

December 31, 2018



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, 2018, with the distribution as of November 30, 2018. 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, 2018				November 30, 2018	
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Domestic Equities	\$184,405,733	38.69%	\$(504,598)	\$(19,329,124)	\$204,239,456	40.80%
Large Cap Equities	\$129,223,765	27.11%	\$(504,598)	\$(13,240,890)	\$142,969,253	28.56%
Vanguard S&P 500 Index	32,740,248	6.87%	(500,000)	(3,317,433)	36,557,680	7.30%
SSGA S&P Eq Weighted NL CTF	32,010,988	6.72%	(4,598)	(3,549,633)	35,565,219	7.10%
Boston Partners	32,537,584	6.83%	0	(3,713,116)	36,250,700	7.24%
Harbor Cap Appreciation	31,934,945	6.70%	0	(2,660,708)	34,595,654	6.91%
Mid Cap Equities	\$28,877,333	6.06%	\$0	\$(2,580,365)	\$31,457,698	6.28%
Fidelity Low Priced Stock	13,696,266	2.87%	0	(1,217,998)	14,914,263	2.98%
Janus Enterprise	15,181,068	3.19%	0	(1,362,367)	16,543,435	3.30%
Small Cap Equities	\$26,304,635	5.52%	\$0	\$(3,507,870)	\$29,812,505	5.96%
Prudential Small Cap Value	11,324,244	2.38%	0	(1,653,787)	12,978,031	2.59%
AB US Small Growth	14,980,391	3.14%	0	(1,854,083)	16,834,474	3.36%
International Equities	\$128,916,317	27.05%	\$0	\$(5,795,843)	\$134,712,161	26.91%
EuroPacific	22,976,557	4.82%	0	(1,229,437)	24,205,993	4.84%
Harbor International	25,469,521	5.34%	0	(1,133,230)	26,602,751	5.31%
Oakmark International	23,971,484	5.03%	0	(1,421,867)	25,393,351	5.07%
Mondrian International	23,920,566	5.02%	0	(934,047)	24,854,613	4.97%
Investec	13,744,253	2.88%	0	0	13,744,253	2.75%
T. Rowe Price Intl Small Cap	18,833,937	3.95%	0	(1,077,262)	19,911,199	3.98%
Domestic Fixed Income	\$105,019,175	22.04%	\$0	\$1,149,323	\$103,869,852	20.75%
Dodge & Cox Income	52,583,290	11.03%	0	547,121	52,036,169	10.40%
PIMCO	52,435,886	11.00%	0	602,202	51,833,684	10.35%
Real Estate	\$57,472,781	12.06%	\$0	\$0	\$57,472,781	11.48%
RREEF Private Fund	29,566,479	6.20%	0	0	29,566,479	5.91%
Barings Core Property Fund	26,756,302	5.61%	0	0	26,756,302	5.35%
625 Kings Court	1,150,000	0.24%	0	0	1,150,000	0.23%
Cash	\$784,630	0.16%	\$504,598	\$(0)	\$280,032	0.06%
Total Fund	\$476,598,637	100.0%	\$0	\$(23,975,645)	\$500,574,282	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, 2018. 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, 2018

