

**City of Hollywood Employees' Retirement Fund  
Preliminary Market Value Update  
as of January 31, 2016**

	<b>Market Value</b>	<b>Percent of Total Plan</b>	<b>Target Allocation</b>
<b><u>Domestic Equity - Large Cap</u></b>	<b>\$68,658,345</b>	<b>24.0%</b>	<b>25.0%</b>
Northern Trust	\$68,658,345	24.0%	
<b><u>Domestic Equity - Small Cap</u></b>	<b>\$34,926,079</b>	<b>12.2%</b>	<b>12.5%</b>
TSW	\$17,385,561	6.1%	
Frontier Capital	\$17,540,518	6.1%	
<b><u>International Equity</u></b>	<b>\$53,324,624</b>	<b>18.7%</b>	<b>20.0%</b>
Wellington	\$39,167,590	13.7%	
Brandes	\$14,157,034	5.0%	
<b><u>Fixed</u></b>	<b>\$90,802,392</b>	<b>31.8%</b>	<b>32.5%</b>
Neuberger & Berman	\$39,086,179	13.7%	
Baird Advisors	\$51,716,213	18.1%	
<b><u>Real Estate</u></b>	<b>\$37,889,931</b>	<b>13.3%</b>	<b>10.0%</b>
Morgan Stanley	\$28,896,115	10.1%	
Principal	\$8,993,816	3.1%	
<b>Total Fund*</b>	<b>\$285,601,371</b>	<b>100.0%</b>	<b>100.0%</b>

**City of Hollywood Employees' Retirement Fund**  
**Preliminary Performance Update**  
**as of January 31, 2016**

	Quarter ended December 31, 2015	1 Month ended January 31, 2016	Fiscal YTD January 31, 2016	Market Value January 31, 2016	Percent of Total Plan January 31, 2016
<b>Domestic Equity</b>					
Northern Trust S&P 500	7.05%	-4.98%	1.72%	\$68,658,345	24.0%
<i>Northern Trust - net</i>	7.04%	-4.98%	1.70%		
<i>S&amp;P 500 Index</i>	7.05%	-4.96%	1.74%		
TSW	2.04%	-6.07%	-4.16%	\$17,385,561	6.1%
<i>TSW - net</i>	1.83%	-6.14%	-4.42%		
<i>Russell 2500 Value Index</i>	2.78%	-6.13%	-3.52%		
Frontier Capital	5.67%	-8.74%	-3.56%	\$17,540,518	6.1%
<i>Frontier Capital - net</i>	5.48%	-8.80%	-3.81%		
<i>Russell 2500 Growth Index</i>	3.81%	-9.89%	-6.46%		
<b>International Equity</b>					
Wellington	3.89%	-7.53%	-3.93%	\$39,167,590	13.7%
<i>Wellington- net</i>	3.71%	-7.59%	-4.16%		
<i>MSCI ACWI - ex US (net)</i>	3.25%	-6.80%	-3.77%		
Brandes	5.28%	-5.80%	-0.83%	\$14,157,034	5.0%
<i>Brandes - net</i>	5.04%	-5.88%	-1.14%		
<i>MSCI EAFE Small Cap (net)</i>	6.79%	-7.86%	-1.61%		
<b>Fixed</b>					
Neuberger & Berman	-0.46%	0.85%	0.39%	\$39,086,179	13.7%
<i>Neuberger &amp; Berman - net</i>	-0.53%	0.83%	0.29%		
<i>Barclays Intermediate Gov't/Credit Index</i>	-0.69%	1.22%	0.52%		
Baird Advisors	-0.91%	1.22%	0.30%	\$51,716,213	18.1%
<i>Baird Advisors - net</i>	-0.98%	1.20%	0.21%		
<i>Barclays Aggregate Index</i>	-0.56%	1.38%	0.81%		
<b>Real Estate</b>					
Morgan Stanley*	3.30%	0.00%	3.30%	\$28,896,115	10.1%
<i>Morgan Stanley - net</i>	3.09%	0.00%	3.09%		
<i>NCREIF ODCE (ew) Index</i>	3.43%	0.00%	3.43%		
Principal*	7.06%	0.00%	7.05%	\$8,993,816	3.1%
<i>Principal - net</i>	6.73%	0.00%	6.73%		
<i>NCREIF Property Index</i>	2.91%	0.00%	2.91%		
<b>Total Fund</b>	<b>3.31%</b>	<b>-3.21%</b>	<b>-0.01%</b>	<b>\$285,601,371</b>	<b>100.0%</b>
<b>Total Fund - net</b>	<b>3.22%</b>	<b>-3.11%</b>	<b>0.01%</b>		
<b>Policy Index**</b>	<b>3.16%</b>	<b>-3.18%</b>	<b>-0.12%</b>		

