

February 28, 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 February 28, 2017, with the distribution as of January 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

	February 28, 2017		Net New Inv.	Inv. Return	January 31, 2017	
	Market Value	Weight			Market Value	Weight
Domestic Equities	\$185,390,916	40.09%	\$(500,000)	\$5,802,863	\$180,088,053	39.67%
Large Cap Equities	\$128,109,190	27.71%	\$(500,000)	\$4,725,715	\$123,883,475	27.29%
Vanguard S&P 500 Index	23,637,455	5.11%	0	902,016	22,735,438	5.01%
Dodge & Cox Stock	26,562,118	5.74%	(500,000)	787,814	26,274,304	5.79%
Boston Partners	27,308,034	5.91%	0	1,065,620	26,242,414	5.78%
Harbor Cap Appreciation	25,596,700	5.54%	0	990,250	24,606,450	5.42%
Janus Research	25,004,883	5.41%	0	980,014	24,024,869	5.29%
Mid Cap Equities	\$21,880,586	4.73%	\$0	\$402,535	\$21,478,051	4.73%
Fidelity Low Priced Stock	5,615,999	1.21%	0	118,601	5,497,397	1.21%
Royce Total Return	5,688,163	1.23%	0	90,681	5,597,482	1.23%
Morgan Stanley	4,321,785	0.93%	0	57,471	4,264,314	0.94%
Janus Enterprise	6,254,640	1.35%	0	135,782	6,118,858	1.35%
Small Cap Equities	\$26,327,797	5.69%	\$0	\$614,409	\$25,713,388	5.66%
Prudential Small Cap Value	13,144,305	2.84%	0	139,510	13,004,795	2.87%
AB US Small Growth	7,448,379	1.61%	0	218,888	7,229,491	1.59%
RS Investments	5,735,113	1.24%	0	256,011	5,479,102	1.21%
Micro Cap Equities	\$9,073,342	1.96%	\$0	\$60,203	\$9,013,139	1.99%
AMG Managers Emrg Opp Fund	9,073,342	1.96%	0	60,203	9,013,139	1.99%
International Equities	\$134,504,035	29.09%	\$0	\$1,899,523	\$132,604,512	29.21%
EuroPacific	28,801,311	6.23%	0	332,858	28,468,454	6.27%
Harbor International	28,585,333	6.18%	0	290,016	28,295,317	6.23%
Columbia Acorn Int'l	15,275,161	3.30%	0	324,522	14,950,639	3.29%
Oakmark International	32,508,670	7.03%	0	258,005	32,250,665	7.11%
Mondrian International	29,333,559	6.34%	0	694,122	28,639,437	6.31%
Domestic Fixed Income	\$96,529,907	20.88%	\$0	\$791,791	\$95,738,116	21.09%
Dodge & Cox Income	48,669,314	10.53%	0	354,214	48,315,099	10.64%
PIMCO	47,860,594	10.35%	0	437,577	47,423,017	10.45%
Real Estate	\$45,225,883	9.78%	\$0	\$0	\$45,225,883	9.96%
RREEF Private Fund	20,428,994	4.42%	0	0	20,428,994	4.50%
Barings Core Property Fund	23,932,889	5.18%	0	0	23,932,889	5.27%
625 Kings Court	864,000	0.19%	0	0	864,000	0.19%
Cash	\$752,053	0.16%	\$500,000	\$0	\$252,053	0.06%
Total Fund	\$462,402,794	100.0%	\$0	\$8,494,177	\$453,908,617	100.0%

Investment Manager Returns

The table below details the rates of return for the fund's investment managers over various time periods ended February 28, 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 February 28, 2017

