



**PERSPECTIVES  
THAT DRIVE  
ENTERPRISE  
SUCCESS**

THIRD QUARTER 2015

**FCERA Compliance Evaluation Report**

[VERUSINVESTMENTS.COM](http://VERUSINVESTMENTS.COM)

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## **Executive Summary**

### **3<sup>rd</sup> Quarter 2015**

This report covers Verus Advisory's 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 Verus Advisory 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. Verus Advisory has evaluated each manager's compliance relative to these guidelines and they are contained in this report. Mondrian Investment Partners Limited, Eaton Vance, Northern Trust and State Street Global Advisors and Invesco (commodities) 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 Verus Advisory 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 Verus Advisory is unable to independently verify this compliance.

## Summary of Findings

Of the public markets managers employed by the Association that have specific guidelines, Verus Advisory has determined the following:

| Manager   | In Compliance | Out of Compliance |
|---|---------------|-------------------|
| Aronson + Johnson + Ortiz                       | ✓             |                   |
| Kalmar Investments Inc.                         | ✓             |                   |
| 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.                             | ✓             |                   |
| Brandywine (Global Sovereign)                   | ✓             |                   |
| Western Asset Management Company                | ✓             |                   |
| Loomis Sayles                                   | ✓             |                   |
| PIMCO (Emerging Markets Debt)                   | ✓             |                   |



Jeffrey MacLean  
CEO & Senior Consultant

### Disclaimer

Verus Advisory 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, 2015. 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. Verus Advisory 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                   |
| Waddell & Reed   | 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                   |
| Brandywine   | 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                   |
| Eaton Vance  | Commingled Fund    | Public Market (Fixed Income) | No                    |
| Northern Trust Aggregate Index                         | Commingled Fund    | Public Market (Fixed Income) | No                    |
| State Street Global Advisors TIPs                      | Commingled Fund    | Public Market (Fixed Income) | No                    |
| INVESCO  | Commingled Fund    | Commodities                  | No                    |
| TA Associates V & IX                                   | Commingled Fund    | Real Estate                  | No                    |
| INVESCO  | Commingled Fund    | Real Estate                  | No                    |
| Colony Capital Partners DC I & III                     | Commingled Fund    | Real Estate                  | No                    |
| IFM  | Commingled Fund    | Infrastructure               | 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                    |
| Grosvenor Institutional Partners (Hedge Fund of Funds) | Commingled Fund    | Private Market               | No                    |
| Hamilton Lane  | Commingled Fund    | Private Market               | No                    |
| Oaktree Opportunities IX                               | Commingled Fund    | Private Market               | No                    |
| KKR  | Commingled Fund    | Private Market               | No                    |
| GSO European Senior Debt Fund                          | Commingled Fund    | Private Market               | No                    |
| CarVal Credit Value Fund III                           | Commingled Fund    | Private Market               | No                    |

Client: **Fresno County Employees Retirement Association**

Analysis Date: **September 30, 2015**

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    |                      |                            |                         |                         |                      |
| 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 |
|----------------------------------|------|--------------|----------------------------|----------|-------------------------|------------------------|-----------------------|
| Brandywine                       | GS   |              |                            |          |                         |                        |                       |
| Loomis, Sayles & Co.             | HY   |              |                            |          |                         |                        |                       |
| Western Asset Management Company | IG   |              |                            |          |                         |                        |                       |
| PIMCO Emerging Markets Debt      | EMD  |              |                            |          |                         |                        |                       |
| State Street Global Advisors     | TIPS |              |                            |          |                         |                        |                       |
| Northern Trust Aggregate Index   | AGG  |              |                            |          |                         |                        |                       |
| Eaton Vance Investment Managers  | BL   |              |                            |          |                         |                        |                       |

**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                            |
|  | No Relevant Restriction  |

## Domestic Equity

### Domestic Equity Accounts 9/30/2015

| <b>Aronson + Johnson + Ortiz</b>  |               |
|---|---------------|
| 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-AD foreign stocks without consent of Association                | Yes           |

| <b>Kalmar Investments Inc.</b>  |               |
|---|---------------|
| 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           |
| 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>                                    |               |
|---|---------------|
| Guideline   | In Compliance |
| 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**  
**9/30/2015**

| <b>Systematic Financial Management</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                  |
| Initial position caps shall be between \$100M and \$2B                              | Yes                  |
| No derivatives, non-ADR foreign stocks without consent of Association               | Yes                  |

| <b>State Street Global Advisors<sup>1</sup></b>   |                      |
|---|----------------------|
| <b>Guideline</b>  | <b>In Compliance</b> |
| The investment policies of State Street shall be governed by the State Street's Fund Declaration. | Yes <sup>2</sup>     |

