



Mendocino County Employees Retirement Association

Investment Manager Search Overview Large Cap Value, International Value

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Project Timeline for MCERA

	1st Half 2010	2nd Half 2010	Dec 2010	Jan 2011	Feb 2011	March 2011	April 2011
Asset Allocation Study							
Updated Investment Policy Statement							
Asset Class Structure Reviews: Domestic Equity, Int'l Equity, Real Estate, Fixed Income							
Discussed International Equity Managers							
Rebalanced Toward Target Allocation							
Interview International Value Managers							
Discuss Domestic Large Cap Value Managers							
Interview Domestic Large Cap Value Managers							
Discuss Domestic Small Cap Value Managers							
Interview Domestic Small Cap Value Managers							
Discuss Real Estate Manager							
Interview Real Estate Manager							

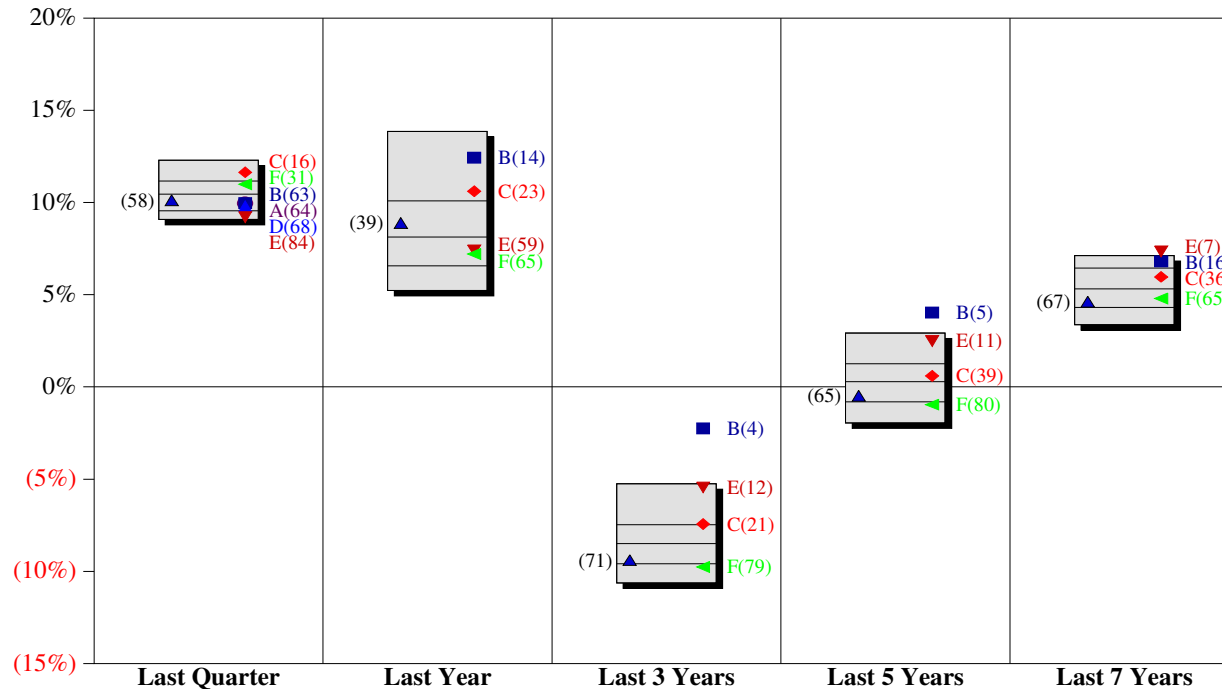


Search Summary – Large Cap Value

	American Century Value Yield	Quantitative Management Associates Value Equity	Robeco Large Cap Value
Vehicle	Commingled Fund Mutual Fund available (ACIIX)	Commingled Fund	Commingled Fund Sub-Advised Mutual Fund avail (JVLIX)
Expense Ratio	0.58% (MF fee: 0.77%)	0.61%	0.57% (MF fee: 0.88%)
Vehicle Assets (\$mm)	\$200	\$270	\$38 (as of 4Q 2010)
Product Assets	\$7,156	\$2,224	\$5,831
Ownership	Partnership (44% Stowers Family, 41% JPMorgan, 15% employees)	Wholly owned by Prudential Financial, Inc.	Subsidiary of Robeco Group (wholly owned by Rabobank Group)
Observations	<ul style="list-style-type: none"> • Three PM team supported by six dedicated analysts • Fundamental process, prefers high quality (high ROIC and low leverage) and low valuation (dividend yield focused). • Will hold up to 20% convertibles. • Has a smaller capitalization bias relative to peers. • Consistent underweight to financials; protects in down mkts (ex. 2008) but will have difficulty capturing on upside. 	<ul style="list-style-type: none"> • Quantitative process, ranks stocks based on proprietary scoring system • Very diversified with 150-200 holdings • Vehicle assets are relatively low, mutual fund not available • Low turnover strategy (10-20% per year) • Holds significant underweight to financials (-9% to R1000V) 	<ul style="list-style-type: none"> • Two PM team, lead PM is a founding partner and has 29 years of experience. Also supported by a central research group of 14. • Fundamental process; prefers low valuation, strong fundamentals and positive business momentum. • Diversified portfolio of 70-90 stocks, max 35% in any one sector. • Valuation is not the only component in their analysis, therefore portfolio can have more core-like orientation.
Wgt Median Mkt Cap (\$b) (R1000V \$31B, D&C \$19B)	27.0	26.0	35.5
Wgt Avg Mkt Cap (\$b) (R1000V \$64B, D&C \$60B)	75.1	59.0	68.7
Number of Holdings (R1000V 668, D&C 79)	70	163	77



