



Mendocino County Employees Retirement Association

Investment Manager Search Overviews

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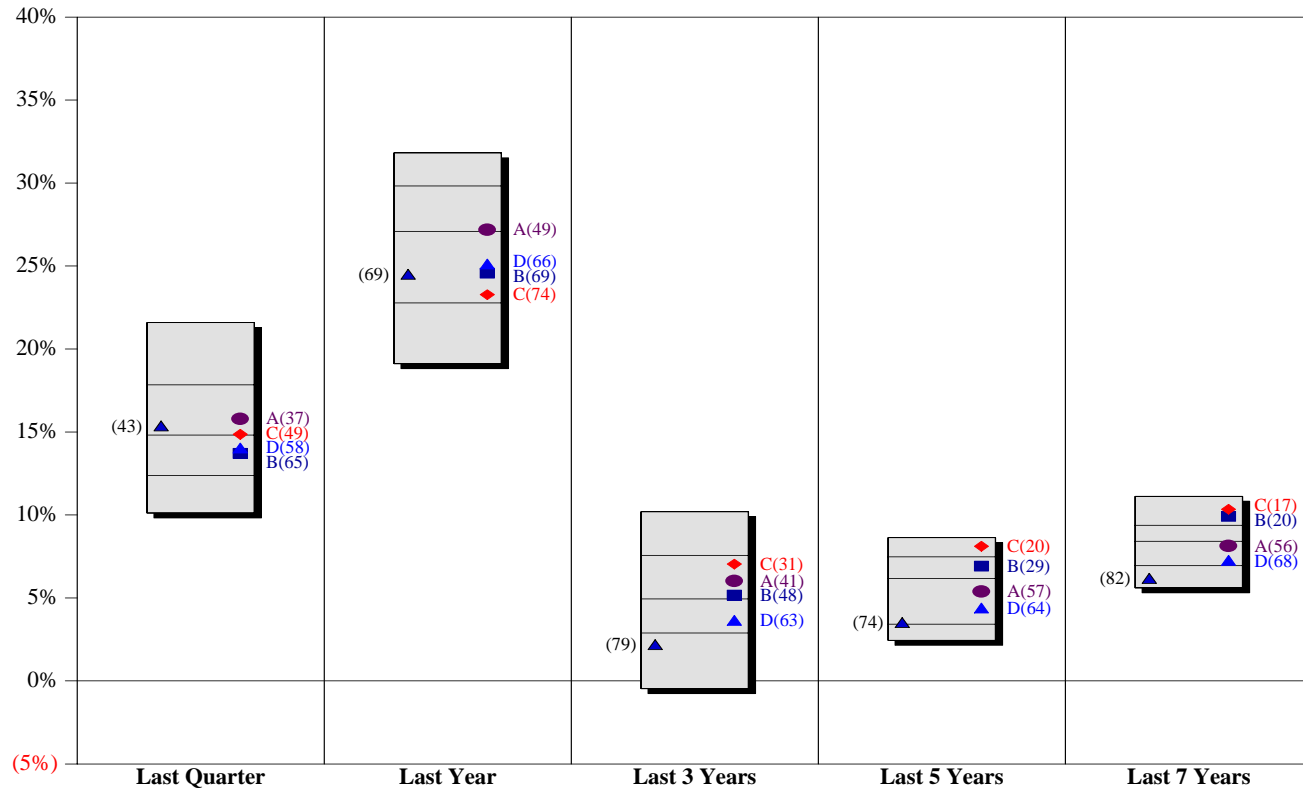


Search Summary – Small Cap Value

	American Beacon Advisors Small Cap Value	Prudential Investments Target Small Cap Value	Victory Capital Small Cap Value
Vehicle	Mutual Fund (AVFIX)	Mutual Fund (TASVX)	Commingled Fund Mutual Fund (VSOIX)
Expense Ratio	0.84%	0.80%	0.95% (MF 1.11%)
Vehicle Assets (\$mm)	\$3,200	\$944	\$12 (MF \$685)
Product Assets	\$3,200	\$944	\$1,077
Ownership	Jointly owned by Lighthouse Holdings (90%) and AMR (10%)	Wholly owned by Prudential Financial, Inc.	Wholly owned subsidiary of KeyCorp
Observations	<ul style="list-style-type: none"> • Multi-Manager Fund Subadvisers: Brandywine (30%), Boston Company (21%), Opus Capital (20%), Barrow Hanley (15%), Hotchkis and Wiley (12%) and Dreman Value (2%). • Broadly diversified due to multi-manager approach • Lowest price-to-book, dividend yield amongst group, which may lead to higher volatility (three year trailing SD highest within group) 	<ul style="list-style-type: none"> • Multi-Manager Fund Subadvisers: EARNST Partners (26%), NFJ (31%), Lee Munder (15%), JPMorgan (8%) and Vaughan Nelson (20%) • Most broadly diversified with nearly 700 holdings • Consistent performance, outperformed benchmark in 9 of past 10 calendar years • Has a larger capitalization bias relative to peer group 	<ul style="list-style-type: none"> • Managed by two PM's (Gary Miller, CIO and Greg Connors) since 2004, added two analysts to team in 2006 • Market cap tends to drift based on where they see value • Screening process reduces universe of 3200 companies to approximately 200 • Tends to have higher sector variance to peers (43% versus 39% style median), number of holdings is average relative to SCV peers
Wgt Avg Mkt Cap (\$m) (R2000V = \$1,120)	\$1,780	\$2,340	\$1,620
Number of Holdings (R2000V = 1,297)	524	677	106



