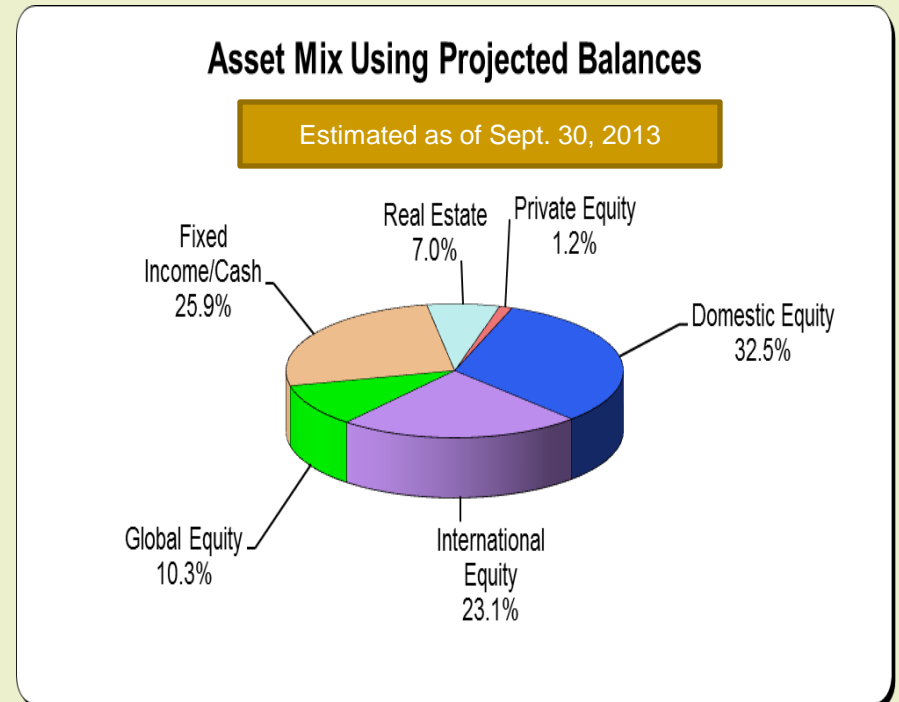

2014 Budget Presentation

Employees' Retirement System
October 10, 2013

General Pension Fund Statistics

- **Fund Value: \$4.7 billion** (est. as of Sept. 30, 2013)
- **Membership Breakdown** (as of 1/1/2013 valuation):
 - Actives: 10,714
 - Deferred: 3,887
 - Retirees / Beneficiaries: 12,128
- **Actuarial Funded Status: 90.8%** (as of latest valuation on 1/1/2013)
- **Total Annual Pension Payroll: \$300.3 million** (est. for 2013 based on actuals through Sept. 2013)
- **Total Annual Pensionable Wages : \$484.8 million** (est. for 2013 based on YTD actuals through Sept. 2013)
- **Total Annual Member Contributions: \$29.4 million** (est. for 2013 based on YTD actuals through Sept. 2013, and including both employer “pick-up” and employee-paid contributions)



