



Bay County Employees' **RETIREMENT SYSTEM**

Quarterly Investment Performance Report
Updates through March 31, 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 March 31, 2013.

Market Environment: Economic recovery in the US continued slowly through the first quarter of 2013. There was evidence of this as the number of unemployed job seekers diminished. Outside of the US, economic forecasts showed continuing challenges in stimulating expansion. In response, the Bank of Japan launched an aggressive program of bond purchasing in hopes of propping up their economy and sparking export growth. In contrast, the more austere policies of the European Union have acted as a drag on their economies. They continue to work through the festering fiscal problems of several southern European nations.

US equities generally had large gains for the quarter. The S&P 500 large cap index returned +10.6%, while small and mid cap indices posted gains of +11.8% and +13.5% respectively. International stock indices, excluding Japanese equities which performed well due to a weakening currency, trailed the US for the quarter. The MSCI EAFE developed

market index returned +5.1% while the MSCI EM emerging markets index returned -1.6%.

Many fixed income indices produced negative returns this quarter, a dramatic change from the large gains seen over the past few years. Lower quality bonds of shorter duration held up better, outperforming Government bonds by a wide margin. Barclays Government Index was down -0.2% while the long duration index was down -2.3%. Barclays Investment Grade Corporate Index was down -0.1% while the long duration credit index was down -1.8%. The yield curve steepened modestly. The Aggregate Bond Index was down -0.1%.

Total Fund Results: The total fund value of invested assets increased by over \$16.5 million through the quarter. This was attributed to just under \$2.5 million in withdrawals and just over \$19 million in income and market appreciation. This resulted in a quarter-end valuation of \$263.6 million.

Total fund performance was very strong with gains of 7.6% this quarter. This return was above the policy benchmark by 1.1% and ranked in the 2nd percentile against total funds with similar equity allocation. The one year return of 10.5% slightly trailed the benchmark, but was better than the average total fund return of 10.1% for the period. The five year annualized return of 6.6% was well above the benchmark and the median return.

High exposure to equities has helped to generate good relative returns. At quarter-end, the fund had an equity commitment of 68.4%, which is again higher than last quarter. Compared to the

total fund universe, 14% were positioned with higher equity commitments than BCERS.

Domestic Equity Results: Combined domestic equity funds produced gains of 11.3% for the quarter. This was above the return of the S&P 500 and ranked near the top third in the US Equity Pools universe. On an absolute basis, WHV again produced the lowest return this quarter at +8.2%, while the +15.8% return by Hotchkis & Wiley was highest. On a relative basis, WHV was the only manager to trail the average return of their respective style. Geneva was funded this quarter as a replacement for Denver Investments. WHV remains as a manager “on watch”.

International Equity Results: Combined international equity managers underperformed the benchmark again this quarter, returning +4.3%, but were above the average Intl Equity Pool Universe return. Underperformance by Barings has persisted for a few quarters now. They rank poorly against peers over the short term. Sector positioning has been an issue in their portfolio. Schroders also lagged their benchmark this quarter, but has a much stronger record historically.

Real Estate Securities Results: Cornerstone REIT continues to perform strongly while adding diversification to the portfolio. They lagged their benchmark this quarter but were strong on a relative basis, ranking 14th percentile against the REIT fund universe.

Convertible Securities Results: MacKay Shields underperformed their benchmark for the quarter, but matched

the median return of the convertible securities universe. The investment guidelines were revised last quarter to allow greater latitude in security selection and portfolio positioning.

Fixed Income Results: Bond manager combined produced positive returns this quarter in light of a very difficult market for fixed income. The 0.1% gain was above the benchmark and just below the median return for Fixed Income Pools. Baird had a return of -0.2% which lagged their benchmark slightly. Loomis had better absolute performance at +0.3% which beat their benchmark and matched the median bond fund return.

Yours Sincerely,

Jeffrey T. Black, Associate

INVESTMENT MARKET ENVIRONMENT

Periods Ending March 31, 2013

Commentary and Benchmark Index Returns

Domestic stock market performance was very strong in the March quarter, with small and mid capitalization stocks beating large cap, and value beating growth. Annual results were also excellent, with the same pattern of relative returns. Growth has now lagged value for four consecutive quarters.

International developed and emerging market equities performed below domestic for the quarter and for the year. Continued concerns over economic growth and financial institutional strength were factors hindering results.

Domestic bond results were well below domestic equity for the quarter and for the year. High yield bonds were the best performing area, while long duration issues lagged shorter.

Real estate continued its rebound and again posted solid returns for the quarter and year.

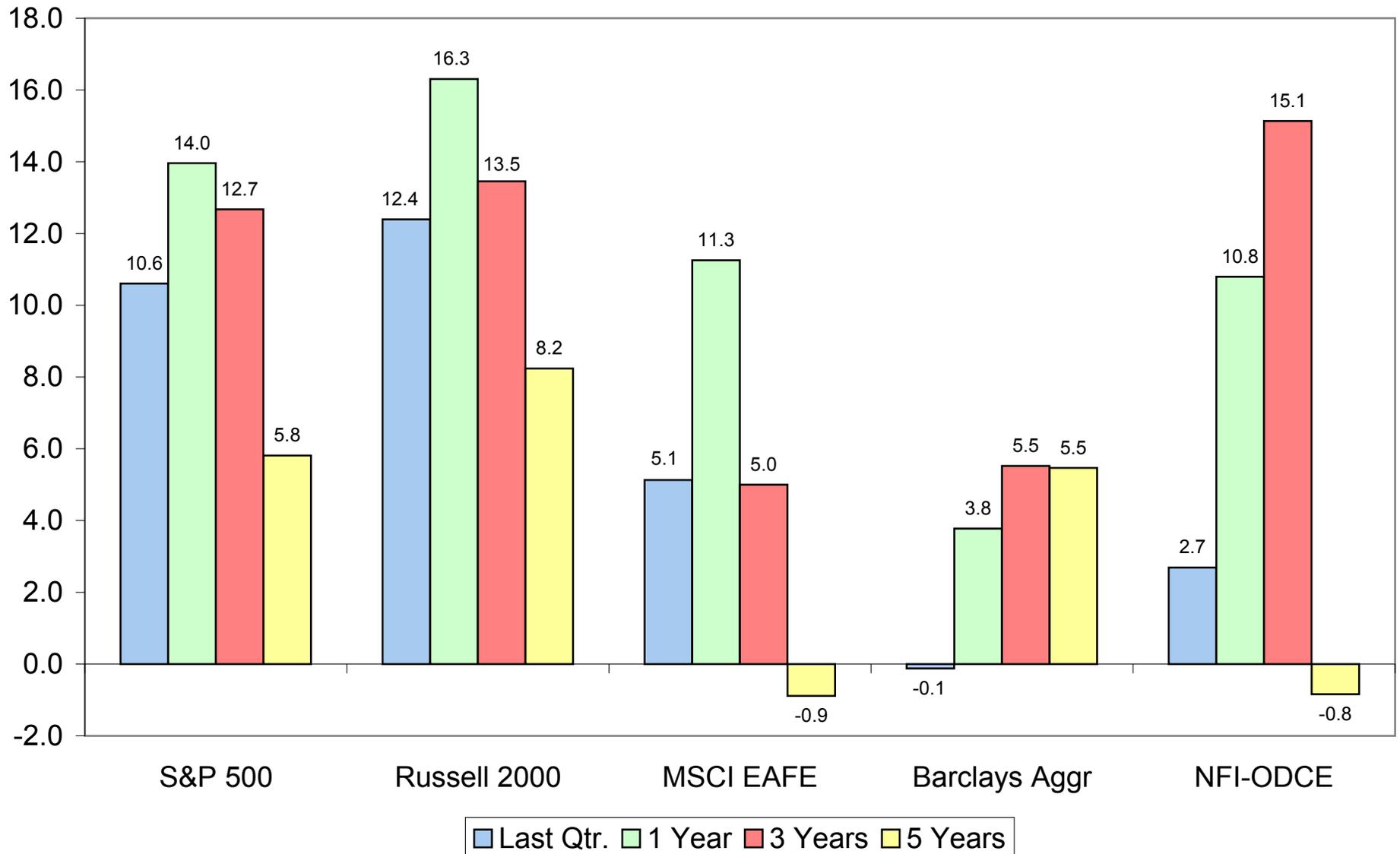
Index Returns - Periods Ending March 31, 2013

	<u>1 Quarter</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>	
S&P 500	10.6	14.0	12.7	5.8	8.5	%
S&P Mid Cap	13.5	17.8	15.1	9.9	12.4	
Russell 2000	12.4	16.3	13.5	8.2	11.5	
MSCI EAFE	5.1	11.3	5.0	-0.9	9.7	
ACWI Ex US	3.2	8.4	4.4	-0.4	10.9	
MSCI Emerging Markets	-1.6	2.0	3.3	1.1	17.1	
Barclays Aggregate	-0.1	3.8	5.5	5.5	5.0	
Barclays Govt/Credit	-0.2	4.6	6.1	5.5	5.1	
Barclays Govt/Credit Intermediate	0.3	3.5	4.7	4.6	4.5	
Barclays Govt/Credit Long	-2.0	8.9	12.3	9.5	7.5	
Barclays Govt	-0.2	3.0	5.0	4.4	4.5	
Barclays Govt Intermediate	0.1	2.3	3.9	3.7	4.0	
Barclays Gov't Long	-2.3	7.4	12.4	8.3	7.2	
Barclays Mortgage Backed	0.0	2.0	4.2	5.2	5.0	
Barclays U.S. Credit	-0.2	7.0	7.9	7.5	6.0	
Barclays Corporate High Yield	2.9	13.1	11.2	11.6	10.1	
NFI-ODCE (Real Estate)	2.7	10.8	15.1	-0.8	6.8	
NAREIT (REIT)	8.2	15.3	17.2	6.8	12.4	
90-Day Treasury Bills	0.0	0.1	0.1	0.3	1.8	
CPI	0.5	1.5	2.2	1.7	2.3	

INVESTMENT MARKET ENVIRONMENT

Periods Ending March 31, 2013

Commentary and Benchmark Index Returns

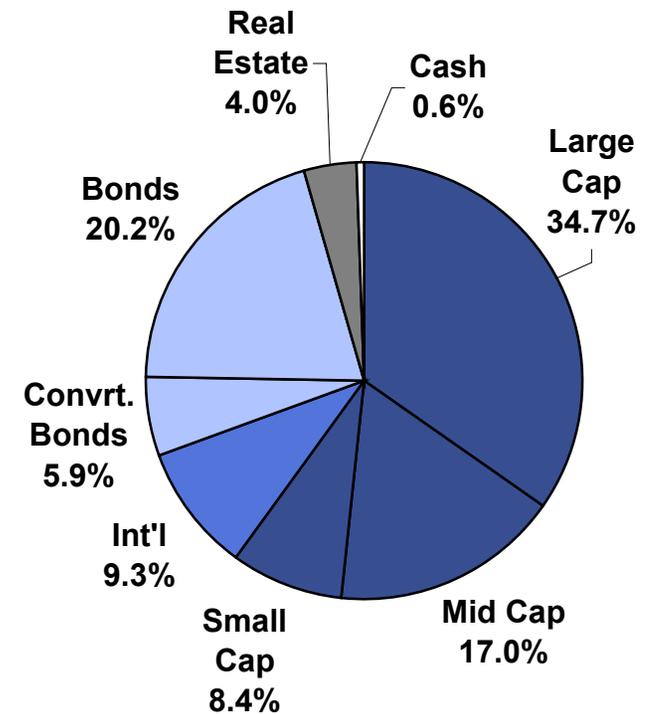


BAY COUNTY EMPLOYEES' RETIREMENT

As of March 31, 2013

Asset Allocation vs. Policy Target Allocation

		<u>Asset Value</u>	<u>Alloc %</u>	<u>Target %</u>
Total Plan		\$263,638,156	100.0%	100.0%
Domestic Equity		\$158,373,905	60.1%	52.0%
Large Cap Value	Columbia	\$32,066,616	12.2%	10.3%
Large Cap Core	WHV	\$30,311,411	11.5%	10.3%
Large Cap Growth	MFS	\$29,217,286	11.1%	10.3%
Mid Cap Value	Integrity	\$23,263,198	8.8%	7.5%
Mid Cap Growth	Geneva	\$21,447,855	8.1%	7.5%
Small Cap Value	Hotchkis & Wiley	\$11,310,557	4.3%	3.0%
Small Cap Growth	Eagle	\$10,756,982	4.1%	3.0%
International Equity		\$24,486,779	9.3%	14.0%
Int'l Large Cap	Barings	\$14,156,138	5.4%	7.0%
Int'l Small Cap	Schroder	\$10,330,641	3.9%	7.0%
Fixed Income		\$68,776,330	26.1%	31.0%
Convertible Securities	MacKay Shields	\$15,619,135	5.9%	5.0%
Corporate Bond	Loomis Sayles	\$30,615,103	11.6%	13.0%
Government Bond	Baird	\$22,542,092	8.6%	13.0%
Real Estate		\$10,528,155	4.0%	3.0%
REIT	Cornerstone	\$10,528,155	4.0%	3.0%
Cash		\$1,472,987	0.6%	



