	33	10.0	45	14.5	48	6.7	45	9.4	66	10.1	70	7.1	66
Median	1.5		6.4		8.0		13.5		6.0		11.6		14.8		9.8	

BAY COUNTY EMPLOYEES' RETIREMENT

REIT Funds

Periods Ending June 30, 2013

Total Fund Performance - Trailing Periods



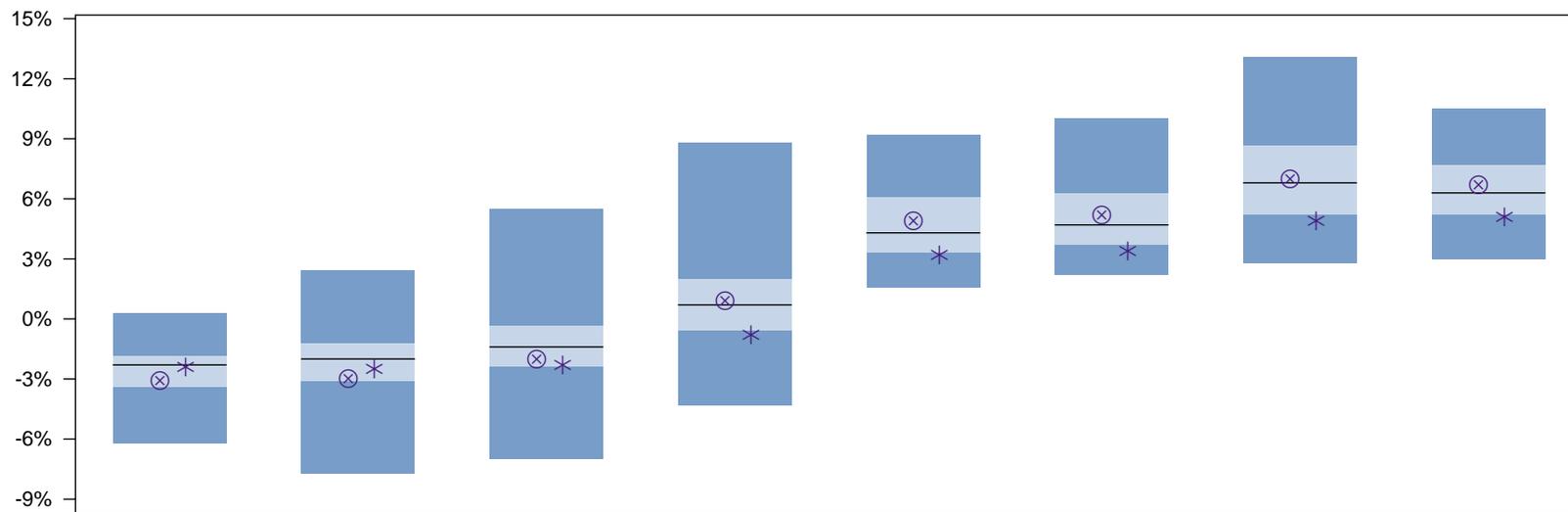
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
⊗ CORNERSTONE R/E	-2.5	73	4.8	46	7.7	56	8.0	70	9.9	45	18.2	24	26.3	27		
* NAREIT EQUITY REIT INDE	-1.6	58	6.5	16	9.2	20	9.4	49	11.2	22	18.2	24	26.2	30	7.6	30
Median	-1.3		4.6		7.9		9.3		9.5		15.6		16.4		5.8	

BAY COUNTY EMPLOYEES' RETIREMENT

US Fixed Income Pools

Periods Ending June 30, 2013

Total Fund Performance - Trailing Periods



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
⊗ FIXED COMBO	-3.0	73	-2.9	72	-1.9	64	1.0	41	5.0	38	5.3	39	7.1	44	6.8	40
* <i>Barclays Aggregate Bond</i>	-2.3	51	-2.4	62	-2.2	74	-0.7	78	3.3	78	3.5	83	5.0	80	5.2	76
Median	-2.3		-2.0		-1.4		0.7		4.3		4.7		6.8		6.3	