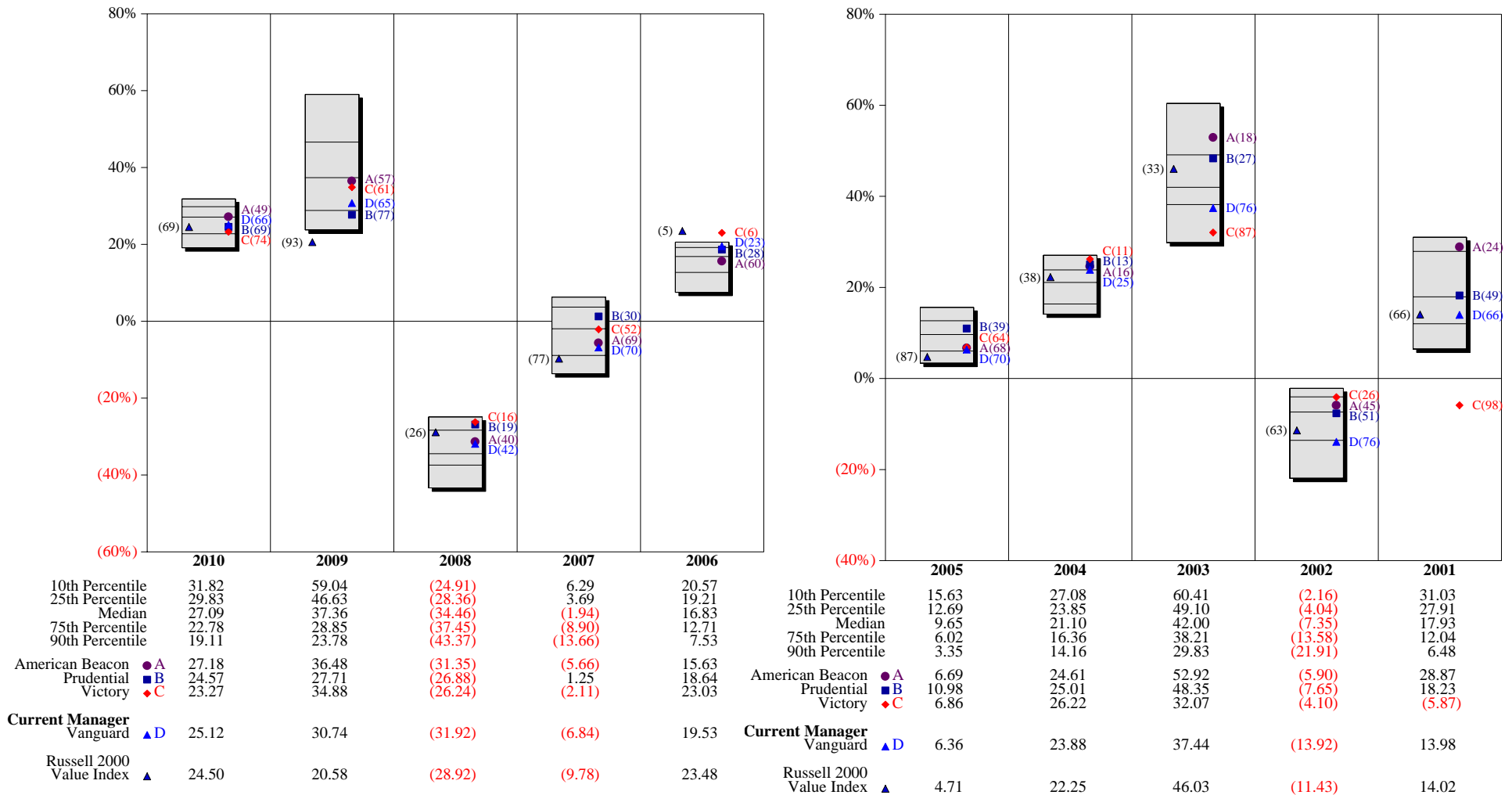
Performance Comparison Trailing Periods (ending 12/31/2010)



	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
10th Percentile	21.60	31.82	10.20	8.63	11.12
25th Percentile	17.84	29.83	7.57	7.48	9.38
Median	14.81	27.09	4.94	6.18	8.41
75th Percentile	12.37	22.78	2.89	3.41	6.95
90th Percentile	10.12	19.11	(0.47)	2.45	5.61
American Beacon	15.79	27.18	6.02	5.38	8.13
Prudential	13.71	24.57	5.17	6.92	9.92
Victory	14.86	23.27	7.04	8.11	10.35
Current Manager Vanguard	14.03	25.12	3.65	4.40	7.27
Russell 2000 Value Index	15.36	24.50	2.19	3.52	6.18



