

# FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## 3Q 2014 COMPLIANCE EVALUATION REPORT



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## **Executive Summary**

### **3<sup>rd</sup> Quarter 2014**

This report covers Wurts & Associates' evaluation of the investments within the portfolios relative to the Fresno County Employees' Retirement Association's (Association) Investment Policy and Guidelines (Guidelines). It contains a compliance worksheet summary of the investments evaluated, the public managers' representations regarding compliance, and a detailed compliance worksheet specifying the scope of each evaluation.

The Association's portfolio is comprised of both commingled vehicles and separate accounts. All of the separate account managers employed by the Association have specific language within the Guidelines for Wurts & Associates to evaluate. Please refer to Exhibit A which is a table summarizing the managers employed by the Association, the type of investment vehicle used by each, the general asset class of the investment, and whether or not the Guidelines contain specific language.

Investments made by managers using a commingled vehicle are typically governed by a partnership agreement or prospectus. The reason for this is that since commingled investment vehicles are designed to accommodate many different investors, only one common document may govern the investment strategy.

#### **Public Market Managers**

All managers employed by the Association that manage publicly traded securities have specific language in the Guidelines. Wurts & Associates has evaluated each manager's compliance relative to these guidelines and they are contained in this report. Mondrian Investment Partners Limited, Standish Mellon, Blackrock Inc., and State Street Global Advisors are employed through the usage of a commingled fund. The investment policies of these managers shall be governed by their prospectuses.

#### **Private Market Managers**

Private Market Investment Managers are given full discretion within the scope of their assigned segment, governed by their Limited Partnership Agreements. All private equity managers employed by the Association are made through commingled vehicles and none of them has specific language in the Guidelines to evaluate. These vehicles are typically audited by third party accounting firms on a periodic basis; however Wurts & Associates is unable to independently verify this compliance.

#### **Real Estate Managers**

The Real Estate Investment Managers employed are given full discretion within the scope of the relevant language that governs the investment strategy. None of them has specific language in the Guidelines to evaluate. These vehicles are typically audited by third party accounting firms on a periodic basis; however Wurts & Associates is unable to independently verify this compliance.

## Summary of Findings

Of the public markets managers employed by the Association that have specific guidelines, Wurts & Associates has determined the following:

Manager	In Compliance	Out of Compliance
Aronson + Johnson + Ortiz	✓	
Kalmar Investments Inc.	✓	
Wellington Capital Management	✓	
Systematic Financial Management	✓	
Research Affiliates	✓	
State Street Global Advisors	✓	
Mondrian Investment Partners (Int'l. Small Cap)	✓	
Mondrian Investment Partners (Emerging Mkts)	✓	
Artisan Partners	✓	
Waddell & Reed Inc.	✓	
Winslow Capital Management	✓	
BlackRock, Inc. (Core Plus Fixed Income)	✓	
Western Asset Management Company*	✓	
Loomis Sayles*	✓	
PIMCO (Emerging Markets Debt)	✓	
Northern Trust Aggregate Index	✓	

\*Western Asset Management Company and Loomis Sayles received a grace period during the month of September, as they were in the process of transitioning their respective portfolios to their newly approved mandates; the new guidelines pertaining to these portfolios will go into effect on October 1<sup>st</sup>, 2014.

Other than the stated grace period, we are pleased to report this quarter that there were no material breaches of any consequence by any of the managers we audit.



Jeffrey MacLean  
President & Chief Operating Officer

### Disclaimer

Wurts & Associates, Inc. has exercised all reasonable professional care in the evaluation of each investment manager's compliance to the Investment Policy and Guidelines of the Fresno County Employees' Retirement Association as of September 30, 2014. This report is provided to the Board of Trustees in conjunction with our responsibilities under the investment consulting agreement. Our professionals necessarily relied on data provided by third parties to perform our evaluation. Wurts & Associates makes no claims as to the accuracy of the data used in this evaluation and shall not be held liable for damages caused by errors or omissions in content, except to the extent arising from our sole gross negligence.

