

**SOUTHFIELD EMPLOYEE  
RETIREMENT SYSTEM  
PERFORMANCE REPORT  
PERIOD ENDING  
DECEMBER 31, 2014**

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# **CAPITAL MARKET REVIEW**

**Fourth Quarter 2014**

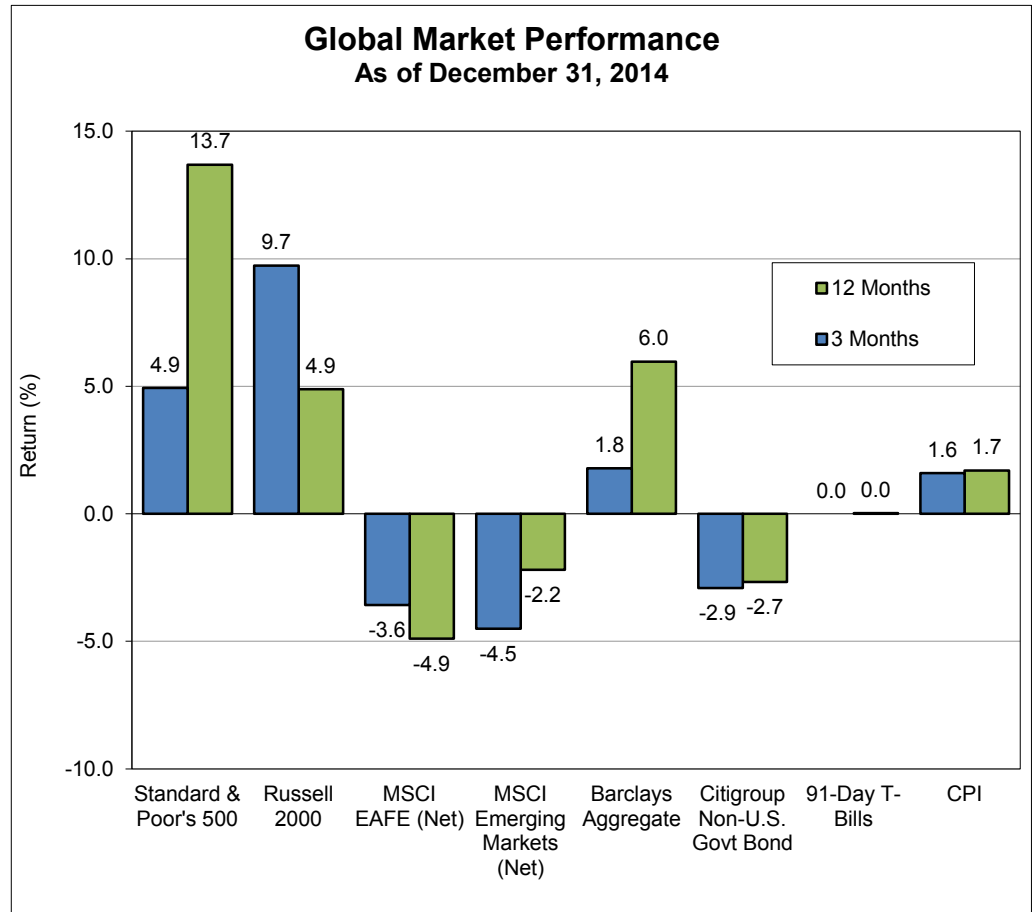
# CAPITAL MARKET REVIEW

**All About That Oil:** Capital markets closed out 2014 with a dramatic drop in oil prices. While it wasn't clear as to whether it was due to oversupply caused by increased production by the Organization of Petroleum Exporting Countries (OPEC) in conjunction with U.S. production increases from fracking or weaker global demand emanating from weak growth prospects out of the eurozone, Japan and China, the fact of the matter was oil prices dropped over 40% on the year. Although the lower prices further reduce inflationary pressures capital markets are now pondering the potential residual effects of a sustained drop in price on global economic growth along with the impact to developed and emerging markets.

The major central banks continued on divergent paths in the quarter, enacting or standing by monetary policies based on the economic conditions within their region. The European Central Bank maintained key interest rates but signaled their intention to implement asset purchases in 2015, similar to quantitative easing in the US, to promote economic growth in continental Europe. The Bank of Japan continues to maintain their extraordinary accommodative policies and delayed what was to be a second round of consumption taxes in order to stimulate growth. China and India lowered key interest rates within the quarter. The US Federal Reserve and the Bank of England, in contrast to the rest of the global economies, continue to indicate that rate hikes may be initiated in 2015. The Federal Reserve also terminated its asset purchase program, known as quantitative easing, in October as the US economy continued to improve.

Global equity markets generally declined during the quarter as the price of oil and commodities collapsed and the US dollar strengthened. US equities were one of the exceptions posting positive returns, particularly in small cap, which was up roughly 10% in the quarter. India was a standout for the year, returning 24% while China generated a respectable 8% return on the year.

Depreciating currencies turned any gains in global fixed income markets into losses for US investors in the foreign fixed income markets. The US fixed income market (as measured by the Barclays Aggregate) was the standout performer as declining yields drove relatively good returns for the year.



Source: Wilshire 12/31/2014  
Indices are not investments, are not managed, and do not incur fees or expenses. It is not possible to invest in an index. The inclusion of these indices is for informational purposes only and should not be used as the basis for making an investment decision.

# U.S. EQUITY MARKET

| Total Returns (%) - Periods Ending December 31, 2014 |          |        |         |         |
|--|----------|--------|---------|---------|
|  | 3 Months | 1 Year | 3 Years | 5 Years |
| <b>Standard &amp; Poor's 500</b>                     | 4.93     | 13.69  | 20.41   | 15.45   |
| <b>Russell 1000</b>                                  | 4.88     | 13.24  | 20.62   | 15.64   |
| <b>Russell 1000 Growth</b>                           | 4.78     | 13.05  | 20.26   | 15.81   |
| <b>Russell 1000 Value</b>                            | 4.98     | 13.45  | 20.89   | 15.42   |
| <b>Russell Midcap</b>                                | 5.94     | 13.22  | 21.40   | 17.19   |
| <b>Russell 2000</b>                                  | 9.73     | 4.89   | 19.21   | 15.55   |
| <b>Russell 2000 Growth</b>                           | 10.06    | 5.60   | 20.14   | 16.80   |
| <b>Russell 2000 Value</b>                            | 9.40     | 4.22   | 18.29   | 14.26   |
| S&P 500 Sector Performance                           |          |        |         |         |
|  | 3 Months | 1 Year | 3 Years | 5 Years |
| <b>Energy</b>  | (10.68)  | (7.78) | 6.46    | 8.76    |
| <b>Materials</b>                                     | (1.80)   | 6.91   | 15.58   | 11.23   |
| <b>Industrials</b>                                   | 6.76     | 9.83   | 21.24   | 17.56   |
| <b>Con. Discretionary</b>                            | 8.74     | 9.68   | 24.82   | 21.38   |
| <b>Con. Staples</b>                                  | 8.15     | 15.98  | 17.45   | 16.08   |
| <b>Health Care</b>                                   | 7.48     | 25.34  | 27.86   | 19.38   |
| <b>Financials</b>                                    | 7.25     | 15.20  | 26.26   | 13.36   |
| <b>Info Technology</b>                               | 5.24     | 20.12  | 21.00   | 14.86   |
| <b>Telecommunications</b>                            | (4.16)   | 2.99   | 10.74   | 11.42   |
| <b>Utilities</b>                                     | 13.19    | 28.98  | 13.94   | 13.34   |

Sources: Wilshire 12/31/2014

Returns are annualized for periods greater than one year.

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**Marching On:** U.S. equity markets rebounded in the fourth quarter and ended 2014 in double digit territory despite renewed volatility and an unexpected collapse in oil prices in the second half of the year. The S&P 500 ended the quarter up roughly 5% and finished 2014 at just shy of 14%. Equity markets took the termination of quantitative easing in October in stride to reach all-time highs. The end of 2014 marks the sixth consecutive year of positive returns and the fifth time, since 2009, that the S&P 500 has generated double digit returns.

Small Cap came roaring back in the fourth quarter generating returns over 9% after achieving dismal returns in the previous quarter. However, fourth quarter performance wasn't enough to pull Small Cap returns out of the mid-single digit range for the year. Large and Mid Cap outperformed Small Cap in excess of 800 basis points for the year, once again driven by valuations and perceived safety within the equity market capitalization spectrum. Returns for the Growth and Value investing styles were surprisingly on par for the quarter as well as the year across all market caps. The Consumer, Health Care, and Tech sectors contributed positively to the performance of Growth indexes while the Utilities and Financials sectors were positive contributors to the Value indexes even as the Energy sector significantly detracted from the performance of the indexes.

Looking at quality rankings, higher quality stocks outpaced lower quality stocks across all market capitalizations for the quarter as well as the year. In particular, the disparity was greatest among the Small Cap Value stocks, where higher quality outperformed lower quality by 580 basis points. In light of the renewed volatility the outperformance of high quality stocks wasn't surprising.

Utilities was the best performing sector during the quarter, as well as the year, returning 13.2% in the quarter and 29% for the year. The defensive sector performed well amid the heightened volatility driven by mixed global economic data and the ever present geopolitical tensions. Energy was once again the worst performing sector returning -10.7% in the quarter and the only sector to generate a negative return for the year. The weak performance of the sector was attributed to the continuing decline in oil prices; presumably driven by growing supply and weaker demand.

## U.S. FIXED INCOME MARKET

**Mirror, Mirror:** Over the course of 2014 the fixed income markets have certainly not reflected what has been a growing U.S. economy. Longer term interest rates fell for the year despite stronger economic momentum in the U.S., as evidenced by a declining budget deficit, unemployment down to 5.6%, an increase in consumer spending, third quarter GDP growth coming in at 5%, and inflation below 2%. A growing economy, the likes of what the U.S. is currently experiencing, typically doesn't coincide with a 25% plus return in long-term Treasuries, which is what took place in 2014. As such, it would appear that investors are continuing to forecast stable to lower rates for the foreseeable future.

During the quarter the yield curve flattened as the front end of the curve (0 to 3 years) rose while the back end of the curve (10 - 30 years) dropped. At quarter-end, the 2-Year Treasury Notes yielded 0.67% (up 9 basis points from 9/30/14 and 29 basis points from 12/31/13), 10-Year Treasury Bonds yielded 2.2% (down 35 basis points from 9/30/14 and 86 basis points from 12/31/13), and 30-Year Treasury Bonds yielded 2.8% (down 46 basis points from 9/30/14 and 121 basis points from 12/31/13).

The declining yields for longer dated issues (Treasuries) once again generated strong gains during the quarter for the Barclays Long Government Index, which was the best performing fixed income segment for the quarter as well as the year. Credit and mortgage returns were positive and on par for the quarter while high yield and TIPS generated losses in the quarter but managed positive returns over 2% for the year. Within the credit sector spreads widened, likely due to the rapid decline in oil prices, but remain below historical averages.

For 2014, a year that was supposed to bear witness to an increase in interest rates, the somewhat unexpected drop in longer term rates led to not only positive returns but returns that were quite respectable, relatively speaking. Prognosticators are once again calling for a rise in rates in 2015 but with inflationary pressures non-existent, less than stellar global growth, a strengthening dollar, and the Fed's continued promotion of accommodative monetary policy a call for a significant hike in rates over the course of 2015 is highly unlikely.

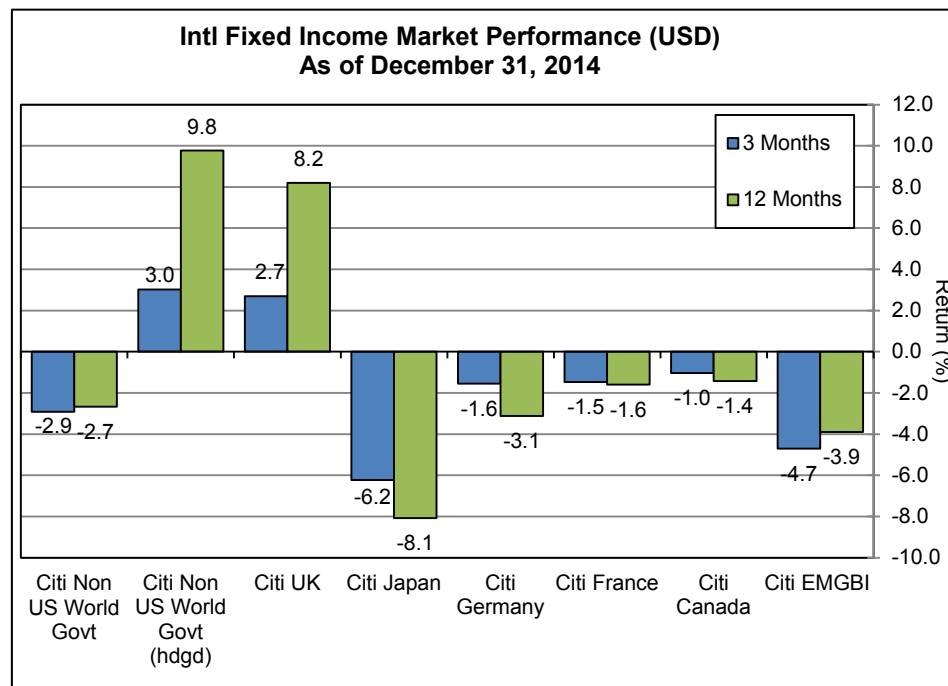
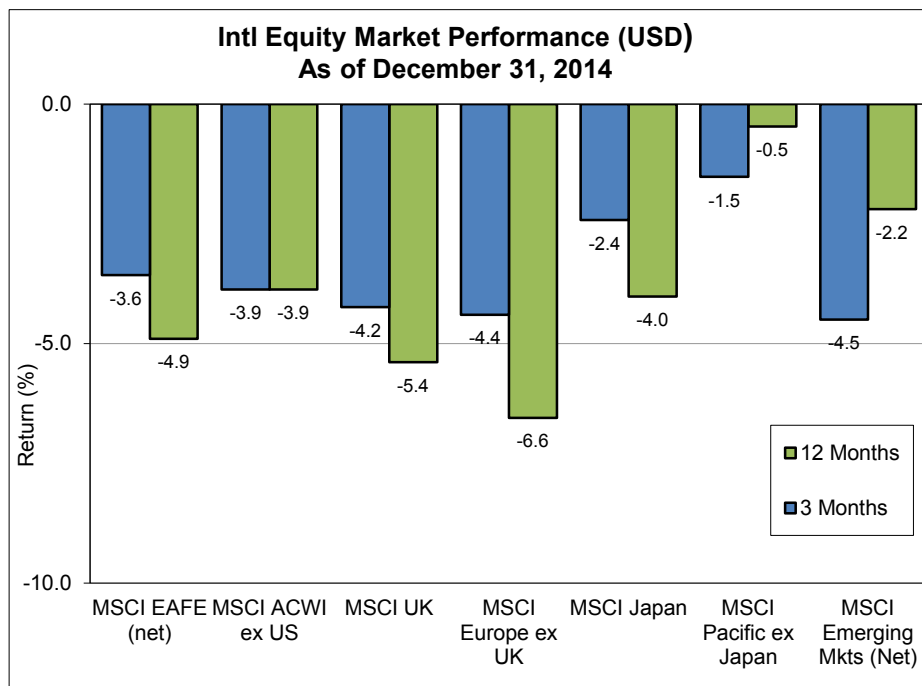
| Total Returns (%) - Periods Ending December 31, 2014      |              |              |               |            |
|---|--------------|--------------|---------------|------------|
|   | 3 Months     | 1 Year       | 3 Years       | 5 Years    |
| <b>Barclays 1-3 Yr. Govt</b>                              | 0.19         | 0.64         | 0.51          | 1.09       |
| <b>Barclays Intm G/C</b>                                  | 0.89         | 3.13         | 2.03          | 3.54       |
| <b>Barclays Aggregate</b>                                 | 1.79         | 5.97         | 2.66          | 4.45       |
| <b>Barclays G/C</b>                                       | 1.82         | 6.01         | 2.76          | 4.69       |
| <b>Barclays Long Govt</b>                                 | 8.62         | 25.07        | 4.20          | 9.96       |
| <b>Barclays Govt</b>                                      | 0.95         | 2.52         | 0.99          | 2.78       |
| <b>Barclays Credit</b>                                    | 1.77         | 7.46         | 5.13          | 6.49       |
| <b>Barclays Mortgage</b>                                  | 1.79         | 6.08         | 2.37          | 3.73       |
| <b>Barclays High Yield</b>                                | (1.00)       | 2.45         | 8.43          | 9.03       |
| <b>Barclays U.S TIPS</b>                                  | (0.03)       | 3.64         | 0.44          | 4.11       |
| Returns are annualized for periods greater than one year. |              |              |               |            |
| Credit Spreads (in basis points)                          |              |              |               |            |
|   | Sep-14       | Dec-14       | Change        | 10-Yr Avg. |
| <b>Aaa</b>  | 60           | 67           | 7             | 92         |
| <b>Aa</b>   | 69           | 77           | 8             | 123        |
| <b>A</b>  | 99           | 108          | 9             | 164        |
| <b>Baa</b>  | 147          | 174          | 27            | 225        |
| <b>Ba</b>   | 331          | 347          | 16            | 434        |
| <b>B</b>  | 466          | 542          | 76            | 578        |
| <b>Caa</b>  | 720          | 873          | 153           | 906        |
| <b>10 Year Treasury</b>                                   | <b>2.52%</b> | <b>2.17%</b> | <b>-0.35%</b> | ---        |

Source: Barclays Capital 12/31/2014

Returns are annualized for periods greater than one year.

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# INTERNATIONAL MARKET



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Source: MSCI, Citigroup 12/31/2014

**The Dollar:** International equity and fixed income markets generally declined during the quarter, as the US dollar continued to strengthen, generating negative returns for the year. *Developed Market Equity* outperformed *Emerging Market Equity* in the quarter but reversed roles for the year while the dispersion between returns in *Developed Market Fixed Income* and *Emerging Market Fixed Income* was relatively narrow for the year; excluding Russia. The stronger dollar has been a drag on performance for U.S. investors investing in foreign assets and has sparked fears that in conjunction with interest rate increases in the U.S. performance in Emerging Markets could be challenged by subsequent capital outflows.

Despite negative returns from Japan and Australia, Asian equity markets tended to outperform their European counterparts led by returns in Hong Kong and New Zealand. Asian fixed income markets generally trailed European fixed income markets. In Asia, Japan has continued its easy money policy, in the face of a contracting economy, and has delayed the previously expected hike in sales tax in its efforts to increase inflation. In the eurozone, economic data remains flat, which had prompted the European Central Bank to reduce its funds rate as well as its deposit rate in the third quarter and subsequently, revise GDP growth down in December while potentially planning to embark on a quantitative easing program similar to the U.S.

*Emerging Market Equity* performance was led by India and China. India generated a return of 24% (usd) for the year on the back of election results viewed as positive for the economy while China posted a return of 8% (usd) after easing monetary policy. Not surprisingly, Russia, an oil exporter, posted a significant loss amid the collapse in oil prices with returns of -33% (usd) and -46% (usd) for the quarter and year, respectively. EM debt performed relatively well as countries with low current account deficits and net importers of oil tended to perform better in the year relative to the countries that were net exporters and had larger account deficits.

# DISCLOSURE

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## Definitions:

**BC (Barclays Capital) Treasury** provides a measure of riskless return.

The **Dow Jones Industrial Averages** contains the stocks of 30 companies that are all major factors in their industries, and their stocks are widely held by individuals and institutional investors. As of December 31, 2008, The Dow® represented 27% of the float-adjusted market capitalization of the Dow Jones U.S. TSM Index, which provides near complete coverage of the U.S. stock market. The DJIA serves the same purpose today for which it was created in 1896 – to provide a clear, straightforward view of the stock market and, by extension, the U.S. economy.

