

**City of Hollywood Employees' Retirement Fund  
Preliminary Market Value Update  
as of May 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>\$74,097,028</b>	<b>25.3%</b>	<b>25.0%</b>
Northern Trust	\$74,097,028	25.3%	
<b><u>Domestic Equity - SMID Cap</u></b>	<b>\$39,599,038</b>	<b>13.5%</b>	<b>12.5%</b>
TSW	\$19,747,372	6.7%	
Frontier Capital	\$19,851,666	6.8%	
<b><u>International Equity</u></b>	<b>\$57,946,179</b>	<b>19.8%</b>	<b>20.0%</b>
Wellington	\$41,916,095	14.3%	
Brandes	\$16,030,083	5.5%	
<b><u>Fixed</u></b>	<b>\$85,030,070</b>	<b>29.0%</b>	<b>32.5%</b>
Neuberger & Berman	\$35,673,341	12.2%	
Baird Advisors	\$49,356,729	16.9%	
<b><u>Real Estate</u></b>	<b>\$36,186,966</b>	<b>12.4%</b>	<b>10.0%</b>
Morgan Stanley*	\$26,940,246	9.2%	
Principal	\$9,246,721	3.2%	
<b>Total Fund</b>	<b>\$292,859,281</b>	<b>100.0%</b>	<b>100.0%</b>

\*On March 31, 2016, \$2.5 million was transferred out of Morgan Stanley to cash to be used for future participant distributions. An additional \$2.5 million will be received by June 30, 2016.

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

	Quarter ended December 31, 2015	Quarter ended March 31, 2016	1 Month ended April 30, 2016	1 Month ended May 31, 2016	Fiscal YTD May 31, 2016	Market Value May 31, 2016	Percent of Total Plan May 31, 2016
<b>Domestic Equity</b>							
Northern Trust S&P 500	7.05%	1.30%	0.39%	1.79%	10.81%	\$74,097,028	25.3%
<i>Northern Trust - net</i>	7.04%	1.29%	0.39%	1.79%	10.78%		
<i>S&amp;P 500 Index</i>	7.05%	1.35%	0.39%	1.80%	10.88%		
TSW	2.04%	3.97%	0.97%	1.63%	8.86%	\$19,747,372	6.7%
<i>TSW - net</i>	1.83%	3.76%	0.90%	1.56%	8.29%		
<i>Russell 2500 Value Index</i>	2.78%	3.34%	1.94%	1.77%	10.18%		
Frontier Capital	5.67%	1.73%	-0.12%	1.89%	9.40%	\$19,851,666	6.8%
<i>Frontier Capital - net</i>	5.48%	1.54%	-0.18%	1.83%	8.86%		
<i>Russell 2500 Growth Index</i>	3.81%	-2.66%	0.96%	2.48%	4.55%		
<b>International Equity</b>							
Wellington	3.89%	-1.96%	1.59%	-0.64%	2.81%	\$41,916,095	14.3%
<i>Wellington- net</i>	3.71%	-2.14%	1.53%	-0.70%	2.33%		
<i>MSCI ACWI - ex US (net)</i>	3.25%	-0.37%	2.63%	-1.69%	3.79%		
Brandes	5.28%	4.34%	1.54%	0.67%	12.29%	\$16,030,083	5.5%
<i>Brandes - net</i>	5.04%	4.09%	1.46%	0.59%	11.59%		
<i>MSCI EAFE Small Cap (net)</i>	6.79%	-0.59%	2.30%	0.52%	9.16%		
<b>Fixed</b>							
Neuberger & Berman	-0.46%	2.08%	0.21%	-0.16%	1.67%	\$35,673,341	12.2%
<i>Neuberger &amp; Berman - net</i>	-0.53%	2.01%	0.19%	-0.19%	1.46%		
<i>Barclays Intermediate Gov't/Credit Index</i>	-0.69%	2.45%	0.27%	-0.11%	1.91%		
Baird Advisors	-0.91%	3.50%	0.68%	0.10%	3.36%	\$49,356,729	16.9%
<i>Baird Advisors - net</i>	-0.98%	3.43%	0.66%	0.08%	3.17%		
<i>Barclays Aggregate Index</i>	-0.56%	3.04%	0.38%	0.03%	2.88%		
<b>Real Estate</b>							
Morgan Stanley*	3.30%	2.09%	0.21%	0.21%	5.90%	\$26,940,246	9.2%
<i>Morgan Stanley - net</i>	3.09%	1.88%	0.00%	0.00%	5.03%		
<i>NCREIF ODCE (ew) Index</i>	3.43%	2.44%	0.00%	0.00%	5.95%		
Principal*	7.06%	3.56%	0.33%	0.33%	11.58%	\$9,246,721	3.2%
<i>Principal - net</i>	6.73%	3.23%	0.00%	0.00%	10.18%		
<i>NCREIF Property Index</i>	2.91%	2.21%	0.00%	0.00%	5.19%		
<b>Total Fund</b>	<b>3.31%</b>	<b>1.81%</b>	<b>0.60%</b>	<b>0.62%</b>	<b>6.47%</b>	<b>\$292,859,281</b>	<b>100.0%</b>
<b>Total Fund - net</b>	<b>3.22%</b>	<b>1.68%</b>	<b>0.56%</b>	<b>0.58%</b>	<b>6.38%</b>		
<b>Policy Index**</b>	<b>3.16%</b>	<b>1.29%</b>	<b>0.91%</b>	<b>0.36%</b>	<b>5.75%</b>		

