

**City of Hollywood Employees' Retirement Fund**  
**Preliminary Market Value Update**  
**as of January 31, 2017**

	<b>Market Value</b>	<b>Percent of Total Plan</b>	<b>New Target Allocation</b>	<b>Difference</b>	<b>Range</b>
<b><u>Domestic Equity - Large Cap</u></b>	<b>\$82,124,674</b>	<b>26.7%</b>	<b>20.0%</b>	<b>6.7%</b>	<b>15-30%</b>
Northern Trust	\$82,124,674	26.7%			
<b><u>Domestic Equity - SMID Cap</u></b>	<b>\$43,930,263</b>	<b>14.3%</b>	<b>10.0%</b>	<b>4.3%</b>	<b>7-15.5%</b>
TSW	\$20,216,325	6.6%			
Frontier Capital	\$23,713,938	7.7%			
<b><u>International Equity</u></b>	<b>\$61,553,188</b>	<b>20.0%</b>	<b>20.0%</b>	<b>0.0%</b>	<b>15-25%</b>
Wellington	\$44,400,679	14.4%			
Brandes	\$17,152,509	5.6%			
<b><u>Fixed</u></b>	<b>\$82,928,364</b>	<b>26.9%</b>	<b>30.0%</b>	<b>-3.1%</b>	<b>25-37.5%</b>
Neuberger & Berman	\$27,804,838	9.0%			
Baird Advisors	\$55,123,526	17.9%			
<b><u>Real Estate</u></b>	<b>\$33,075,985</b>	<b>10.7%</b>	<b>10.0%</b>	<b>0.7%</b>	<b>7-14%</b>
Morgan Stanley	\$23,764,420	7.7%			
Principal	\$9,311,565	3.0%			
<b><u>Private Equity</u></b>	<b>\$4,409,649</b>	<b>1.4%</b>	<b>7.5%</b>	<b>-6.1%</b>	<b>0-15%</b>
Neuberger Berman Crossroads XXI	\$4,087,590	1.3%			
HarbourVest Dover Fund IX	\$322,059	0.1%			
<b><u>Infrastructure</u></b>	<b>\$0</b>	<b>0.0%</b>	<b>2.5%</b>	<b>-2.5%</b>	<b>0-5%</b>
IFM Global Infrastructure	\$0	0.0%			
<b>Total Fund</b>	<b>\$308,022,123</b>	<b>100.0%</b>	<b>100.0%</b>		

**City of Hollywood Employees' Retirement Fund**  
**Preliminary Performance Update**  
**as of January 31, 2017**

	Quarter ended December 31, 2016	1 Month ended January 31, 2017	Fiscal YTD January 31, 2017	Market Value January 31, 2017	Percent of Total Plan January 31, 2017
<b>Domestic Equity</b>					
Northern Trust S&P 500	3.83%	1.89%	5.78%	\$82,124,674	26.7%
<i>Northern Trust - net</i>	3.82%	1.89%	5.77%		
<i>S&amp;P 500 Index</i>	3.83%	1.90%	5.79%		
TSW	4.13%	1.21%	5.40%	\$20,216,325	6.6%
<i>TSW - net</i>	3.93%	1.14%	5.13%		
<i>Russell 2500 Value Index</i>	9.34%	0.55%	9.94%		
Frontier Capital	3.91%	2.96%	6.97%	\$23,713,938	7.7%
<i>Frontier Capital - net</i>	3.72%	2.90%	6.72%		
<i>Russell 2500 Growth Index</i>	2.59%	2.37%	5.03%		
<b>International Equity</b>					
Wellington	-1.54%	3.01%	1.42%	\$44,400,679	14.4%
<i>Wellington- net</i>	-1.72%	2.95%	1.18%		
<i>MSCI ACWI - ex US (net)</i>	-1.25%	3.54%	2.24%		
Brandes	1.89%	3.17%	5.14%	\$17,152,509	5.6%
<i>Brandes - net</i>	1.65%	3.09%	4.82%		
<i>MSCI EAFE Small Cap (net)</i>	-2.85%	3.53%	0.58%		
<b>Fixed</b>					
Neuberger & Berman	-2.03%	0.20%	-1.83%	\$27,804,838	9.0%
<i>Neuberger &amp; Berman - net</i>	-2.11%	0.18%	-1.93%		
<i>Blmbg. Barclays Intermediate Gov't/Credit Index</i>	-2.06%	0.27%	-1.80%		
<i>90 Day U.S. Treasury Bill</i>	0.06%	0.04%	0.11%		
Baird Advisors	-2.72%	0.39%	-2.35%	\$55,123,526	17.9%
<i>Baird Advisors - net</i>	-2.79%	0.37%	-2.44%		
<i>Blmbg. Barclays Aggregate Index</i>	-2.98%	0.20%	-2.79%		
<b>Real Estate</b>					
Morgan Stanley*	2.61%	0.07%	2.68%	\$23,764,420	7.7%
<i>Morgan Stanley - net</i>	2.40%	0.00%	2.40%		
<i>NCREIF ODCE (ew) Index</i>	2.16%	0.00%	2.16%		
Principal*	4.05%	0.11%	4.15%	\$9,311,565	3.0%
<i>Principal - net</i>	3.72%	0.00%	3.72%		
<i>NCREIF Property Index</i>	1.73%	0.00%	0.00%		
<b>Private Equity</b>					
NB Crossroads XXI*	N/A	N/A	N/A	\$4,087,590	1.3%
HarborVest Dover Fund IX*	N/A	N/A	N/A	\$322,059	0.1%
<b>Total Fund</b>	<b>0.94%</b>	<b>1.48%</b>	<b>2.43%</b>	<b>\$308,022,123</b>	<b>100.0%</b>
<b>Total Fund - net</b>	<b>0.81%</b>	<b>1.44%</b>	<b>2.26%</b>		
<b>Policy Index**</b>	<b>0.93%</b>	<b>1.41%</b>	<b>2.32%</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. Performance shown is IRR.

