
**Investment Policy Statement
For
Mendocino County Employees' Retirement Association**

DRAFT
August 2010

MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
INVESTMENT POLICY STATEMENT

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INTRODUCTION

The Mendocino County Employees' Retirement Association ("MCERA") was established to provide retirement benefits to county employees. MCERA was organized in accordance with the provisions of California's 1937 County Employees' Retirement Act ("1937 Act"). The powers and duties of the Board of Retirement (the "Board" and/or the Board of Retirement") are set forth in the 1937 Act and in Article XVI of the State Constitution. To that end, Section 31595 of the 1937 Act states that the Board of Retirement has exclusive control of the investment of the employees' retirement fund. The assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system.

According to Section 31520.1 of the 1937 Act, the Board is comprised of nine members and one alternate. The members include the County Treasurer, four members appointed by the County Board of Supervisors, two non-Safety members elected by such Members, one safety member elected by Safety Membership, one retiree elected by Retired Members, and one alternate retiree member.

This document provides a framework for the management of the assets of MCERA. The purpose of the Investment Policy is to assist the Board in effectively supervising and monitoring the assets of MCERA (the "Plan" or the "Fund"). Specifically, it will address the following issues:

- The general goals of the investment program;
- The policies and procedures for the management of the investments;
- Specific asset allocations, rebalancing procedures and investment guidelines;
- Performance objectives; and
- Responsible parties.

The Board of Retirement establishes this investment policy in accordance with applicable local, State, and Federal laws. The Board members exercise authority and control over the Plan, by setting policy which the Staff executes either internally or through the use of external prudent experts. The Board oversees and guides the Plan subject to the following basic fiduciary responsibilities:

- Solely in the interest of, and for the exclusive purpose of, providing benefits to participants and their beneficiaries, minimizing contributions thereto, and defraying reasonable expenses of administering the Plan.
- Invest and manage Fund assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the Fund. In satisfying this standard of care, the trustees shall exercise reasonable care, skill, prudence and diligence given the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.

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- Diversify the investments of the Plan so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so. Diversification is applicable to the deployment of the assets as a whole.

This policy statement is designed to allow for sufficient flexibility in the management oversight process to capture investment opportunities as they may occur, while setting forth reasonable parameters to ensure prudence and care in the execution of the investment program.

POLICIES AND PROCEDURES

The policies and procedures of MCERA's investment program are designed to maximize the probability that the investment goals will be fulfilled. Investment policies will evolve as fund conditions change and as investment conditions warrant.

Asset Allocation Policy

MCERA adopts and implements an asset allocation policy that is predicated on a number of factors, including:

- A projection of actuarial assets, liabilities and benefit payments and the cost of contributions;
- Historical and expected long-term capital market risk and return behavior;
- An assessment of future economic conditions, including inflation and interest rate levels; and
- The current and projected funded status of the Plan.

This policy provides for diversification of assets in an effort to maximize the investment return of the Plan consistent with market conditions. Asset allocation modeling identifies asset classes the Plan will utilize and the percentage that each class represents of the total fund. Due to the fluctuation of market values, positioning within a specified range is acceptable and constitutes compliance with the policy. It is anticipated that an extended period of time may be required to fully implement any change in asset allocation policy, and that periodic revisions will occur. MCERA's Staff and external consultants will monitor and assess the actual asset allocation versus policy and will evaluate any variation deemed significant.

The Board will implement the asset allocation policy (i) through the use of investment managers to invest the assets of MCERA in accordance with the investment guidelines incorporated into the investment management agreements, where applicable, executed with the Board and/or (ii) through its investment in mutual funds, limited liability partnerships, limited liability corporations, group trusts or other commonly used investment vehicles, which invest allocated assets in accordance with the governing documents for the investment vehicle.