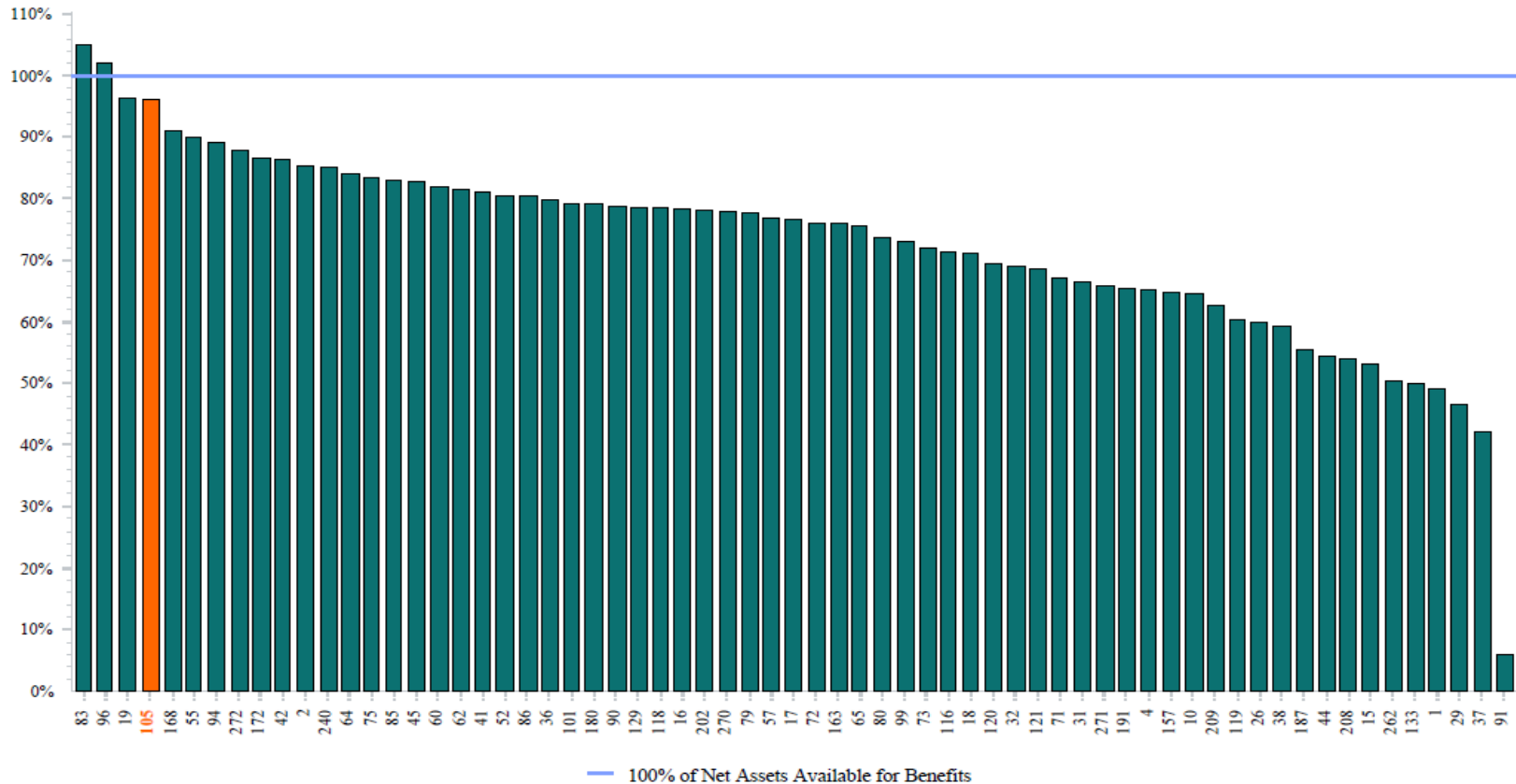
Net Assets Available For Benefits

Expressed as a Percentage of the Pension Benefit Obligation

As of December 31, 2012

Fund Number: 105

65 of 81 funds provided Net Assets Available data



Funds that did not provide data will not appear in the chart.

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ERS YTD Cash Flow Analysis as of 09/30/2013

December 31, 2012 Market Value				\$ 4,291,349,687
Monthly Cash Outflows thru	September 30, 2013			
Retiree Payroll Expense			\$ (227,511,012)	
PABF Payroll Expense			\$ (455,802)	
Expenses Paid			\$ (13,647,887)	
GPS Benefit Payments			\$ (7,346,882)	
Sub-Total Monthly Cash Outflows				\$ (248,961,582)
Monthly Cash Inflows thru	September 30, 2013			
Sponsoring Agency Contributions			\$ 169,891,909	
PABF Contribution			\$ 251,538	
Sub-Total Monthly Contributions				\$ 170,143,447
Capital Market Gain/(Loss)				\$ 529,703,793
Projected Value as of	September 30, 2013			\$ 4,742,235,345
Less City Reserve Account *				\$ 56,794,675
Less PABF Fund **				\$ 650,910
Net Projected Value as of	September 30, 2013			\$ 4,684,789,761
* The City Reserve Account Balance equals the market value currently held in the Baird account.				
** PABF Fund amount equals market value as of January 1, 2013 based on the January 1, 2013 Actuary report.				



