



Bay County Employees' **RETIREMENT SYSTEM**

Quarterly Investment Performance Report
Updates through September 30, 2013



Becker, Burke

ASSOCIATES

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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 September 30, 2013.

Market Environment: Since the peak of the financial markets crisis in September of 2008, equity markets have rebounded steadily. Over the five year period, from October 1, 2008, through the end of September 2013, US equity indices gained 9-13%, outpacing international equities, which rose 6-7%, on an annualized basis. Annualized returns for core fixed income investments were in the range of 4-6%.

During the three months ending September 30, the S&P 500 and Dow Jones Industrial indices eclipsed all-time highs. Concerns about a possible government shutdown and the lack of a workable solution to the debt ceiling led to increased market volatility in final two weeks of the period. This muted the performance of US equities, which ended the quarter up 4-12%. Developed international equities led with gains of 10-13%, while emerging market equities lagged, returning about 6%. Value stocks trailed growth and stocks of smaller companies generally outpaced larger. Fixed

income assets performed better than last quarter but long duration government bond returns were again negative. The broadly diversified Barclay's Aggregate Bond index was up 0.6% and the Barclay's Intermediate Aggregate Bond index was up 0.8%.

Total Fund Results: The total fund value of invested assets increased by over \$14.8 million through the quarter. This was attributed to \$2.3 million in withdrawals and \$17.1 million in investment gains. This resulted in a quarter end valuation of \$279.3 million.

The fund was formally rebalanced at the beginning of the quarter. As of quarter-end, the asset allocation of the fund is in compliance with the prescribed ranges in the investment policy.

Total fund performance was positive, with gains of +6.3% this quarter. The return was above the policy benchmark by 4.7% and ranked in the 4th percentile against total funds with similar equity allocation. The top quartile one year return of +17.5% topped the benchmark and was better than the average similar mix total fund return of +12.6%. The five year annualized return of +10.6% was well above the benchmark and ranked 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 68.7%, which is slightly lower than last quarter. This high-equity allocation remains appropriate given the current Fed policy and expected headwinds for fixed income should interest rates rise.

Domestic Equity Results: Combined domestic equity funds produced gains of +8.0% for the quarter. This was above the return of the broad Russell 3000 Index and ranked in the top third in the US Equity Pools universe. In US equity, new MCC manager Vanguard S&P 500 Index Fund produced the lowest absolute return this quarter at +5.2%, while the +11.4% return by Eagle was the highest. On a relative basis, Eagle, Vanguard, Integrity and Geneva ranked below their respective style median.

International Equity Results: Combined international equity managers had positive performance this quarter, returning +10.5%, and ranked above median against Intl Equity Pools. The return was below the +11.6% for the MSCI EAFE index. Barings underperformed their benchmark and ranked poorly against peers in most periods since they were funded. We continue to believe that Baring's performance will return to form in future quarters as their team and process remain intact. Intl small cap manager Schroders ranked near the top decile this quarter, and had 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 -1.5% performance was above the benchmark, but below the median REIT fund for the quarter. The one, three and four year annualized returns are in line with the benchmark.

Convertible Securities Results: MacKay Shields underperformed their benchmark, but still ranked in 35th percentile of the convertible securities universe for the quarter.

Fixed Income Results: Combined bond managers produced positive returns which beat both the index and the median. The +0.9% return was attributed to a +1.1% gain for Loomis and a +0.6% gain for Baird. Both managers matched their benchmarks for the quarter.

Yours Sincerely,

Jeffrey T. Black, Associate

INVESTMENT MARKET ENVIRONMENT

Periods Ending September 30, 2013

Commentary and Benchmark Index Returns

Domestic stock markets were strong in the third quarter despite concerns about the strength of the economy. Small and mid-sized stocks led large capitalization issues, while growth beat value. Annual results were excellent, with small and mid caps beating large, and value ahead of growth in the large and mid-cap sectors.

International developed market equities rebounded to beat domestic in the quarter, and performed in line with domestic for the year. Emerging market returns were positive, but trailed developed international and domestic equities for the quarter and year.

Domestic bond results for the quarter were slightly positive, but annual results were generally negative. High yield bonds had the best performance in the fixed income asset class for the quarter and year, while long duration issues lagged for both periods.

While REIT's were again negative for the quarter, private real estate posted solid returns for the quarter. Annual performance was also strong in core real estate.

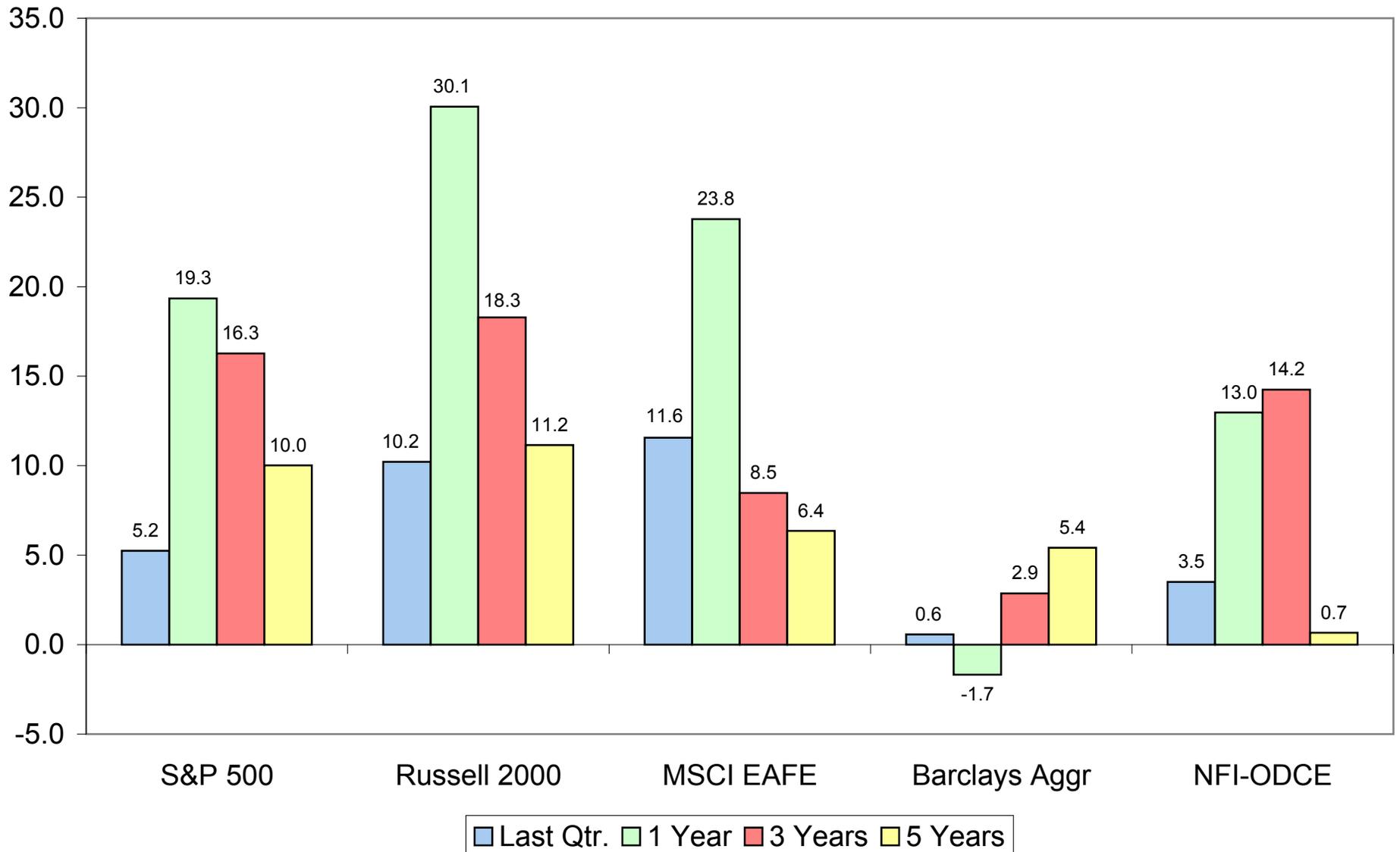
Index Returns - Periods Ending September 30, 2013

	<u>1 Quarter</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>	
S&P 500	5.2	19.3	16.3	10.0	7.6	%
S&P Mid Cap	7.5	27.7	17.5	13.1	10.8	
Russell 2000	10.2	30.1	18.3	11.2	9.6	
MSCI EAFE	11.6	23.8	8.5	6.4	8.0	
ACWI Ex US	10.1	16.5	5.9	6.3	8.8	
MSCI Emerging Markets	5.8	1.0	-0.3	7.2	12.8	
Barclays Aggregate	0.6	-1.7	2.9	5.4	4.6	
Barclays Govt/Credit	0.4	-2.0	2.9	5.7	4.5	
Barclays Govt/Credit Intermediate	0.6	-0.5	2.4	5.0	4.1	
Barclays Govt/Credit Long	-0.8	-8.3	4.7	9.1	6.3	
Barclays Govt	0.1	-2.0	2.1	4.0	4.2	
Barclays Govt Intermediate	0.4	-0.8	1.8	3.5	3.8	
Barclays Gov't Long	-2.1	-10.4	3.6	6.5	6.1	
Barclays Mortgage Backed	1.0	-1.2	2.6	4.7	4.8	
Barclays U.S. Credit	0.7	-1.9	4.1	8.5	5.2	
Barclays Corporate High Yield	2.3	7.1	9.2	13.5	8.9	
NFI-ODCE (Real Estate)	3.5	13.0	14.2	0.7	7.1	
NAREIT (REIT)	-3.1	5.9	12.3	5.7	9.5	
90-Day Treasury Bills	0.0	0.1	0.1	0.2	1.7	
CPI	N/A	N/A	N/A	N/A	N/A	

INVESTMENT MARKET ENVIRONMENT

Periods Ending September 30, 2013

Commentary and Benchmark Index Returns

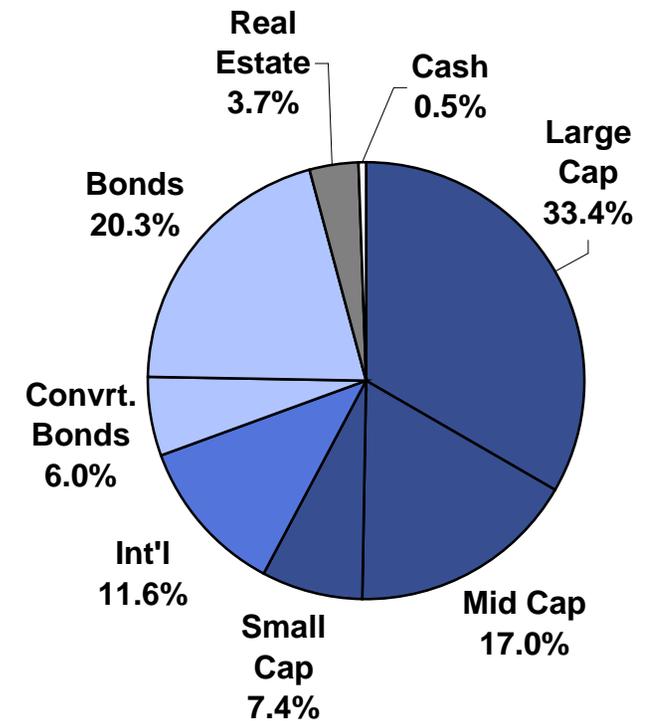


BAY COUNTY EMPLOYEES' RETIREMENT

As of September 30, 2013

Asset Allocation vs. Policy Target Allocation

		<u>Asset Value</u>	<u>Alloc %</u>	<u>Target %</u>
Total Plan		\$279,322,046	100.0%	100.0%
Domestic Equity		\$161,484,040	57.8%	52.0%
Large Cap Value	Columbia	\$40,099,446	14.4%	10.3%
Large Cap Core	Vanguard	\$14,381,337	5.1%	10.3%
Large Cap Growth	MFS	\$38,856,983	13.9%	10.3%
Mid Cap Value	Integrity	\$24,488,419	8.8%	7.5%
Mid Cap Growth	Geneva	\$22,887,791	8.2%	7.5%
Small Cap Value	Hotchkis & Wiley	\$10,226,318	3.7%	3.0%
Small Cap Growth	Eagle	\$10,543,746	3.8%	3.0%
International Equity		\$32,439,667	11.6%	14.0%
Int'l Large Cap	Barings	\$15,634,006	5.6%	7.0%
Int'l Small Cap	Schroder	\$16,805,661	6.0%	7.0%
Fixed Income		\$73,511,709	26.3%	31.0%
Convertible Securities	MacKay Shields	\$16,699,580	6.0%	5.0%
Corporate Bond	Loomis Sayles	\$32,588,055	11.7%	13.0%
Government Bond	Baird	\$24,224,074	8.7%	13.0%
Real Estate		\$10,431,613	3.7%	3.0%
REIT	Cornerstone	\$10,431,613	3.7%	3.0%
Cash		\$1,455,017	0.5%	



BAY COUNTY EMPLOYEES' RETIREMENT

Quarter Ending September 30, 2013

Gross Returns

Summary by Segment / Manager

Hire Date

One Quarter Return

TOTAL PLAN

DOMESTIC EQUITY

S&P 500 Index		
Large Cap Value	Columbia	Jan 2001
Large Cap Core	Vanguard	Jun 2013
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