The **S&P 500 Index** is a capitalization weighted index of the 500 largest publicly traded companies in the US and is widely accepted as the overall market proxy. It consists of 400 industrials, 40 utilities, 20 transportation stocks and 40 financial institutions issues when totaled covers approximately 75% of the US equities market.

The **Russell 3000 Index** measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000® Index representing approximately 8% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 1000 Index** is composed of the 1000 largest companies in the Russell 3000 Index, which represents approximately 92% of the total market capitalization of the Russell 3000 Index. The average capitalization was approximately \$12.1 billion; the median market capitalization was approximately \$3.8 billion. The smallest company in the index had an approximate market capitalization of \$1350.8 million.

The **S&P MidCap 400** provides investors with a benchmark for mid-sized companies. The index covers over 7% of the U.S. equity market, and seeks to remain an accurate measure of mid-sized companies, reflecting the risk and return characteristics of the broader mid-cap universe on an on-going basis

The **S&P SmallCap 600** covers approximately 3% of the domestic equities market. Measuring the small cap segment of the market that is typically renowned for poor trading liquidity and financial instability, the index is designed to be an efficient portfolio of companies that meet specific inclusion criteria to ensure that they are investable and financially viable.

The **Russell 3000 Growth Index** measures the performance of the broad growth segment of the U.S. equity universe. It includes those Russell 3000 companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 3000 Value Index** measures the performance of the broad value segment of the U.S. equity universe. It includes those Russell 3000 companies with lower price-to-book ratios and lower forecasted growth values.

The **Russell 2000 Growth Index** measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 2000 Value Index** measures the performance of small-cap value segment of the U.S. equity universe. It includes those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

The **Russell 1000 Growth Index** is composed of those stocks in the Russell 1000 Index with greater than average growth orientation. The Russell Growth Index represents the universe of stocks from which most growth style money managers typically select.

The **Russell 1000 Value Index** is composed of those stocks in the Russell 1000 Index with less than average growth orientation. The Russell Value Index represents the universe of stocks from which most value style money managers typically select.

The **Barclays U.S. Aggregate Bond Index** is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS. The U.S. Aggregate rolls up into other Barclays Capital flagship indices such as the multi-currency Global Aggregate Index and the U.S. Universal Index, which includes high yield and emerging markets debt. The U.S. Aggregate Index was created in 1986, with index history backfilled to January 1, 1976.

The **Barclays Govt/Credit Index** is the non-securitized component of the U.S. Aggregate Index and was the first macro index launched by Barclays Capital. The U.S. Government/Credit Index includes Treasuries (i.e., public obligations of the U.S. Treasury that have remaining maturities of more than one year), government-related issues (i.e., agency, sovereign, supranational, and local authority debt), and corporates. The U.S. Government/Credit Index was launched on January 1, 1979, with index history backfilled to 1973, and is a subset of the U.S. Aggregate Index.

The **Barclays U.S. Government Index** is comprised of the U.S. Treasury and U.S. Agency Indices. The U.S. Government Index includes Treasuries (public obligations of the U.S. Treasury that have remaining maturities of more than one year) and U.S. agency debentures (publicly issued debt of U.S. Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. Government). The U.S. Government Index is a component of the U.S. Government/Credit Index and the U.S. Aggregate Index.



# DISCLOSURE

The **Barclays US Credit Index** comprises the US Corporate Index and a non-corporate component that includes foreign agencies, sovereigns, supranationals and local authorities. The US Credit Index was called the US Corporate Investment Grade Index until July 2000, when it was renamed to reflect its inclusion of both corporate and non-corporate issuers. Index history is available back to 1973. The US Credit Index is a subset of the US Government/Credit Index and the US Aggregate Index.

The **Barclays Capital U.S. MBS (Mortgage) Index** measures the performance of investment grade fixed-rate mortgage-backed pass-through securities of GNMA, FNMA, and FHLMC.

The **Barclays U.S. Corporate High-Yield Index** measures the market of USD-denominated, non-investment grade, fixed-rate, taxable corporate bonds. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below. The index excludes emerging market debt. It was created in 1986, with history backfilled to July 1, 1983. The U.S. Corporate High-Yield Index is part of the U.S. Universal and Global High-Yield Indices.

The **Barclays U.S. TIPS** is a part of the Barclays Capital family of global inflation linked bond indices, the Barclays Capital US Government Inflation-linked bond index (US TIPS) measures the performance of the TIPS market. TIPS form the largest component of the Barclays Capital Global Inflation-Linked Bond Index. Inflation-linked indices include only capital indexed bonds with a remaining maturity of one year or more.

The **Barclays US Treasury 1-3yr term index™** measures the performance of short term government bonds issued the US Treasury. The index includes 2-Year and 3-Notes. Term Indices are a new concept in bond indexing developed by Barclays Capital. They have very similar yield, duration and risk/return characteristics to standard maturity based indices but are more compact and more liquid. Term indices use a standard market capitalisation weighting methodology but include only bonds near to their original term rather than selecting all bonds in a maturity range.

The **Barclays Capital Long Government/Credit Index** measures the investment return of all medium and larger public issues of U.S. Treasury, agency, investment-grade corporate, and investment-grade international dollar-denominated bonds with maturities longer than 10 years. The average maturity is approximately 20 years.

The **MSCI EAFE Index(net)** (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. As of May 27, 2010 the MSCI EAFE Index consisted of the following 22 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.

The **MSCI ACWI ex U.S. (net)** (All Country World Index excluding the United States) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. As of May 27, 2010 the MSCI ACWI ex. US consisted of 44 country indices comprising 23 developed and 21 emerging market country indices. The developed market country indices included are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. The emerging market country indices included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

The **MSCI United Kingdom Index** is a free float adjusted market capitalization index that is designed to measure large and mid cap United Kingdom equity market performance. The MSCI United Kingdom Index is member of the MSCI international equity index series and represents the United Kingdom's equity portion of the global benchmark MSCI ACWI (All Country World Index) Index.

The **MSCI Europe Index (net)** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in Europe. As of June 2007, the MSCI Europe Index consisted of the following 16 developed market country indices: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

**MSCI Europe ex UK Index (net)** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in Europe excluding the United Kingdom. As of June 2007, the MSCI Europe Index consisted of the following 15 developed market country indices: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden and Switzerland.

The **MSCI Pacific Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in the Pacific region. As of June 2007, the MSCI Pacific Index consisted of the following 5 Developed Market countries: Australia, Hong Kong, Japan, New Zealand, and Singapore

**MSCI Pacific ex Japan Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the Far East, excluding Japan. As of March 2008 the MSCI Pacific ex Japan Index consisted of the following 9 developed and emerging market country indices: China, Hong Kong, Indonesia, Korea, Malaysia, Philippines, Singapore, Taiwan, and Thailand.

The **MSCI Japan Index** is a free float adjusted market capitalization index that is designed to measure large and mid cap Japanese equity market performance. The MSCI Japan Index is member of the MSCI international equity index series and represents the Japanese equity portion of the global benchmark MSCI ACWI (All Country World Index) Index.

The **MSCI Emerging Markets Index (net)** is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. As of May 27, 2010 the MSCI Emerging Markets Index consisted of the following 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

The **Citigroup World Government Bond Ex-US Index** measures the performance of developed countries' global fixed-income markets invested in debt issues of non-US governmental entities. The World Government Bond Index (WGBI) includes the 23 government bond markets of Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Malaysia, the Netherlands, Norway, Poland, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States prior to its exclusion.

**Citigroup World Government Bond Ex-US Index hedged** measures the performance of **The Citigroup World Government Bond Ex-US Index** and computing the monthly currency-hedged return by using a rolling one-month forward exchange contract as a hedging instrument.

**Citigroup UK Bond Index** includes the government bond markets of the United Kingdom and satisfies size, credit, and barriers-to-entry requirements.

**Citigroup Japan Bond Index** consists of the government bond market of Japan and satisfies size, credit, and barriers-to-entry requirements.

**Citigroup Germany Bond Index** consists of the government bond market of Germany and satisfies size, credit, and barriers-to-entry requirements.

**Citigroup France Bond Index** consists of the government bond market of France and satisfies size, credit, and barriers-to-entry requirements.

**Citigroup Canada Bond Index** consists of the government bond market of Canada and satisfies size, credit, and barriers-to-entry requirements.

# DISCLOSURE

The **FTSE NAREIT US Real Estate Index** is calculated by FTSE International Limited (FTSE).

The **NCREIF Property Index** reports quarterly and annual returns consisting of income and appreciation components. The index is based on data collected from the voting members of NCREIF. Specific property-type indices include apartment, office, retail, R&D/Office and Warehouse.

**91-Day T-Bills** provide a measure of riskless return.

**Consumer Price Index** is a government-issued index of the retail prices of basic household goods and services.

**Producer Price Index** is an index maintained by the U.S. Bureau of Labor Statistics that tracks the price of wholesale goods and commodities.

The **Dow Jones UBS Commodity Index** measures collateralized returns from a diversified basket of 19 commodity futures contracts from sectors spanning energy, precious metals, industrial metals, grains and livestock.

Moody's Long-Term Obligation Ratings:

**Aaa** Obligations rated **Aaa** are judged to be of the highest quality, with minimal credit risk.

**Aa** Obligations rated **Aa** are judged to be of high quality and are subject to very low credit risk.

**A** Obligations rated **A** are considered upper-medium grade and are subject to low credit risk.

**Baa** Obligations rated **Baa** are subject to moderate credit risk. They are considered medium grade and as such may possess certain speculative characteristics.

**Ba** Obligations rated **Ba** are judged to have speculative elements and are subject to substantial credit risk.

**B** Obligations rated **B** are considered speculative and are subject to high credit risk.

**Caa** Obligations rated **Caa** are judged to be of poor standing and are subject to very high credit risk.

**Ca** Obligations rated **Ca** are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.

**C** Obligations rated **C** are the lowest rated class of bonds and are typically in default, with little prospect for recovery of principal or interest.

**Standard Deviation** is often used by investors to measure the risk of a stock or a stock portfolio. The basic idea is that the standard deviation is a measure of volatility: the more a stock's returns vary from the stock's average return, the more volatile the stock.

**Treasuries:** Treasury Securities are debt financed securities issued by the U.S. government. There are three primary types of treasury securities. They are Treasury Bills, Treasury Notes and Treasury Bonds. Treasury Bills (a.k.a. T-bill) mature in one year or less. Treasury Bills are commonly issued with maturities dates of 91 days, 6 months, or 1 year. **91-Day T-Bills** provide a measure of riskless return. Treasury Notes (a.k.a. T-Note) mature between one and ten years. Treasury notes are commonly issued with maturities dates of 2, 3, 5 or 7 years. Treasury Bonds (a.k.a. T-Bond) are commonly issued with maturity dates of ten and thirty years.

The **federal funds target rate** is determined by a meeting of the members of the Federal Open Market Committee. The **federal funds rate** is the interest rate at which private depository institutions (mostly banks) lend balances (federal funds) at the Federal Reserve to other depository institutions, usually overnight. It is the interest rate banks charge each other for loans.

The **European Central Bank** (ECB) is the institution of the European Union (EU) which administers the monetary policy of the 17 EU Eurozone member states. It is thus one of the world's most important central banks. The bank was established by the Treaty of Amsterdam in 1998, and is headquartered in Frankfurt, Germany.

The **eurozone**, officially the **euro area**, is an economic and monetary union (EMU) of 17 European Union (EU) member states that have adopted the euro currency as their sole legal tender. It currently consists of Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.

The **euro** (sign: €) is the official currency of the eurozone.

The **pound sterling** (sign: £), commonly called the **pound**, is the official currency of the United Kingdom.

**PORTFOLIO EVALUATION**

- ◆ The Fund's total market value as of December 31, 2014 was \$113.77 million.
- ◆ The Fund returned 1.37% for the current quarter, and returned 4.71% for the last twelve months.

**INVESTMENT POLICY AND OBJECTIVES**

- ◆ Provide a reasonably stable source of income sufficient to meet the benefit payments, spending needs and requirements of the Retirement System.
- ◆ Achieve the highest rate of total return possible within reasonable levels of risk and liquidity.
- ◆ Promote long term real growth of corpus.
- ◆ Preserve the purchasing power of Retirement System assets.

**PLAN RECONCILIATION**

|                                      | <u>Current Quarter</u>       |
|--------------------------------------|------------------------------|
| <b><u>Beginning Market Value</u></b> | <b>\$ 114,434,565</b>        |
| Cash Flow In                         | 897,812                      |
| Intrafund Transfer                   |                              |
| Cash Flow Out                        | <u>(3,334,315)</u>           |
| <b>Net Cash Flow</b>                 | <b>(2,436,503)</b>           |
| <br>                                 |                              |
| <b>Investment Performance</b>        |                              |
| Income                               | 357,818                      |
| Asset Value Changes                  | <u>1,412,106</u>             |
| <b>Gross Performance</b>             | <b>1,769,924</b>             |
| <br>                                 |                              |
| <b><u>Ending Market Value</u></b>    | <b><u>\$ 113,767,986</u></b> |

**ACTION**

- ◆

**Southfield Employee Retirement System  
Executive Summary Table  
Periods Ending December 31, 2014**

FYTD - 6/30/14

| Name                                  | Value<br>\$(000) | % of<br>Fund | Periods Ending 12/31/14 |       |        |       |       |       |        |
|---------------------------------------|------------------|--------------|-------------------------|-------|--------|-------|-------|-------|--------|
|                                       |                  |              | Cur Qtr                 | FYTD  | 1 Year | 3 Yrs | 5 Yrs | 7 Yrs | 10 Yrs |
| <b>Total Fund</b>                     | <b>113,768</b>   | <b>100.0</b> | 1.37                    | -0.79 | 4.71   | 14.26 | 13.12 | 7.64  | 8.23   |
| Policy Index                          |                  |              | 3.54                    | 1.34  | 6.66   | 13.17 | 11.30 | 6.67  | 7.18   |
| <b>Domestic Equity Composite</b>      | <b>62,708</b>    | <b>55.1</b>  | 2.92                    | 0.70  | 7.43   | 19.88 | 16.84 | 7.81  | 8.86   |
| Custom Equity Index                   |                  |              | 6.73                    | 3.65  | 10.02  | 20.00 | 15.89 | 8.31  | 8.13   |
| <b>International Equity Composite</b> | <b>19,308</b>    | <b>17.0</b>  | -2.69                   | -8.02 | -3.00  | 12.05 | 5.73  | -0.02 |        |
| MSCI EAFE (Net)                       |                  |              | -3.57                   | -9.23 | -4.90  | 11.06 | 5.33  | -0.47 |        |
| <b>Fixed Income Composite</b>         | <b>18,085</b>    | <b>15.9</b>  | 1.12                    | 1.17  | 5.80   | 3.29  | 4.79  | 5.77  | 5.47   |
| Barclays U.S. Aggregate               |                  |              | 1.79                    | 1.96  | 5.97   | 2.66  | 4.45  | 4.77  | 4.71   |
| <b>Real Estate Composite</b>          | <b>6,097</b>     | <b>5.4</b>   | 2.54                    | 4.96  | 10.05  | 6.60  |       |       |        |
| NCREIF Prop Index                     |                  |              | 3.04                    | 5.75  | 11.81  | 11.11 |       |       |        |
| <b>Timber Composite</b>               | <b>2,269</b>     | <b>2.0</b>   | -2.88                   | -1.97 | -2.00  |       |       |       |        |
| NCREIF Timberland Index               |                  |              | 6.02                    | 7.58  | 10.50  |       |       |       |        |
| <b>Cash Composite</b>                 | <b>5,302</b>     | <b>4.7</b>   | 0.12                    | 0.18  | 0.74   | 0.31  | 0.22  | 0.54  | 1.54   |
| 91-Day Treasury Bill                  |                  |              | 0.00                    | 0.01  | 0.04   | 0.07  | 0.09  | 0.38  | 1.54   |

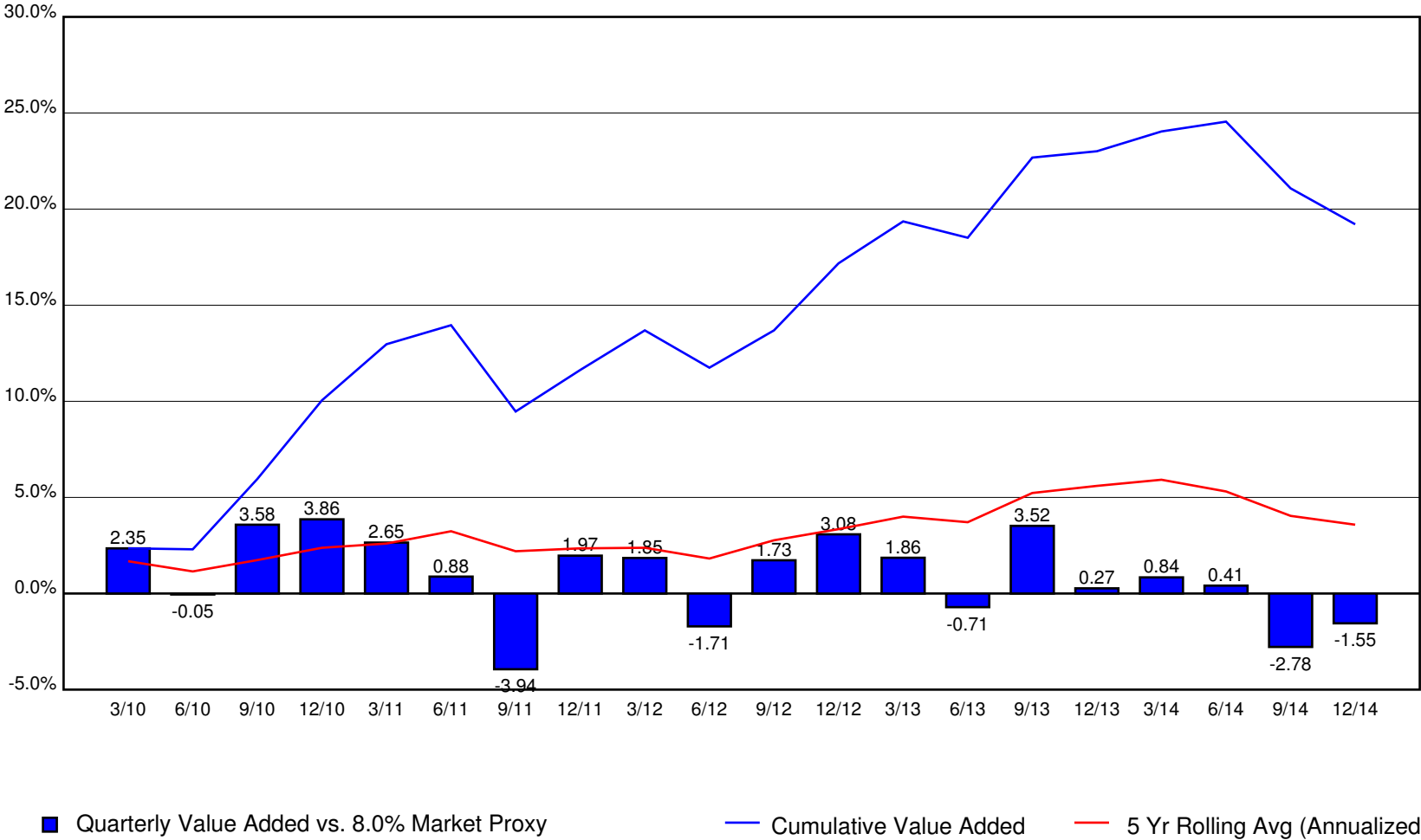
Southfield Employee Retirement System  
Executive Summary Table  
Periods Ending December 31, 2014

| Name                             | Value<br>\$(000) | Periods Ending 12/31/14 |        |       |       |       |       |        |
|----------------------------------|------------------|-------------------------|--------|-------|-------|-------|-------|--------|
|                                  |                  | Cur Qtr                 | 1 Year | 2 Yrs | 3 Yrs | 5 Yrs | 7 Yrs | 10 Yrs |
| Domestic Equity Composite        | 62,708           | 2.92                    | 7.43   | 20.82 | 19.88 | 16.84 | 7.81  | 8.86   |
| Custom Equity Index              |                  | 6.73                    | 10.02  | 21.68 | 20.00 | 15.89 | 8.31  | 8.13   |
| World Asset Large Cap            | 27,335           | 4.92                    | 13.66  | 22.62 | 20.41 | 15.48 | 7.31  |        |
| Standard & Poors 500             |                  | 4.93                    | 13.69  | 22.69 | 20.41 | 15.45 | 7.27  |        |
| Munder Capital Mid Cap           | 20,297           | 5.98                    | 11.35  | 22.48 | 20.62 | 17.23 | 7.85  |        |
| S&P Midcap 400                   |                  | 6.35                    | 9.77   | 21.06 | 19.99 | 16.54 | 9.47  |        |
| SouthernSun Small Cap            | 15,075           | -4.13                   | -6.30  | 15.40 | 17.52 | 21.11 |       |        |
| Russell 2000                     |                  | 9.73                    | 4.89   | 20.67 | 19.21 | 15.54 |       |        |
| International Equity Composite   | 19,308           | -2.69                   | -3.00  | 10.23 | 12.05 | 5.73  | -0.02 |        |
| MSCI EAFE (Net)                  |                  | -3.57                   | -4.90  | 8.06  | 11.06 | 5.33  | -0.47 |        |
| LSV Intl Equity                  | 10,644           | -4.89                   | -5.80  | 9.51  | 12.43 | 6.02  | 0.18  |        |
| MSCI EAFE (Net)                  |                  | -3.57                   | -4.90  | 8.06  | 11.06 | 5.33  | -0.47 |        |
| WCM Focused Growth International | 8,664            | 0.16                    | 0.67   | 11.16 | 11.85 |       |       |        |
| MSCI EAFE (Net)                  |                  | -3.57                   | -4.90  | 8.06  | 11.06 |       |       |        |
| Fixed Income Composite           | 18,085           | 1.12                    | 5.80   | 2.18  | 3.29  | 4.79  | 5.77  | 5.47   |
| Barclays U.S. Aggregate          |                  | 1.79                    | 5.97   | 1.89  | 2.66  | 4.45  | 4.77  | 4.71   |
| Pacific Fixed Income             | 16,898           | 1.25                    | 6.02   | 2.02  | 2.98  | 4.46  | 5.32  | 5.16   |
| Barclays US Aggregate            |                  | 1.79                    | 5.97   | 1.89  | 2.66  | 4.45  | 4.77  | 4.71   |
| MacKay Shields High Yield        | 1,187            | -0.78                   | 2.56   | 5.06  | 7.92  | 8.27  |       |        |
| Credit Suisse High Yld           |                  | -1.59                   | 1.86   | 4.66  | 7.91  | 8.68  |       |        |