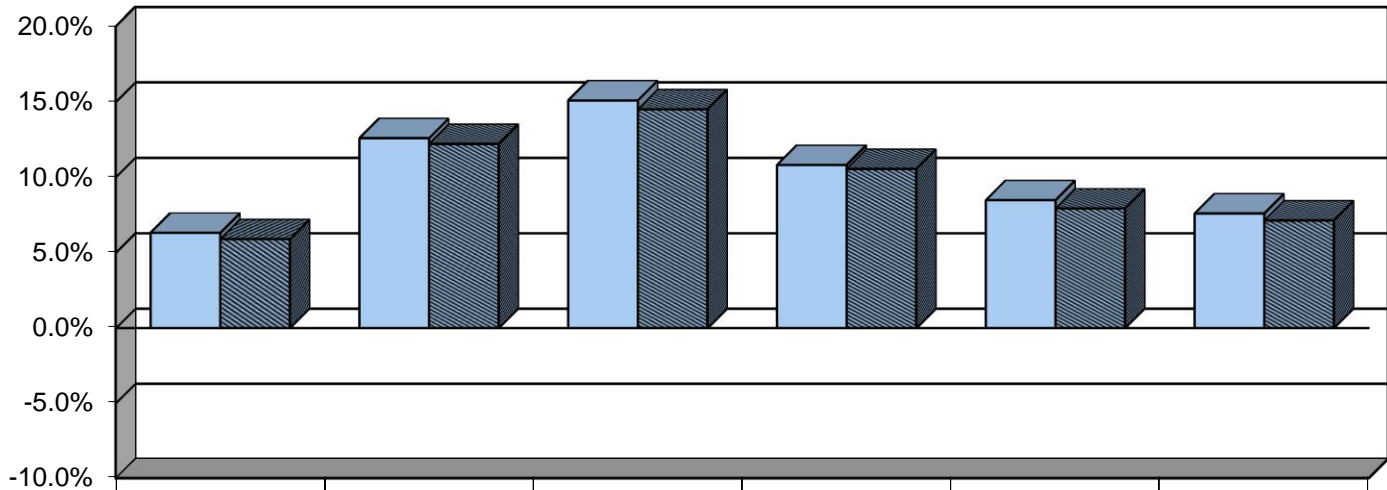
Universal Retirement Funding Equation



$$\text{Contributions} + \text{Investment Income} = \text{Benefits Paid} + \text{Expenses}$$