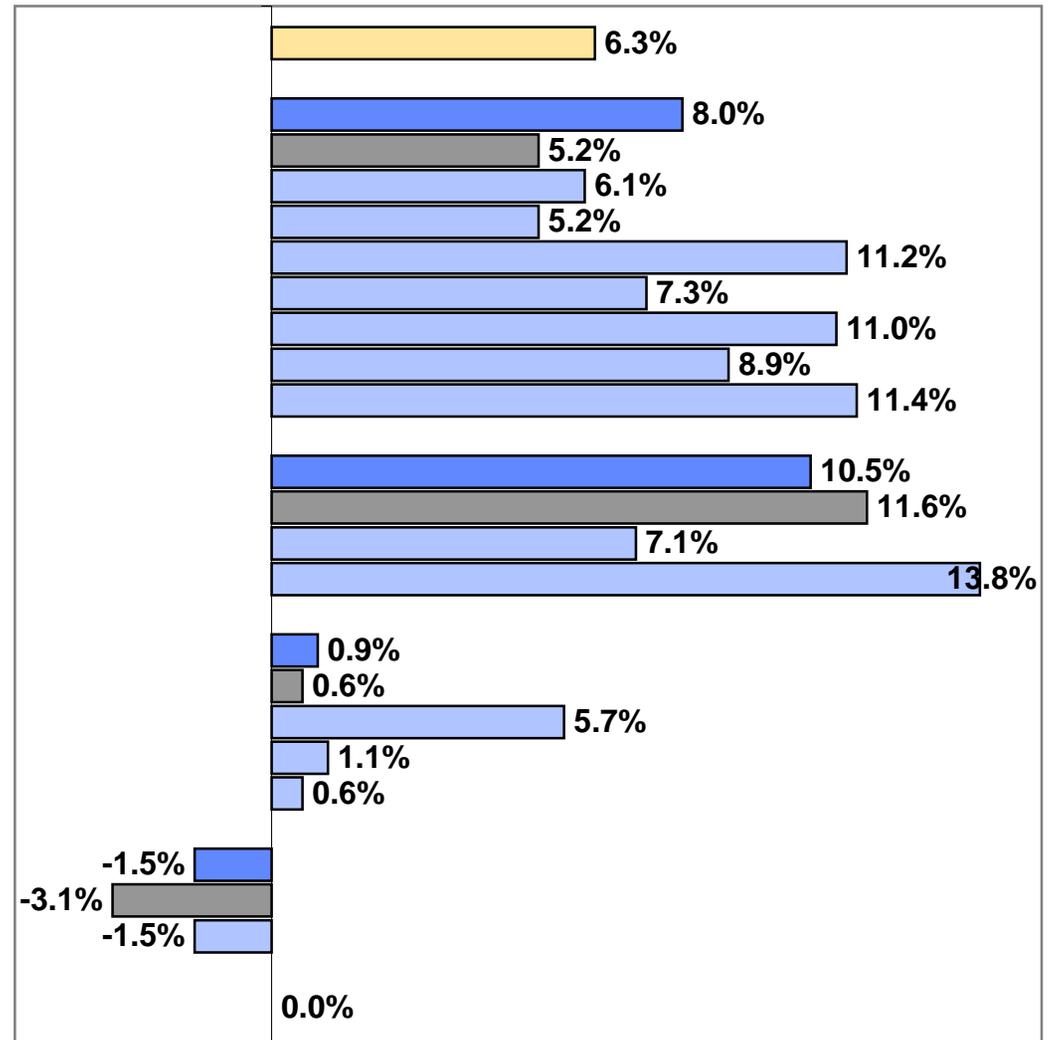
FIXED INCOME

BC Aggregate Bond Index		
Convertibles	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 September 30, 2013

Gross Returns

Summary by Segment / Manager

Hire Date

TOTAL PLAN

DOMESTIC EQUITY

S&P 500 Index

Large Cap Value	Columbia	Jan 2001
Large Cap Core	Vanguard	Jun 2013
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

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

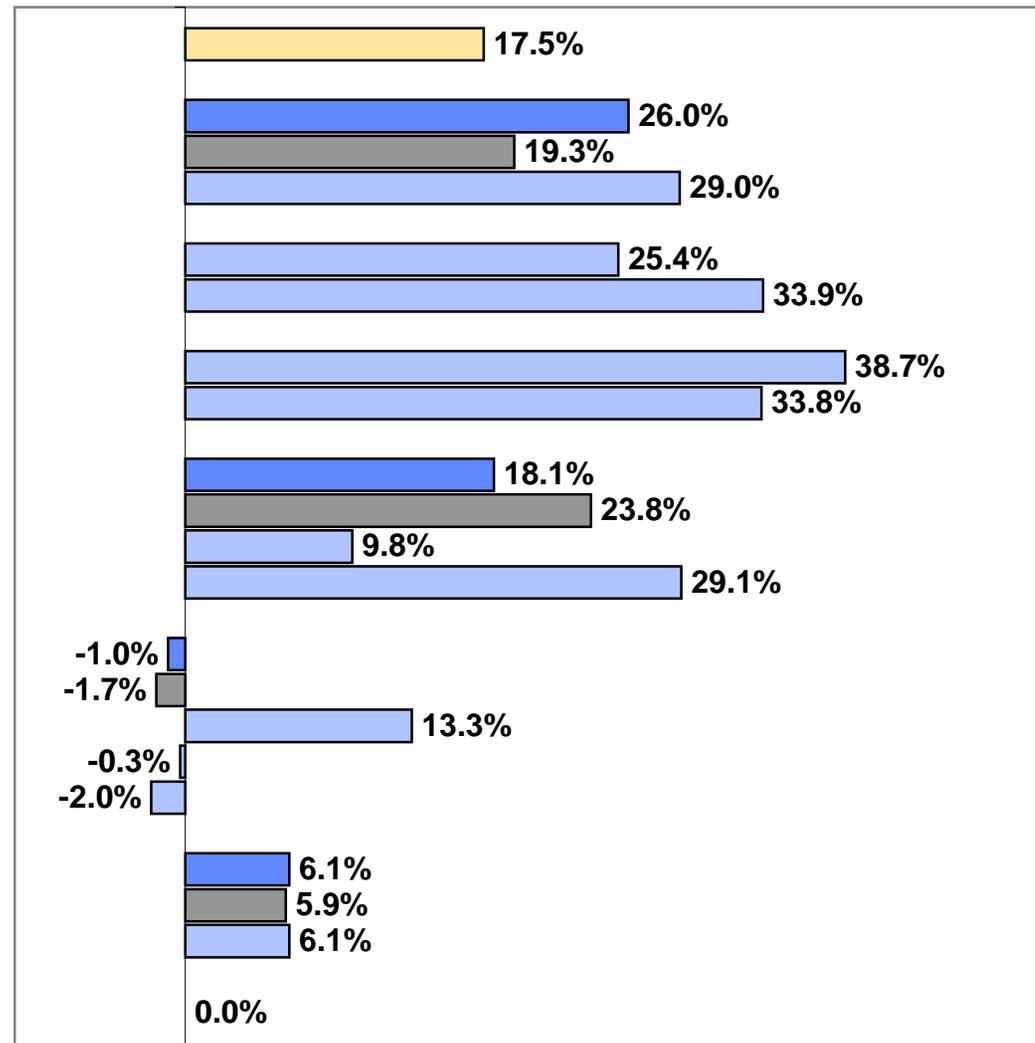
REAL ESTATE

NAREIT Equity REIT Index

REIT	Cornerstone	Oct 2008
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CASH

One Year Return



BAY COUNTY EMPLOYEES' RETIREMENT

Investment Managers & Segments
Periods Ending September 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'	6.3	4	7.4	5	15.5	3	17.5	5	19.5	2	12.6	6	12.6	4	10.6	6
Investment Policy Index	4.7		5.5		12.3		13.1		16.5		11.0		10.5		8.3	
Master Trust Over 70% Equity Median	4.9		5.2		10.6		12.6		15.0		10.3		10.3		8.3	
COMBINED US EQUITY FUND POOL																
US EQUITY FUNDS	8.0	33	10.9	37	23.4	36	26.0	29	27.5	36	17.1	47	16.0	36	11.4	46
Russell 3000 Index	6.3		9.2		21.3		21.6		25.8		16.8		15.3		10.6	
US Equity Pools Median	7.0		10.1		22.2		23.4		26.0		16.9		15.5		11.1	
LARGE CAP VALUE FUNDS																
COLUMBIA	6.1	23	10.8	41	25.3	30	29.0	23	29.2	28	19.1	8	16.7	8	11.5	23
Russell 1000 Value +100bp	4.2		7.8		21.4		23.5		27.8		17.4		15.5		9.9	
US Equity (Active) - Large Value Median	5.1		10.0		23.3		25.4		27.4		16.8		14.9		10.2	
LARGE CAP CORE FUNDS																
VANGUARD INDEX	5.2	79														
S&P 500 Index	5.2															
US Equity (Active) - Large Core Median	5.9															
LARGE CAP GROWTH FUNDS																
MFS	11.2	30	13.3	29	24.6	25	25.4	25								
Russell 1000 Growth + 100bp	8.4		10.9		21.8		20.5									
US Equity (Active) - Large Growth Median	9.6		11.5		22.0		21.2									
MID CAP VALUE FUNDS																
INTEGRITY ASSET MGT	7.3	68	11.5	53	27.5	51	33.9	35	32.1	23	19.6	35	18.2	36	13.7	49
Russell Mid Cap Value +150bp	6.3		8.4		24.3		29.6		30.4		19.0		18.9		13.5	
US Equity (Active) - Mid Value Median	8.4		12.9		27.6		32.3		30.4		19.4		17.5		13.6	
MID CAP GROWTH FUNDS																
GENEVA	11.0	63	11.3	68												
Russell Mid Cap Growth +150bp	9.7		13.3													
US Equity (Active) - Mid Growth Median	11.0		13.6													

BAY COUNTY EMPLOYEES' RETIREMENT

Investment Managers & Segments
Periods Ending September 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	8.9 22	13.4 20	31.4 8	38.7 8	38.3 7	22.6 4	22.4 5	17.7 5
Russell 2000 Value +150bp	8.0	11.1	24.4	28.9	31.7	18.3	17.1	10.8
<i>US Equity (Active) - Small Value Median</i>	8.4	10.3	25.3	30.8	31.8	19.2	17.6	12.7
SMALL CAP GROWTH FUNDS								
EAGLE ASSET MGT	11.4 80	15.0 82	30.2 76	33.8 52	31.0 63	21.3 54		
Russell 2000 Growth +150bp	13.2	17.9	33.9	35.0	34.1	21.7		
<i>US Equity (Active) - Small Growth Median</i>	13.9	18.9	33.6	34.2	32.3	21.4		
COMBINED INTL EQUITY FUND POOL								
INTERNATIONAL EQUITY FUNDS								
MSCI EAFE	11.6	10.5	16.1	23.8	18.7	8.5		
<i>International Equity Pools Median</i>	9.6	7.5	11.8	18.6	17.5	7.8		
INTERNATIONAL EQUITY FUNDS								
BARINGS INTL LARGE CAP	7.1 89	6.9 79	9.5 87	9.8 94	12.4 958	5.9 91		
MCSI EAFE Index +100bp	11.8	11.0	17.0	25.0	19.8	9.5		
SCHRODERS INTL SMALL CAP	13.8 9	14.4 10	22.4 11	29.1 12	21.4 29	11.0 27	11.5 18	11.9 14
S&P EPAC Small Cap +150bp	15.4	13.5	22.6	30.4	22.8	12.9	11.9	11.9
<i>Intl Equity Developed Mkt (Active) Median</i>	10.7	9.9	15.4	22.4	19.9	9.3	8.9	8.0
REAL ESTATE FUNDS								
CORNERSTONE REIT	-1.5 56	-4.0 73	3.3 56	6.1 54	18.5 55	12.8 26	17.1 22	
NAREIT Equity REIT Index	-3.1	-4.6	3.2	5.9	18.5	12.3	16.6	
<i>REIT Funds Median</i>	0.7	-1.9	3.6	6.5	18.6	11.4	12.3	
CONVERTIBLE SECURITIES FUNDS								
MACKAY SHIELDS	5.7 35	8.7 35	13.4 45	13.3 48	12.7 53	8.8 60	8.5 66	7.9 84
BoAML IG Convertible +100bp	8.4	10.9	18.3	19.2	15.8	10.2	9.5	10.9
<i>Convertible Only Median</i>	5.2	6.6	12.4	14.1	14.8	11.3	12.8	13.7

BAY COUNTY EMPLOYEES' RETIREMENT

Investment Managers & Segments
 Periods Ending September 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	0.9	35	-2.1	63	-2.0	62	-1.0	60	3.8	41	4.2	44	5.9	43	8.0	37
Barclays US Aggregate Bond	0.6		-1.8		-1.9		-1.7		1.7		2.9		4.2		5.4	
<i>US Fixed Income Pools Median</i>	0.7		-1.8		-1.5		-0.7		3.1		4.0		5.5		7.1	
US FIXED INCOME FUNDS																
BAIRD GOVERNMENT BOND	0.6	62	-1.8	61	-2.0	73	-2.0	81	0.9	88	2.5	84	3.0	85	4.6	84
Baird Policy Index	0.6		-1.2		-1.2		-1.3		1.1		2.7		3.7		4.6	
LOOMIS SAYLES CREDIT	1.1	28	-2.4	77	-2.1	75	-0.3	47	6.0	24	5.6	27	7.8	25	11.0	16
Barclays US Corporate Bond +100bp	1.1		-2.0		-1.9		-0.6		5.4		5.4		7.4		10.3	
<i>US Fixed Income Funds Median</i>	0.7		-1.5		-1.2		-0.5		3.2		4.0		5.5		7.1	

BAY COUNTY EMPLOYEES' RETIREMENT

COMBINED

Periods Ending September 30, 2013

Total Fund Asset Growth Summary (\$000)

	One Quarter	Year to Date	One Year	Since Inception
COMBINED				
Beginning Market Value	264,506	246,973	245,010	24,693
Net External Growth	-2,328	-6,620	-8,893	-111,127
Return on Investment	17,145	38,971	43,207	365,756
Income Received	1,286	3,846	5,431	123,067
Gain/Loss	15,860	35,125	37,776	242,689
Ending Market Value	279,323	279,323	279,323	279,323

BAY COUNTY EMPLOYEES' RETIREMENT

Quarter Ending September 30, 2013

Portfolio Asset Growth Summary (\$000)

	Beginning Market Value	Net External Growth	Return on Investment	Income	Gain/Loss	Ending Market Value
TOTAL FUND						
COMBINED	264,506	-2,328	17,145	1,286	15,860	279,323
EQUITY MANAGERS						
COLUMBIA	32,959	4,896	2,245	223	2,022	40,099
EAGLE	9,465	0	1,078	11	1,068	10,544
GENEVA	20,626	0	2,262	27	2,235	22,888
HOTCHKIS & WILEY	9,363	26	838	30	807	10,226
INTEGRITY	23,644	-832	1,676	71	1,606	24,488
MFS INVESTMENTS	29,788	5,266	3,803	70	3,733	38,857
VANGUARD S&P 500 INDEX	0	13,670	711	73	639	14,381
WHV INVESTMENTS	34,686	-34,872	187	18	170	1
EQUITY COMPOSITES						
EQUITY COMBO	160,530	-11,846	12,801	523	12,278	161,485
INT'L EQUITY MANAGERS						
BARINGS INTL	14,128	475	1,031	64	967	15,634
SCHRODER	10,366	4,431	2,009	0	2,009	16,806
INT'L COMPOSITES						
INTL COMBO	24,494	4,906	3,040	64	2,976	32,440
BOND MANAGERS						
BAIRD ADVISORS	22,011	2,079	134	158	-24	24,224
LOOMIS SAYLES	29,539	2,662	386	334	52	32,588

BAY COUNTY EMPLOYEES' RETIREMENT

Quarter Ending September 30, 2013

Portfolio Asset Growth Summary (\$000)

	Beginning Market Value	Net External Growth	Return on Investment	Income	Gain/Loss	Ending Market Value
BOND COMPOSITES						
FIXED COMBO	51,550	4,742	520	493	28	56,812
CONVERTIBLE MANAGERS						
MACKAY SHIELDS	16,021	-229	907	80	827	16,700
REIT MANAGERS						
CORNERSTONE R/E	10,264	331	-163	87	-249	10,432
CASH MANAGERS						
CASH W / LENDING	1,647	-232	40	40	-0	1,455

