

**City of Hollywood Employees' Retirement Fund  
Preliminary Market Value Update  
as of February 29, 2016**

	<b>Market Value</b>	<b>Percent of Total Plan</b>	<b>Target Allocation</b>
<b><u>Domestic Equity - Large Cap</u></b>	<b>\$68,044,618</b>	<b>23.9%</b>	<b>25.0%</b>
Northern Trust	\$68,044,618	23.9%	
<b><u>Domestic Equity - Small Cap</u></b>	<b>\$36,123,875</b>	<b>12.7%</b>	<b>12.5%</b>
TSW	\$17,920,583	6.3%	
Frontier Capital	\$18,203,292	6.4%	
<b><u>International Equity</u></b>	<b>\$53,237,372</b>	<b>18.7%</b>	<b>20.0%</b>
Wellington	\$38,821,076	13.6%	
Brandes	\$14,416,296	5.1%	
<b><u>Fixed</u></b>	<b>\$89,472,371</b>	<b>31.4%</b>	<b>32.5%</b>
Neuberger & Berman	\$38,308,674	13.5%	
Baird Advisors	\$51,163,697	18.0%	
<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	3.2%	
<b>Total Fund</b>	<b>\$284,768,167</b>	<b>100.0%</b>	<b>100.0%</b>

**City of Hollywood Employees' Retirement Fund**  
**Preliminary Performance Update**  
**as of February 29, 2016**

	Quarter ended December 31, 2015	1 Month ended January 31, 2016	1 Month ended February 29, 2016	Fiscal YTD February 29, 2016	Market Value February 29, 2016	Percent of Total Plan February 29, 2016
<b>Domestic Equity</b>						
Northern Trust S&P 500	7.05%	-4.98%	-0.17%	1.54%	\$68,044,618	23.9%
<i>Northern Trust - net</i>	7.04%	-4.98%	-0.17%	1.53%		
<i>S&amp;P 500 Index</i>	7.05%	-4.96%	-0.13%	1.61%		
TSW	2.04%	-6.07%	3.08%	-1.21%	\$17,920,583	6.3%
<i>TSW - net</i>	1.83%	-6.14%	3.01%	-1.54%		
<i>Russell 2500 Value Index</i>	2.78%	-6.13%	1.08%	-2.48%		
Frontier Capital	5.67%	-8.74%	3.84%	0.14%	\$18,203,292	6.4%
<i>Frontier Capital - net</i>	5.48%	-8.80%	3.78%	-0.17%		
<i>Russell 2500 Growth Index</i>	3.81%	-9.89%	0.30%	-6.18%		
<b>International Equity</b>						
Wellington	3.89%	-7.53%	-0.88%	-4.77%	\$38,821,076	13.6%
<i>Wellington - net</i>	3.71%	-7.59%	-0.94%	-5.06%		
<i>MSCI ACWI - ex US (net)</i>	3.25%	-6.80%	-1.14%	-4.87%		
Brandes	5.28%	-5.80%	1.83%	0.99%	\$14,416,296	5.1%
<i>Brandes - net</i>	5.04%	-5.88%	1.75%	0.59%		
<i>MSCI EAFE Small Cap (net)</i>	6.79%	-7.86%	-0.12%	-1.73%		
<b>Fixed</b>						
Neuberger & Berman	-0.46%	0.85%	0.51%	0.90%	\$38,308,674	13.5%
<i>Neuberger &amp; Berman - net</i>	-0.53%	0.83%	0.49%	0.77%		
<i>Barclays Intermediate Gov't/Credit Index</i>	-0.69%	1.22%	0.49%	1.02%		
Baird Advisors	-0.91%	1.22%	0.82%	1.12%	\$51,163,697	18.0%
<i>Baird Advisors - net</i>	-0.98%	1.20%	0.80%	1.01%		
<i>Barclays Aggregate Index</i>	-0.56%	1.38%	0.71%	1.53%		
<b>Real Estate</b>						
Morgan Stanley*	3.30%	0.00%	0.00%	3.30%	\$28,896,115	10.1%
<i>Morgan Stanley - net</i>	3.09%	0.00%	0.00%	3.09%		
<i>NCREIF ODCE (ew) Index</i>	3.43%	0.00%	0.00%	3.43%		
Principal*	7.06%	0.00%	0.00%	7.05%	\$8,993,816	3.2%
<i>Principal - net</i>	6.73%	0.00%	0.00%	6.73%		
<i>NCREIF Property Index</i>	2.91%	0.00%	0.00%	2.91%		
<b>Total Fund</b>	<b>3.31%</b>	<b>-3.21%</b>	<b>0.57%</b>	<b>0.56%</b>	<b>\$284,768,167</b>	<b>100.0%</b>
<b>Total Fund - net</b>	<b>3.22%</b>	<b>-3.25%</b>	<b>0.53%</b>	<b>0.48%</b>		
<b>Policy Index**</b>	<b>3.16%</b>	<b>-3.18%</b>	<b>0.02%</b>	<b>-0.37%</b>		