Southfield Employee Retirement System  
Executive Summary Table  
Periods Ending December 31, 2014

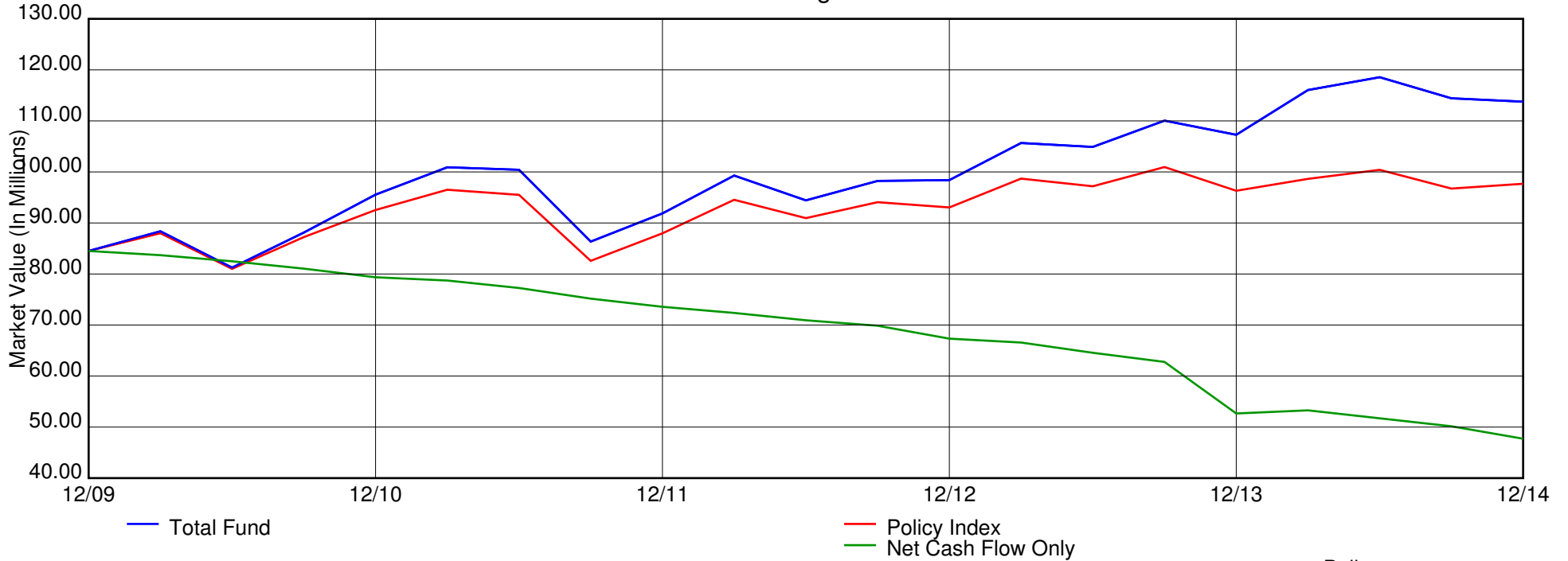
| Name                          | Value<br>\$(000) | Periods Ending 12/31/14 |        |       |       |       |       |        |
|-------------------------------|------------------|-------------------------|--------|-------|-------|-------|-------|--------|
|                               |                  | Cur Qtr                 | 1 Year | 2 Yrs | 3 Yrs | 5 Yrs | 7 Yrs | 10 Yrs |
| Real Estate Composite         | 6,097            | 2.54                    | 10.05  | 10.06 | 6.60  |       |       |        |
| NCREIF Prop Index             |                  | 3.04                    | 11.81  | 11.40 | 11.11 |       |       |        |
| Metropolitan Real Estate Fund | 1,156            | 0.00                    | 5.22   | 4.46  | -0.28 |       |       |        |
| NCREIF Prop Index             |                  | 3.04                    | 11.81  | 11.40 | 11.11 |       |       |        |
| AEW Capital Management        | 4,941            | 3.15                    | 10.62  | 11.71 |       |       |       |        |
| NCREIF ODCE Fund Index        |                  | 3.26                    | 12.49  | 13.22 |       |       |       |        |
| Timber Composite              | 2,269            | -2.88                   | -2.00  | 5.04  |       |       |       |        |
| NCREIF Timberland Index       |                  | 6.02                    | 10.50  | 10.09 |       |       |       |        |
| RMK Timberland U.S. Fund      | 1,354            | 0.00                    | 1.98   | 8.69  |       |       |       |        |
| NCREIF Timberland Index       |                  | 6.02                    | 10.50  | 10.09 |       |       |       |        |
| RMK Timberland Int'l Fund     | 915              | -6.85                   | -7.31  | -5.86 |       |       |       |        |
| NCREIF Timberland Index       |                  | 6.02                    | 10.50  | 10.09 |       |       |       |        |
| Cash Composite                | 5,302            | 0.12                    | 0.74   | 0.41  | 0.31  | 0.22  | 0.54  | 1.54   |
| 91-Day Treasury Bill          |                  | 0.00                    | 0.04   | 0.05  | 0.07  | 0.09  | 0.38  | 1.54   |
| Cash Account                  | 5,302            | 0.12                    | 0.74   | 0.41  | 0.31  | 0.22  | 0.54  | 1.56   |
| 91-Day Treasury Bill          |                  | 0.00                    | 0.04   | 0.05  | 0.07  | 0.09  | 0.38  | 1.54   |

# Southfield Employee Retirement System Value Added Analysis Total Fund 5 Years Ending 12/14



# Southfield Employee Retirement System Sources of Portfolio Growth Total Fund

12/09 through 12/14



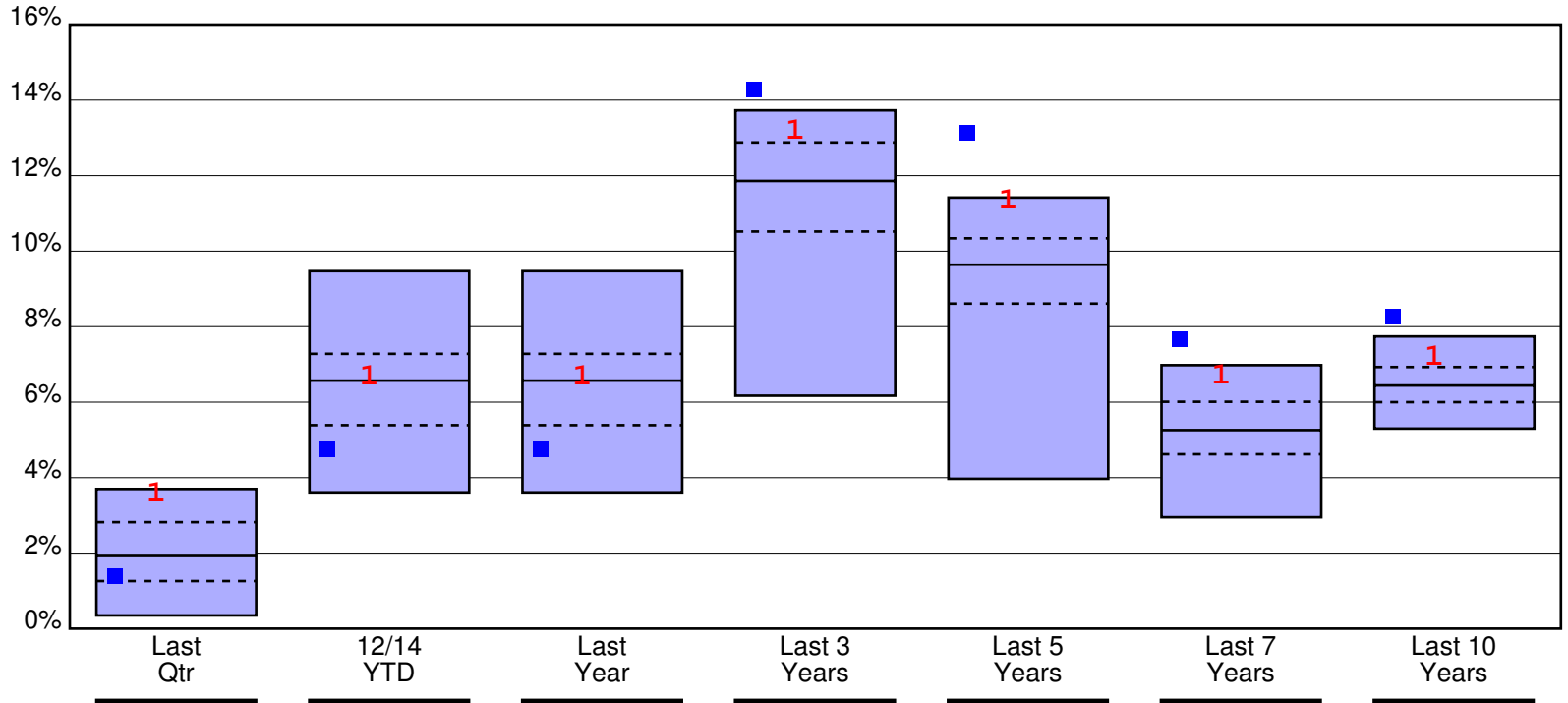
| Period Ending | Beginning Value \$(000) | Net Cash Flow | Investment Increment | Ending Value \$(000) | Return | Unit Value | Policy Index Return |
|---------------|-------------------------|---------------|----------------------|----------------------|--------|------------|---------------------|
| 12/09         |                         |               |                      | 84,510               |        | 100.00     |                     |
| 3/10          | 84,510                  | -822          | 4,684                | 88,371               | 5.61   | 105.61     | 5.11                |
| 6/10          | 88,371                  | -1,194        | -5,925               | 81,252               | -6.79  | 98.44      | -6.62               |
| 9/10          | 81,252                  | -1,444        | 8,314                | 88,122               | 10.49  | 108.76     | 9.53                |
| 12/10         | 88,122                  | -1,686        | 9,117                | 95,554               | 10.60  | 120.29     | 8.10                |
| 3/11          | 95,554                  | -639          | 5,993                | 100,908              | 6.33   | 127.90     | 5.01                |
| 6/11          | 100,908                 | -1,461        | 974                  | 100,421              | 0.96   | 129.13     | 0.48                |
| 9/11          | 100,421                 | -2,095        | -11,971              | 86,355               | -11.95 | 113.69     | -11.47              |



## Southfield Employee Retirement System Sources of Portfolio Growth Total Fund

| Period<br>Ending | Beginning<br>Value \$(000) | Net Cash<br>Flow | Investment<br>Increment | Ending<br>Value \$(000) | Return | Unit<br>Value | Policy<br>Index<br>Return |
|------------------|----------------------------|------------------|-------------------------|-------------------------|--------|---------------|---------------------------|
| 12/11            | 86,355                     | -1,595           | 7,107                   | 91,867                  | 9.24   | 124.20        | 8.54                      |
| 3/12             | 91,867                     | -1,200           | 8,625                   | 99,291                  | 9.47   | 135.96        | 8.89                      |
| 6/12             | 99,291                     | -1,441           | -3,419                  | 94,430                  | -3.31  | 131.46        | -2.29                     |
| 9/12             | 94,430                     | -1,069           | 4,874                   | 98,236                  | 5.21   | 138.31        | 4.63                      |
| 12/12            | 98,236                     | -2,535           | 2,700                   | 98,402                  | 2.84   | 142.24        | 1.62                      |
| 3/13             | 98,402                     | -756             | 8,020                   | 105,666                 | 8.28   | 154.01        | 6.92                      |
| 6/13             | 105,666                    | -2,011           | 1,246                   | 104,902                 | 1.02   | 155.58        | 0.52                      |
| 9/13             | 104,902                    | -1,794           | 6,945                   | 110,053                 | 6.75   | 166.07        | 5.78                      |
| 12/13            | 110,053                    | -10,095          | 7,323                   | 107,281                 | 6.53   | 176.92        | 5.67                      |
| 3/14             | 107,281                    | 612              | 8,161                   | 116,055                 | 1.92   | 180.31        | 1.78                      |
| 6/14             | 116,055                    | -1,566           | 4,076                   | 118,564                 | 3.56   | 186.73        | 3.41                      |
| 9/14             | 118,564                    | -1,558           | -2,571                  | 114,435                 | -2.12  | 182.76        | -2.12                     |
| 12/14            | 114,435                    | -2,437           | 1,770                   | 113,768                 | 1.37   | 185.26        | 3.54                      |
| Total            | 84,510                     | -36,786          | 66,045                  | 113,768                 | 85.26  | 185.26        | 70.79                     |

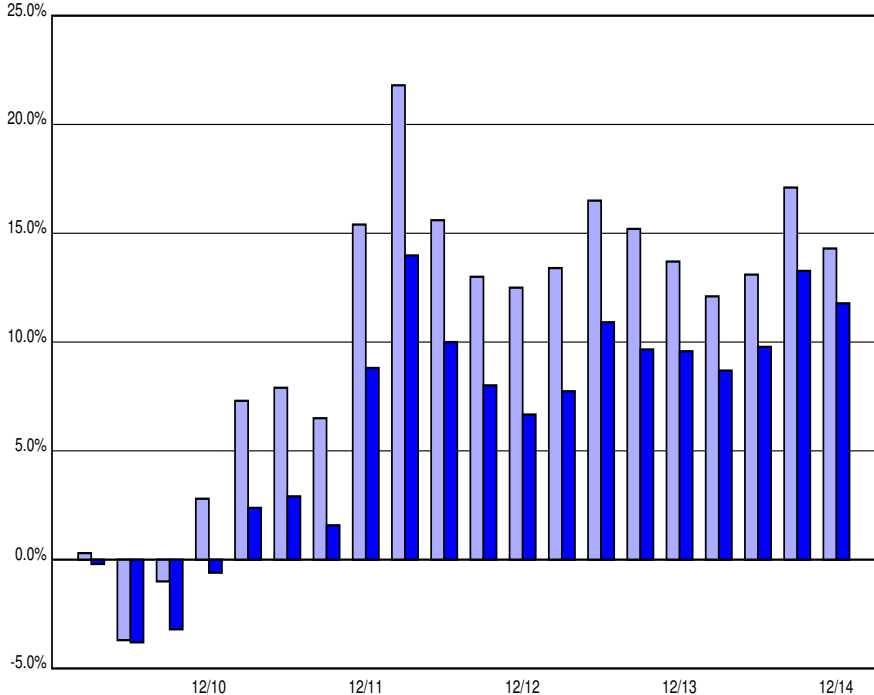
# Southfield Employee Retirement System Cumulative Performance Comparison Total Returns of Total Fund Public Sponsors Periods Ending 12/14



|                 | Last Qtr  | 12/14 YTD | Last Year | Last 3 Years | Last 5 Years | Last 7 Years | Last 10 Years |
|-----------------|-----------|-----------|-----------|--------------|--------------|--------------|---------------|
| 5th Percentile  | 3.70      | 9.47      | 9.47      | 13.73        | 11.42        | 6.98         | 7.74          |
| 25th Percentile | 2.82      | 7.28      | 7.28      | 12.88        | 10.34        | 6.01         | 6.93          |
| Median          | 1.95      | 6.57      | 6.57      | 11.86        | 9.64         | 5.26         | 6.44          |
| 75th Percentile | 1.26      | 5.39      | 5.39      | 10.52        | 8.61         | 4.62         | 6.00          |
| 95th Percentile | 0.35      | 3.61      | 3.61      | 6.17         | 3.97         | 2.95         | 5.30          |
| ■ Total Fund    | 1.37 (71) | 4.71 (83) | 4.71 (83) | 14.26 (2)    | 13.12 (1)    | 7.64 (1)     | 8.23 (3)      |
| 1 Policy Index  | 3.54 (6)  | 6.66 (47) | 6.66 (47) | 13.17 (18)   | 11.30 (6)    | 6.67 (7)     | 7.18 (18)     |

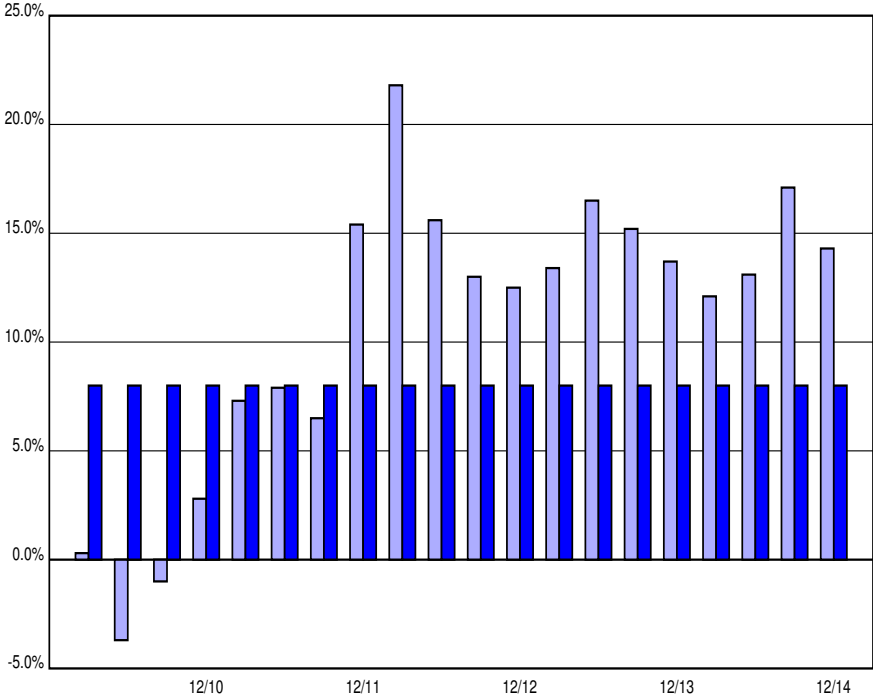
# Southfield Employee Retirement System December 31, 2014