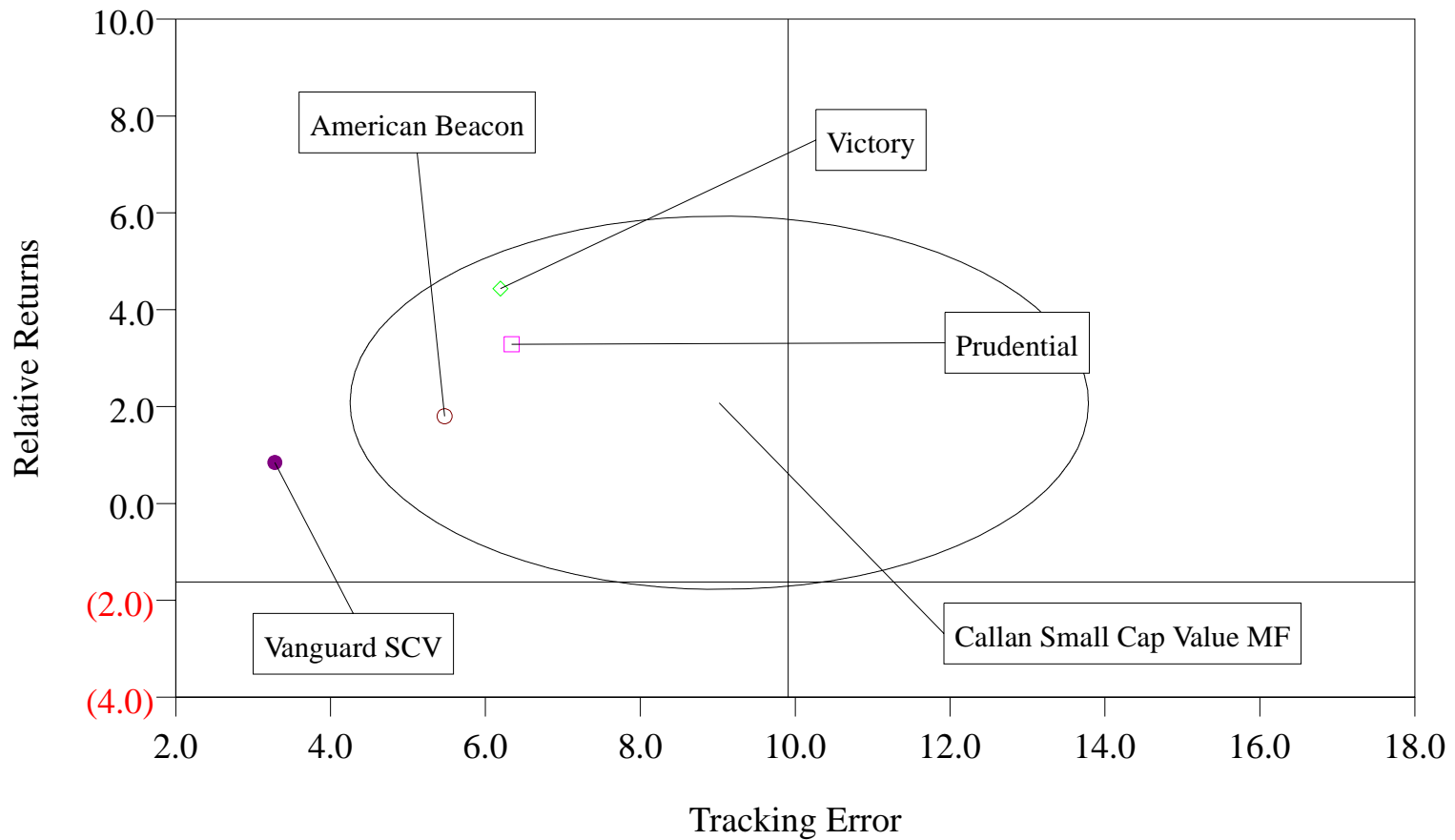
Performance Comparison – Calendar Years





Risk/Return Comparison

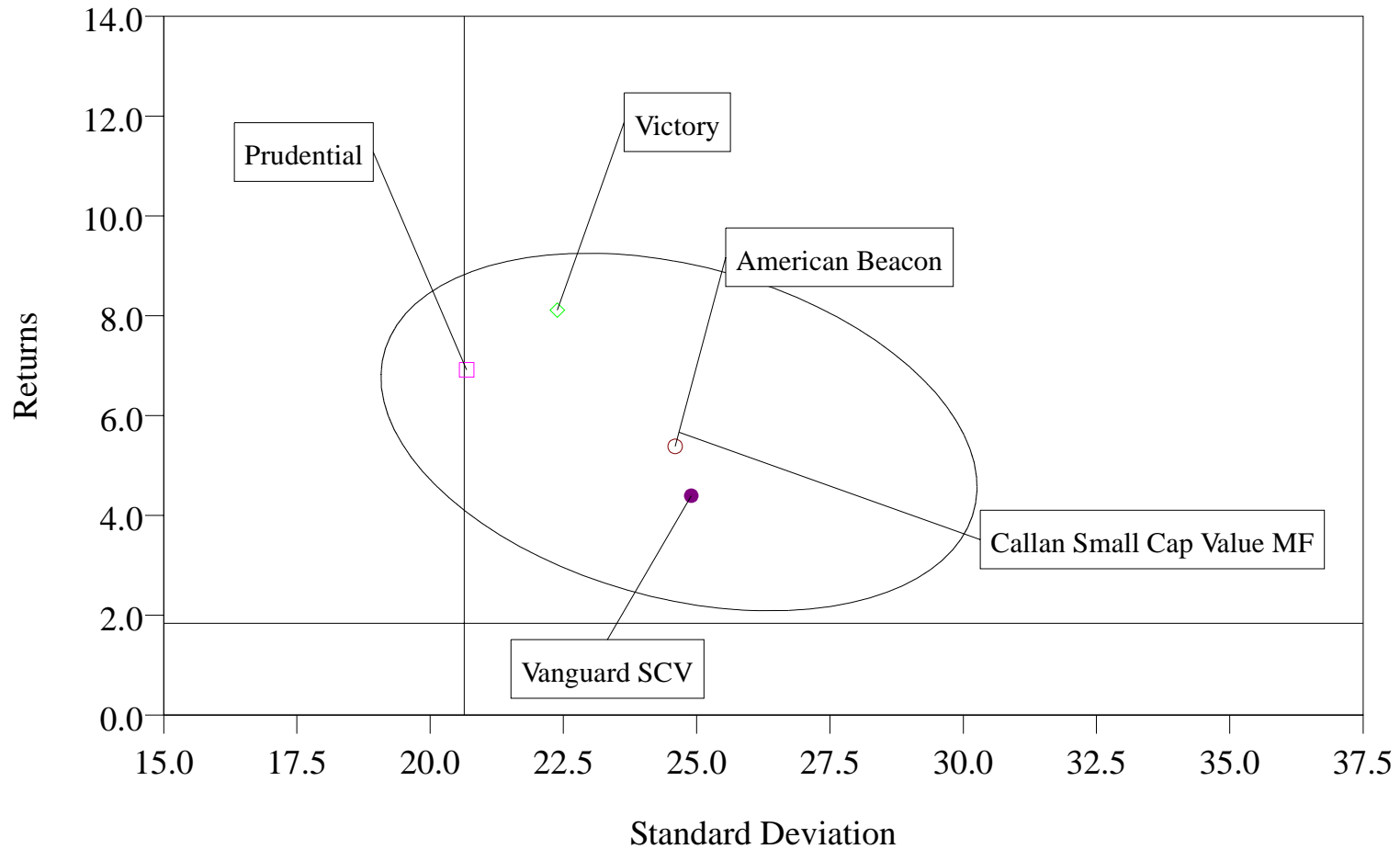
Scatter Chart
