

City of Hollywood Employees' Retirement Fund
Preliminary Market Value Update
as of February 28, 2017

	Market Value	Percent of Total Plan	New Target Allocation	Difference	Range
<u>Domestic Equity - Large Cap</u>	\$85,385,540	27.4%	20.0%	7.4%	15-30%
Northern Trust	\$85,385,540	27.4%			
<u>Domestic Equity - SMID Cap</u>	\$44,623,978	14.3%	10.0%	4.3%	7-15.5%
TSW	\$20,463,169	6.6%			
Frontier Capital	\$24,160,809	7.8%			
<u>International Equity</u>	\$62,317,528	20.0%	20.0%	0.0%	15-25%
Wellington	\$44,807,790	14.4%			
Brandes	\$17,509,738	5.6%			
<u>Fixed</u>	\$81,521,784	26.2%	30.0%	-3.8%	25-37.5%
Neuberger & Berman	\$26,968,210	8.7%			
Baird Advisors	\$54,553,574	17.5%			
<u>Real Estate</u>	\$33,075,985	10.6%	10.0%	0.6%	7-14%
Morgan Stanley	\$23,764,420	7.6%			
Principal	\$9,311,565	3.0%			
<u>Private Equity</u>	\$4,809,649	1.5%	7.5%	-6.0%	0-15%
Neuberger Berman Crossroads XXI	\$4,087,590	1.3%			
HarbourVest Dover Fund IX*	\$722,059	0.2%			
<u>Infrastructure</u>	\$0	0.0%	2.5%	-2.5%	0-5%
IFM Global Infrastructure	\$0	0.0%			
Total Fund	\$311,734,464	100.0%	100.0%		

* February 7, 2017, Capital Call \$400,000

City of Hollywood Employees' Retirement Fund
Preliminary Performance Update
as of February 28, 2017

	Quarter ended December 31, 2016	1 Month ended January 31, 2017	1 Month ended February 28, 2017	Fiscal YTD February 28, 2017	Market Value February 28, 2017	Percent of Total Plan February 28, 2017
Domestic Equity						
Northern Trust S&P 500	3.83%	1.89%	3.97%	9.98%	\$85,385,540	27.4%
<i>Northern Trust - net</i>	3.82%	1.89%	3.97%	9.97%		
<i>S&P 500 Index</i>	3.83%	1.90%	3.97%	9.99%		
TSW	4.13%	1.21%	1.22%	6.69%	\$20,463,169	6.6%
<i>TSW - net</i>	3.93%	1.14%	1.15%	6.36%		
<i>Russell 2500 Value Index</i>	9.34%	0.55%	1.86%	11.99%		
Frontier Capital	3.91%	2.96%	1.95%	9.04%	\$24,160,809	7.8%
<i>Frontier Capital - net</i>	3.72%	2.90%	1.89%	8.73%		
<i>Russell 2500 Growth Index</i>	2.59%	2.37%	3.03%	8.21%		
International Equity						
Wellington	-1.54%	3.01%	0.92%	2.35%	\$44,807,790	14.4%
<i>Wellington- net</i>	-1.72%	2.95%	0.86%	2.05%		
<i>MSCI ACWI - ex US (net)</i>	-1.25%	3.54%	1.59%	3.87%		
Brandes	1.89%	3.17%	2.08%	7.33%	\$17,509,738	5.6%
<i>Brandes - net</i>	1.65%	3.09%	2.00%	6.93%		
<i>MSCI EAFE Small Cap (net)</i>	-2.85%	3.53%	2.24%	2.83%		
Fixed						
Neuberger & Berman	-2.03%	0.20%	0.51%	-1.33%	\$26,968,210	8.7%
<i>Neuberger & Berman - net</i>	-2.11%	0.18%	0.49%	-1.46%		
<i>Blmbg. Barclays Intermediate Gov't/Credit Index</i>	-2.06%	0.27%	0.46%	-1.35%		
<i>90 Day U.S. Treasury Bill</i>	0.06%	0.04%	0.04%	0.15%		
Baird Advisors	-2.72%	0.39%	0.74%	-1.63%	\$54,553,574	17.5%
<i>Baird Advisors - net</i>	-2.79%	0.37%	0.72%	-1.74%		
<i>Blmbg. Barclays Aggregate Index</i>	-2.98%	0.20%	0.67%	-2.13%		
Real Estate						
Morgan Stanley*	2.61%	0.07%	0.07%	2.75%	\$23,764,420	7.6%
<i>Morgan Stanley - net</i>	2.40%	0.00%	0.00%	2.40%		
<i>NCREIF ODCE (ew) Index</i>	2.16%	0.00%	0.00%	2.16%		
Principal*	4.05%	0.11%	0.11%	4.26%	\$9,311,565	3.0%
<i>Principal - net</i>	3.72%	0.00%	0.00%	3.72%		
<i>NCREIF Property Index</i>	1.73%	0.00%	0.00%	0.00%		
Private Equity						
NB Crossroads XXI*	N/A	N/A	N/A	N/A	\$4,087,590	1.3%
HarborVest Dover Fund IX*	N/A	N/A	N/A	N/A	\$722,059	0.2%
Total Fund	0.94%	1.48%	1.71%	4.18%	\$311,734,464	100.0%
Total Fund - net	0.81%	1.44%	1.67%	3.97%		
Policy Index**	0.93%	1.41%	1.79%	4.19%		