<b>Asset Class</b>	<b>Market value</b>	<b>% of Plan</b>	<b>Target</b>	<b>Ranges</b>
Large Cap Equity	\$ 68,044,618	23.9%	25.0%	20-30%
Small Cap Equity	\$ 36,123,875	12.7%	12.5%	7.5-17.5%
International Equity	\$ 53,237,372	18.7%	20.0%	15-25%
Fixed Income	\$ 89,472,371	31.4%	32.5%	22.5-42.5%
Real Estate	\$ 37,889,931	13.3%	10.0%	5-15%
<b>Total Fund</b>	<b>\$ 284,768,167</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 February 29, 2016**

	Quarter ended March 31, 2015	Quarter ended June 30, 2015	Quarter ended September 30, 2015	Quarter ended December 31, 2015	1 Month ended January 31, 2016	1 Month ended February 29, 2016	Calendar YTD February 29, 2016
<b>Domestic Equity</b>							
Northern Trust	0.95%	0.29%	-6.44%	7.05%	-4.98%	-0.17%	-5.14%
<i>S&amp;P 500 Index</i>	<i>0.95%</i>	<i>0.28%</i>	<i>-6.43%</i>	<i>7.05%</i>	<i>-4.96%</i>	<i>-0.13%</i>	<i>-5.08%</i>
TSW SMID	5.63%	-1.25%	-7.02%	2.04%	-6.07%	3.08%	-3.18%
<i>Russell 2500 Value Index</i>	<i>3.02%</i>	<i>-1.28%</i>	<i>-9.59%</i>	<i>2.78%</i>	<i>-6.13%</i>	<i>1.08%</i>	<i>-5.12%</i>
Frontier Capital	6.34%	-0.54%	-15.67%	5.67%	-8.74%	3.84%	-5.23%
<i>Russell 2500 Growth Index</i>	<i>7.44%</i>	<i>0.60%</i>	<i>-11.05%</i>	<i>3.81%</i>	<i>-9.89%</i>	<i>0.30%</i>	<i>-9.62%</i>
<b>International Equity</b>							
Wellington	4.51%	1.41%	-7.54%	3.89%	-7.53%	-0.88%	-8.34%
<i>MSCI ACWI ex-US Index</i>	<i>3.49%</i>	<i>0.53%</i>	<i>-12.15%</i>	<i>3.25%</i>	<i>-6.80%</i>	<i>-1.14%</i>	<i>-7.86%</i>
Brandes	N/A	N/A	-3.68%	5.28%	-5.80%	1.83%	-4.08%
<i>MSCI EAFE Small Cap (net)</i>	<i>N/A</i>	<i>N/A</i>	<i>-6.82%</i>	<i>6.79%</i>	<i>-7.86%</i>	<i>-0.12%</i>	<i>-7.97%</i>
<b>Fixed</b>							
Neuberger & Berman	1.31%	-0.63%	0.73%	-0.46%	0.85%	0.51%	1.36%
<i>Barclays Intermediate Gov't/Credit Index</i>	<i>1.47%</i>	<i>-0.63%</i>	<i>0.95%</i>	<i>-0.69%</i>	<i>1.22%</i>	<i>0.49%</i>	<i>1.72%</i>
Baird Advisors	1.80%	-1.67%	1.24%	-0.91%	1.22%	0.82%	2.05%
<i>Barclays Aggregate Index</i>	<i>1.61%</i>	<i>-1.68%</i>	<i>1.24%</i>	<i>-0.56%</i>	<i>1.38%</i>	<i>0.71%</i>	<i>2.10%</i>
<b>Real Estate</b>							
Morgan Stanley	3.18%	4.42%	3.79%	3.30%	0.00%	0.00%	0.00%
<i>NCREIF ODCE (ew) Index</i>	<i>3.40%</i>	<i>3.92%</i>	<i>3.63%</i>	<i>3.43%</i>	<i>0.00%</i>	<i>0.00%</i>	<i>0.00%</i>
Principal	3.93%	5.07%	4.16%	7.06%	0.00%	0.00%	0.00%
<i>NCREIF Property Index</i>	<i>3.57%</i>	<i>3.14%</i>	<i>3.09%</i>	<i>2.91%</i>	<i>0.00%</i>	<i>0.00%</i>	<i>0.00%</i>