Asset Class	Market value	% of Plan	Target	Ranges
Large Cap Equity	\$ 74,097,028	25.3%	25.0%	20-30%
Small Cap Equity	\$ 39,599,038	13.5%	12.5%	7.5-17.5%
International Equity	\$ 57,946,179	19.8%	20.0%	15-25%
Fixed Income	\$ 85,030,070	29.0%	32.5%	22.5-42.5%
Real Estate	\$ 36,186,966	12.4%	10.0%	5-15%
<b>Total Fund</b>	<b>\$ 292,859,281</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 May 31, 2016**

	Quarter ended March 31, 2016	1 Month ended April 30, 2016	1 Month ended May 31, 2016	Calendar YTD May 31, 2016
<b>Domestic Equity</b>				
Northern Trust	1.30%	0.39%	1.79%	3.51%
<i>S&amp;P 500 Index</i>	<i>1.35%</i>	<i>0.39%</i>	<i>1.80%</i>	<i>3.58%</i>
TSW SMID	3.97%	0.97%	1.63%	6.69%
<i>Russell 2500 Value Index</i>	<i>3.34%</i>	<i>1.94%</i>	<i>1.77%</i>	<i>7.21%</i>
Frontier Capital	1.73%	-0.12%	1.89%	3.53%
<i>Russell 2500 Growth Index</i>	<i>-2.66%</i>	<i>0.96%</i>	<i>2.48%</i>	<i>0.71%</i>
<b>International Equity</b>				
Wellington	-1.96%	1.59%	-0.64%	-1.04%
<i>MSCI ACWI ex-US Index</i>	<i>-0.37%</i>	<i>2.63%</i>	<i>-1.69%</i>	<i>0.52%</i>
Brandes	4.34%	1.54%	0.67%	6.65%
<i>MSCI EAFE Small Cap (net)</i>	<i>-0.59%</i>	<i>2.30%</i>	<i>0.52%</i>	<i>2.23%</i>
<b>Fixed</b>				
Neuberger & Berman	2.08%	0.21%	-0.16%	2.13%
<i>Barclays Intermediate Gov't/Credit Index</i>	<i>2.45%</i>	<i>0.27%</i>	<i>-0.11%</i>	<i>2.61%</i>
Baird Advisors	3.50%	0.68%	0.10%	4.31%
<i>Barclays Aggregate Index</i>	<i>3.04%</i>	<i>0.38%</i>	<i>0.03%</i>	<i>3.46%</i>
<b>Real Estate</b>				
Morgan Stanley	2.09%	0.21%	0.21%	2.52%
<i>NCREIF ODCE (ew) Index</i>	<i>2.44%</i>	<i>0.00%</i>	<i>0.00%</i>	<i>2.44%</i>
Principal	3.56%	0.33%	0.33%	4.23%
<i>NCREIF Property Index</i>	<i>2.21%</i>	<i>0.00%</i>	<i>0.00%</i>	<i>2.21%</i>