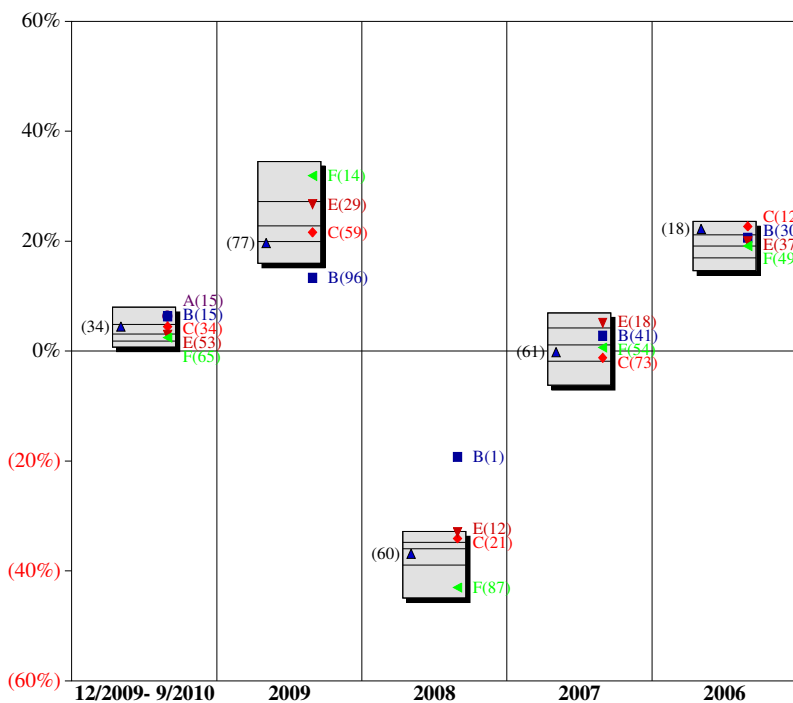
Performance Comparison – Trailing Periods



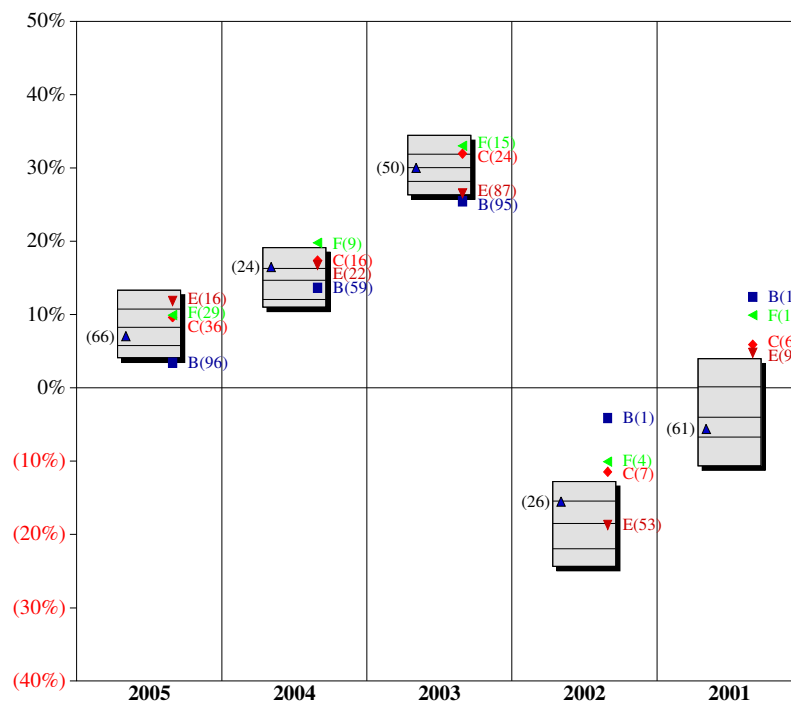
	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
10th Percentile	12.29	13.86	(5.25)	2.92	7.12
25th Percentile	11.16	10.09	(7.47)	1.26	6.44
Median	10.45	8.14	(8.50)	0.29	5.32
75th Percentile	9.55	6.57	(9.58)	(0.80)	4.32
90th Percentile	9.08	5.23	(10.62)	(1.95)	3.38
American Century	● A 9.95	-	-	-	-
American Century (sa)	■ B 9.97	12.43	(2.25)	4.04	6.80
QMA	◆ C 11.64	10.61	(7.44)	0.59	5.97
Robeco	▲ D 9.80	-	-	-	-
Robeco (sa)	▼ E 9.21	7.40	(5.45)	2.49	7.35
Current Manager:					
Dodge & Cox	◀ F 10.99	7.20	(9.76)	(0.95)	4.80
Russell 1000 Value Index	▲ 10.13	8.90	(9.39)	(0.48)	4.63



Performance Comparison – Calendar Years



	12/2009- 9/2010	2009	2008	2007	2006
10th Percentile	7.98	34.50	(32.84)	6.97	23.59
25th Percentile	4.87	27.20	(34.78)	4.19	21.18
Median	3.11	22.80	(35.97)	1.12	19.13
75th Percentile	1.83	19.96	(38.95)	(1.81)	16.95
90th Percentile	0.73	15.98	(44.92)	(6.22)	14.63
American Century American	● A 6.36	-	-	-	-
Century (sa)	■ B 6.34	13.33	(19.26)	2.77	20.65
QMA	◆ C 4.46	21.61	(34.11)	(1.21)	22.69
Robeco	▲ D -	-	-	-	-
Robeco (sa)	▼ E 2.99	26.76	(32.97)	5.14	19.97
urrent Manager:					
Dodge & Cox	◀ F 2.48	31.93	(43.00)	0.66	19.13
Russell 1000 Value Index	▲ 4.49	19.69	(36.85)	(0.17)	22.25