INVESTMENT GOAL STATEMENT

The Plan's general investment goals are broad in nature. The objective shall be to efficiently allocate and manage the assets dedicated to the payment of Plan benefits and administrative expenses. The following goals, consistent with the above described purpose, are adopted:

- The overall goal of MCERA's investments is to provide Plan participants with retirement, disability, and death and survivor benefits as provided for under the County Employees' Retirement Law of 1937. This will be accomplished through a carefully planned and executed long-term investment program.
- MCERA's assets will be managed on a total return basis. While MCERA recognizes the importance of the preservation of capital, it also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns.
- The total portfolio over the long term will seek to achieve:
 1. Produce a long-term total portfolio real (above inflation) return commensurate with the target asset allocation contained in Appendix A to this document (annualized, net of fees, over a full market cycle, normally defined as 5-10 years);
 2. Exceed the assumed actuarial rate of return over the long term; and
 3. Exceed a weighted index of the total Plan's asset allocation policy and component benchmarks over rolling five year periods (annualized, net of fees, over a full market cycle).
- MCERA's Investment Policy has been designed to produce a total portfolio, long-term real return. Consequently, prudent risk-taking is warranted within the context of overall portfolio diversification to meet this goal. The investment activities are designed and executed in a manner that serves the best interests of the members and beneficiaries of the Association.
- All transactions undertaken will be for the sole benefit of MCERA's members and beneficiaries and for the exclusive purpose of providing benefits to them, minimizing contributions to the Plan and defraying reasonable associated administrative expenses.
- MCERA has a long-term investment horizon, and utilizes an asset allocation plan that encompasses a strategic, long-run perspective of capital markets. It is recognized that a strategic long-run asset allocation plan implemented in a consistent and disciplined manner will be the major determinant of the Plan's investment performance.

Manager Utilization and Selection

The selection of investment managers is accomplished in accordance with all applicable local, State and Federal laws and regulations. Each investment manager and consultant functions under a formal contract which delineates responsibilities and appropriate performance expectations. Where applicable a formal set of investment guidelines and investment administrative requirements for each investment manager is included in this document. With regard to investment in mutual funds, limited liability partnerships, limited liability corporations, group trusts or other commonly used investment vehicles, the management of the relevant investment vehicle and the investment guidelines will be as set forth in the fund's legal documentation.

Manager Authority

The Plan's investment managers, unless otherwise noted in their contract, shall have designated discretion to direct and manage the investment and reinvestment of assets allocated to their accounts in accordance with this document; applicable local, State and Federal statutes and regulations; and individual management investment plans and executed contracts. Commingled investments, including but not limited to investments in mutual funds, trusts, limited liability partnerships, limited liability corporations, group trusts or other commonly used investment vehicles are expected to comply with the guidelines established in the governing documents or fund prospectus.

The Board will consider the comments and recommendations of consultants in conjunction with other available information in making informed, prudent decisions.

Rebalancing

Staff shall, on an ongoing basis in accordance with market fluctuations, rebalance the Fund's portfolio so as to remain within the range of targeted allocations and distributions among investment managers and asset allocations. MCERA has a long-term investment horizon and utilizes an asset allocation plan that encompasses a strategic, long-run perspective of capital markets. It is recognized that a strategic long-run asset allocation plan implemented in a consistent and disciplined manner will be the major determinant of the Plan's investment performance.

MCERA will not attempt to time rises or falls in equity or bond markets by moving away from long-term targets.

Systematic rebalancing, implemented when the asset classes move outside their target ranges or when significant cash flows occur, will be used to maintain or to move asset allocations within these appropriate ranges.

GENERAL INVESTMENT OBJECTIVES AND GUIDELINES

Equity Portfolios

Each equity investment manager retained by MCERA will follow a specific investment style and will be evaluated against a specific market index that represents their investment style. In addition, in the case of active managers, investment results may also be compared to returns of a peer group of managers with similar styles. Benchmarks for the various equity portfolios may include the following indices as well as those proposed by the managers reviewed by the Staff and approved by the Board:

Domestic Equity Composite Portfolio – Russell 3000 Index

Large Cap Accounts – S&P 500 or Russell 1000 (including growth and value subsets)

Mid Cap Accounts – Russell Mid Cap Index (including growth and value subsets)

Small Cap Accounts – Russell 2000 Index (including growth and value subsets)

International Equity Composite Portfolio – MSCI ACWI ex-US Index

International Equity Accounts – MSCI EAFE or MSCI ACWI ex US Index

If applicable, general equity guidelines for separate account managers include the following:

- American Depository Receipts (ADRs) and foreign securities listed on a major US stock exchange or on the NASDAQ are permitted if specified in the manager's guidelines.
- Securities must be traded on a regulated stock exchange, or listed on the NASDAQ or a comparable foreign market operation.
- The following transactions are not permitted unless specifically authorized by the Board in the investment manager agreement or in the specific manager guidelines in the appendix:
 - The use of borrowed funds
 - Short sales or margin sales
 - Private placements
 - Futures, options, currency forwards and futures, and other derivative securities.