## Exhibit A

Investment Manager	Investment Vehicle	General Asset Class	Enforcable Guidelines
Aronson + Johnston + Ortiz	Separate Account	Public Market (Equity)	Yes
Artisan Partners	Separate Account	Public Market (Equity)	Yes
Kalmar Investments Inc.	Separate Account	Public Market (Equity)	Yes
Wellington Capital Management	Separate Account	Public Market (Equity)	Yes
Waddell & Reed	Separate Account	Public Market (Equity)	Yes
Winslow Capital Management	Separate Account	Public Market (Equity)	Yes
State Street Global Advisors	Commingled Fund	Public Market (Equity)	No
Systematic Financial Management	Separate Account	Public Market (Equity)	Yes
Mondrian Investment Partners Limited (ISC & EM)	Commingled Fund	Public Market (Equity)	No
Research Affiliates	Separate Account	Public Market (Equity)	Yes
BlackRock, Inc.	Separate Account	Public Market (Fixed Income)	Yes
PIMCO Emerging Markets Debt	Separate Account	Public Market (Fixed Income)	Yes
Loomis Sayles	Separate Account	Public Market (Fixed Income)	Yes
Western Asset Management Company	Separate Account	Public Market (Fixed Income)	Yes
PIMCO Distressed Credit Fund	Commingled Fund	Private Market	No
Blackrock Inc.	Commingled Fund	Commodities	No
Heitman / JMB Group Trust V	Commingled Fund	Real Estate	No
Sentinel Real Estate Corp.	Commingled Fund	Real Estate	No
TA Associates V & IX	Commingled Fund	Real Estate	No
JER Fund I & II	Commingled Fund	Real Estate	No
INVESCO	Commingled Fund	Real Estate	No
Colony Capital Partners	Commingled Fund	Real Estate	No
BCI Fund V	Commingled Fund	Private Market	No
The Blackstone Group III & IV	Commingled Fund	Private Market	No
Angelo Gordon	Commingled Fund	Private Market	No
Landmark	Commingled Fund	Private Market	No
Lonestar	Commingled Fund	Private Market	No
New Mountain I & II	Commingled Fund	Private Market	No
TCW Fund III & IV	Commingled Fund	Private Market	No
Warburg Pincus I, VIII, & X	Commingled Fund	Private Market	No
Common Sense Partners (Hedge Fund of Funds)	Commingled Fund	Private Market	No
Grosvenor Institutional Partners (Hedge Fund of Funds)	Commingled Fund	Private Market	No
Hamilton Lane	Commingled Fund	Private Market	No
KKR	Commingled Fund	Private Market	No
Northern Trust Aggregate Index	Commingled Fund	Public Market (Fixed Income)	No

Client: **Fresno County Employees Retirement Association**  
 Analysis Date: **September 30, 2014**

Asset Class: Domestic Equity

Manager	Style	Market Cap Weighting	Diversification: at Market	Commercial Paper Rating	Weighted Avg Market Cap	Allowable Securities
Aronson + Johnson + Ortiz	M/LV					
Kalmar Investments Inc.	SG					
Waddell & Reed	LG					
Winslow Capital Management	LG					
Wellington Management Co.	LV					
Systematic Financial Management	SV					
State Street Global Advisors - S&P 500	LC					

Asset Class: International Equity

Manager		Market Cap Weighting	Diversification: at Market	Commercial Paper Rating	Weighted Avg Market Cap	Allowable Securities
Artisan Partners	INT					
Research Affiliates	INT					
Mondrian Investment Partners Limited -SC	INT					
Mondrian Investment Partners Limited - EM	EM					

Asset Class: Fixed Income

Manager		Bond Quality	Diversification: at Market	Duration	Commercial Paper Rating	Derivatives Restricted	Prohibited Securities
BlackRock, Inc.	CP						
Loomis, Sayles & Co.	CP						
Western Asset Management Company	CP						
PIMCO Emerging Markets Debt	EMD						
State Street Global Advisors	TIPS						
Northern Trust Aggregate Index	AGG						

Legend

	No Violation - In Compliance with Policy Guidelines
	Potential Violation - Currently Being Researched
	Confirmed Violation - Out of Compliance with Policy Guidelines
	Not Applicable - Commingled Vehicle

## Domestic Equity

### Domestic Equity Accounts 9/30/2014

<b>Aronson + Johnson + Ortiz</b>	
<b>Guideline</b>	<b>In Compliance</b>
No single equity position > 5% of company's total market cap	Yes
≤ 7% per issue at <b>market</b>	Yes
All commercial paper obligations to have min. rtgs. of P-2 (Moody's) or A-2 (S&P's)	Yes
Weighted average market cap should not fall below \$5B	Yes
No derivatives, non-AD foreign stocks without consent of Association	Yes

<b>Kalmar Investments Inc.</b>	
<b>Guideline</b>	<b>In Compliance</b>
No single equity position > 5% of that company's total market cap	Yes
≤ 8% per issue at <b>market</b>	Yes
All commercial paper obligations to have min. rtgs. of P-2 (Moody's) or A-2 (S&P's)	Yes
Portfolio has weighted average market capitalization between 75% and 200% of the Russell 2000 Index	Yes
No derivatives, non-ADR foreign stocks, non-U.S. jurisdictional	Yes

<b>Waddell &amp; Reed Inc.</b>	
<b>Guideline</b>	<b>In Compliance</b>
No single equity position > 5% of that company's total market cap	Yes
≤ 7% per issue at <b>market</b>	Yes
Weighted average market cap should not fall below \$10B	Yes
No derivatives, non-ADR foreign stocks, non-U.S. jurisdictional	Yes

