

September 30, 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 September 30, 2017, with the distribution as of August 31, 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

	September 30, 2017		Net New Inv.	Inv. Return	August 31, 2017	
	Market Value	Weight			Market Value	Weight
<b>Domestic Equities</b>	<b>\$193,680,104</b>	<b>38.63%</b>	<b>\$0</b>	<b>\$5,055,715</b>	<b>\$188,624,389</b>	<b>38.36%</b>
<b>Large Cap Equities</b>	<b>\$136,135,623</b>	<b>27.16%</b>	<b>\$0</b>	<b>\$2,547,659</b>	<b>\$133,587,964</b>	<b>27.17%</b>
Vanguard S&P 500 Index	33,527,895	6.69%	8,000,000	559,871	24,968,024	5.08%
Dodge & Cox Stock	17,093,978	3.41%	(4,000,000)	713,475	20,380,503	4.14%
Boston Partners	33,431,333	6.67%	0	1,006,239	32,425,094	6.59%
Harbor Cap Appreciation	35,464,805	7.07%	0	260,409	35,204,396	7.16%
Janus Research	16,617,612	3.31%	(4,000,000)	7,665	20,609,947	4.19%
<b>Mid Cap Equities</b>	<b>\$28,890,432</b>	<b>5.76%</b>	<b>\$0</b>	<b>\$708,680</b>	<b>\$28,181,752</b>	<b>5.73%</b>
Fidelity Low Priced Stock	14,385,976	2.87%	0	388,385	13,997,591	2.85%
Janus Enterprise	14,504,456	2.89%	0	320,296	14,184,161	2.88%
<b>Small Cap Equities</b>	<b>\$28,654,049</b>	<b>5.72%</b>	<b>\$0</b>	<b>\$1,799,375</b>	<b>\$26,854,673</b>	<b>5.46%</b>
Prudential Small Cap Value	13,471,851	2.69%	0	982,638	12,489,213	2.54%
AB US Small Growth	15,182,198	3.03%	0	816,738	14,365,460	2.92%
<b>International Equities</b>	<b>\$154,244,075</b>	<b>30.77%</b>	<b>\$(1,162,112)</b>	<b>\$4,094,470</b>	<b>\$151,311,717</b>	<b>30.77%</b>
EuroPacific	26,844,333	5.35%	0	401,600	26,442,734	5.38%
Harbor International	30,756,402	6.14%	(1,600,000)	761,642	31,594,760	6.42%
Columbia Acorn Intl Small Cap	0	0.00%	(17,962,112)	506,136	17,455,976	3.55%
T. Rowe Price Intl Small Cap	21,472,624	4.28%	21,400,000	72,624	-	-
Oakmark International	34,293,293	6.84%	(3,000,000)	1,603,091	35,690,202	7.26%
Mondrian International	26,126,532	5.21%	0	753,749	25,372,783	5.16%
Investec	14,750,890	2.94%	0	(4,372)	14,755,262	3.00%
<b>Domestic Fixed Income</b>	<b>\$105,007,846</b>	<b>20.95%</b>	<b>\$0</b>	<b>\$(123,978)</b>	<b>\$105,131,824</b>	<b>21.38%</b>
Dodge & Cox Income	52,491,436	10.47%	0	18,360	52,473,076	10.67%
PIMCO	52,516,410	10.48%	0	(142,337)	52,658,748	10.71%
<b>Real Estate</b>	<b>\$47,292,698</b>	<b>9.43%</b>	<b>\$0</b>	<b>\$539,947</b>	<b>\$46,752,751</b>	<b>9.51%</b>
RREEF Private Fund	20,997,614	4.19%	0	0	20,997,614	4.27%
Barings Core Property Fund	25,145,085	5.02%	0	539,948	24,605,138	5.00%
625 Kings Court	1,150,000	0.23%	0	0	1,150,000	0.23%
<b>Cash</b>	<b>\$1,101,196</b>	<b>0.22%</b>	<b>\$1,162,112</b>	<b>\$()</b>	<b>\$-60,916</b>	<b>(0.01%)</b>
<b>Total Fund</b>	<b>\$501,325,919</b>	<b>100.0%</b>	<b>\$0</b>	<b>\$9,566,153</b>	<b>\$491,759,765</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 September 30, 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 September 30, 2017