<sup>1</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**  
**9/30/2015**

| <b>Artisan Partners<sup>1</sup></b>                          |                      |
|--|----------------------|
| <b>Guideline</b>   | <b>In Compliance</b> |
| 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                  |

| <b>Research Affiliates</b>  |                      |
|---|----------------------|
| <b>Guideline</b>  | <b>In Compliance</b> |
| 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                  |

| <b>Mondrian Investment Partners Limited</b>   |                      |
|---|----------------------|
| <b>Guideline</b>  | <b>In Compliance</b> |
| The investment policies of Mondrian shall be governed by the Mondrian Emerging Markets Equity Fund, L.P.'s Offering Memorandum. | Yes <sup>2</sup>     |

| <b>Mondrian Investment Partners Limited</b>  |                      |
|--|----------------------|
| <b>Guideline</b>   | <b>In Compliance</b> |
| The investment policies of Mondrian shall be governed by the Mondrian International Small Cap, L.P.'s Offering Memorandum. | Yes <sup>2</sup>     |

<sup>1</sup>Artisan Partners had a minimum country diversification requirement that was not met during the fourth quarter of 2014. This guideline was amended by the Board in March of 2015 bringing the strategy into compliance.

<sup>2</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

Fixed Income Accounts  
9/30/2015

| <b>Brandywine Global Sovereign</b>   |               |
|--|---------------|
| Guideline  | In Compliance |
| All investments shall be investment grade quality at time of purchase.   | Yes           |
| Duration shall be limited to a range of 1-10 years.  | Yes           |
| All investments must be debt that is issued or guaranteed by sovereign governments, surpanational or multinational entities. | Yes           |

| <b>Loomis Sayles</b>  |               |
|---|---------------|
| Guideline   | In Compliance |
| ≤ 5% per issue at <b>market</b> except U.S. Govt. Bonds as determined at the time of purchase             | Yes           |
| ≤ 5% of the market value of the portfolio in common stock   | Yes           |
| Duration shall not exceed the Barclays Aggregate Bond Index by +/- 5 years                                | Yes           |
| Use of derivatives to be disclosed quarterly to Association. No derivatives outside of benchmark duration | Yes           |

| <b>Eaton Vance</b>  |                  |
|---|------------------|
| Guideline   | In Compliance    |
| The investment policies of Eaton Vance shall be governed by the Senior Floating Rate Offering Memorandum. | Yes <sup>2</sup> |

<sup>1</sup>The Association's investment in Eaton Vance is made through a commingled vehicle. Therefore, the Association's investment guidelines do not govern the investment processes of the fund.

## Fixed Income 2

Fixed Income Continued  
9/30/2015

| <b>Western Asset Management Company</b>   |               |
|---|---------------|
| Guideline   | In Compliance |
| Commerical Paper has Minimum Quality of A-2 as defined by S&P or P-2 by Moody's             | Yes           |
| ≤ 5% per issue at <b>market</b> except U.S. Govt. Bonds                                     | Yes           |
| ≥ 95% of the portfolio is invested in investment grade securities at the time of purchase   | Yes           |
| No use of emerging market sovereign debt (USD denominated and foreign currency denominated) | Yes           |
| Duration shall not exceed the benchmark index by +/- 10%                                    | Yes           |
| Use of derivatives to be disclosed quarterly to Association.                                | Yes           |

| <b>PIMCO Emerging Markets Debt</b>  |               |
|---|---------------|
| 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           |

| <b>State Street Global Advisors TIPs</b>   |                  |
|--|------------------|
| Guideline  | In Compliance    |
| The investment policies of State Street shall be governed by the Fund's Declaration. | Yes <sup>1</sup> |

| <b>Northern Trust Barclays Aggregate Index Fund</b>  |                  |
|--|------------------|
| Guideline  | In Compliance    |
| The investment policies of Northern Trust's Barclays Aggregate Index Fund shall be governed by the Fund's Declaration. | Yes <sup>1</sup> |

<sup>1</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.



October 16, 2015

Mr. Michael Kamell  
Verus  
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, 2015, to September 30, 2015.

We welcome your questions.

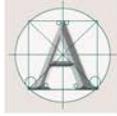
Sincerely,

A handwritten signature in blue ink, appearing to read 'J. Dietrick', with a large, stylized flourish extending to the left.

Joseph F. Dietrick  
dietrick@ajopartners.com

srl (EMAIL)

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, 2015

This is to confirm that, 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, as amended March 4, 2015, and that the portfolio is in compliance with those policies and restrictions.