BAY COUNTY EMPLOYEES' RETIREMENT

Quarter Ending March 31, 2013

Gross Returns

Summary by Segment / Manager

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

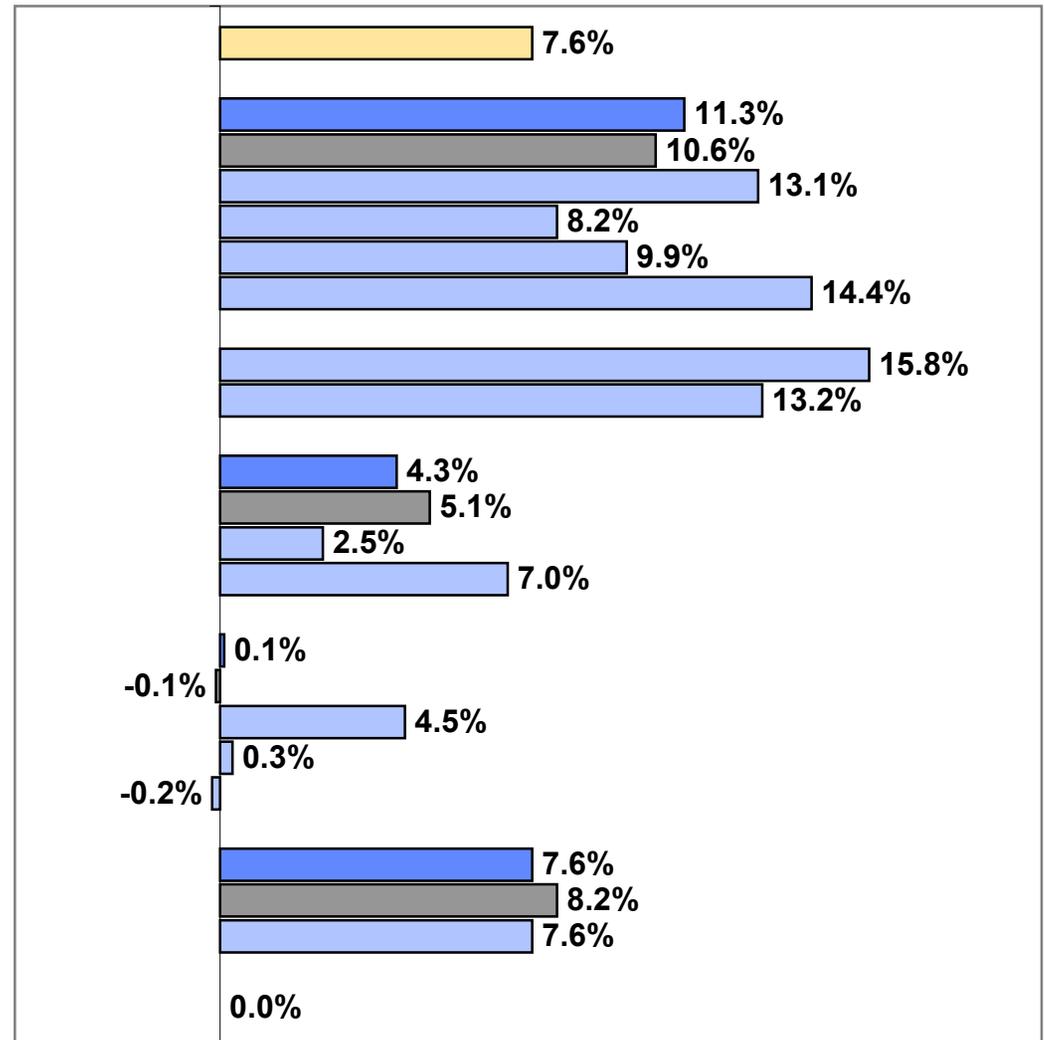
Convertible Bond	MacKay Shields	Aug 2003
Corporate Bond	Loomis Sayles	Dec 1999
Government Bond	Baird	Mar 2006

REAL ESTATE

NAREIT Equity REIT Index

REIT	Cornerstone	Oct 2008
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CASH



BAY COUNTY EMPLOYEES' RETIREMENT

One Year Ending March 31, 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

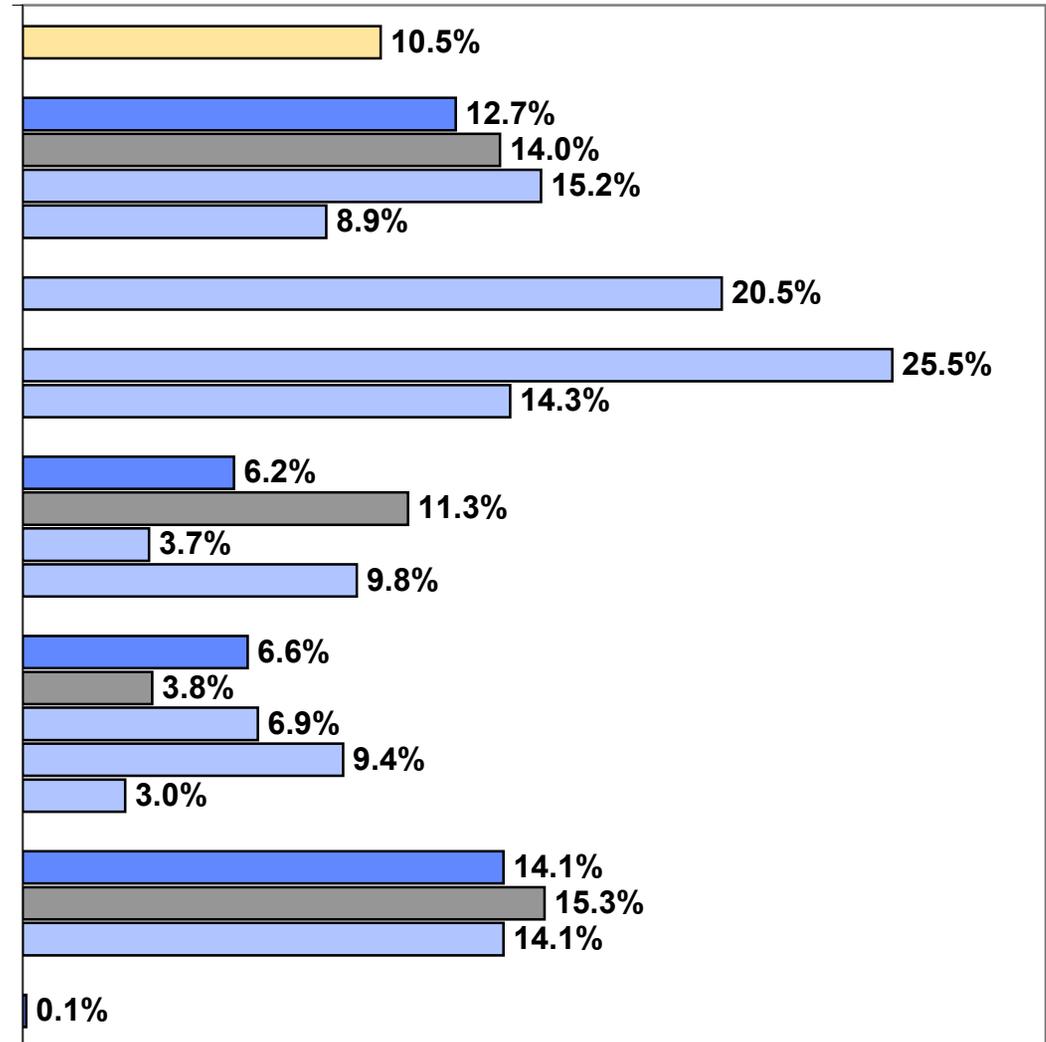
FIXED INCOME

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

CASH



BAY COUNTY EMPLOYEES' RETIREMENT

Investment Managers & Segments

Periods Ending March 31, 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'	7.6 2	9.5 2	15.1 2	10.5 41	7.3 44	10.9 6	18.3 3	6.6 11
Investment Policy Index	6.5	7.3	12.6	10.6	8.5	9.5	15.0	5.4
Master Trust 55 - 70% Equity Median	5.6	7.3	12.4	10.1	7.2	9.3	15.0	5.3
COMBINED US EQUITY FUND POOL								
US EQUITY FUNDS	11.3 38	13.6 23	20.3 26	12.7 75	8.2 77	12.9 47	23.0 27	6.4 55
S&P 500	10.6	10.2	17.2	14.0	11.2	12.7	21.0	5.8
US Equity Pools Median	11.0	11.6	18.6	14.3	10.2	12.9	21.9	6.5
LARGE CAP VALUE FUNDS								
COLUMBIA	13.1 27	16.5 27	22.2 40	15.2 64	10.9 61	13.7 21	24.3 15	6.9 20
Russell 1000 Value +100bp	12.6	14.6	22.3	19.9	12.7	13.9	22.9	5.9
US Equity (Active) - Large Value Median	12.3	13.9	21.3	16.5	11.2	12.5	21.5	6.1
LARGE CAP GROWTH FUNDS								
WHV INVESTMENT	8.2 69	7.8 61	17.3 23	8.9 49	8.4 65	10.9 84	19.7 71	6.2 73
S&P 500 +100bp	10.9	10.7	18.0	15.1	12.3	13.8	22.2	7.0
MFS	9.9 21	10.7 14						
Russell 1000 Growth	9.5	8.1						
US Equity (Active) - Large Growth Median	9.1	8.2	15.0	8.8	9.7	12.2	20.3	7.2
MID CAP VALUE FUNDS								
INTEGRITY ASSET MGT	14.4 23	20.1 28	26.4 32	20.5 36	11.6 33	15.4 26	26.5 23	9.2 58
Russell Mid Cap Value +150bp	14.6	19.6	27.0	23.3	13.1	16.7	28.8	10.2
US Equity (Active) - Mid Value Median	12.7	16.9	25.0	19.4	10.9	13.5	24.9	9.7
MID CAP GROWTH FUNDS								
GENEVA (New manager replacing Denver Investments)								
Russell Mid Cap Growth +150bp								
US Equity (Active) - Mid Growth Median								

BAY COUNTY EMPLOYEES' RETIREMENT

Investment Managers & Segments

Periods Ending March 31, 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	15.8 8	22.3 8	28.5 13	25.5 8	10.4 21	17.9 5	38.1 6	12.8 11
Russell 2000 Value +150bp	12.0	16.1	23.1	19.8	9.7	13.8	25.1	8.9
<i>US Equity (Active) - Small Value Median</i>	13.4	18.2	24.5	19.1	9.3	13.9	26.0	10.1
SMALL CAP GROWTH FUNDS								
EAGLE ASSET MGT	13.2 37	16.3 14	25.1 8	14.3 48	9.6 32			
Russell 2000 Growth +150bp	13.6	14.5	20.5	16.2	9.0			
<i>US Equity (Active) - Small Growth Median</i>	12.4	12.4	16.9	13.9	7.5			
COMBINED INTL EQUITY FUND POOL								
INTERNATIONAL EQUITY FUNDS								
MSCI EAFE	5.1	12.0	19.8	11.3	2.4	5.0		
<i>International Equity Pools Median</i>	3.8	9.7	17.7	9.6	2.4	5.9		
INTERNATIONAL EQUITY FUNDS								
BARINGS INTL LARGE CAP	2.5 81	2.7 94	11.6 97	3.7 94	1.3 73	5.2 74		
MCSI EAFE Index +100bp	5.4	12.6	20.7	12.4	3.4	6.0		
SCHRODERS INTL SMALL CAP	7.0 21	12.9 25	20.1 39	9.8 63	1.7 67	8.7 24	21.3 14	2.9 24
S&P EPAC Small Cap +150bp	8.0	14.9	24.4	15.9	4.7	10.0	22.1	3.0
<i>Intl Equity Developed Mkt (Active) Median</i>	4.5	10.9	19.4	10.9	3.0	6.8	17.1	1.2
REAL ESTATE FUNDS								
CORNERSTONE REIT	7.6 14	10.5 34	10.8 44	14.1 44	13.6 30	17.6 24	36.4 10	
NAREIT Equity REIT Index	8.2	11.0	11.2	15.3	14.1	17.2	35.0	
<i>REIT Funds Median</i>	4.1	9.2	10.3	13.6	11.6	14.5	11.8	
CONVERTIBLE SECURITIES								
MACKAY SHIELDS	4.9 50	4.8 68	9.7 62	7.4 58	3.8 53	6.6 63	12.3 82	3.4 84
BoAML IG Convertible +100bp	6.8	7.7	12.0	8.9	5.4	7.1	11.8	7.3
<i>Convertible Only Median</i>	4.9	7.3	11.8	9.2	4.2	8.4	19.9	9.9

BAY COUNTY EMPLOYEES' RETIREMENT

Investment Managers & Segments

Periods Ending March 31, 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	0.1	65	1.2	39	4.2	34	6.6	44	7.8	32	7.5	38	9.3	40	7.4	34
Barclays US Aggregate Bond	-0.1		0.1		1.7		3.8		5.7		5.5		6.1		5.5	
<i>US Fixed Income Pools Median</i>	<i>0.2</i>		<i>0.8</i>		<i>3.2</i>		<i>6.1</i>		<i>6.7</i>		<i>6.7</i>		<i>8.6</i>		<i>6.6</i>	
US FIXED INCOME FUNDS																
BAIRD GOVERNMENT BOND	-0.2	84	-0.2	90	0.9	88	3.0	84	5.3	75	4.9	80	4.7	85	5.2	77
Baird Policy Index *	0.0		-0.1		0.9		2.8		5.1		4.9		4.3		5.0	
LOOMIS SAYLES CREDIT	0.3	45	2.2	25	6.7	22	9.4	23	9.7	17	9.6	24	13.7	21	9.1	20
Barclays US Corporate Bond +100bp	0.1		1.5		5.6		8.5		9.5		9.2		13.0		9.0	
<i>US Fixed Income Funds Median</i>	<i>0.3</i>		<i>0.8</i>		<i>3.2</i>		<i>5.7</i>		<i>6.7</i>		<i>6.8</i>		<i>8.3</i>		<i>6.6</i>	

BAY COUNTY EMPLOYEES' RETIREMENT

Portfolio Returns - Gross / Net of Investment Mgmt Fees

Periods Ending March 31, 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%	\$128,266	Gross	13.1	15.2	13.7	6.9
			Net	13.0	14.7	13.5	6.7
WHV	0.51%	\$155,246	Gross	8.2	8.9	10.9	6.2
			Net	8.1	8.3	10.6	6.1
MFS	0.60%	\$175,304	Gross	9.9			
			Net	9.9			
Integrity	0.81%	\$189,474	Gross	14.4	20.5	15.4	9.2
			Net	14.2	19.5	14.9	9.0
Geneva	0.75%	\$160,859	Gross				
			Net				
Hotchkis & Wiley	1.00%	\$113,106	Gross	15.8	25.5	17.9	12.8
			Net	15.6	24.3	17.4	12.5
Eagle	0.85%	\$91,434	Gross	13.2	14.3		
			Net	13.0	13.3		
Barings	0.95%	\$134,483	Gross	2.5	3.7	5.2	
			Net	2.2	2.7	4.7	
Schroder	0.74%	\$76,653	Gross	7.0	9.8	8.7	2.9
			Net	6.8	9.0	7.8	2.3
Mackay Shields	0.50%	\$78,096	Gross	4.5	6.9	6.4	3.8
			Net	4.4	6.3	6.1	3.7
Loomis Sayles	0.32%	\$96,538	Gross	0.3	9.4	9.6	9.1
			Net	0.3	9.0	9.4	9.0
Baird	0.30%	\$67,626	Gross	-0.2	3.0	4.9	5.2
			Net	-0.3	2.7	4.8	5.1
Cornerstone	0.60%	\$63,169	Gross	7.6	14.1	17.6	
			Net	7.4	13.5	17.3	

* Approximate fee calculated from fee schedule and ending market values

BAY COUNTY EMPLOYEES' RETIREMENT

Investment Manager Watchlist

Performance Summary

Performance by Manager

TRAILING AND ANNUAL RETURNS

Investment Manager / Product	Investment Style Universe	One Qtr 1/1/13-3/31/13		One Yr 4/1/12-3/31/13		Three Yr 4/1/10-3/31/13		Five Yr 4/1/08-3/31/13		2012 4/1/11-3/31/12		2011 4/1/10-3/31/11		2010 4/1/09-3/31/10	
		Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
WHV Lg-Cap Core <i>Benchmark Index</i>	Lg Growth	8.2%	69	8.9%	49	10.9%	84	6.2%	73	7.9%	59	16.0%	69	50.5%	36
		10.9%		15.1%		13.8%		7.0%		9.6%		16.8%		51.2%	