	Last Month	Last 3 Months	Last 12 Months	Last 36 Months	Last 60 Months
<b>Domestic Equities</b>	<b>2.68%</b>	<b>5.43%</b>	<b>21.41%</b>	<b>10.59%</b>	<b>14.56%</b>
Russell 3000 Index	2.44%	4.57%	18.71%	10.74%	14.23%
<b>Large Cap Equities</b>					
Vanguard S&P 500 Index	2.07%	4.48%	18.57%	10.79%	-
S&P 500 Index	2.06%	4.48%	18.61%	10.81%	14.22%
Dodge & Cox Stock	4.00%	4.76%	23.88%	9.83%	15.65%
Boston Partners	3.10%	4.69%	20.57%	8.30%	13.07%
S&P 500 Index	2.06%	4.48%	18.61%	10.81%	14.22%
Russell 1000 Value Index	2.96%	3.11%	15.12%	8.53%	13.20%
Harbor Cap Appreciation (1)	0.74%	8.64%	25.01%	13.07%	15.91%
Janus Research (2)	0.11%	3.03%	17.10%	10.48%	14.81%
S&P 500 Index	2.06%	4.48%	18.61%	10.81%	14.22%
Russell 1000 Growth Index	1.30%	5.90%	21.94%	12.69%	15.26%
<b>Mid Cap Equities</b>					
Fidelity Low Priced Stock	2.77%	5.03%	16.91%	8.44%	12.81%
Russell MidCap Value Idx	2.73%	2.14%	13.37%	9.19%	14.33%
Janus Enterprise (2)	2.26%	5.20%	20.45%	14.47%	16.53%
Russell MidCap Growth Idx	2.83%	5.28%	17.82%	9.96%	14.18%
<b>Small Cap Equities</b>					
Prudential Small Cap Value (3)	7.87%	4.57%	21.12%	11.16%	13.84%
US Small Cap Value Idx	5.71%	4.43%	18.88%	11.22%	13.83%
Russell 2000 Value Index	7.08%	5.11%	20.55%	12.12%	13.27%
AB US Small Growth (4)	5.69%	7.72%	28.84%	11.13%	13.73%
Russell 2000 Growth Index	5.45%	6.22%	20.98%	12.17%	14.28%

(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 September 30, 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 September 30, 2017

	Last Month	Last 3 Months	Last 12 Months	Last 36 Months	Last 60 Months
<b>International Equities</b>	<b>2.65%</b>	<b>6.27%</b>	<b>21.19%</b>	<b>5.12%</b>	<b>7.85%</b>
MSCI ACWI ex-US Index	1.89%	6.25%	20.15%	5.19%	7.45%
EuroPacific	1.52%	6.86%	20.64%	7.57%	9.51%
Harbor International (3)	2.40%	3.63%	15.17%	3.64%	6.37%
Oakmark International (2)	4.63%	9.49%	35.74%	9.65%	13.02%
Mondrian International	2.90%	4.99%	16.43%	3.29%	6.48%
MSCI EAFE Index	2.49%	5.40%	19.10%	5.04%	8.38%
MSCI ACWI ex-US Index	1.89%	6.25%	20.15%	5.19%	7.45%
Investec	(0.10%)	8.62%	-	-	-
MSCI Emerging Markets	(0.40%)	7.89%	22.46%	4.90%	3.99%
<b>Domestic Fixed Income</b>	<b>(0.12%)</b>	<b>1.31%</b>	<b>2.50%</b>	<b>3.22%</b>	<b>2.80%</b>
BB Aggregate Index	(0.48%)	0.85%	0.07%	2.71%	2.06%
Dodge & Cox Income	0.03%	1.13%	2.57%	3.23%	3.17%
PIMCO	(0.27%)	1.50%	2.42%	3.21%	2.42%
BB Aggregate Index	(0.48%)	0.85%	0.07%	2.71%	2.06%
<b>Real Estate</b>	<b>1.15%</b>	<b>1.15%</b>	<b>5.48%</b>	<b>9.57%</b>	<b>10.18%</b>
Real Estate Custom Benchmark (1)	0.50%	1.51%	5.72%	10.03%	10.42%
RREEF Private	0.00%	0.00%	5.12%	9.61%	11.10%
Barings Core Property Fund	2.19%	2.19%	7.18%	9.43%	9.36%
NFI-ODCE Equal Weight Net	0.50%	1.51%	6.75%	10.05%	10.61%
625 Kings Court	0.00%	0.00%	42.02%	19.74%	20.66%
<b>Total Fund</b>	<b>1.94%</b>	<b>4.39%</b>	<b>15.46%</b>	<b>7.49%</b>	<b>9.48%</b>
Total Fund Benchmark*	1.43%	3.90%	13.41%	7.44%	9.03%

\* Current Month Target = 37.9% Russell 3000 Index, 29.5% MSCI ACWIxUS Gross, 21.8% Blmbg Aggregate and 10.8% NCREIF NFI-ODCE Eq Wt Net.

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

(2) Switched to CIT in November 2015.

(3) Switched share class in June 2016.