

July 31, 2017



## **Mendocino County Employees' Retirement Association**

**Investment Measurement Service  
Monthly Review**

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## Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of July 31, 2017, with the distribution as of June 30, 2017. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

### Asset Distribution Across Investment Managers

	July 31, 2017		Net New Inv.	Inv. Return	June 30, 2017	
	Market Value	Weight			Market Value	Weight
<b>Domestic Equities</b>	<b>\$187,205,521</b>	<b>37.94%</b>	<b>\$(2,000,000)</b>	<b>\$3,547,866</b>	<b>\$185,657,656</b>	<b>38.38%</b>
<b>Large Cap Equities</b>	<b>\$132,118,068</b>	<b>26.78%</b>	<b>\$(2,000,000)</b>	<b>\$2,922,576</b>	<b>\$131,195,492</b>	<b>27.12%</b>
Vanguard S&P 500 Index	24,892,900	5.05%	0	500,467	24,392,433	5.04%
Dodge & Cox Stock	20,597,852	4.17%	(1,000,000)	380,277	21,217,575	4.39%
Boston Partners	31,933,682	6.47%	0	0	31,933,682	6.60%
Harbor Cap Appreciation	34,369,119	6.97%	0	1,724,595	32,644,524	6.75%
Janus Research	20,324,515	4.12%	(1,000,000)	317,237	21,007,278	4.34%
<b>Mid Cap Equities</b>	<b>\$27,904,127</b>	<b>5.66%</b>	<b>\$0</b>	<b>\$419,239</b>	<b>\$27,484,888</b>	<b>5.68%</b>
Fidelity Low Priced Stock	13,971,898	2.83%	0	274,916	13,696,982	2.83%
Janus Enterprise	13,932,229	2.82%	0	144,323	13,787,906	2.85%
<b>Small Cap Equities</b>	<b>\$27,183,326</b>	<b>5.51%</b>	<b>\$0</b>	<b>\$206,050</b>	<b>\$26,977,276</b>	<b>5.58%</b>
Prudential Small Cap Value	12,944,138	2.62%	0	60,657	12,883,482	2.66%
AB US Small Growth	14,239,188	2.89%	0	145,394	14,093,794	2.91%
<b>International Equities</b>	<b>\$151,431,024</b>	<b>30.69%</b>	<b>\$0</b>	<b>\$5,336,605</b>	<b>\$146,094,419</b>	<b>30.20%</b>
EuroPacific	26,200,806	5.31%	0	1,078,664	25,122,142	5.19%
Harbor International	31,917,107	6.47%	0	695,349	31,221,758	6.45%
Columbia Acorn Int'l	17,471,198	3.54%	0	452,858	17,018,340	3.52%
Oakmark International	35,860,852	7.27%	0	1,755,256	34,105,596	7.05%
Mondrian International	32,560,644	6.60%	0	922,226	31,638,418	6.54%
Investec	7,420,417	1.50%	0	432,252	6,988,165	1.44%
<b>Domestic Fixed Income</b>	<b>\$104,327,954</b>	<b>21.14%</b>	<b>\$0</b>	<b>\$799,282</b>	<b>\$103,528,672</b>	<b>21.40%</b>
Dodge & Cox Income	52,284,327	10.60%	0	377,506	51,906,821	10.73%
PIMCO	52,043,627	10.55%	0	302,918	51,740,709	10.70%
<b>Real Estate</b>	<b>\$46,752,751</b>	<b>9.48%</b>	<b>\$0</b>	<b>\$0</b>	<b>\$46,752,751</b>	<b>9.67%</b>
RREEF Private Fund	20,997,614	4.26%	0	0	20,997,614	4.34%
Barings Core Property Fund	24,605,138	4.99%	0	0	24,605,138	5.09%
625 Kings Court	1,150,000	0.23%	0	0	1,150,000	0.24%
<b>Cash</b>	<b>\$3,681,842</b>	<b>0.75%</b>	<b>\$2,000,000</b>	<b>\$0</b>	<b>\$1,681,842</b>	<b>0.35%</b>
<b>Total Fund</b>	<b>\$493,399,093</b>	<b>100.0%</b>	<b>\$0</b>	<b>\$9,683,752</b>	<b>\$483,715,341</b>	<b>100.0%</b>

## Investment Manager Returns

The table below details the rates of return for the fund's investment managers over various time periods ended July 31, 2017. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