\*\* Policy Index: (May 15-current) 25% S&P 500, 12.5% Russell 2500, 15% MSCI ACWI ex US (net), 5% MSCI EAFE Small Cap (Net), 32.5% Barclays Intermediate Aggregate, 7.5% NCREIF ODCE (ew), 2.5% NCREIF NPI (Nov 13-Apr 15) 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, 2017**

	Quarter ended March 31, 2016	Quarter ended June 30, 2016	Quarter ended September 30, 2016	Quarter ended December 31, 2016	Calendar YTD January 31, 2017
<b>Domestic Equity</b>					
Northern Trust	1.30%	2.44%	3.86%	3.83%	1.89%
<i>S&amp;P 500 Index</i>	<i>1.35%</i>	<i>2.46%</i>	<i>3.86%</i>	<i>3.83%</i>	<i>1.90%</i>
TSW SMID	3.97%	3.67%	6.18%	4.13%	1.21%
<i>Russell 2500 Value Index</i>	<i>3.34%</i>	<i>4.37%</i>	<i>6.18%</i>	<i>9.34%</i>	<i>0.55%</i>
Frontier Capital	1.73%	0.89%	13.31%	3.91%	2.96%
<i>Russell 2500 Growth Index</i>	<i>-2.66%</i>	<i>2.70%</i>	<i>6.98%</i>	<i>2.59%</i>	<i>2.37%</i>
<b>International Equity</b>					
Wellington	-1.96%	-1.39%	6.91%	-1.54%	3.01%
<i>MSCI ACWI ex-US Index</i>	<i>-0.37%</i>	<i>-0.65%</i>	<i>6.91%</i>	<i>-1.25%</i>	<i>3.54%</i>
Brandes	4.34%	-2.77%	6.98%	1.89%	3.17%
<i>MSCI EAFE Small Cap (net)</i>	<i>-0.59%</i>	<i>-2.60%</i>	<i>8.64%</i>	<i>-2.85%</i>	<i>3.53%</i>
<b>Fixed</b>					
Neuberger & Berman	2.08%	1.29%	0.20%	-2.03%	0.20%
<i>Barclays Intermediate Gov't/Credit Index</i>	<i>2.45%</i>	<i>1.59%</i>	<i>0.15%</i>	<i>-2.06%</i>	<i>0.27%</i>
<i>90 Day U.S. Treasury Bill</i>	<i>0.06%</i>	<i>0.06%</i>	<i>0.07%</i>	<i>0.06%</i>	<i>0.04%</i>
Baird Advisors	3.50%	2.70%	0.87%	-2.72%	0.39%
<i>Barclays Aggregate Index</i>	<i>3.04%</i>	<i>2.22%</i>	<i>0.46%</i>	<i>-2.98%</i>	<i>0.20%</i>
<b>Real Estate</b>					
Morgan Stanley	2.09%	2.59%	2.47%	2.61%	0.07%
<i>NCREIF ODCE (ew) Index</i>	<i>2.44%</i>	<i>2.18%</i>	<i>2.13%</i>	<i>2.16%</i>	<i>0.00%</i>
Principal	3.19%	3.83%	2.97%	4.05%	0.11%
<i>NCREIF Property Index</i>	<i>2.21%</i>	<i>2.03%</i>	<i>2.18%</i>	<i>1.73%</i>	<i>0.00%</i>