for 5 Years Ended December 31, 2010
Benchmark: Russell:2000 Value





Absolute Risk/Return Comparison

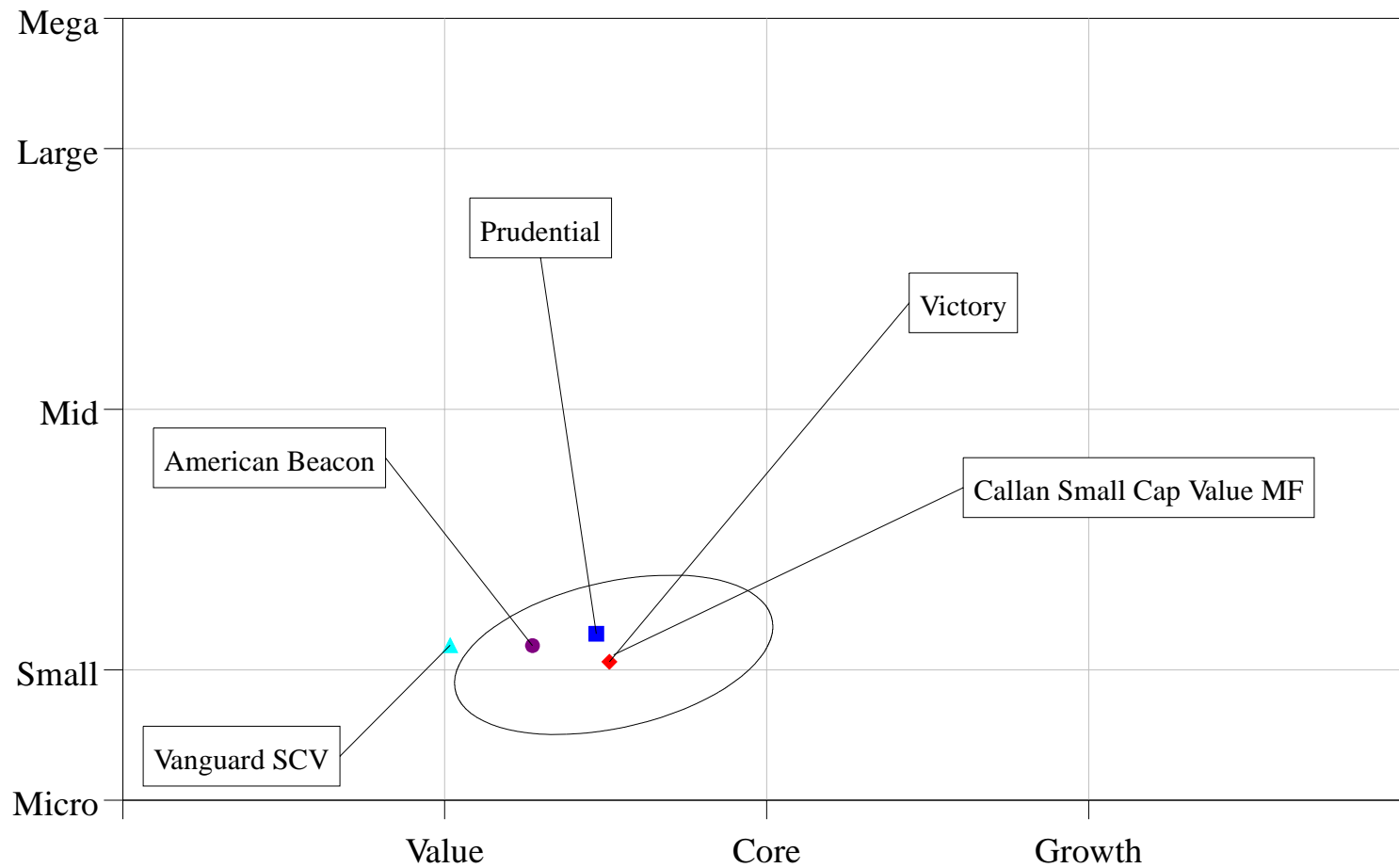
Scatter Chart
for 5 Years Ended December 31, 2010