<b>Winslow Capital Management</b>	
<b>Guideline</b>	<b>In Compliance</b>
No single equity position > 5% of that company's total market cap	Yes
≤ 7% per issue at <b>market</b>	Yes
Weighted average market cap should not fall below \$10B	Yes
No derivatives, non-ADR foreign stocks, non-U.S. jurisdictional	Yes

## Domestic Equity 2

### Domestic Equity Accounts 9/30/2014

Systematic Financial Management	
Guideline	In Compliance
No single equity position > 5% of that company's total market cap	Yes
≤ 8% per issue at <b>market</b>	Yes
All commercial paper obligations to have min. rtgs. of P-2 (Moody's) or A-2 (S&P's)	Yes
Initial position caps shall be between \$100M and \$2B	Yes
No derivatives, non-ADR foreign stocks without consent of Association	Yes
Wellington Capital Management	
Guideline	In Compliance
No single equity position > 5% of company's total market cap	Yes
≤ 7% per issue at <b>market</b>	Yes
All commercial paper obligations to have min. rtgs. of P-2 (Moody's) or A-2 (S&P's)	Yes
Weighted average market cap should not fall below \$5B	Yes
No derivatives, non-ADR foreign stocks without consent of Association	Yes <sup>1</sup>
State Street Global Advisors	
Guideline	In Compliance
The investment policies of State Street shall be governed by the State Street's Fund Declaration.	Yes <sup>2</sup>

<sup>1</sup>Wellington's guidelines were revised during 3Q07 to allow for ADR's to be purchased in the over-the-counter markets as well.

<sup>2</sup>The Association's investment in State Street is made through a commingled vehicle. Therefore, the Association's investment guidelines do not govern the investment processes of the fund.



## International Equity

### International Equity Accounts 9/30/2014

Artisan Partners	
Guideline	In Compliance
No single equity position > 5% of company's total market cap	Yes
≤ 5% per issue at purchase or 10% at market.	Yes
No leverage, securities on margin, or sell securities short	Yes
All private placement securities must be 144A.	Yes
No derivatives without consent of Association	Yes

Research Affiliates	
Guideline	In Compliance
No single equity position > 5% of company's total market cap	Yes
≤ 5% per issue at market	Yes
All commercial paper obligations to have min. rtgs. of P-2 (Moody's) or A-2 (S&P's)	Yes
Weighted average market cap should not fall below \$1B	Yes
No securities outside of the MSCI EAFE Index as well as Bermuda, Canada, and Cayman Islands	Yes
No derivatives without consent of Association	Yes

Mondrian Investment Partners Limited	
Guideline	In Compliance
The investment policies of Mondrian shall be governed by the Mondrian Emerging Markets Equity Fund, L.P.'s Offering Memorandum.	Yes <sup>3</sup>

Mondrian Investment Partners Limited	
Guideline	In Compliance
The investment policies of Mondrian shall be governed by the Mondrian International Small Cap, L.P.'s Offering Memorandum.	Yes <sup>3</sup>

<sup>3</sup>The Association's investments in Mondrian are made through commingled vehicles. Therefore, the Association's investment guidelines do not govern the investment processes of the fund.

## Domestic Fixed Income

### Domestic Fixed Income Accounts

9/30/2014

<b>BlackRock, Inc.</b>	
<b>Guideline</b>	<b>In Compliance</b>
80% of portfolio to be comprised of investment grade (BBB or higher)	Yes
≤ 5% per issue at <b>market</b> except U.S. Govt. Bonds	Yes
Duration shall not exceed the Barclays Aggregate Bond Index by +/- 30%	Yes
All commercial paper obligations to have min. rtgs. of P-2 (Moody's) or A-2 (S&P's)	Yes
Use of derivatives to be disclosed quarterly to Association. No derivatives outside of benchmark duration	Yes
No use of stock options, margins, letter stocks, emer. mkt. securities, Z-Bonds, etc.	Yes

<b>Loomis Sayles*</b>	
<b>Guideline</b>	<b>In Compliance</b>
80% of portfolio to be comprised of investment grade (BBB or higher) (inform Board)	Yes
≤ 5% per issue at <b>market</b> except U.S. Govt. Bonds	Yes
Duration shall not exceed the Barclays Aggregate Bond Index by more than 30%	Yes
All commercial paper obligations to have min. rtgs. of P-2 (Moody's) or A-2 (S&P's)	Yes
Use of derivatives to be disclosed quarterly to Association. No derivatives outside of benchmark duration	Yes
No use of stock options, margins, letter stocks, emer. mkt. securities, Z-Bonds, etc.	Yes

\*Loomis Sayles was granted a grace period during the Month of September to begin building out their newly approved mandate. Therefore, compliance with guidelines was determined as of 8/31/2014.