**City of Hollywood Employees' Retirement Fund  
Investment Manager Fee Table  
Period Ended January 31, 2017**

<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	\$ 82,124,674	3.5 bps on assets	\$ 28,744	0.04%
TSW	SMID Cap Value Equity	\$ 20,216,325	80 bps on assets	\$ 161,731	0.80%
Frontier Capital	SMID Cap Growth Equity	\$ 23,713,938	75 bps on assets	\$ 177,855	0.75%
Wellington	International Equity	\$ 44,400,679	71 bps on assets	\$ 315,245	0.71%
Brandes	International Small Cap Equity	\$ 17,152,509	95 bps on first \$25MM, 90 bps on next \$25MM, 80 bps on balance	\$ 162,949	0.95%
Neuberger & Berman	Intermediate Fixed Income	\$ 27,804,838	30 bps on first \$50MM, 20 bps on next \$50mm, 15 bps on balance	\$ 83,415	0.30%
Baird Advisors	Core Plus Fixed Income	\$ 55,123,526	30 bps on first \$25MM, 25 bps on next \$25MM, 20 bps on next \$20MM, 15 bps on balance	\$ 150,309	0.27%
Morgan Stanley	Real Estate	\$ 23,764,420	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	\$ 199,621	0.84%
Principal <sup>1</sup>	Real Estate	\$ 9,311,565	130 bps on assets + incentive fee	\$ 121,050	1.30%
Neuberger Berman Crossroads XXI <sup>2</sup>	Private Equity	\$ 4,087,590	25.8 bps on assets	\$ 10,546	0.26%
HarbourVest Dover Fund IX <sup>3</sup>	Private Equity	\$ 322,059	70 bps on assets	\$ 2,254	0.70%
IFM Global Infrastructure <sup>4</sup>	Infrastructure	\$ -	77 bps on assets	\$ -	-
<b>Investment Management Fees</b>		<b>\$ 308,022,123</b>		<b>\$ 1,413,718</b>	<b>0.46%</b>
Segal Rogerscasey	Investment Consulting		\$130,000 annual retainer	\$ 130,000	0.04%
Wells Fargo	Custodian	\$ 308,022,123	2 bps on first \$50MM, 1 bps on next \$75MM, 0.5 bps on balance	\$ 26,651	0.01%
<b>TOTAL FEES</b>				<b>\$ 1,570,369</b>	<b>0.51%</b>

<sup>1</sup>Incentive fee is equal to 15% of the profits in excess of an 11% net IRR to investors.

<sup>2</sup>NB is aggregating commitments to provide best pricing for SRC clients, and as a result the City of Hollywood \$20 million is saving 10.5 bps; if the commitment had not be aggregated the fee would have been 36.3 bps.

<sup>3</sup>The fee for the Dover IX Fund is 75 bps, but the City of Hollywood is receiving a 5 bps fee discount.

<sup>4</sup>Incentive fee is equal to 10% of the profits in excess of an 8% per annum.

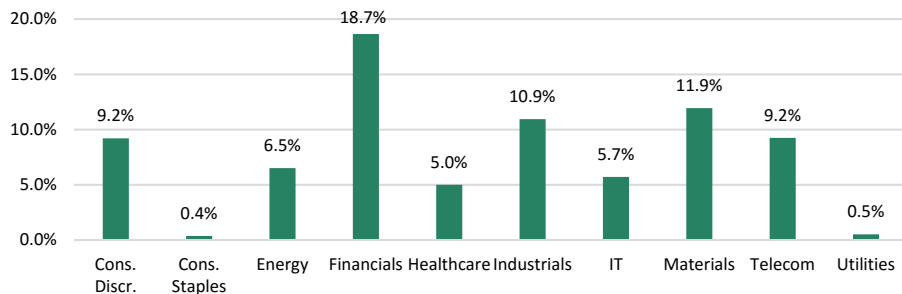
**U.S. Economy**

- In January, the U.S. unemployment rate ticked up by 0.1% to 4.8%, and the labor force participation rate increased by 0.2% to 62.9%. Nonfarm payrolls grew by 227,000 jobs. Employment gains were revised downward for November and upward for December.
- The University of Michigan Consumer Sentiment Index rose from 98.2 in December to 98.5 in January. Views on present conditions declined, while expectations improved.
- The Purchasing Manager’s Index (PMI) ended December at 54.7 and January at 56.0, indicating that manufacturing growth occurred at a faster rate of change.

**U.S. Equity**

- The Russell style and size index returns:
- |           | Value | Core | Growth |
|-----------|-------|------|--------|
| Large Cap | 0.7%  | 2.0% | 3.4%   |
| Mid Cap   | 1.7%  | 2.4% | 3.3%   |
| Small Cap | -0.7% | 0.4% | 1.6%   |
- The Russell 3000 Index (1.9%) gained in January. All size and style indices were positive for the month except small cap value (-0.7%). Growth outperformed value within each market cap, and small caps underperformed within each style category.
  - Sector returns were mixed. Materials (4.6%) was the best performer, while Energy (-3.6%) fared the worst.