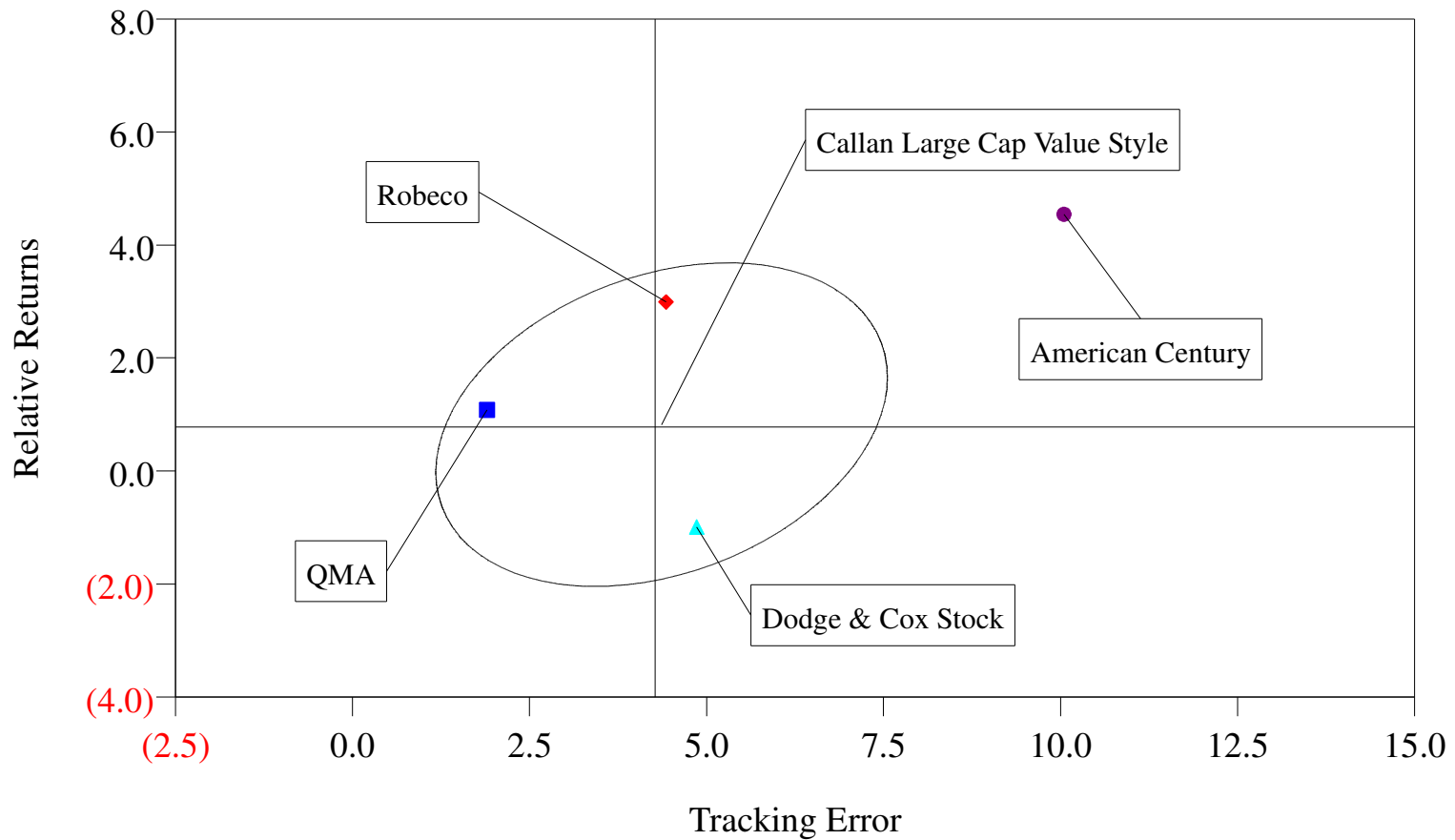


	2005	2004	2003	2002	2001
10th Percentile	13.33	19.14	34.46	(12.77)	3.97
25th Percentile	10.78	16.30	31.88	(15.47)	0.16
Median	8.24	14.68	30.06	(18.49)	(4.02)
75th Percentile	5.76	12.05	28.18	(21.96)	(6.73)
90th Percentile	4.10	11.03	26.33	(24.35)	(10.65)
American Century American	● A -	-	-	-	-
Century (sa)	■ B 3.44	13.65	25.45	(4.10)	12.41
QMA	◆ C 9.62	17.37	31.97	(11.46)	5.91
Robeco	▲ D -	-	-	-	-
Robeco (sa)	▼ E 11.86	16.77	26.56	(18.70)	4.78
urrent Manager:					
Dodge & Cox	◀ F 9.94	19.80	33.03	(10.06)	9.92
Russell 1000 Value Index	▲ 7.05	16.49	30.03	(15.52)	(5.59)