LONG-TERM RETURN TREND

Three & Five Year Returns Historical

Investment Manager / Product	Qtr End 3/31/13		1 Qtr Ago End 12/31/12		2 Qtrs Ago End 9/30/12		3 Qtrs Ago End 6/30/12									
	Three Yr 4/1/10-3/31/13	Five Yr 4/1/08-3/31/13	Three Yr 1/1/10-12/31/12	Five Yr 1/1/08-12/31/12	Three Yr 10/1/09-9/30/12	Five Yr 10/1/07-9/30/12	Three Yr 7/1/09-6/30/12	Five Yr 7/1/07-6/30/12								
	Return	Rank	Return	Rank	Return	Rank	Return	Rank								
WHV Lg-Cap Core <i>Benchmark Index</i>	10.9%	84	6.2%	73	11.8%	79	1.9%	76	13.5%	89	0.7%	84	23.5%	56	3.3%	83
	13.8%		7.0%		14.3%		2.2%		17.5%		1.3%		24.6%		3.1%	

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 1/1/13-3/31/13	1 Quarter 10/1/12-12/31/12	1 Quarter 7/1/12-9/30/12	1 Quarter 4/1/12-6/30/12	1 Quarter 1/1/12-3/31/12	1 Quarter 10/1/11-12/31/11	1 Quarter 7/1/11-9/30/11	1 Quarter 4/1/11-6/30/11								
	Return	Rank	Return	Rank	Return	Rank	Return	Rank								
WHV Lg-Cap Core <i>Benchmark Index</i>	8.2%	69	-0.4%	39	8.7%	9	-7.1%	82	16.1%	47	14.3%	2	-18.3%	89	-0.5%	73
	10.9%		-0.1%		6.6%		-2.5%		12.9%		12.1%		-13.6%		0.3%	

○ Indicates performance below benchmark

Status / Recommendation

Performance well below benchmark for quarter and year, above average performance for the 1 year period
Three and five year returns still trailing benchmark. WHV hired a new President/CEO in 1Q 2013.

BAY COUNTY EMPLOYEES' RETIREMENT

COMBINED

Periods Ending March 31, 2013

Total Fund Asset Growth Summary (\$000)

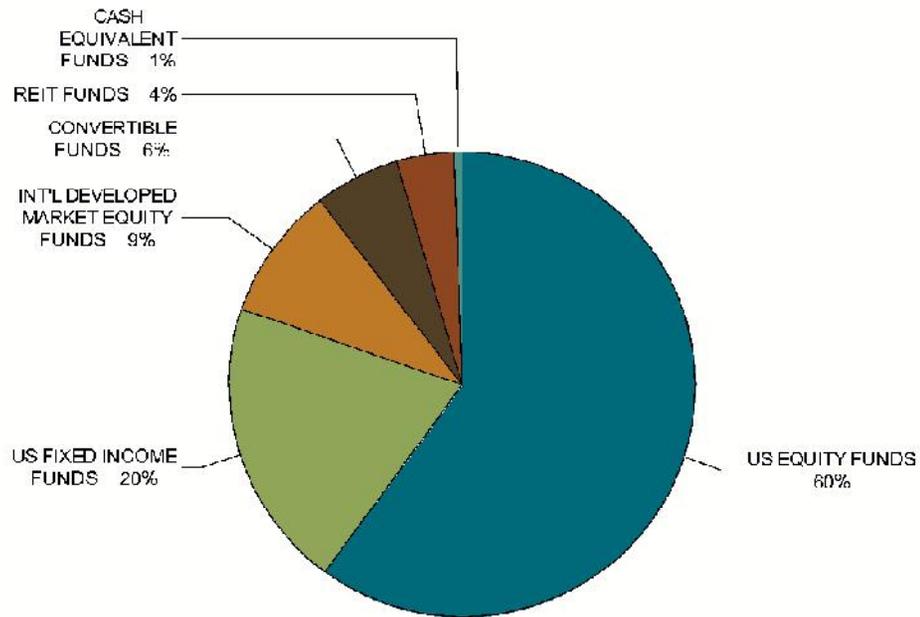
	One Quarter	Year to Date	One Year	Since Inception
COMBINED				
Beginning Market Value	246,973	246,973	247,095	24,693
Net External Growth	-2,421	-2,421	-8,986	-106,927
Return on Investment	19,086	19,086	25,529	345,872
Income Received	1,169	1,169	5,469	120,391
Gain/Loss	17,917	17,917	20,060	225,482
Ending Market Value	263,638	263,638	263,638	263,638

BAY COUNTY EMPLOYEES' RETIREMENT

COMBINED

As of March 31, 2013

Allocation by Manager Type

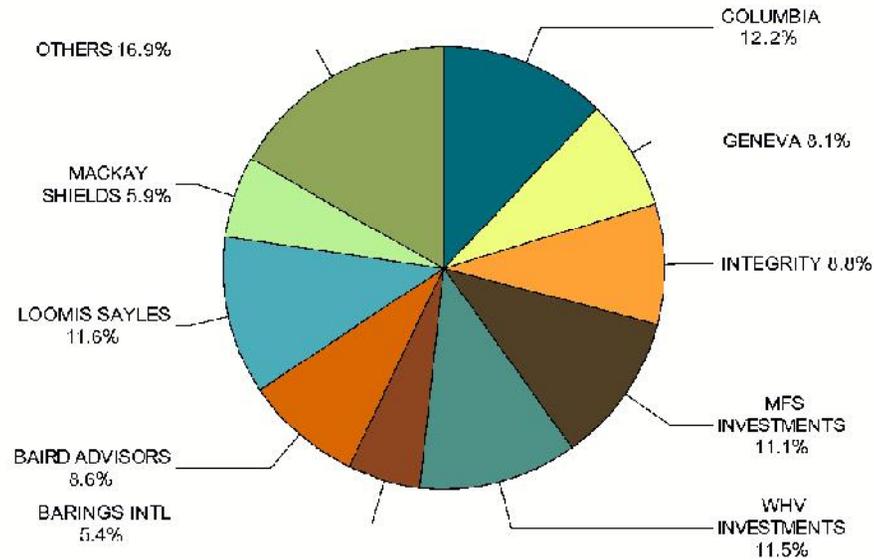


<u>MANAGER TYPE</u>	<u>Ending Market Value</u>	<u>% of Plan</u>
US EQUITY FUNDS	158,383,525	60.1
US FIXED INCOME FUNDS	53,157,195	20.2
INT'L DEVELOPED MARKET EQUITY FUNDS	24,486,779	9.3
CONVERTIBLE FUNDS	15,619,135	5.9
REIT FUNDS	10,528,155	4.0
CASH EQUIVALENT FUNDS	1,463,367	0.6
TOTAL	263,638,156	100.0

BAY COUNTY EMPLOYEES' RETIREMENT

As of March 31, 2013

Portfolio Asset Allocation by Manager



FUND	Ending Market Value	% of Plan
COLUMBIA	32,066,616	12.2
DENVER	9,620	0.0
EAGLE	10,756,982	4.1
GENEVA	21,447,855	8.1
HOTCHKIS & WILEY	11,310,557	4.3
INTEGRITY	23,263,198	8.8
MFS INVESTMENTS	29,217,286	11.1
WHV INVESTMENTS	30,311,411	11.5
BARINGS INTL	14,156,138	5.4
SCHRODER	10,330,641	3.9
BAIRD ADVISORS	22,542,092	8.6
LOOMIS SAYLES	30,615,103	11.6
MACKAY SHIELDS	15,619,135	5.9
CORNERSTONE R/E	10,528,155	4.0
CASH	1,463,367	0.6
TOTAL	263,638,156	100.0

BAY COUNTY EMPLOYEES' RETIREMENT

Year Ending March 31, 2013

Portfolio Asset Growth Summary (\$000)

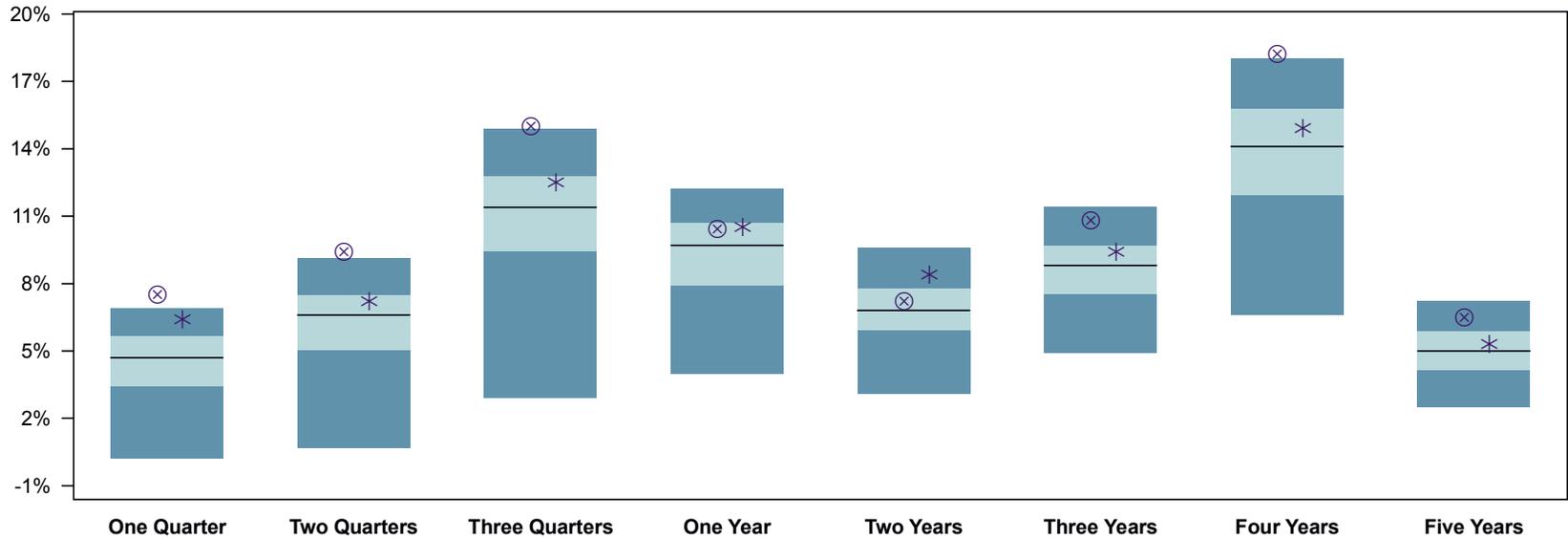
	Beginning Market Value	Net External Growth	Return on Investment	Income	Gain/Loss	Ending Market Value
COLUMBIA	27,837	0	4,230	707	3,522	32,067
DENVER	20,926	-20,085	-831	156	-988	10
EAGLE	9,414	0	1,343	66	1,277	10,757
GENEVA		20,085	1,363	14	1,348	21,448
HOTCHKIS & WILEY	10,270	-1,500	2,541	144	2,397	11,311
INTEGRITY	19,303	0	3,961	334	3,626	23,263
MARVIN & PALMER	26,486	-25,958	-528	168	-696	
MFS INVESTMENTS		25,434	3,784	206	3,578	29,217
WHV INVESTMENTS	28,854	-1,000	2,458	426	2,032	30,311
BARINGS INTL	13,656	-5	505	356	149	14,156
SCHRODER	9,481	0	849		849	10,331
BAIRD ADVISORS	21,885	0	657	726	-70	22,542
LOOMIS SAYLES	27,989	0	2,626	1,309	1,317	30,615
MACKAY SHIELDS	18,598	-4,000	1,021	401	620	15,619
CORNERSTONE R/E	9,224	0	1,304	309	995	10,528
CASH	3,172	-1,957	248	148	101	1,463
COMBINED	247,095	-8,986	25,529	5,469	20,060	263,638

BAY COUNTY EMPLOYEES' RETIREMENT

Master Trust Funds

Periods Ending March 31, 2013

Total Fund Performance - Trailing Periods



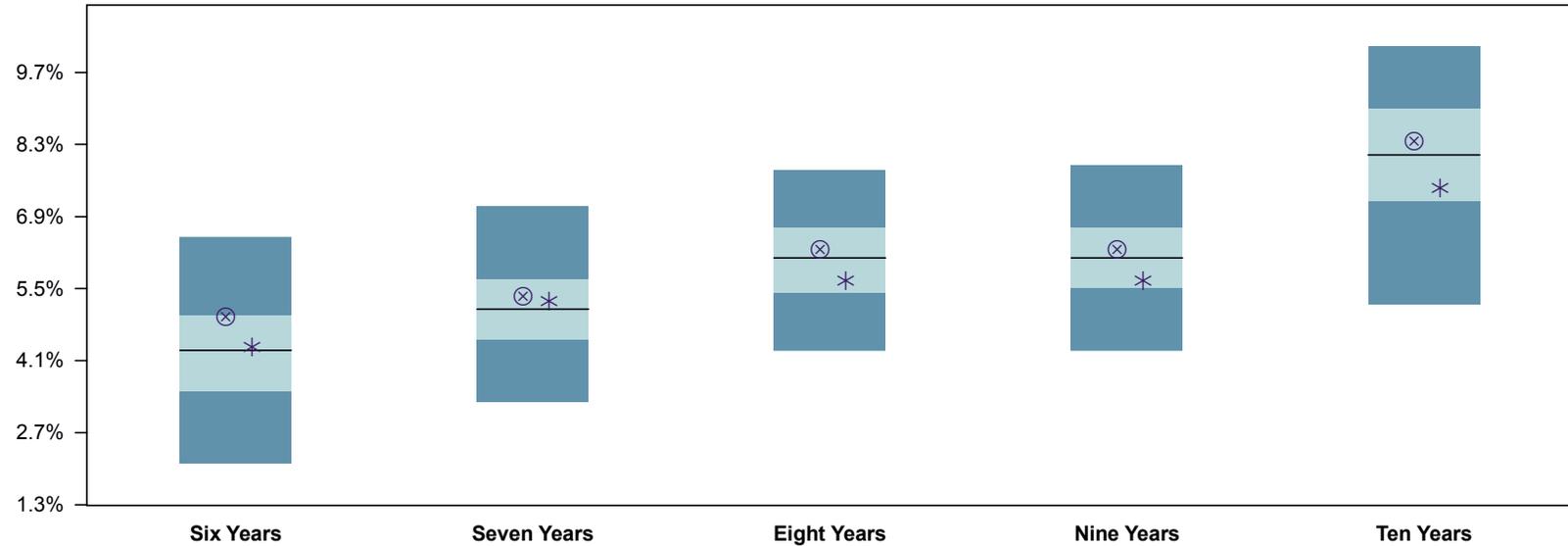
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
⊗ COMBINED	7.6	3	9.5	4	15.1	4	10.5	31	7.3	38	10.9	8	18.3	5	6.6	13
* <i>POLICY INDEX COMBINED</i>	6.5	11	7.3	34	12.6	29	10.6	30	8.5	15	9.5	32	15.0	36	5.4	36
Median	4.7		6.6		11.4		9.7		6.8		8.8		14.1		5.0	