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 February 28, 2017

	Quarter ended March 31, 2016	Quarter ended June 30, 2016	Quarter ended September 30, 2016	Quarter ended December 31, 2016	1 Month ended January 31, 2017	1 Month ended February 28, 2017	Calendar YTD 2/28/2017
Domestic Equity							
Northern Trust	1.30%	2.44%	3.86%	3.83%	1.89%	3.97%	5.94%
<i>S&P 500 Index</i>	<i>1.35%</i>	<i>2.46%</i>	<i>3.86%</i>	<i>3.83%</i>	<i>1.90%</i>	<i>3.97%</i>	<i>5.95%</i>
TSW SMID	3.97%	3.67%	6.18%	4.13%	1.21%	1.22%	2.44%
<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>	<i>1.86%</i>	<i>2.42%</i>
Frontier Capital	1.73%	0.89%	13.31%	3.91%	2.96%	1.95%	4.97%
<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>	<i>3.03%</i>	<i>5.47%</i>
International Equity							
Wellington	-1.96%	-1.39%	6.91%	-1.54%	3.01%	0.92%	3.96%
<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>	<i>1.59%</i>	<i>5.19%</i>
Brandes	4.34%	-2.77%	6.98%	1.89%	3.17%	2.08%	5.32%
<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>	<i>2.24%</i>	<i>5.85%</i>
Fixed							
Neuberger & Berman	2.08%	1.29%	0.20%	-2.03%	0.20%	0.51%	0.71%
<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>0.46%</i>	<i>0.73%</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>	<i>0.04%</i>	<i>0.08%</i>
Baird Advisors	3.50%	2.70%	0.87%	-2.72%	0.39%	0.74%	1.13%
<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>	<i>0.67%</i>	<i>0.87%</i>
Real Estate							
Morgan Stanley	2.09%	2.59%	2.47%	2.61%	0.07%	0.07%	0.14%
<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>	<i>0.00%</i>	<i>0.00%</i>
Principal	3.19%	3.83%	2.97%	4.05%	0.11%	0.11%	0.22%
<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>	<i>0.00%</i>	<i>0.00%</i>

