



Morgan Dempsey Wins \$50M MERS Mandate

Milwaukee, WI (2/1/11) - Morgan Dempsey Small/Micro-cap strategy hired by Municipal Employees' Retirement System of Michigan.

The Municipal Employees' Retirement System of Michigan has hired Morgan Dempsey Capital Management, LLC to manage a \$50 million mandate as part of a new 5% allocation to U.S. micro-cap equities. The search comes after MERS decided in July of last year to increase their exposure to the micro-cap space.

"We're extremely pleased to be selected for this mandate," said David Durham, Co-Principal of Morgan Dempsey. "We pride ourselves on intense, bottom-up research in micro and small company stocks and it is gratifying to have clients who recognize and understand the value of those efforts."

The Morgan Dempsey Small/Micro-cap Strategy has posted double-digit positive performance in 7 of the last 8 years with an annualized net return since inception of 16.2%.

About Morgan Dempsey

Morgan Dempsey Capital Management, LLC is a Milwaukee based SEC Registered Investment Advisor founded in 1994. MDCM focuses on style-specific investment strategies that meet the unique needs of institutional investors and high net worth individuals. The Small/Micro-cap strategy focuses on inefficiently priced small/micro-cap companies with robust "fortress balance sheets" and ample free cash flow. Their holdings tend to be run by founder/owner/operators where management's long term interests are aligned with those of the shareholder.

For more information, visit www.MorganDempsey.com.

About the Municipal Employees' Retirement System of Michigan

The Municipal Employees' Retirement System (MERS) is a statewide retirement plan and tax-qualified trust that municipalities may adopt for their employees. MERS offers employee benefit programs: defined benefit, defined contribution and hybrid plans, and group insurance products. MERS serves cities, counties, hospitals, libraries, medical care facilities, road commissions, townships, villages, and similar units of local government. MERS has partnered with Michigan municipal organizations for more than 65 years, helping them deliver on their promise of a retirement for their employees.

For more information, visit www.mersofmich.com.

To schedule an interview or request additional information, please contact:

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SMALL/MICRO-CAP VALUE INSTITUTIONAL COMPOSITE - ANNUAL DISCLOSURE PRESENTATION

Year End	Total Firm Assets (millions)	Composite Assets (USD) (millions)	Number of Accounts	% of Non-Fee-Paying	Annual Performance Results Composite		Russell 2000 Value Index	Composite Dispersion
					Gross	Net		
2010	213	49	10	0%	26.86%	25.68%	24.51%	.49%
2009	173	5	8	0%	21.96%	20.83%	20.58%	.33%
2008	141	3	5	0%	-12.75%	-13.62%	-28.92%	N.A.
2007	188	4	5	0%	11.74%	10.67%	-9.78%	N.A.
2006	190	3	4	0%	19.74%	18.61%	23.48%	N.A.
2005	69	3	4	0%	16.60%	15.50%	4.71%	N.A.
2004	73	2	3	0%	23.57%	22.40%	22.25%	N.A.
2003	137	.4	1	100%	32.98%	31.73%	46.03%	N.A.

N.A. -Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

Morgan Dempsey Capital Management, LLC (MDCM) has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

Small/Micro-Cap Value Institutional Composite contains fully discretionary Small/Micro-Cap Value commission based accounts and for comparison purposes is measured against the Russell 2000 Value Index. The minimum account size for this composite is \$100,000 at time of entry.

MDCM is an independent registered investment adviser. The firm maintains a complete list and description of composites, which is available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Results for Q4 2002 and Calendar year 2003 were from one account managed and researched exclusively by Brian Rafn at a previous investment advisory firm. Beginning January 1, 2010, composite policy requires the creation of a temporary portfolio for a client initiated significant cash inflow of at least 10% of portfolio assets. The creation of such a temporary account occurs on the date in which the significant cash flow occurs and the temporary account is combined with the corresponding composite account at the month end after the cash flow is fully invested. Additional information regarding the treatment of significant cash flows is available upon request. Composite returns represent investors domiciled primarily in the United States. Past performance is not indicative of future results.

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using MDCM's maximum Small/Micro-Cap Value annual management fee of 1%, equally applied on monthly basis. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Additional information regarding the policies for calculating and reporting returns is available upon request.

The investment management fee schedule for the composite is 1% on all assets. Actual investment advisory fees incurred by clients may vary.

The Small/Micro-Cap Value Institutional Composite was created June 30, 2010. MDCM's compliance with the GIPS standards has been verified for the period June 30, 2000 through September 30, 2010 by Ashland Partners & Company LLP.

A copy of the verification report is available upon request. In addition, a performance examination was conducted on the Small/Micro-Cap Value Institutional Composite beginning January 1, 2004. A copy of the verification report is available upon request.



VERIFIED

The information herein is for informational use only. Under no circumstances does this information represent a recommendation to buy or sell securities. Information contained herein should not be construed as a solicitation or offer of any services in a jurisdiction where Morgan Dempsey Capital Management, LLC is not registered to do business or does not qualify for an exemption or exclusion from registration requirements.

Small and Micro-Cap stocks may be subject to a higher degree of risk than more established company securities. Small and Micro-Cap stocks may be less liquid which can potentially increase trading costs. The composition and market volatility of the Russell 2000 Value, Russell 2000 and Russell Micro-cap Value, which are unmanaged market value-weighted indices, and the composition and volatility of the portfolios managed by MDCM are materially different.

Some information provided on MDCM's website or in company communications reflects opinions, and as such are not facts. These opinions are subject to change with changes in economic conditions and new information. Therefore, this information should not be used as a basis for an investment decision.

Manager ranking data was obtained from Money Manager Review, Nelson Information, Informa/Effron PSN, Morningstar, Evestment Alliance and other consultant databases. These rankings are independently prepared, and we believe them to be objective and statistically valid. Other similar manager rankings may produce different results.

Further detailed disclosure information is contained in our Form ADV Part II which is available upon request