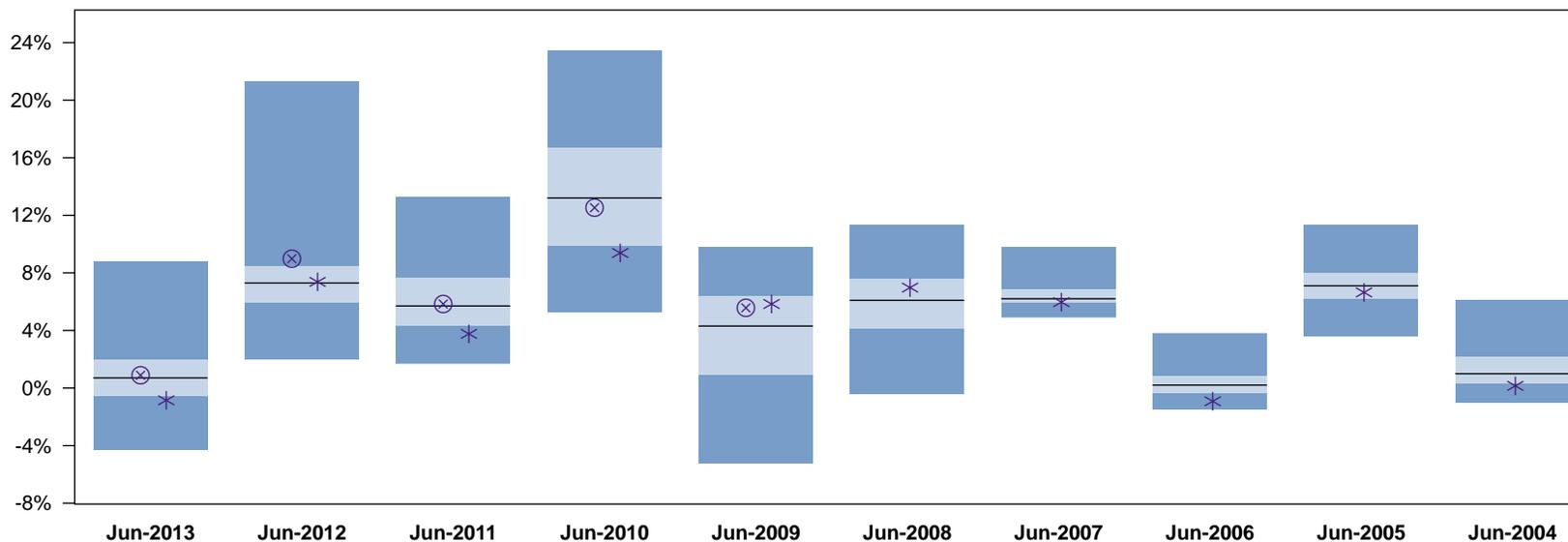
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BAY COUNTY EMPLOYEES' RETIREMENT