Risk/Return Comparison

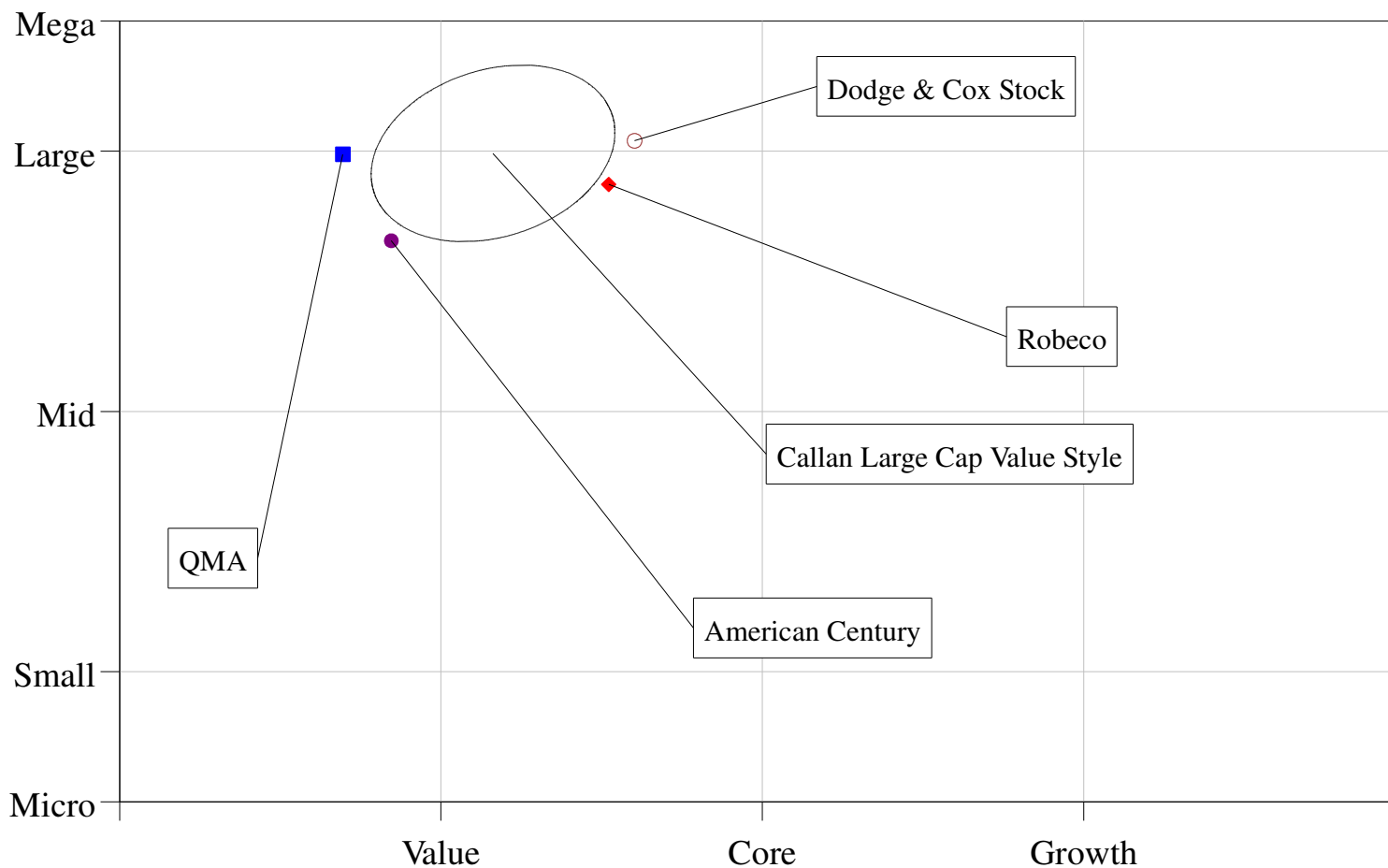
Scatter Chart
for 5 Years Ended September 30, 2010
Benchmark: Russell:1000 Value





Equity Style Map Comparison

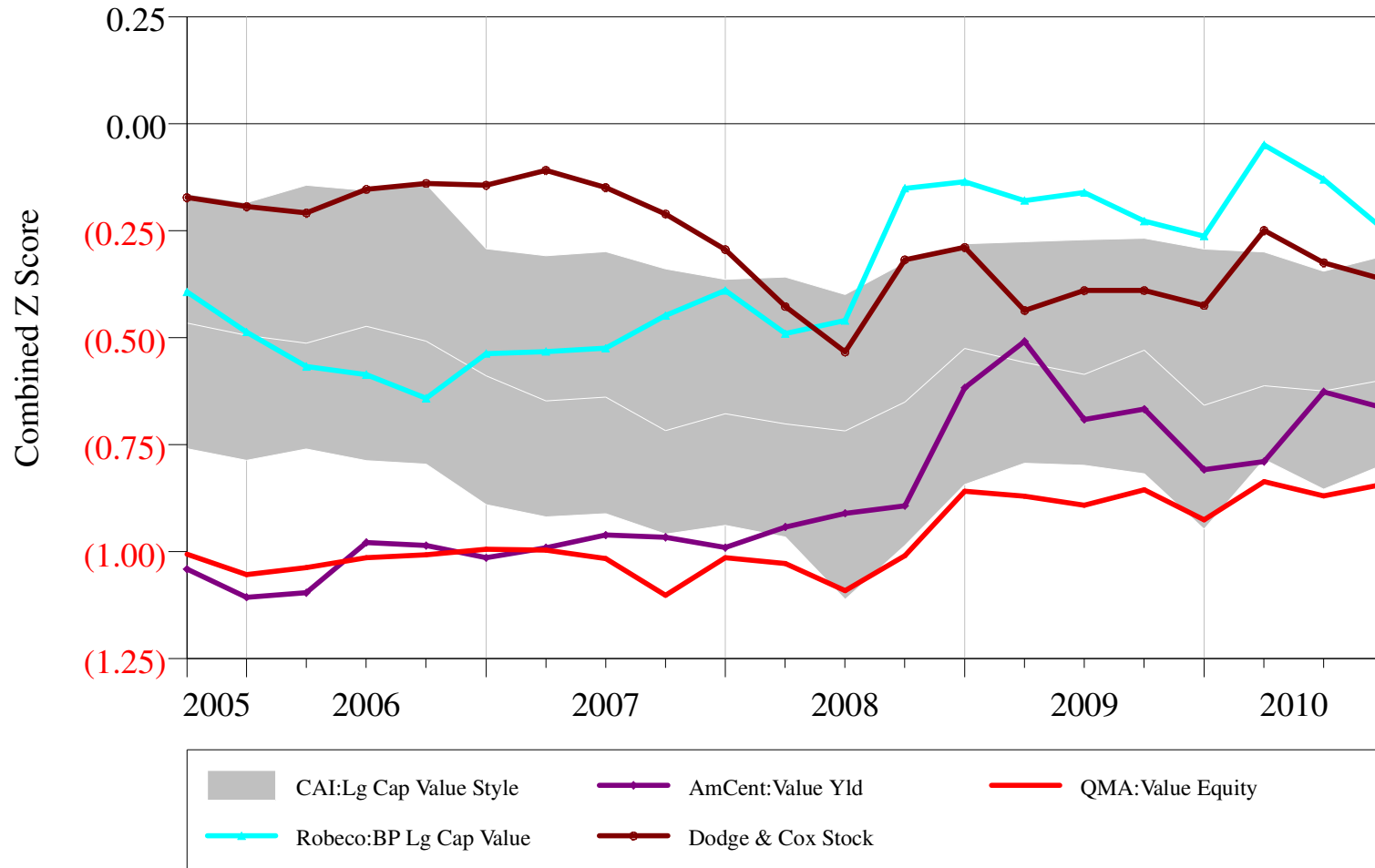
Domestic Equity Style Map
for 5 Years Ended September 30, 2010