## Fixed Income 2

Fixed Income Continued  
9/30/2014

Western Asset Management Company*	
Guideline	In Compliance
80% of portfolio to be comprised of securities rated BBB- or higher	Yes
≤ 5% per issue at <b>market</b> except U.S. Govt. Bonds	Yes
Duration shall not exceed Barclays Aggregate Bond Index by more than 30%	Yes
All commercial paper obligations to have min. rtgs. of P-2 (Moody's) or A-2 (S&P's)	Yes
No use of stock options, margins, letter stocks, emer. mkt. securities, Z-Bonds, etc.	Yes

\*Western Asset Management Company was granted a grace period during the Month of September to begin building out their newly approved mandate. Therefore, compliance with guidelines was determined as of 8/31/2014.

PIMCO Emerging Markets Debt	
Guideline	In Compliance
Minimum Quality of CCC- rating	Yes
≤ 5% per issue at <b>market</b> except sovereign Bonds (+/- 20% of benchmark)	Yes
Duration +/- 2 years of JPM GBI-EM Global Diversified Index	Yes



October 13, 2014

Mr. Michael Kamell  
Wurts & Associates Inc.  
2321 Rosecrans Avenue  
Suite 2250  
El Segundo, California 90245

Re: **FRESNO COMPLIANCE**

Dear Michael:

We're pleased to certify:

The portfolio managed for the Fresno County Employees' Retirement Association remained in compliance with all investment guidelines from July 1, 2014, to September 30, 2014.

We welcome your questions.

Sincerely,

A handwritten signature in blue ink, appearing to read 'J. Dietrick', is positioned above the printed name and email address.

Joseph F. Dietrick  
[dietrick@ajopartners.com](mailto:dietrick@ajopartners.com)

srl (FX)

cc: Becky Van Wyk  
Conor Hinds

**COMPLIANCE WITH INVESTMENT GUIDELINES**

Investment Manager Name: Artisan Partners Limited Partnership

Account Name: Fresno County Employees' Retirement Association

Quarter Ending: September 30, 2014

This is to confirm that, except as noted below, to the best of our knowledge all of Artisan Partners' investment activity during the quarter noted above, on behalf of the Fresno County Employees' Retirement Association (FCERA) non-U.S. growth account has been consistent with the investment policies and restrictions set forth in the Investment Advisory Agreement, Investment Guidelines and Investment Policy Statement effective as of March 13, 2013, and that the portfolio is in compliance with those policies and restrictions.

By: 

Name: Jane E. Lisher

Title: Compliance Manager

Date: October 6, 2014

# BLACKROCK

October 8, 2014

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

RE: FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (FCERA) (the "Portfolio")

This letter confirms that, unless otherwise noted below, throughout the period July 1, 2014 to September 30, 2014, the Portfolio has been in compliance, in all material respects, with the investment guidelines applicable to the Portfolio.

BlackRock

By:

A handwritten signature in black ink, appearing to read "Andrew Novak", written in a cursive style.

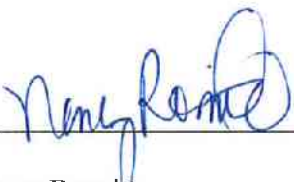
Andrew Novak  
Managing Director



**Fresno County Employees Retirement Association  
Investment Guidelines Certification Statement**

**Certification of Investment Manager**

To the best of our knowledge, the undersigned investment manager certifies that its investment decisions have stayed within the restrictions outlined in accordance with the provisions of the Board's Investments Policy Statement and Investment Guidelines agreed upon on May 27, 2004.

Signature: 

By: Nancy Romito

Title: Client Services Director

Firm: Kalmar Investments Inc.

Date: October 21, 2014

Reporting Period: Third Quarter 2014



**LOOMIS | SAYLES**

**COMPLIANCE CERTIFICATION**

**DATE:** 10/08/2014

**LOOMIS ACCOUNT(S):** Fresno County Employees' Ret Assn

F48865 Fresno County Employees Retirement Association

**PERIOD UNDER REVIEW:** 7/1/2014 - 9/30/2014

We, Loomis, Sayles & Company, L.P., in our capacity as Investment Manager for the account(s) listed above, hereby attest that during the period under review, to the best of our knowledge and beliefs, the account(s) listed above was (were) in compliance with its (their) investment guidelines and restrictions ("Guidelines") and any other requirements listed below, if applicable, except as noted below.

**Additional certification requirements:**

F48865: Compliance with the Fresno County Employees Retirement Association Investment Policy.

**Guideline Violations:**

F48865 Fresno County Employees Retirement Association - None

**The electronic signatures below demonstrate approval of the representations made in this Compliance Certification for the period under review.**

Compliance Approval

Mary Ellen Logee

Vice President, Sr. Portfolio Compliance Manager

10/06/2014

Portfolio Manager(s) Approval

F48865

Peter Palfrey

Vice President, Portfolio Manager

10/08/2014



**Mondrian Emerging Markets Equity Fund, L.P. (the "Fund")**

**Certification of Compliance with Investment Strategy**

**for the period from July 1, 2014 to September 30, 2014**

The Fund has been in compliance with its Investment Strategy, as fully set forth in the Confidential Information Memorandum of the Fund, during the period described above. Each item of the Investment Strategy is described in the Appendix and initialed as being in compliance.

