

September 30, 2016



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, 2016, with the distribution as of August 31, 2016. 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, 2016		Net New Inv.	Inv. Return	August 31, 2016	
	Market Value	Weight			Market Value	Weight
Domestic Equities	\$169,671,208	38.21%	\$(4,600,000)	\$1,127,610	\$173,143,598	39.25%
Large Cap Equities	\$116,881,040	26.32%	\$(2,900,000)	\$719,352	\$119,061,688	26.99%
Vanguard S&P 500 Index	21,492,319	4.84%	(2,200,000)	7,220	23,685,099	5.37%
Dodge & Cox Stock	23,861,271	5.37%	0	280,172	23,581,100	5.35%
Boston Partners	24,113,793	5.43%	0	(13,375)	24,127,169	5.47%
Harbor Cap Appreciation	24,024,206	5.41%	0	454,173	23,570,032	5.34%
Janus Research	23,389,451	5.27%	(700,000)	(8,838)	24,098,289	5.46%
Mid Cap Equities	\$20,654,325	4.65%	\$0	\$19,249	\$20,635,076	4.68%
Fidelity Low Priced Stock	5,259,444	1.18%	0	56,499	5,202,944	1.18%
Royce Total Return	5,088,219	1.15%	0	(58)	5,088,277	1.15%
Morgan Stanley	4,435,819	1.00%	0	(54,163)	4,489,982	1.02%
Janus Enterprise	5,870,844	1.32%	0	16,971	5,853,873	1.33%
Small Cap Equities	\$23,654,929	5.33%	\$(1,700,000)	\$209,020	\$25,145,909	5.70%
Prudential Small Cap Value	11,757,598	2.65%	(1,700,000)	34,205	13,423,393	3.04%
AB US Small Growth	6,761,212	1.52%	0	84,515	6,676,698	1.51%
RS Investments	5,136,118	1.16%	0	90,300	5,045,818	1.14%
Micro Cap Equities	\$8,480,914	1.91%	\$0	\$179,989	\$8,300,925	1.88%
AMG Managers Emrg Opp Fund	8,480,914	1.91%	0	179,989	8,300,925	1.88%
International Equities	\$125,563,767	28.27%	\$21,000,000	\$1,165,648	\$103,398,119	23.44%
EuroPacific	28,437,739	6.40%	5,000,000	249,905	23,187,834	5.26%
Harbor International	28,537,578	6.43%	5,650,000	293,270	22,594,308	5.12%
Columbia Acorn Int'l	15,682,357	3.53%	3,900,000	271,761	11,510,596	2.61%
Oakmark International	29,128,800	6.56%	6,450,000	264,343	22,414,457	5.08%
Mondrian International	23,777,293	5.35%	0	86,369	23,690,923	5.37%
Domestic Fixed Income	\$97,019,848	21.85%	\$(21,000,000)	\$276,890	\$117,742,958	26.69%
Dodge & Cox Income	48,744,394	10.98%	(11,000,000)	72,094	59,672,300	13.53%
PIMCO	48,275,453	10.87%	(10,000,000)	204,796	58,070,657	13.16%
Real Estate	\$46,369,654	10.44%	\$0	\$346,003	\$46,023,651	10.43%
RREEF Public Fund	8,431,360	1.90%	0	(178,090)	8,609,450	1.95%
RREEF Private Fund	21,259,763	4.79%	0	185,854	21,073,910	4.78%
Barings Core Property Fund	15,814,531	3.56%	0	338,239	15,476,292	3.51%
625 Kings Court	864,000	0.19%	0	0	864,000	0.20%
Cash	\$5,465,748	1.23%	\$4,600,000	\$0	\$865,748	0.20%
Total Fund	\$444,090,225	100.0%	\$0	\$2,916,151	\$441,174,074	100.0%

Investment Manager Returns

The table below details the rates of return for the fund's investment managers over various time periods ended September 30, 2016. 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, 2016