**Investment Manager Fee Table**  
**Period Ended May 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	\$ 74,097,028	3.5 bps on assets	\$ 25,934	0.04%
TSW	SMID Cap Value Equity	\$ 19,747,372	80 bps on assets	\$ 157,979	0.80%
Frontier Capital	SMID Cap Growth Equity	\$ 19,851,666	75 bps on assets	\$ 148,887	0.75%
Wellington	International Equity	\$ 41,916,095	71 bps on assets	\$ 297,604	0.71%
Brandes	International Small Cap Equity	\$ 16,030,083	95 bps on first \$25MM, 90 bps on next \$25MM, 80 bps on balance	\$ 152,286	0.95%
Neuberger & Berman	Intermediate Fixed Income	\$ 35,673,341	30 bps on first \$50MM, 20 bps on next \$50mm, 15 bps on balance	\$ 107,020	0.30%
Baird Advisors	Core Plus Fixed Income	\$ 49,356,729	30 bps on first \$25MM, 25 bps on next \$25MM, 20 bps on next \$20MM, 15 bps on balance	\$ 135,892	0.28%
Morgan Stanley	Real Estate	\$ 26,940,246	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	\$ 226,298	0.84%
Principal*	Real Estate	\$ 9,246,721	130 bps on assets + incentive fee	\$ 120,207	1.30%
<b>Investment Management Fees</b>		<b>\$ 292,859,281</b>		<b>\$ 1,372,108</b>	<b>0.47%</b>
Segal Rogerscasey	Investment Consulting		\$130,000 annual retainer	\$ 130,000	0.04%
Wells Fargo	Custodian	\$ 292,859,281	2 bps on first \$50MM, 1 bps on next \$75MM, 0.5 bps on balance	\$ 25,893	0.01%
<b>TOTAL FEES</b>				<b>\$ 1,528,001</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**

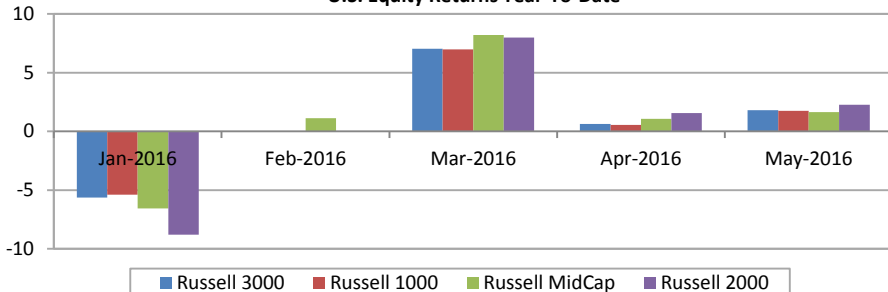
- The U.S. unemployment rate fell from 5.0% in April to 4.7% in May, but the labor force participation rate also fell from 62.8% to 62.6%. Nonfarm payrolls grew by a mere 38,000 jobs. March and April employment gains were revised downward.
- The University of Michigan Consumer Sentiment Index rose from 89.0 in April to 94.7 in May. Views on both present conditions and expectations improved.
- The Purchasing Manager's Index (PMI) ended April at 50.8 and May at 51.3, indicating manufacturing growth continued at a faster rate of change.

**U.S. Equity**

- The Russell style and size index returns:
 

	Value	Core	Growth
Large Cap	1.6%	1.8%	1.9%
Mid Cap	1.6%	1.6%	1.6%
Small Cap	1.8%	2.3%	2.7%
- The Russell 3000 Index (1.8%) gained in May. Growth outperformed value and core except in the mid cap space, where returns were equal across the board. Small caps continued to outperform their larger cap peers.
- Sector returns were mixed. IT (5.6%) and Healthcare (2.2%) gained the most, while Materials (-0.3%), Industrials (-0.5%) and Energy (-0.6%) modestly underperformed.