Total Fund  
Performance Consistency  
3-Yr Rolling Periods



■ Total Return                     
 ■ 8.0% Market Proxy

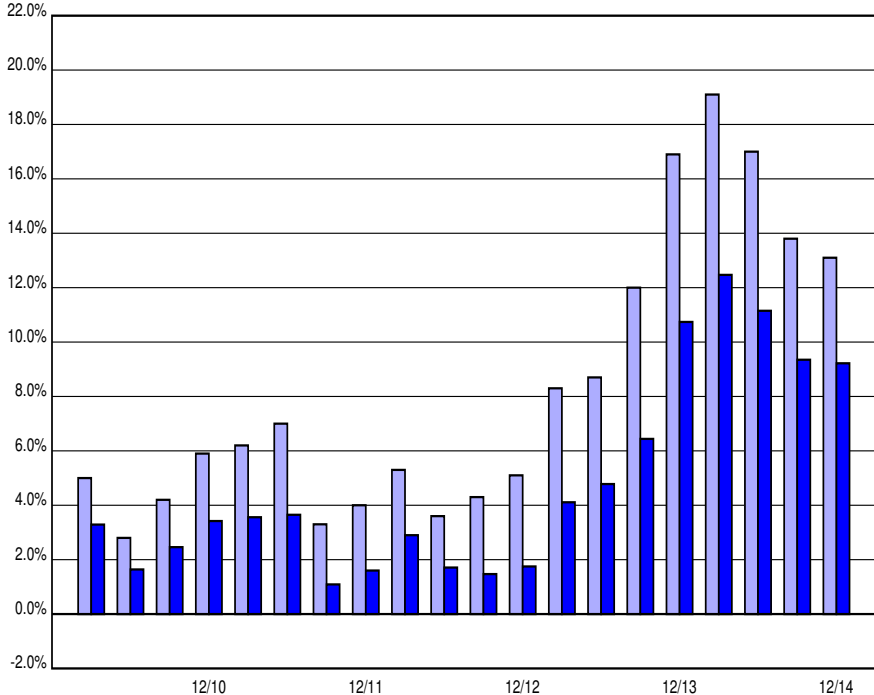
Total Fund  
Performance Consistency  
3-Yr Rolling Periods



■ Total Return                     
 ■ 8.0% Target Rate of Return

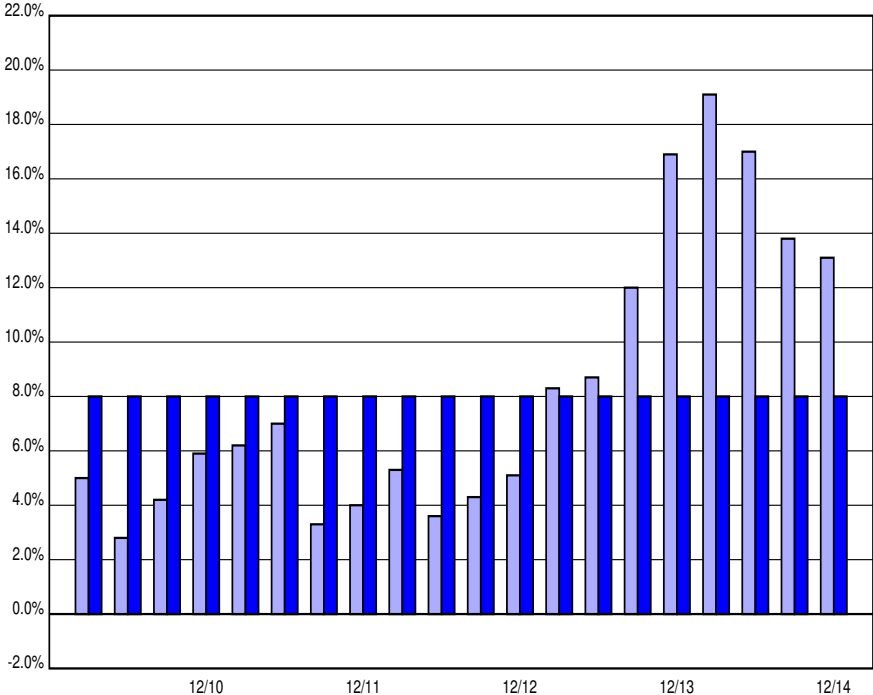
# Southfield Employee Retirement System December 31, 2014

Total Fund  
Performance Consistency  
5-Yr Rolling Periods



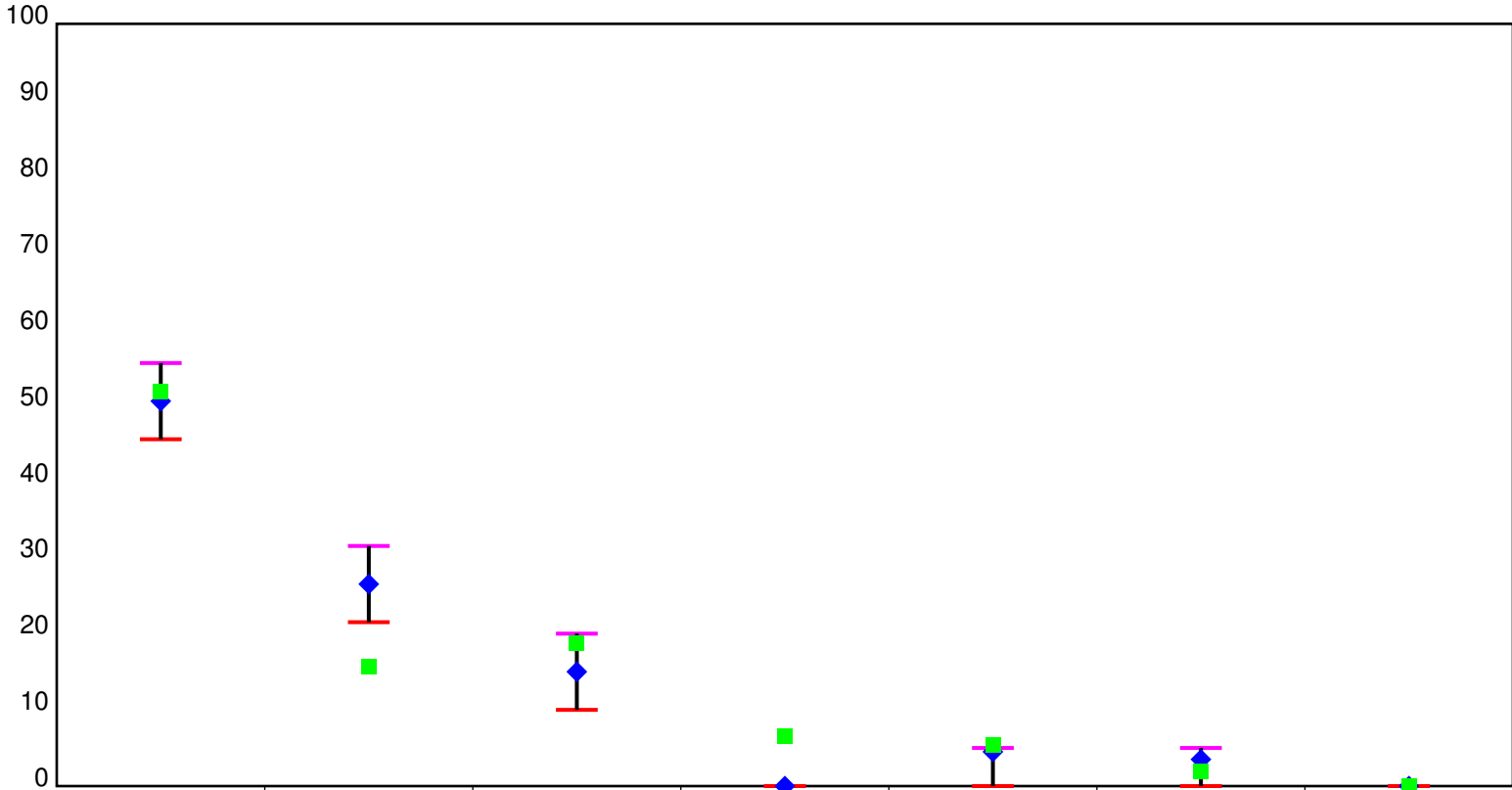
■ Total Return                      ■ 8.0% Market Proxy

Total Fund  
Performance Consistency  
5-Yr Rolling Periods



■ Total Return                      ■ 8.0% Target Rate of Return

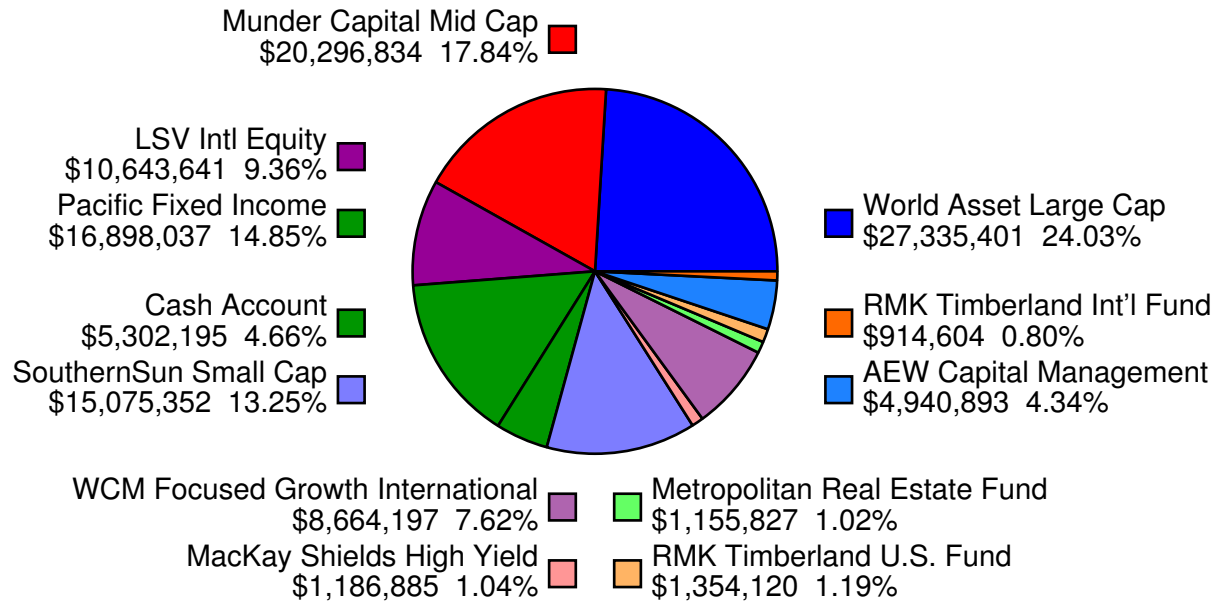
# Southfield Employee Retirement System Asset Allocation vs Policy Graph Total Fund As of December 31, 2014



| Legend   | Domestic Equities | Domestic Fixed | International Equities | Cash | Real Estate | Special Investments | Other |
|----------|-------------------|----------------|------------------------|------|-------------|---------------------|-------|
| ◆ Policy | 50.5              | 26.5           | 15.0                   | 0.0  | 4.5         | 3.5                 | 0.0   |
| — Min    | 45.5              | 21.5           | 10.0                   | 0.0  | 0.0         | 0.0                 | 0.0   |
| — Max    | 55.5              | 31.5           | 20.0                   | 0.0  | 5.0         | 5.0                 | 0.0   |
| ■ Actual | 51.7              | 15.7           | 18.8                   | 6.5  | 5.3         | 2.0                 | 0.0   |

# Southfield Employee Retirement System Total Fund Allocation By Manager Total Fund

December 31, 2014      \$113,767,986



## MARKET SECTOR DIVERSIFICATION

### EQUITIES

|  |                           | <i>Style</i> |                   |       |
|--|---------------------------|--------------|-------------------|-------|
|  |                           | Growth       | Core              | Value |
| <b>C<br/>A<br/>P<br/>I<br/>T<br/>A<br/>L<br/>I<br/>Z<br/>A<br/>T<br/>I<br/>O<br/>N</b> | <i>Domestic</i>           | <b>Large</b> | WAM               |       |
|  | <b>Medium</b>             | Munder       |                   |       |
|  | <b>Small</b>              |              | Southernsun       |       |
|  | <b>Venture Capital</b>    |              |                   |       |
| <i>International</i>   | <b>Large</b>              |              | LSV<br>WCM        |       |
|  | <b>Small</b>              |              |                   |       |
|  | <b>Direct Real Estate</b> | Metropolitan | AEW               |       |
|  | <b>Timberland</b>         | RMK Global   | RMK Global<br>FIS |       |

### FIXED INCOME

|  |                         | <i>Style</i>      |                          |         |                   |
|--|-------------------------|-------------------|--------------------------|---------|-------------------|
|  |                         | Rate              | Maturity<br>Differential | Core    | Sector Allocation |
| <b>C<br/>A<br/>P<br/>I<br/>T<br/>A<br/>L<br/>I<br/>Z<br/>A<br/>T<br/>I<br/>O<br/>N</b> | <i>Domestic</i>         | <b>U.S. Gov't</b> |                          | Pacific |                   |
|  | <b>Mortgage</b>         |                   |                          | Pacific |                   |
|  | <b>Asset Backed</b>     |                   |                          | Pacific |                   |
|  | <b>Corporate</b>        |                   |                          | Pacific |                   |
|  | <b>Foreign / Yankee</b> |                   |                          |         |                   |
|  | <b>High Yield</b>       |                   |                          | MacKay  |                   |
|  | <b>Gov't</b>            |                   |                          |         |                   |
|  | <b>Corporate</b>        |                   |                          |         |                   |

# Southfield Employee Retirement System December 31, 2014

Performance Summary Table  
Periods Ending 12/31/14

| Manager                    | 1 Qtr | 2 Qtrs | 1 Year | 2 Yrs | 3 Yrs | 5 Yrs | 10 Yrs |
|----------------------------|-------|--------|--------|-------|-------|-------|--------|
| World Asset Large Cap      |       |        |        |       |       |       |        |
| Total Return               | 4.92  | 6.11   | 13.66  | 22.62 | 20.41 | 15.48 |        |
| Total Return (Net of Fees) | 4.90  | 6.06   | 13.56  | 22.52 | 20.31 | 15.42 |        |
| Standard & Poors 500       | 4.93  | 6.12   | 13.69  | 22.69 | 20.41 | 15.45 |        |
| Variance                   | -0.01 | -0.01  | -0.03  | -0.07 | -0.00 | 0.03  |        |

**WORLD ASSET MANAGEMENT**

**S&P 500 Index Fund**

**Commingled Fund**

**OBJECTIVE**

Replicate the return of the S&P 500 Index.

**STRATEGY**

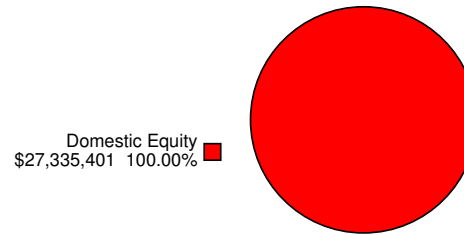
The manager attempts to hold an index weight in each all of the securities of the underlying index (WAM cannot invest in Comerica).

The S&P 500 is comprised of large cap stocks as selected by Standard & Poors.

**FEE SCHEDULE:**

10 bps on the first \$5M  
8 bps on the next \$20M  
6 bps on the next \$25M

Asset Allocation  
World Asset Large Cap  
December 31, 2014      \$27,335,401



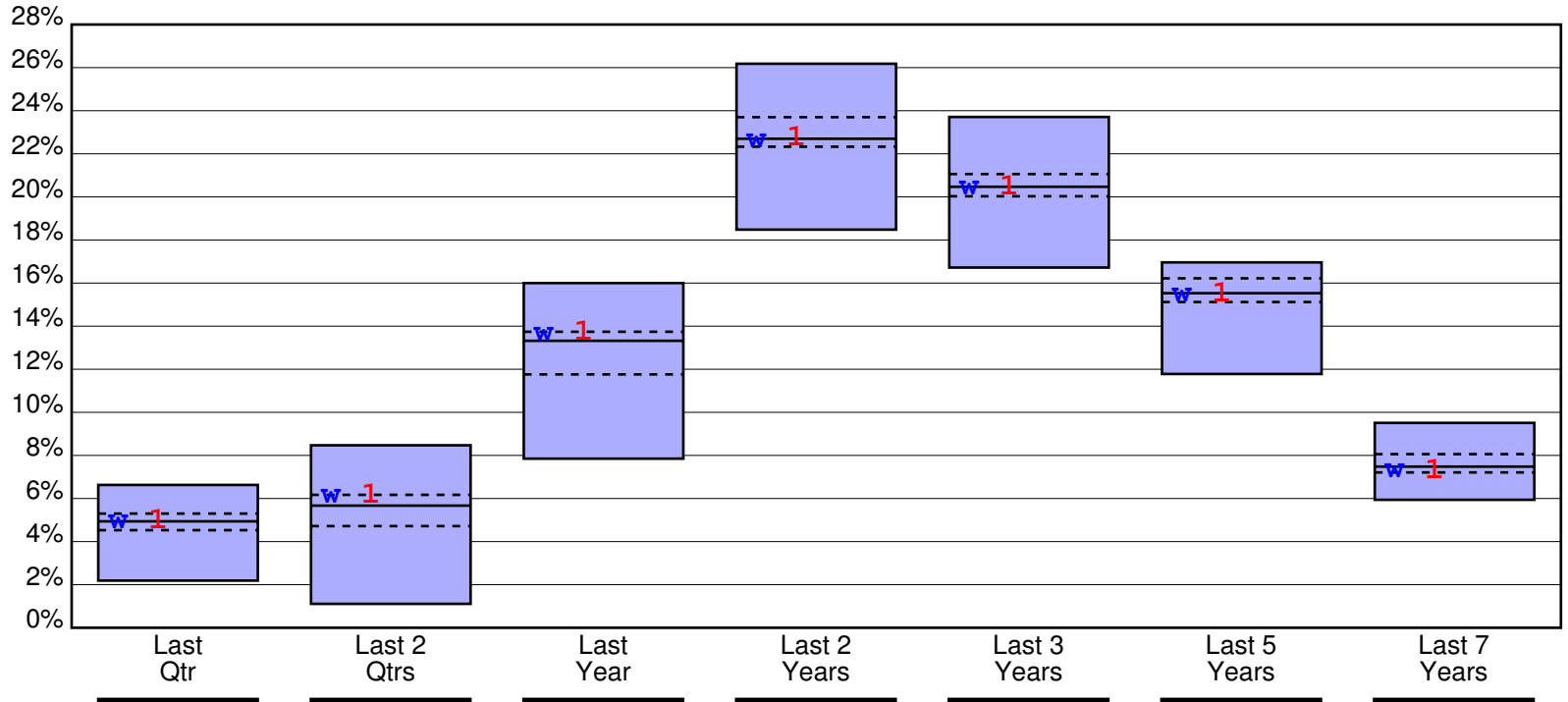
**CONCLUSIONS/RECOMMENDATIONS**

World Asset Management S&P 500 Index Fund performed in line with the S&P 500 Index, during the 4th Quarter 2014, placing them in the 60th percentile of the Large Cap Core Universe.