Equity Style Map Comparison

Domestic Equity Style Map
for 5 Years Ended December 31, 2010





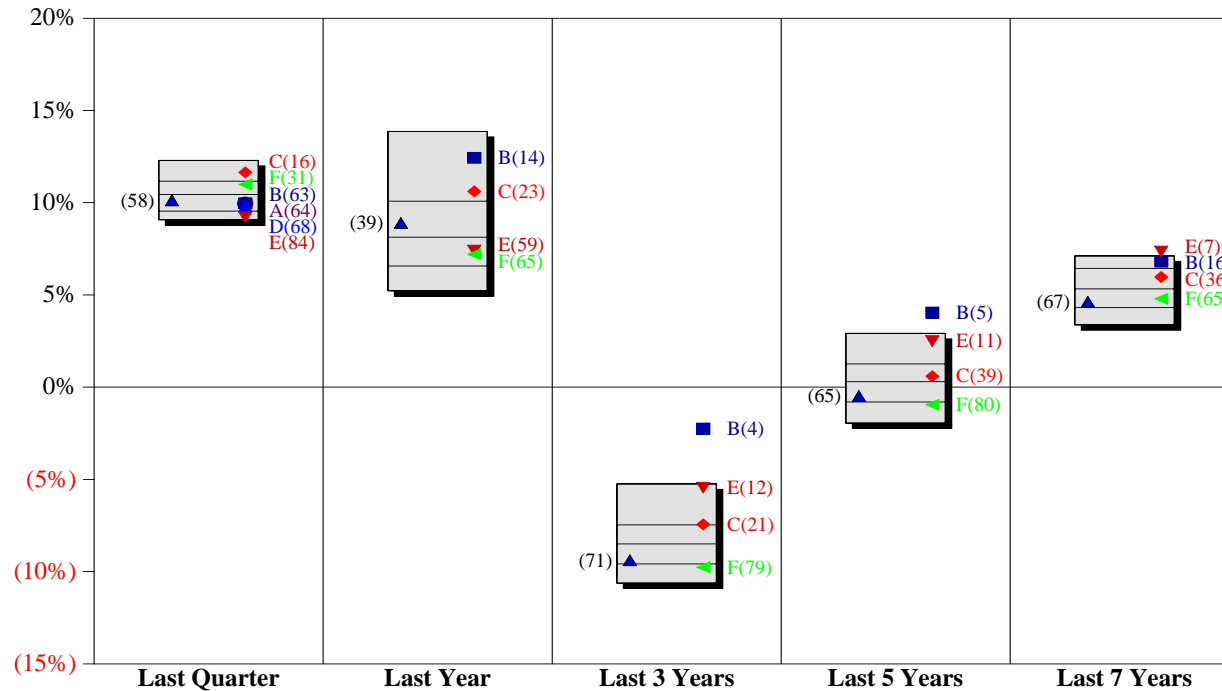
Investment Manager Interviews Introduction

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



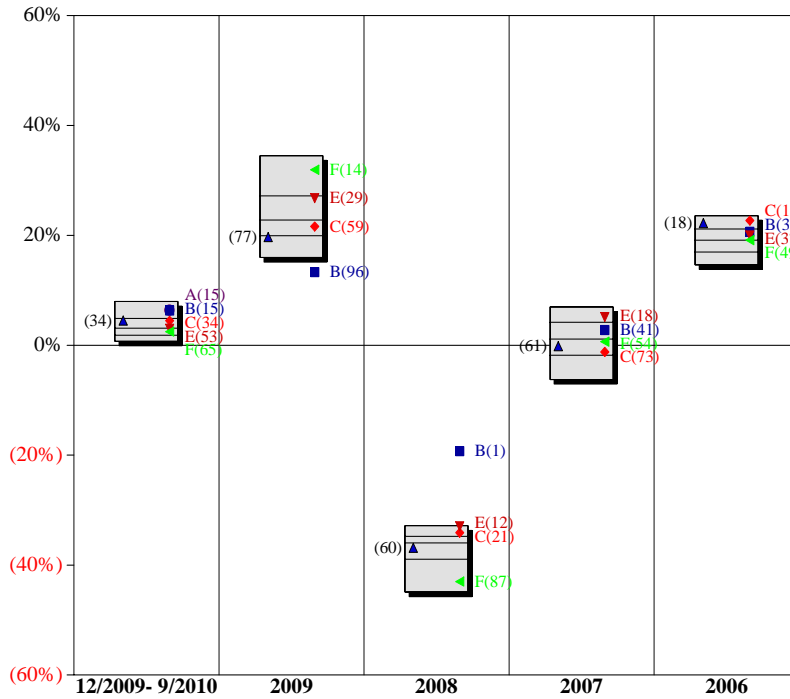
Performance Comparison Trailing Periods (ending 9/30/2010)