U.S. Equity Returns Year-To-Date



Source: eVestment Alliance

**Non-U.S. Equity**

- The MSCI EAFE Index (-0.8% USD; 2.0% local) fell due to a strong USD, which boosted local currency returns. Most style returns were negative, but overall, growth fared better than value, and small caps outperformed mid and large caps within each style segment.
- All regions fell, but Pacific ex Japan (-2.2%) declined the most. Only five countries within the EAFE Index posted positive returns: Ireland (2.4%), Belgium (2.2%), Denmark (1.6%), Netherlands (1.3%) and France (0.3%).
- With the exception of Consumer Staples (0.3%), all sectors fell in May. Materials (-6.0%) and Energy (-5.9%) declined the most.

	MSCI EAFE			MSCI EM		
	Value	Core	Growth	Value	Core	Growth
Large Cap	-1.4%	-0.9%	-0.3%	-5.7%	-3.6%	-1.4%
Mid Cap	-2.7%	-1.1%	-0.1%	-6.2%	-4.3%	-2.7%
Small Cap	-0.5%	0.5%	1.6%	-4.1%	-3.5%	-3.0%

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

- The MSCI EM Index (-3.7% USD; -0.8% local) fell in May, hurt mostly by a strong USD. All style returns were negative, but large cap growth (-1.4%) lost the least.
- All regions declined, but Latin America (-10.8%) fell the most with steep losses in Brazil (-13.6%) and Mexico (-7.8%), where poor performance in Materials and Energy hurt returns. EMEA (-7.9%) suffered from losses in Turkey (-13.3%) and South Africa (-9.4%); however, this was partially offset by a strong return in Greece (11.4%). Asia (-1.2%) fell the least of all regions, with Malaysia (-7.4%) and Korea (-4.7%) contributing to the loss.
- IT (2.2%) posted the only positive return among sectors. Materials (-10.8%) and Energy (-8.1%) fell the most, reversing course after a strong start to the year.

**U.S. Fixed Income**

- The Barclays U.S. Aggregate Index (0.03%) was slightly positive in May.
- BC Agg spread sectors posted positive results relative to Treasuries except for Corporates:
 

Corporates:	-15 bps	Agencies:	1 bp
MBS:	17 bps	CMBS:	24 bps
		ABS:	19 bps
- The U.S. Treasury yield curve flattened in May. The short and intermediate segments rose, while the long end of the curve experienced a slight contraction. Fixed income markets continued to inch higher due to stronger-than-expected U.S. economic data, which could portend a near-term Fed Funds rate hike.

BC 1-3 Year Gov/Credit	BC Intermed Gov/Credit	BC Long Gov/Credit
-0.1%	-0.1%	0.3%

- The BC Corporate High Yield Index (0.6%) gained. The average OAS narrowed by 11 bps to end May at 566 bps.
- The BC U.S. TIPS Index (-0.7%) posted a negative return.

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

- The Citigroup Non-U.S. WGBI Index increased on a currency-hedged basis (0.9%), but fell on a currency-unhedged basis (-2.2%).
- Emerging market debt was negative per the JPM EMBI Global Index (-0.3%).

**Commodities**

- The Bloomberg Commodity Index (-0.2%) fell, but the S&P GSCI (2.2%) rose. Energy (3.1% BCOM; 4.6% GSCI) performed well in both indices. All sectors gained except Precious Metals (-7.1% BCOM; -6.3% GSCI) and Industrial Metals (-7.3% BCOM; -7.1% GSCI).
- The price of crude oil increased from \$46/barrel in April to \$49/barrel in May, and the price of gold fell from \$1,293/troy ounce to \$1,215/troy ounce.

**Hedge Funds**

- The HFRI Fund Weighted Composite Index (0.4%) increased.
- The HFRI Fund of Funds Composite Index (0.2%) also gained.
- All of the major hedge fund strategies were positive except Emerging Markets and Macro.

	Month	YTD
HFRI Equity Hedge Index	0.8%	0.2%
HFRI Relative Value Index	1.1%	2.3%
HFRI Event-Driven Index	1.3%	2.6%
HFRI Emerging Markets Index	-0.5%	1.1%
HFRI Macro Index	-1.1%	0.4%