Combined Z Score Comparison

Combined Z Score
for 5 Years Ended September 30, 2010



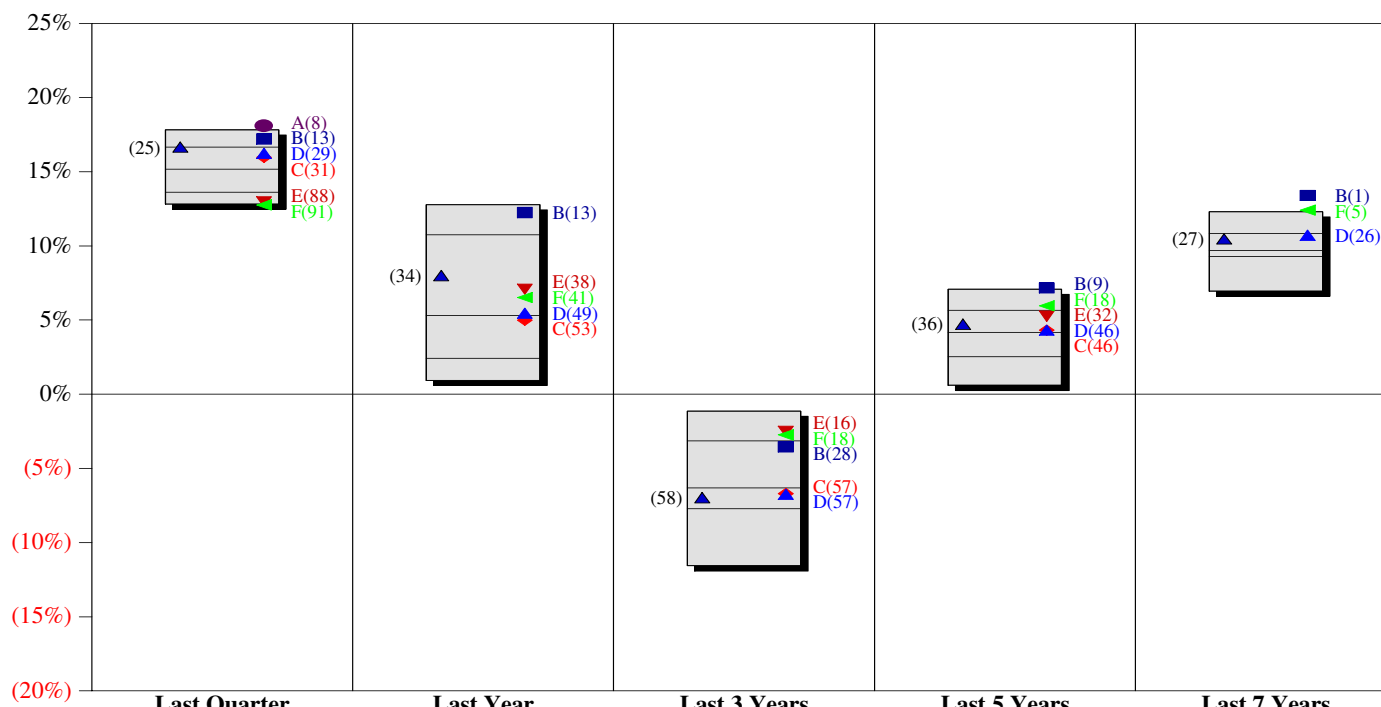


Search Summary – International Value

	Arrowstreet Capital ACWI ex US Strategy	Mondrian Investment Partners ACWI ex US Strategy	Tradewinds Global Investors International Value Strategy
Vehicle	Commingled Fund	Commingled Fund	Commingled Fund
Expense Ratio	0.80%	0.77%	0.70%
Vehicle Assets (\$mm)	\$423	\$457	\$366
Product Assets	\$8,050	\$4,191	\$4,266
Ownership	Employee Owned	Employee Owned	Subsidiary of Nuveen Investments
Observations	<ul style="list-style-type: none"> Quantitative approach using momentum, value, earnings and high frequency (including lagged spillover) Smaller cap bias, 8% of portfolio in small cap names, 34% in mid cap Significant underweight to Japan and Canada (-6%, -8%) Underweight financials/energy (19% vs. 36% ACWI e US) Will tactically hedge currency 	<ul style="list-style-type: none"> Fundamental with top-down overlay Utilizes currency analysis in determining