S&P 500 Sector Returns Since November Election



Source: Investment Metrics

**Non-U.S. Equity** (All returns in USD unless otherwise stated.)

- The MSCI EAFE Index (2.9% USD; 0.1% local) gained for the month. All size and style returns were positive, but mid cap growth (4.6%) gained the most.
- All regions gained, led by Pacific ex Japan (5.7%), as Hong Kong (7.7%), Singapore (8.4%) and New Zealand (8.8%) posted the strongest country returns within the EAFE Index during the month. Europe ex U.K. (2.4%) rose the least, as losses in Italy (-2.5%) and Finland (-0.7%) detracted from performance.
- All sectors gained except Energy (-2.3%) and Utilities (-0.2%). Materials (7.2%) fared the best, and was up 440 basis points from December.

	MSCI EAFE			MSCI EM		
	Value	Core	Growth	Value	Core	Growth
Large Cap	2.4%	2.7%	3.0%	4.5%	5.5%	6.5%
Mid Cap	2.8%	3.8%	4.6%	4.8%	5.5%	6.0%
Small Cap	3.6%	3.5%	3.4%	5.9%	4.7%	3.5%

**Emerging Markets Equity** (All returns in USD unless otherwise stated.)

- The MSCI EM Index (5.5% USD; 4.0% local) gained in January, buoyed by a weaker USD and higher industrial metals prices, which particularly benefitted Latin American markets. All size and style returns were positive, but large cap growth (6.5%) fared the best.
- Latin America (7.6%) was the top-performing region due to strong gains in Brazil (10.8%) and Peru (9.1%). Asia (5.9%) posted a solid return as well, lifted by Korea (7.7%) and China (6.8%). EMEA (2.1%) gained the least, as weak energy prices were a headwind for several markets such as Russia (-0.3%), Qatar (1.2%) and the United Arab Emirates (0.7%).
- All sectors were positive, but Materials (10.4%) and IT (8.6%) gained the most and Consumer Staples (2.6%) and Healthcare (2.7%) rose the least.

**U.S. Fixed Income**

- The Bloomberg Barclays U.S. Aggregate Index returned 0.2% in January. CMBS (0.6%) was the best performer, followed by Credit (0.3%). MBS (0.0%) lagged all fixed income sectors.
- Treasuries returned 0.2%, as the yield on the 10-year U.S. Treasury rose 0.1% from December to end January at 2.45%. On a duration-equivalent basis, CMBS (+37 bps of excess return) was once again the best-performing sector, followed by Agencies (+14 bps of excess return). High Yield outperformed the U.S. Aggregate Index on a total return (1.45%) and excess return (+124 bps) basis.
- The OAS on the Bloomberg Barclays U.S. Aggregate Index and the U.S. High Yield Index ended the month at 44 bps and 388 bps, respectively. The shape of the yield curve remained virtually unchanged during the month, as Treasury rates were relatively stable.

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

- In Global, the Citigroup WGBI Index returned 1.0% on an unhedged basis and -0.8% on a hedged basis.
- In the emerging markets, the JPM GBI EM Global Diversified Index (2.3%), the JPM EMBI Global Diversified Index (1.4%) and the JPM CEMBI Diversified Index (1.3%) all gained.

**Commodities**

- Commodities posted mixed performance, as measured by the Bloomberg Commodity Index (0.1%) and the S&P GSCI (-1.4%). Energy (-7.6% BCOM; -4.7% GSCI) and Livestock (-1.3% BCOM; -1.1% GSCI) were both negative. Industrial Metals (7.5% BCOM; 8.4% GSCI), Precious Metals (6.3% BCOM; 5.5% GSCI) and Agriculture (3.3% BCOM; 3.4% GSCI) were positive contributors during the month.
- The price of crude oil fell slightly from \$54/barrel in December to \$53/barrel in January, and the price of gold rose from \$1,152/troy ounce to \$1,211/troy ounce.

**Hedge Funds**

- The HFRI Fund Weighted Composite Index (1.2%) gained in January.
- The HFRI Fund of Funds Composite Index (0.7%) also increased.
- All of the major hedge fund strategies posted positive results except Macro.

	Month	YTD
HFRI Equity Hedge Index	2.1%	2.1%
HFRI Relative Value Index	1.5%	1.5%
HFRI Event-Driven Index	1.1%	1.1%
HFRI Emerging Markets Index	3.3%	3.3%
HFRI Macro Index	-0.5%	-0.5%