**Investment Manager Fee Table**  
**Period Ended February 29, 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	\$ 68,044,618	3.5 bps on assets	\$ 23,816	0.04%
TSW	SMID Cap Value Equity	\$ 17,920,583	80 bps on assets	\$ 143,365	0.80%
Frontier Capital	SMID Cap Growth Equity	\$ 18,203,292	75 bps on assets	\$ 136,525	0.75%
Wellington	International Equity	\$ 38,821,076	71 bps on assets	\$ 275,630	0.71%
Brandes	International Small Cap Equity	\$ 14,416,296	95 bps on first \$25MM, 90 bps on next \$25MM, 80 bps on balance	\$ 136,955	0.95%
Neuberger & Berman	Intermediate Fixed Income	\$ 38,308,674	30 bps on first \$50MM, 20 bps on next \$50mm, 15 bps on balance	\$ 114,926	0.30%
Baird Advisors	Core Plus Fixed Income	\$ 51,163,697	30 bps on first \$25MM, 25 bps on next \$25MM, 20 bps on next \$20MM, 15 bps on balance	\$ 140,409	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>\$ 284,768,167</b>		<b>\$ 1,331,272</b>	<b>0.47%</b>
Segal Rogerscasey	Investment Consulting		\$130,000 annual retainer	\$ 130,000	0.05%
Wells Fargo	Custodian	\$ 284,768,167	2 bps on first \$50MM, 1 bps on next \$75MM, 0.5 bps on balance	\$ 25,488	0.01%
<b>TOTAL FEES</b>				<b>\$ 1,486,760</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 was unchanged from January at 4.9%. The labor force participation rate increased by 0.2% to 62.9%. Nonfarm payrolls grew by 242,000 jobs. December and January employment gains were revised upward.
- The University of Michigan Consumer Sentiment Index declined from 92.0 in January to 91.7 in February. Views on present conditions improved, while expectations decreased.
- The Purchasing Manager's Index (PMI) ended February at 49.5. A reading under 50 indicates that manufacturing growth declined.

**U.S. Equity**

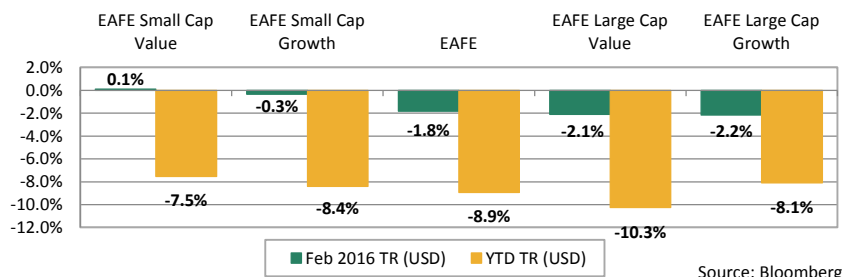
- The Russell style and size index returns:
 

	Value	Core	Growth
Large Cap	0.0%	0.0%	0.0%
Mid Cap	0.7%	1.1%	1.6%
Small Cap	0.7%	0.0%	-0.7%
- The Russell 3000 Index (0.0%) was flat in February. Size and style returns were mixed. Mid cap stocks posted the best returns, with a bias toward growth. The style preference in the small cap space was to value. Large cap returns were flat across the board.
- Sector returns were also mixed. The best performers were Materials (7.6%) and Industrials (4.0%), while Financials (-2.9%) and Energy (-1.9%) fared the worst.

