

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

	Market Value	Percent of Total Plan	New Target Allocation	Difference	Range
<u>Domestic Equity - Large Cap</u>	\$83,467,426	26.9%	20.0%	6.9%	15-30%
Northern Trust	\$83,467,426	26.9%			
<u>Domestic Equity - SMID Cap</u>	\$44,916,448	14.5%	10.0%	4.5%	7-15.5%
TSW	\$20,593,201	6.6%			
Frontier Capital	\$24,323,247	7.8%			
<u>International Equity</u>	\$63,985,220	20.6%	20.0%	0.6%	15-25%
Wellington	\$46,253,258	14.9%			
Brandes	\$17,731,962	5.7%			
<u>Fixed</u>	\$79,564,562	25.6%	30.0%	-4.4%	25-37.5%
Neuberger & Berman	\$25,996,481	8.4%			
Baird Advisors	\$53,568,081	17.3%			
<u>Real Estate</u>	\$33,612,790	10.8%	10.0%	0.8%	7-14%
Morgan Stanley	\$24,221,866	7.8%			
Principal	\$9,390,924	3.0%			
<u>Private Equity</u>	\$4,877,064	1.6%	7.5%	-5.9%	0-15%
Neuberger Berman Crossroads XXI	\$4,155,005	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	\$310,423,510	100.0%	100.0%		

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

	Quarter ended December 31, 2016	1 Month ended March 31, 2017	Quarter ended March 31, 2017	Fiscal YTD March 31, 2017	Market Value March 31, 2017	Percent of Total Plan March 31, 2017
Domestic Equity						
Northern Trust S&P 500	3.83%	0.10%	6.04%	10.09%	\$83,467,426	26.9%
<i>Northern Trust - net</i>	3.82%	0.10%	6.03%	10.07%		
<i>S&P 500 Index</i>	3.83%	0.12%	6.07%	10.12%		
TSW	4.13%	0.64%	3.10%	7.37%	\$20,593,201	6.6%
<i>TSW - net</i>	3.93%	0.57%	2.90%	6.97%		
<i>Russell 2500 Value Index</i>	9.34%	-0.78%	1.62%	11.12%		
Frontier Capital	3.91%	0.73%	5.74%	9.84%	\$24,323,247	7.8%
<i>Frontier Capital - net</i>	3.72%	0.67%	5.55%	9.46%		
<i>Russell 2500 Growth Index</i>	2.59%	0.74%	6.25%	9.01%		
International Equity						
Wellington	-1.54%	3.23%	7.32%	5.65%	\$46,253,258	14.9%
<i>Wellington- net</i>	-1.72%	3.17%	7.13%	5.30%		
<i>MSCI ACWI - ex US (net)</i>	-1.25%	2.54%	7.86%	6.51%		
Brandes	1.89%	1.27%	6.65%	8.69%	\$17,731,962	5.7%
<i>Brandes - net</i>	1.65%	1.19%	6.41%	8.22%		
<i>MSCI EAFE Small Cap (net)</i>	-2.85%	2.00%	7.97%	4.89%		
Fixed						
Neuberger & Berman	-2.03%	0.01%	0.72%	-1.32%	\$25,996,481	8.4%
<i>Neuberger & Berman - net</i>	-2.11%	-0.02%	0.65%	-1.47%		
<i>Blmbg. Barclays Intermediate Gov't/Credit Index</i>	-2.06%	0.05%	0.78%	-1.30%		
<i>90 Day U.S. Treasury Bill</i>	0.06%	0.02%	0.10%	0.17%		
Baird Advisors	-2.72%	-0.02%	1.11%	-1.65%	\$53,568,081	17.3%
<i>Baird Advisors - net</i>	-2.79%	-0.04%	1.04%	-1.79%		
<i>Blmbg. Barclays Aggregate Index</i>	-2.98%	-0.05%	0.82%	-2.18%		
Real Estate						
Morgan Stanley*	2.61%	1.99%	2.13%	4.79%	\$24,221,866	7.8%
<i>Morgan Stanley - net</i>	2.40%	1.92%	1.92%	4.37%		
<i>NCREIF ODCE (ew) Index</i>	2.16%	1.81%	1.81%	4.01%		
Principal*	4.05%	2.39%	2.61%	6.73%	\$9,390,924	3.0%
<i>Principal - net</i>	3.72%	2.28%	2.28%	6.08%		
<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	\$4,155,005	1.3%
HarborVest Dover Fund IX*	N/A	N/A	N/A	N/A	\$722,059	0.2%
Total Fund	0.94%	0.87%	4.11%	5.11%	\$310,423,510	100.0%
Total Fund - net	0.81%	0.83%	3.98%	4.85%		
Policy Index**	0.93%	0.65%	3.92%	4.87%		

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)

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Preliminary Performance Update
as of March 31, 2017