BAY COUNTY EMPLOYEES' RETIREMENT

Year Ending September 30, 2013

Portfolio Asset Growth Summary (\$000)

	Beginning Market Value	Net External Growth	Return on Investment	Income	Gain/Loss	Ending Market Value
TOTAL FUND						
COMBINED	245,010	-8,893	43,207	5,431	37,776	279,323
EQUITY MANAGERS						
COLUMBIA	27,523	4,396	8,180	811	7,369	40,099
EAGLE	9,249	-1,645	2,940	74	2,866	10,544
GENEVA		19,198	3,690	67	3,623	22,888
HOTCHKIS & WILEY	10,537	-3,863	3,552	143	3,409	10,226
INTEGRITY	19,369	-1,332	6,451	306	6,146	24,488
MFS INVESTMENTS	26,402	5,266	7,189	330	6,858	38,857
VANGUARD S&P 500 INDEX		13,670	711	73	639	14,381
WHV INVESTMENTS	29,136	-31,951	2,815	351	2,465	1
EQUITY COMPOSITES						
EQUITY COMBO	141,466	-16,380	36,398	2,257	34,141	161,485
INT'L EQUITY MANAGERS						
BARINGS INTL	13,784	470	1,380	324	1,056	15,634
SCHRODER	9,184	4,431	3,191	0	3,191	16,806
INT'L COMPOSITES						
INTL COMBO	22,968	4,901	4,571	324	4,247	32,440
BOND MANAGERS						
BAIRD ADVISORS	22,585	2,079	-440	671	-1,111	24,224
LOOMIS SAYLES	29,958	2,662	-33	1,270	-1,303	32,588

BAY COUNTY EMPLOYEES' RETIREMENT

Year Ending September 30, 2013

Portfolio Asset Growth Summary (\$000)

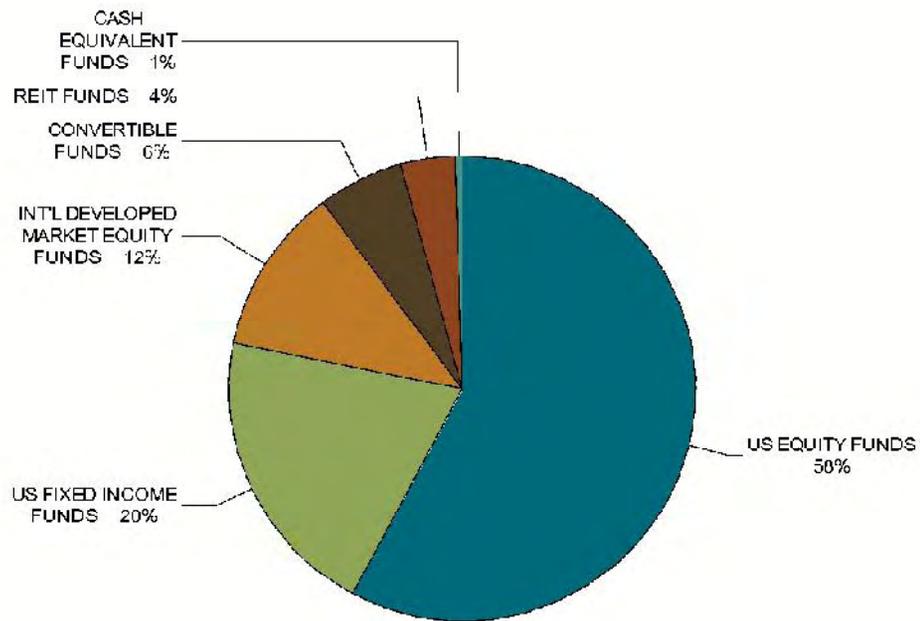
	Beginning Market Value	Net External Growth	Return on Investment	Income	Gain/Loss	Ending Market Value
BOND COMPOSITES						
FIXED COMBO	52,543	4,742	-473	1,941	-2,414	56,812
CONVERTIBLE MANAGERS						
MACKAY SHIELDS	16,954	-2,229	1,974	391	1,583	16,700
REIT MANAGERS						
CORNERSTONE R/E	9,528	331	573	359	214	10,432
CASH MANAGERS						
CASH W / LENDING	1,551	-259	163	159	4	1,455

BAY COUNTY EMPLOYEES' RETIREMENT

COMBINED

As of September 30, 2013

Allocation by Manager Type

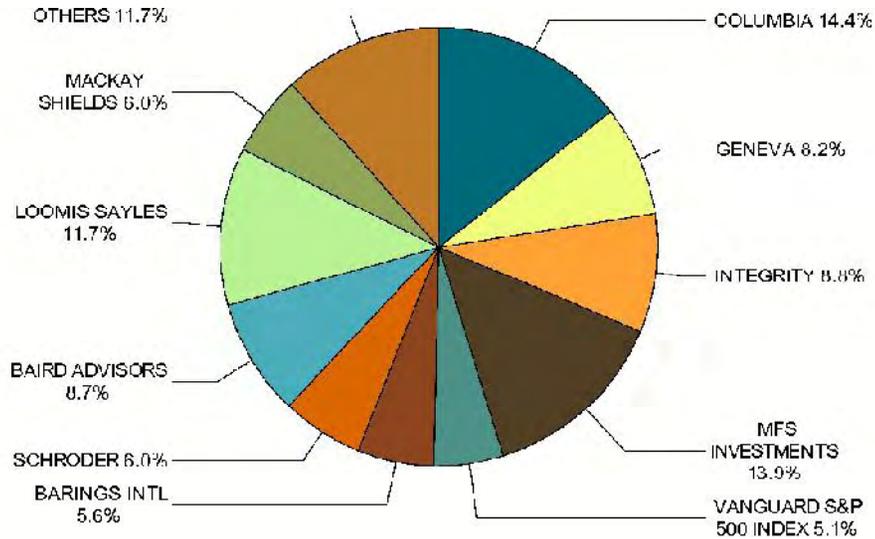


<u>MANAGER TYPE</u>	<u>Ending Market Value</u>	<u>% of Plan</u>
US EQUITY FUNDS	161,484,888	57.8
US FIXED INCOME FUNDS	56,812,129	20.3
INT'L DEVELOPED MARKET EQUITY FUNDS	32,439,667	11.6
CONVERTIBLE FUNDS	16,699,580	6.0
REIT FUNDS	10,431,613	3.7
CASH EQUIVALENT FUNDS	1,455,017	0.5
TOTAL	279,322,894	100.0

BAY COUNTY EMPLOYEES' RETIREMENT

As of September 30, 2013

Portfolio Asset Allocation by Manager



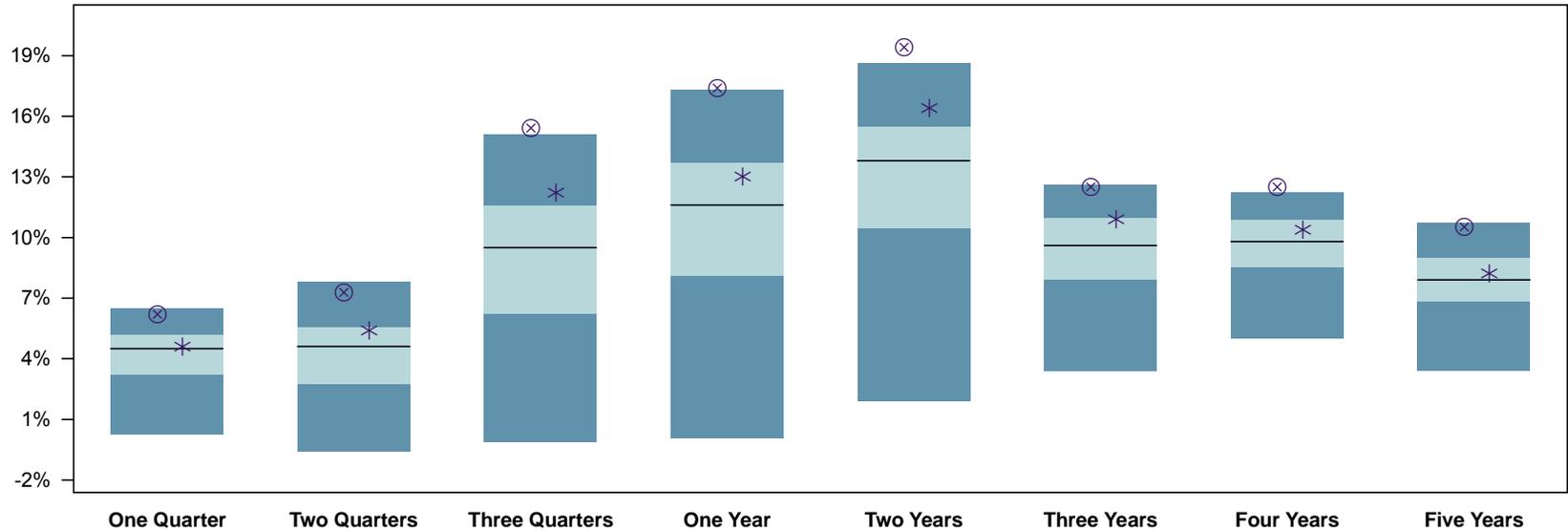
FUND	Ending Market Value	% of Plan
COLUMBIA	40,099,446	14.4
EAGLE	10,543,746	3.8
GENEVA	22,887,791	8.2
HOTCHKIS & WILEY	10,226,318	3.7
INTEGRITY	24,488,419	8.8
MFS INVESTMENTS	38,856,983	13.9
VANGUARD S&P 500 INDEX	14,381,337	5.1
WHV INVESTMENTS	848	0.0
BARINGS INTL	15,634,006	5.6
SCHRODER	16,805,661	6.0
BAIRD ADVISORS	24,224,074	8.7
LOOMIS SAYLES	32,588,055	11.7
MACKAY SHIELDS	16,699,580	6.0
CORNERSTONE R/E	10,431,613	3.7
CASH W / LENDING	1,455,017	0.5
TOTAL	279,322,894	100.0

BAY COUNTY EMPLOYEES' RETIREMENT

Master Trust Funds

Periods Ending September 30, 2013

Total Fund Performance - Trailing Periods



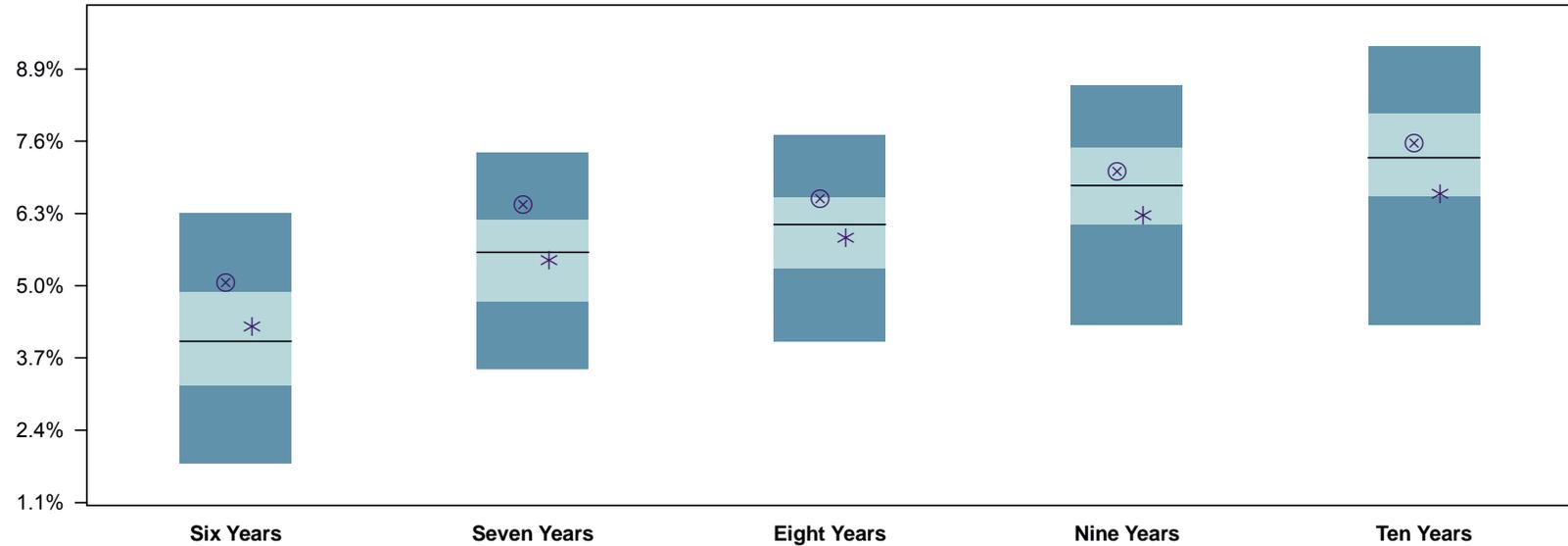
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
⊗ COMBINED	6.3	6	7.4	8	15.5	4	17.5	5	19.5	4	12.6	6	12.6	4	10.6	6
* <i>Policy Index Combined</i>	4.7	43	5.5	30	12.3	16	13.1	31	16.5	17	11.0	23	10.5	35	8.3	39
Median	4.5		4.6		9.5		11.6		13.8		9.6		9.8		7.9	

