

City of Hollywood Employees' Retirement Fund
Preliminary Market Value Update
as of June 30, 2016

	Market Value	Percent of Total Plan	New Target Allocation	Difference	Range
<u>Domestic Equity - Large Cap</u>	\$67,272,533	23.7%	20.0%	3.7%	15-30%
Northern Trust	\$67,272,533	23.7%			
<u>Domestic Equity - SMID Cap</u>	\$39,618,771	14.0%	10.0%	4.0%	7-15.5%
TSW	\$19,951,001	7.0%			
Frontier Capital	\$19,667,770	6.9%			
<u>International Equity</u>	\$56,196,271	19.8%	20.0%	-0.2%	15-25%
Wellington	\$40,948,106	14.4%			
Brandes	\$15,248,165	5.4%			
<u>Fixed</u>	\$84,453,996	29.7%	30.0%	-0.3%	25-37.5%
Neuberger & Berman	\$35,138,326	12.4%			
Baird Advisors	\$49,315,670	17.4%			
<u>Real Estate</u>	\$34,419,617	12.1%	10.0%	2.1%	7-14%
Morgan Stanley*	\$25,080,971	8.8%			
Principal	\$9,338,646	3.3%			
<u>Private Equity</u>	\$2,000,000	0.7%	7.5%	-6.8%	0-15%
Neuberger Berman Crossroads XXI**	\$2,000,000	0.7%			
HarbourVest Dover Fund IX	\$0	0.0%			
<u>Infrastructure</u>	\$0	0.0%	2.5%	-2.5%	0-5%
IFM Global Infrastructure	\$0	0.0%			
Total Fund	\$283,961,188	100.0%	100.0%		

*On June 30, 2016, \$2.5 million was transferred out of Morgan Stanley to cash to be used for future participant distributions.

**On June 28, 2016, \$2.0 million was wired to Neuberger.

City of Hollywood Employees' Retirement Fund
Preliminary Performance Update
as of June 30, 2016

	Quarter ended December 31, 2015	Quarter ended March 31, 2016	Quarter ended June 30, 2016	Fiscal YTD June 30, 2016	Market Value June 30, 2016	Percent of Total Plan June 30, 2016
Domestic Equity						
Northern Trust S&P 500	7.05%	1.30%	2.44%	11.09%	\$67,272,533	23.9%
<i>Northern Trust - net</i>	7.04%	1.29%	2.43%	11.06%		
<i>S&P 500 Index</i>	7.05%	1.35%	2.46%	11.17%		
TSW	2.04%	3.97%	3.67%	9.98%	\$19,951,001	7.1%
<i>TSW - net</i>	1.83%	3.76%	3.47%	9.33%		
<i>Russell 2500 Value Index</i>	2.78%	3.34%	4.37%	10.85%		
Frontier Capital	5.67%	1.73%	0.89%	8.45%	\$19,667,770	7.0%
<i>Frontier Capital - net</i>	5.48%	1.54%	0.70%	7.85%		
<i>Russell 2500 Growth Index</i>	3.81%	-2.66%	2.70%	3.77%		
International Equity						
Wellington	3.89%	-1.96%	-1.39%	0.44%	\$40,948,106	14.5%
<i>Wellington- net</i>	3.71%	-2.14%	-1.57%	-0.10%		
<i>MSCI ACWI - ex US (net)</i>	3.25%	-0.37%	-0.65%	2.20%		
Brandes	5.28%	4.34%	-2.77%	6.81%	\$15,248,165	5.4%
<i>Brandes - net</i>	5.04%	4.09%	-3.00%	6.05%		
<i>MSCI EAFE Small Cap (net)</i>	6.79%	-0.59%	-2.60%	3.40%		
Fixed						
Neuberger & Berman	-0.46%	2.08%	1.29%	2.93%	\$35,138,326	12.5%
<i>Neuberger & Berman - net</i>	-0.53%	2.01%	1.21%	2.70%		
<i>Barclays Intermediate Gov't/Credit Index</i>	-0.69%	2.45%	1.59%	3.36%		
Baird Advisors	-0.91%	3.50%	2.70%	5.32%	\$49,315,670	17.5%
<i>Baird Advisors - net</i>	-0.98%	3.43%	2.63%	5.11%		
<i>Barclays Aggregate Index</i>	-0.56%	3.04%	2.22%	4.73%		
Real Estate						
Morgan Stanley*	3.30%	2.09%	2.59%	8.19%	\$25,080,971	8.9%
<i>Morgan Stanley - net</i>	3.09%	1.88%	2.38%	7.53%		
<i>NCREIF ODCE (ew) Index</i>	3.43%	2.44%	2.44%	8.54%		
Principal*	7.06%	3.56%	1.68%	12.72%	\$9,338,646	3.3%
<i>Principal - net</i>	6.73%	3.23%	1.35%	11.66%		
<i>NCREIF Property Index</i>	2.91%	2.21%	2.03%	7.32%		
Total Fund	3.31%	1.81%	1.43%	6.47%	\$281,961,188	100.0%
Total Fund - net	3.22%	1.68%	1.30%	6.38%		
Policy Index**	3.16%	1.29%	1.54%	5.84%		