**City of Hollywood Employees' Retirement Fund
Investment Manager Fee Table
Period Ended February 28, 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	\$ 85,385,540	3.5 bps on assets	\$ 29,885	0.04%
TSW	SMID Cap Value Equity	\$ 20,463,169	80 bps on assets	\$ 163,705	0.80%
Frontier Capital	SMID Cap Growth Equity	\$ 24,160,809	75 bps on assets	\$ 181,206	0.75%
Wellington	International Equity	\$ 44,807,790	71 bps on assets	\$ 318,135	0.71%
Brandes	International Small Cap Equity	\$ 17,509,738	95 bps on first \$25MM, 90 bps on next \$25MM, 80 bps on balance	\$ 166,343	0.95%
Neuberger & Berman	Intermediate Fixed Income	\$ 26,968,210	30 bps on first \$50MM, 20 bps on next \$50mm, 15 bps on balance	\$ 80,905	0.30%
Baird Advisors	Core Plus Fixed Income	\$ 54,553,574	30 bps on first \$25MM, 25 bps on next \$25MM, 20 bps on next \$20MM, 15 bps on balance	\$ 148,884	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 ¹	Real Estate	\$ 9,311,565	130 bps on assets + incentive fee	\$ 121,050	1.30%
Neuberger Berman Crossroads XXI ²	Private Equity	\$ 4,087,590	25.8 bps on assets	\$ 10,546	0.26%
HarbourVest Dover Fund IX ³	Private Equity	\$ 722,059	70 bps on assets	\$ 5,054	0.70%
IFM Global Infrastructure ⁴	Infrastructure	\$ -	77 bps on assets	\$ -	-
Investment Management Fees		\$ 311,734,464		\$ 1,425,335	0.46%
Segal Marco	Investment Consulting		\$130,000 annual retainer	\$ 130,000	0.04%
Wells Fargo	Custodian	\$ 311,734,464	2 bps on first \$50MM, 1 bps on next \$75MM, 0.5 bps on balance	\$ 26,837	0.01%
TOTAL FEES				\$ 1,582,171	0.51%

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

²NB 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.

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

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

U.S. Economy

- In February, the U.S. unemployment rate ticked down by 0.1% to 4.7%, and the labor force participation rate increased by 0.1% to 63.0%. Nonfarm payrolls grew by 235,000 jobs. Employment gains were revised downward for December and upward for January.
- The University of Michigan Consumer Sentiment Index fell from 98.5 in January to 96.3 in February. Views on present conditions improved, while expectations declined.
- The Purchasing Manager’s Index (PMI) ended January at 56.0 and February at 57.7, indicating that manufacturing growth occurred at a faster rate of change. February marked a six-month growth trend for manufacturing.

U.S. Equity

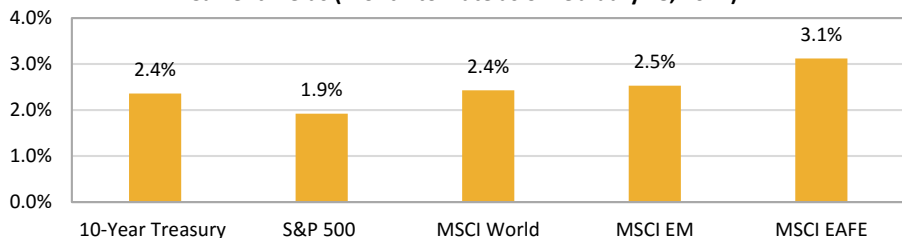
- The Russell style and size index returns:

	Value	Core	Growth
Large Cap	3.6%	3.9%	4.2%
Mid Cap	2.8%	2.8%	2.9%
Small Cap	1.5%	1.9%	2.5%
- The Russell 3000 Index (3.7%) gained in February. All size and style indices were positive for the month. Growth outperformed value within each market cap, and large caps fared the best overall.
- Sector returns were mixed. Healthcare (6.4%) was the best performer, while Energy (-2.2%) fared the worst for the second consecutive month.