	Last Month	Last 3 Months	Last 12 Months	Last 36 Months	Last 60 Months
Domestic Equities	3.22%	6.80%	27.40%	7.77%	13.31%
Russell 3000 Index	3.72%	7.73%	26.29%	9.92%	13.85%
Large Cap Equities					
Vanguard S&P 500 Index	3.97%	8.03%	24.94%	10.61%	-
S&P 500 Index	3.97%	8.04%	24.98%	10.63%	14.01%
Dodge & Cox Stock	3.00%	6.67%	38.12%	10.05%	15.91%
Boston Partners	4.02%	6.05%	27.18%	7.64%	13.33%
S&P 500 Index	3.97%	8.04%	24.98%	10.63%	14.01%
Russell 1000 Value Index	3.59%	6.94%	29.13%	9.90%	14.02%
Harbor Cap Appreciation (5)	4.02%	8.56%	21.04%	7.58%	12.89%
Janus Research (6)	4.08%	8.17%	18.80%	8.76%	13.10%
S&P 500 Index	3.97%	8.04%	24.98%	10.63%	14.01%
Russell 1000 Growth Index	4.15%	9.00%	22.15%	10.47%	13.79%
Mid Cap Equities					
Fidelity Low Priced Stock	2.16%	3.94%	17.95%	6.07%	11.44%
Royce Total Return (1)	1.62%	5.00%	32.22%	6.90%	11.47%
Russell MidCap Value Idx	2.79%	6.38%	31.84%	9.77%	14.75%
Morgan Stanley (2)	1.35%	5.27%	11.82%	(5.68%)	3.80%
Janus Enterprise (6)	2.22%	6.22%	24.36%	10.22%	13.70%
Russell MidCap Growth Idx	2.88%	6.67%	21.54%	7.01%	12.32%
Small Cap Equities					
Prudential Small Cap Value (3)	1.07%	5.42%	43.25%	9.65%	13.57%
US Small Cap Value Idx	1.72%	6.27%	37.71%	9.47%	14.06%
Russell 2000 Value Index	1.45%	4.88%	41.29%	8.37%	13.43%
AB US Small Growth (4)	3.03%	6.85%	33.39%	1.48%	11.04%
RS Investments (1)	4.67%	8.72%	30.40%	5.41%	13.06%
Russell 2000 Growth Index	2.45%	5.54%	30.91%	5.42%	12.29%
Micro Cap Equities					
AMG Managers Emerging Opp Fund	0.67%	2.55%	33.79%	2.65%	12.42%
Russell Microcap Index	1.04%	4.05%	35.65%	4.23%	13.12%
Russell Micro Growth Idx	2.06%	2.93%	26.68%	0.07%	11.14%

- (1) Switched share class December 2009.
(2) Switched share class in February 2014.
(3) Switched share class in Septemeber 2015.
(4) Switched to a mutual fund in September 2015.
(5) Switched share class in June 2016.
(6) Switched share class in July 2016.

Investment Manager Returns

The table below details the rates of return for the fund's investment managers over various time periods ended February 28, 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 February 28, 2017

	Last Month	Last 3 Months	Last 12 Months	Last 36 Months	Last 60 Months
International Equities	1.42%	7.13%	16.75%	(1.06%)	3.67%
MSCI ACWI ex-US Index	1.61%	7.95%	19.88%	0.27%	4.02%
EuroPacific (1)	1.17%	6.17%	17.04%	0.75%	5.90%
Harbor International (5)	1.02%	5.49%	11.76%	(2.21%)	2.96%
Oakmark International (4)	0.80%	8.43%	26.40%	0.48%	8.21%
Mondrian International	2.36%	8.27%	15.11%	(0.51%)	3.76%
MSCI EAFE Index	1.43%	7.94%	15.75%	(0.62%)	5.16%
MSCI ACWI ex-US Index	1.61%	7.95%	19.88%	0.27%	4.02%
Columbia Acorn Int'l (2)	2.17%	7.15%	11.11%	(0.98%)	5.22%
MSCI ACWI ex US Small Cap	2.63%	8.83%	19.52%	1.80%	5.98%
Domestic Fixed Income	0.83%	1.99%	5.30%	2.82%	3.17%
BB Aggregate Index	0.67%	1.01%	1.42%	2.64%	2.24%
Dodge & Cox Income	0.73%	1.68%	6.70%	3.06%	3.38%
PIMCO	0.92%	2.30%	3.92%	2.58%	2.97%
BB Aggregate Index	0.67%	1.01%	1.42%	2.64%	2.24%
Real Estate	0.00%	2.01%	7.81%	10.51%	10.78%
Real Estate Custom Benchmark (3)	0.65%	2.63%	9.59%	11.06%	11.18%
RREEF Private	0.00%	2.27%	7.95%	11.80%	12.00%
Barings Core Property Fund	0.00%	2.01%	8.62%	10.06%	10.04%
NFI-ODCE Equal Weight Net	0.65%	1.95%	8.17%	11.21%	11.14%
625 Kings Court	0.00%	0.00%	7.17%	9.16%	13.27%
Total Fund	1.87%	5.34%	16.60%	4.52%	7.98%
Total Fund Benchmark*	2.10%	5.74%	16.15%	5.75%	8.03%

* Current Month Target = 38.0% Russell 3000 Index, 29.5% MSCI ACWIxUS Gross, 21.6% Blmbg Aggregate and 10.9% 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.