US Fixed Income Pools

Years Ending June

Total Fund Performance - Annual Periods



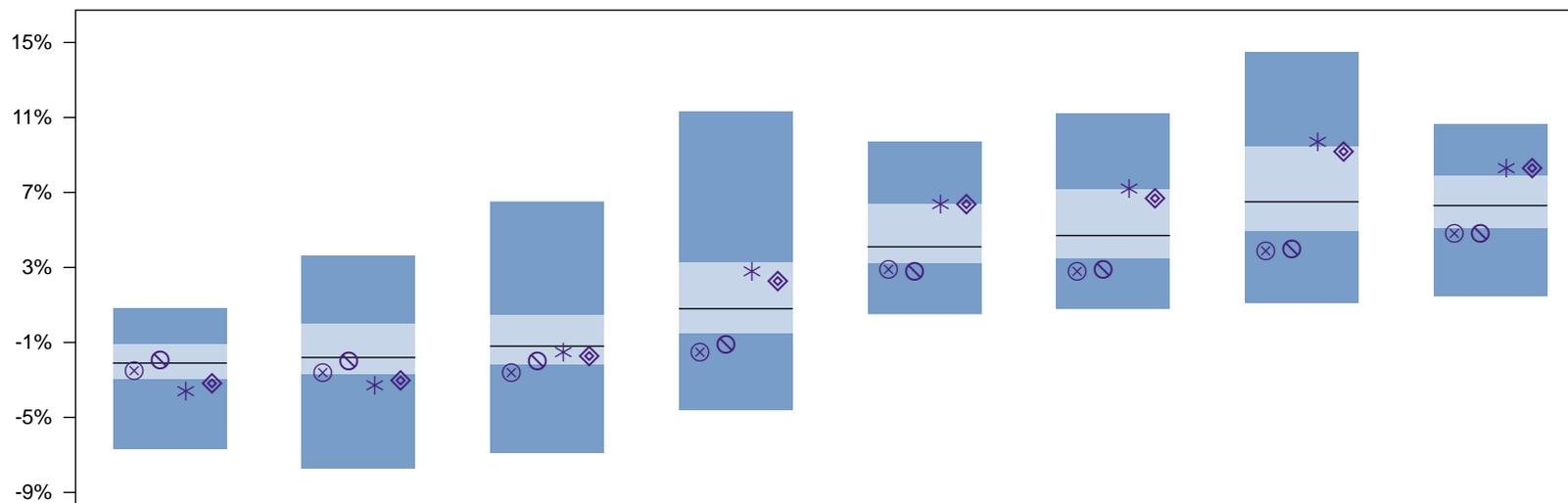
	Jun-2013	Jun-2012	Jun-2011	Jun-2010	Jun-2009	Jun-2008	Jun-2007	Jun-2006	Jun-2005	Jun-2004
⊗ FIXED COMBO	1.0	9.1	6.0	12.7	5.7	6.1	6.2	0.2	7.1	1.0
* <i>Barclays Aggregate Bond</i>	-0.7	7.5	3.9	9.5	6.0	7.1	6.1	-0.8	6.8	0.3
Median	0.7	7.3	5.7	13.2	4.3	6.1	6.2	0.2	7.1	1.0

BAY COUNTY EMPLOYEES' RETIREMENT

US Fixed Income Funds

Periods Ending June 30, 2013

Total Fund Performance - Trailing Periods



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
⊗ BAIRD ADVISORS	-2.4	60	-2.5	71	-2.5	83	-1.4	88	3.0	80	2.9	86	4.0	86	4.9	79
○ BC MBS / BC GOV + 0.3%	-1.8	40	-1.9	52	-1.9	68	-1.0	85	2.9	81	3.0	84	4.1	86	4.9	78
* LOOMIS SAYLES	-3.5	82	-3.2	84	-1.4	55	2.9	27	6.5	25	7.3	25	9.8	25	8.4	22
◇ Barclays Corp + 1%	-3.1	77	-2.9	79	-1.6	60	2.4	31	6.5	25	6.8	28	9.3	26	8.4	22
Median	-2.1		-1.8		-1.2		0.8		4.1		4.7		6.5		6.3	