	Last Month	Year to Date	Last 12 Months	Last 36 Months	Last 60 Months
Domestic Equities	0.65%	6.08%	11.53%	8.66%	15.80%
Russell 3000 Index	0.16%	8.18%	14.96%	10.44%	16.36%
Large Cap Equities					
Vanguard S&P 500 Index	0.02%	7.81%	15.41%	11.13%	-
S&P 500 Index	0.02%	7.84%	15.43%	11.16%	16.37%
Dodge & Cox Stock	1.19%	9.55%	14.53%	8.91%	17.10%
Boston Partners	(0.06%)	5.28%	10.04%	7.07%	15.65%
S&P 500 Index	0.02%	7.84%	15.43%	11.16%	16.37%
Russell 1000 Value Index	(0.21%)	10.00%	16.20%	9.70%	16.15%
Harbor Cap Appreciation (5)	1.93%	0.90%	9.07%	11.28%	16.00%
Janus Research (6)	(0.05%)	2.55%	9.58%	11.38%	16.31%
S&P 500 Index	0.02%	7.84%	15.43%	11.16%	16.37%
Russell 1000 Growth Index	0.37%	6.00%	13.76%	11.83%	16.60%
Mid Cap Equities					
Fidelity Low Priced Stock	1.09%	5.30%	7.01%	6.73%	14.43%
Royce Total Return (1)	(0.00%)	15.17%	17.31%	5.68%	13.16%
Russell MidCap Value Idx	0.42%	13.72%	17.26%	10.49%	17.38%
Morgan Stanley (2)	(1.21%)	(2.68%)	0.25%	0.38%	7.82%
Janus Enterprise (6)	0.29%	11.73%	17.17%	11.88%	17.10%
Russell MidCap Growth Idx	(0.05%)	6.84%	11.24%	8.90%	15.85%
Small Cap Equities					
Prudential Small Cap Value (3)	0.27%	13.69%	17.79%	6.80%	14.75%
US Small Cap Value Idx	0.32%	13.86%	17.54%	8.18%	16.26%
Russell 2000 Value Index	0.79%	15.49%	18.81%	6.77%	15.45%
AB US Small Growth (4)	1.27%	4.14%	9.73%	3.63%	15.23%
RS Investments (1)	1.79%	(1.37%)	0.22%	4.84%	15.90%
Russell 2000 Growth Index	1.44%	7.48%	12.12%	6.58%	16.15%
Micro Cap Equities					
AMG Managers Emerging Opp Fund	2.17%	10.90%	10.35%	4.53%	16.67%
Russell Microcap Index	2.94%	9.38%	13.47%	5.84%	16.37%
Russell Micro Growth Idx	4.10%	5.32%	10.27%	5.04%	16.06%

(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 September 30, 2016. 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, 2016

	Last Month	Year to Date	Last 12 Months	Last 36 Months	Last 60 Months
International Equities	1.17%	4.73%	8.25%	0.00%	6.76%
MSCI ACWI ex-US Index	1.28%	6.29%	9.80%	0.64%	6.52%
EuroPacific (1)	1.21%	5.38%	8.52%	3.34%	9.11%
Harbor International (5)	1.53%	4.76%	7.76%	(0.55%)	7.32%
Columbia Acorn Int'l (2)	2.52%	6.92%	11.51%	2.38%	8.95%
Oakmark International (4)	1.17%	1.62%	6.71%	(1.18%)	9.79%
Mondrian International	0.36%	5.77%	7.91%	0.85%	5.63%
MSCI EAFE Index	1.23%	1.73%	6.52%	0.48%	7.39%
MSCI ACWI ex-US Index	1.28%	6.29%	9.80%	0.64%	6.52%
Domestic Fixed Income	0.23%	6.05%	6.38%	3.90%	4.25%
BC Aggregate Index	(0.06%)	5.80%	5.19%	4.03%	3.08%
Dodge & Cox Income	0.11%	6.95%	7.09%	4.29%	4.31%
PIMCO	0.36%	5.17%	5.68%	3.50%	4.18%
BC Aggregate Index	(0.06%)	5.80%	5.19%	4.03%	3.08%
Real Estate	0.75%	5.71%	10.12%	11.23%	12.36%
Real Estate Custom Benchmark (3)	0.25%	7.59%	11.89%	12.13%	13.04%
RREEF Public	(2.07%)	7.56%	16.09%	13.23%	14.85%
NAREIT	(1.37%)	12.73%	20.76%	13.49%	15.39%
RREEF Private	0.88%	4.65%	8.30%	11.40%	11.90%
Barings Core Property Fund	2.19%	6.48%	9.71%	10.03%	-
NFI-ODCE Equal Weight Net	0.65%	6.29%	9.70%	11.64%	11.41%
625 Kings Court	0.00%	4.86%	7.68%	10.41%	12.44%
Total Fund	0.65%	5.70%	9.13%	5.43%	10.05%
Total Fund Benchmark*	0.39%	7.03%	10.68%	6.42%	9.95%

* Current Month Target = 38.4% Russell 3000 Index, 27.3% BB Barclays Aggregate Idx, 25.6% MSCI ACWIxUS Gross, 7.1% NFI-ODCE Equal Weight Net and 1.8% NAREIT.

(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; and 20% NAREIT Composite Index and 80% NFI-ODCE Equal Weight Net thereafter.

(4) Switched to CIT in November 2015.

(5) Switched share class in June 2016.