Fixed Income Portfolios

The fixed income portfolios will be managed on a total return basis, following specific investment styles and evaluated against specific market indices that represent a specific investment style or market segment. In addition, investment results may also be compared to returns of a peer group of managers investing with a similar style. The benchmarks for the various fixed income portfolios may include the following indices:

Domestic Fixed Income Composite Portfolio – Barclays Aggregate Index
US Core Fixed Income – Barclays Aggregate Bond Index

General fixed income guidelines for separate accounts include the following:

- The minimum average quality rating of the securities in any portfolio will be “AA-” or the equivalent as measured by one of the major credit rating agencies.
- At least 75% of a portfolio’s market value must be invested in debt with a quality rating greater than A-, or its equivalent. All investments must be rated investment grade at time of purchase.
- An individual investment manager’s portfolio shall have an effective duration between 75-125% of the effective duration of the appropriate index, unless a broader range is permitted with the specific manager guidelines in the Appendix.
- No more than 20% of a portfolio’s market value can be invested in non-US Dollar denominated bonds. Investments in non-US dollar bonds will be limited to direct government obligations issued by investment grade, developed countries.
- Derivatives, including forward or futures contracts for foreign currencies, may be used to hedge the portfolio, or to effect portfolio management decisions in a timely, cost-effective manner. Borrowed funds shall not be used.
- The following transactions are prohibited unless specifically authorized by the Board or by the specific manager guidelines in the Appendix:
 - Private placements (except 144As);
 - Interest Only CMOs, Principal Only CMOs, inverse floaters and any tranche that has a leveraged component embedded in the structure.

Real Estate Portfolios

The Real Estate portfolios will be managed on a total return basis, through a combination of income and appreciation, following specific investment styles and evaluated against specific market. In addition, investment results may also be compared to returns of a peer group of managers investing with a similar style. The benchmarks for the various Real Estate portfolios may include the following indices:

Real Estate Composite Portfolio – a blend of the REIT and Private Market indices
REIT Accounts – NAREIT Index
Private Real Estate – NCREIF ODCE Equal Weighted Index.

The cost basis of any single property at the time of purchase may not exceed 5% of MCERA's total Plan assets. Investments in real estate shall be all cash or through the use of a collective investment vehicle.

Short Term Investment/Cash Equivalents

MCERA is restricted from investing short term funds and cash equivalents in investment vehicles other than the Treasurer's Pool and the STIF funds maintained at the custodian bank.

Any exemption from these general guidelines requires prior written approval from the Board.

INVESTMENT MANAGEMENT POLICY

MCERA will utilize externally managed portfolios based on specific styles and methodologies. The separate account managers will acknowledge in writing that they are Plan fiduciaries and will have discretion and authority to determine investment strategy, security selection and timing within their asset class and subject to the Policy guidelines and any other guidelines specific to their portfolio. Performance of the portfolio will be monitored and evaluated on a regular basis relative to each portfolio component's benchmark return and relative to peer groups of managers with similar investment styles.

Separate account investment managers, as prudent experts, will be expected to know MCERA's investment policies (as outlined in this document) and any specific guidelines for their portfolios, and to comply with those policies and guidelines. It is each manager's responsibility to identify policies that may have an adverse impact on performance, and to initiate discussion with Staff toward possible amendment to said policies through Board action. Additionally, and where applicable, investment managers will certify in writing each quarter their compliance with the guidelines as described in this document.

Investment managers under contract with MCERA shall have discretion to establish and execute transactions with established regional and national securities broker/dealers as needed. Unless otherwise authorized by the Board, investment managers must obtain the best available prices and most favorable executions with respect to all of the portfolio transactions as market conditions permit.

Unless specifically authorized by the Board, the following transactions will be prohibited: short sales; selling on margin; "prohibited transactions" as defined under the Employee Retirement Income Security Act of 1974 (ERISA); transactions that involve a broker acting as a "principal", where such broker is also the investment manager who is making the transaction, and any or all investment activities forbidden by the SEC or other applicable governing bodies.