	Last Month	Last 3 Months	Last 12 Months	Last 36 Months	Last 60 Months
Domestic Equities	(9.46%)	(15.39%)	(6.04%)	8.84%	7.13%
Russell 3000 Index	(9.31%)	(14.30%)	(5.24%)	8.97%	7.91%
Large Cap Equities					
Vanguard S&P 500 Index	(9.03%)	(13.53%)	(4.42%)	9.22%	8.46%
S&P 500 Index	(9.03%)	(13.52%)	(4.38%)	9.26%	8.49%
SSGA S&P Eq Weighted NL CTF	(9.99%)	(14.11%)	(7.83%)	-	-
S&P 500 Eq Weighted	(9.72%)	(13.90%)	(7.64%)	8.03%	7.14%
Boston Partners	(10.24%)	(13.84%)	(8.95%)	7.29%	5.40%
S&P 500 Index	(9.03%)	(13.52%)	(4.38%)	9.26%	8.49%
Russell 1000 Value Index	(9.60%)	(11.72%)	(8.27%)	6.95%	5.95%
Harbor Cap Appreciation (1)	(7.69%)	(16.39%)	(0.96%)	10.24%	10.33%
S&P 500 Index	(9.03%)	(13.52%)	(4.38%)	9.26%	8.49%
Russell 1000 Growth Index	(8.60%)	(15.89%)	(1.51%)	11.15%	10.40%
Mid Cap Equities					
Fidelity Low Priced Stock	(8.20%)	(13.54%)	(10.75%)	5.42%	4.63%
Russell MidCap Value Idx	(10.50%)	(14.95%)	(12.29%)	6.06%	5.44%
Janus Enterprise (2)	(8.23%)	(13.63%)	(0.81%)	12.10%	10.30%
Russell MidCap Growth Idx	(9.07%)	(15.99%)	(4.75%)	8.59%	7.42%
Small Cap Equities					
Prudential Small Cap Value (3)	(12.74%)	(20.13%)	(18.82%)	5.00%	2.65%
US Small Cap Value Idx	(11.71%)	(18.03%)	(12.94%)	6.67%	4.34%
Russell 2000 Value Index	(12.09%)	(18.67%)	(12.86%)	7.37%	3.61%
AB US Small Growth (4)	(10.99%)	(22.34%)	(0.60%)	12.79%	7.08%
Russell 2000 Growth Index	(11.68%)	(21.65%)	(9.31%)	7.24%	5.13%

(1) Switched share class in June 2016.

(2) Switched share class in July 2016.

(3) Switched share class in September 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, 2018. 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, 2018

	Last Month	Last 3 Months	Last 12 Months	Last 36 Months	Last 60 Months
International Equities	(4.33%)	(12.90%)	(17.21%)	2.89%	(0.41%)
MSCI ACWI ex-US Index	(4.49%)	(11.41%)	(13.78%)	4.98%	1.14%
EuroPacific	(5.12%)	(12.59%)	(14.91%)	4.08%	1.86%
Harbor International (3)	(4.26%)	(13.54%)	(17.89%)	0.41%	(1.92%)
Oakmark International (2)	(5.60%)	(16.47%)	(23.51%)	2.59%	(0.39%)
Mondrian International	(3.82%)	(9.05%)	(12.71%)	3.71%	0.46%
MSCI EAFE Index	(4.85%)	(12.54%)	(13.79%)	2.87%	0.53%
MSCI ACWI ex-US Index	(4.49%)	(11.41%)	(13.78%)	4.98%	1.14%
Investec	0.00%	(7.17%)	(13.11%)	-	-
MSCI Emerging Markets	(2.66%)	(7.47%)	(14.58%)	9.25%	1.65%
T. Rowe Price Intl Small Cap	(5.50%)	(16.21%)	(18.49%)	-	-
MSCI ACWI ex US Small Cap	(5.44%)	(14.43%)	(18.20%)	3.82%	1.96%
Domestic Fixed Income	1.11%	0.84%	(0.28%)	2.83%	2.71%
Blmbg Aggregate Index	1.84%	1.64%	0.01%	2.06%	2.52%
Dodge & Cox Income	1.05%	0.29%	(0.31%)	3.19%	2.88%
PIMCO	1.16%	1.38%	(0.26%)	2.46%	2.55%
Blmbg Aggregate Index	1.84%	1.64%	0.01%	2.06%	2.52%
Real Estate	0.00%	0.00%	5.68%	6.53%	9.19%
Real Estate Custom Benchmark (1)	0.62%	1.88%	7.82%	7.79%	9.91%
RREEF Private	0.00%	0.00%	6.44%	6.94%	9.62%
Barings Core Property Fund	0.00%	0.00%	4.89%	6.69%	8.31%
NFI-ODCE Equal Weight Net	0.62%	1.88%	7.82%	7.70%	9.71%
625 Kings Court	0.00%	0.00%	5.41%	13.50%	12.49%
Total Fund	(4.80%)	(9.81%)	(6.96%)	5.67%	4.32%
Total Fund Benchmark*	(4.25%)	(8.18%)	(5.01%)	6.31%	5.15%

* Current Month Target = 37.4% Russell 3000 Index, 28.1% MSCI ACWIxUS Gross, 22.9% Blmbg Aggregate and 11.6% 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.