BAY COUNTY EMPLOYEES' RETIREMENT

Master Trust Funds

Periods Ending March 31, 2013

Total Fund Performance - Trailing Periods

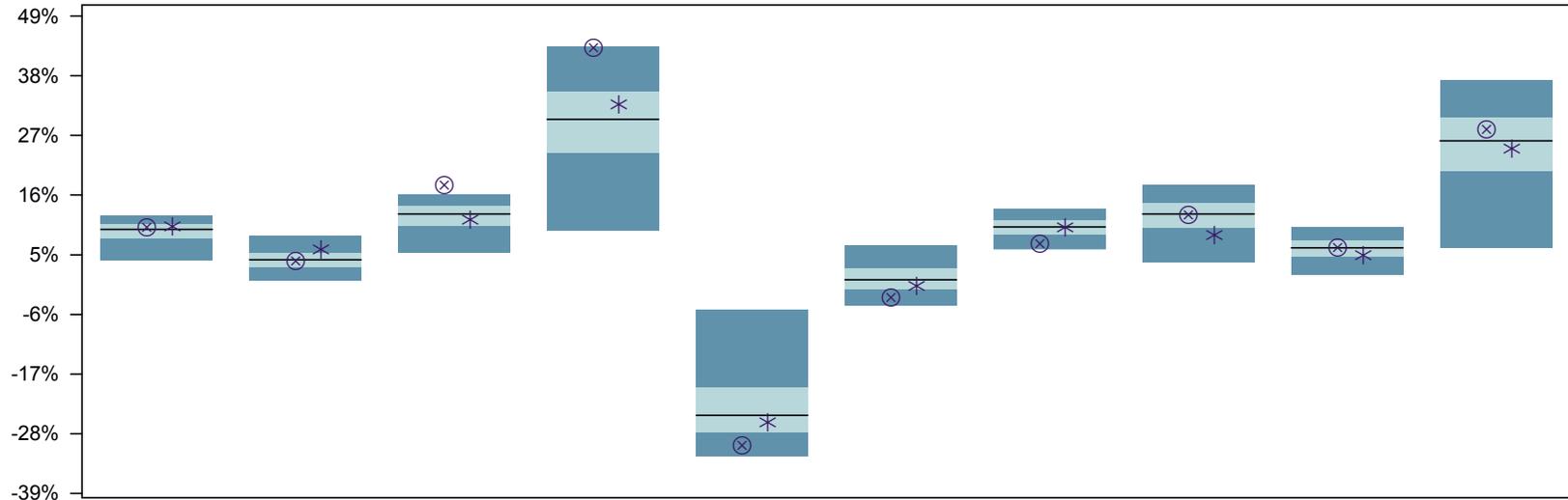


	Six Years	Seven Years	Eight Years	Nine Years	Ten Years
⊗ COMBINED	5.0 25	5.4 41	6.3 41	6.3 41	8.4 41
* <i>POLICY INDEX COMBINED</i>	4.4 43	5.3 46	5.7 65	5.7 68	7.5 71
Median	4.3	5.1	6.1	6.1	8.1

BAY COUNTY EMPLOYEES' RETIREMENT

Master Trust Funds
Years Ending March

Total Fund Performance - Annual Periods



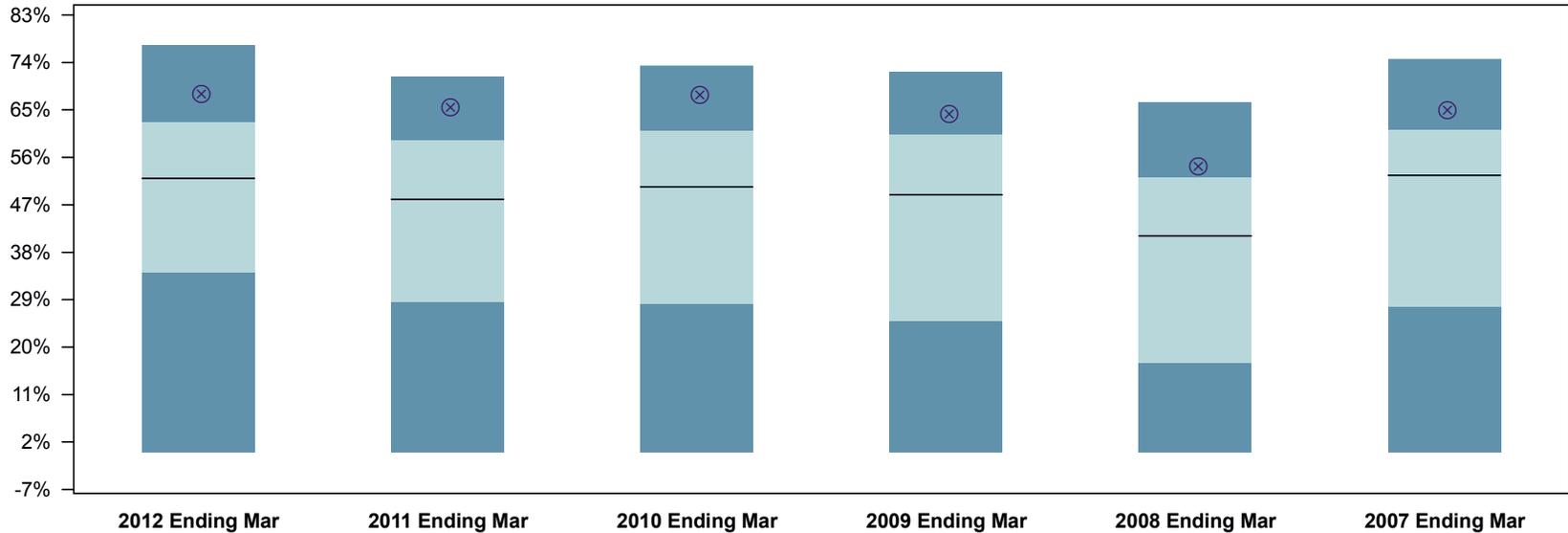
	Mar-2013		Mar-2012		Mar-2011		Mar-2010		Mar-2009		Mar-2008		Mar-2007		Mar-2006		Mar-2005		Mar-2004	
⊗ COMBINED	10.5	31	4.2	48	18.3	1	43.5	5	-29.7	87	-2.5	86	7.5	86	12.7	48	6.7	42	28.6	35
* <i>POLICY INDEX COMBINE</i>	10.6	30	6.4	16	11.8	61	33.1	36	-25.6	58	-0.4	62	10.4	46	9.1	80	5.3	67	24.9	56
Median	9.7		4.1		12.5		30.0		-24.6		0.4		10.1		12.5		6.3		26.0	

BAY COUNTY EMPLOYEES' RETIREMENT

Master Trust Funds

Periods Ending March

Equity Allocation History



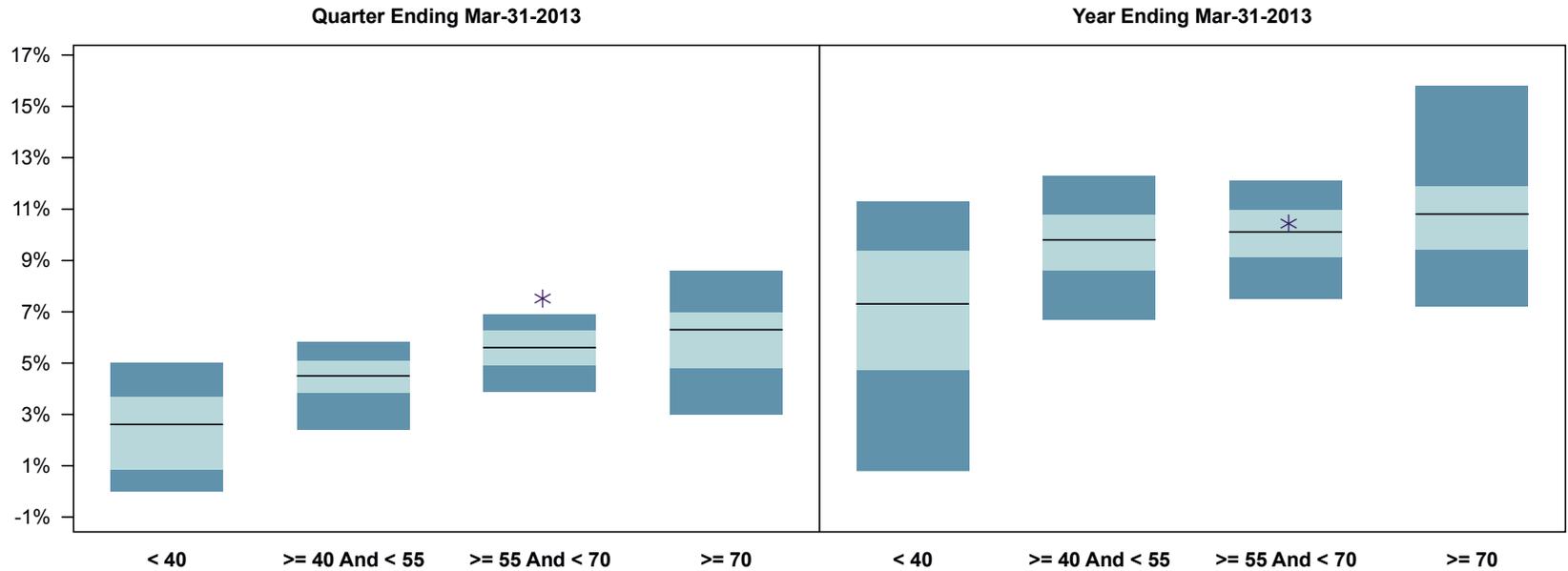
	2012 Ending Mar	2011 Ending Mar	2010 Ending Mar	2009 Ending Mar	2008 Ending Mar	2007 Ending Mar
⊗ COMBINED	68.4 14	65.9 11	68.3 11	64.6 15	54.8 20	65.3 16
5th Percentile	77.2	71.3	73.3	72.1	66.4	74.6
25th Percentile	62.7	59.4	61.1	60.3	52.2	61.3
50th Percentile	52.0	48.0	50.4	48.9	41.1	52.6
75th Percentile	34.0	28.5	28.0	24.9	16.9	27.6
95th Percentile	0.0	0.0	0.0	0.0	0.0	0.0