<b>Asset Class</b>	<b>Market value</b>	<b>% of Plan</b>	<b>Target</b>	<b>Ranges</b>
Large Cap Equity	\$ 68,658,345	24.0%	25.0%	20-30%
Small Cap Equity	\$ 34,926,079	12.2%	12.5%	7.5-17.5%
International Equity	\$ 53,324,624	18.7%	20.0%	15-25%
Fixed Income	\$ 90,802,392	31.8%	32.5%	22.5-42.5%
Real Estate	\$ 37,889,931	13.3%	10.0%	5-15%
<b>Total Fund</b>	<b>\$ 285,601,371</b>	<b>100.0%</b>	<b>100.0%</b>	

Note: Monthly performance is preliminary and provided by investment managers. The Total Fund return is a weighted average of the returns provided.

\*Performance is calculated on a quarterly basis.

\*\* Policy Index: (Nov 13-current) 30% S&P 500, 12.5% R2500, 15% MSCI ACWI ex US (net), 32.5% Barclays Intermediate Aggregate, 7.5% NCREIF ODCE (ew), 2.5% NCREIF NPI (May 13-Oct 13) 32.5% S&P 500, 12.5% Russell 2000, 15% MSCI ACWI ex-US, 32.5% Barclays Intermediate Aggregate, 7.5% NCREIF ODCE (ew)

**City of Hollywood Employees' Retirement Fund**  
**Preliminary Performance Update**  
**as of January 31, 2016**

	Quarter ended March 31, 2015	Quarter ended June 30, 2015	Quarter ended September 30, 2015	Quarter ended December 31, 2015	Calendar YTD January 31, 2016
<b>Domestic Equity</b>					
Northern Trust <i>S&amp;P 500 Index</i>	0.95% <i>0.95%</i>	0.29% <i>0.28%</i>	-6.44% <i>-6.43%</i>	7.05% <i>7.05%</i>	-4.98% <i>-4.96%</i>
TSW SMID <i>Russell 2500 Value Index</i>	5.63% <i>3.02%</i>	-1.25% <i>-1.28%</i>	-7.02% <i>-9.59%</i>	2.04% <i>2.78%</i>	-6.07% <i>-6.13%</i>
Frontier Capital <i>Russell 2500 Growth Index</i>	6.34% <i>7.44%</i>	-0.54% <i>0.60%</i>	-15.67% <i>-11.05%</i>	5.67% <i>3.81%</i>	-8.74% <i>-9.89%</i>
<b>International Equity</b>					
Wellington <i>MSCI ACWI ex-US Index</i>	4.51% <i>3.49%</i>	1.41% <i>0.53%</i>	-7.54% <i>-12.15%</i>	3.89% <i>3.25%</i>	-7.53% <i>-6.80%</i>
Brandes <i>MSCI EAFE Small Cap (net)</i>	N/A <i>N/A</i>	N/A <i>N/A</i>	-3.68% <i>-6.82%</i>	5.28% <i>6.79%</i>	-5.80% <i>-7.86%</i>
<b>Fixed</b>					
Neuberger & Berman <i>Barclays Intermediate Gov't/Credit Index</i>	1.31% <i>1.47%</i>	-0.63% <i>-0.63%</i>	0.73% <i>0.95%</i>	-0.46% <i>-0.69%</i>	0.85% <i>1.22%</i>
Baird Advisors <i>Barclays Aggregate Index</i>	1.80% <i>1.61%</i>	-1.67% <i>-1.68%</i>	1.24% <i>1.24%</i>	-0.91% <i>-0.56%</i>	1.22% <i>1.38%</i>
<b>Real Estate</b>					
Morgan Stanley <i>NCREIF ODCE (ew) Index</i>	3.18% <i>3.40%</i>	4.42% <i>3.92%</i>	3.79% <i>3.63%</i>	3.30% <i>3.43%</i>	0.00% <i>0.00%</i>
Principal <i>NCREIF Property Index</i>	3.93% <i>3.57%</i>	5.07% <i>3.14%</i>	4.16% <i>3.09%</i>	7.06% <i>2.91%</i>	0.00% <i>0.00%</i>