Over the longer 5-yr period, the manager has out performed the S&P 500 Index and placed in the 59th percentile of their peer group.



# Southfield Employee Retirement System Large Neutral Cumulative Performance Comparisons Total Returns of Equity Portfolios Periods Ending 12/14



5th Percentile  
25th Percentile  
Median  
75th Percentile  
95th Percentile

|                                | Last Qtr  | Last 2 Qtrs | Last Year  | Last 2 Years | Last 3 Years | Last 5 Years | Last 7 Years |
|--------------------------------|-----------|-------------|------------|--------------|--------------|--------------|--------------|
| 5th Percentile                 | 6.63      | 8.47        | 16.00      | 26.18        | 23.71        | 16.96        | 9.51         |
| 25th Percentile                | 5.30      | 6.17        | 13.74      | 23.70        | 21.06        | 16.22        | 8.06         |
| Median                         | 4.94      | 5.67        | 13.32      | 22.70        | 20.47        | 15.53        | 7.48         |
| 75th Percentile                | 4.53      | 4.72        | 11.76      | 22.33        | 20.03        | 15.12        | 7.21         |
| 95th Percentile                | 2.19      | 1.11        | 7.85       | 18.48        | 16.72        | 11.78        | 5.94         |
| <b>w</b> World Asset Large Cap | 4.92 (60) | 6.11 (38)   | 13.66 (37) | 22.62 (63)   | 20.41 (60)   | 15.48 (59)   | 7.31 (67)    |
| <b>1</b> Standard & Poors 500  | 4.93 (58) | 6.12 (36)   | 13.69 (32) | 22.69 (51)   | 20.41 (60)   | 15.45 (64)   | 7.27 (71)    |

# Southfield Employee Retirement System December 31, 2014

Performance Summary Table  
Periods Ending 12/31/14

| Manager                    | 1 Qtr | 2 Qtrs | 1 Year | 2 Yrs | 3 Yrs | 5 Yrs | 10 Yrs |
|----------------------------|-------|--------|--------|-------|-------|-------|--------|
| Munder Capital Mid Cap     |       |        |        |       |       |       |        |
| Total Return               | 5.98  | 5.30   | 11.35  | 22.48 | 20.62 | 17.23 |        |
| Total Return (Net of Fees) | 5.79  | 4.92   | 10.54  | 21.59 | 19.74 | 16.36 |        |
| S&P Midcap 400             | 6.35  | 2.11   | 9.77   | 21.06 | 19.99 | 16.54 |        |
| Variance                   | -0.37 | 3.19   | 1.59   | 1.42  | 0.64  | 0.68  |        |

**MUNDER CAPITAL MANAGEMENT  
Mid-Capitalization Core Growth  
Separately Managed Account**

**OBJECTIVE**

Out perform the S&P MidCap 400 Index and rank in the top 50% of the mid cap neutral universe over a full market cycle (approximately 5 years).

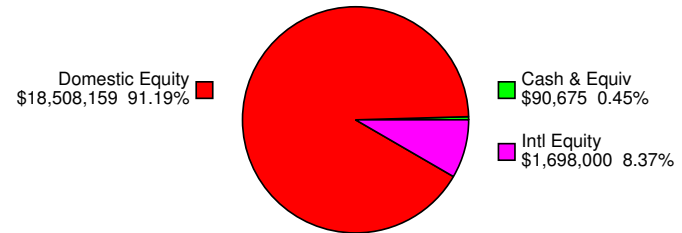
**STRATEGY**

The manager utilizes multi-factor screens to identify companies with attracted earnings growth, capital efficiency, and valuation characteristics. The manager employs fundamental research to assess a company's business model, competitive advantages, and corporate management. Securities are evaluated for relative valuation, technical analysis, sentiment, and other key drives.

**FEE SCHEDULE:**

75 bps on the first \$25M  
65 bps on the next \$25M  
55 bps on the next \$50M  
45 bps over \$100M

Asset Allocation  
Munder Capital Mid Cap  
December 31, 2014      \$20,296,834



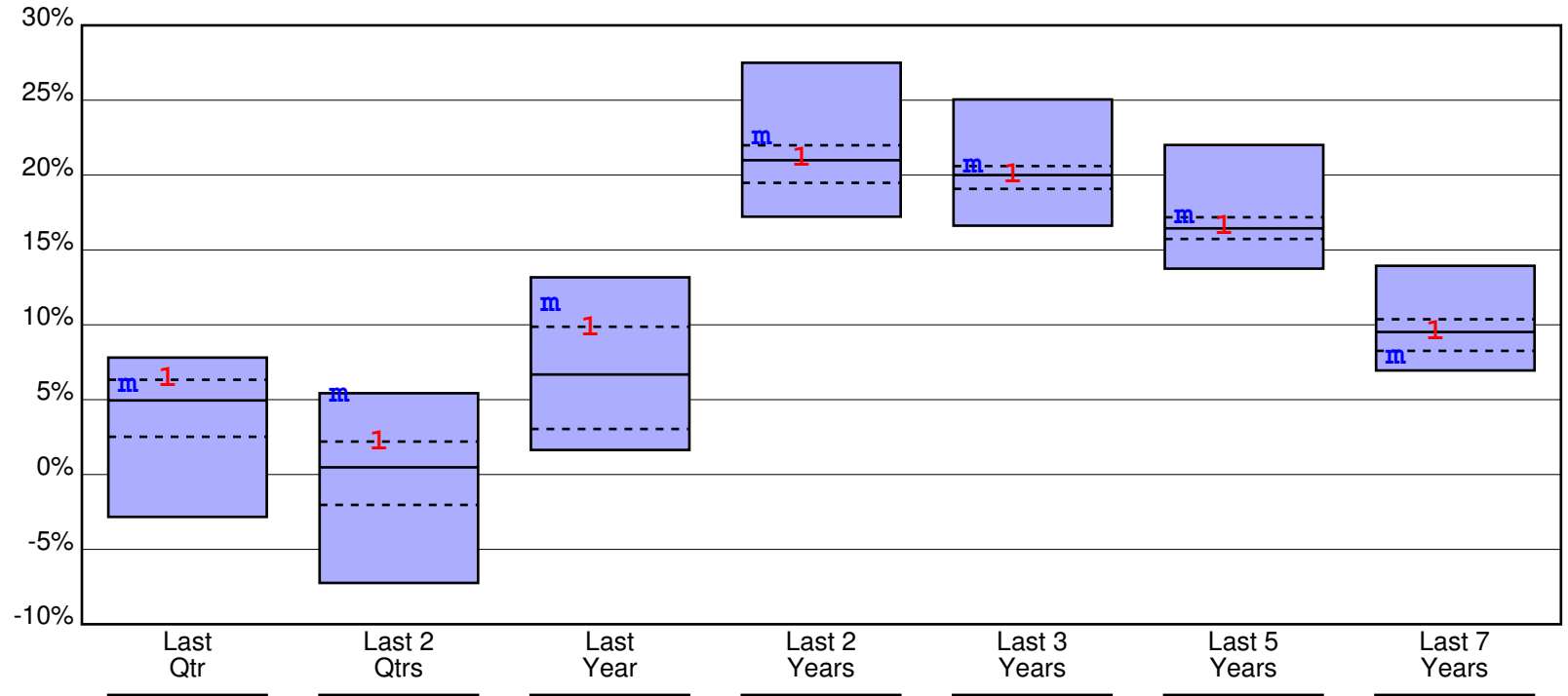
**CONCLUSIONS/RECOMMENDATIONS**

Munder Mid Cap Core Growth under performed the S&P Midcap 400 Index by 37 bps during the 4th Quarter 2014, placing them in the 30th percentile of the Mid Cap Core Universe.

Over the longer 5-year time period the manager has out performed the S&P Midcap 400 Index and has placed in the 22nd percentile of their peer group.

**\*Munder was acquired by Victory.**

# Southfield Employee Retirement System Midcap Neutral Cumulative Performance Comparisons Total Returns of Equity Portfolios Periods Ending 12/14



5th Percentile  
25th Percentile  
Median  
75th Percentile  
95th Percentile

|                                 | Last Qtr  | Last 2 Qtrs | Last Year  | Last 2 Years | Last 3 Years | Last 5 Years | Last 7 Years |
|---------------------------------|-----------|-------------|------------|--------------|--------------|--------------|--------------|
| 5th Percentile                  | 7.81      | 5.43        | 13.17      | 27.50        | 25.05        | 22.01        | 13.94        |
| 25th Percentile                 | 6.33      | 2.20        | 9.87       | 21.99        | 20.60        | 17.18        | 10.37        |
| Median                          | 4.95      | 0.48        | 6.68       | 20.99        | 20.00        | 16.44        | 9.52         |
| 75th Percentile                 | 2.52      | -2.03       | 3.04       | 19.48        | 19.08        | 15.73        | 8.26         |
| 95th Percentile                 | -2.83     | -7.24       | 1.64       | 17.22        | 16.62        | 13.75        | 6.95         |
| <b>m</b> Munder Capital Mid Cap | 5.98 (30) | 5.30 (5)    | 11.35 (13) | 22.48 (17)   | 20.62 (23)   | 17.23 (22)   | 7.85 (87)    |
| <b>1</b> S&P Midcap 400         | 6.35 (22) | 2.11 (29)   | 9.77 (29)  | 21.06 (45)   | 19.99 (50)   | 16.54 (42)   | 9.47 (50)    |

**Southfield Employee Retirement System  
Equity Summary Statistics  
Munder Capital Mid Cap  
Period Ending 12/14**

|                                | <u>Portfolio</u> | <u>S&amp;P Midcap 400</u> | <u>Ten Largest Holdings</u> | <u>Mkt Value</u> | <u>% of Port</u> | <u>Quarterly Ret</u> |
|--------------------------------|------------------|---------------------------|-----------------------------|------------------|------------------|----------------------|
| Total Number Of Securities     | 86               | 400                       | Skyworks Solutions I        | 546,779          | 2.71             | 25.51                |
| Equity Market Value            | 18,508,159       |                           | Affiliated Managers         | 413,868          | 2.05             | 5.93                 |
| Average Capitalization \$(000) | 11,980,989       | 5,352,302                 | Sba Communications C        | 404,274          | 2.00             | -0.13                |
| Median Capitalization \$(000)  | 8,307,173        | 3,766,133                 | Lincoln Natl Corp In        | 393,598          | 1.95             | 7.97                 |
| Equity Segment Yield           | 0.99             | 1.46                      | Nisource Inc                | 391,325          | 1.94             | 4.16                 |
| Equity Segment P/E - Average   | 20.62            | 25.30                     | Invesco Ltd                 | 383,344          | 1.90             | 0.72                 |
| Equity Segment P/E - Median    | 22.25            | 21.87                     | L Brands Inc                | 363,510          | 1.80             | 29.78                |
| Equity Segment Beta            | 1.16             | 1.18                      | Cooper Cos Inc              | 348,494          | 1.73             | 4.07                 |
| Price/Book Ratio               | 3.02             | 2.39                      | Macerich Co                 | 348,237          | 1.73             | 31.92                |
| Debt/Equity Ratio              | 56.10            | 52.44                     | Radian Group Inc            | 344,432          | 1.71             | 17.27                |
| Five Year Earnings Growth      | 15.81            | 11.37                     |                             |                  |                  |                      |

| GICS Sectors           | Weight    |        | Return    |        | Selection |        |       |
|------------------------|-----------|--------|-----------|--------|-----------|--------|-------|
|                        | Portfolio | Index  | Portfolio | Index  | Stock     | Sector | Total |
| Energy                 | 6.84      | 5.30   | -22.98    | -23.52 | 0.04      | -0.46  | -0.43 |
| Materials              | 9.01      | 7.53   | -4.96     | 2.66   | -0.69     | -0.05  | -0.74 |
| Industrials            | 14.95     | 16.07  | 1.86      | 2.05   | -0.03     | 0.05   | 0.02  |
| Consumer Discretionary | 15.88     | 13.67  | 11.11     | 10.14  | 0.15      | 0.08   | 0.24  |
| Consumer Staples       | 4.53      | 3.14   | 15.01     | 10.50  | 0.20      | 0.06   | 0.26  |
| Health Care            | 10.42     | 9.69   | 14.74     | 11.64  | 0.32      | 0.04   | 0.36  |
| Financials             | 19.24     | 22.25  | 10.48     | 10.14  | 0.07      | -0.11  | -0.05 |
| Information Technology | 12.89     | 17.18  | 11.89     | 8.00   | 0.50      | -0.07  | 0.43  |
| Telecom. Services      | 2.17      | 0.53   | -0.13     | 5.98   | -0.13     | -0.01  | -0.14 |
| Utilities              | 4.06      | 4.64   | 8.75      | 12.10  | -0.14     | -0.03  | -0.17 |
|                        | 100.00    | 100.00 | 6.14      | 6.35   | 0.30      | -0.51  | -0.21 |

Stock Selection Return Attribution  
 [ Portfolio Market Value Sector Percentage ] \* [ Portfolio Sector Return - Index Sector Return ]  
 Sector Selection Return Attribution  
 [ Portfolio Sector Percentage - Index Sector Percentage ] \* [ Index Sector Return - Index Total Return ]  
 Trading Effect 1.37%  
 [ Actual Return 7.51% ] - [ Buy Hold Return 6.14% ]

# Southfield Employee Retirement System December 31, 2014

Performance Summary Table  
Periods Ending 12/31/14

| Manager                    | 1 Qtr  | 2 Qtrs | 1 Year | 2 Yrs | 3 Yrs | 5 Yrs | 10 Yrs |
|----------------------------|--------|--------|--------|-------|-------|-------|--------|
| SouthernSun Small Cap      |        |        |        |       |       |       |        |
| Total Return               | -4.13  | -12.52 | -6.30  | 15.40 | 17.52 | 21.11 |        |
| Total Return (Net of Fees) | -4.38  | -12.97 | -7.24  | 14.33 | 16.42 | 19.98 |        |
| Russell 2000               | 9.73   | 1.65   | 4.89   | 20.67 | 19.21 | 15.54 |        |
| Variance                   | -13.85 | -14.18 | -11.19 | -5.27 | -1.69 | 5.57  |        |

**SOUTHERNSUN ASSET MANAGEMENT**  
**Small Cap**  
**Separately Managed Account**

**OBJECTIVE**

Out perform the Russell 2000 Index and rank in the top 50% of the small cap core universe over a full market cycle (approximately 5 years).

To exceed the reward/risk ratio of the benchmark index and consistently generate positive alpha.

**STRATEGY**

Pinpoint attractively valued companies based on a proprietary calculation and analysis of a company's discretionary cash flow.

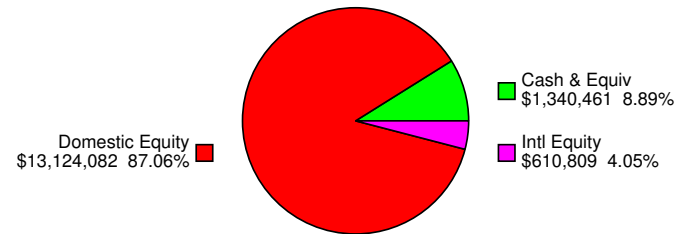
Analyze company's enterprise value, P/E and P/B ratios, and "break-up" value; and focus on companies with at least a minimal rate of organic growth (3-6%).

Bottom-up analysis of niche-dominant businesses with financial flexibility and uniquely-suited management teams.

**FEE SCHEDULE:**

100 bps on the first \$15M  
85 bps over \$15M

Asset Allocation  
SouthernSun Small Cap  
December 31, 2014      \$15,075,352

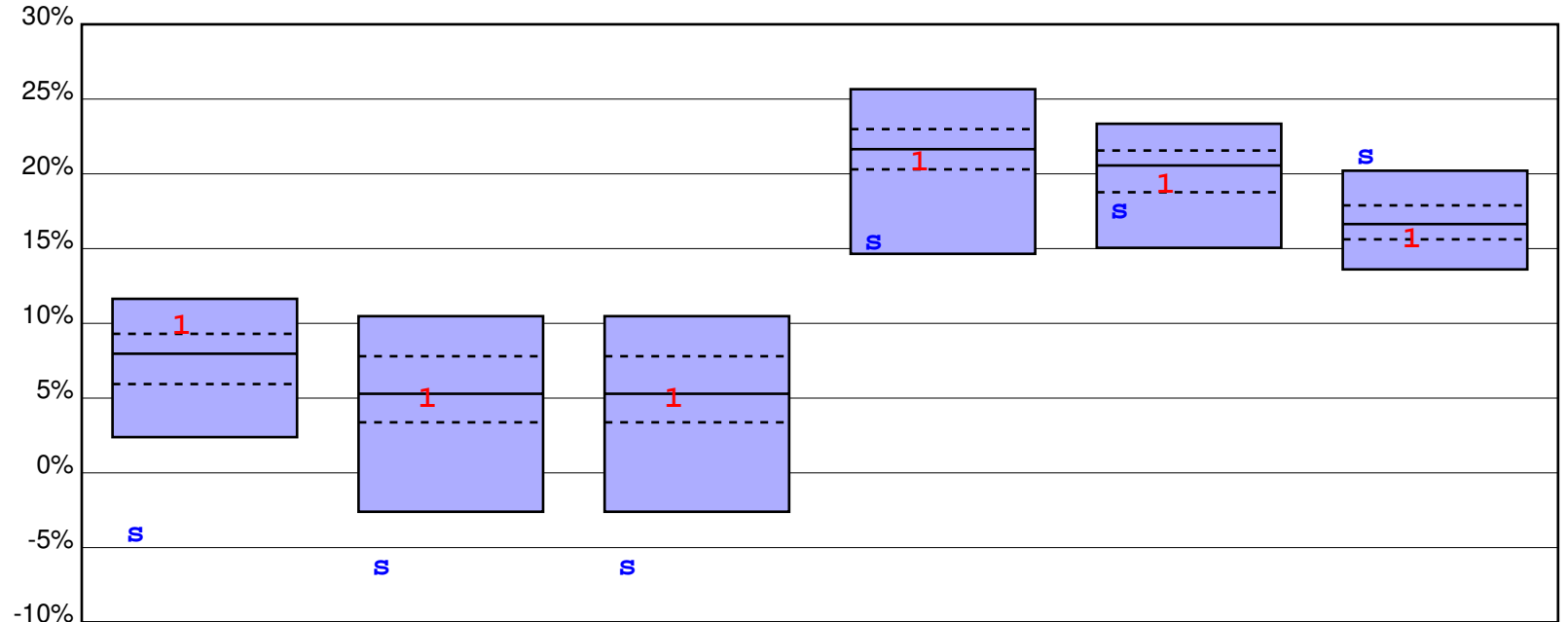


**CONCLUSIONS/RECOMMENDATIONS**

SouthernSun under performed the Russell 2000 Index by 1385 bps during the 4th Quarter 2014, placing them in the 99th percentile of the Small Cap Core Universe.

Longer-term, SouthernSun has out performed the Russell 2000 Index and has ranked at the top of of their peer group over a 5-year time period.