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

Name: Jane E. Lisheran  
Title: Compliance Manager  
Date: October 5, 2015



Brandywine Global Investment Management LLC  
2929 Arch Street, 8th Floor / Philadelphia, PA 19104  
800 348 2499 / 215 609 3500 / fax 215 609 3501  
brandywineglobal.com

**Date: October 13, 2015**

**To: Verus Advisory, Inc., Investment Consultant to FCERA**

**From: Brandywine Global Investment Management**

**RE: FCERA Quarterly Compliance Affirmation**

We hereby certify that to the best of our knowledge, the Fresno County Employees Retirement Association's Global Investment-Grade Sovereign portfolio was managed in accordance with investment policies set forth in the Investment Management Agreement dated November 5, 2014 for the quarter ended September 30, 2015, with the exception of any items listed below:

- None.

Best regards,

A handwritten signature in black ink that reads "Tommy Ha".

Tommy Ha  
Portfolio Compliance



**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 including the addendum dated 2/18/14.

Signature: \_\_\_\_\_

A handwritten signature in blue ink, appearing to read "Nancy Romito", written over a horizontal line.

By: Nancy Romito

Title: Client Services Director

Firm: Kalmar Investments Inc.

Date: October 20, 2015

Reporting Period: Third Quarter 2015



**LOOMIS | SAYLES**

**COMPLIANCE CERTIFICATION**

**DATE:** 10/19/2015

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

HY05N1 Fresno County Employees Retirement Association

**PERIOD UNDER REVIEW:** 7/1/2015 - 9/30/2015

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:**

HY05N1: Compliance with the Fresno County Employees Retirement Association Investment Policy.

**Guideline Violations:**

HY05N1 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

10/13/2015

Portfolio Manager(s) Approval

HY05N1

Matthew Eagan

Vice President, Portfolio Manager

10/19/2015

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

**Certification of Compliance with Investment Strategy**

**for the period from July 1, 2015 to September 30, 2015**

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: GINNY CHONG  
Title: SENIOR PORTFOLIO MANAGER  
Date: OCT 8 2015

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 captial 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>GVC</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>GVC</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. 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>BYC</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.*

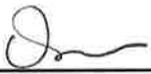
**Mondrian International Small Cap Equity Fund, L.P. (the "Fund")**

**Certification of Compliance with Investment Strategy**

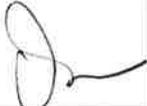
**for the period from July 1, 2015 to September 30, 2015**

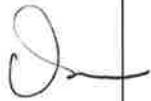
The Fund has been in compliance with its Investment Strategy, as fully set forth in the Confidential Information Memorandum of the Fund, during the period described above. Each item of the Investment Strategy is described in the Appendix and initialed as being in compliance.

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

By:   
Name: Ormala Krishna  
Title: CIO  
Date: 12/10/15

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

| Investment Strategy Detail  | Initial |
|---|---------|
| <p data-bbox="194 495 592 524"><i>Securities, Approach and Markets</i></p> <p data-bbox="194 555 1334 846">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 data-bbox="194 882 1334 1043">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 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 data-bbox="194 1079 1334 1570">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 data-bbox="194 1606 1334 1731">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 data-bbox="194 1767 1334 1830">The Fund may hold up to 20% of its assets measured at the time of purchase in securities of emerging market companies.</p>  |         |

|  |   |
|--|---|
| <p><u>Emerging Markets Equity Securities</u></p> <p>The Fund considers an emerging country to be any country that is included in the MSCI EM 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, 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. 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 MSCI 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><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> |  |

*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.*

# PIMCO

October 22, 2015

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, 2015 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 were discovered.

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

Sincerely,



Joel Reynolds  
Senior Vice President, Head of U.S. Portfolio Compliance



JEFFREY A. SMITH  
*Chief Compliance Officer*  
DIRECT: (949) 325-8747  
FAX: (949) 325-8947  
E-MAIL: [smith@rallc.com](mailto:smith@rallc.com)

October 12, 2015

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, 2015.

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

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeffrey A. Smith'.

Jeffrey A. Smith  
*Chief Compliance Officer*



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

October 16, 2015

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

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

Dear Sir/Madam:

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,

Systematic Financial Management, L.P

Cc: Scott Garrett- Systematic Financial Management, LP.

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

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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 14, 2015

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

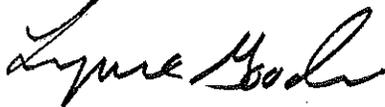
RE: Fresno County Employees' Retirement Association

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 2015.

Please let me know if you need any additional information.

Sincerely,



Lynne Goodwin  
Vice President  
Institutional Relationship Management

Cc: Donald Kendig



October 5, 2015

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 2015.

Please contact Western Asset should you have any questions.

Sincerely,

Jeffrey E. Kolesnik  
Compliance Officer