Mondrian Investment Partners Limited  
(as Investment Manager to the Fund)

By: \_\_\_\_\_

Name:

Title:

Date:

  
GINNY CHONG  
SENIOR PORTFOLIO MANAGER  
OCT 10 2014

## Mondrian Emerging Markets Equity Fund, L.P.

Investment Strategy Detail	Initial
<p><u>Securities, Approach and Markets</u></p> <p>The Fund pursues its investment objective primarily by investing in equity securities of emerging market companies, as described below, that, in the Investment Manager's opinion, are undervalued at the time of purchase based on fundamental value analysis employed by the Investment Manager. Equity securities in which the Fund may invest include, but are not limited to, common stocks, preferred stocks, convertible securities, index related securities, certain non-traditional equity securities, 144A securities and warrants. The Fund may purchase securities of non-U.S. issuers directly or indirectly in the form of American, European or Global depository receipts or other securities representing underlying shares of non-U.S. issuers. The Fund may also purchase other investment funds, including, but not limited to registered funds, unregistered funds and REIT's. Under normal circumstances, the Fund invests at least 80% of its assets in investments of emerging market issuers.</p> <p>The Investment Manager's approach in selecting investments for the Fund is primarily oriented to individual stock selection and is value driven. In selecting stocks for the Fund, the Investment Manager identifies those stocks that it believes will provide capital appreciation over a market cycle, taking into consideration movements in the price of the individual security and the impact of currency fluctuation on a United States domiciled, dollar-based investor. The Investment Manager conducts fundamental research on a global basis in order to identify securities that, in the Investment Manager's opinion, have the potential for long-term capital appreciation. This research effort generally centers on a value-oriented dividend discount methodology with respect to individual securities and market analysis that isolates value across country boundaries. The approach focuses on future anticipated dividends and discounts the value of those dividends back to what they would be worth if they were being received today. In addition, the analysis typically includes a comparison of the values and current market prices of different possible investments. The Investment Manager's general management strategy emphasizes long-term holding of securities, although securities may be sold in the Investment Manager's discretion without regard to the length of time they have been held.</p>	Gyc
<p><u>Emerging Markets Company</u></p> <p>The Fund considers an emerging country to be any country that is included in the International Finance Corporation Free Index or the Morgan Stanley Capital International Emerging Markets Index. In addition, any country which is generally recognized to be an emerging or developing country by the international financial community, including the World Bank and the International Finance Corporation, as well as any country that is classified by the United Nations or otherwise regarded by its authorities as developing will be considered an emerging country.</p> <p>There are more than 130 countries that are generally considered to be emerging or developing countries by the international financial community, approximately 40 of which currently have stock markets. Almost every nation in the world is included within this group of developing or emerging countries except the United States, Canada, and those in the Morgan Stanley Capital International EAFE Index.</p>	Gyc

<p>In considering possible emerging countries in which the Fund may invest, the Investment Manager places particular emphasis on certain factors, such as economic conditions (including growth trends, inflation rates and trade balances), regulatory and currency controls, accounting standards and political and social conditions. Although this is not an exclusive list, the Investment Manager considers an emerging country equity security to be one that is issued by a company that exhibits one or more of the following characteristics: (1) its principal securities trading market is in an emerging country, as defined above; (2) while traded in any market, alone or on a consolidated basis, the company derives 50% or more of its annual revenues or annual profits from either goods produced, sales made or services performed in emerging countries; (3) the company has 50% or more of its assets located in an emerging country; or (4) it is organized under the laws of, and has a principal office in, an emerging country. The Investment Manager determines eligibility based on publicly available information and inquiries made of the companies.</p> <p>Currently, investing in many emerging countries is not feasible, or may, in the Investment Manager's opinion, involve unacceptable political or governance risks. The Fund focuses its investments in those emerging countries where the Investment Manager considers the economies to be developing and where the markets are becoming more sophisticated.</p>	
<p><u>Currency, Debt Securities and Cash</u></p> <p>Currency considerations carry a special risk for a portfolio of international securities. The Fund may invest in securities issued in any currency and may hold foreign currency. Securities of issuers within a given country may be denominated in the currency of another country or in multinational currency units, including the euro. The Investment Manager primarily uses a purchasing power parity approach to evaluate currency risk. In this regard, the Fund may carry out hedging activities, and may invest in forward foreign currency contracts to hedge currency risks associated with the purchase of individual securities denominated in a particular currency. Under normal circumstances, hedging is undertaken defensively back into the base currency of the Fund.</p> <p>Under normal circumstances, no more than 10% of the Fund's assets will be invested in debt securities issued by governments or by their agencies, instrumentalities or political subdivisions, or by corporate entities, all of which may be high-yield, high-risk fixed income securities rated lower than BBB by S&amp;P and Baa by Moody's or, if unrated, considered to be of equivalent quality. In addition, for temporary defensive purposes, the Fund may invest in high-quality debt instruments.</p> <p>To facilitate investment activities, the Fund will generally hold a small portion of its assets in cash or cash equivalent instruments.</p>	<p>GVC</p>