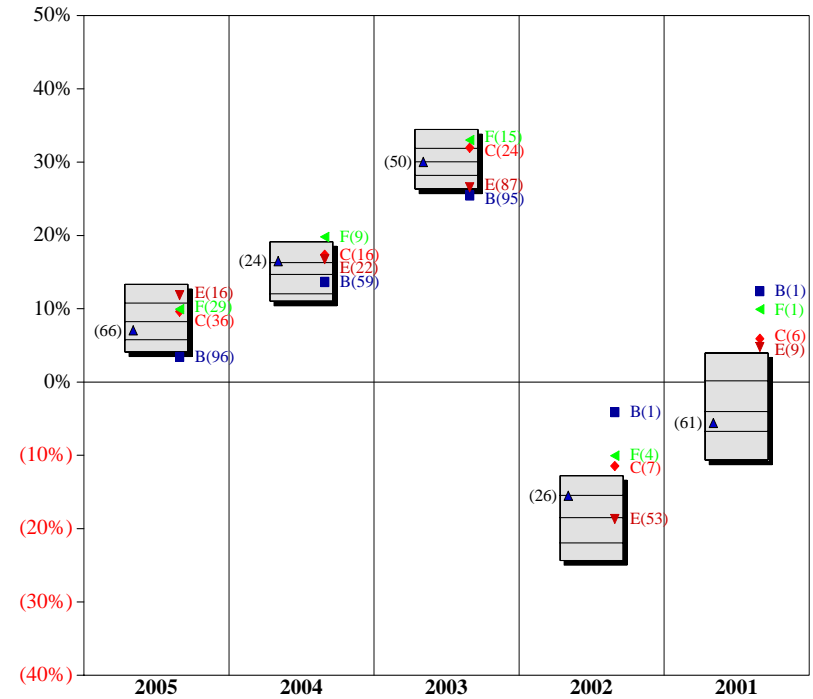
	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
10th Percentile	12.29	13.86	(5.25)	2.92	7.12
25th Percentile	11.16	10.09	(7.47)	1.26	6.44
Median	10.45	8.14	(8.50)	0.29	5.32
75th Percentile	9.55	6.57	(9.58)	(0.80)	4.32
90th Percentile	9.08	5.23	(10.62)	(1.95)	3.38
American Century	● A 9.95	-	-	-	-
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
Investment 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