## Investment Manager Fee Table Period Ended January 31, 2016

<u>Manager</u>	<u>Mandate</u>	<u>Market Value</u>	<u>Fee Schedule</u>	<u>Estimated Annual Fee (\$)</u>	<u>Estimated Annual Fee (%)</u>
Northern Trust	Passive Large Cap Equity	\$ 68,658,345	3.5 bps on assets	\$ 24,030	0.04%
TSW	SMID Cap Value Equity	\$ 17,385,561	80 bps on assets	\$ 139,084	0.80%
Frontier Capital	SMID Cap Growth Equity	\$ 17,540,518	75 bps on assets	\$ 131,554	0.75%
Wellington	International Equity	\$ 39,167,590	71 bps on assets	\$ 278,090	0.71%
Brandes	International Small Cap Equity	\$ 14,157,034	95 bps on first \$25MM, 90 bps on next \$25MM, 80 bps on balance	\$ 134,492	0.95%
Neuberger & Berman	Intermediate Fixed Income	\$ 39,086,179	30 bps on first \$50MM, 20 bps on next \$50mm, 15 bps on balance	\$ 117,259	0.30%
Baird Advisors	Core Plus Fixed Income	\$ 51,716,213	30 bps on first \$25MM, 25 bps on next \$25MM, 20 bps on next \$20MM, 15 bps on balance	\$ 141,791	0.27%
Morgan Stanley	Real Estate	\$ 28,896,115	84 basis points base fee, plus a monthly accrued performance based fee equal to 5% multiplied by NAV multiplied by comparable property NOI growth for the month	\$ 242,727	0.84%
Principal*	Real Estate	\$ 8,993,816	130 bps on assets + incentive fee	\$ 116,920	1.30%
<b>Investment Management Fees</b>		<b>\$ 285,601,371</b>		<b>\$ 1,325,947</b>	<b>0.46%</b>
Segal Rogerscasey	Investment Consulting		\$130,000 annual retainer	\$ 130,000	0.05%
Wells Fargo	Custodian	\$ 285,601,371	2 bps on first \$50MM, 1 bps on next \$75MM, 0.5 bps on balance	\$ 25,530	0.01%
<b>TOTAL FEES</b>				<b>\$ 1,481,477</b>	<b>0.52%</b>

\*Incentive fee is equal to 15% of the profits in excess of an 11% net IRR to investors.

**U.S. Economy**

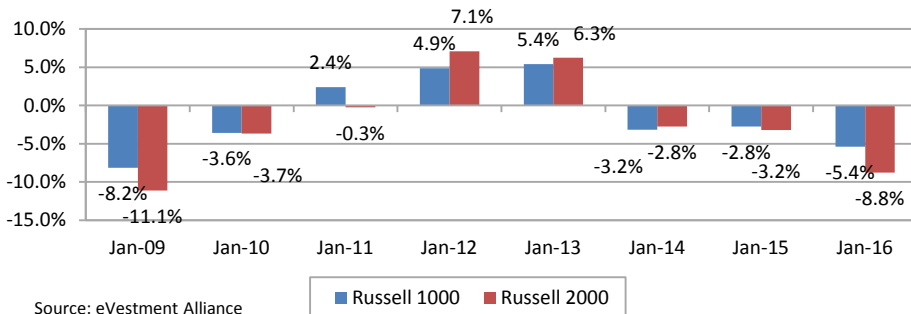
- The U.S. unemployment rate fell by 0.1% to 4.9% in January. The labor force participation rate was 62.7%. Nonfarm payrolls grew by 151,000 jobs. November employment gains were revised upward; December job increases were revised downward.
- The University of Michigan Consumer Sentiment Index declined from 92.6 in December to 92.0 in January. Views on present conditions fell, while expectations held steady.
- The Purchasing Manager’s Index (PMI) ended January at 48.2. A reading under 50 indicates that manufacturing growth declined.

**U.S. Equity**

- The Russell style and size index returns:
 

	Value	Core	Growth
Large Cap	-5.2%	-5.4%	-5.6%
Mid Cap	-5.5%	-6.6%	-7.6%
Small Cap	-6.7%	-8.8%	-10.8%
- The Russell 3000 Index (-5.6%) fell in January. All size and style returns were negative, but large caps posted the better returns for the second consecutive month. Value lost less than growth within each market cap.
- Sector returns were mixed. The best performers were Telecom (6.8%), Utilities (4.9%) and Consumer Staples (0.6%). Materials (-10.6%) and Financials (-8.9%) lost the most.