*The Investment Manager manages the Fund's assets in accordance with the investment objective and guidelines described in the Confidential Information Memorandum and not in accordance with the individual guidelines of any one investor.*

**Mondrian International Small Cap Equity Fund, L.P. (the "Fund")**

**Certification of Compliance with Investment Strategy**

**for the period from July 1, 2014 to September 30, 2014**

The Fund has been in compliance with its Investment Strategy, as fully set forth in the Confidential Information Memorandum of the Fund, during the period described above. Each item of the Investment Strategy is described in the Appendix and initialed as being in compliance.

Mondrian Investment Partners Limited  
(as Investment Manager to the Fund)

By: 

Name: Ormala Krishnan

Title: Chief Investment Officer, Small Cap Equities

Date: 13<sup>th</sup> October 2014

## Mondrian International Small Cap Equity Fund, L.P.

Investment Strategy Detail	Initial
<p><u>Securities, Approach and Markets</u></p> <p>The Fund pursues its investment objective primarily by investing in equity securities of non-U.S. small capitalization companies that, in the Investment Manager's opinion, are undervalued at the time of purchase based on fundamental value analysis employed by the Investment Manager. Equity securities in which the Fund may invest include, but are not limited to, common stocks, preferred stocks, convertible securities, index related securities, certain non-traditional equity securities, 144A securities and warrants. The Fund may purchase securities of non-U.S. issuers directly or indirectly in the form of American, European or Global depository receipts or other securities representing underlying shares of non-U.S. issuers. The Fund may also purchase other investment funds, including, but not limited to registered funds, unregistered funds and REIT's.</p> <p>For purposes of investments to be made by the Fund, small capitalization companies will be defined to mean issuers that have a market capitalization of less than approximately \$3.5 billion (\$3.0 billion from January 1, 2011 to June 30, 2014) at the time of initial purchase. This level is subject to market movements and is regularly reviewed by the Investment Manager. Under normal circumstances, the Fund will invest at least 50% of its assets in equity securities of small capitalization companies.</p> <p>The Investment Manager's approach in selecting investments for the Fund is primarily oriented to individual stock selection and is value driven. In selecting stocks for the Fund, the Investment Manager identifies those stocks that it believes will provide capital appreciation over a market cycle, taking into consideration movements in the price of the individual security and the impact of currency fluctuation on a United States domiciled, dollar-based investor. The Investment Manager conducts fundamental research on a global basis in order to identify securities that, in the Investment Manager's opinion, have the potential for long-term capital appreciation. This research effort generally centers on a value-oriented dividend discount methodology with respect to individual securities and market analysis that isolates value across country boundaries. The approach focuses on future anticipated dividends and discounts the value of those dividends back to what they would be worth if they were being received today. In addition, the analysis typically includes a comparison of the values and current market prices of different possible investments. The Investment Manager's general management strategy emphasizes long-term holding of securities, although securities may be sold in the Investment Manager's discretion without regard to the length of time they have been held.</p> <p>Investments will be made mainly in marketable securities of companies located in developed countries which may include but are not limited to Australia, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland and the United Kingdom.</p> <p>The Fund may hold up to 20% of its assets measured at the time of purchase in securities of emerging market companies.</p>	<p>OK</p>

<p><u>Emerging Markets Company</u></p> <p>The Fund considers an emerging country to be any country that is included in the International Finance Corporation Free Index or the Morgan Stanley Capital International Emerging Markets Index. In addition, any country which is generally recognized to be an emerging or developing country by the international financial community, including the World Bank and the International Finance Corporation, as well as any country that is classified by the United Nations or otherwise regarded by its authorities as developing will be considered an emerging country.</p> <p>There are more than 130 countries that are generally considered to be emerging or developing countries by the international financial community, approximately 40 of which currently have stock markets. Almost every nation in the world is included within this group of developing or emerging countries except the United States, Canada, and those in the Morgan Stanley Capital International EAFE Index.</p> <p>In considering possible emerging countries in which the Fund may invest, the Investment Manager places particular emphasis on certain factors, such as economic conditions (including growth trends, inflation rates and trade balances), regulatory and currency controls, accounting standards and political and social conditions.</p>	<p>ok</p>
<p><u>Currency, Debt Securities and Cash</u></p> <p>Currency considerations carry a special risk for a portfolio of international securities. The Fund may invest in securities issued in any currency and may hold foreign currency. Securities of issuers within a given country may be denominated in the currency of another country or in multinational currency units, including the euro. The Investment Manager primarily uses a purchasing power parity approach to evaluate currency risk. In this regard, the Fund may carry out hedging activities, and may invest in forward foreign currency contracts to hedge currency risks associated with the purchase of individual securities denominated in a particular currency. Under normal circumstances, hedging is undertaken defensively back into the base currency of the Fund.</p> <p>Under normal circumstances, no more than 10% of the Fund's assets will be invested in debt securities issued by governments or by their agencies, instrumentalities or political subdivisions, or by corporate entities, all of which may be high-yield, high-risk fixed income securities rated lower than BBB by S&amp;P and Baa by Moody's or, if unrated, considered to be of equivalent quality. In addition, for temporary defensive purposes, the Fund may invest in high-quality debt instruments.</p> <p>To facilitate investment activities, the Fund will generally hold a small portion of its assets in cash or cash equivalent instruments.</p>	<p>ok</p>