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: (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 June 30, 2016**

	Quarter ended December 31, 2015	Quarter ended March 31, 2016	Quarter ended June 30, 2016	Calendar YTD June 30, 2016
<u>Domestic Equity</u>				
Northern Trust	7.05%	1.30%	2.44%	2.13%
<i>S&P 500 Index</i>	<i>7.05%</i>	<i>1.35%</i>	<i>2.46%</i>	<i>2.21%</i>
TSW SMID	2.04%	3.97%	3.67%	4.36%
<i>Russell 2500 Value Index</i>	<i>2.78%</i>	<i>3.34%</i>	<i>4.37%</i>	<i>2.91%</i>
Frontier Capital	5.67%	1.73%	0.89%	-1.84%
<i>Russell 2500 Growth Index</i>	<i>3.81%</i>	<i>-2.66%</i>	<i>2.70%</i>	<i>-3.56%</i>
<u>International Equity</u>				
Wellington	3.89%	-1.96%	-1.39%	-4.84%
<i>MSCI ACWI ex-US Index</i>	<i>3.25%</i>	<i>-0.37%</i>	<i>-0.65%</i>	<i>-2.88%</i>
Brandes	5.28%	4.34%	-2.77%	1.99%
<i>MSCI EAFE Small Cap (net)</i>	<i>6.79%</i>	<i>-0.59%</i>	<i>-2.60%</i>	<i>-2.47%</i>
<u>Fixed</u>				
Neuberger & Berman	-0.46%	2.08%	1.29%	3.08%
<i>Barclays Intermediate Gov't/Credit Index</i>	<i>-0.69%</i>	<i>2.45%</i>	<i>1.59%</i>	<i>3.74%</i>
Baird Advisors	-0.91%	3.50%	2.70%	5.74%
<i>Barclays Aggregate Index</i>	<i>-0.56%</i>	<i>3.04%</i>	<i>2.22%</i>	<i>4.99%</i>
<u>Real Estate</u>				
Morgan Stanley	3.30%	2.09%	2.59%	8.19%
<i>NCREIF ODCE (ew) Index</i>	<i>3.43%</i>	<i>2.44%</i>	<i>2.44%</i>	<i>8.54%</i>
Principal	7.06%	3.56%	1.68%	12.72%
<i>NCREIF Property Index</i>	<i>2.91%</i>	<i>2.21%</i>	<i>2.03%</i>	<i>4.28%</i>