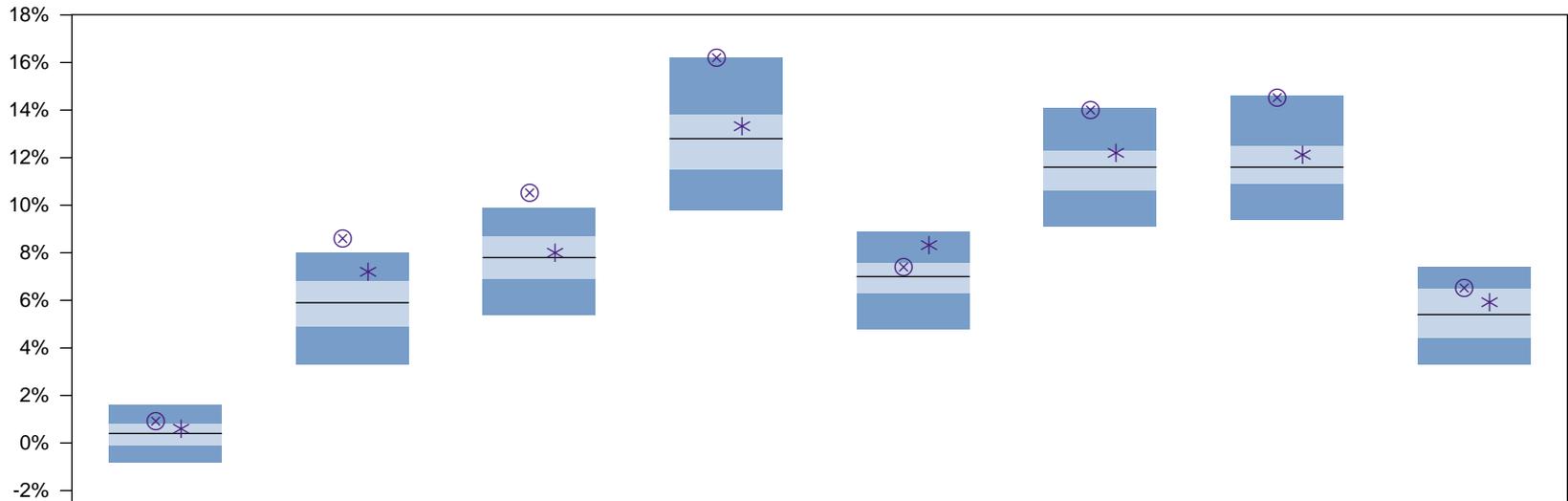
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BAY COUNTY EMPLOYEES' RETIREMENT

Public Funds (DB)

Periods Ending June 30, 2013

Total Fund Performance - Trailing Periods



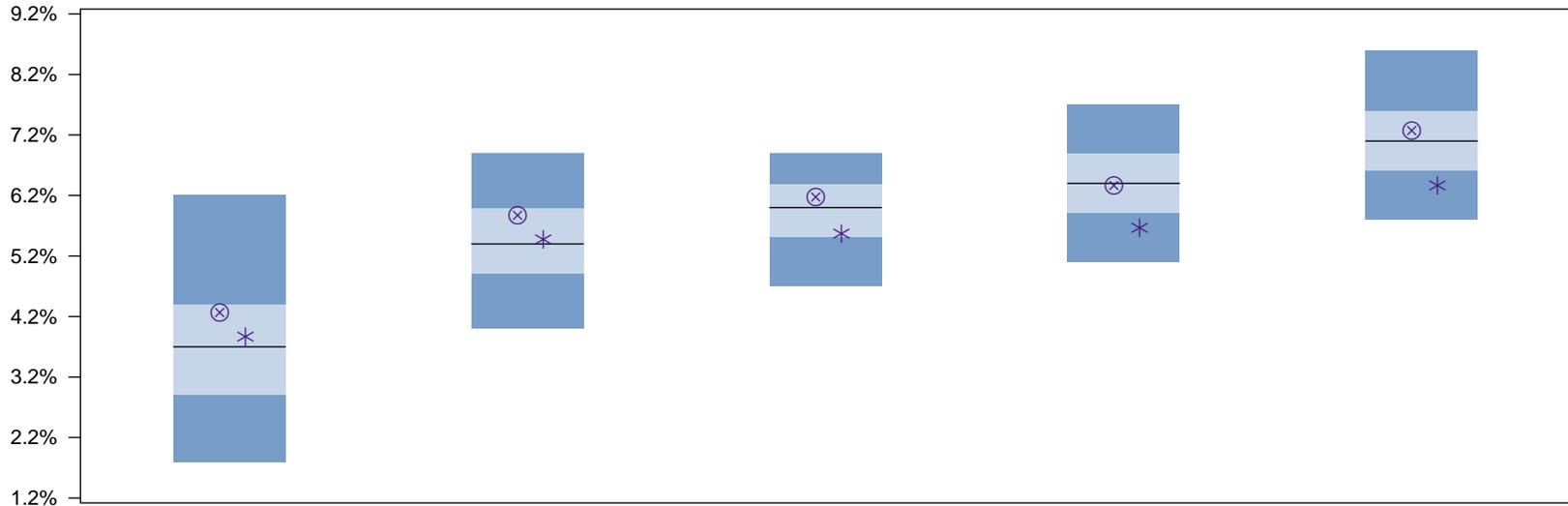
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
⊗ COMBINED	1.0	18	8.7	4	10.6	4	16.3	5	7.5	30	14.1	6	14.6	5	6.6	21
* <i>Policy Index Combined</i>	0.7	30	7.3	12	8.1	43	13.4	34	8.4	10	12.3	23	12.2	40	6.0	36
Median	0.4		5.9		7.8		12.8		7.0		11.6		11.6		5.4	