BAY COUNTY EMPLOYEES' RETIREMENT

Master Trust Funds

Periods Ending March 31, 2013

Effects of Equity Allocation on Total Fund Return



* **COMBINED**

Median

2.6

4.5

7.6 2

5.6

6.3

7.3

9.8

10.5 41

10.1

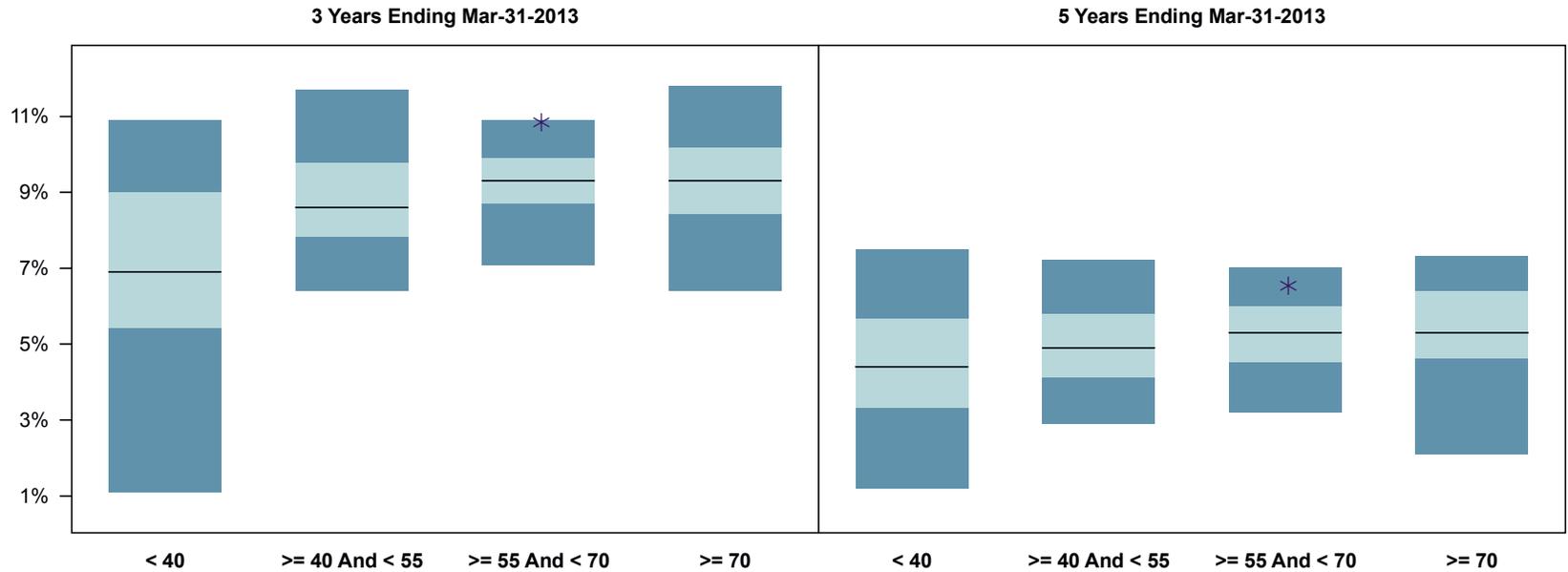
10.8

BAY COUNTY EMPLOYEES' RETIREMENT

Master Trust Funds

Periods Ending March 31, 2013

Effects of Equity Allocation on Total Fund Return



* **COMBINED**

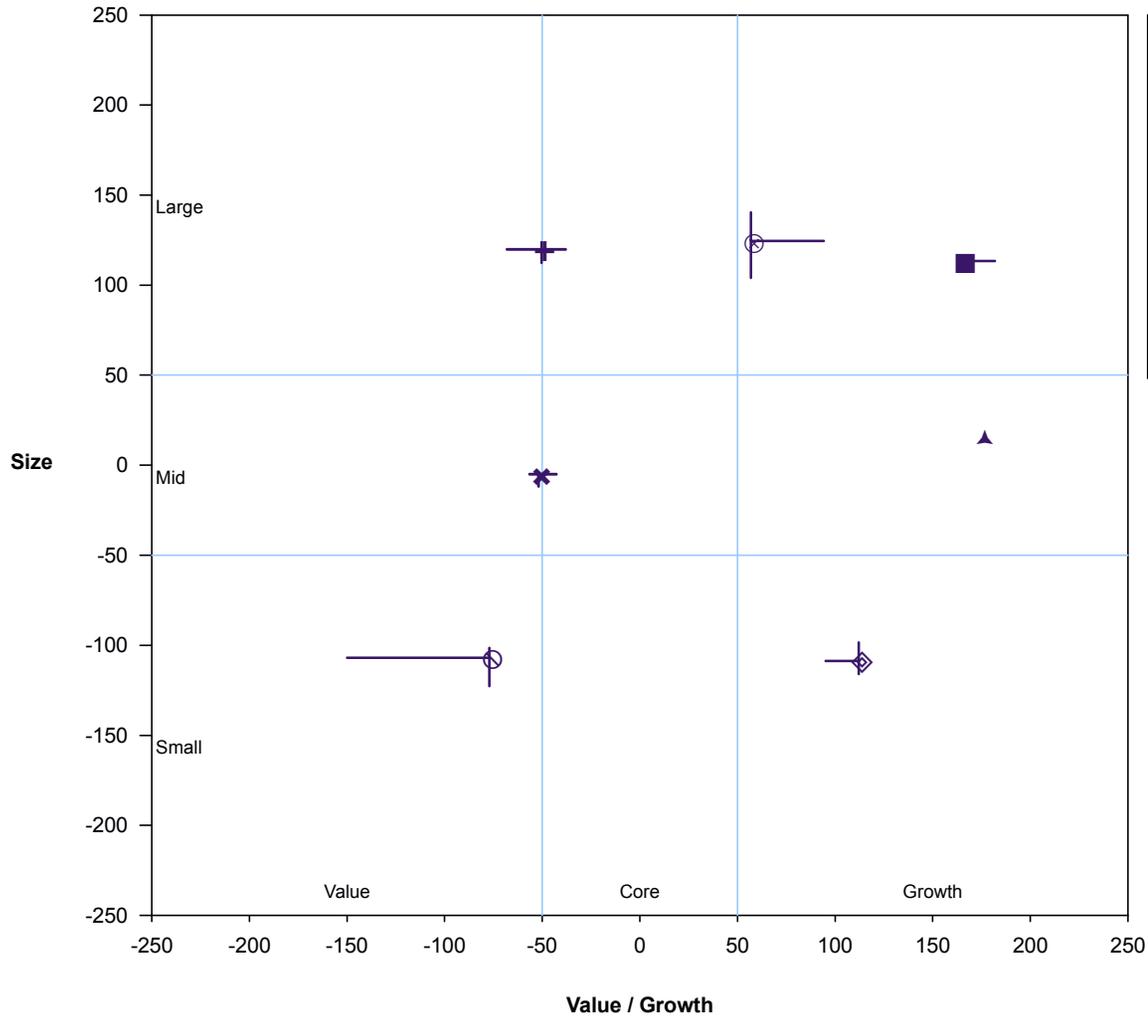
Median

	< 40	>= 40 And < 55	>= 55 And < 70	>= 70	< 40	>= 40 And < 55	>= 55 And < 70	>= 70
Median	6.9	8.6	9.3	9.3	4.4	4.9	5.3	5.3
			10.9	6			6.6	11

BAY COUNTY EMPLOYEES' RETIREMENT

Period Ending March 31, 2013

Equity Style Analysis - Drift Over Time



FUND	Value / Growth	Size
+ COLUMBIA	-50.40	119.92
* DENVER		
◇ EAGLE	112.20	-108.60
▲ GENEVA	174.99	15.31
⊙ HOTCHKIS & WILEY	-77.08	-106.90
× INTEGRITY	-51.93	-5.00
■ MFS INVESTMENTS	164.94	113.40
⊗ WHV INVESTMENTS	56.84	124.55

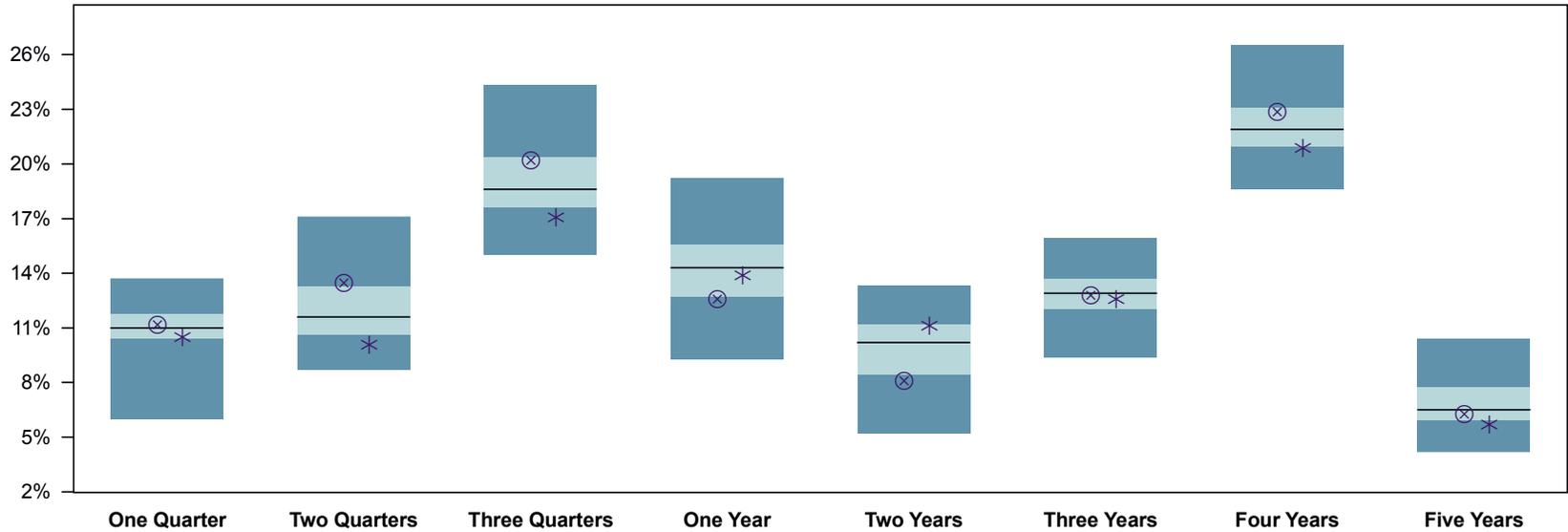
* Equity style analysis is based on Morningstar Size and VCG Scores and Morningstar Style Box(TM) methodology

BAY COUNTY EMPLOYEES' RETIREMENT

US Equity Pools

Periods Ending March 31, 2013

Total Fund Performance - Trailing Periods



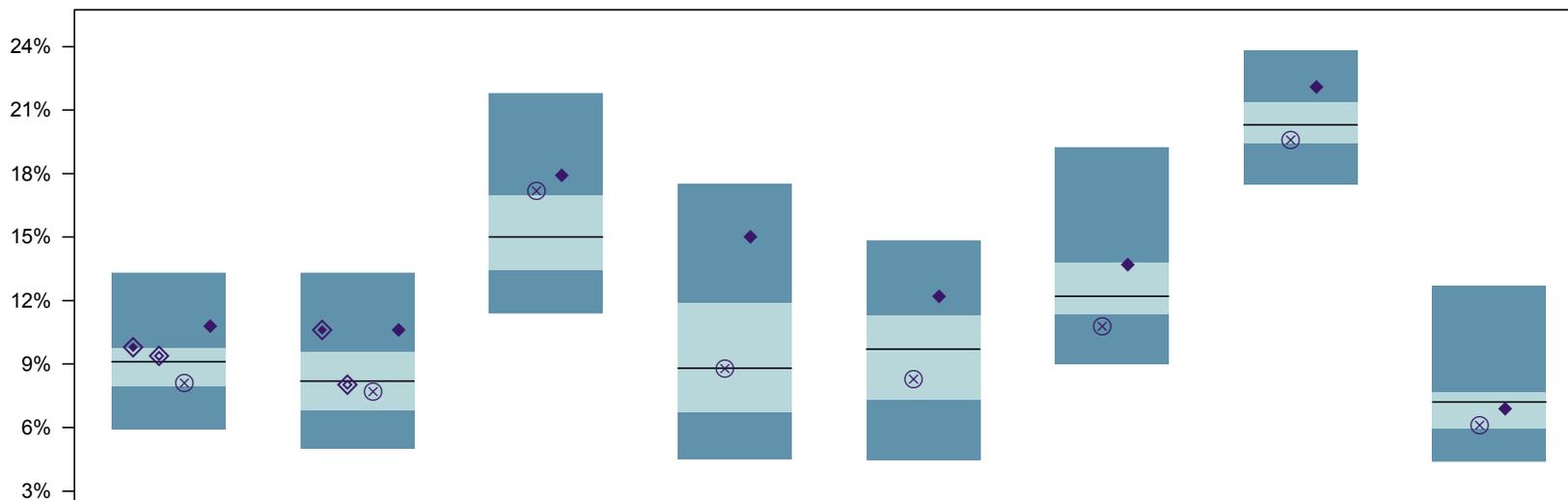
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
⊗ EQUITY COMBO	11.3	38	13.6	23	20.3	26	12.7	75	8.2	77	12.9	47	23.0	27	6.4	55
* S&P 500	10.6	71	10.2	84	17.2	84	14.0	59	11.2	26	12.7	60	21.0	70	5.8	79
Median	11.0		11.6		18.6		14.3		10.2		12.9		21.9		6.5	

BAY COUNTY EMPLOYEES' RETIREMENT

US Equity Funds (Active) - Large Growth

Periods Ending March 31, 2013

Total Fund Performance - Trailing Periods



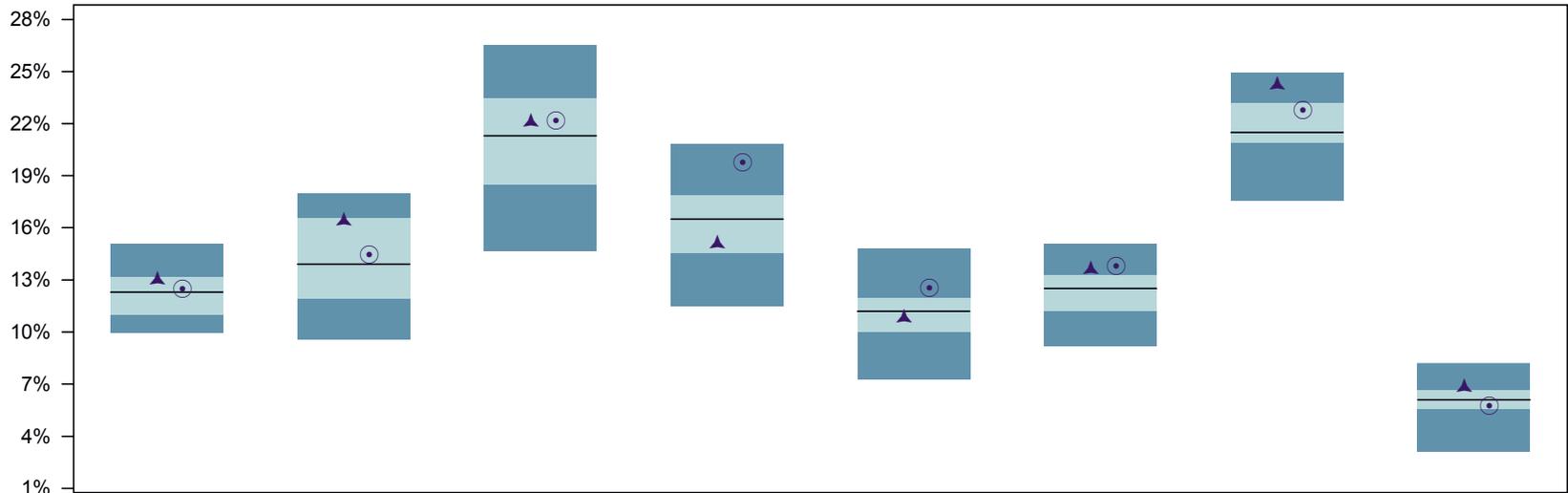
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
◆ MFS INVESTMENTS	9.9	21	10.7	14												
◆ Russell 1000 Growth Index	9.5	34	8.1	54												
⊗ WHV INVESTMENTS	8.2	69	7.8	61	17.3	23	8.9	49	8.4	65	10.9	84	19.7	71	6.2	73
◆ POLICY WENTWORT	10.9	10	10.7	14	18.0	16	15.1	10	12.3	19	13.8	25	22.2	19	7.0	58
Median	9.1		8.2		15.0		8.8		9.7		12.2		20.3		7.2	

BAY COUNTY EMPLOYEES' RETIREMENT

US Equity Funds (Active) - Large Value

Periods Ending March 31, 2013

Total Fund Performance - Trailing Periods



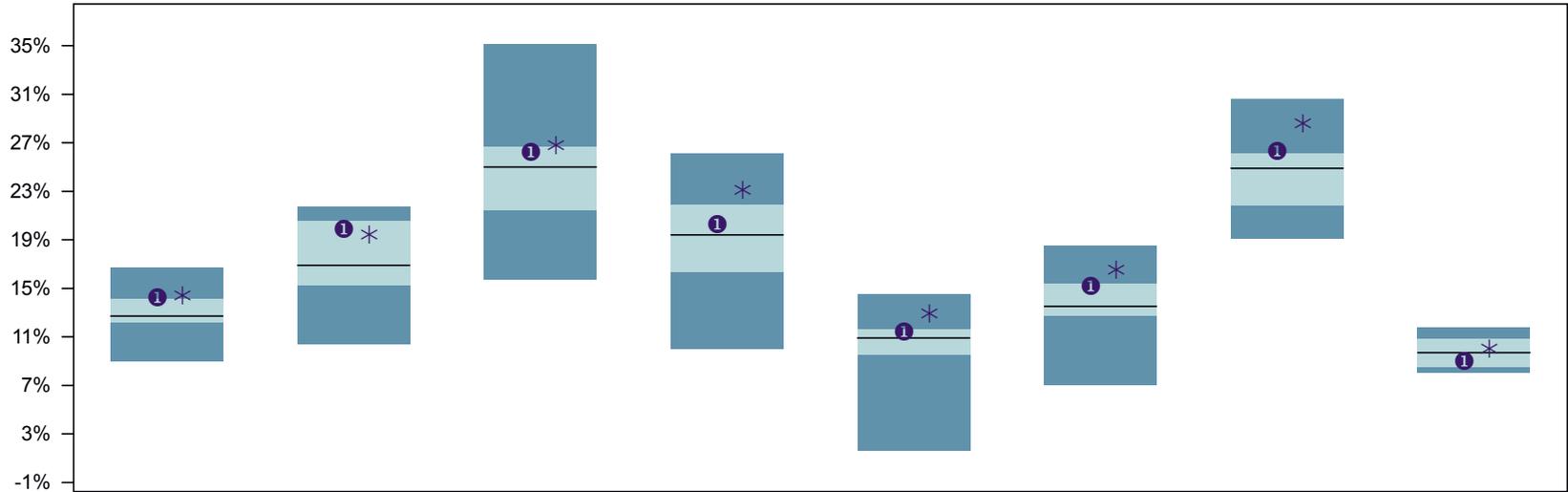
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
▲ COLUMBIA	13.1	27	16.5	27	22.2	40	15.2	64	10.9	61	13.7	21	24.3	15	6.9	20
○ POLICY COLUMBIA	12.6	38	14.6	38	22.3	39	19.9	11	12.7	15	13.9	18	22.9	28	5.9	58
Median	12.3		13.9		21.3		16.5		11.2		12.5		21.5		6.1	