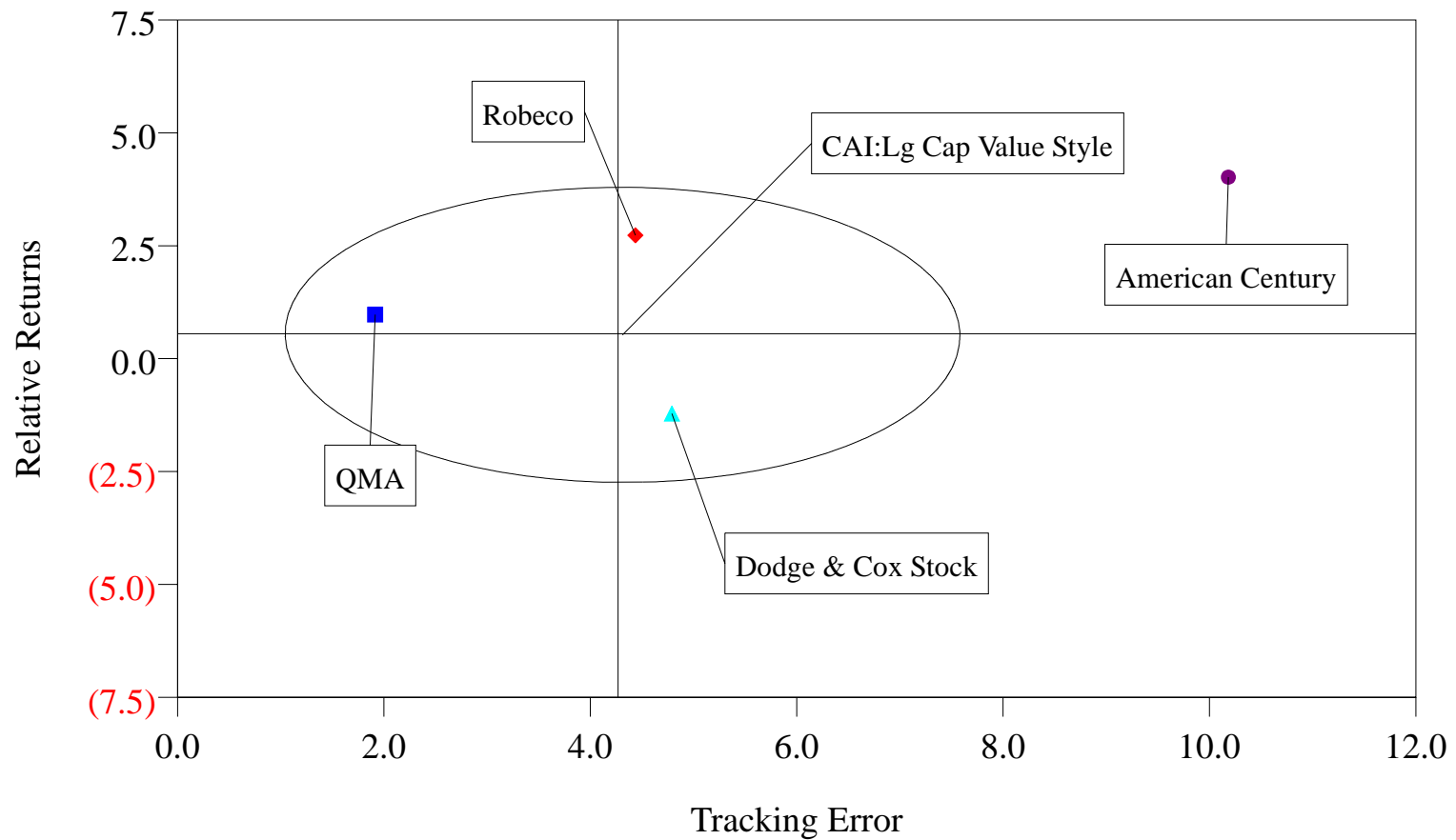


	2005	2004	2003	2002	2001
10th Percentile	13.33	19.14	34.46	(12.77)	3.97
25th Percentile	10.78	16.30	31.88	(15.47)	0.16
Median	8.24	14.68	30.06	(18.49)	(4.02)
75th Percentile	5.76	12.05	28.18	(21.96)	(6.73)
90th Percentile	4.10	11.03	26.33	(24.35)	(10.65)
American Century American	● A -	-	-	-	-
Century (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
Investment 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

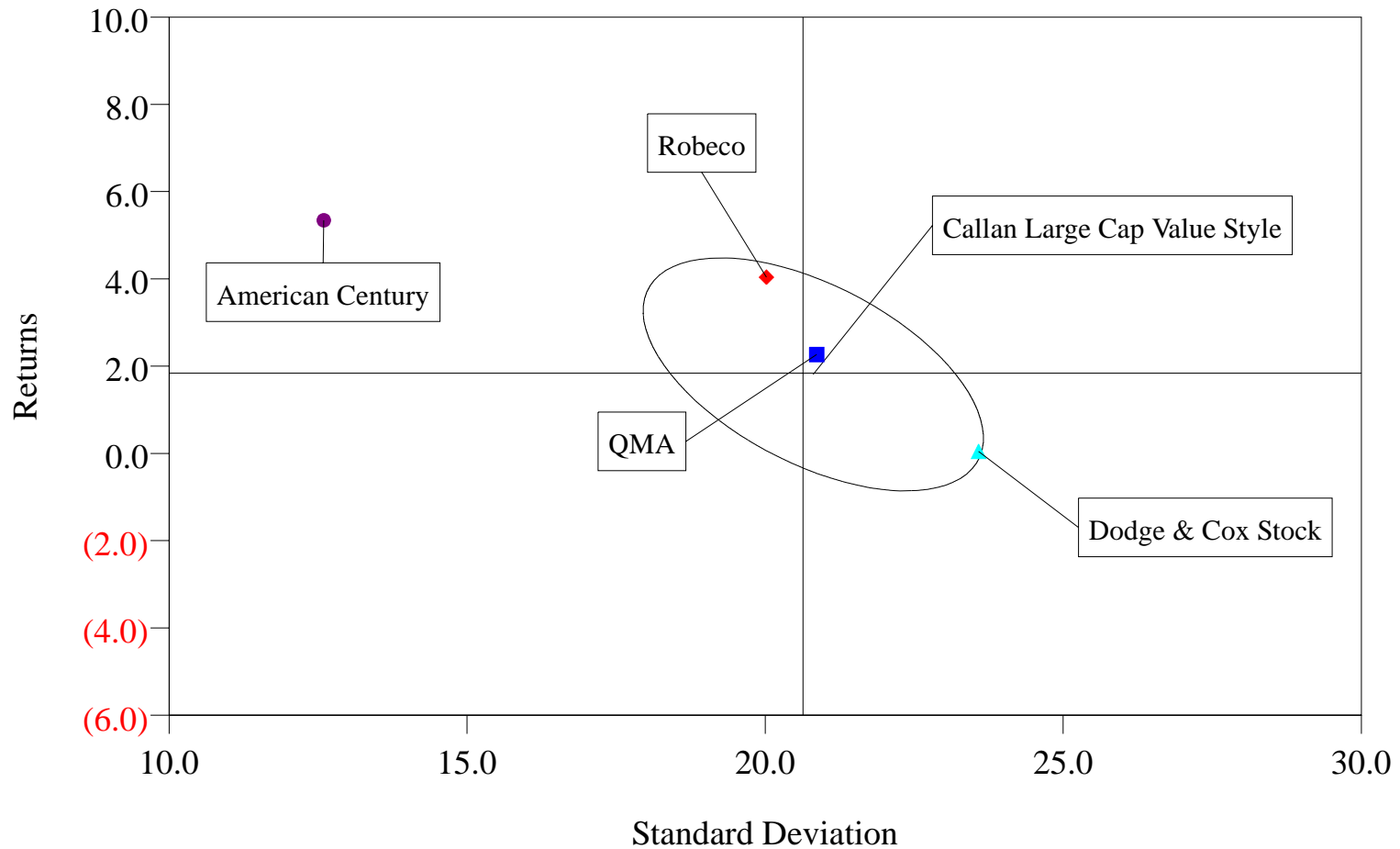
Scatter Chart
for 5 Years Ended December 31, 2010
Benchmark: Russell:1000 Value