BAY COUNTY EMPLOYEES' RETIREMENT

Public Funds (DB)

Periods Ending June 30, 2013

Total Fund Performance - Trailing Periods



	Six Years	Seven Years	Eight Years	Nine Years	Ten Years
⊗ COMBINED	4.3 29	5.9 26	6.2 37	6.4 50	7.3 40
* <i>Policy Index Combined</i>	3.9 44	5.5 46	5.6 70	5.7 79	6.4 82
Median	3.7	5.4	6.0	6.4	7.1

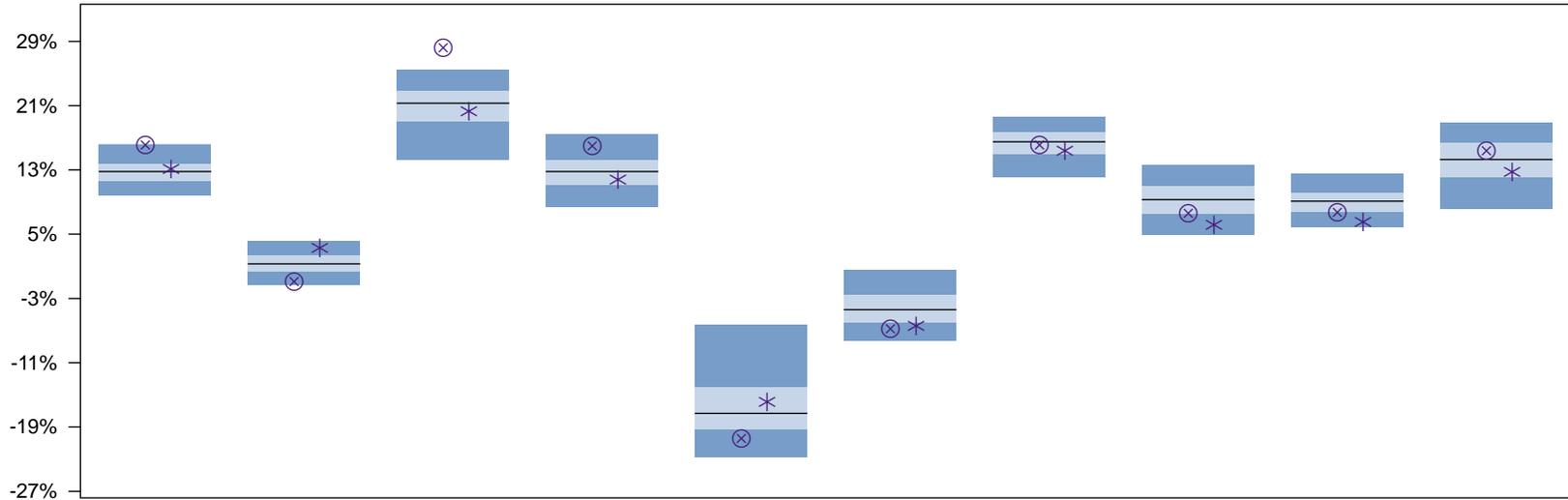
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BAY COUNTY EMPLOYEES' RETIREMENT

Public Funds (DB)