BAY COUNTY EMPLOYEES' RETIREMENT

Master Trust Funds

Periods Ending September 30, 2013

Total Fund Performance - Trailing Periods



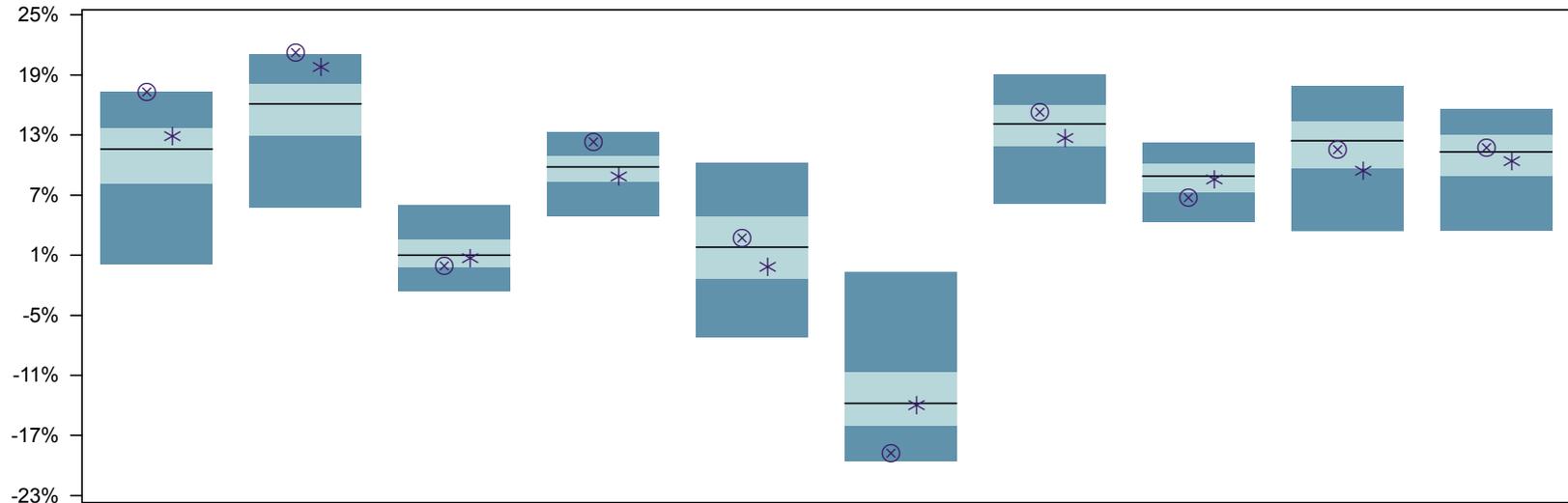
	Six Years	Seven Years	Eight Years	Nine Years	Ten Years
⊗ COMBINED	5.1 22	6.5 17	6.6 26	7.1 37	7.6 37
* <i>Policy Index Combined</i>	4.3 41	5.5 52	5.9 58	6.3 69	6.7 73
Median	4.0	5.6	6.1	6.8	7.3

BAY COUNTY EMPLOYEES' RETIREMENT

Master Trust Funds

Years Ending September

Total Fund Performance - Annual Periods



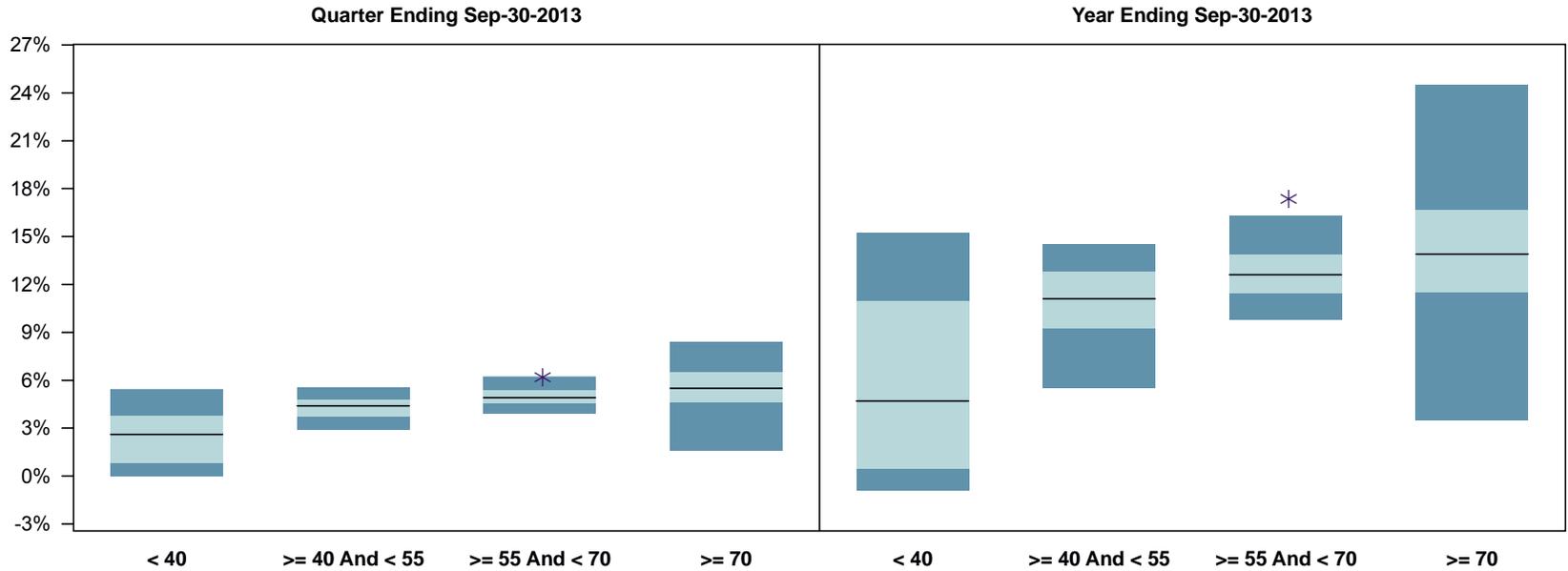
	Sep-2013		Sep-2012		Sep-2011		Sep-2010		Sep-2009		Sep-2008		Sep-2007		Sep-2006		Sep-2005		Sep-2004	
⊗ COMBINED	17.5	5	21.4	4	0.1	68	12.5	9	2.9	42	-18.6	93	15.5	31	6.9	79	11.7	59	11.9	42
* <i>Policy Index Combined</i>	13.1	31	20.0	10	0.9	53	9.1	65	-0.0	66	-13.8	51	12.9	65	8.8	52	9.6	75	10.6	59
Median	11.6		16.1		1.0		9.8		1.8		-13.8		14.1		8.9		12.4		11.3	

BAY COUNTY EMPLOYEES' RETIREMENT

Master Trust Funds

Periods Ending September 30, 2013

Effects of Equity Allocation on Total Fund Return



* **COMBINED**

Median

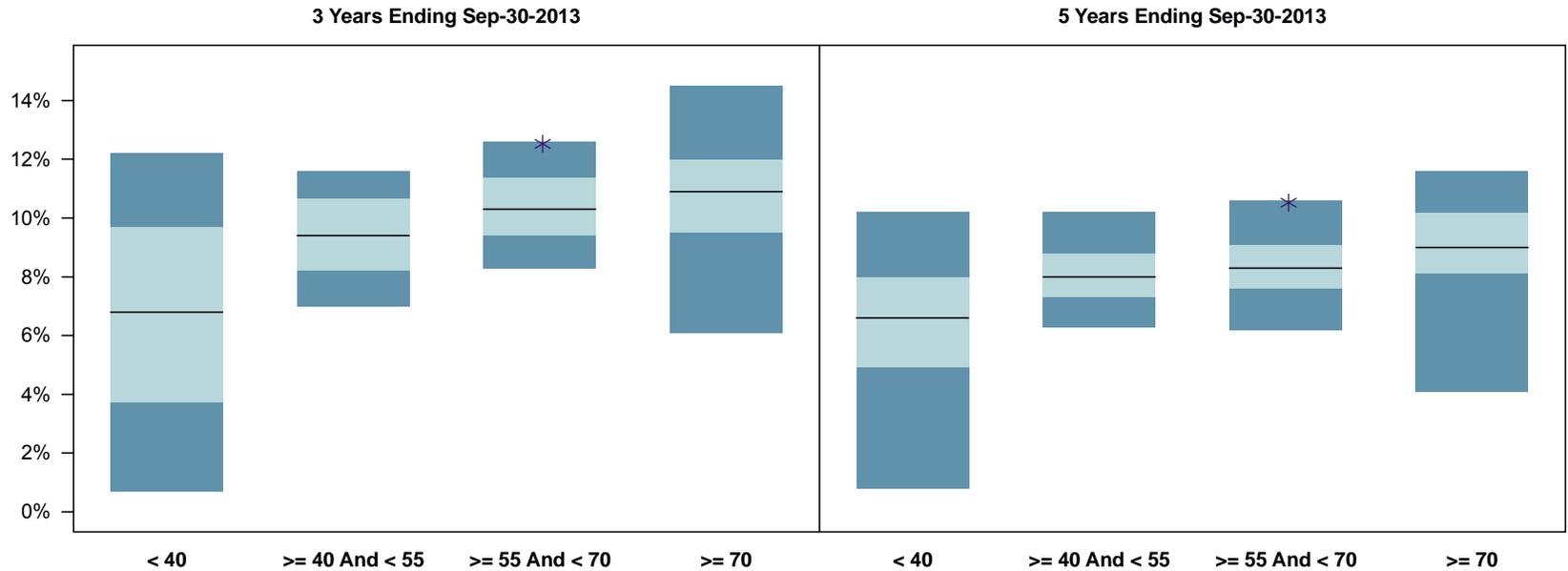
	2.6	4.4	6.3	4	5.5	4.7	11.1	17.5	5	13.9
			4.9					12.6		

BAY COUNTY EMPLOYEES' RETIREMENT

Master Trust Funds

Periods Ending September 30, 2013

Effects of Equity Allocation on Total Fund Return



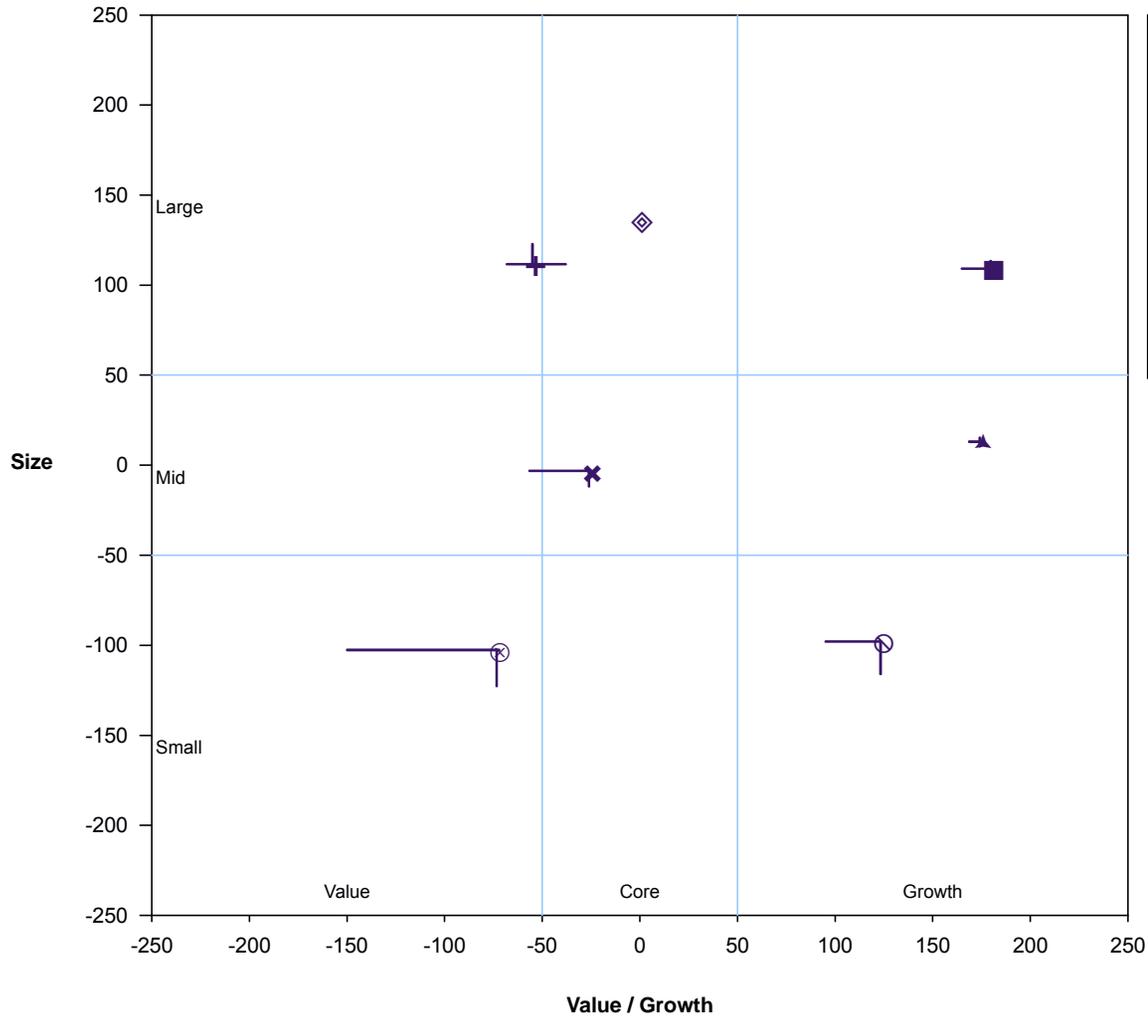
* **COMBINED**
Median

	< 40	>= 40 And < 55	>= 55 And < 70	>= 70	< 40	>= 40 And < 55	>= 55 And < 70	>= 70
Median	6.8	9.4	10.3	10.9	6.6	8.0	8.3	9.0
			12.6	6			10.6	6

BAY COUNTY EMPLOYEES' RETIREMENT

Period Ending September 30, 2013

Equity Style Analysis - Drift Over Time



FUND	Value / Growth	Size
+ COLUMBIA	-55.03	111.68
⊖ EAGLE	123.33	-97.96
▲ GENEVA	174.16	13.10
⊗ HOTCHKIS & WILEY	-73.43	-102.57
* INTEGRITY	-26.08	-3.11
■ MFS INVESTMENTS	179.69	109.20
◇ VANGUARD S&P 500 INDEX	-0.55	135.96
* WHV INVESTMENTS		

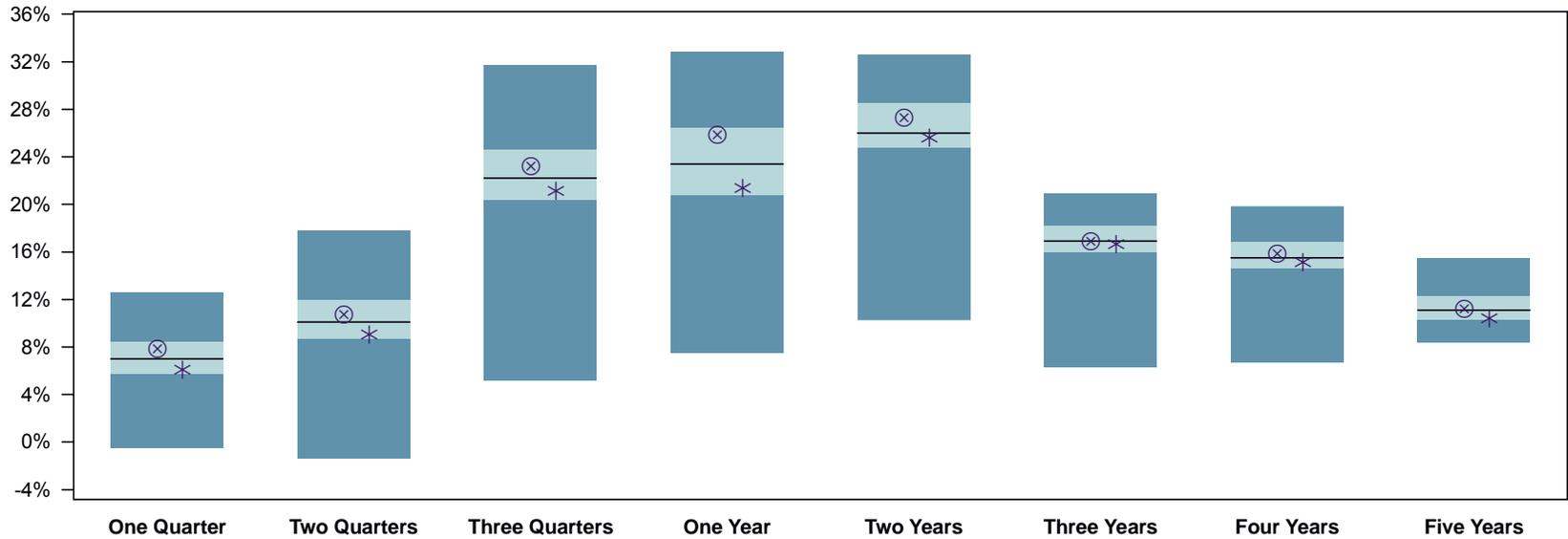
* Equity style analysis is based on Morningstar Size and VCG Scores and Morningstar Style Box(TM) methodology