BAY COUNTY EMPLOYEES' RETIREMENT

US Equity Funds (Active) - Mid Value

Periods Ending March 31, 2013

Total Fund Performance - Trailing Periods



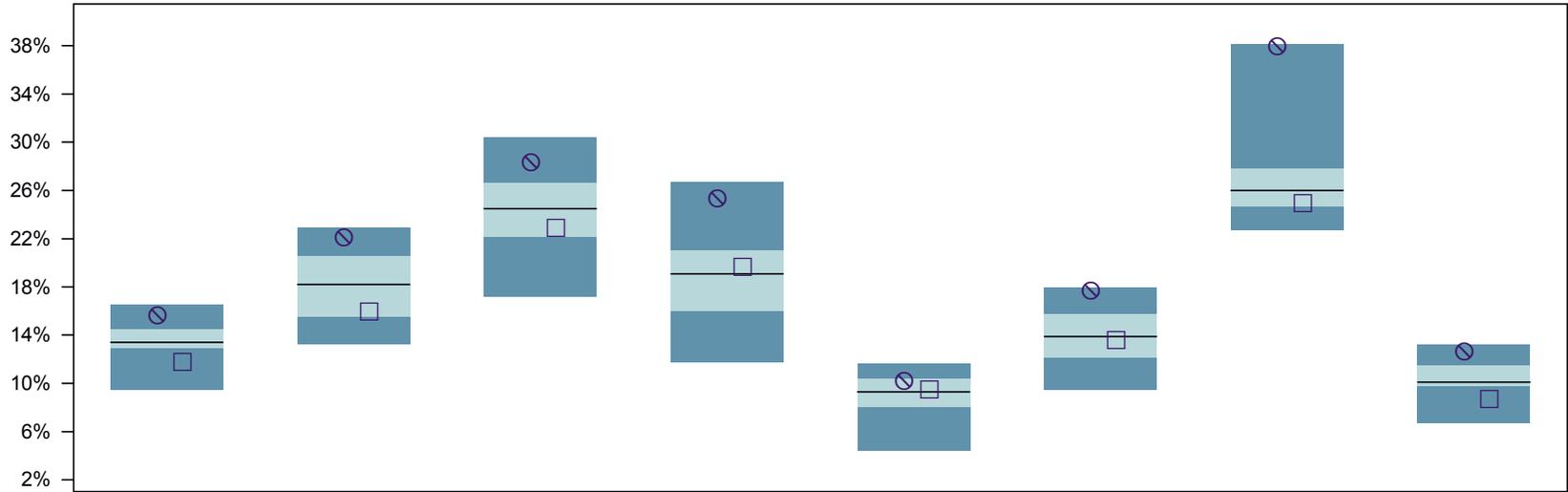
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
I INTEGRITY	14.4	23	20.1	28	26.4	32	20.5	36	11.6	33	15.4	26	26.5	23	9.2	58
* POLICY INTEGRITY	14.6	22	19.6	30	27.0	22	23.3	16	13.1	10	16.7	11	28.8	9	10.2	35
Median	12.7		16.9		25.0		19.4		10.9		13.5		24.9		9.7	

BAY COUNTY EMPLOYEES' RETIREMENT

US Equity Funds (Active) - Small Value

Periods Ending March 31, 2013

Total Fund Performance - Trailing Periods



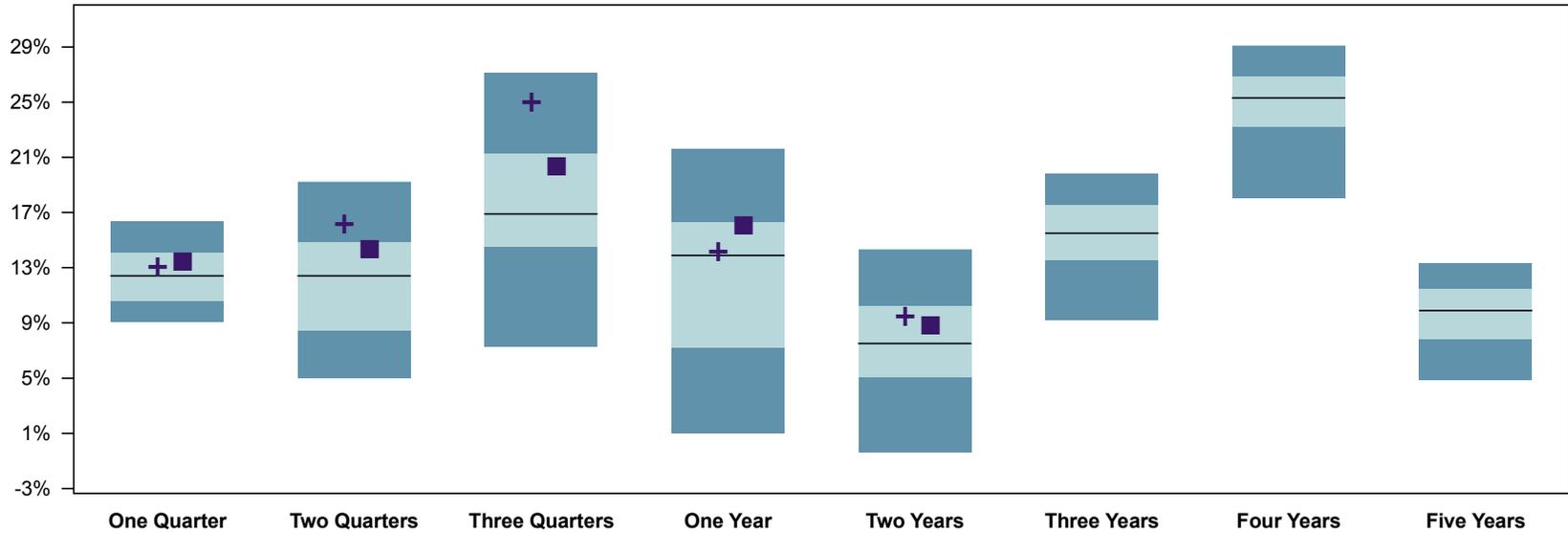
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
○ HOTCHKIS & WILEY	15.8	8	22.3	8	28.5	13	25.5	8	10.4	21	17.9	5	38.1	6	12.8	11
□ POLICY HOTCHKIS	12.0	86	16.1	69	23.1	59	19.8	48	9.7	38	13.8	66	25.1	67	8.9	84
Median	13.4		18.2		24.5		19.1		9.3		13.9		26.0		10.1	

BAY COUNTY EMPLOYEES' RETIREMENT

US Equity Funds (Active) - Small Growth

Periods Ending March 31, 2013

Total Fund Performance - Trailing Periods



+ EAGLE

■ POLICY EAGLE ASSET

Median

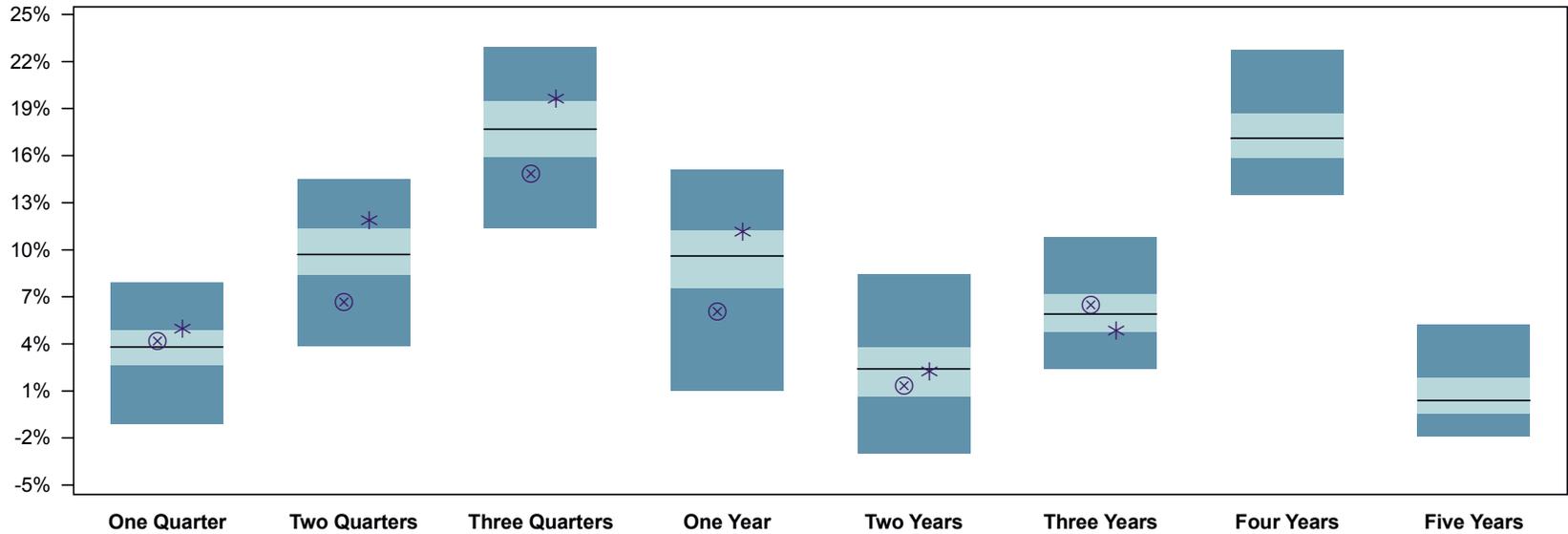
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years	Four Years	Five Years
+ EAGLE	13.2	37	16.3	14	25.1	8	14.3	48	9.6	32			
■ POLICY EAGLE ASSET	13.6	34	14.5	32	20.5	27	16.2	26	9.0	37			
Median	12.4		12.4		16.9		13.9		7.5		15.5	25.3	9.9

BAY COUNTY EMPLOYEES' RETIREMENT

Intl Equity Pools

Periods Ending March 31, 2013

Total Fund Performance - Trailing Periods



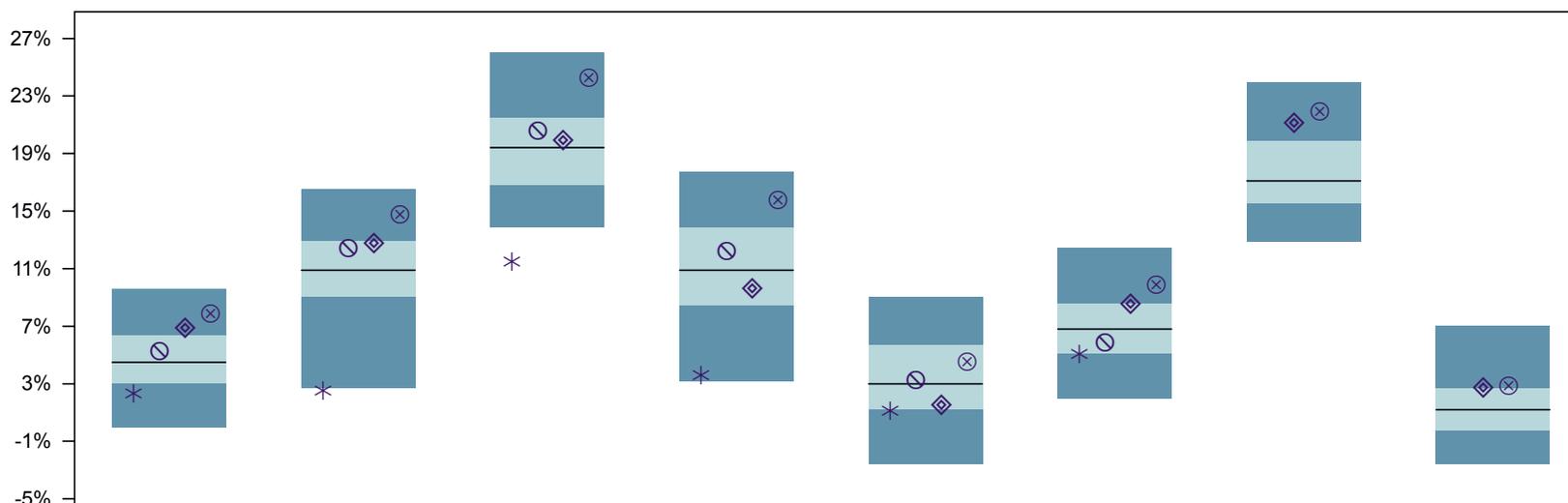
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years	Five Years
⊗ INTL COMBO	4.3	42	6.8	86	15.0	83	6.2	83	1.5	63	6.6	33		
* MSCI EAFE (NET)	5.1	23	12.0	16	19.8	19	11.3	26	2.4	51	5.0	71		
Median	3.8		9.7		17.7		9.6		2.4		5.9		17.1	0.4

BAY COUNTY EMPLOYEES' RETIREMENT

Intl Equity Developed Mkt Funds (Active)