	Quarter ended March 31, 2016	Quarter ended June 30, 2016	Quarter ended September 30, 2016	Quarter ended December 31, 2016	Quarter ended March 31, 2017	Calendar YTD 3/31/2017
Domestic Equity						
Northern Trust	1.30%	2.44%	3.86%	3.83%	6.04%	6.04%
<i>S&P 500 Index</i>	<i>1.35%</i>	<i>2.46%</i>	<i>3.86%</i>	<i>3.83%</i>	<i>6.07%</i>	<i>6.07%</i>
TSW SMID	3.97%	3.67%	6.18%	4.13%	3.10%	3.10%
<i>Russell 2500 Value Index</i>	<i>3.34%</i>	<i>4.37%</i>	<i>6.18%</i>	<i>9.34%</i>	<i>1.62%</i>	<i>1.62%</i>
Frontier Capital	1.73%	0.89%	13.31%	3.91%	5.74%	5.74%
<i>Russell 2500 Growth Index</i>	<i>-2.66%</i>	<i>2.70%</i>	<i>6.98%</i>	<i>2.59%</i>	<i>6.25%</i>	<i>6.25%</i>
International Equity						
Wellington	-1.96%	-1.39%	6.91%	-1.54%	7.32%	7.32%
<i>MSCI ACWI ex-US Index</i>	<i>-0.37%</i>	<i>-0.65%</i>	<i>6.91%</i>	<i>-1.25%</i>	<i>7.86%</i>	<i>7.86%</i>
Brandes	4.34%	-2.77%	6.98%	1.89%	6.65%	6.65%
<i>MSCI EAFE Small Cap (net)</i>	<i>-0.59%</i>	<i>-2.60%</i>	<i>8.64%</i>	<i>-2.85%</i>	<i>7.97%</i>	<i>7.97%</i>
Fixed						
Neuberger & Berman	2.08%	1.29%	0.20%	-2.03%	0.72%	0.72%
<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>0.78%</i>	<i>0.78%</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>0.10%</i>	<i>0.10%</i>
Baird Advisors	3.50%	2.70%	0.87%	-2.72%	1.11%	1.11%
<i>Barclays Aggregate Index</i>	<i>3.04%</i>	<i>2.22%</i>	<i>0.46%</i>	<i>-2.98%</i>	<i>0.82%</i>	<i>0.82%</i>
Real Estate						
Morgan Stanley	2.09%	2.59%	2.47%	2.61%	2.13%	2.13%
<i>NCREIF ODCE (ew) Index</i>	<i>2.44%</i>	<i>2.18%</i>	<i>2.13%</i>	<i>2.16%</i>	<i>1.81%</i>	<i>1.81%</i>
Principal	3.19%	3.83%	2.97%	4.05%	2.61%	2.61%
<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>

**City of Hollywood Employees' Retirement Fund
Investment Manager Fee Table
Period Ended March 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	\$ 83,467,426	3.5 bps on assets	\$ 29,214	0.04%
TSW	SMID Cap Value Equity	\$ 20,593,201	80 bps on assets	\$ 164,746	0.80%
Frontier Capital	SMID Cap Growth Equity	\$ 24,323,247	75 bps on assets	\$ 182,424	0.75%
Wellington	International Equity	\$ 46,253,258	71 bps on assets	\$ 328,398	0.71%
Brandes	International Small Cap Equity	\$ 17,731,962	95 bps on first \$25MM, 90 bps on next \$25MM, 80 bps on balance	\$ 168,454	0.95%
Neuberger & Berman	Intermediate Fixed Income	\$ 25,996,481	30 bps on first \$50MM, 20 bps on next \$50mm, 15 bps on balance	\$ 77,989	0.30%
Baird Advisors	Core Plus Fixed Income	\$ 53,568,081	30 bps on first \$25MM, 25 bps on next \$25MM, 20 bps on next \$20MM, 15 bps on balance	\$ 146,420	0.27%
Morgan Stanley	Real Estate	\$ 24,221,866	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	\$ 203,464	0.84%
Principal ¹	Real Estate	\$ 9,390,924	130 bps on assets + incentive fee	\$ 122,082	1.30%
Neuberger Berman Crossroads XXI ²	Private Equity	\$ 4,155,005	25.8 bps on assets	\$ 10,720	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		\$ 310,423,510		\$ 1,438,965	0.46%
Segal Marco	Investment Consulting		\$130,000 annual retainer	\$ 130,000	0.04%
Wells Fargo	Custodian	\$ 310,423,510	2 bps on first \$50MM, 1 bps on next \$75MM, 0.5 bps on balance	\$ 26,771	0.01%
TOTAL FEES				\$ 1,595,736	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.

March Highlights

- ❑ The U.S. unemployment rate fell by 0.2% to 4.5%. Nonfarm payrolls grew by 98,000 jobs. Consumer sentiment improved slightly, mostly due to optimism regarding current economic conditions.
- ❑ Strong corporate earnings and a still-solid U.S. economy lifted U.S. large and small cap stocks. U.S. large cap sector returns were mixed. Info Tech was the best performer, while Financials fared the worst.
- ❑ International equity gained as signs of European economic improvement continued. USD weakness was a boon for both developed and emerging market stocks.
- ❑ The Bloomberg Barclays U.S. Aggregate Index slipped as the Federal Reserve raised interest rates. Policy uncertainty in Europe led investors to the safety of developed market government bonds.
- ❑ A March rate hike stung investment-grade credit. High yield pulled back as oil prices fell and interest rates rose.
- ❑ Commodities suffered in March, largely due to an oversupply of U.S. oil.
- ❑ The HFRI Fund of Funds Composite Index gained slightly.

YTD Highlights

- ❑ Employment gains in January and February were revised downward, bringing YTD average monthly nonfarm job gains to 178,000 compared to an average of 196,000 one year ago. Labor force participation hovered around 63.0% YTD.
- ❑ Optimism about the U.S. economy and strong earnings boosted U.S. stocks.
- ❑ Europe's improving economic picture advanced developed market stocks. USD weakness and positive economic growth fueled emerging market equities.
- ❑ The Fed's March interest rate hike and the anticipation of further rate increases hurt the Treasury-heavy U.S. Aggregate index YTD.
- ❑ In investors' search for yield, investment-grade credit lagged high yield. High yield outperformed amid a strong U.S. economy and low default environment.
- ❑ Oil's struggle YTD is a major reason for commodities' negative performance.

Returns