**City of Hollywood Employees' Retirement Fund
Investment Manager Fee Table
Period Ended June 30, 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	\$ 67,272,533	3.5 bps on assets	\$ 23,545	0.04%
TSW	SMID Cap Value Equity	\$ 19,951,001	80 bps on assets	\$ 159,608	0.80%
Frontier Capital	SMID Cap Growth Equity	\$ 19,667,770	75 bps on assets	\$ 147,508	0.75%
Wellington	International Equity	\$ 40,948,106	71 bps on assets	\$ 290,732	0.71%
Brandes	International Small Cap Equity	\$ 15,248,165	95 bps on first \$25MM, 90 bps on next \$25MM, 80 bps on balance	\$ 144,858	0.95%
Neuberger & Berman	Intermediate Fixed Income	\$ 35,138,326	30 bps on first \$50MM, 20 bps on next \$50mm, 15 bps on balance	\$ 105,415	0.30%
Baird Advisors	Core Plus Fixed Income	\$ 49,315,670	30 bps on first \$25MM, 25 bps on next \$25MM, 20 bps on next \$20MM, 15 bps on balance	\$ 135,789	0.28%
Morgan Stanley	Real Estate	\$ 25,080,971	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	\$ 210,680	0.84%
Principal ¹	Real Estate	\$ 9,338,646	130 bps on assets + incentive fee	\$ 121,402	1.30%
Neuberger Berman Crossroads XXI ²	Private Equity	\$ 2,000,000	25.8 bps on assets	\$ 5,160	0.26%
HarbourVest Dover Fund IX ³	Private Equity	\$ -	70 bps on assets	\$ -	-
IFM Global Infrastructure ⁴	Infrastructure	\$ -	77 bps on assets	\$ -	-
Investment Management Fees		\$ 283,961,188		\$ 1,344,697	0.47%
Segal Rogerscasey	Investment Consulting		\$130,000 annual retainer	\$ 130,000	0.05%
Wells Fargo	Custodian	\$ 283,961,188	2 bps on first \$50MM, 1 bps on next \$75MM, 0.5 bps on balance	\$ 25,448	0.01%
TOTAL FEES				\$ 1,500,146	0.53%

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

- The U.S. unemployment rate rose by 0.2% to 4.9% in June, while the labor force participation rate increased by 0.1% to 62.7%. Nonfarm payrolls rebounded to 287,000 in June from a dismal 11,000 (revised) new jobs in May.
- The University of Michigan Consumer Sentiment Index decreased from 94.7 in May to 93.5 in June. Views on present conditions improved while expectations fell.
- The Purchasing Manager's Index (PMI) ended May at 51.3 and June at 53.2, indicating manufacturing growth continued at a faster rate of change.

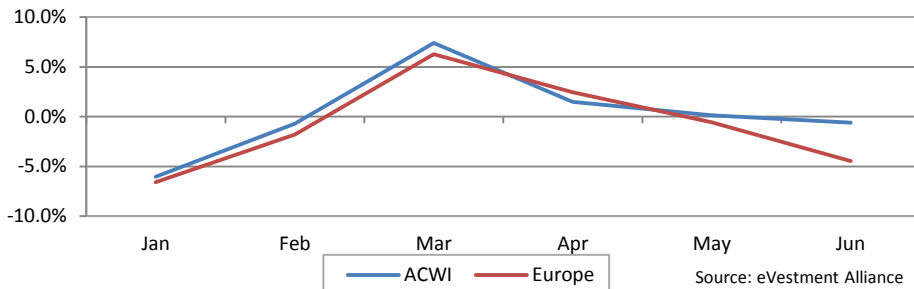
U.S. Equity

- The Russell style and size index returns:
- | | Value | Core | Growth |
|-----------|-------|-------|--------|
| Large Cap | 0.9% | 0.2% | -0.4% |
| Mid Cap | 0.9% | 0.5% | 0.0% |
| Small Cap | 0.3% | -0.1% | -0.5% |
- The Russell 3000 Index (0.2%) gained in June. Value outperformed growth and core within each market capitalization. Mid caps outperformed large and small caps except in the value space where mid cap and large cap were tied for June's best style return (0.9%).
 - Sector returns were mixed. Telecom (9.3%) and Utilities (7.8%) posted the strongest returns, while Financials (-3.2%) and Technology (-2.8%) were the weakest performers.