Selection Criteria for Investment Managers

Criteria will be established for each manager search undertaken by MCERA, and will be tailored to MCERA's needs in such a search. In general, eligible managers will possess attributes including, but not limited to, the following:

- The firm must be experienced in managing money for institutional clients in the asset class/product category/investment style specified by MCERA.
- The firm must display a record of stability in retaining and attracting qualified investment professionals, as well as a record of managing asset growth effectively, both in gaining and retaining clients.
- The firm must have an asset base sufficient to accommodate MCERA's portfolio. In general, managers should have at least \$100 million of discretionary institutional assets under

management, and MCERA's portfolio should make up no more than 20% of the firm's total asset base. Exceptions shall be made on a case-by-case basis.

- The firm must demonstrate adherence to the investment style sought by MCERA, and adherence to the firm's stated investment discipline.
- The firm's fees should be competitive with industry standards for the product category.
- The firm must comply with the "Duties of the investment managers" outlined herein and conform to the CFA Institute standards for performance reporting.

Criteria for Investment Manager Termination

MCERA reserves the unilateral right to terminate a manager at any time for any reason. The occurrence of certain events will result in specific actions being taken. This section describes these events, the course of action that will be taken and the responsible parties.

Illegal or Unethical Practice. The manager will report this event in writing to the Retirement Administrator not later than the close of the business day following discovery of the illegal or unethical practice. The Retirement Administrator will inform the Board in writing of this practice as soon as administratively possible. If the illegal or unethical practice has an adverse affect upon the MCERA portfolio, or any attempt was made by the manager to hide this practice, the manager shall be terminated. If the practice is procedural and has been properly referred to the appropriate regulatory authorities, the Retirement Administrator will recommend to the Board whether or not to terminate the manager.

Guideline Violation. The manager will report any guideline violation in writing to the Retirement Administrator not later than the close of the second business day following discovery along with the manager's proposed remedy. If the violation results in a loss to MCERA, the manager will compensate MCERA for this loss. If the manager refuses to correct this violation, or if other violations occur, the Retirement Administrator will recommend termination of the manager. Guideline violations that have been corrected will be reported to the Board at their next regular meeting. Violations that have not been corrected, or violations that persist, will be reported to the Board as soon as administratively possible.

Deviation from Investment Process. If the Retirement Administrator determines that the manager has deviated materially from its stated investment process or philosophy, the Retirement Administrator will recommend termination of the manager, as soon as administratively possible, to the Board.

Loss of Key Personnel or Change in Ownership. The manager will inform the Retirement Administrator in writing within 24 hours following the loss of key personnel or a change in ownership. Loss of key personnel will normally result in termination of the manager. A material change in the ownership of the manager will normally result in the termination of the manager. The Retirement Administrator will make a recommendation regarding termination to the Board as soon as administratively possible.

Lack of Cooperation with Reasonable Requests. The manager is required to provide information, attend meetings and comply with other reasonable requests. Failure to do so will result in a recommendation to terminate the manager.

Underperformance. MCERA understands the cyclical nature of investment performance and the potential for its investment managers not to meet objectives over short-term periods. It is not the Board's intention to terminate a manager for short-term underperformance relative to objectives. However, if the underperformance of a manager is extreme or if it persists over a reasonable period in the future (as defined by the Staff, Board and Consultant based on the unique circumstances surrounding the manager and current market conditions), the Board may and will consider termination.

DUTIES OF RESPONSIBLE PARTIES

Duties of the MCERA Board of Retirement

The Board of Retirement has the responsibility for administration of MCERA for the benefit of plan participants. Although it is not the intent of the Board of Retirement to become involved in the day-to-day investment decisions, the Board or its designee(s) will adhere to the following procedures in the management of MCERA's assets:

- The Board develops and approves guidelines for the execution of MCERA's investment program. Only the Board in its sole discretion can delegate its decision-making authority regarding the investment program. Staff is responsible for the timely implementation and administration of these decisions.
- A formal review of MCERA's investment structure, asset allocation and financial performance will be conducted periodically as the need arises. The review will include recommended adjustments to the long-term strategic asset allocation to reflect any changes in applicable regulations, long-term capital market assumptions, actuarial assumptions or MCERA's financial condition.
- The Board shall review MCERA's investments quarterly, or as needed, to ensure that policy guidelines continue to be met. The Board shall monitor investment returns on both an absolute basis and relative to appropriate benchmarks and peer group comparisons. The source of information for these reviews shall come from Staff, outside consultants, the custodian and MCERA's investment managers.
- The Board may retain investment consultants to provide services such as conducting performance reviews, asset allocation, manager reviews and investment research. The comments and recommendations of the consultants will be considered in conjunction with other available information to aid the Board in making informed, prudent decisions.
- The Board shall be responsible for taking appropriate action if investment objectives are not being met or if policies and guidelines are not being followed.
- The Board shall expect Staff to administer MCERA's investments in a cost-effective manner subject to Board approval. These costs include, but are not limited to, management, consulting and custodial fees, transaction costs and other administrative costs chargeable to MCERA.
- The Board shall be responsible for selecting a qualified custodian with advice from Staff.
- Per MCERA Board of Education Policy, to maintain and strengthen the investment management of MCERA's Plan, Staff and Board members shall be expected to participate in educational conferences/seminars related to their direct responsibility for the investment activities of MCERA.

Duties of the Staff

The Retirement Staff, as designated by the Board, plays a role in the day to day management and oversight of the Plan. In addition to the duties outlined below, Staff is expected to notify the Board of other topics or actions that should be considered by the Board as such matters arise. Staff duties include:

- Authority to invest the Fund's cash without requiring Board permission, and as set forth elsewhere in MCERA's Investment Policy.
- Monitoring investment managers for adherence to appropriate policies and guidelines.
- Evaluating and managing the relationships with the consultants to the Fund to ensure that they are providing all the necessary assistance to Staff and the Board as set forth in their service contracts.
- Conducting manager searches, as set forth in this document, with necessary assistance from consultants as directed by the Board.
- Restructuring portfolios following manager terminations with the assistance of consultants and managers, as needed.
- Organizing and/or participating in any special research required to manage the Plan more effectively or in response to any questions raised by Board members.
- Supporting the Board in the development and approval of the Investment Plan, implementing and monitoring the Plan, and reporting at least monthly on investment activity and matters of significance.
- Assisting with the negotiation of investment manager fees when needed.
- Ensuring that investment managers conform to the terms of their contracts and that their performance monitoring systems are sufficient to provide the Board with timely, accurate and useful information.

Duties of the Investment Managers

Where applicable, the investment managers shall:

- Provide the Plan with a written agreement to invest within the guidelines established in the Investment Policy, where applicable.
- Provide the Plan with proof of liability and fiduciary insurance coverage. Updated policy information will be provided to MCERA upon renewal and/or changes to the policy.

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- Be a SEC-Registered Investment Advisor under the 1940 Act, and be recognized as providing demonstrated expertise over a number of years in the management of institutional, tax-exempt assets within a defined investment specialty.
 - Adhere to the investment management style concepts and principles for which they were retained, including, but not limited to, developing portfolio strategy, performing research, developing buy, hold and sell lists, and purchasing and selling securities.
 - Execute all transactions for the benefit of the Plan with brokers and dealers qualified to execute institutional orders on an ongoing basis at the best net cost to the Plan, and, where appropriate, facilitate the recapture of commissions on behalf of the Plan.
 - Reconcile monthly accounting, transaction and asset summary data with custodian valuations, and communicate and resolve any significant discrepancies with the custodian.
 - Submit written certification to the Retirement Administrator on the adherence to these investment guidelines at the end of each calendar quarter.
 - Meet with the Board or its designee(s) on an as-needed basis.

Duties of the Master Custodian

The master custodian shall be responsible for the following:

- Provide complete global custody and depository services for the designated accounts.
- Manage, if directed by the Board, a Short Term Investment Fund (STIF) for investment of any cash not invested by managers, and ensure that all available cash is invested. If the cash reserves are managed externally, full cooperation must be provided.
- Provide in a timely and effective manner a monthly report of the investment activities implemented by the investment managers. If certain portfolios are custodied elsewhere, full cooperation must be provided.
- Collect all income and principal realizable and properly report it on the periodic statements.
- Provide monthly and fiscal year-end accounting statements for the portfolio, including all transactions; these should be based on accurate security values for both cost and market. These reports should be provided within acceptable time frames.
- Report to MCERA situations where accurate security pricing, valuation and accrued income is either not possible or subject to considerable uncertainty.