### Returns for Periods Ended July 31, 2017

	Last Month	Last 3 Months	Last 12 Months	Last 36 Months	Last 60 Months
<b>Domestic Equities</b>	<b>1.91%</b>	<b>4.16%</b>	<b>18.91%</b>	<b>9.93%</b>	<b>15.04%</b>
Russell 3000 Index	1.89%	3.86%	16.14%	10.52%	14.79%
<b>Large Cap Equities</b>					
Vanguard S&P 500 Index	2.05%	4.13%	16.01%	10.85%	-
S&P 500 Index	2.06%	4.14%	16.04%	10.87%	14.78%
Dodge & Cox Stock	1.81%	3.17%	24.32%	9.46%	16.33%
Boston Partners	0.00%	2.44%	16.56%	7.07%	13.50%
S&P 500 Index	2.06%	4.14%	16.04%	10.87%	14.78%
Russell 1000 Value Index	1.33%	2.88%	13.76%	8.45%	14.00%
Harbor Cap Appreciation (1)	5.28%	8.48%	23.11%	13.01%	16.63%
Janus Research (2)	1.49%	4.69%	14.13%	10.93%	15.79%
S&P 500 Index	2.06%	4.14%	16.04%	10.87%	14.78%
Russell 1000 Growth Index	2.66%	5.05%	18.05%	12.66%	15.60%
<b>Mid Cap Equities</b>					
Fidelity Low Priced Stock	2.01%	3.78%	15.17%	7.45%	13.57%
Russell MidCap Value Idx	1.33%	2.52%	12.69%	9.00%	15.32%
Janus Enterprise (2)	1.05%	5.75%	17.10%	13.47%	16.34%
Russell MidCap Growth Idx	1.67%	4.41%	13.39%	9.53%	14.60%
<b>Small Cap Equities</b>					
Prudential Small Cap Value (3)	0.47%	(1.39%)	19.77%	9.37%	14.05%
US Small Cap Value Idx	0.90%	0.55%	16.60%	9.43%	14.36%
Russell 2000 Value Index	0.63%	0.91%	19.21%	9.50%	13.76%
AB US Small Growth (4)	1.03%	4.17%	22.45%	8.81%	13.46%
Russell 2000 Growth Index	0.85%	3.37%	17.76%	10.22%	14.58%

(1) Switched share class in June 2016.

(2) Switched share class in July 2016.

(3) Switched share class in Septemeber 2015.

(4) Switched to a mutual fund in September 2015.

## Investment Manager Returns

The table below details the rates of return for the fund's investment managers over various time periods ended July 31, 2017. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

### Returns for Periods Ended July 31, 2017

	Last Month	Last 3 Months	Last 12 Months	Last 36 Months	Last 60 Months
<b>International Equities</b>	<b>3.64%</b>	<b>6.78%</b>	<b>21.10%</b>	<b>2.79%</b>	<b>8.57%</b>
MSCI ACWI ex-US Index	3.71%	7.56%	19.55%	2.84%	8.18%
EuroPacific (1)	4.30%	8.87%	20.73%	5.91%	10.12%
Harbor International (5)	2.23%	5.90%	15.48%	1.93%	7.02%
Oakmark International (4)	5.15%	7.11%	36.53%	6.68%	13.64%
Mondrian International	2.85%	5.13%	15.12%	1.18%	7.19%
MSCI EAFE Index	2.88%	6.47%	17.77%	2.79%	9.06%
MSCI ACWI ex-US Index	3.71%	7.56%	19.55%	2.84%	8.18%
Columbia Acorn Int'l (2)	2.66%	6.19%	15.06%	2.83%	8.94%
MSCI ACWI ex US Small Cap	3.53%	6.79%	18.00%	5.18%	10.66%
Investec	6.19%	-	-	-	-
MSCI Emerging Markets	5.96%	10.19%	24.84%	2.39%	4.76%
<b>Domestic Fixed Income</b>	<b>0.66%</b>	<b>1.55%</b>	<b>2.25%</b>	<b>3.06%</b>	<b>2.91%</b>
BB Aggregate Index	0.43%	1.10%	(0.51%)	2.71%	2.02%
Dodge & Cox Income	0.73%	1.57%	2.86%	3.17%	3.30%
PIMCO	0.59%	1.55%	1.66%	2.96%	2.52%
BB Aggregate Index	0.43%	1.10%	(0.51%)	2.71%	2.02%
<b>Real Estate</b>	<b>0.00%</b>	<b>2.17%</b>	<b>4.76%</b>	<b>9.92%</b>	<b>10.25%</b>
Real Estate Custom Benchmark (3)	0.50%	1.51%	4.78%	10.12%	10.48%
RREEF Private	0.00%	1.52%	6.96%	11.00%	11.64%
Barings Core Property Fund	0.00%	1.54%	7.17%	9.71%	9.45%
NFI-ODCE Equal Weight Net	0.50%	1.51%	7.07%	10.46%	10.76%
625 Kings Court	0.00%	35.14%	45.45%	20.64%	20.79%
<b>Total Fund</b>	<b>1.97%</b>	<b>4.18%</b>	<b>14.16%</b>	<b>6.57%</b>	<b>9.85%</b>
Total Fund Benchmark*	1.94%	4.06%	11.95%	6.74%	9.39%

\* Current Month Target = 38.0% Russell 3000 Index, 29.0% MSCI ACWIxUS Gross, 22.0% Blmbg Aggregate and 11.0% NCREIF NFI-ODCE Eq Wt Net.

(1) Switched share class December 2009.

(2) Switched share class in February 2014.

(3) Real Estate Custom Benchmark is 50% NAREIT Composite Index and 50% NFI-ODCE Equal Weight Net through 12/31/2011; 20% NAREIT Composite Index and 80% NFI-ODCE Equal Weight Net through 12/31/2016 and 100% NFI-ODCE Equal Weight Net.

(4) Switched to CIT in November 2015.

(5) Switched share class in June 2016.