



BAY COUNTY RETIREMENT SYSTEM

Asset Allocation Study Results Discussion

Presentation to the Board of Trustees - November 12, 2013



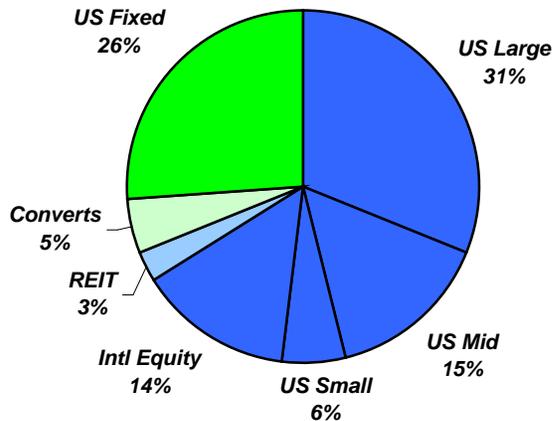
Becker, Burke Associates Incorporated
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Chicago, IL 60606

Objectives

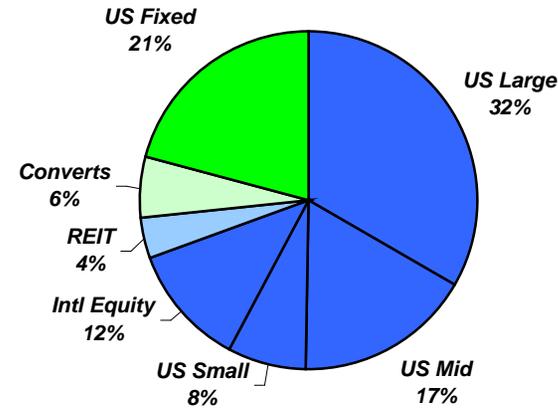
1. Review the current position of the fund relative to the investment policy. Consider implications of P.A. 347 on potential new investments/asset classes.
2. Recommend portfolio allocation changes to improve the chances of achieving the long-term objectives of Bay County Employees Retirement.
3. Obtain input from the Trustees, apply any revisions, and incorporate approved changes into Investment Policy Statement

- Portfolio is diversified across seven asset classes. About two-thirds is exposed to equity risk, one-fourth to fixed income, and the remainder to assets with other alternative exposures.