BAY COUNTY EMPLOYEES' RETIREMENT

US Equity Pools

Periods Ending September 30, 2013

Total Fund Performance - Trailing Periods



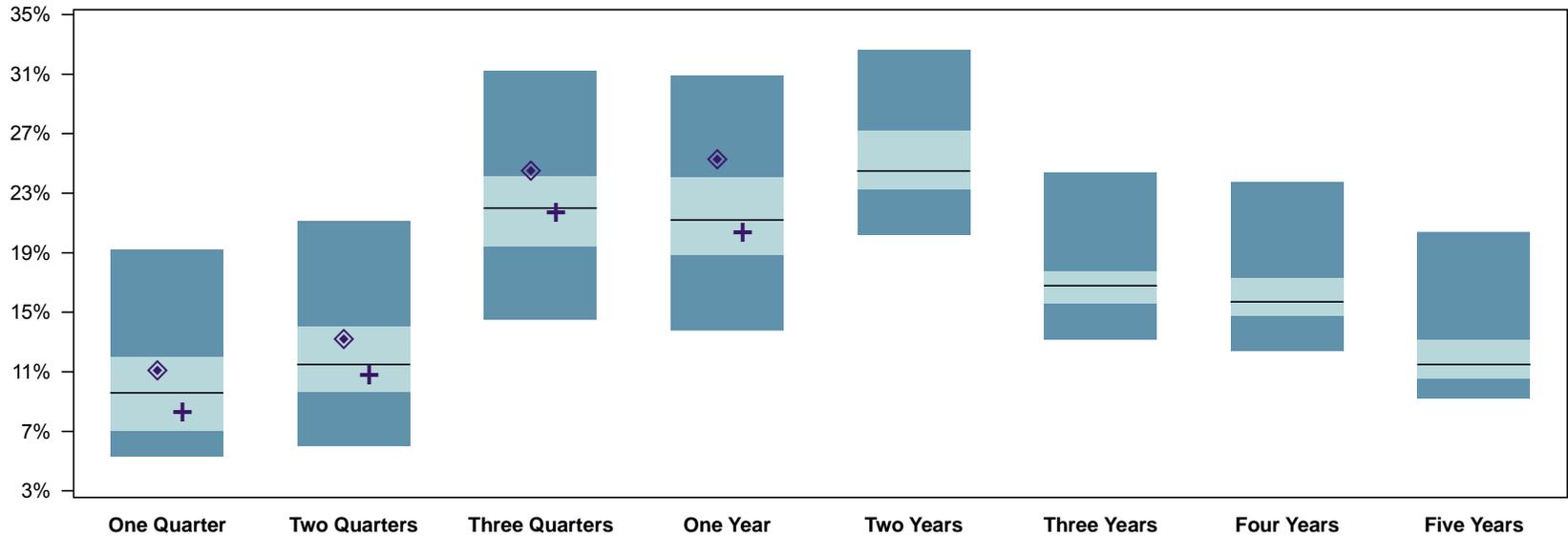
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
⊗ EQUITY COMBO	8.0	33	10.9	37	23.4	36	26.0	29	27.5	36	17.1	47	16.0	36	11.4	46
* RUSSELL 3000	6.3	63	9.2	66	21.3	64	21.6	67	25.8	55	16.8	57	15.3	59	10.6	66
Median	7.0		10.1		22.2		23.4		26.0		16.9		15.5		11.1	

BAY COUNTY EMPLOYEES' RETIREMENT

US Equity Funds (Active) - Large Growth

Periods Ending September 30, 2013

Total Fund Performance - Trailing Periods



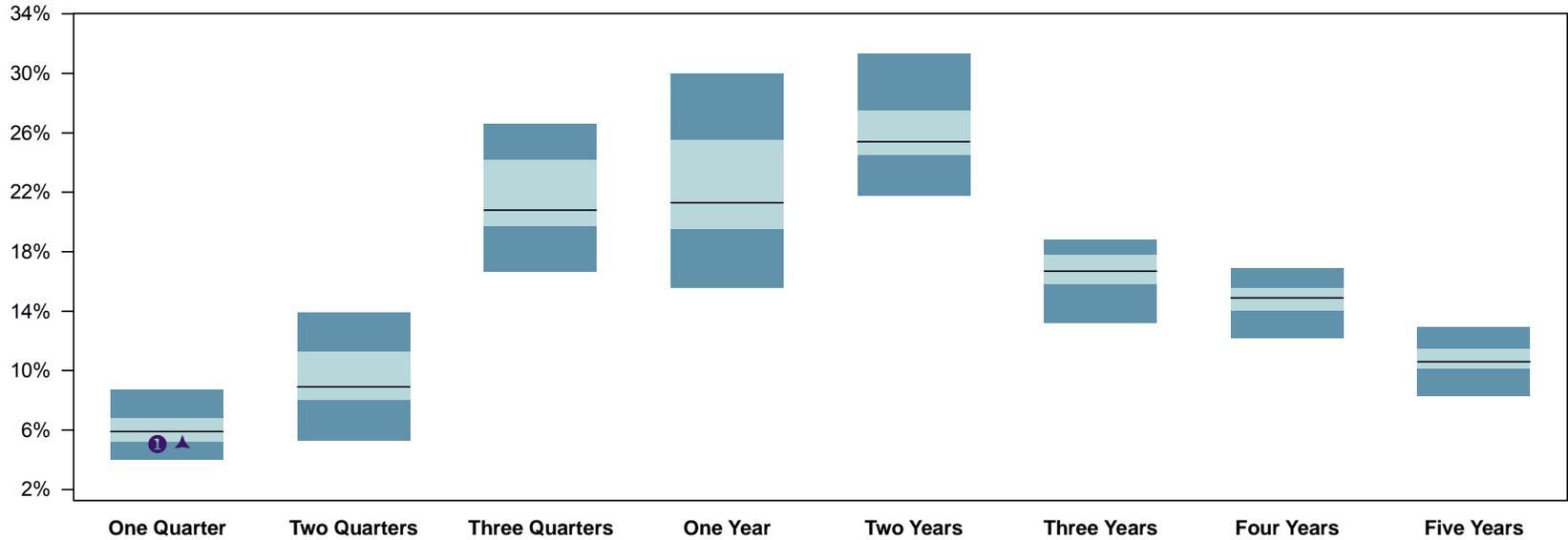
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years	Three Years	Four Years	Five Years
◆ MFS INVESTMENTS	11.2	30	13.3	29	24.6	25	25.4	25				
+ R1000 Growth + 1%	8.4	60	10.9	55	21.8	57	20.5	63				
Median	9.6		11.5		22.0		21.2		24.5	16.8	15.7	11.5

BAY COUNTY EMPLOYEES' RETIREMENT

US Equity Funds (Active) - Large Core

Periods Ending September 30, 2013

Total Fund Performance - Trailing Periods



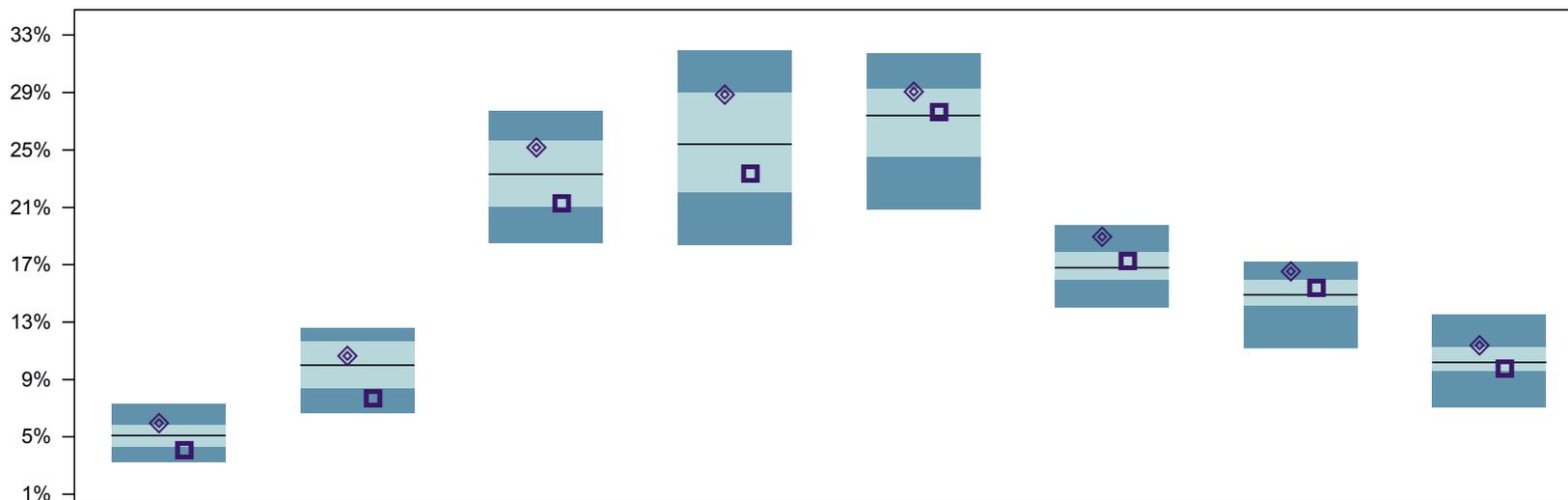
● VANGUARD S&P 500 INDE	5.2	79
▲ S&P 500	5.2	77
Median	5.9	

BAY COUNTY EMPLOYEES' RETIREMENT

US Equity Funds (Active) - Large Value

Periods Ending September 30, 2013

Total Fund Performance - Trailing Periods



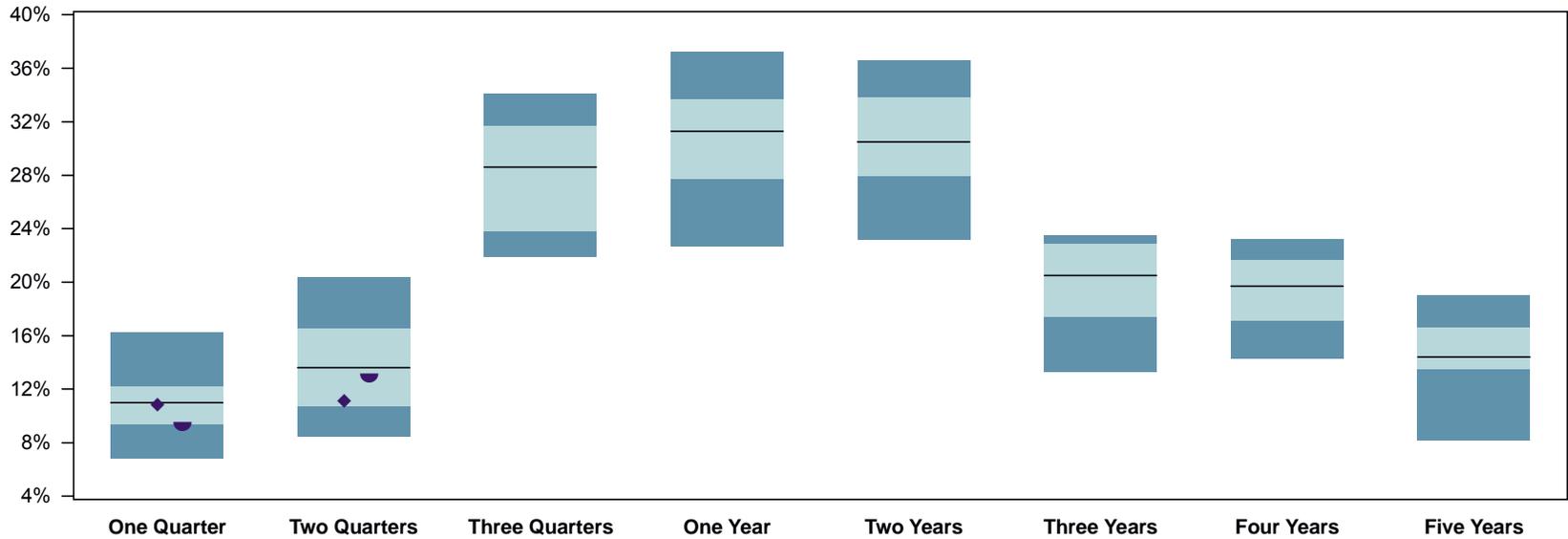
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
◆ COLUMBIA	6.1	23	10.8	41	25.3	30	29.0	23	29.2	28	19.1	8	16.7	8	11.5	23
■ R1000 Value + 1%	4.2	79	7.8	86	21.4	71	23.5	69	27.8	44	17.4	33	15.5	41	9.9	64
Median	5.1		10.0		23.3		25.4		27.4		16.8		14.9		10.2	