Risk/Return Comparison

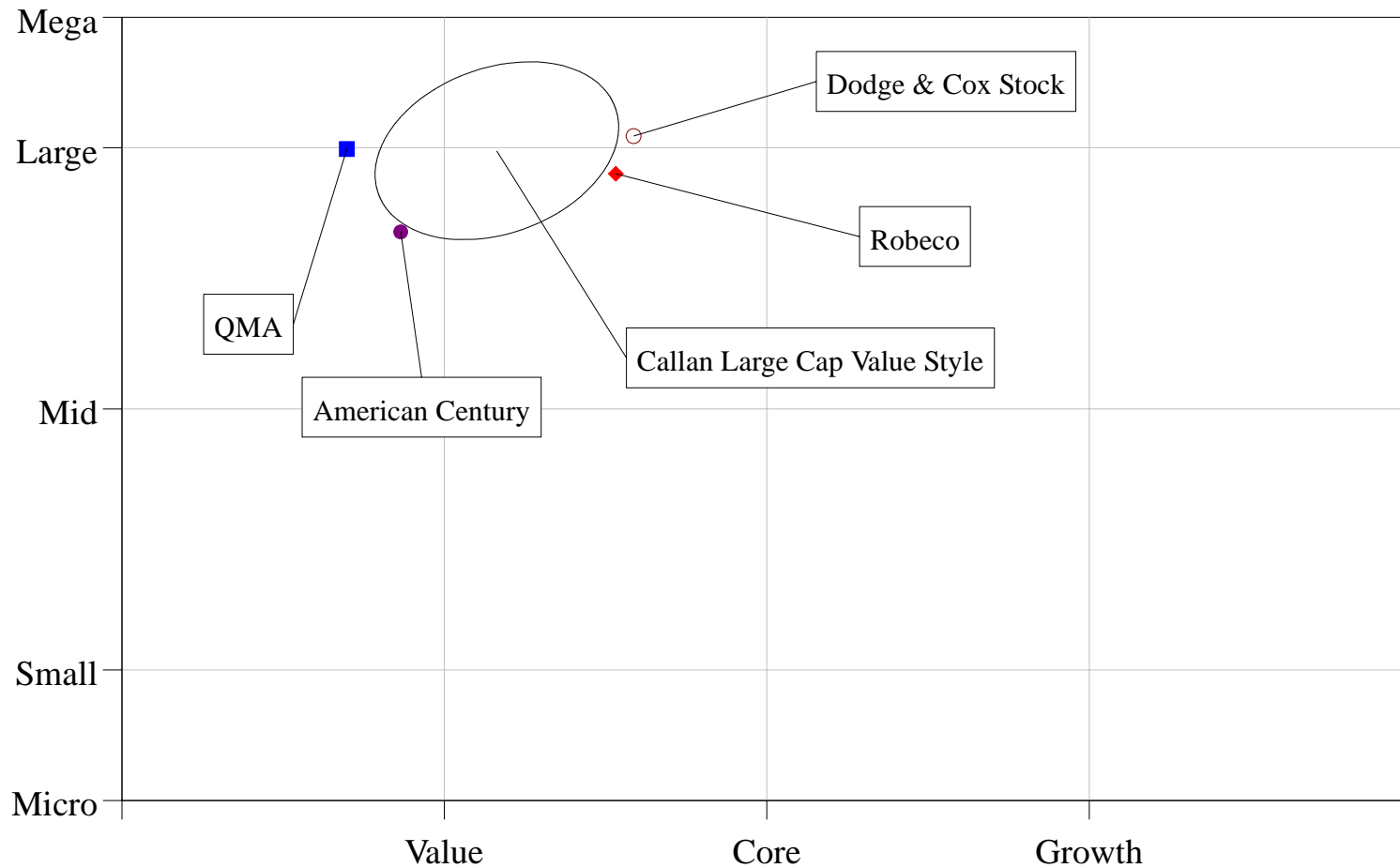
Scatter Chart
for 5 Years Ended December 31, 2010





Equity Style Map Comparison

Domestic Equity Style Map
for 5 Years Ended December 31, 2010





Combined Z Score Comparison

Combined Z Score
for 5 Years Ended December 31, 2010