*The Investment Manager manages the Fund's assets in accordance with the investment objective and guidelines described in the Confidential Information Memorandum and not in accordance with the individual guidelines of any one investor.*



**Northern Trust**

November 24, 2014

Austin Vierra  
Wurts Associates  
2321 Rosecrans Avenue, Suite 2250  
El Segundo, CA 90245

Dear Austin,

In connection with providing investment management services to the Fresno County Employees' Retirement Association ("FCERA"), Northern Trust Investments, Inc. ("NTI") certifies that the following fund: Northern Trust Collective Aggregate Bond Index Fund - Lending is in compliance with the terms of NTI's specific investment mandate during the 3<sup>rd</sup> quarter of 2014. In addition, NTI, Inc., as trustee under the NTGI Collective Funds Trust, was in compliance during the 3<sup>rd</sup> quarter of 2014 with respect to the fund declaration underlying the fund in which FCERA invests. The date of the fund declaration is as follows:

Northern Trust Collective Aggregate Bond Index Fund – Lending: 12.31.2012

Richard L. Clark  
Senior Vice President



October 21, 2014

Mr. Michael Kamell, CPA, CFA  
Senior Consulting Associate  
Wurts & Associates  
2321 Rosecrans Ave, Suite 2250  
El Segundo, CA 90245

Dear Mr. Kamell:

As of quarter-end, September 30, 2014 the portfolio we manage was in compliance with the investment guidelines and policies set forth in your Investment Management Agreement with PIMCO.

**Fresno County Employees' Retirement (Account 7967)**

- No issues discovered.

Please contact me at (949) 720-6107 with any questions.

Sincerely,

A handwritten signature in black ink, reading "Joel Reynolds", is written over a light blue horizontal line.

Joel Reynolds  
Vice President, Compliance Officer - Portfolio Compliance



October 17, 2014

Mr. Michael Kamell  
Consulting Associate  
Wurts & Associates  
2321 Rosecrans Avenue, Suite 2250  
El Segundo, CA 90245

Dear Mr. Kamell:

As requested, Research Affiliates, LLC ("RA") hereby certifies that to the best of our knowledge and belief, the investment portfolio managed on behalf of the Fresno County Employees Retirement Association ("FCERA") complied with all investment guidelines in place as of September 30, 2014.

In addition, RA will continue to provide notification of any compliance exceptions in the management of the FCERA investment portfolio as they occur.

If you have any questions, please contact me directly at (949) 325-8747 or [smith@rallc.com](mailto:smith@rallc.com).

Sincerely,



Jeffrey A. Smith  
*Chief Compliance Officer*

October 28, 2014

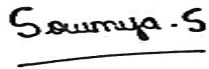
Mr. Michael Kamell  
Wurts & Associates  
2321 Rosecrans, Suite 2250  
El Segundo, CA 90245

Dear Mr. Kamell:

The U.S. TIPS Index Non Lending Fund (CMTP) and the S&P 500 Flagship Securities Lending Fund (CM11), in which the Fresno County Employees' Retirement Association is invested, have had no material breaches of the applicable fund investment management guidelines and restrictions outlined in their respective Fund Declarations, for the quarter ending September 30, 2014.

Should you have any questions or require additional information, please feel free to contact Relationship Manager Sonya Park at (415) 836-9854.

Sincerely,

A handwritten signature in black ink that reads "Sowmya.S". The signature is written in a cursive style and is underlined with a single horizontal line.

Sowmya.S  
SSgA Compliance

cc: Sonya Park



300 FRANK W. BURR BLVD. 7TH FLOOR TEANECK, NJ 07666  
201-928-1982 FAX 201-928-1401  
www.sfmlp.com

October 15, 2014

Michael Kamell, CPA,  
Consulting Associate  
Wurts and Associates  
2321 Rosecrans Avenue, Suite 2250  
Los Angeles, CA 90245

Re: Fresno County Employees Retirement System (Account)  
Investment Guidelines dated September 8, 2010

Dear Mr. Kamell:

Systematic Financial Management, LP is writing in fulfillment of its responsibility to certify compliance with the Investment Guidelines for the above-referenced Account managed by Systematic.