# Southfield Employee Retirement System Small Neutral Cumulative Performance Comparisons Total Returns of Equity Portfolios Periods Ending 12/14



|                                | Last Qtr   | 12/14 YTD  | Last Year  | Last 2 Years | Last 3 Years | Last 5 Years |
|--------------------------------|------------|------------|------------|--------------|--------------|--------------|
| 5th Percentile                 | 11.64      | 10.48      | 10.48      | 25.66        | 23.35        | 20.21        |
| 25th Percentile                | 9.30       | 7.80       | 7.80       | 22.99        | 21.56        | 17.89        |
| Median                         | 7.97       | 5.29       | 5.29       | 21.65        | 20.56        | 16.64        |
| 75th Percentile                | 5.94       | 3.38       | 3.38       | 20.30        | 18.77        | 15.62        |
| 95th Percentile                | 2.39       | -2.60      | -2.60      | 14.65        | 15.05        | 13.61        |
| <b>S</b> SouthernSun Small Cap | -4.13 (99) | -6.30 (99) | -6.30 (99) | 15.40 (90)   | 17.52 (84)   | 21.11 (1)    |
| <b>1</b> Russell 2000          | 9.73 (19)  | 4.89 (59)  | 4.89 (59)  | 20.67 (70)   | 19.21 (69)   | 15.54 (76)   |

**Southfield Employee Retirement System**  
**Equity Summary Statistics**  
**SouthernSun Small Cap**  
**Period Ending 12/14**

|                                | Portfolio  | Russell 2000 | Ten Largest Holdings | Mkt Value | % of Port | Quarterly Ret |
|--------------------------------|------------|--------------|----------------------|-----------|-----------|---------------|
| Total Number Of Securities     | 23         | 2,007        | Darling Intl Inc     | 802,763   | 5.85      | -0.87         |
| Equity Market Value            | 13,124,082 |              | Centene Corp Del     | 784,587   | 5.72      | 25.56         |
| Average Capitalization \$(000) | 3,174,970  | 1,884,275    | Hill Rom Hldgs Inc   | 774,400   | 5.64      | 10.48         |
| Median Capitalization \$(000)  | 2,633,881  | 714,039      | AGCO Corp            | 760,490   | 5.54      | -0.33         |
| Equity Segment Yield           | 1.11       | 1.30         | Diebold Inc          | 759,655   | 5.53      | -1.13         |
| Equity Segment P/E - Average   | 22.77      | 39.30        | Iconix Brand Group I | 756,896   | 5.51      | -8.53         |
| Equity Segment P/E - Median    | 18.01      | 17.14        | Brinks Co            | 743,162   | 5.41      | 2.01          |
| Equity Segment Beta            | 1.40       | 1.23         | Nordson Corp         | 639,272   | 4.66      | 2.78          |
| Price/Book Ratio               | 2.07       | 2.30         | Thor Inds Inc        | 614,011   | 4.47      | 9.60          |
| Debt/Equity Ratio              | 51.63      | 45.79        | Chicago Bridge & Iro | 610,809   | 4.45      | -27.30        |
| Five Year Earnings Growth      | 11.72      | 9.50         |                      |           |           |               |

| GICS Sectors           | Weight    |        | Return    |        | Selection |        |        |
|------------------------|-----------|--------|-----------|--------|-----------|--------|--------|
|                        | Portfolio | Index  | Portfolio | Index  | Stock     | Sector | Total  |
| Energy                 | 4.50      | 5.57   | -31.96    | -31.98 | 0.00      | 0.44   | 0.45   |
| Materials              | 7.30      | 4.99   | -15.13    | 4.72   | -1.45     | -0.12  | -1.56  |
| Industrials            | 33.48     | 13.80  | -12.03    | 9.16   | -7.09     | -0.12  | -7.21  |
| Consumer Discretionary | 17.20     | 13.17  | 3.97      | 13.90  | -1.71     | 0.17   | -1.54  |
| Consumer Staples       | 12.23     | 3.23   | -0.60     | 12.89  | -1.65     | 0.28   | -1.37  |
| Health Care            | 11.76     | 13.52  | 18.31     | 17.45  | 0.10      | -0.14  | -0.03  |
| Financials             | 3.33      | 23.75  | -24.78    | 11.46  | -1.21     | -0.35  | -1.55  |
| Information Technology | 6.01      | 17.94  | -1.13     | 11.71  | -0.77     | -0.23  | -1.01  |
| Telecom. Services      | 0.00      | 0.77   |           | 8.83   | 0.00      | 0.01   | 0.01   |
| Utilities              | 4.18      | 3.27   | -3.75     | 16.66  | -0.85     | 0.06   | -0.79  |
|                        | 100.00    | 100.00 | -4.86     | 9.76   | -14.63    | 0.01   | -14.62 |

Stock Selection Return Attribution  
[ Portfolio Market Value Sector Percentage ] \* [ Portfolio Sector Return - Index Sector Return ]  
Sector Selection Return Attribution  
[ Portfolio Sector Percentage - Index Sector Percentage ] \* [ Index Sector Return - Index Total Return ]  
Trading Effect 1.62%  
[ Actual Return -3.23% ] - [ Buy Hold Return -4.86% ]

# Southfield Employee Retirement System December 31, 2014

Performance Summary Table  
Periods Ending 12/31/14

| Manager                    | 1 Qtr | 2 Qtrs | 1 Year | 2 Yrs | 3 Yrs | 5 Yrs | 10 Yrs |
|----------------------------|-------|--------|--------|-------|-------|-------|--------|
| LSV Intl Equity            |       |        |        |       |       |       |        |
| Total Return               | -4.89 | -11.14 | -5.80  | 9.51  | 12.43 | 6.02  |        |
| Total Return (Net of Fees) | -5.08 | -11.48 | -6.51  | 8.71  | 11.61 | 5.48  |        |
| MSCI EAFE (Net)            | -3.57 | -9.23  | -4.90  | 8.06  | 11.06 | 5.33  |        |
| Variance                   | -1.32 | -1.90  | -0.90  | 1.45  | 1.37  | 0.69  |        |

**LSV ASSET MANAGEMENT**  
**International Large Cap Value Equity**  
**Commingled Fund**

**OBJECTIVE**

Out perform the MSCI EAFE Index and rank in the top 40% of the international equity universe over a full market cycle (approximately 5 years).

**STRATEGY**

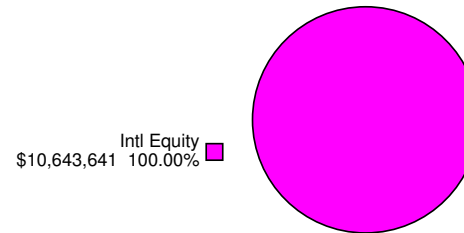
The manager utilizes a quantitative approach, ranking the broad universe of stocks on a combination of value and momentum factors. The manager seeks to invest in approximately 130 stocks with the most attractive characteristics within their strict risk parameters to control the portfolios tracking error. The portfolio will be broadly diversified across industry groups and fully invested.

**FEE SCHEDULE:**

75 bps on the first \$25M  
65 bps on the next \$25M

**Asset Allocation**  
**LSV Intl Equity**

December 31, 2014      \$10,643,641



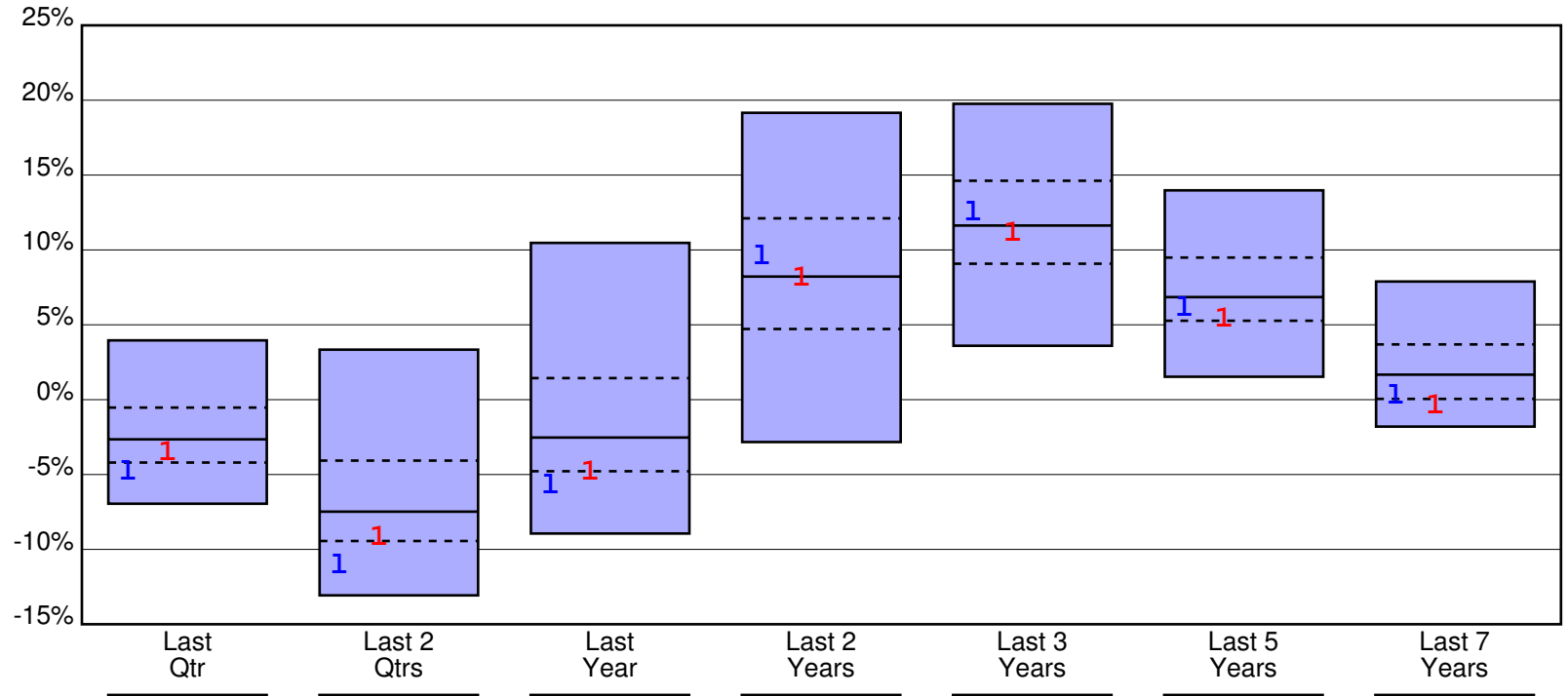
**CONCLUSIONS/RECOMMENDATIONS**

LSV Int'l Equity under performed the MSCI EAFE (Net) Index by 132 bps during the 4th Quarter 2014, placing them in the 85th percentile of the International Equity Universe.

Over the longer 5-yr period, the manager has out performed the MSCI EAFE (Net) and has placed in the 61st percentile of their peer group.



# Southfield Employee Retirement System Cumulative Performance Comparison Total Returns of International Equity Portfolios Periods Ending 12/14



|                          | Last Qtr   | Last 2 Qtrs | Last Year  | Last 2 Years | Last 3 Years | Last 5 Years | Last 7 Years |
|--------------------------|------------|-------------|------------|--------------|--------------|--------------|--------------|
| 5th Percentile           | 3.96       | 3.34        | 10.47      | 19.16        | 19.76        | 13.98        | 7.89         |
| 25th Percentile          | -0.53      | -4.07       | 1.44       | 12.11        | 14.62        | 9.49         | 3.69         |
| Median                   | -2.65      | -7.48       | -2.53      | 8.22         | 11.63        | 6.85         | 1.67         |
| 75th Percentile          | -4.20      | -9.44       | -4.78      | 4.72         | 9.08         | 5.27         | 0.05         |
| 95th Percentile          | -6.95      | -13.07      | -8.94      | -2.83        | 3.60         | 1.53         | -1.80        |
| <b>1</b> LSV Intl Equity | -4.89 (85) | -11.14 (89) | -5.80 (81) | 9.51 (38)    | 12.43 (40)   | 6.02 (61)    | 0.18 (73)    |
| <b>1</b> MSCI EAFE (Net) | -3.57 (61) | -9.23 (73)  | -4.90 (75) | 8.06 (51)    | 11.06 (57)   | 5.33 (74)    | -0.47 (84)   |

# Southfield Employee Retirement System December 31, 2014

Performance Summary Table  
Periods Ending 12/31/14

| Manager                          | 1 Qtr | 2 Qtrs | 1 Year | 2 Yrs | 3 Yrs | 5 Yrs | 10 Yrs |
|----------------------------------|-------|--------|--------|-------|-------|-------|--------|
| WCM Focused Growth International |       |        |        |       |       |       |        |
| Total Return                     | 0.16  | -3.90  | 0.67   | 11.16 | 11.85 |       |        |
| Total Return (Net of Fees)       | -0.06 | -4.32  | -0.22  | 10.19 | 10.92 |       |        |
| MSCI EAFE (Net)                  | -3.57 | -9.23  | -4.90  | 8.06  | 11.06 |       |        |
| Variance                         | 3.73  | 5.34   | 5.57   | 3.10  | 0.79  |       |        |

**WCM INVESTMENT MANAGEMENT**  
**WCM Focused Growth International**  
**Separately Managed Account**  
**MSCI EAFE Net**

**OBJECTIVE**

Out perform the MSCI EAFE Net Index and rank in the top 40% of the international equity universe over a full market cycle (approximately 5 years).

**STRATEGY**

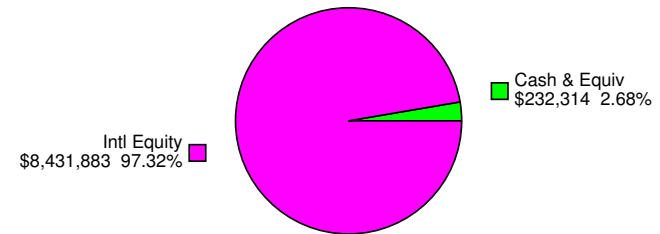
WCM is an active manager and utilizes a fundamental bottom-up strategy. WCM structures their portfolios distinct from the market indices. As a result their portfolio is limited to 20-30 companies. WCM seeks non-US domiciled quality growth businesses with superior growth prospects, high returns on invested capital and low or no debt. WCM is sensitive to valuation and will avoid companies with limited or spotty histories. The Investment Strategy Group concentrates its efforts on large established multinationals, with a primary emphasis in the large cap space. WCM focuses its attention on conventional growth sectors like technology, consumer discretionary & staples and healthcare.

**FEE SCHEDULE:**

1.00% on all assets

**Asset Allocation**  
**WCM Focused Growth International**

December 31, 2014      \$8,664,197

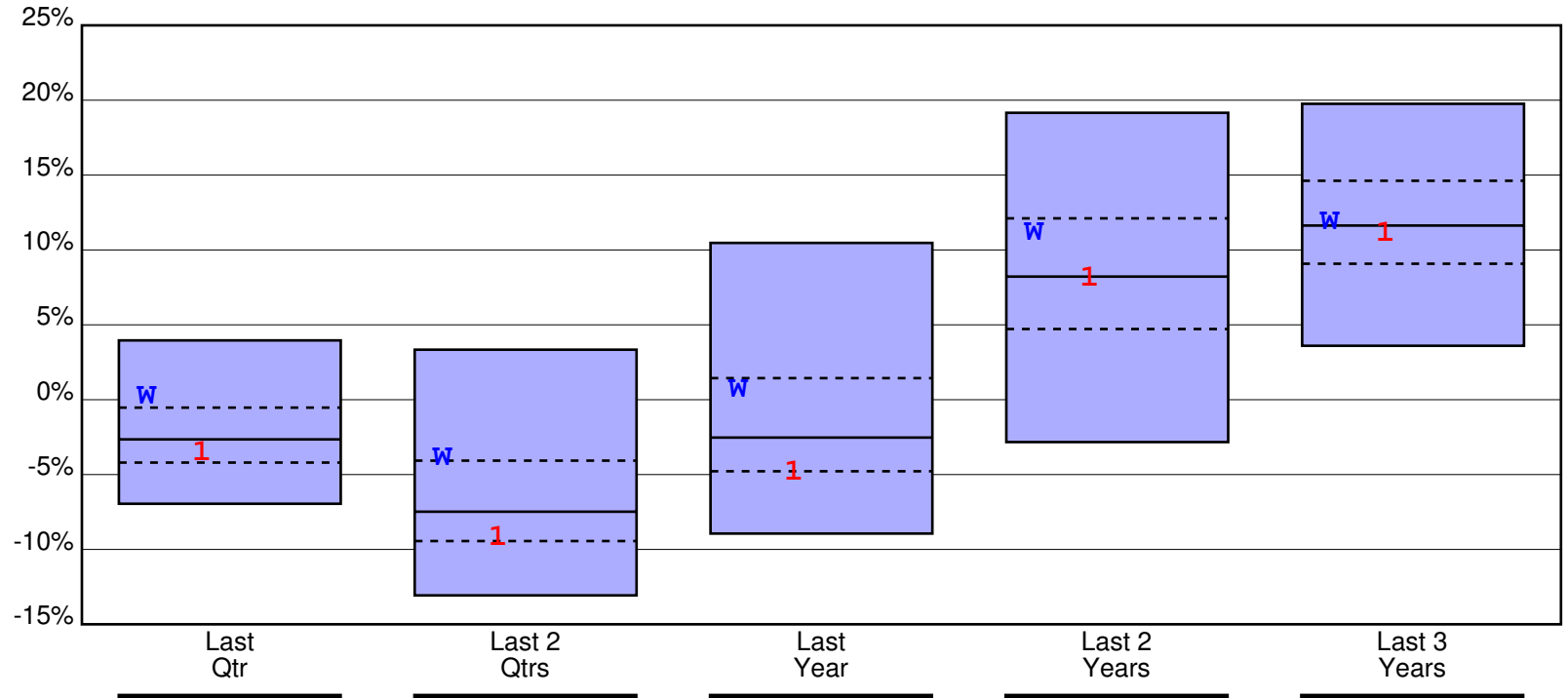


**CONCLUSIONS/RECOMMENDATIONS**

WCM out performed the MSCI EAFE Net by 373 bps in the 4th Quarter 2014, placing them in the 20th percentile of their peer group.

Over the longer 3-yr period, the manager has out performed the MSCI EAFE (Net) and has placed in the 47th percentile of their peer group.