CMERS Investment Performance History (est.) Periods Ending September 30

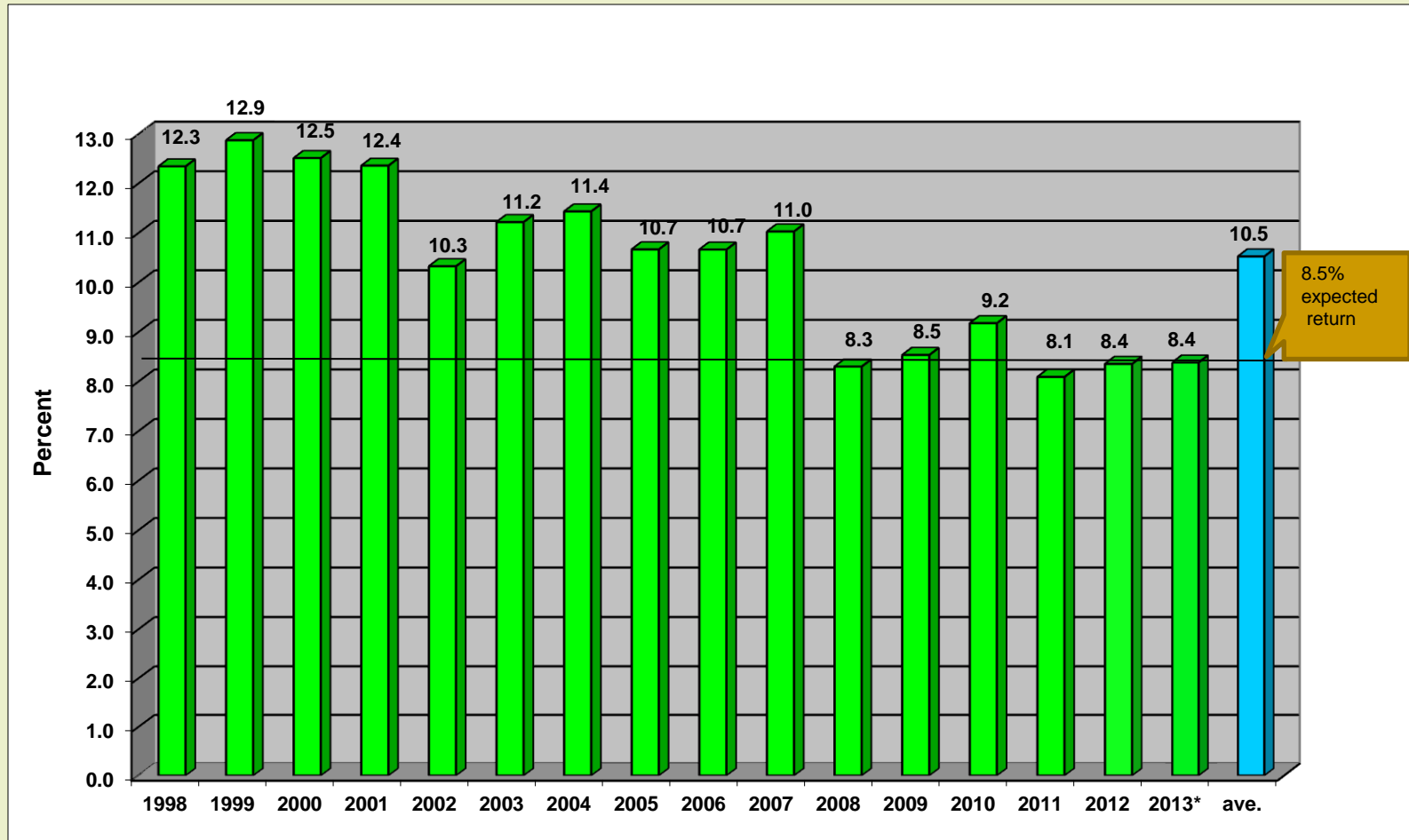
September 30, 2013



	3rd Qtr	YTD	1 Year	3 Years	5 Years	10 Years
■ Total Fund Gross	6.3%	12.6%	15.1%	10.8%	8.5%	7.6%
■ Total Fund Benchmark	5.9%	12.2%	14.5%	10.6%	7.9%	7.1%

Total Fund Gross
 Total Fund Benchmark

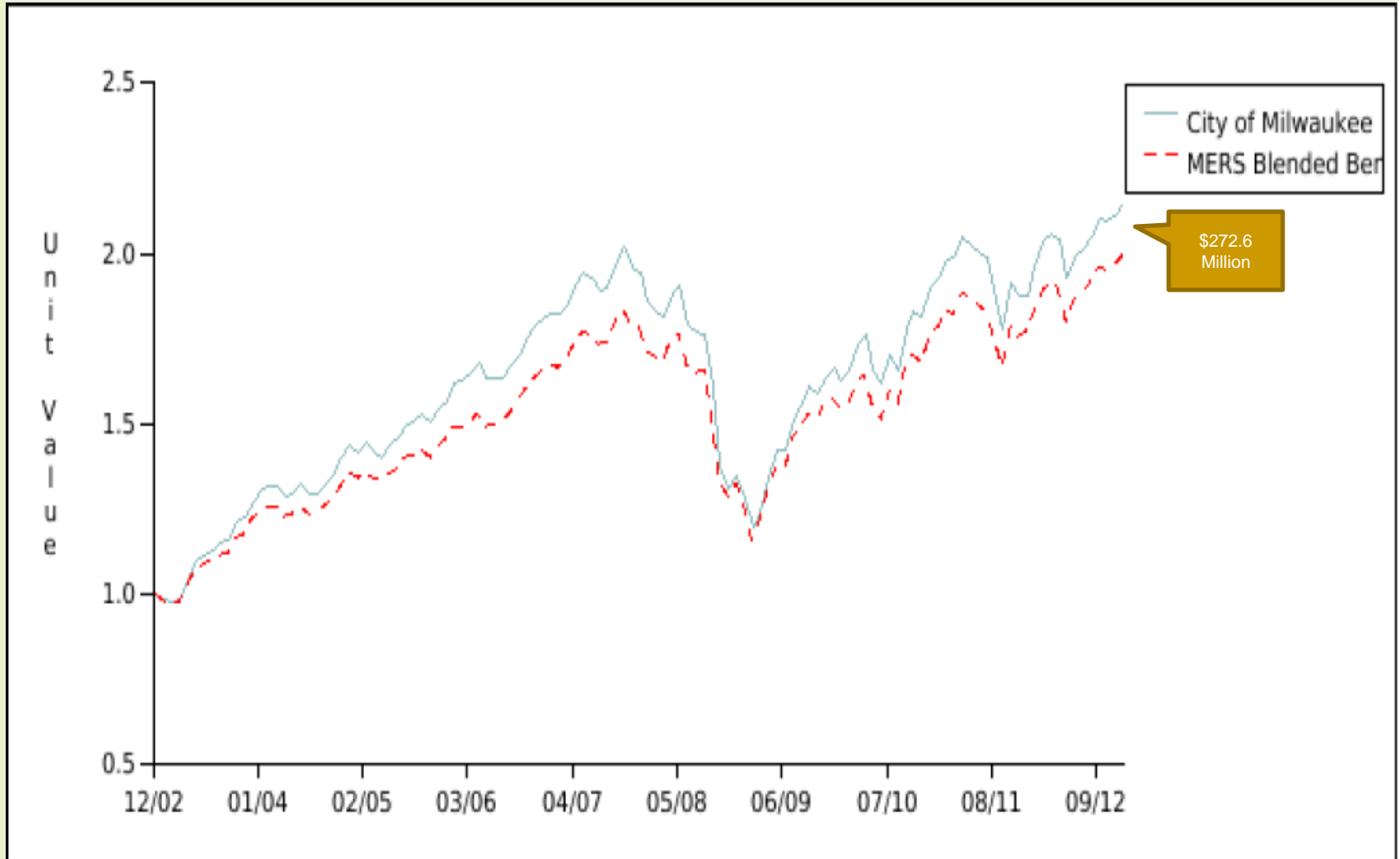
ERS 20 Year Rolling Ave. Investment Returns 1979-2013