Periods Ending March 31, 2013

Total Fund Performance - Trailing Periods



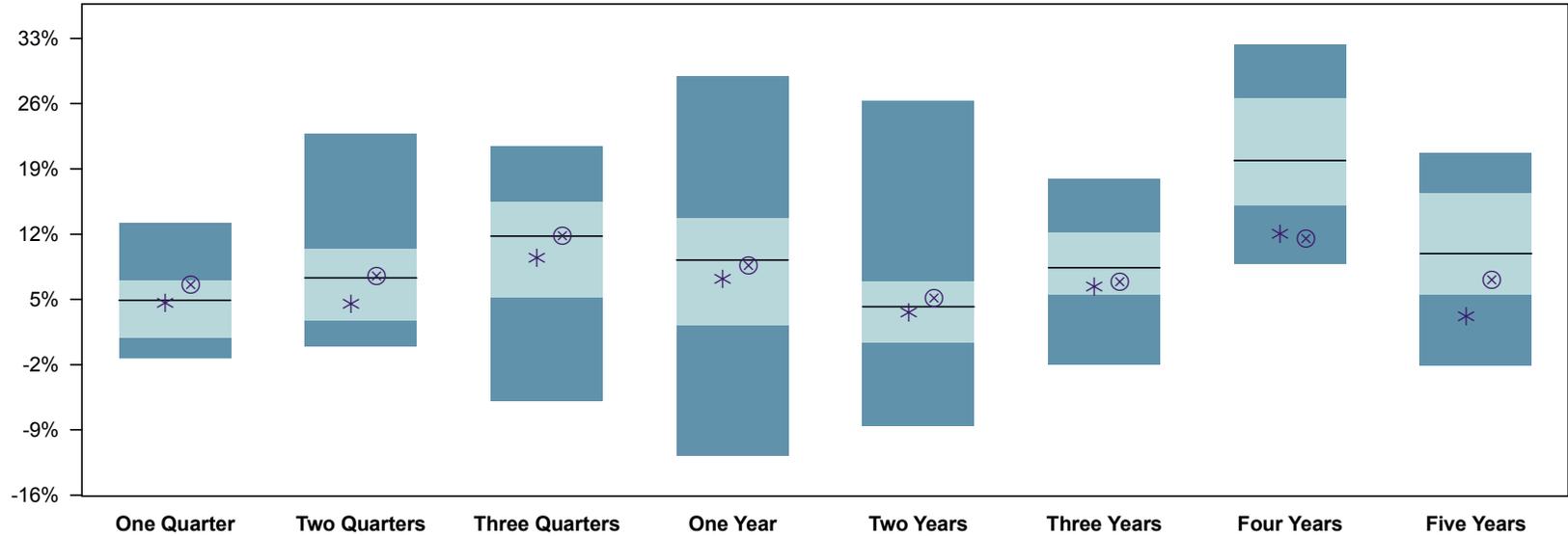
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
* BARINGS INTL	2.5	81	2.7	94	11.6	97	3.7	94	1.3	73	5.2	74				
⊖ POLICY - BARINGS	5.4	36	12.6	30	20.7	33	12.4	38	3.4	46	6.0	55				
⬠ SCHRODER	7.0	21	12.9	25	20.1	39	9.8	63	1.7	67	8.7	24	21.3	14	2.9	24
⊗ POLICY SCHRODER	8.0	12	14.9	11	24.4	11	15.9	13	4.7	32	10.0	14	22.1	10	3.0	23
Median	4.5		10.9		19.4		10.9		3.0		6.8		17.1		1.2	

BAY COUNTY EMPLOYEES' RETIREMENT

Convertibles Only

Periods Ending March 31, 2013

Convertibles Only Performance



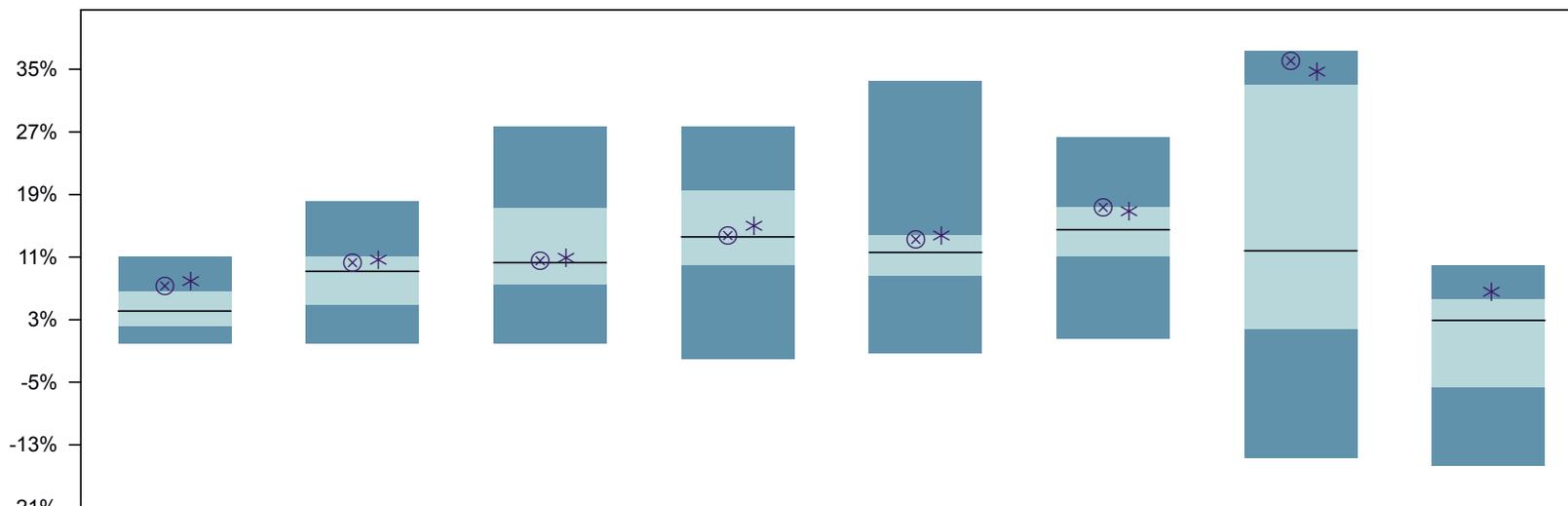
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
* MACKAY SHIELDS	4.9	50	4.8	68	9.7	62	7.4	58	3.8	53	6.6	63	12.3	82	3.4	84
⊗ POLICY MACKAY	6.8	26	7.7	49	12.0	49	8.9	53	5.4	36	7.1	61	11.8	83	7.3	67
Median	4.9		7.3		11.8		9.2		4.2		8.4		19.9		9.9	

BAY COUNTY EMPLOYEES' RETIREMENT

REIT Funds

Periods Ending March 31, 2013

Total Fund Performance - Trailing Periods



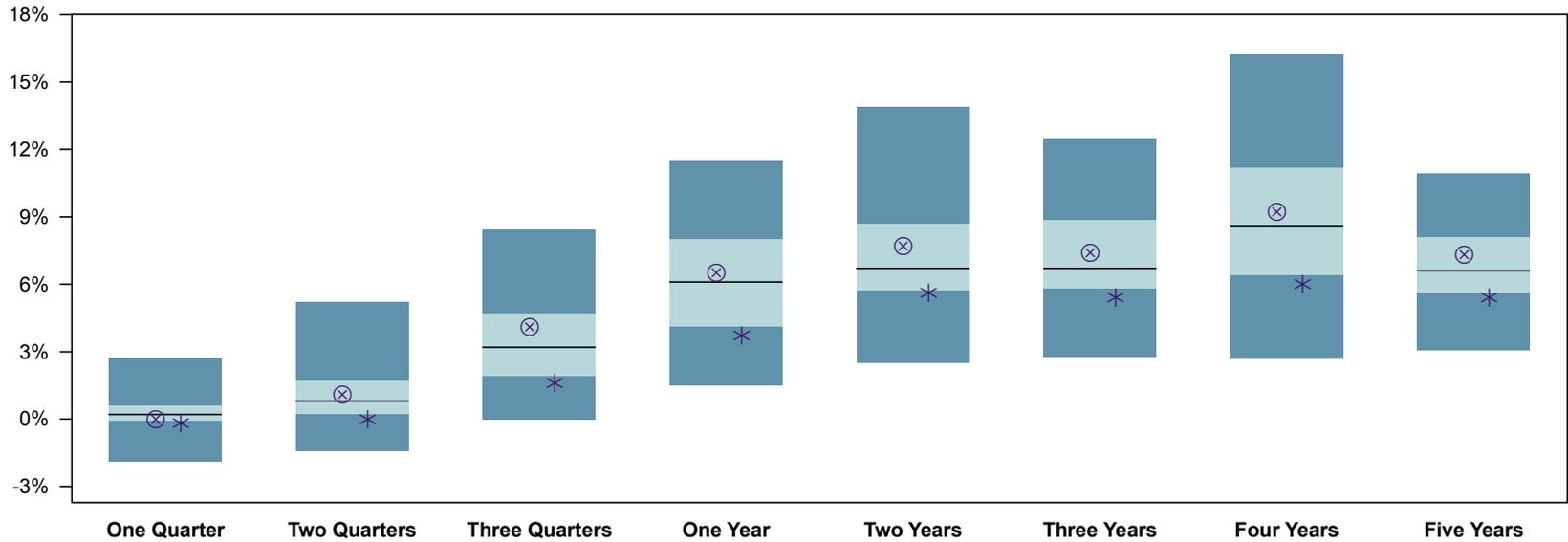
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
⊗ CORNERSTONE R/E	7.6	14	10.5	34	10.8	44	14.1	44	13.6	30	17.6	24	36.4	10		
* NAREIT EQUITY REIT INDE	8.2	8	11.0	27	11.2	41	15.3	35	14.1	23	17.2	31	35.0	21	6.8	22
Median	4.1		9.2		10.3		13.6		11.6		14.5		11.8		2.9	

BAY COUNTY EMPLOYEES' RETIREMENT

US Fixed Income Pools

Periods Ending March 31, 2013

Total Fund Performance - Trailing Periods

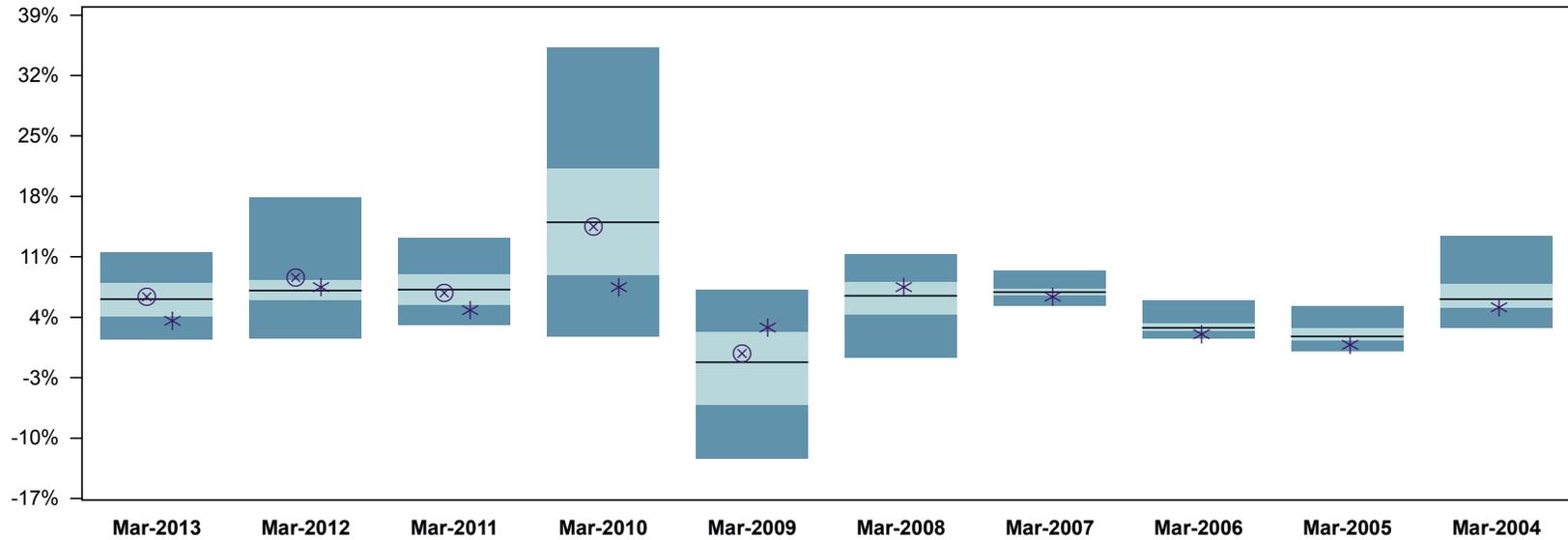


	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
⊗ FIXED COMBO	0.1	65	1.2	39	4.2	34	6.6	44	7.8	32	7.5	38	9.3	40	7.4	34
* <i>Barclays Aggregate Bond</i>	-0.1	77	0.1	82	1.7	84	3.8	82	5.7	75	5.5	80	6.1	79	5.5	77
Median	0.2		0.8		3.2		6.1		6.7		6.7		8.6		6.6	

BAY COUNTY EMPLOYEES' RETIREMENT

US Fixed Income Pools
Years Ending March

Total Fund Performance - Annual Periods



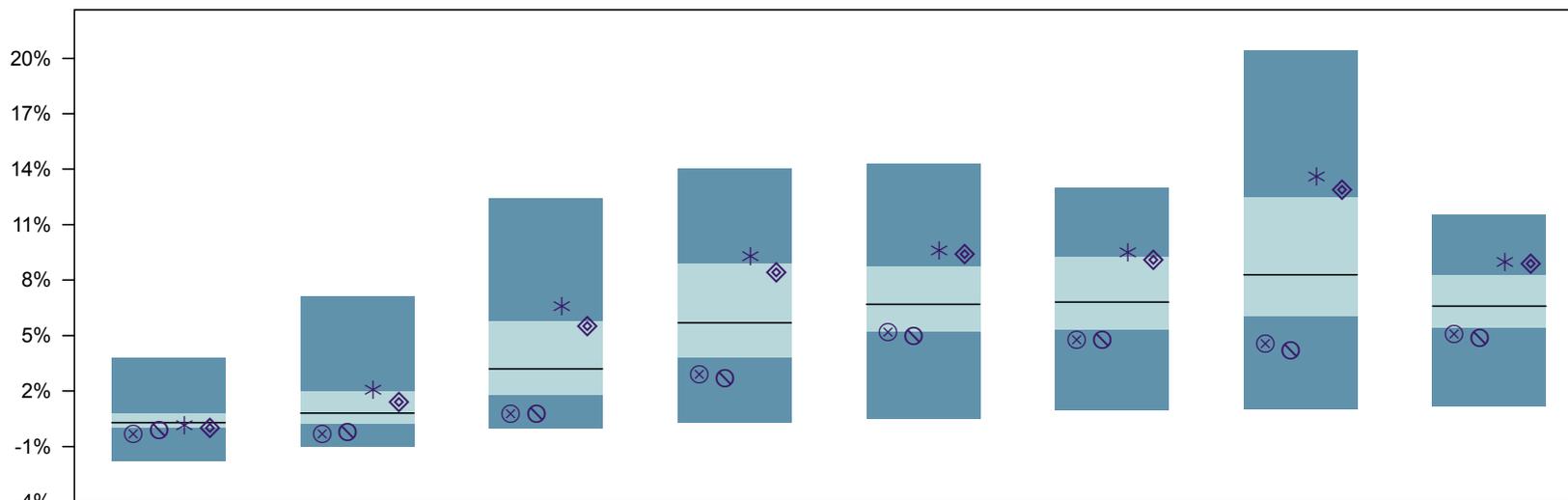
	Mar-2013	Mar-2012	Mar-2011	Mar-2010	Mar-2009	Mar-2008	Mar-2007	Mar-2006	Mar-2005	Mar-2004
⊗ FIXED COMBO	6.6	8.9	7.1	14.8	0.1	6.5	6.9	2.8	1.8	6.1
* <i>Barclays Aggregate Bond</i>	3.8	7.7	5.1	7.7	3.1	7.7	6.6	2.3	1.1	5.4
Median	6.1	7.1	7.2	15.0	-1.2	6.5	6.9	2.8	1.8	6.1

