

December 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 December 31, 2017, with the distribution as of November 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

	December 31, 2017		Net New Inv.	Inv. Return	November 30, 2017	
	Market Value	Weight			Market Value	Weight
Domestic Equities	\$198,088,194	38.08%	\$(8,153,254)	\$2,279,526	\$203,961,922	39.69%
Large Cap Equities	\$139,127,361	26.75%	\$(6,191,596)	\$1,829,656	\$143,489,302	27.92%
Vanguard S&P 500 Index	35,752,636	6.87%	0	392,441	35,360,195	6.88%
SSGA S&P NL CTF	34,726,374	6.68%	34,500,000	226,374	-	-
Dodge & Cox Stock	1	0.00%	(17,746,978)	99,740	17,647,238	3.43%
Boston Partners	35,736,822	6.87%	0	696,457	35,040,365	6.82%
Harbor Cap Appreciation	32,911,529	6.33%	(5,170,270)	297,876	37,783,923	7.35%
Janus Research	0	0.00%	(17,774,348)	116,768	17,657,580	3.44%
Mid Cap Equities	\$30,353,623	5.84%	\$(293,781)	\$309,611	\$30,337,792	5.90%
Fidelity Low Priced Stock	15,340,238	2.95%	0	282,954	15,057,284	2.93%
Janus Enterprise	15,013,384	2.89%	(293,781)	26,657	15,280,508	2.97%
Small Cap Equities	\$28,607,210	5.50%	\$(1,667,877)	\$140,259	\$30,134,828	5.86%
Prudential Small Cap Value	12,270,849	2.36%	(1,667,877)	(54,773)	13,993,499	2.72%
AB US Small Growth	16,336,361	3.14%	0	195,032	16,141,329	3.14%
International Equities	\$154,942,949	29.79%	\$(3,867,529)	\$3,054,358	\$155,756,120	30.31%
EuroPacific	27,163,678	5.22%	(808,959)	300,910	27,671,727	5.38%
Harbor International	29,150,801	5.60%	(1,858,570)	515,080	30,494,292	5.93%
Oakmark International	32,866,942	6.32%	(1,200,000)	645,059	33,421,882	6.50%
Mondrian International	27,183,128	5.23%	0	581,516	26,601,612	5.18%
Investec	15,713,808	3.02%	0	406,589	15,307,218	2.98%
T. Rowe Price Intl Small Cap	22,864,593	4.40%	0	605,204	22,259,389	4.33%
Domestic Fixed Income	\$105,316,485	20.25%	\$0	\$521,189	\$104,795,296	20.39%
Dodge & Cox Income	52,742,299	10.14%	0	212,857	52,529,443	10.22%
PIMCO	52,574,186	10.11%	0	308,332	52,265,854	10.17%
Real Estate	\$49,495,776	9.52%	\$0	\$364,189	\$49,131,587	9.56%
RREEF Private Fund	22,836,501	4.39%	0	0	22,836,501	4.44%
Barings Core Property Fund	25,509,274	4.90%	0	364,189	25,145,085	4.89%
625 Kings Court	1,150,000	0.22%	0	0	1,150,000	0.22%
Cash	\$12,304,912	2.37%	\$12,020,783	\$1	\$284,128	0.06%
Total Fund	\$520,148,316	100.0%	\$0	\$6,219,263	\$513,929,053	100.0%

Investment Manager Returns

The table below details the rates of return for the fund's investment managers over various time periods ended December 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 December 31, 2017