Systematic is pleased to confirm that it has maintained compliance with the Account's Investment Guidelines during this past calendar quarter. Should you effect any changes to the Investment Guidelines in the coming months, please forward a copy of the revisions at your earliest convenience. For further information regarding Systematic's implementation and monitoring of clients' investment guidelines, as well as other policies and procedures related to our management of clients' accounts, please refer to our Form ADV Part 2A.

Systematic would like to thank you again for the opportunity to provide investment management services to the Account. Should you have any questions or require additional information, please do not hesitate to contact your client service representative.

Yours very truly,

Karen E. Kohler  
Chief Compliance Officer

Cc: Scott Garrett- Systematic Financial Management, LP.  
Jeffrey MacLean-Wurts & Associates, Inc



October 7, 2014

Mr. Michael Kamell  
2321 Rosecrans Ave.  
Suite 2250  
El Segundo, CA 90245-4977

***Re: Fresno CERA***

Dear Mr. Kamell:

This letter is to certify that, to the best of our knowledge, the investment portfolio managed on behalf of the Fresno County Employees' Retirement Association was in compliance with the stated investment objectives, policies and guidelines during the third quarter of 2014.

Please contact Western Asset should you have any questions.

Sincerely,

Jeffrey E. Kolesnik  
Compliance Officer

**WELLINGTON MANAGEMENT COMPANY LLP**

Two Embarcadero Center, Suite 1645, San Francisco, CA 94111 USA

**T** +1.415.627.1800 | **F** +1.415.627.1801

[www.wellington.com](http://www.wellington.com)

WELLINGTON  
MANAGEMENT<sup>1</sup>

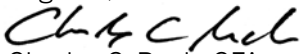
September 30, 2014

Fresno County Employees' Retirement Association  
1111 H Street  
Fresno, CA 93721

Re: Certification of Compliance – Quarterly Statement as of September 30, 2014

This statement is to verify that to the best of our knowledge and based upon Wellington Management's systems, all transactions and positions in Fresno County Employees' Retirement Association's Research Value Portfolio for the period of July 1 – September 30, 2014, has been reviewed and is in compliance with the investment management agreement and Wellington Management's internal policies.

Regards,



Charles C. Ruch, CFA

Relationship Manager

Winslow Capital Management, LLC  
4720 IDS Tower  
80 South Eighth Street  
Minneapolis, MN 55402  
612.376.9100



**Delivered Via E-Mail**

Date: October 7, 2014

TO: Ms. Becky Van Wyk  
Fresno County Employees' Retirement Association  
1111 H Street  
Fresno, CA 93721  
[bvanwyk@co.fresno.ca.us](mailto:bvanwyk@co.fresno.ca.us)

FROM: Laura J. Hawkins, CCO  
Winslow Capital Management, LLC  
4720 IDS Tower  
80 South Eighth Street  
Minneapolis, MN 55402

RE: Compliance Certification

For the period July 1, 2014 through September 30, 2014, Winslow Capital Management, LLC certifies that the portfolio managed for the Fresno County Employees' Retirement Association was in compliance with the Fresno County Employees' Retirement Association Investment Guidelines.

Winslow Capital Management, LLC

A handwritten signature in blue ink, appearing to read 'Laura J. Hawkins', written over a horizontal line.

Laura J. Hawkins, Chief Compliance Officer

Cc: Michael Kamell, CPA  
Wurts & Associates  
[mkamell@wurts.com](mailto:mkamell@wurts.com)

Conor Hinds  
Fresno County Employees' Retirement Association  
[cohinds@co.fresno.ca.us](mailto:cohinds@co.fresno.ca.us)

**WADDELL & REED**  
**ASSET MANAGEMENT GROUP**

---

LYNNE GOODWIN  
VICE PRESIDENT  
INSTITUTIONAL CLIENT SERVICE

6300 LAMAR AVENUE  
POST OFFICE BOX 29223  
SHAWNEE MISSION, KS 66201-9223  
913/236-3731 FAX 913/236-1888  
877/887-0867  
EMAIL LGOODWIN@WADDELL.COM

October 10, 2014

Zeca Cardoso  
Wurts & Associates  
2321 Rosecrans Avenue, Suite 2250  
Los Angeles, CA 90245

RE: Fresno County Employees' Retirement Association

Dear Zeca:

Pursuant to the Agreement between Fresno County Employees' Retirement Association and Waddell & Reed Investment Management Company, Waddell & Reed stands in compliance with mutually agreed upon guidelines as of the third quarter of 2014.

Please let me know if you need any additional information.

Sincerely,



Lynne Goodwin  
Vice President  
Institutional Relationship Management

Cc: Becky Van Wyk