

July 31, 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 July 31, 2016, with the distribution as of June 30, 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

	July 31, 2016		Net New Inv.	Inv. Return	June 30, 2016	
	Market Value	Percent			Market Value	Percent
Domestic Equities	\$171,976,651	38.98%	\$0	\$8,265,677	\$163,710,974	38.41%
Large Cap Equities	\$118,552,529	26.87%	\$0	\$5,386,293	\$113,166,236	26.55%
Vanguard S&P 500 Index	23,652,169	5.36%	0	839,792	22,812,377	5.35%
Dodge & Cox Stock	23,107,163	5.24%	0	1,173,820	21,933,343	5.15%
Boston Partners	23,806,021	5.40%	0	701,317	23,104,704	5.42%
Harbor Cap Appreciation	23,640,508	5.36%	0	1,429,081	22,211,427	5.21%
Janus Research	24,346,668	5.52%	0	1,242,283	23,104,385	5.42%
Mid Cap Equities	\$20,493,284	4.65%	\$0	\$907,654	\$19,585,630	4.60%
Fidelity Low Priced Stock	5,185,162	1.18%	0	172,595	5,012,567	1.18%
Royce Total Return	5,020,384	1.14%	0	214,998	4,805,386	1.13%
Morgan Stanley	4,487,204	1.02%	0	268,038	4,219,166	0.99%
Janus Enterprise	5,800,534	1.31%	0	252,023	5,548,511	1.30%
Small Cap Equities	\$24,764,905	5.61%	\$0	\$1,421,049	\$23,343,856	5.48%
Prudential Small Cap Value	13,077,541	2.96%	0	655,678	12,421,863	2.91%
AB US Small Growth	6,672,170	1.51%	0	392,392	6,279,778	1.47%
RS Investments	5,015,194	1.14%	0	372,979	4,642,215	1.09%
Micro Cap Equities	\$8,165,933	1.85%	\$0	\$550,681	\$7,615,252	1.79%
AMG Managers Emrg Opp Fund	8,165,933	1.85%	0	550,681	7,615,252	1.79%
International Equities	\$102,060,379	23.13%	\$0	\$5,083,695	\$96,976,684	22.75%
EuroPacific	22,888,099	5.19%	0	1,203,861	21,684,238	5.09%
Harbor International	22,568,518	5.12%	0	921,195	21,647,323	5.08%
Columbia Acorn Int'l	11,426,043	2.59%	0	524,234	10,901,809	2.56%
Oakmark International	21,650,556	4.91%	0	1,748,931	19,901,625	4.67%
Mondrian International	23,527,163	5.33%	0	685,473	22,841,690	5.36%
Domestic Fixed Income	\$119,530,954	27.09%	\$(1,500,000)	\$1,291,511	\$119,739,443	28.09%
Dodge & Cox Income	59,330,094	13.45%	(1,500,000)	649,250	60,180,844	14.12%
PIMCO	60,200,860	13.65%	0	642,261	59,558,599	13.97%
Real Estate	\$46,363,534	10.51%	\$0	\$319,352	\$46,044,183	10.80%
RREEF Public Fund	8,949,333	2.03%	0	319,352	8,629,981	2.02%
RREEF Private Fund	21,073,910	4.78%	0	()	21,073,910	4.94%
Cornerstone Patriot Fund	15,476,292	3.51%	0	0	15,476,292	3.63%
625 Kings Court	864,000	0.20%	0	0	864,000	0.20%
Cash	\$1,251,518	0.28%	\$1,500,000	\$()	\$-248,482	(0.06%)
Total Fund	\$441,183,036	100.0%	\$0	\$14,960,234	\$426,222,802	100.0%

Investment Manager Returns

The table below details the rates of return for the fund's investment managers over various time periods ended July 31, 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 July 31, 2016