Returns Gross of Fees

*2013 Return as of September 30, 2013

CMERS Investment Return: Value of \$1 Invested 10 years ended Dec. 2012



Active Management versus Passive Analysis

10-Year Analysis

1/1/03 - 12/31/12

MERS' decision to hire some active managers versus hiring only passive managers.

		Time Weighted Returns			Dollar Weighted Estimates (Net of fees)		
		Annualized MERS Asset Class		Annualized Index	Value of a Dollar Invested in		Active Management Impact
MERS Asset Class	Index	Gross	Net of fees	Net of fees	MERS Asset Class	Index	\$Millions
Domestic Equity	Russell 3000	7.58%	7.27%	7.66%	\$ 2.09	\$ 2.09	\$ (49.30)
International Equity	EAFE	10.19%	9.70%	8.19%	\$ 2.52	\$ 2.20	\$ 107.40
Global Equity	MSCI World	4.31%	3.91%	6.29%	\$ 1.12	\$ 1.18	\$ (21.80)
Fixed Income	Barclays Aggregate	7.70%	7.60%	5.17%	\$ 2.08	\$ 1.65	\$ 236.30
Estimate of Fund's benefit from its decision to hire active managers over past 10 years.							\$ 272.6

Manager Fees for indices are assumed to be:

Russell 3000 Index - 2 basis points

MSCI World Index - 5 basis points

Barclays Aggregate Index - 2 basis points

Value estimates are based on monthly ERS asset class balances.

Total Fund Fee Summary in Basis Points

Milwaukee ERS vs. Average by Asset Range

As of December 31, 2012

Fund Number: 105

61 of 81 funds provided fee data for this time period

Administrative Expenses	Milwaukee ERS	Under \$500 Million	\$500mm - \$1 Billion	\$1 - \$5 Billion	\$5 - \$10 Billion	\$10 - \$20 Billion	Over \$20 Billion
Internal Inv. Div. Staff	0.95	0.00	0.00	0.78	0.87	0.75	1.54
Actuary	0.26	2.76	1.10	0.68	0.31	0.12	0.17
Legal	0.22	0.77	0.54	1.07	0.90	0.18	0.16
Consultant	0.00	1.87	0.11	0.39	0.61	0.07	0.28
Audit	0.18	0.30	0.26	0.22	0.11	0.06	0.07
Other Professional	0.29	2.60	0.31	0.72	0.24	0.12	0.53
General Administrative	0.24	10.85	6.61	5.52	6.35	3.11	2.16
Total Administrative Expenses	2.14	19.14	8.94	9.38	9.39	4.40	4.91

Investment Expenses	Milwaukee ERS	Under \$500 Million	\$500mm - \$1 Billion	\$1 - \$5 Billion	\$5 - \$10 Billion	\$10 - \$20 Billion	Over \$20 Billion
Custodial	0.30	2.29	2.67	1.21	0.46	0.40	0.26
Investment Consulting	0.48	1.60	2.38	1.33	0.90	0.68	0.38
Domestic Equity	9.88	7.93	9.67	9.63	7.64	5.23	3.68
International Equity	14.01	2.45	12.00	7.85	5.90	6.70	4.42
Fixed Income	3.78	3.81	7.79	5.10	5.19	3.14	3.81
Real Estate	9.17	2.18	5.40	5.32	6.58	3.41	6.09
Other Investment Management	0.09	14.95	0.00	8.14	6.21	1.95	4.95
Total Investment Expenses (ex. Alt Inv)	37.70	35.21	39.91	38.58	32.89	21.51	23.59
Alternative Investments	3.17	2.99	13.39	3.67	8.59	6.53	13.82
Total Investment Expenses	40.88	38.21	53.30	42.26	41.48	28.03	37.41

Total Expenses	43.01	57.35	62.24	51.64	50.87	32.44	42.32
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Expressed in basis points on total fund assets. Funds that did not provide fee data will not appear in the table.

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