Years Ending June

Total Fund Performance - Annual Periods



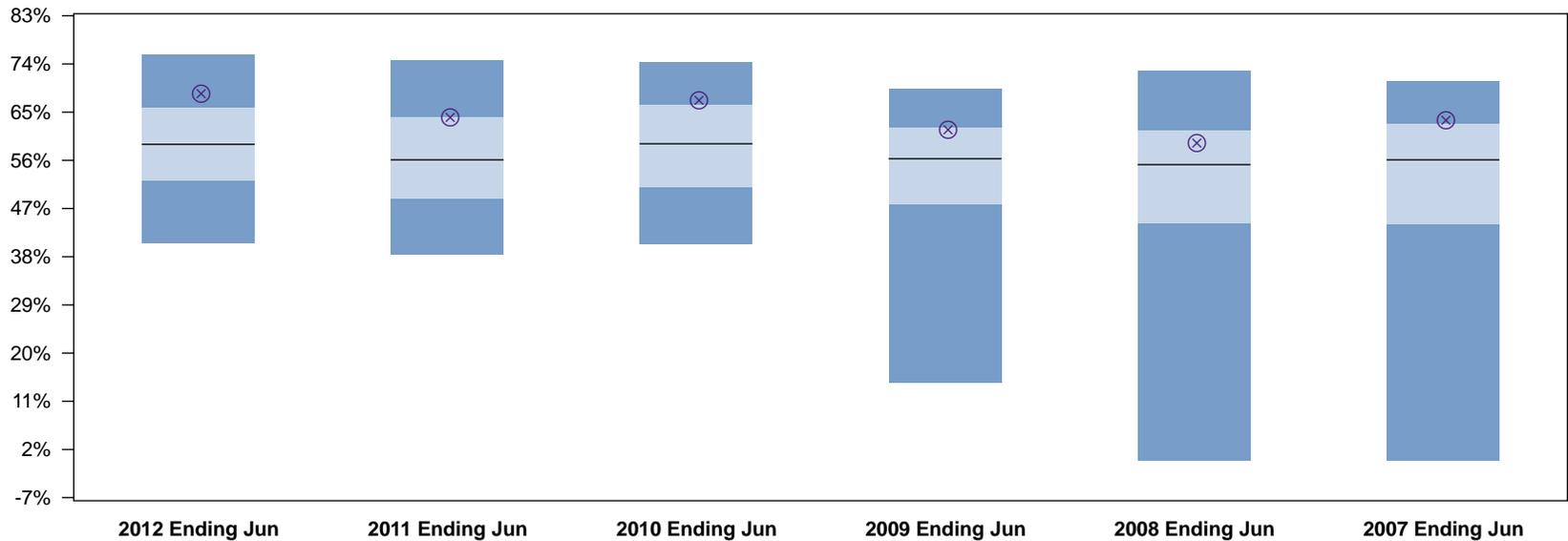
	Jun-2013		Jun-2012		Jun-2011		Jun-2010		Jun-2009		Jun-2008		Jun-2007		Jun-2006		Jun-2005		Jun-2004	
⊗ COMBINED	16.3	5	-0.7	91	28.5	2	16.2	9	-20.2	84	-6.5	82	16.3	54	7.8	73	8.0	71	15.7	34
* <i>Policy Index Combined</i>	13.4	34	3.6	9	20.6	63	12.0	61	-15.6	39	-6.1	76	15.6	65	6.4	86	6.8	90	13.0	68
Median	12.8		1.3		21.3		12.8		-17.3		-4.4		16.5		9.3		9.1		14.3	

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
⊗ COMBINED	68.8 18	64.4 23	67.6 18	62.1 26	59.6 30	63.8 21
5th Percentile	75.8	74.6	74.3	69.3	72.7	70.8
25th Percentile	66.0	64.1	66.4	62.1	61.6	63.0
50th Percentile	59.0	56.1	59.1	56.3	55.2	56.1
75th Percentile	52.2	48.7	50.8	47.7	44.2	44.0
95th Percentile	40.6	38.4	40.3	14.5	0.0	0.0

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