# Southfield Employee Retirement System Cumulative Performance Comparison Total Returns of International Equity Portfolios Periods Ending 12/14



5th Percentile  
25th Percentile  
Median  
75th Percentile  
95th Percentile

|  | Last Qtr   | Last 2 Qtrs | Last Year  | Last 2 Years | Last 3 Years |
|--|------------|-------------|------------|--------------|--------------|
| 5th Percentile                           | 3.96       | 3.34        | 10.47      | 19.16        | 19.76        |
| 25th Percentile                          | -0.53      | -4.07       | 1.44       | 12.11        | 14.62        |
| Median                                   | -2.65      | -7.48       | -2.53      | 8.22         | 11.63        |
| 75th Percentile                          | -4.20      | -9.44       | -4.78      | 4.72         | 9.08         |
| 95th Percentile                          | -6.95      | -13.07      | -8.94      | -2.83        | 3.60         |
| <b>W</b> WCM Focused Growth Internationa | 0.16 (20)  | -3.90 (24)  | 0.67 (29)  | 11.16 (30)   | 11.85 (47)   |
| <b>1</b> MSCI EAFE (Net)                 | -3.57 (61) | -9.23 (73)  | -4.90 (75) | 8.06 (51)    | 11.06 (57)   |

**Southfield Employee Retirement System  
Global Equity Summary Statistics  
WCM Focused Growth International  
Period Ending 12/14**

|                                | Portfolio  | MSCI EAFE (Net) | Ten Largest Holdings | Mkt Value | % of Port | Quarterly Ret |
|--------------------------------|------------|-----------------|----------------------|-----------|-----------|---------------|
| Total Number Of Securities     | 30         | 910             | Taiwan Semiconductor | 528,392   | 6.27      | 10.90         |
| Equity Market Value            | 8,431,883  |                 | Ace Ltd              | 423,103   | 5.02      | 10.18         |
| Average Capitalization \$(000) | 47,899,569 | 57,270,822      | Asml Holding N V     | 408,460   | 4.85      | 9.12          |
| Median Capitalization \$(000)  | 21,672,104 | 8,707,633       | Canadian Pac Ry Ltd  | 390,583   | 4.63      | -6.98         |
| Equity Segment Yield           | 1.45       | 3.17            | Chr Hansen Hldg A/S  | 387,709   | 4.60      | 17.12         |
| Equity Segment P/E - Average   | 25.08      | 17.36           | Lazard Ltd           | 385,131   | 4.57      | -0.72         |
| Equity Segment P/E - Median    | 22.07      | 18.50           | Perrigo Co Pcl       | 361,066   | 4.28      | 11.37         |
| Equity Segment Beta            | 0.90       | 1.00            | Sensata Technologies | 347,740   | 4.13      | 17.70         |
| Price/Book Ratio               | 3.82       | 1.70            | Reckitt Benckiser Pl | 344,325   | 4.09      | -4.72         |
| Debt/Equity Ratio              | 51.94      | 83.95           | Canadian Natl Ry Co  | 342,689   | 4.07      | -2.56         |
| Five Year Earnings Growth      | 13.96      | 16.71           |                      |           |           |               |
| Five Year Dividend Growth      | 6.26       | 7.12            |                      |           |           |               |

| GICS Sectors           | Weight    |        | Return    |        | Selection |        |       |
|------------------------|-----------|--------|-----------|--------|-----------|--------|-------|
|                        | Portfolio | Index  | Portfolio | Index  | Stock     | Sector | Total |
| Energy                 | 3.72      | 6.86   | -17.48    | -18.94 | 0.05      | 0.48   | 0.54  |
| Materials              | 3.64      | 7.68   | -2.54     | -5.29  | 0.10      | 0.07   | 0.17  |
| Industrials            | 25.38     | 12.49  | 0.90      | -3.49  | 1.11      | 0.01   | 1.12  |
| Consumer Discretionary | 5.23      | 11.61  | 5.39      | 3.13   | 0.12      | -0.43  | -0.31 |
| Consumer Staples       | 22.53     | 10.92  | -4.18     | -1.54  | -0.59     | 0.23   | -0.36 |
| Health Care            | 11.08     | 11.24  | 2.56      | -5.30  | 0.87      | 0.00   | 0.87  |
| Financials             | 9.37      | 25.70  | 4.71      | -3.12  | 0.73      | -0.07  | 0.66  |
| Information Technology | 19.05     | 4.67   | 1.25      | -0.48  | 0.33      | 0.44   | 0.77  |
| Telecom. Services      | 0.00      | 4.93   |           | -0.50  | 0.00      | -0.15  | -0.15 |
| Utilities              | 0.00      | 3.88   |           | -3.86  | 0.00      | 0.01   | 0.01  |
|                        | 100.00    | 100.00 | -0.21     | -3.54  | 2.73      | 0.60   | 3.33  |

Stock Selection Return Attribution  
 [ Portfolio Market Value Sector Percentage ] \* [ Portfolio Sector Return - Index Sector Return ]  
 Sector Selection Return Attribution  
 [ Portfolio Sector Percentage - Index Sector Percentage ] \* [ Index Sector Return - Index Total Return ]  
 Trading Effect 0.37%  
 [ Actual Return 0.16% ] - [ Buy Hold Return -0.21% ]

# Southfield Employee Retirement System December 31, 2014

Performance Summary Table  
Periods Ending 12/31/14

| Manager                    | 1 Qtr | 2 Qtrs | 1 Year | 2 Yrs | 3 Yrs | 5 Yrs | 10 Yrs |
|----------------------------|-------|--------|--------|-------|-------|-------|--------|
| Pacific Fixed Income       |       |        |        |       |       |       |        |
| Total Return               | 1.25  | 1.41   | 6.02   | 2.02  | 2.98  | 4.46  | 5.16   |
| Total Return (Net of Fees) | 1.17  | 1.25   | 5.69   | 1.66  | 2.64  | 4.13  | 4.83   |
| Barclays US Aggregate      | 1.79  | 1.96   | 5.97   | 1.89  | 2.66  | 4.45  | 4.71   |
| Variance                   | -0.54 | -0.55  | 0.05   | 0.12  | 0.32  | 0.01  | 0.45   |

**PACIFIC INCOME ADVISORS  
Core Fixed Income Portfolio  
Separately Managed Account**

**OBJECTIVE**

Out perform the Barclays US Aggregate Index and rank in the top 40% of the core fixed income universe over a full market cycle (approximately 5 years).

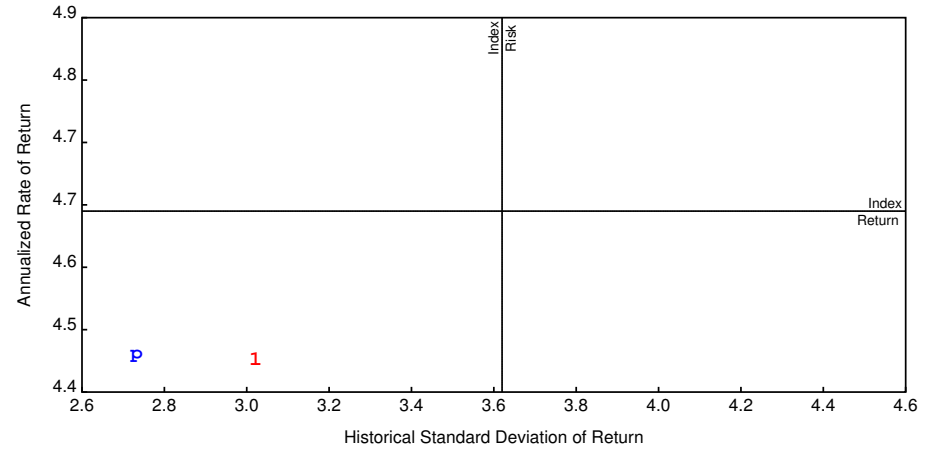
**STRATEGY**

The manager utilizes sector rotation to identify securities with the potential to benefit from declines in relative yields. Treasuries are selected based on portfolio optimization (barbell/bullet strategies). Corporates are selected based on fundamental research and proprietary analysis. Mortgages are selected based on quantitative analysis.

**FEE SCHEDULE:**

30 bps on all assets

Return vs Risk  
Total Returns



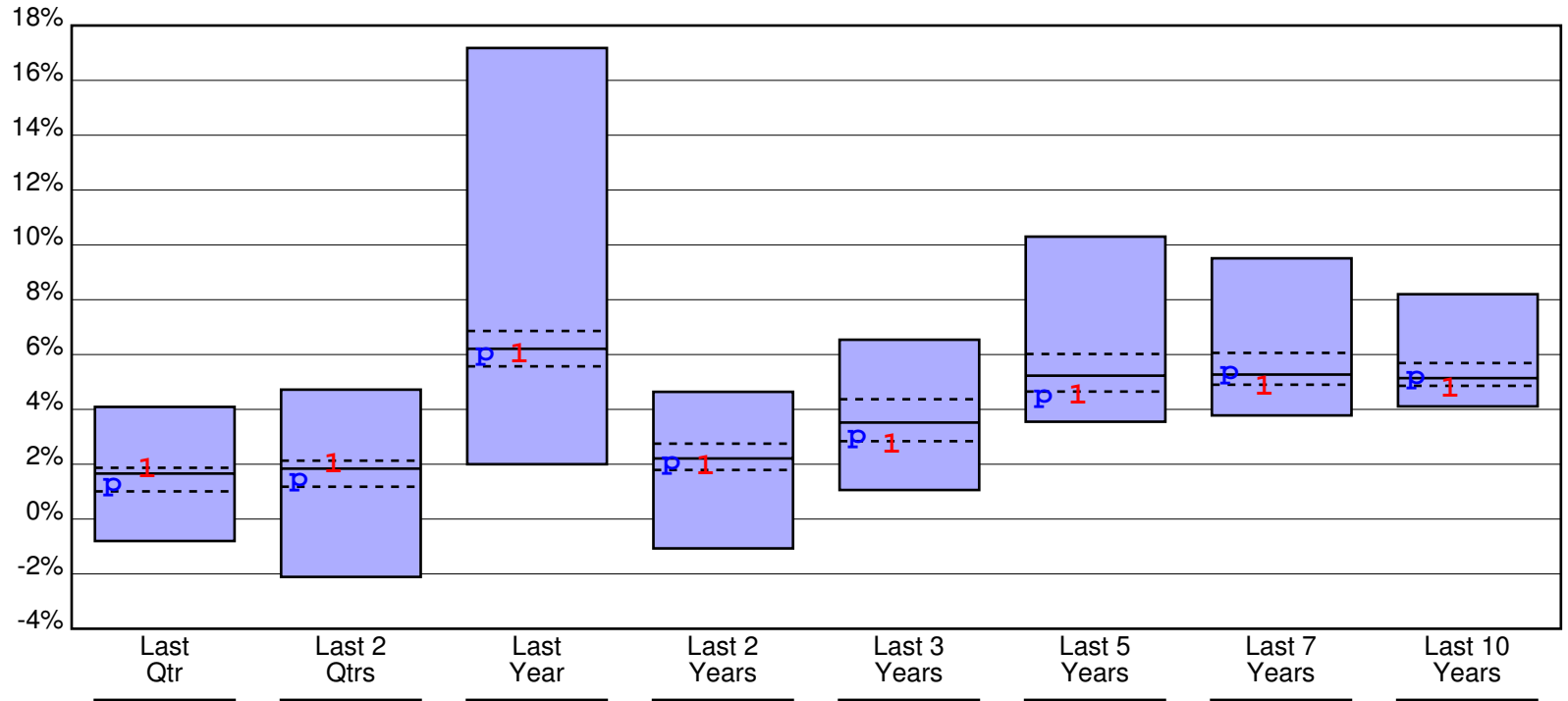
|                                | Annualized Return | Standard Deviation |
|--------------------------------|-------------------|--------------------|
| <b>P</b> Pacific Fixed Income  | 4.46              | 2.74               |
| <b>I</b> Barclays US Aggregate | 4.45              | 3.03               |
| Barclays Govt/Credit           | 4.69              | 3.62               |

**CONCLUSIONS/RECOMMENDATIONS**

Pacific Core Fixed Income under performed the Barclays US Aggregate Index by 54 bps, during the 4th Quarter 2014, placing them in the 71st percentile of the Core Fixed Income Universe.

Over the longer 5 and 10-yr periods, the manager has out performed the Barclays US Aggregate Index.

# Southfield Employee Retirement System Fixed Income Core Cumulative Performance Comparisons Total Returns of Fixed Income Portfolios Periods Ending 12/14

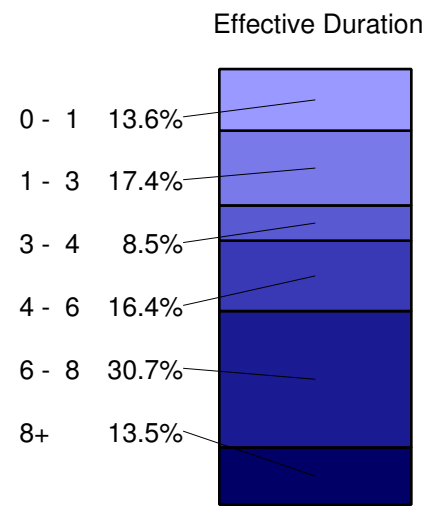
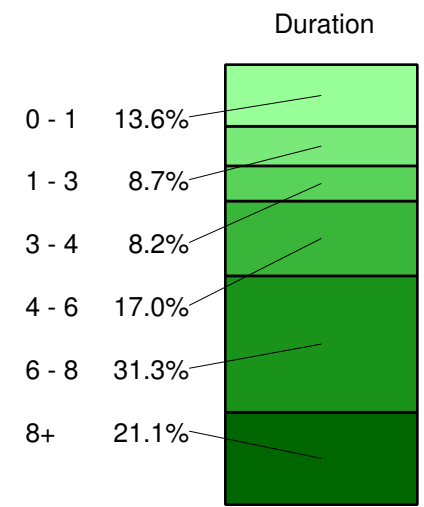
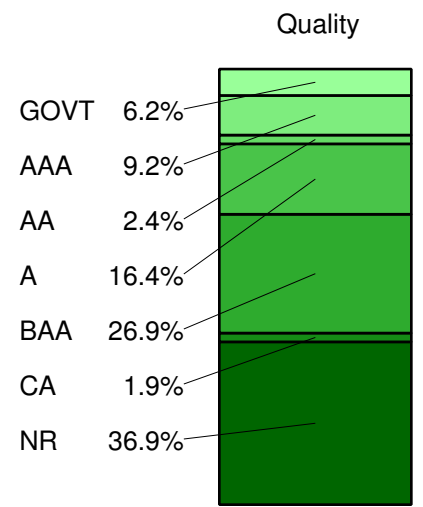
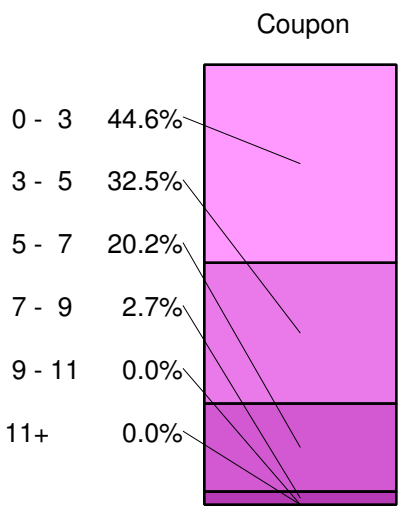
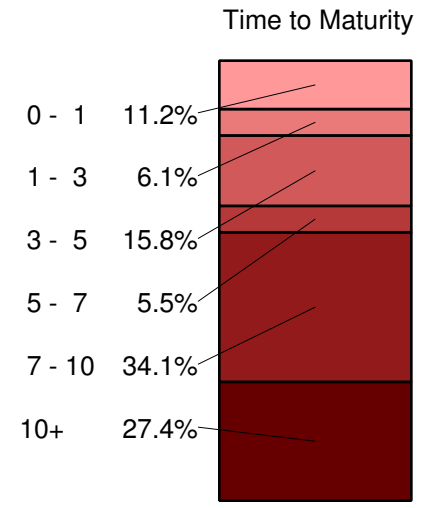
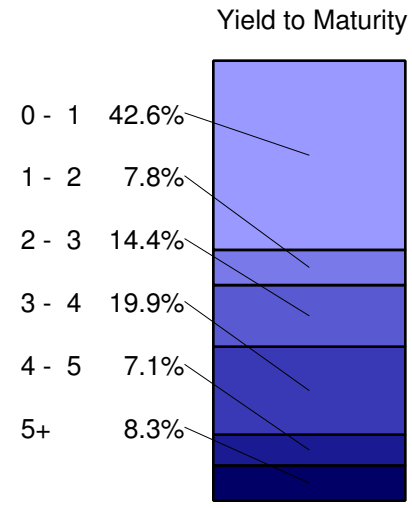


5th Percentile  
25th Percentile  
Median  
75th Percentile  
95th Percentile

|                                | Last Qtr  | Last 2 Qtrs | Last Year | Last 2 Years | Last 3 Years | Last 5 Years | Last 7 Years | Last 10 Years |
|--------------------------------|-----------|-------------|-----------|--------------|--------------|--------------|--------------|---------------|
| 5th Percentile                 | 4.09      | 4.72        | 17.18     | 4.64         | 6.54         | 10.30        | 9.51         | 8.20          |
| 25th Percentile                | 1.87      | 2.13        | 6.86      | 2.75         | 4.37         | 6.02         | 6.06         | 5.69          |
| Median                         | 1.66      | 1.84        | 6.21      | 2.21         | 3.52         | 5.23         | 5.27         | 5.14          |
| 75th Percentile                | 1.01      | 1.18        | 5.57      | 1.79         | 2.84         | 4.65         | 4.90         | 4.86          |
| 95th Percentile                | -0.80     | -2.11       | 2.00      | -1.07        | 1.06         | 3.55         | 3.78         | 4.11          |
| <b>P</b> Pacific Fixed Income  | 1.25 (71) | 1.41 (68)   | 6.02 (56) | 2.02 (58)    | 2.98 (67)    | 4.46 (81)    | 5.32 (48)    | 5.16 (45)     |
| <b>I</b> Barclays US Aggregate | 1.79 (39) | 1.96 (33)   | 5.97 (58) | 1.89 (66)    | 2.66 (80)    | 4.45 (81)    | 4.77 (84)    | 4.71 (87)     |

# Southfield Employee Retirement System Fixed Income, Mortgage and Municipals Summary Statistics Pacific Fixed Income Quarter Ending 12/14

|                            | Portfolio  | Barclays US Aggregate |
|----------------------------|------------|-----------------------|
| Total Number Of Securities | 87         | 9,079                 |
| Total Market Value         | 16,705,191 |                       |
| Yield to Maturity          | 2.00       | 2.25                  |
| Time to Maturity           | 9.20       | 7.69                  |
| Current Coupon             | 2.74       | 3.28                  |
| Duration                   | 6.25       | 5.97                  |
| Effective Convexity        | 0.32       | 0.05                  |
| Effective Duration         | 5.60       | 5.55                  |
| Effective Maturity         | 7.35       | 7.69                  |



# Southfield Employee Retirement System December 31, 2014

Performance Summary Table  
Periods Ending 12/31/14

| Manager                    | 1 Qtr | 2 Qtrs | 1 Year | 2 Yrs | 3 Yrs | 5 Yrs | 10 Yrs |
|----------------------------|-------|--------|--------|-------|-------|-------|--------|
| MacKay Shields High Yield  |       |        |        |       |       |       |        |
| Total Return               | -0.78 | -2.48  | 2.56   | 5.06  | 7.92  | 8.27  |        |
| Total Return (Net of Fees) | -0.91 | -2.73  | 2.05   | 4.51  | 7.36  | 7.73  |        |
| Credit Suisse High Yld     | -1.59 | -3.50  | 1.86   | 4.66  | 7.91  | 8.68  |        |
| Variance                   | 0.80  | 1.01   | 0.70   | 0.41  | 0.01  | -0.41 |        |

**MacKay Shields  
High Yield Corporate Bond Series  
High Yield Statutory Trust  
Commingled Fund**

**OBJECTIVE**

To out perform the Credit Suisse High Yield Index.

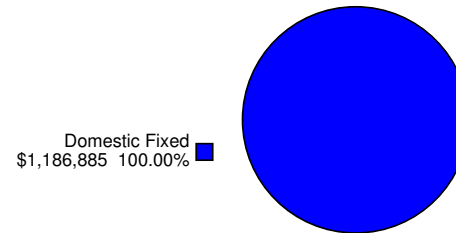
**STRATEGY**

MacKay Shields believes that the high yield asset class is first and foremost about risk control. Their strategy focuses on credits that generate increasing cash flow, contain strong asset coverage and whose management is committed to paying down debt. Emphasis is placed on current income, while minimizing risk to principal and locating capital appreciation catalysts.