Investment Policy Target

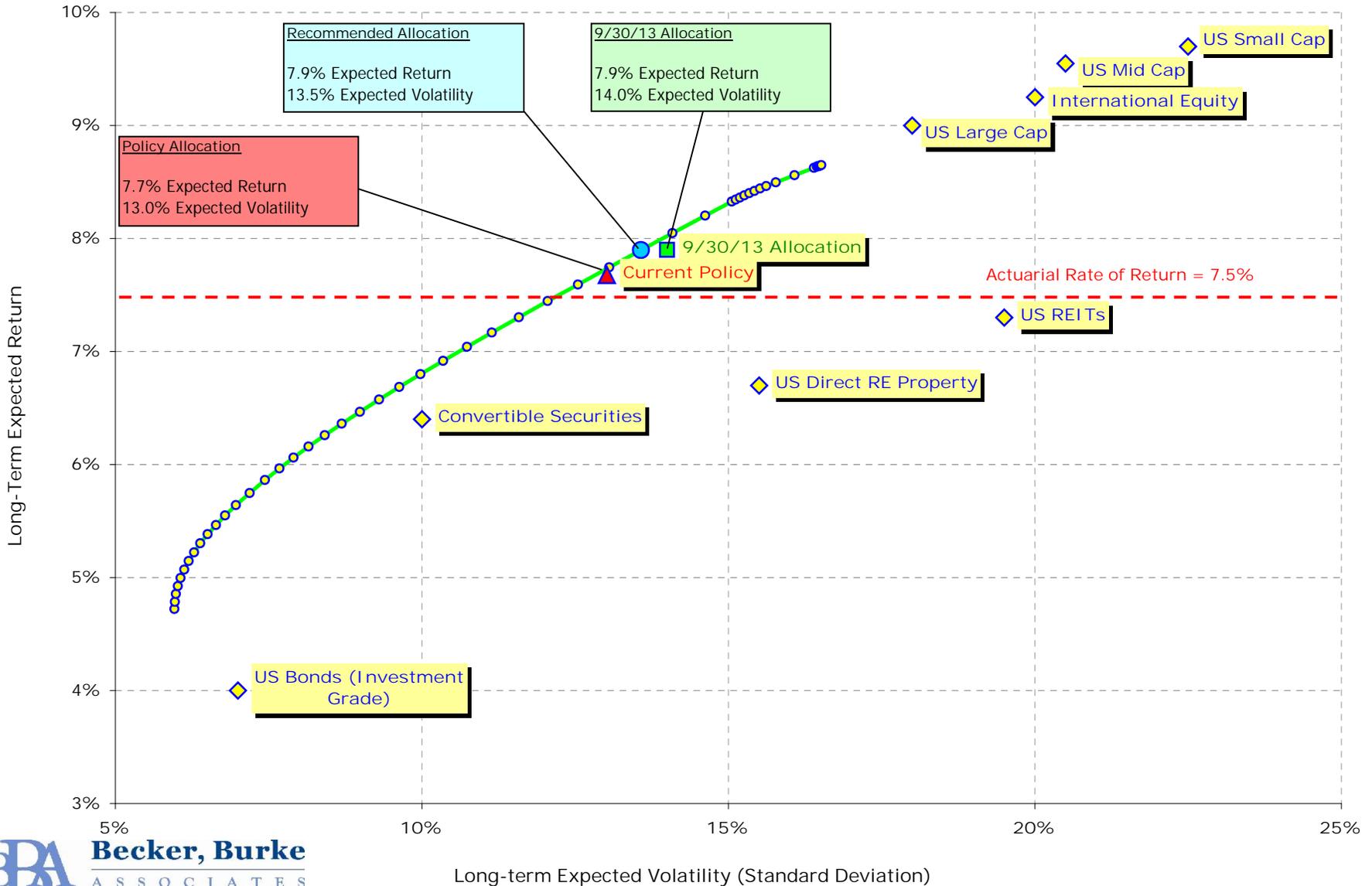


Sept 30, 2013 Allocation



- Adding additional alternative assets, such as direct real estate property, may help to reduce risk in the portfolio.

BAY COUNTY EMPLOYEES RETIREMENT - Optimized Portfolios (8 Asset Model)



BAY COUNTY EMPLOYEES RETIREMENT

November 12, 2013

Asset Allocation Study Results Discussion

	<u>BCERS Current Policy</u>	<u>BCERS Allocation 9/30/13</u>	<u>BBA Portfolio A Recommended Allocation</u>
Expected Return	7.7%	7.9%	7.9%
Risk (Volatility)	13.0%	14.0%	13.5%
US Large Cap Equity	31.0%	33.4%	31.0%
US Mid Cap Equity	15.0%	17.0%	12.0%
US Small Cap Equity	6.0%	7.5%	5.0%
International Equity	14.0%	11.6%	20.0%
US REIT	3.0%	3.7%	2.0%
US Real Estate Property	0.0%	0.0%	5.0%
Convertible Securities	5.0%	6.0%	4.0%
US Bonds	26.0%	20.8%	21.0%

Recommended Policy Min/Max Allocation Thresholds

	Range Minimum	Target Allocation	Range Maximum
<u>US Equity</u>	41%	48%	55%
US Large Cap Equity	26%	31%	36%
US Mid Cap Equity	9%	12%	15%
US Small Cap Equity	3%	5%	7%
<u>International Equity</u>	16%	20%	24%
Large Cap International Equity	12%	15%	18%
Small Cap International Equity	2%	5%	8%
<u>US REIT</u>	0%	2%	4%
<u>US Real Estate Property</u>	2%	5%	8%
<u>Convertible Securities</u>	2%	4%	6%
<u>US Bonds</u>	17%	21%	25%
US Govt & Agency	5%	11%	16%
US Corporate (Inv. Grade)	6%	10%	14%