	Last Month	Year to Date	Last 12 Months	Last 36 Months	Last 60 Months
Domestic Equities	5.05%	4.68%	(0.51%)	9.12%	11.84%
Russell 3000 Index	3.97%	7.74%	4.44%	10.59%	12.99%
Large Cap Equities					
Vanguard S&P 500 Index	3.68%	7.65%	5.59%	-	-
S&P 500 Index	3.69%	7.66%	5.61%	11.16%	13.38%
Dodge & Cox Stock	5.35%	6.08%	(1.13%)	8.26%	12.48%
Boston Partners	2.99%	3.98%	(2.01%)	6.31%	11.87%
S&P 500 Index	3.69%	7.66%	5.61%	11.16%	13.38%
Russell 1000 Value Index	2.90%	9.38%	5.38%	8.99%	12.75%
Harbor Cap Appreciation (5)	6.43%	(0.71%)	(2.68%)	12.74%	12.31%
Janus Research (6)	5.38%	3.65%	1.56%	12.41%	12.92%
S&P 500 Index	3.69%	7.66%	5.61%	11.16%	13.38%
Russell 1000 Growth Index	4.72%	6.15%	4.35%	12.86%	13.62%
Mid Cap Equities					
Fidelity Low Priced Stock	3.44%	3.81%	(1.48%)	7.21%	10.78%
Royce Total Return (1)	4.47%	13.63%	6.97%	6.00%	9.37%
Russell MidCap Value Idx	4.24%	13.48%	7.77%	10.61%	13.44%
Morgan Stanley (2)	6.35%	(1.55%)	(10.47%)	2.45%	3.82%
Janus Enterprise (6)	4.54%	10.39%	7.01%	12.36%	13.87%
Russell MidCap Growth Idx	4.95%	7.21%	1.07%	10.08%	11.91%
Small Cap Equities					
Prudential Small Cap Value (3)	5.28%	10.47%	4.24%	6.69%	10.11%
US Small Cap Value Idx	4.78%	12.16%	6.56%	7.73%	11.45%
Russell 2000 Value Index	5.40%	11.81%	5.59%	6.01%	10.03%
AB US Small Growth (4)	6.25%	2.77%	(7.15%)	5.44%	10.59%
RS Investments (1)	8.03%	(3.69%)	(15.76%)	6.71%	10.56%
Russell 2000 Growth Index	6.54%	4.84%	(5.30%)	7.39%	10.78%
Micro Cap Equities					
AMG Managers Emerging Opp Fund	7.23%	6.78%	(5.10%)	5.40%	10.78%
Russell Microcap Index	5.23%	3.46%	(4.40%)	5.14%	9.96%
Russell Micro Growth Idx	5.42%	(0.79%)	(12.38%)	4.55%	9.39%

- (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 July 31, 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 July 31, 2016

	Last Month	Year to Date	Last 12 Months	Last 36 Months	Last 60 Months
International Equities	5.24%	2.18%	(7.40%)	0.81%	1.90%
MSCI ACWI ex-US Index	4.97%	4.27%	(5.08%)	1.80%	1.81%
EuroPacific (1)	5.55%	2.78%	(4.68%)	4.20%	4.00%
Harbor International (5)	4.25%	3.06%	(7.70%)	0.69%	2.19%
Columbia Acorn Int'l (2)	4.81%	3.52%	(1.08%)	3.19%	3.93%
Oakmark International (4)	8.79%	(2.97%)	(12.36%)	(1.07%)	4.67%
Mondrian International	2.93%	4.72%	(6.60%)	1.88%	2.34%
MSCI EAFE Index	5.07%	0.42%	(7.53%)	2.00%	3.02%
MSCI ACWI ex-US Index	4.97%	4.27%	(5.08%)	1.80%	1.81%
Domestic Fixed Income	1.09%	5.62%	4.68%	3.93%	3.82%
BC Aggregate Index	0.63%	5.98%	5.94%	4.23%	3.57%
Dodge & Cox Income	1.09%	6.22%	5.19%	4.16%	3.96%
PIMCO	1.08%	5.02%	4.16%	3.68%	3.67%
BC Aggregate Index	0.63%	5.98%	5.94%	4.23%	3.57%
Real Estate	0.69%	5.70%	12.83%	12.09%	10.86%
Real Estate Custom Benchmark (3)	1.29%	7.48%	12.86%	12.49%	11.56%
RREEF Public	3.70%	14.17%	20.03%	14.00%	11.86%
NAREIT	3.85%	18.10%	21.55%	14.06%	12.80%
RREEF Private	0.00%	3.73%	11.42%	13.10%	12.21%
Cornerstone Patriot Fund	0.00%	4.20%	11.44%	10.00%	-
NFI-ODCE Equal Weight Net	0.65%	4.92%	10.72%	11.93%	11.60%
625 Kings Court	0.00%	4.86%	10.03%	10.77%	12.56%
Total Fund	3.51%	4.45%	0.51%	5.94%	7.18%
Total Fund Benchmark*	3.04%	6.38%	3.34%	6.88%	7.64%

* Current Month Target = 38.0% Russell 3000 Index, 28.0% Barclays Aggregate Index, 25.0% MSCI ACWixUS Gross, 7.2% 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.