Non-U.S. Equity

- The MSCI EAFE Index (1.5% USD; 2.2% local) gained for the month. All size and style returns were positive. Small caps generally outperformed except in the growth space where large cap was the winner.
- All regions were positive, led by Pacific ex Japan (3.1%), where Australia (3.8%), Singapore (2.5%) and Hong Kong (2.0%) contributed to its gain. Europe ex U.K. (0.9%) rose the least, as losses in Norway (-2.5%) and Denmark (-0.5%) detracted from performance.
- Sector returns were mixed. Healthcare (4.3%) posted the strongest gain, while Energy (-2.5%) declined the most.

Current Yields (Month-to-Date as of February 28, 2017)



Sources: S&P, MSCI, U.S. Treasury Department

	MSCI EAFE			MSCI EM		
	Value	Core	Growth	Value	Core	Growth
Large Cap	0.5%	1.4%	2.5%	3.6%	2.9%	2.2%
Mid Cap	1.7%	1.6%	1.5%	4.0%	3.8%	3.7%
Small Cap	2.2%	2.2%	2.3%	5.8%	5.2%	4.5%

Emerging Markets Equity

- The MSCI EM Index (3.1% USD; 1.7% local) gained in February. All size and style returns were positive. Value outperformed growth within each market cap, and small caps fared the best overall.
- Asia (3.6%) was positive in February, lifted by gains in India (5.9%) and China (3.5%). Latin America (3.6%) also gained, aided by Brazil (4.4%) and Mexico (3.4%). EMEA (0.1%) posted the weakest gain of all regions, with a return muted by Russia (-6.4%).
- All sectors were positive except for Energy (-0.8%). Consumer Discretionary (4.9%) and Financials (4.6%) posted the strongest returns.

U.S. Fixed Income

- The Bloomberg Barclays U.S. Aggregate Index returned 0.7% in February. Credit (1.1%) was the best performer, followed by Treasuries (0.5%), MBS (0.5%) and ABS (0.1%). The 10-year Treasury fell 60 bps from January, ending February at 2.39%.
- On a duration-equivalent basis, Credit (47 bps of excess return) outperformed Treasuries, followed by Agencies (4 bps of excess return). CMBS (-28 bps of excess return) was the worst performer on a duration-matched basis. Once again, the high yield sector outperformed the Bloomberg Barclays U.S. Aggregate Index from a total return (1.5%) and an excess return (+112 bps) standpoint.
- The OAS on the Bloomberg Barclays U.S. Aggregate Index and the U.S. High Yield Index ended the month at 43 bps and 368 bps, respectively. The yield curve flattened during the month, as the 2-year rose 5 bps to 1.26% and the 30-year fell 6 bps to 3.00%.

Non-U.S. Fixed Income

- In Global, the Citigroup WGBI Index returned 0.4% on an unhedged basis and 0.9% on a hedged basis.
- In the emerging markets, the JPM GBI EM Global Diversified Index (1.8%), the JPM EMBI Global Diversified Index (2.0%) and the JPM CEMBI Diversified Index (1.5%) all gained.

Commodities

- Commodities were positive, as measured by the Bloomberg Commodity Index (0.2%) and the S&P GSCI (0.2%). Gains in Precious Metals (3.9% BCOM; 3.7% GSCI), Industrial Metals (2.2% BCOM; 1.7% GSCI) and Livestock (1.3% BCOM; 1.3% GSCI) were offset by losses in Agriculture (-0.3% BCOM; -0.2% GSCI) and Energy (-2.7% BCOM; -0.3% GSCI).
- The price of crude oil rose slightly from \$53/barrel in January to \$54/barrel in February, and the price of gold increased from \$1,211/troy ounce to \$1,248/troy ounce.

Hedge Funds

- The HFRI Fund Weighted Composite Index (1.0%) gained in February.
- The HFRI Fund of Funds Composite Index (0.9%) also increased.
- All of the major hedge fund strategies posted positive results.

	Month	YTD
HFRI Equity Hedge Index	1.2%	3.1%
HFRI Relative Value Index	1.1%	2.5%
HFRI Event-Driven Index	0.8%	2.3%
HFRI Emerging Markets Index	1.5%	4.5%
HFRI Macro Index	0.8%	0.3%