BAY COUNTY EMPLOYEES' RETIREMENT

US Fixed Income Funds

Periods Ending March 31, 2013

Total Fund Performance - Trailing Periods



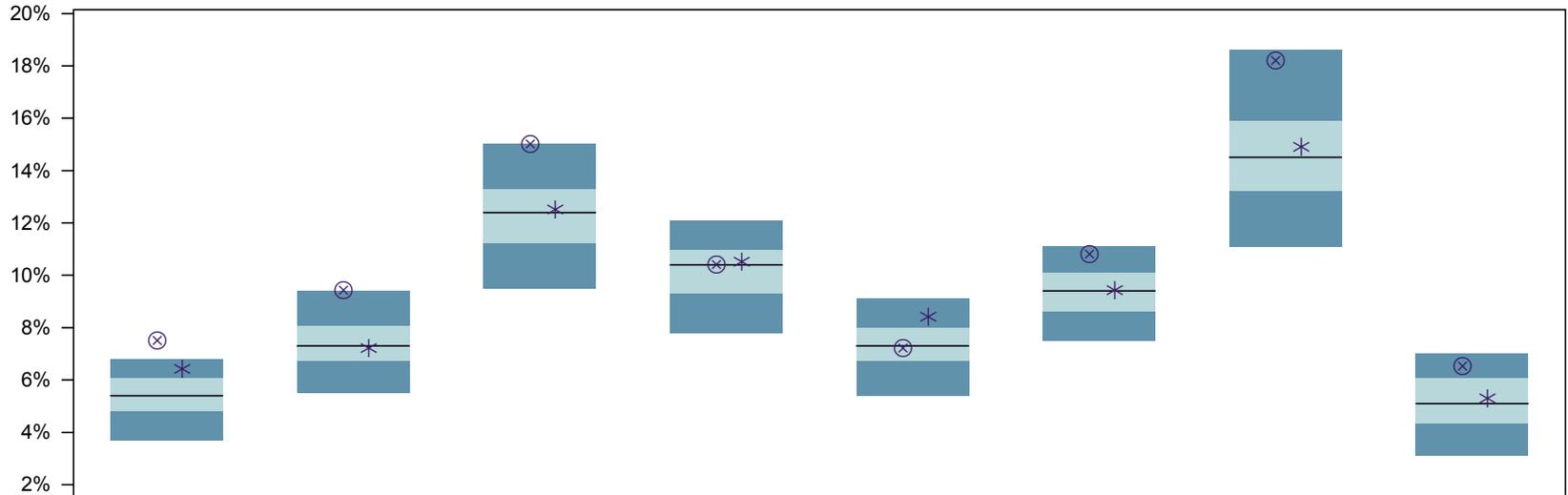
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
⊗ BAIRD ADVISORS	-0.2	84	-0.2	90	0.9	88	3.0	84	5.3	75	4.9	80	4.7	85	5.2	77
⊙ POLICY BAIRD	-0.0	75	-0.1	89	0.9	88	2.8	85	5.1	77	4.9	80	4.3	86	5.0	80
* LOOMIS SAYLES	0.3	45	2.2	25	6.7	22	9.4	23	9.7	17	9.6	24	13.7	21	9.1	20
◇ POLICY LOOMIS	0.1	60	1.5	38	5.6	27	8.5	27	9.5	18	9.2	26	13.0	24	9.0	21
Median	0.3		0.8		3.2		5.7		6.7		6.8		8.3		6.6	

BAY COUNTY EMPLOYEES' RETIREMENT

Public Funds (DB)

Periods Ending March 31, 2013

Total Fund Performance - Trailing Periods



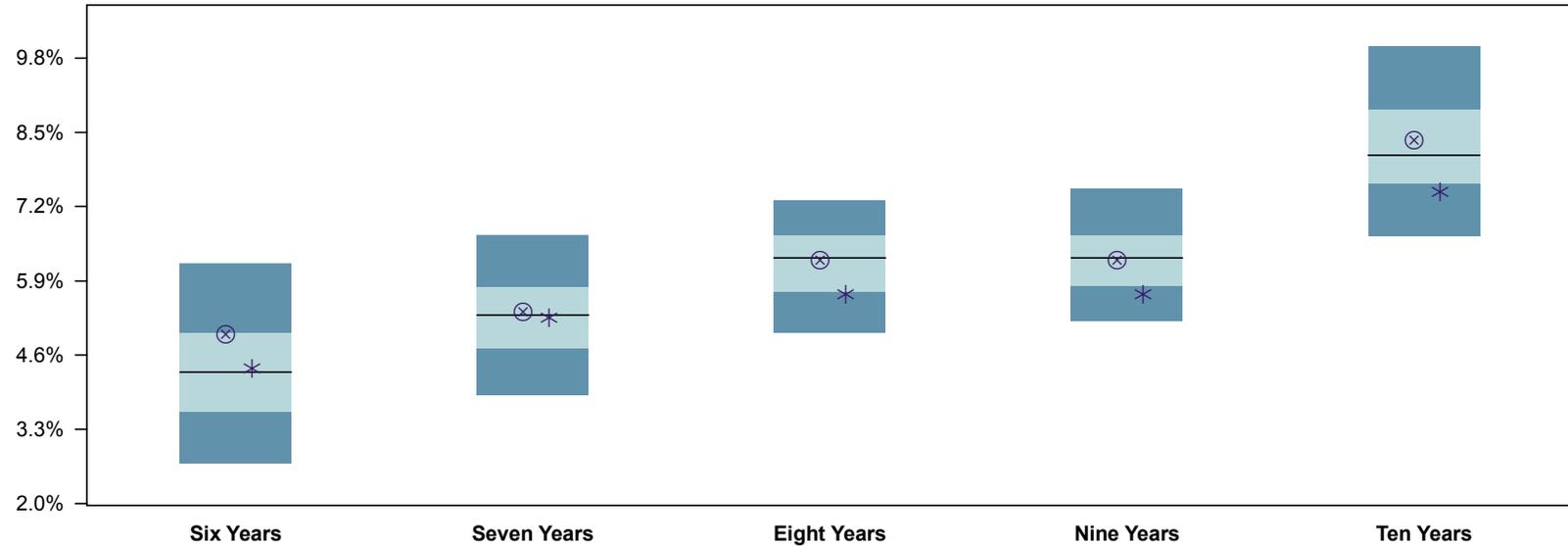
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
⊗ COMBINED	7.6	3	9.5	4	15.1	4	10.5	43	7.3	50	10.9	6	18.3	8	6.6	16
* <i>POLICY INDEX COMBINED</i>	6.5	14	7.3	52	12.6	45	10.6	42	8.5	10	9.5	47	15.0	40	5.4	40
Median	5.4		7.3		12.4		10.4		7.3		9.4		14.5		5.1	

BAY COUNTY EMPLOYEES' RETIREMENT

Public Funds (DB)

Periods Ending March 31, 2013

Total Fund Performance - Trailing Periods



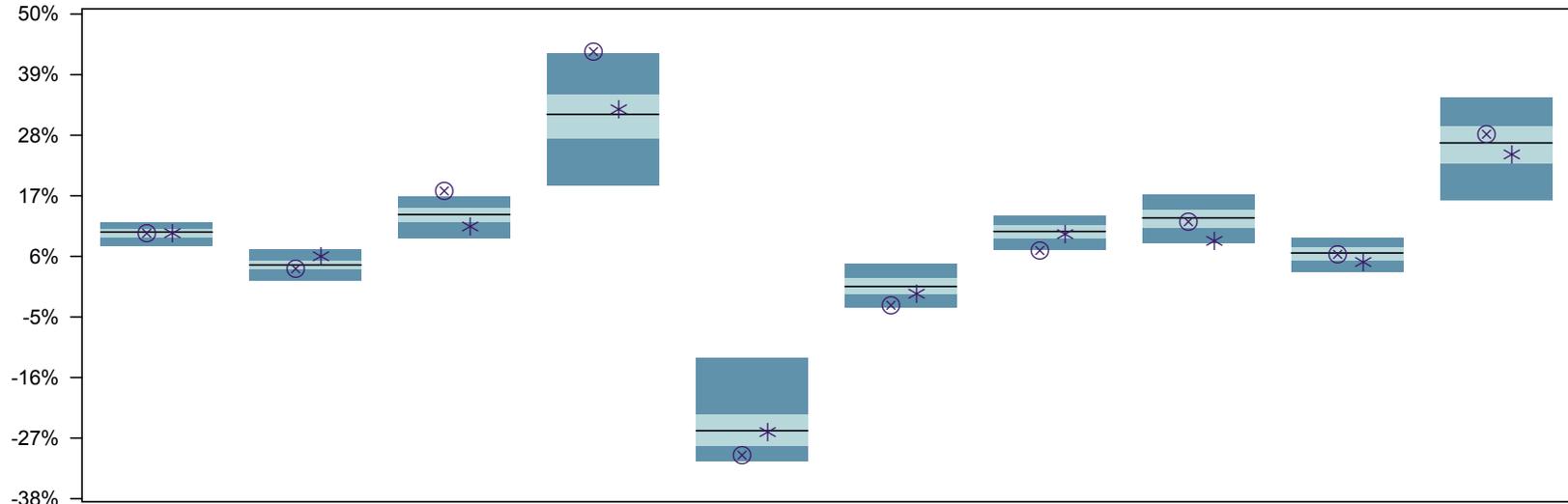
	Six Years	Seven Years	Eight Years	Nine Years	Ten Years
⊗ COMBINED	5.0 25	5.4 43	6.3 50	6.3 53	8.4 40
* <i>POLICY INDEX COMBINED</i>	4.4 44	5.3 51	5.7 75	5.7 80	7.5 80
Median	4.3	5.3	6.3	6.3	8.1

BAY COUNTY EMPLOYEES' RETIREMENT

Public Funds (DB)

Years Ending March

Total Fund Performance - Annual Periods



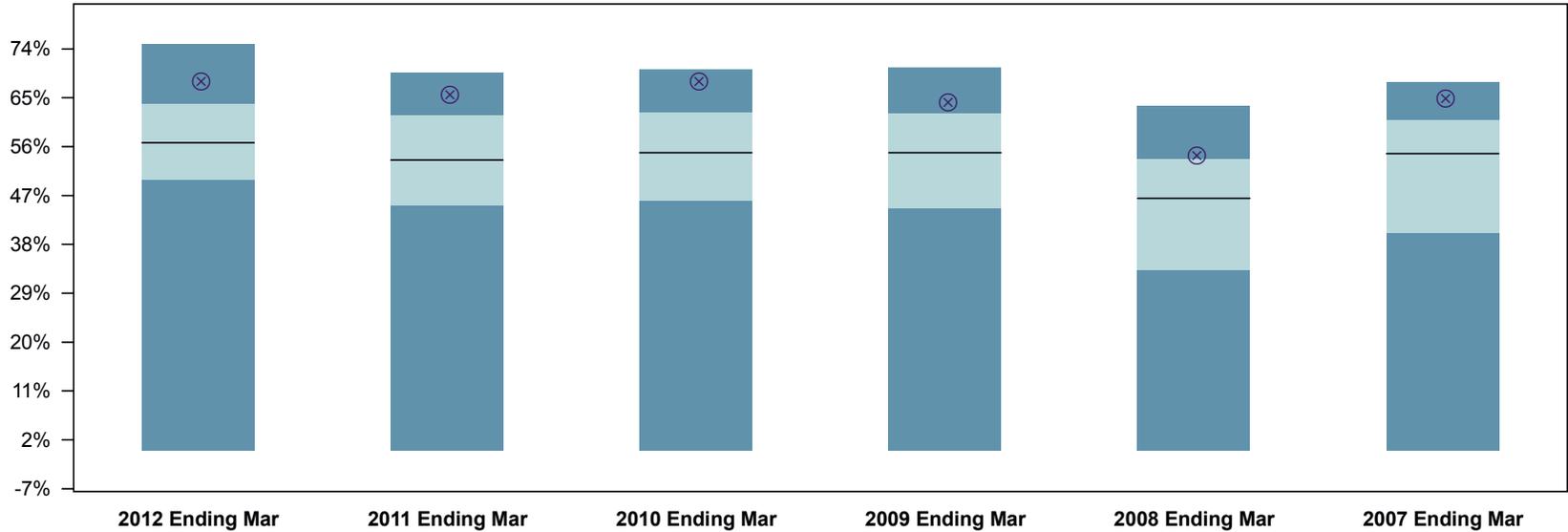
	Mar-2013		Mar-2012		Mar-2011		Mar-2010		Mar-2009		Mar-2008		Mar-2007		Mar-2006		Mar-2005		Mar-2004	
⊗ COMBINED	10.5	43	4.2	56	18.3	2	43.5	5	-29.7	87	-2.5	91	7.5	94	12.7	54	6.7	48	28.6	34
* <i>POLICY INDEX COMBINE</i>	10.6	42	6.4	10	11.8	79	33.1	42	-25.6	49	-0.4	66	10.4	53	9.1	92	5.3	74	24.9	64
Median	10.4		4.4		13.6		31.8		-25.7		0.5		10.5		13.0		6.6		26.6	

BAY COUNTY EMPLOYEES' RETIREMENT

Public Funds (DB)

Periods Ending March

Equity Allocation History



	2012 Ending Mar	2011 Ending Mar	2010 Ending Mar	2009 Ending Mar	2008 Ending Mar	2007 Ending Mar
⊗ COMBINED	68.4 15	65.9 12	68.3 8	64.6 18	54.8 22	65.3 10
5th Percentile	74.8	69.6	70.2	70.5	63.5	67.8
25th Percentile	63.9	61.9	62.4	62.2	53.8	60.9
50th Percentile	56.7	53.5	54.9	54.9	46.5	54.7
75th Percentile	49.8	45.0	45.9	44.5	33.2	40.0
95th Percentile	0.0	0.0	0.0	0.0	0.0	0.0

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