	Last Month	Last 3 Months	Last 12 Months	Last 36 Months	Last 60 Months
Domestic Equities	1.25%	6.62%	23.76%	11.08%	15.69%
Russell 3000 Index	1.00%	6.34%	21.13%	11.12%	15.58%
Large Cap Equities					
Vanguard S&P 500 Index	1.11%	6.64%	21.79%	11.39%	-
S&P 500 Index	1.11%	6.64%	21.83%	11.41%	15.79%
Boston Partners	1.99%	6.90%	19.23%	8.82%	14.28%
S&P 500 Index	1.11%	6.64%	21.83%	11.41%	15.79%
Russell 1000 Value Index	1.46%	5.33%	13.66%	8.65%	14.04%
Harbor Cap Appreciation (1)	0.65%	7.24%	36.68%	14.50%	17.84%
S&P 500 Index	1.11%	6.64%	21.83%	11.41%	15.79%
Russell 1000 Growth Index	0.78%	7.86%	30.21%	13.79%	17.33%
Mid Cap Equities					
Fidelity Low Priced Stock	1.88%	6.63%	20.67%	9.29%	13.55%
Russell MidCap Value Idx	1.24%	5.50%	13.34%	9.00%	14.68%
Janus Enterprise (2)	0.16%	5.52%	26.65%	13.69%	16.59%
Russell MidCap Growth Idx	0.54%	6.81%	25.27%	10.30%	15.30%
Small Cap Equities					
Prudential Small Cap Value (3)	(0.31%)	3.55%	6.43%	9.87%	13.79%
US Small Cap Value Idx	(0.16%)	3.00%	9.22%	9.76%	13.69%
Russell 2000 Value Index	(0.95%)	2.05%	7.84%	9.55%	13.01%
AB US Small Growth (4)	1.21%	7.60%	35.03%	12.77%	15.75%
Russell 2000 Growth Index	0.12%	4.59%	22.17%	10.28%	15.21%

(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 December 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 December 31, 2017

	Last Month	Last 3 Months	Last 12 Months	Last 36 Months	Last 60 Months
International Equities	1.95%	3.81%	27.95%	7.87%	7.13%
MSCI ACWI ex-US Index	2.27%	5.06%	27.77%	8.33%	7.28%
EuroPacific	1.11%	4.22%	31.17%	9.66%	9.21%
Harbor International (3)	1.73%	2.20%	22.98%	5.85%	5.25%
Oakmark International (2)	1.95%	2.33%	30.47%	10.67%	10.64%
Mondrian International	2.12%	3.84%	22.29%	6.17%	6.47%
MSCI EAFE Index	1.61%	4.23%	25.03%	7.80%	7.90%
MSCI ACWI ex-US Index	2.27%	5.06%	27.77%	8.33%	7.28%
Investec	2.59%	6.32%	-	-	-
MSCI Emerging Markets	3.59%	7.44%	37.28%	9.10%	4.35%
T. Rowe Price Intl Small Cap	2.63%	6.21%	-	-	-
MSCI ACWI ex US Small Cap	3.07%	6.56%	31.65%	11.96%	10.03%
Domestic Fixed Income	0.50%	0.29%	4.74%	2.94%	2.64%
BB Aggregate Index	0.46%	0.39%	3.54%	2.24%	2.10%
Dodge & Cox Income	0.41%	0.48%	4.36%	3.09%	3.07%
PIMCO	0.59%	0.11%	5.12%	2.80%	2.21%
BB Aggregate Index	0.46%	0.39%	3.54%	2.24%	2.10%
Real Estate	0.74%	0.74%	6.18%	8.41%	9.96%
Real Estate Custom Benchmark (1)	0.56%	1.68%	6.65%	9.01%	10.38%
RREEF Private	0.00%	0.00%	4.34%	9.20%	10.79%
Barings Core Property Fund	1.45%	1.45%	6.59%	9.37%	9.31%
NFI-ODCE Equal Weight Net	0.56%	1.68%	6.65%	9.68%	10.56%
625 Kings Court	0.00%	0.00%	41.24%	19.51%	20.64%
Total Fund	1.20%	3.80%	18.83%	8.23%	9.71%
Total Fund Benchmark*	1.20%	4.15%	17.31%	8.21%	9.52%

* Current Month Target = 38.9% Russell 3000 Index, 29.0% MSCI ACWIxUS Gross, 21.4% 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.