country/currency allocations, uses hedging strategically True large cap fund, \$42b median market cap, 88% of holdings > \$10b Relatively region neutral with moderate country bets, does make sector calls (+10% telecom, -10% financials) Will tactically hedge currency 	<ul style="list-style-type: none"> Fundamental approach examining intrinsic value Highest tracking error at 8.7% due to being a relatively concentrated portfolio (35-50 names) Significant Japanese overweight (29% vs. 15%), significant Canadian o/w (nearly 2x) Given concentration, will also make sector bets (i.e. financials only 7% vs. 25% for index) Does not hedge currency
Weighted Median Market Cap (\$b)	14.3	41.9	12.4
Emerging Markets Exposure	Historical: 13 – 23% EM Limit: +5% to Index	Historical: 10 – 18% EM Limit: 25%	Historical: 12 – 20% EM Limit: 20%
Number of Holdings	150 – 275 stocks	95 – 155 stocks	35 – 50 stocks



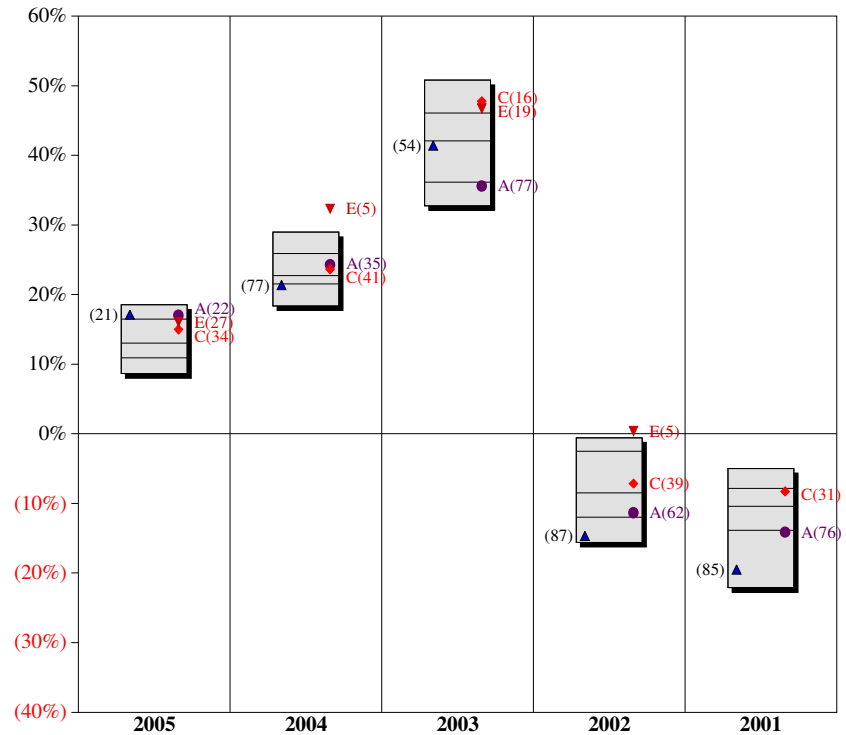
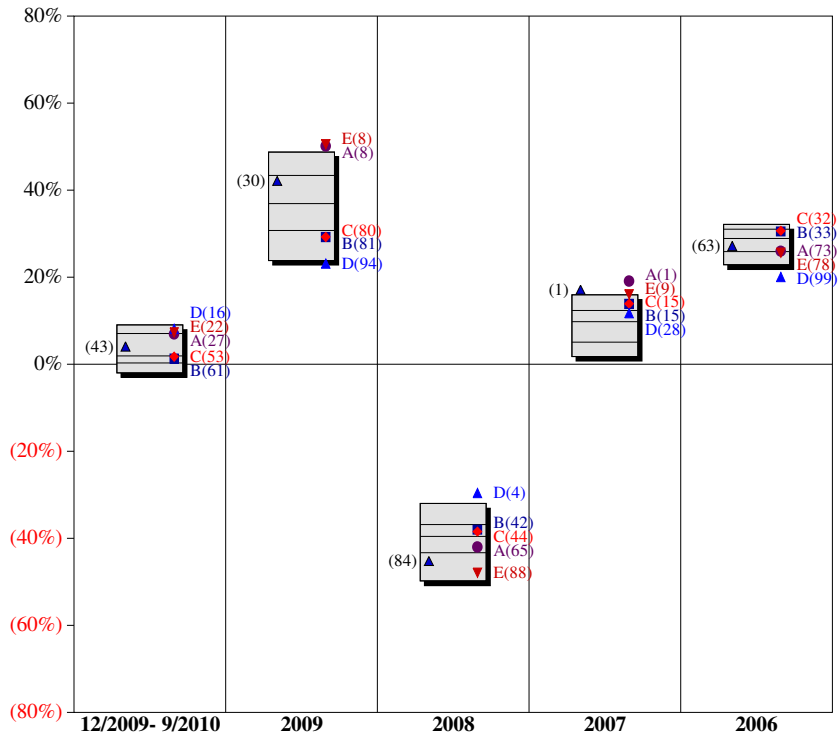
Performance Comparison – Trailing Periods