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

- The MSCI EAFE Index (-1.8% USD; -3.5% local) declined. In early February, developed market equities fell to a low unseen since 2008, but markets rallied mid-month on improving investor confidence. All size and style indices were negative except Small Cap Value (0.1%).
- All regional indices fell, but Europe ex U.K. (-2.1%) lost the most. Many negative country returns contributed to this loss, including February's worst performers of the EAFE Index, Portugal (-7.4%) and Belgium (-7.1%). New Zealand (5.6%) and Canada (3.9%) outperformed all other countries in the EAFE.
- Materials (3.7%), Energy (0.9%) and Industrials (0.8%) were the only sectors to post gains in February. Financials (-4.9%) and Consumer Discretionary (-3.0%) declined the most.

**EAFE Index Size and Style Returns**



	MSCI EAFE			MSCI EM		
	Value	Core	Growth	Value	Core	Growth
Large Cap	-2.1%	-2.1%	-2.2%	0.6%	0.0%	-0.7%
Mid Cap	-1.0%	-0.7%	-0.5%	0.4%	-0.8%	-1.7%
Small Cap	0.1%	-0.1%	-0.3%	1.3%	-0.4%	-2.0%

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

- The MSCI EM Index (-0.2% USD; 0.1% local) registered weak returns, but outperformed the MSCI World Index (-0.7% USD; -1.5% local), as expectations for stimulus measures in China helped commodity-linked stocks rally. Small Cap Value (1.3%) posted the best style return.
- Latin America (3.8%) increased, buoyed by solid gains in Peru (8.5%) and Brazil (6.3%). EMEA (2.0%) also gained, as the UAE (12.7%) and Qatar (7.9%) registered strong returns due to a rebound in oil prices. Asia (-1.3%) fell, hurt mostly by India (-7.4%).
- Sector returns were mixed. Materials (6.8%) and Energy (1.7%) were the strongest performers, while Healthcare (-4.1%) declined the most.

**U.S. Fixed Income**

- Core fixed income markets gained, as measured by the BC Aggregate (Agg) Index (0.7%).
- BC Agg spread sectors posted mixed results relative to Treasuries:

Corporates:	-31 bps	Agencies:	5 bps
MBS:	-14 bps	CMBS:	5 bps
		ABS:	0 bps

- The U.S. Treasury yield tightened across the curve, with the exception of 1-year and 2-year Treasuries, which expanded by 15 bps and 2 bps, respectively. Spread compression can be attributed to market volatility caused by weak global growth and heightened uncertainty surrounding the political landscape and central bank policy.

BC 1-3 Year Gov/Credit	0.1%	BC Intermed Gov/Credit	0.5%	BC Long Gov/Credit	2.2%
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- The BC Corporate High Yield Index (0.6%) gained. The average OAS narrowed by 8 bps to end February at 726 bps.
- The BC U.S. TIPS Index (1.1%) posted a positive return.

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

- The Citigroup Non-U.S. WGBI Index increased on both a currency-hedged (1.4%) and currency-unhedged (4.0%) basis.
- Emerging market debt was positive per the JPM EMBI Global Index (2.0%).

**Commodities**

- Commodities fell, as measured by the Bloomberg Commodity Index (-1.6%) and the S&P GSCI (-2.0%). Sector performance was mixed. Agriculture and Energy declined, while Industrial Metals, Precious Metals and Livestock fared well. Precious Metals (9.0% BCOM; 10.0% GSCI) saw strong gains, as investors turned to gold amidst stock market uncertainty.
- The price of crude oil rose slightly, but remained steady from January at \$34/barrel when rounded to the nearest dollar. The price of gold increased from \$1,118/troy ounce in January to \$1,239/troy ounce in February.

**Hedge Funds**

- The HFRI Fund Weighted Composite Index (0.5%) increased.
- The HFRI Fund of Funds Composite Index (-1.2%) declined.
- The major hedge fund strategies posted mixed results for the month.

	Month	YTD
HFRI Equity Hedge Index	-0.2%	-4.6%
HFRI Relative Value Index	0.0%	-1.6%
HFRI Event-Driven Index	-0.3%	-3.4%
HFRI Emerging Markets Index	0.3%	-5.2%
HFRI Macro Index	1.9%	3.1%