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- Provide assistance to the Plan to complete such activities as the annual audit, transaction verification or other issues as required by the Board.

Duties of the General Investment Consultant

The investment consultant will act as a fiduciary for all services provided to MCERA. The Investment Consultant shall be responsible for the following:

- Make recommendations to the Board regarding investment policy and strategic asset allocation.
- Assist MCERA in the selection of qualified investment managers and sponsors of mutual funds, limited liability partnerships, limited liability corporations, group trusts or other commonly used investment vehicles and assist in the oversight of existing managers and said sponsors, including monitoring changes in personnel, ownership and their investment process.
- Assist in the selection of a qualified custodian (including a securities lending agent and/or a cash manager) if necessary.
- Prepare a quarterly performance report including performance attribution on MCERA's managers and total assets, a check on adherence to investment style and discipline.
- Provide topical research and education on investment subjects that are relevant to MCERA.
- Assist with the negotiation of investment management and custodian fees.

APPENDIX A
MCERA'S LONG-TERM STRATEGIC ASSET ALLOCATION TARGETS AND RANGES

The strategic asset allocation targets have been developed as a function of the returns and risks of various asset classes and a rigorous analysis of MCERA's liabilities, taking into account the Board's risk tolerance and long-term objectives. As asset class values change over time, deviations from the asset allocation targets may occur. Rebalancing the portfolio may be necessary to return the asset class allocations to targeted weights so as to ensure that the Board's intended strategy is consistently maintained over time. Rebalancing actions are the responsibility of the Staff and shall be reported to the Board on a periodic basis.

Staff is authorized and directed (in the normal course of events) to act in accordance with this policy. Where particular circumstances arise and Staff determines rebalancing is not prudent, because doing so may generate unnecessary costs or otherwise not be in the best interests of MCERA, a full report of the actions taken or not taken shall be made to the Board at the earliest opportunity.

The primary means of controlling deviations from asset class target weights is through allocation of cash flows generated from the portfolio. That is, net cash inflows may be allocated to asset classes that are underweight, while cash requirements may be funded from cash flow generated by or through the redemption or sale of assets that are overweight. The costs of investment/redemption shall be taken into account when determining reallocations of assets.

MCERA's actual asset allocation shall be reviewed at the end of each quarter at a minimum and shall be based on current asset valuations. Estimated values may be used when current asset valuations are not available.

The strategic policy asset allocation and rebalancing triggers are set out in the table below:

Asset Class	Target Percent	Allowable Range
<i>US Equity</i>	<i>38.0%</i>	<i>33.0% - 43.0%</i>
<i>Non-US Equity</i>	<i>25.0%</i>	<i>20.0% - 30.0%</i>
<i>US Fixed Income</i>	<i>28.0%</i>	<i>23.0% - 33.0%</i>
<i>Real Estate</i>	<i>9.0%</i>	<i>4.0% - 14.0%</i>

** Changes in policy target may be achieved through a gradual shift as new strategies are evaluated and funded.*

The following principles apply when asset allocations are outside the allowable ranges noted above:

1. The objective of rebalancing is to move back to target, assuming transaction costs are reasonable. However, transaction costs, market volatility, market liquidity, may affect the cost effectiveness of complete rebalancing to target.
2. In order to rebalance as efficiently as possible and save transactions costs, allocations may be brought back by 50% of the difference between the current position and its target percentage, rather than exactly to the target percentage as long as the rebalancing brings the allocation back within the allowable range.
3. Real Estate, because of its illiquid nature, can be costly to rebalance. MCERA's Staff will make reasonable attempts to keep asset classes within the allowable ranges defined above.
4. During rebalancing, assets will be moved between investment managers in accordance with the following principles:
 - a) Assets will be taken from investment managers in the overweight asset class(es) with consideration given to asset class structure, investment manager target weights, and confidence in the investment managers themselves.
 - b) Primary emphasis should be on significantly different asset classes (e.g. equity vs. fixed income).
 - c) Assets will be directed to investment managers in the underweight asset class(es) with consideration given to the same factors listed above.