	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
10th Percentile	17.83	12.78	(1.14)	7.07	12.30
25th Percentile	16.65	10.75	(3.15)	5.65	10.83
Median	15.17	5.31	(6.32)	4.16	9.69
75th Percentile	13.63	2.41	(7.72)	2.52	9.28
90th Percentile	12.82	0.94	(11.57)	0.60	6.96
Arrowstreet	● A 18.09	-	-	-	-
*Arrowstreet (Supp - SA)	■ B 17.21	12.24	(3.55)	7.16	13.40
Mondrian	◆ C 15.97	4.99	(6.70)	4.31	-
*Mondrian (Supp - SA)	▲ D 16.24	5.46	(6.76)	4.32	10.71
Tradewinds	▼ E 12.96	7.08	(2.51)	5.27	-
*Tradewinds (Supp - SA)	◀ F 12.76	6.52	(2.75)	5.96	12.41
MSCI ACWI ex-US Index	▲ 16.66	8.00	(6.98)	4.72	10.47



Performance Comparison – Calendar Years



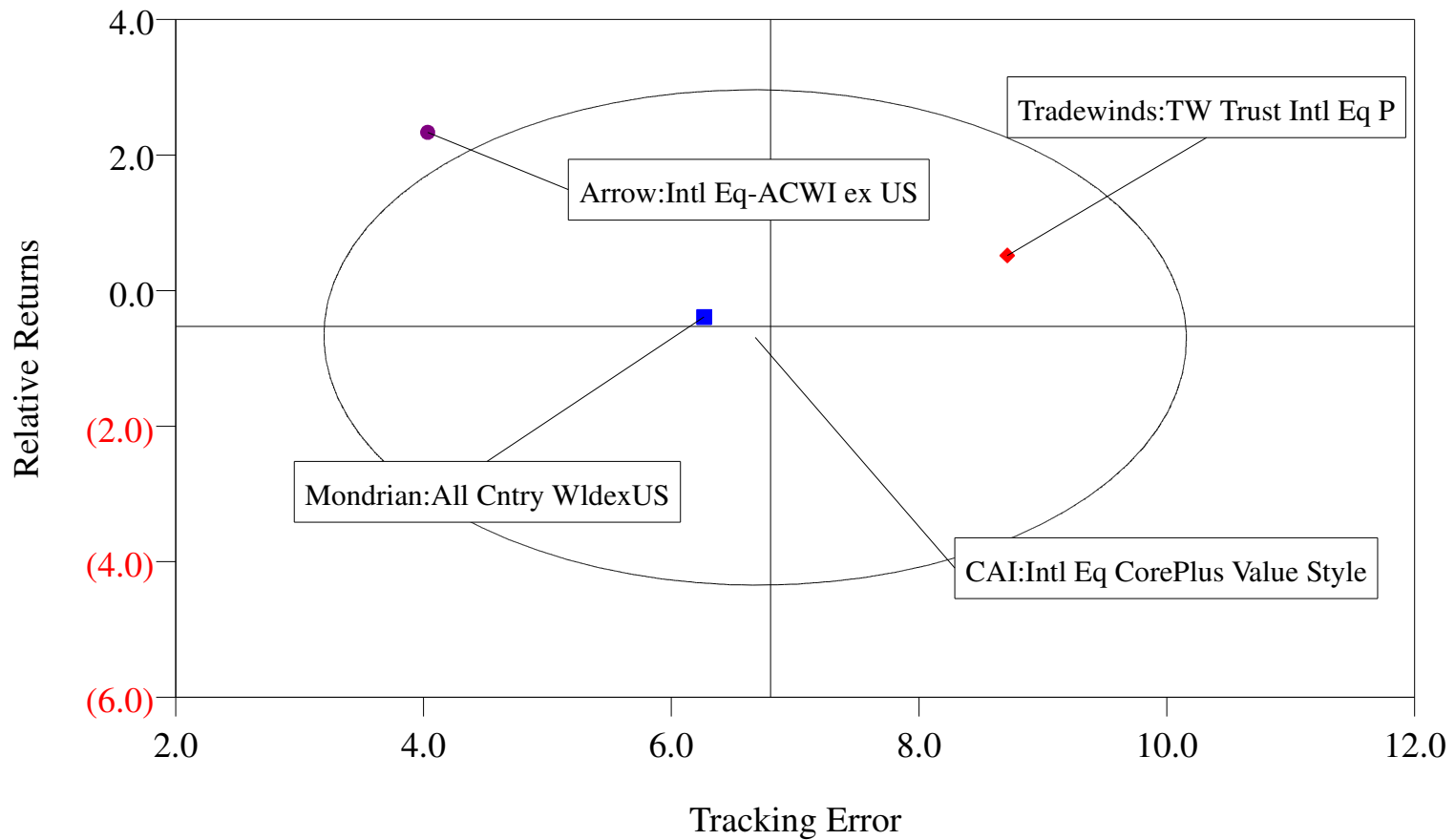
	12/2009- 9/2010	2009	2008	2007	2006
10th Percentile	9.02	48.75	(32.03)	15.93	32.12
25th Percentile	7.07	43.37	(36.86)	12.33	31.01
Median	1.94	36.92	(39.58)	9.77	28.91
75th Percentile	0.27	30.73	(43.35)	5.02	25.87
90th Percentile	(1.99)	23.80	(49.83)	1.75	22.84
Arrowstreet	● A 6.91	50.10	(42.06)	19.07	25.96
Mondrian	■ B 1.28	29.20	(38.04)	13.87	30.52
Mondrian (Supp - SA)	◆ C 1.74	29.24	(38.47)	13.90	30.65
Tradewinds	▲ D 8.09	23.09	(29.60)	11.72	20.03
Tradewinds (Supp - SA)	▼ E 7.28	50.56	(47.94)	16.08	25.65
MSCI ACWI ex-US Index	▲ 4.06	42.14	(45.24)	17.12	27.16