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

- The MSCI EAFE Index (-3.3% USD; -3.7% local) fell due to uncertainty over Brexit and the threat of slower economic activity. All style indices fell, but mid cap value (-5.9%) declined the most.
- All regions fell except Pacific ex-Japan (0.9%). Europe ex-U.K. (-4.8%) fared the worst. Only five countries within the EAFE Index posted positive returns, with Singapore (4.4%) and New Zealand (3.5%) gaining the most. Of the countries that fell, Ireland (-11.6%) and Spain (-9.9%) experienced the steepest losses.
- Cyclical sectors such as Financials (-9.5%) and Consumer Discretionary (-7.6%) were hurt by the negative investor sentiment during the month, while more defensive sectors like Energy (7.4%) and Consumer Staples (1.3%) were viewed as safe havens.

YTD Performance: MSCI ACWI vs. MSCI Europe



	MSCI EAFE			MSCI EM		
	Value	Core	Growth	Value	Core	Growth
Large Cap	-4.8%	-3.1%	-1.2%	4.6%	4.2%	3.7%
Mid Cap	-5.9%	-4.4%	-3.5%	2.8%	3.1%	3.4%
Small Cap	-5.6%	-5.3%	-5.0%	3.3%	2.5%	1.8%

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

- The MSCI EM Index (4.1% USD; 1.6% local) gained in June, buoyed by positive political change in Latin America and Asia. All style returns were positive, but large cap value (4.6%) gained the most.
- Latin America (11.5%) reversed course in June after being May's weakest performer. The region benefited from strong gains in Brazil (19.5%) and Peru (11.0%). EMEA (3.4%) also gained, backed by positive results in Qatar (3.6%) and Russia (2.5%). Asia (3.0%) also fared well due to solid gains in Indonesia (9.6%) and the Philippines (4.7%).
- All sectors were positive, but Materials (5.6%) and Utilities (5.6%) increased the most. Consumer Discretionary (1.5%) and Industrials (1.4%) gained the least.

U.S. Fixed Income

- The Barclays U.S. Aggregate Index (1.8%) was positive in June.
- BC Aggregate spread sectors posted mixed results relative to Treasuries:

Corporates:	-38 bps	Agencies:	6 bps
MBS:	-30 bps	CMBS:	-31 bps
		ABS:	10 bps
- U.S. Treasury yields contracted across the curve. During the month, the one-, five-, 10-, and 30-year yields fell by 24, 35, 34, and 32 bps, respectively. Notable contributors to the less-than-favorable results were Brexit and disappointing U.S. economic data, which caused the Fed to lower expectations for future rate increases.

BC 1-3 Year Gov/Credit	0.6%	BC Interm Gov/Credit	1.4%	BC Long Gov/Credit	4.9%
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- The BC Corporate High Yield Index (0.9%) gained. The average OAS widened by 28 bps to end June at 594 bps.
- The BC U.S. TIPS Index (2.1%) posted a positive return.

Non-U.S. Fixed Income

- The Citigroup Non-U.S. WGBI Index increased on both a currency-hedged basis (2.4%) and a currency-unhedged basis (4.4%).
- Emerging market debt posted positive results per the JPM EMBI Global Index (3.7%).

Commodities

- The Bloomberg Commodity Index (4.1%) and the S&P GSCI (0.1%) rose. Precious Metals (10.6% BCOM; 9.3% GSCI) fared the best, as investors flocked to safe haven assets due to Brexit. Energy (2.9% BCOM; -1.2% GSCI) and Agriculture (1.8% BCOM; -0.1% GSCI) posted mixed results, while Livestock (-0.7% BCOM; -1.2% GSCI) fell in both indices.
- The price of crude oil fell slightly from \$49/barrel in May to \$48/barrel in June, and the price of gold rose from \$1,215/troy ounce to \$1,322/troy ounce.

Hedge Funds

- The HFRI Fund Weighted Composite Index (0.8%) increased.
- The HFRI Fund of Funds Composite Index (-0.3%) fell.
- Returns were mixed among the major hedge fund strategies.

	Month	YTD
HFRI Equity Hedge Index	-0.3%	-0.2%
HFRI Relative Value Index	0.3%	2.3%
HFRI Event-Driven Index	-0.4%	1.9%
HFRI Emerging Markets Index	1.6%	3.0%
HFRI Macro Index	3.0%	3.5%