**U.S. Equities Off to Worst Start Since 2009**



Source: eVestment Alliance

**Non-U.S. Equity**

- The MSCI EAFE Index (-7.2% USD; -5.8% local currency) fell. The decline in local currency terms was less drastic because the USD strengthened versus other developed market currencies. Size and style indices posted negative, mixed performance. Large cap growth (-6.1%) lost the least, but large cap value (-8.3%) fell the most.
- All regional and country returns were negative. Italy (-13.6%) posted the steepest and only double-digit loss of the index, while Canada (-2.4%) performed the best.
- All sectors also declined, but like in the U.S., Financials (-11.7%) and Materials (-10.9%) were the worst performers.

	MSCI EAFE			MSCI EM		
	Value	Core	Growth	Value	Core	Growth
Large Cap	-8.3%	-7.3%	-6.1%	-6.4%	-6.6%	-6.8%
Mid Cap	-7.0%	-7.1%	-7.2%	-6.8%	-5.9%	-5.1%
Small Cap	-7.6%	-7.9%	-8.1%	-8.3%	-7.9%	-7.4%

**Emerging Markets Equity**

- The MSCI EM Index (-6.5% USD; -5.2% local currency) fell, hurt by a strong USD and weak commodity prices, particularly oil. Large caps lost less than small caps. Small cap value (-8.3%), which posted the best style return in December, fared the worst in January.
- All regions fell, but Asia (-7.3%) dropped the most. Much of the decline can be attributed to China (-12.7%). Latin America (-4.6%) fell, dragged down in large part by Brazil (-7.3%). Within EMEA (-4.2%), Greece (-21.2%) registered the steepest decline.
- All sectors posted negative returns, but Financials (-9.5%) and Consumer Discretionary (-7.1%) fell the most.

**U.S. Fixed Income**

- Core fixed income markets gained, as measured by the BC Aggregate (Agg) Index (1.4%).
- BC Agg spread sector performance relative to Treasuries was negative except for ABS:
 

Corporates:	-215 bps	Agencies:	-32 bps
MBS:	-39 bps	CMBS:	-54 bps
ABS:	21 bps		
- The U.S. Treasury yield tightened across the curve, but intermediate-duration Treasuries contracted the most. The 5- and 7-year Treasury yields tightened by 43 and 42 bps, respectively. Diminished expectations for additional Fed Funds Rate hikes in light of volatile global markets and mixed economic data in the U.S. caused spreads to compress.

BC 1-3 Year Gov/Credit	BC Intermed Gov/Credit	BC Long Gov/Credit
0.5%	1.2%	2.1%

- The BC Corporate High Yield Index (-1.6%) declined. The average OAS widened by 74 bps to end January at 734 bps.
- The BC U.S. TIPS Index (1.5%) gained during the month.

**Non-U.S. Fixed Income**

- The Citigroup Non-U.S. WGBI Index increased on both a currency-hedged (2.0%) and currency-unhedged (1.0%) basis.
- Emerging market debt was negative per the JPM EMBI Global Index (-0.2%).

**Commodities**

- Commodities fell, as measured by the Bloomberg Commodity Index (-1.7%) and the S&P GSCI (-5.2%). The S&P GSCI has a greater allocation to Energy (-7.3% BCOM; -9.2% S&P GSCI), which is largely the reason it lost more than the BCOM. Precious Metals gained close to 5% in each index, and Livestock (1.3%) gained in the BCOM. All other sectors fell.
- The price of crude oil fell from \$37/barrel in December to \$34/barrel in January. The price of gold increased from \$1,061/troy ounce to \$1,118/troy ounce.

**Hedge Funds**

- The HFRI Fund Weighted Composite Index (-1.7%) fell in January.
- The HFRI Fund of Funds Composite Index (-2.9%) also declined.
- Except for Macro, all of the major hedge fund strategies posted losses for the month.

	Month	YTD
HFRI Equity Hedge Index	-3.7%	-3.7%
HFRI Relative Value Index	-1.7%	-1.7%
HFRI Event-Driven Index	-2.3%	-2.3%
HFRI Emerging Markets Index	-4.6%	-4.6%
HFRI Macro Index	1.5%	1.5%