	2005	2004	2003	2002	2001
10th Percentile	18.53	28.95	50.80	(0.57)	(4.97)
25th Percentile	16.48	25.89	46.09	(2.50)	(7.84)
Median	13.00	22.72	42.08	(8.49)	(10.41)
75th Percentile	10.89	21.53	36.16	(11.96)	(13.88)
90th Percentile	8.63	18.37	32.73	(15.61)	(22.12)
Arrowstreet	● A 17.00	24.25	35.57	(11.37)	(14.15)
Mondrian	■ B -	-	-	-	-
Mondrian (Supp - SA)	◆ C 14.99	23.63	47.75	(7.15)	(8.28)
Tradewinds	▲ D -	-	-	-	-
Tradewinds (Supp - SA)	▼ E 16.05	32.32	46.74	0.39	-
MSCI ACWI ex-US Index	▲ 17.11	21.36	41.41	(14.67)	(19.50)



Risk/Return Comparison

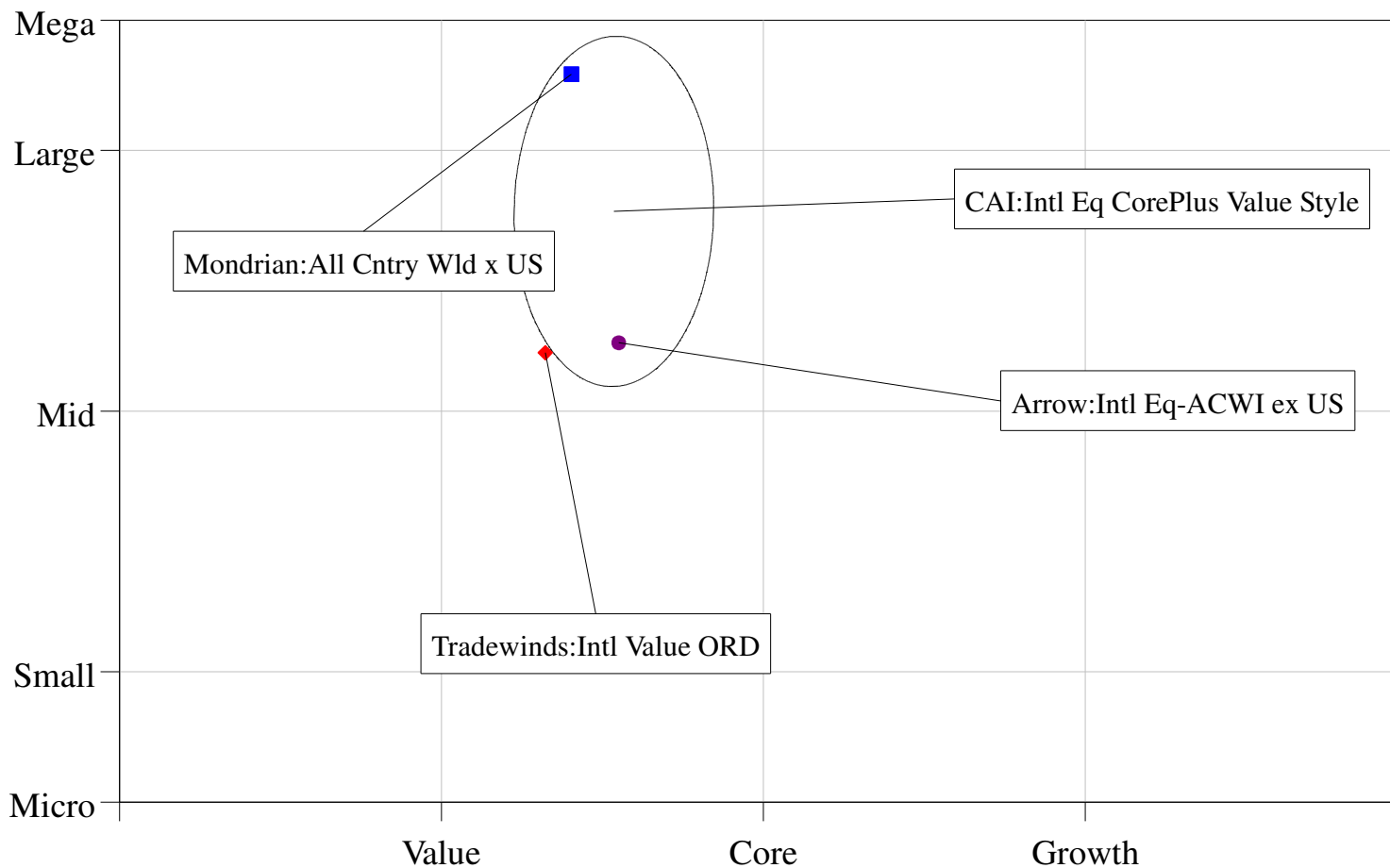
Scatter Chart
for 5 Years Ended September 30, 2010
Benchmark: MSCI:ACWI ex US





Equity Style Map Comparison

International Equity Style Map
for 5 Years Ended September 30, 2010





Combined Z Score Comparison

Combined Z Score
for 5 Years Ended September 30, 2010