BAY COUNTY EMPLOYEES' RETIREMENT

US Equities Only (Active) - Mid Growth

Periods Ending September 30, 2013

Total Fund Performance - Trailing Periods



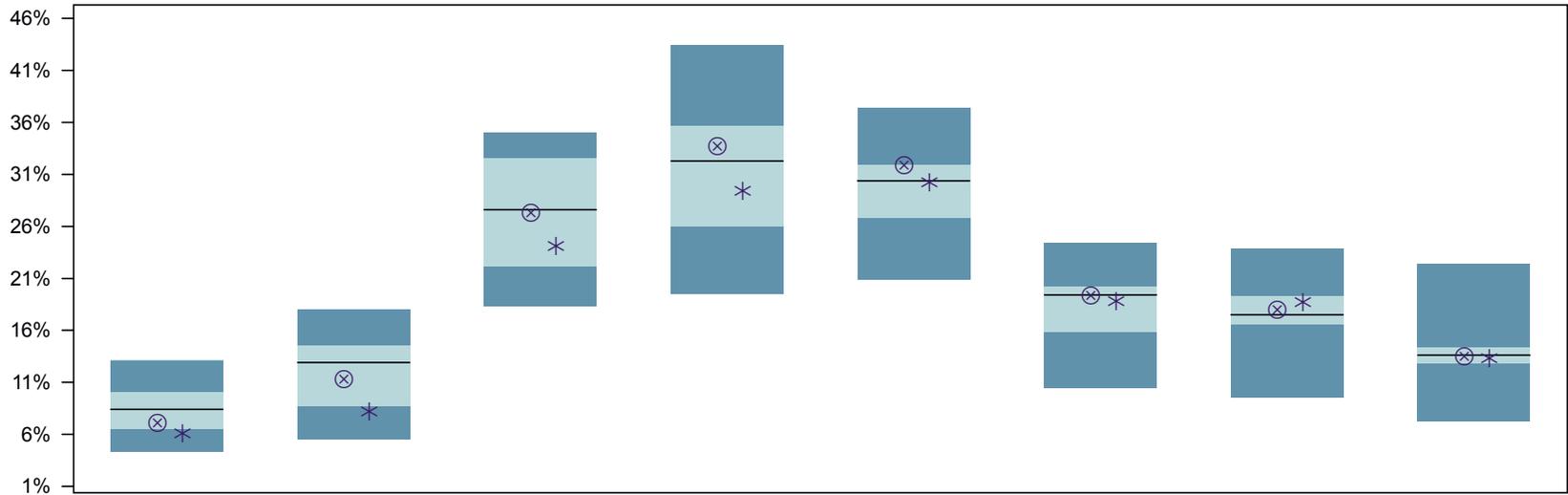
	One Quarter	Two Quarters	Three Quarters	One Year	Two Years	Three Years	Four Years	Five Years
◆ GENEVA	11.0	11.3						
● Russell Midcap Growth + 1.	9.7	13.3						
Median	11.0	13.6	28.6	31.3	30.5	20.5	19.7	14.4

BAY COUNTY EMPLOYEES' RETIREMENT

US Equity Funds (Active) - Mid Value

Periods Ending September 30, 2013

Total Fund Performance - Trailing Periods



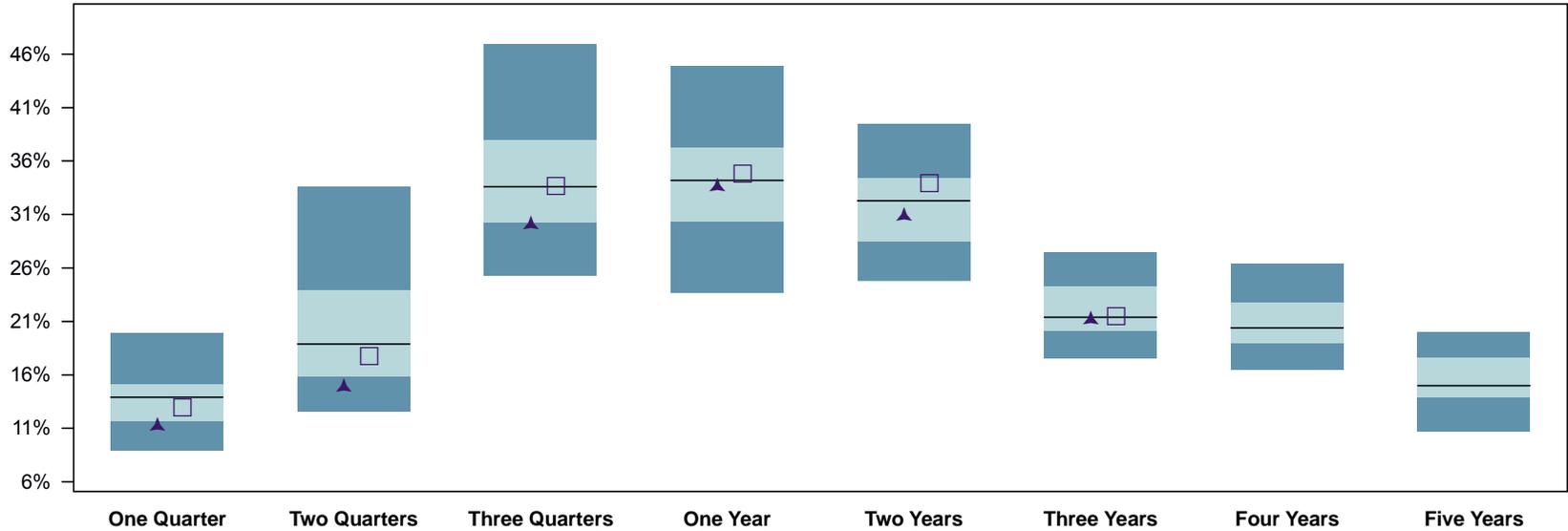
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
⊗ INTEGRITY	7.3	68	11.5	53	27.5	51	33.9	35	32.1	23	19.6	35	18.2	36	13.7	49
* Russell Midcap Value + 1.5	6.3	89	8.4	77	24.3	59	29.6	56	30.4	50	19.0	56	18.9	30	13.5	52
Median	8.4		12.9		27.6		32.3		30.4		19.4		17.5		13.6	

BAY COUNTY EMPLOYEES' RETIREMENT

US Equity Funds (Active) - Small Growth

Periods Ending September 30, 2013

Total Fund Performance - Trailing Periods



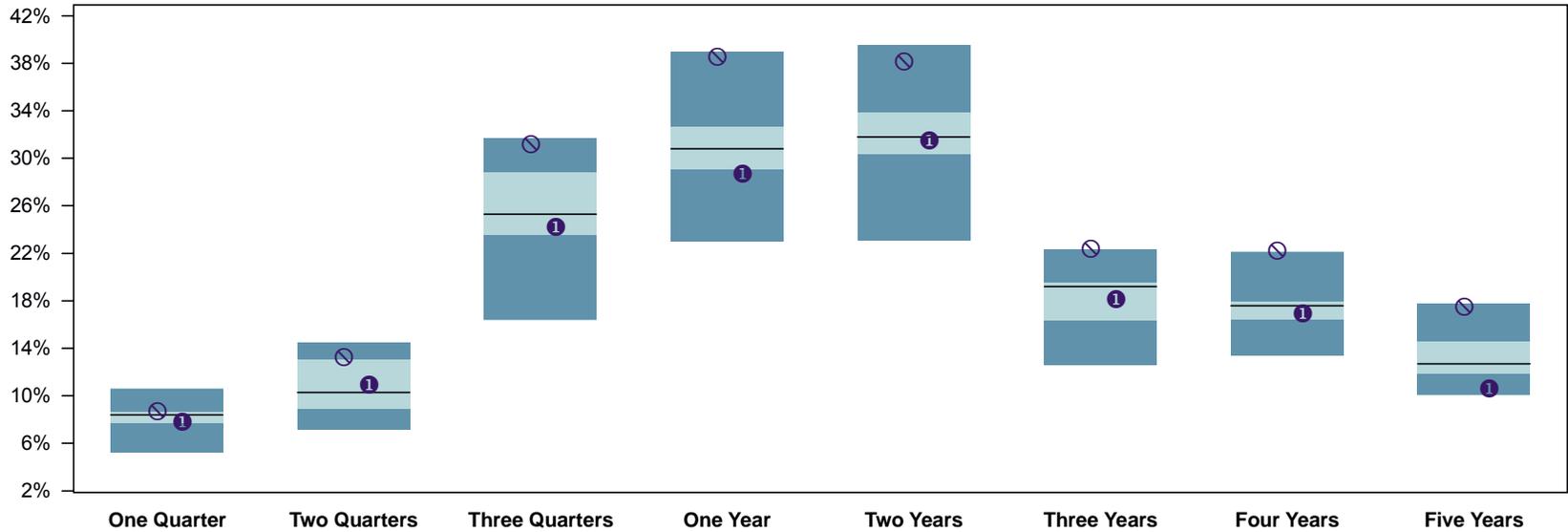
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years	Five Years
▲ EAGLE	11.4	80	15.0	82	30.2	76	33.8	52	31.0	63	21.3	54		
□ R2000 Growth + 1.5%	13.2	57	17.9	59	33.9	49	35.0	45	34.1	27	21.7	48		
Median	13.9		18.9		33.6		34.2		32.3		21.4		20.4	15.0

BAY COUNTY EMPLOYEES' RETIREMENT

US Equity Funds (Active) - Small Value

Periods Ending September 30, 2013

Total Fund Performance - Trailing Periods



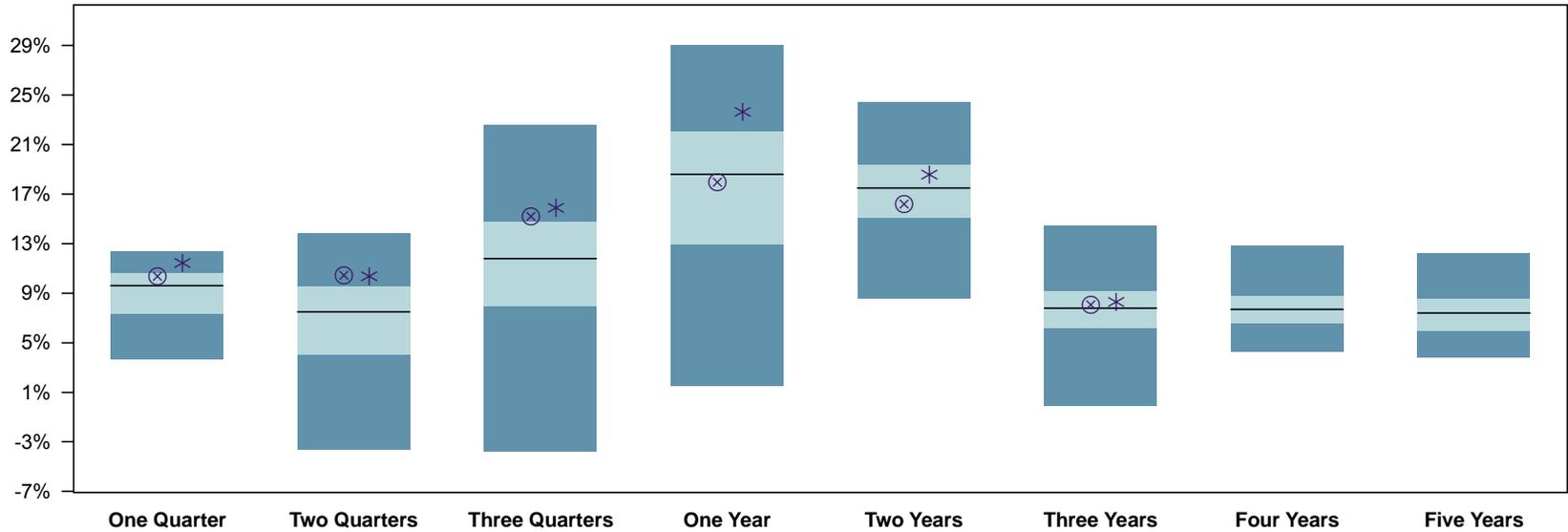
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
○ HOTCHKIS & WILEY	8.9	22	13.4	20	31.4	8	38.7	8	38.3	7	22.6	4	22.4	5	17.7	5
● R2000 Value + 1.5%	8.0	71	11.1	46	24.4	58	28.9	77	31.7	58	18.3	60	17.1	64	10.8	86
Median	8.4		10.3		25.3		30.8		31.8		19.2		17.6		12.7	

BAY COUNTY EMPLOYEES' RETIREMENT

Intl Equity Pools

Periods Ending September 30, 2013

Total Fund Performance - Trailing Periods



⊗ INTL COMBO

* MSCI EAFE (NET)

Median

10.5 32

10.6 17

15.4 22

18.1 54

16.4 63

8.2 44

11.6 14

10.5 17

16.1 21

23.8 18

18.7 38

8.5 39

9.6

7.5

11.8

18.6

17.5

7.8

7.7

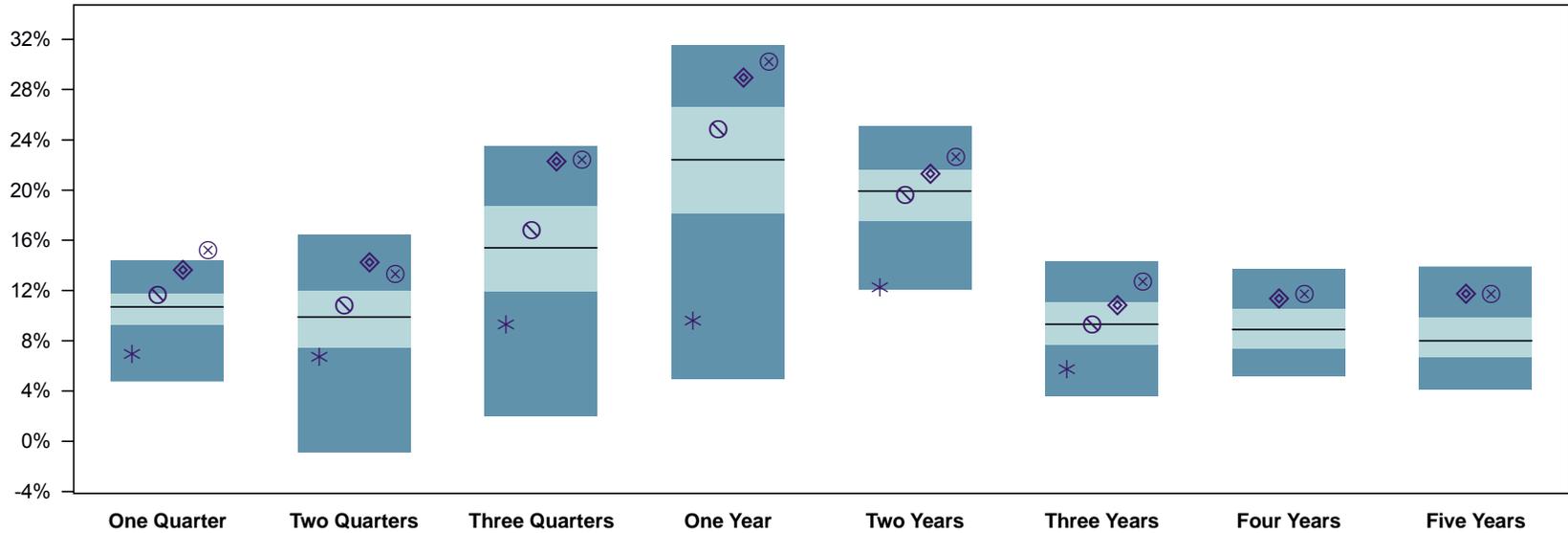
7.4

BAY COUNTY EMPLOYEES' RETIREMENT

Intl Equity Developed Mkt Funds (Active)