**FEE SCHEDULE:**

50 bps on all assets

Asset Allocation  
MacKay Shields High Yield  
December 31, 2014     \$1,186,885



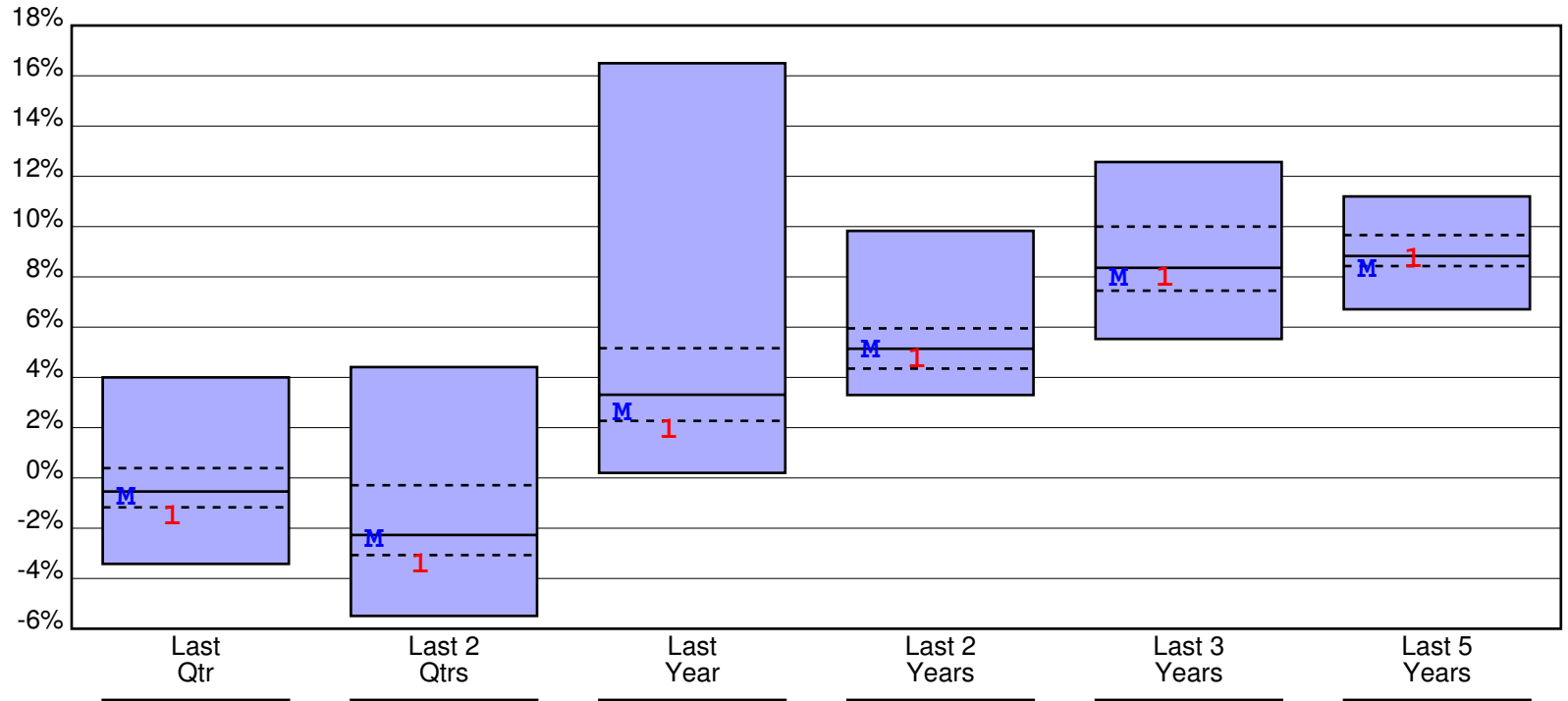
**CONCLUSIONS/RECOMMENDATIONS**

MacKay Shields High Yield out performed the Credit Suisse HY Index by 80 bps during the 4th Quarter 2014, placing them in the 64th percentile of the High Yield Universe.

Over the longer 5-year period, the manager has under performed the Credit Suisse HY Index and has ranked below the median of their peer group universe.



# Southfield Employee Retirement System High Yield Cumulative Performance Comparisons Total Returns of Fixed Income Portfolios Periods Ending 12/14



5th Percentile  
25th Percentile  
Median  
75th Percentile  
95th Percentile

|                                    | Last Qtr   | Last 2 Qtrs | Last Year | Last 2 Years | Last 3 Years | Last 5 Years |
|------------------------------------|------------|-------------|-----------|--------------|--------------|--------------|
| 5th Percentile                     | 4.00       | 4.41        | 16.50     | 9.83         | 12.57        | 11.20        |
| 25th Percentile                    | 0.39       | -0.29       | 5.16      | 5.95         | 10.00        | 9.66         |
| Median                             | -0.54      | -2.27       | 3.31      | 5.14         | 8.36         | 8.83         |
| 75th Percentile                    | -1.17      | -3.07       | 2.27      | 4.35         | 7.45         | 8.43         |
| 95th Percentile                    | -3.42      | -5.49       | 0.20      | 3.30         | 5.53         | 6.71         |
| <b>M</b> MacKay Shields High Yield | -0.78 (64) | -2.48 (56)  | 2.56 (61) | 5.06 (54)    | 7.92 (62)    | 8.27 (78)    |
| <b>1</b> Credit Suisse High Yld    | -1.59 (84) | -3.50 (81)  | 1.86 (78) | 4.66 (65)    | 7.91 (63)    | 8.68 (59)    |

# Southfield Employee Retirement System December 31, 2014

Performance Summary Table  
Periods Ending 12/31/14

| Manager                       | 1 Qtr | 2 Qtrs | 1 Year | 2 Yrs | 3 Yrs | 5 Yrs | 10 Yrs |
|-------------------------------|-------|--------|--------|-------|-------|-------|--------|
| <b>AEW Capital Management</b> |       |        |        |       |       |       |        |
| Total Return                  | 3.15  | 5.09   | 10.62  | 11.71 |       |       |        |
| Total Return (Net of Fees)    | 2.86  | 4.51   | 9.33   | 10.44 |       |       |        |
| NCREIF ODCE Fund Index        | 3.26  | 6.61   | 12.49  | 13.22 |       |       |        |
| Variance                      | -0.11 | -1.51  | -1.88  | -1.50 |       |       |        |

**AEW CAPITAL MANAGEMENT**  
**AEW Core Property Trust**  
**Open-Ended Commingled Real Estate Fund**

**OBJECTIVE**

The manager is expected to rank in the top 50% versus their respective peer group. The manager is expected to outperform the NFI-ODCE Index on a net a fee basis.

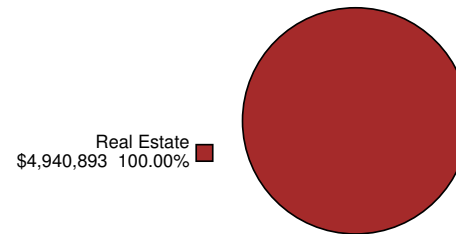
**STRATEGY**

The fund's strategy is to target top-tier markets with a focus on larger, highly-liquid markets that have high barriers to entry and strong long-term market fundamentals. The fund seeks well-leased assets with durable income and above-average growth potential from a combination of below market in-place leases, diversified employment base and strong market fundamentals. The fund emphasizes a bi-coastal investment strategy in markets which meet their key research-driven principles and markets where AEW has an operating history. The fund targets acquisitions with a going-in cost at or below today's replacement cost. The leverage at the fund level is limited to 30% LTV and no single investment can exceed 25% of the Fund's NAV.

**FEE SCHEDULE**

110 bps on all assets

Asset Allocation  
**AEW Capital Management**  
 December 31, 2014      \$4,940,893



**CONCLUSIONS/RECOMMENDATIONS**

AEW Capital under performed the NCREIF ODCE by 11bps during 4th Quarter 2014.

# Southfield Employee Retirement System December 31, 2014

## Internal Rate of Return Table Metropolitan Real Estate Fund

### **METROPOLITAN REAL ESTATE MREP VI REAL ESTATE FUND OF FUNDS**

#### **OBJECTIVE**

The manager is expected to rank in the top 50% versus their respective peer group over the life of the fund.  
Manager is expected to outperform the NCREIF Property Index.

#### **STRATEGY**

Invest in a diversified portfolio of private real estate funds or other investment vehicles with direct or indirect exposure to real estate. The manager invests in funds with exposure to office, retail, industrial, multi-family, and other types of properties located primarily in the United States. The manager selects value-added and opportunistic funds with superior performance track records. The manager diversifies the strategy across property types, geographic markets, managers, and strategies.

#### **FEE SCHEDULE**

1.35% on the first \$5,000,000  
1.00% on the next \$20,000,000

| Quarter Ending | Beginning Value | Contribution | Distribution | Appreciation | Expenses | Investment Fees | Ending Value | Cumulative IRR | Annualized IRR |
|----------------|-----------------|--------------|--------------|--------------|----------|-----------------|--------------|----------------|----------------|
| 12/11          |                 | 105,000      | 0            | 1,188        | 0        | 0               | 106,188      | 1.13           | NA             |
| 3/12           | 106,188         | 24,000       | 0            | -29,711      | 0        | 0               | 100,477      | -26.44         | NA             |
| 6/12           | 100,477         | 52,000       | 0            | 0            | 0        | 0               | 152,477      | -23.50         | NA             |
| 9/12           | 152,477         | 132,000      | 0            | -13,695      | 0        | 0               | 270,782      | -27.78         | NA             |
| 12/12          | 270,782         | 66,000       | 0            | -69,519      | 0        | 0               | 267,263      | -53.01         | -52.53         |
| 3/13           | 267,263         | 106,000      | 0            | 78,876       | 0        | 0               | 452,139      | -13.94         | -11.23         |
| 6/13           | 452,139         | 135,000      | 0            | 2,419        | 0        | 0               | 589,558      | -10.92         | -7.37          |
| 9/13           | 589,558         | 82,000       | 18,000       | 10,213       | 0        | 0               | 663,771      | -6.19          | -3.56          |
| 12/13          | 663,771         | 104,000      | 18,000       | -86,000      | 0        | 0               | 663,771      | -27.13         | -14.55         |
| 3/14           | 663,771         | 0            | 0            | 171,637      | 0        | 0               | 835,408      | 16.12          | 6.84           |
| 6/14           | 835,408         | 111,000      | 0            | 25,213       | 0        | 0               | 971,621      | 20.63          | 7.76           |
| 9/14           | 971,621         | 157,000      | 0            | -157,000     | 0        | 0               | 971,621      | -13.21         | -5.00          |
| 12/14          | 971,621         | 0            | 0            | 184,206      | 0        | 0               | 1,155,827    | 22.66          | 7.01           |
| Total          |                 | 1,074,000    | 36,000       | 117,827      | 0        | 0               | 1,155,827    | 22.66          | 7.01           |

# Southfield Employee Retirement System December 31, 2014

## Internal Rate of Return Table RMK Timberland U.S. Fund

### RMK Global Timberland Resources U.S Fund Global Alternative Investment

#### OBJECTIVE

To out perform the NCREIF Timberland Index net of fees over the life of the fund (12 to 15 years).

#### STRATEGY

The portfolio manager team develops an investment strategy for the Fund based on the current environment and market forecasts for timberlands and related end-products. RMK utilizes industry contacts to identify attractive acquisition targets that achieve the Fund's investment strategy. Prior to purchasing a tract of land, the team performs rigorous due diligence and develops an asset ( forest) management plan. The portfolio managers and asset managers actively manage the investment, evaluating the benefits of harvesting the forests, letting the trees further mature, or selling the timberland. The manager will diversify the portfolio by growth stage/maturity of the forests, geographic locations (50% U.S exposure/50% International exposure), and species.

#### FEE SCHEDULE:

Management Fee: U. S. Fund = 100 bps, Int'l Fund = 125 bps

Performance Fee: U.S 20% ( 6% Hurdle), Int'l Fund= 20% ( 10% Hurdle)

| Quarter Ending | Beginning Value | Contribution | Distribution | Appreciation | Expenses | Investment Fees | Ending Value | Cumulative IRR | Annualized IRR |
|----------------|-----------------|--------------|--------------|--------------|----------|-----------------|--------------|----------------|----------------|
| 9/12           |                 | 1,129,814    | 0            | 0            | 0        | 0               | 1,129,814    | 0.00           | NA             |
| 12/12          | 1,129,814       | 0            | 0            | 0            | 0        | 0               | 1,129,814    | 0.00           | NA             |
| 3/13           | 1,129,814       | 0            | 0            | 41,430       | 0        | 0               | 1,171,244    | 4.15           | NA             |
| 6/13           | 1,171,244       | 0            | 0            | 14,176       | 0        | 0               | 1,185,420    | 5.37           | NA             |
| 9/13           | 1,185,420       | 0            | 0            | 111,169      | 0        | 0               | 1,296,589    | 15.84          | 13.70          |
| 12/13          | 1,296,589       | 0            | 0            | 0            | 0        | 0               | 1,296,589    | 15.63          | 10.96          |
| 3/14           | 1,296,589       | 0            | 0            | 26,069       | 0        | 0               | 1,322,658    | 17.93          | 10.55          |
| 6/14           | 1,322,658       | 0            | 0            | -405         | 0        | 0               | 1,322,253    | 17.77          | 9.03           |
| 9/14           | 1,322,253       | 0            | 0            | 0            | 0        | 0               | 1,322,253    | 17.68          | 7.89           |
| 12/14          | 1,322,253       | 0            | 0            | 31,867       | 0        | 0               | 1,354,120    | 20.54          | 8.10           |
| Total          |                 | 1,129,814    | 0            | 224,306      | 0        | 0               | 1,354,120    | 20.54          | 8.10           |

# Southfield Employee Retirement System December 31, 2014

Internal Rate of Return Table  
RMK Timberland Int'l Fund

## RMK Global Timberland Resources Fund Global FIS (Int'l) Alternative Investment

### OBJECTIVE

To out perform the NCREIF Timberland Index net of fees over the life of the fund (12 to 15 years).

### STRATEGY

The portfolio manager team develops an investment strategy for the Fund based on the current environment and market forecasts for timberlands and related end-products. RMK utilizes industry contacts to identify attractive acquisition targets that achieve the Fund's investment strategy. Prior to purchasing a tract of land, the team performs rigorous due diligence and develops an asset ( forest) management plan. The portfolio managers and asset managers actively manage the investment, evaluating the benefits of harvesting the forests, letting the trees further mature, or selling the timberland. The manager will diversify the portfolio by growth stage/maturity of the forests, geographic locations (50% U.S exposure/50% International exposure), and species.

### FEE SCHEDULE:

Management Fee: U. S. Fund= 100 bps, Int'l Fund= 125 bps

Performance Fee: U.S 20% ( 6% Hurdle), Int'l Fund= 20% ( 10% Hurdle)

| Quarter Ending | Beginning Value | Contribution | Distribution | Appreciation | Expenses | Investment Fees | Ending Value | Cumulative IRR | Annualized IRR |
|----------------|-----------------|--------------|--------------|--------------|----------|-----------------|--------------|----------------|----------------|
| 3/13           | 0               | 498,196      | 0            | -8,120       | 0        | 0               | 490,075      | -1.63          | NA             |
| 6/13           | 490,075         | 502,853      | 0            | -44,998      | 0        | 0               | 947,930      | -7.57          | NA             |
| 9/13           | 947,930         | 0            | 0            | 0            | 0        | 0               | 947,930      | -6.61          | NA             |
| 12/13          | 947,930         | 0            | 0            | 38,854       | 0        | 0               | 986,784      | -1.67          | NA             |
| 3/14           | 986,784         | 0            | 0            | 0            | 0        | 0               | 986,784      | -1.62          | -1.30          |
| 6/14           | 986,784         | 0            | 0            | -26,273      | 0        | 0               | 960,511      | -4.49          | -3.03          |
| 9/14           | 960,511         | 0            | 0            | 21,367       | 0        | 0               | 981,877      | -2.09          | -1.20          |
| 12/14          | 981,877         | 0            | 0            | -67,273      | 0        | 0               | 914,604      | -9.30          | -4.77          |
| Total          |                 | 1,001,049    | 0            | -86,445      | 0        | 0               | 914,604      | -9.30          | -4.77          |

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**DEFINITION OF INDICES**  
**APPENDIX A**

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| <b>ASSET ALLOCATION</b> | <b>TARGET</b> |
|-------------------------|---------------|
| Domestic Equity         | 50.5 %        |
| International Equity    | 15.0 %        |
| Fixed Income            | 26.5 %        |
| Real Estate             | 4.5 %         |
| Special Investments     | 3.5 %         |

**Indices used to calculate target and actual benchmarks:**

|                         |                                  |
|-------------------------|----------------------------------|
| LargeCap Equity         | S & P 500                        |
| MidCap Core Equity      | S&P Midcap 400                   |
| SmallCap Equity         | Russell 2000                     |
| International Equity    | MSCI EAFE                        |
| Fixed Income            | Barclays US Aggregate Bond Index |
| Real Estate             | NCREIF ODCE Index                |
| Cash & Cash Equivalents | Citigroup 3-Month TBill          |

**COMPOSITE MEDIAN MANAGER**

A composite of median manager returns for each asset class weighted by the Target Asset Mix.

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## DEFINITION OF UNIVERSES

### APPENDIX B

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**US Balanced Universe** consists of balanced composites which utilize both equity and fixed income securities within a relatively stable asset allocation structure. These are balanced, separately managed, fully discretionary, tax-free portfolios whose asset allocation is not actively managed.

The **Broad Equity Manager Universe** is composed of domestic equity composites utilizing either a growth managers who emphasizes on earnings growth-historic earnings growth, future earnings estimates and earnings surprise or a value managers who are bias towards stocks which are out of favor or believed to be severely undervalued-low Price/Earnings, low Price/Book and a strong balance sheet. The universe may utilize a combination of both styles and covers a broad range of market capitalizations.

The **Mid-Large Cap Growth Equity Manager Universe** is composed of equity composites for which the investment process emphasizes earnings growth which includes historic earnings growth, future earnings estimates and earnings surprise. Small capitalization managers are excluded.

The **Mid-Large Cap Value Equity Manager Universe** is composed of equity composites emphasizing a bias towards stocks which are out of favor or believed to be severely undervalued-low Price/Earnings, low Price/Book and a strong balance sheet. Small capitalization managers are excluded.

The **Small Cap Equity Manager Universe** is comprised of an equity composite where the investment process focuses on companies of capitalizations under \$500 million. The universe may utilize a combination of both growth and value style of investment process.

The **International Equity Manager Universe** is an equity composite for which the investment process emphasizes securities of non-US based companies.

The **Fixed Income Manager Universe** is composed of fixed income composites for which the investment process emphasizes either interest rate forecasting (adjusting portfolio's duration), market analysis (sector analysis, issues selection or yield curve analysis) or active core (tied to a benchmark) management. Intermediate, short-term and high yield managers are excluded.

The **Intermediate Fixed Income Manager Universe** is composed of fixed income composites whose investment process emphasizes either active core (tied to a benchmark) management, interest rate forecasting (adjusting portfolios' duration), or market analysis (sector analysis, issue selection, or yield curve analysis) with average portfolio durations in the 3-4 year range. High yield managers are excluded.

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## DEFINITION OF COMMON TERMS

### APPENDIX C

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**Alpha** is a measure of risk-adjusted return which reveals the manager's success (positive alpha) or lack of success (negative alpha) in selecting securities and timing the market. Alpha is the difference between the actual performance of the fund and the performance which should have been achieved given the market's performance and the fund's risk posture.

**Beta** is a measure of the volatility of the fund relative to an index. Funds which are equally volatile as the index will have a beta of 1.00; funds which are half as volatile will have a beta of 0.50; etc. Beta also roughly represents the return on the fund which has typically accompanied a 1 percent move in the market index. The beta coefficient reflects that component of the fund's total risk which cannot be reduced by further diversification.

The **Relative Risk/Reward Ratio** is a measure of risk adjusted return relative to the market's risk adjusted return. It is calculated by first dividing the manager's return for the period by the manager's standard deviation for the period. This quotient is then divided by the quotient of the market's return for the period divided by the market's standard deviation for the period. The measure represents the manager's rate of return per unit of risk relative to the market's rate of return per unit of risk. A ratio above 1.0 indicates positive relative performance and a ratio below 1.0 indicates a negative relative performance.

**R-Squared (R<sup>2</sup>)** is a statistical measure of fund diversification relative to an index. Diversification can be gauged by calculating the portion of the variation in the fund's returns which is attributable to market movements. A completely diversified fund will be perfectly correlated with the market index and will have an R-squared of 100 percent. A non-diversified fund will behave independently of the market and will have an R-squared of 0 percent. An R-squared of 90 percent denotes that 90 percent of the risk is market-related, and 10 percent is unique to the fund.

**Standard Deviation** is a measure of volatility showing how widely dispersed or tightly bunched a set of returns are around their average return. Standard deviations presented in this report are based on quarterly returns and are annualized, unless otherwise indicated.

The **Style** is a description of the investment strategy used to determine the investment decisions within an asset class.

A **Universe** is a group of comparable investment styles. A Broad Universe, such as Broad Equity, refers to all styles in the Equity asset class. Style specific Universes such as Pure Small Cap, includes only styles with a high correlation to a Small Cap index and low correlation to a Large Cap index.