Periods Ending September 30, 2013

Total Fund Performance - Trailing Periods



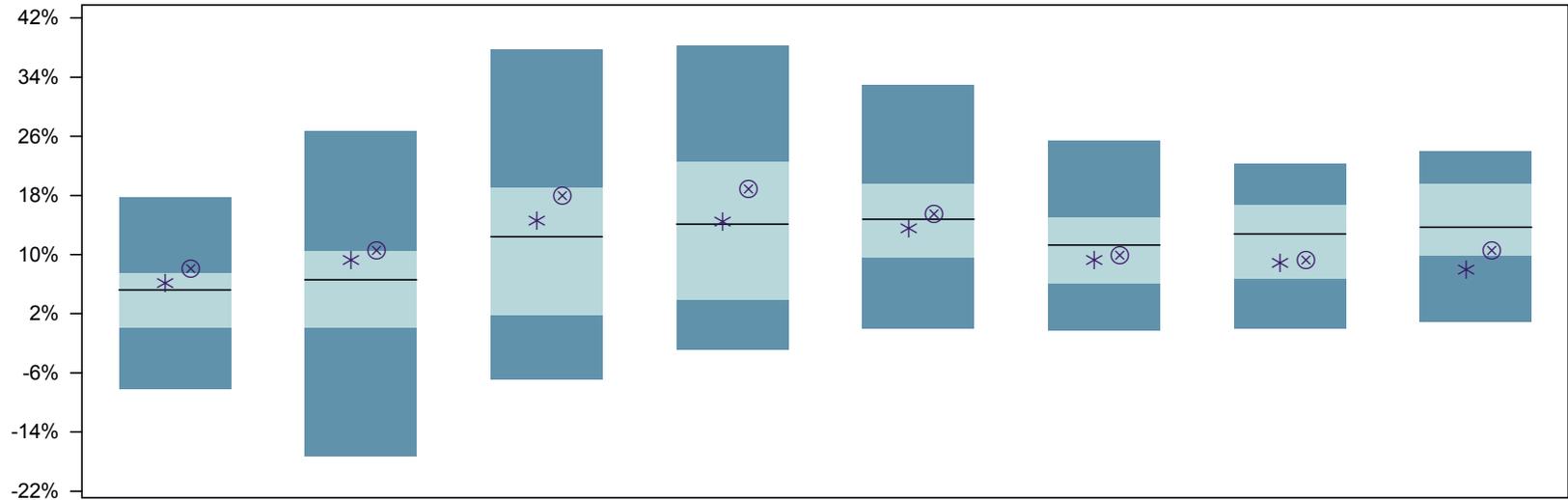
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
* BARINGS INTL	7.1	89	6.9	79	9.5	87	9.8	94	12.4	95	5.9	91				
○ MSCI EAFE (Net) + 1%	11.8	25	11.0	38	17.0	37	25.0	33	19.8	51	9.5	46				
◇ SCHRODER	13.8	9	14.4	10	22.4	11	29.1	12	21.4	29	11.0	27	11.5	18	11.9	14
⊗ S&P EPAC Small Cap + 1.5	15.4	4	13.5	13	22.6	9	30.4	10	22.8	15	12.9	11	11.9	16	11.9	14
Median	10.7		9.9		15.4		22.4		19.9		9.3		8.9		8.0	

BAY COUNTY EMPLOYEES' RETIREMENT

Convertibles Only

Periods Ending September 30, 2013

Convertibles Only Performance



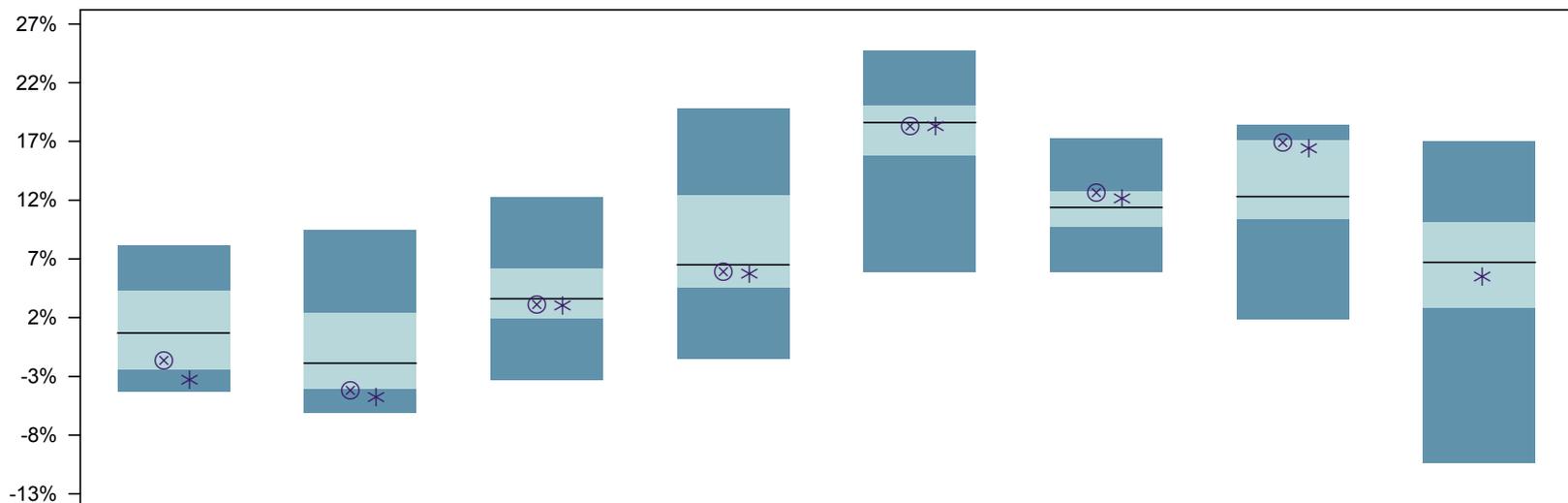
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
* MACKAY SHIELDS	6.5	35	9.5	35	14.9	45	14.8	48	13.8	53	9.5	60	9.2	66	8.3	84
⊗ BOA IG Convert +1%	8.4	17	10.9	25	18.3	30	19.2	39	15.8	48	10.2	58	9.5	66	10.9	64
Median	5.2		6.6		12.4		14.1		14.8		11.3		12.8		13.7	

BAY COUNTY EMPLOYEES' RETIREMENT

REIT Funds

Periods Ending September 30, 2013

Total Fund Performance - Trailing Periods



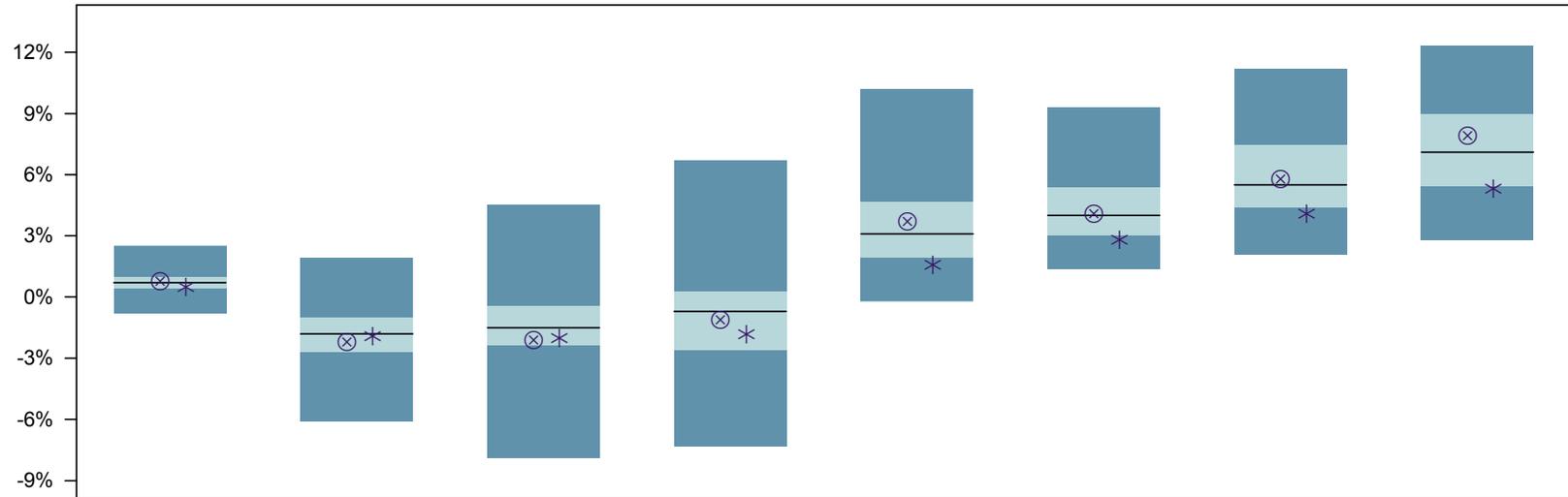
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
⊗ CORNERSTONE R/E	-1.5	56	-4.0	73	3.3	56	6.1	54	18.5	55	12.8	26	17.1	22		
* NAREIT EQUITY REIT INDE	-3.1	89	-4.6	90	3.2	57	5.9	56	18.5	52	12.3	36	16.6	34	5.7	63
Median	0.7		-1.9		3.6		6.5		18.6		11.4		12.3		6.7	

BAY COUNTY EMPLOYEES' RETIREMENT

US Fixed Income Pools

Periods Ending September 30, 2013

Total Fund Performance - Trailing Periods



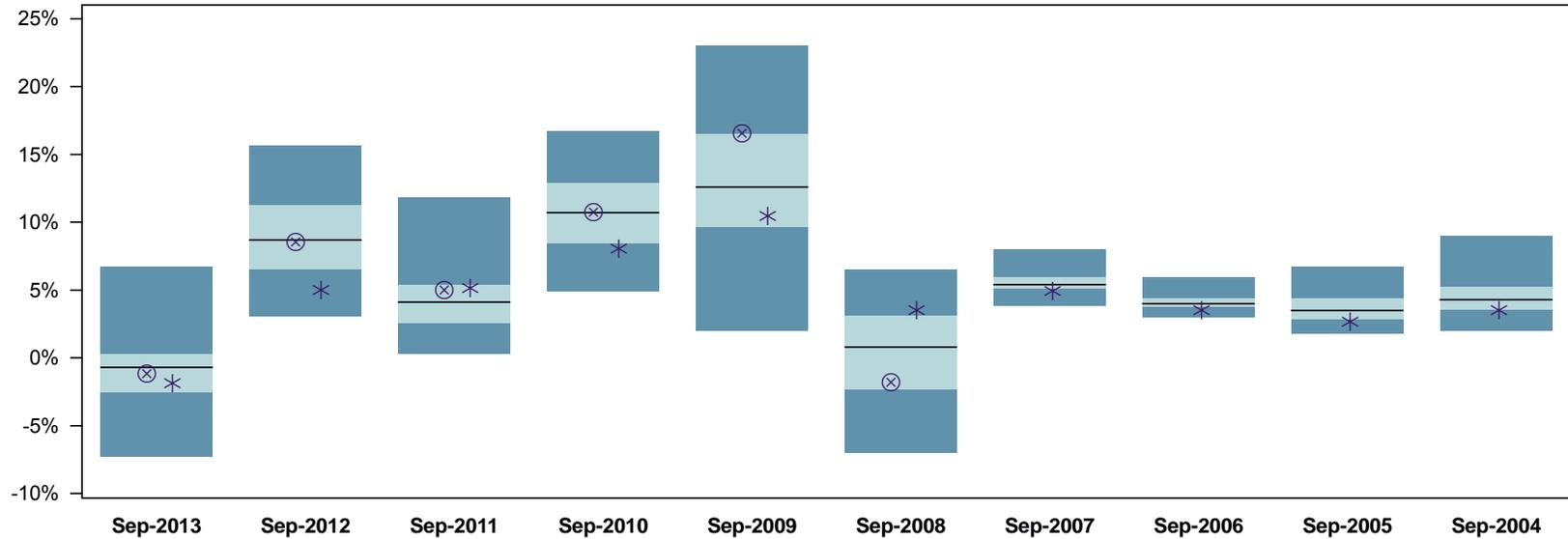
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
⊗ FIXED COMBO	0.9	35	-2.1	63	-2.0	62	-1.0	60	3.8	41	4.2	44	5.9	43	8.0	37
* <i>Barclays Aggregate Bond</i>	0.6	63	-1.8	49	-1.9	59	-1.7	69	1.7	84	2.9	80	4.2	83	5.4	75
Median	0.7		-1.8		-1.5		-0.7		3.1		4.0		5.5		7.1	

BAY COUNTY EMPLOYEES' RETIREMENT

US Fixed Income Pools

Years Ending September

Total Fund Performance - Annual Periods



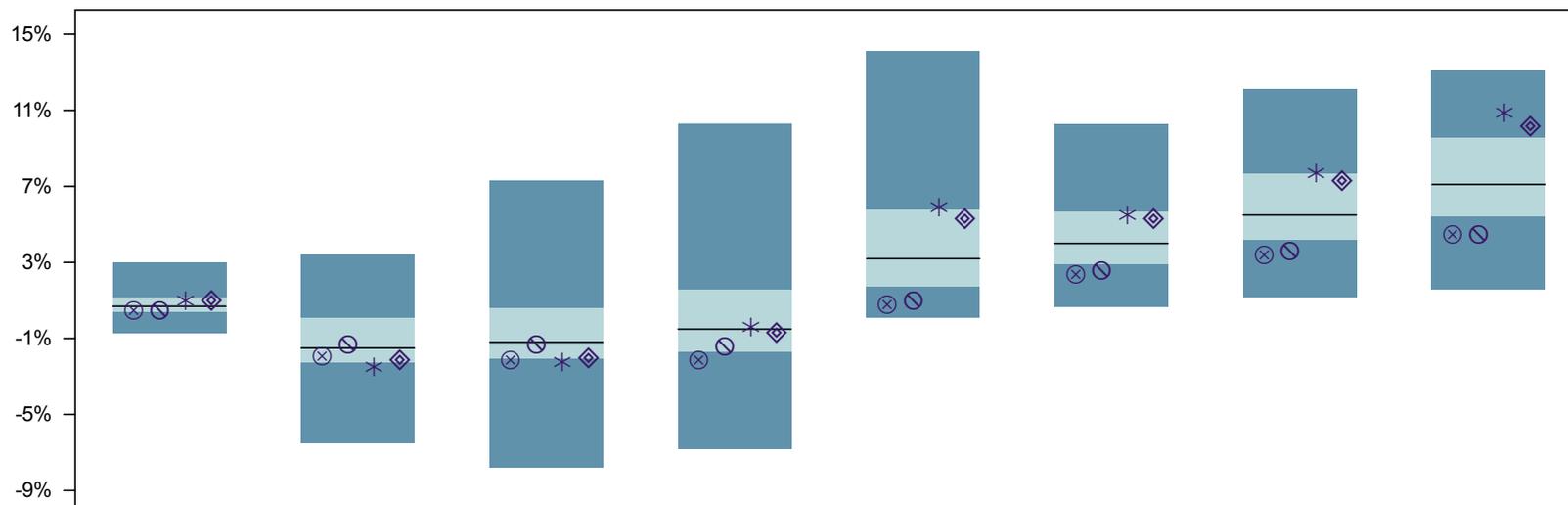
	Sep-2013		Sep-2012		Sep-2011		Sep-2010		Sep-2009		Sep-2008		Sep-2007		Sep-2006		Sep-2005		Sep-2004	
⊗ FIXED COMBO	-1.0	60	8.7	50	5.2	32	10.9	48	16.7	24	-1.6	69								
* <i>Barclays Aggregate Bond</i>	-1.7	69	5.2	86	5.3	30	8.2	79	10.6	69	3.7	21	5.1	71	3.7	80	2.8	76	3.7	69
Median	-0.7		8.7		4.1		10.7		12.6		0.8		5.4		4.0		3.5		4.3	

BAY COUNTY EMPLOYEES' RETIREMENT

US Fixed Income Funds

Periods Ending September 30, 2013

Total Fund Performance - Trailing Periods



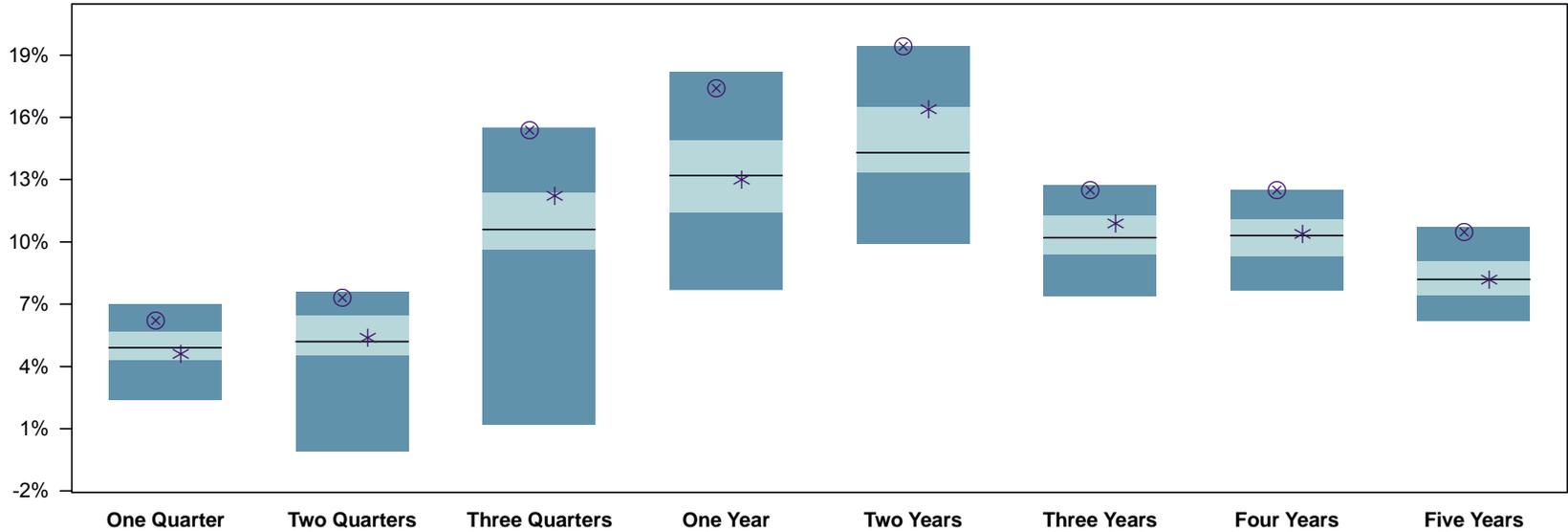
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
⊗ BAIRD ADVISORS	0.6	62	-1.8	61	-2.0	73	-2.0	81	0.9	88	2.5	84	3.5	85	4.6	84
⊙ BC MBS / BC GOV + 0.3%	0.6	56	-1.2	45	-1.2	52	-1.3	68	1.1	85	2.7	80	3.7	84	4.6	84
* LOOMIS SAYLES	1.1	28	-2.4	77	-2.1	75	-0.3	47	6.0	24	5.6	27	7.8	25	11.0	16
◆ Barclays Corp + 1%	1.1	30	-2.0	68	-1.9	68	-0.6	52	5.4	27	5.4	28	7.4	29	10.3	19
Median	0.7		-1.5		-1.2		-0.5		3.2		4.0		5.5		7.1	

BAY COUNTY EMPLOYEES' RETIREMENT

Public Funds (DB)

Periods Ending September 30, 2013

Total Fund Performance - Trailing Periods



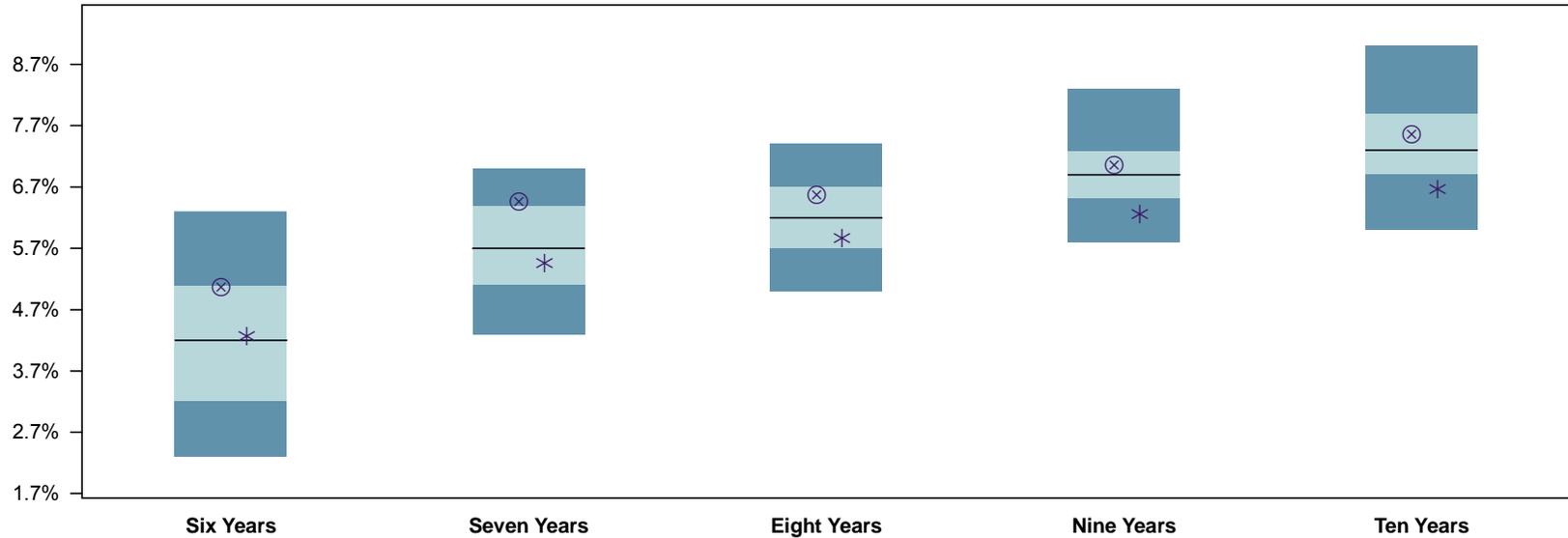
	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
⊗ COMBINED	6.3	8	7.4	8	15.5	6	17.5	7	19.5	4	12.6	7	12.6	5	10.6	6
* <i>Policy Index Combined</i>	4.7	59	5.5	45	12.3	28	13.1	51	16.5	27	11.0	35	10.5	45	8.3	46
Median	4.9		5.2		10.6		13.2		14.3		10.2		10.3		8.2	

BAY COUNTY EMPLOYEES' RETIREMENT

Public Funds (DB)

Periods Ending September 30, 2013

Total Fund Performance - Trailing Periods



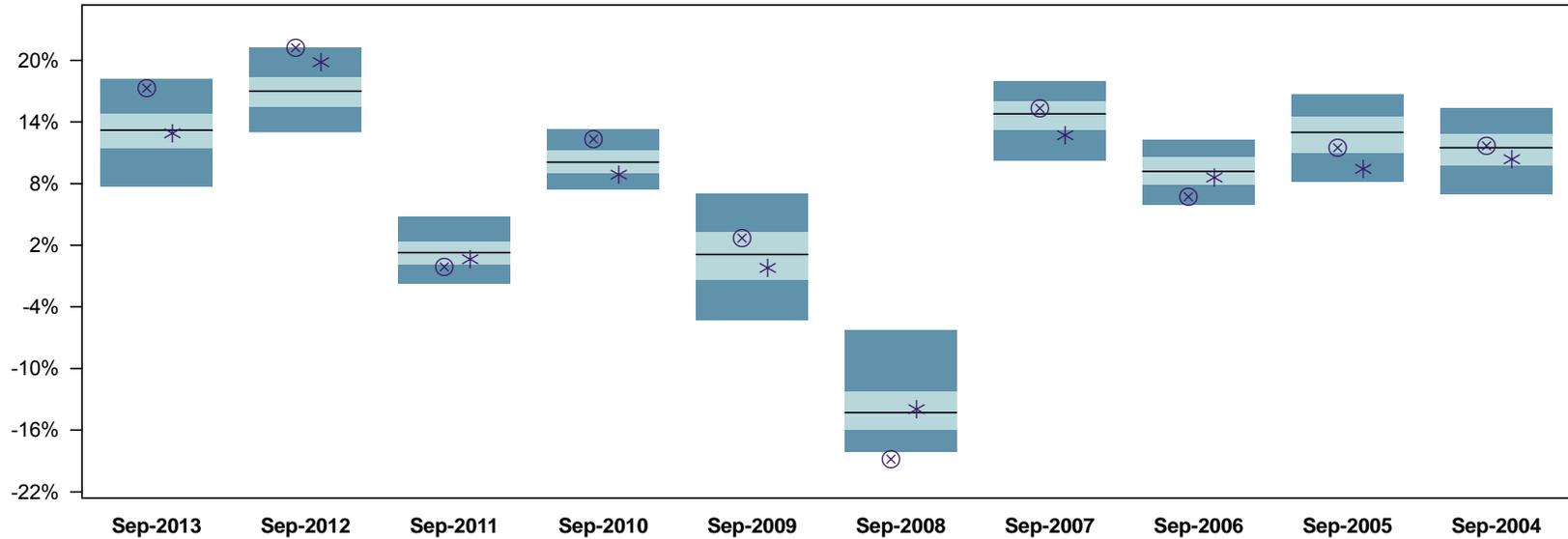
	Six Years	Seven Years	Eight Years	Nine Years	Ten Years
⊗ COMBINED	5.1 26	6.5 16	6.6 27	7.1 38	7.6 36
* <i>Policy Index Combined</i>	4.3 47	5.5 58	5.9 69	6.3 79	6.7 82
Median	4.2	5.7	6.2	6.9	7.3

BAY COUNTY EMPLOYEES' RETIREMENT

Public Funds (DB)

Years Ending September

Total Fund Performance - Annual Periods



	Sep-2013		Sep-2012		Sep-2011		Sep-2010		Sep-2009		Sep-2008		Sep-2007		Sep-2006		Sep-2005		Sep-2004	
⊗ COMBINED	17.5	7	21.4	4	0.1	75	12.5	10	2.9	32	-18.6	98	15.5	37	6.9	89	11.7	67	11.9	44
* <i>Policy Index Combined</i>	13.1	51	20.0	12	0.9	59	9.1	75	-0.0	64	-13.8	45	12.9	80	8.8	60	9.6	85	10.6	64
Median	13.2		17.0		1.3		10.1		1.1		-14.3		14.8		9.2		13.0		11.5	

BAY COUNTY EMPLOYEES' RETIREMENT

Periods Ending September 30, 2013

Performance Summary - Net											
	Market Value (\$000)	% of Plan	One Quarter	Year to Date	One Year	Two Years	Three Years	Four Years	Five Years	Seven Years	Ten Years
TOTAL FUND											
COMBINED	279		6.1	15.1	17.0	18.8	12.2	12.3	10.4	6.3	7.5
EQUITY MANAGERS											
COLUMBIA	40	14.4	6.0	24.9	28.5	28.7	18.7	16.4	11.4	8.0	11.2
EAGLE	11	3.8	11.2	29.4	32.7	30.0	20.6				
GENEVA	23	8.2	10.8								
HOTCHKIS & WILEY	10	3.7	8.7	30.4	37.4	36.9	21.8	21.9	17.3	8.2	
INTEGRITY	24	8.8	7.1	26.7	32.8	31.0	19.0	17.7	13.3		
MFS INVESTMENTS	39	13.9	11.1	24.1	24.7						
VANGUARD S&P 500 INDEX	14	5.1	5.2								
WHV INVESTMENTS	0	0.0									
EQUITY COMPOSITES											
EQUITY COMBO	161		7.9	22.9	25.3	26.7	16.6	15.7	11.1		
INT'L EQUITY MANAGERS											
BARINGS INTL	16	5.6	6.8	8.8	8.8	11.3	5.2				
SCHRODER	17	6.0	13.6	21.7	28.2	20.5	10.2	10.7	11.3	5.2	
INT'L COMPOSITES											
INTL COMBO	32		10.2	14.6	17.1	15.4	7.5				
BOND MANAGERS											
BAIRD ADVISORS	24	8.7	0.5	-2.2	-2.3	0.6	2.3	3.4	4.5	5.0	
LOOMIS SAYLES	33	11.7	1.0	-2.3	-0.6	5.7	5.3	7.6	10.8	6.7	6.1

BAY COUNTY EMPLOYEES' RETIREMENT

Periods Ending September 30, 2013

Performance Summary - Net

	Market Value (\$000)	% of Plan	One Quarter	Year to Date	One Year	Two Years	Three Years	Four Years	Five Years	Seven Years	Ten Years
BOND COMPOSITES											
FIXED COMBO	57		0.8	-2.3	-1.3	3.4	4.0	5.7	7.8		
CONVERTIBLE MANAGERS											
MACKAY SHIELDS	17	6.0	5.6	12.9	12.8	12.1	8.4	8.3	7.7	5.5	6.2
REIT MANAGERS											
CORNERSTONE R/E	10	3.7	-1.7	2.8	5.5	17.8	12.3	16.8			
CASH MANAGERS											
CASH W / LENDING	1	0.5	1.9	6.9	8.6	9.6	8.8	21.6	20.4	15.8	13.2

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