

City of Hollywood Employees' Retirement Fund
Preliminary Market Value Update
as of August 31, 2016

	Market Value	Percent of Total Plan	New Target Allocation	Difference	Range
<u>Domestic Equity - Large Cap</u>	\$69,850,658	24.2%	20.0%	4.2%	15-30%
Northern Trust	\$69,850,658	24.2%			
<u>Domestic Equity - SMID Cap</u>	\$41,115,277	14.3%	10.0%	4.3%	7-15.5%
TSW*	\$19,158,781	6.6%			
Frontier Capital	\$21,956,497	7.6%			
<u>International Equity</u>	\$58,852,222	20.4%	20.0%	0.4%	15-25%
Wellington	\$42,692,279	14.8%			
Brandes	\$16,159,944	5.6%			
<u>Fixed</u>	\$81,021,932	28.1%	30.0%	-1.9%	25-37.5%
Neuberger & Berman	\$33,215,013	11.5%			
Baird Advisors	\$47,806,919	16.6%			
<u>Real Estate</u>	\$34,419,767	11.9%	10.0%	1.9%	7-14%
Morgan Stanley	\$25,081,121	8.7%			
Principal	\$9,338,646	3.2%			
<u>Private Equity</u>	\$3,000,000	1.0%	7.5%	-6.5%	0-15%
Neuberger Berman Crossroads XXI**	\$3,000,000	1.0%			
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	\$288,259,857	100.0%	100.0%		

*On August 19, 2016, \$2.0 million was transferred out of TSW to cash.

**On August 4, 2016, \$1.0 million was wired to Neuberger.

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

	Quarter ended March 31, 2016	Quarter ended June 30, 2016	1 Month ended July 31, 2016	1 Month ended August 31, 2016	Fiscal YTD August 31, 2016	Market Value August 31, 2016	Percent of Total Plan August 31, 2016
Domestic Equity							
Northern Trust S&P 500	1.30%	2.44%	3.69%	0.14%	15.35%	\$69,850,658	24.2%
<i>Northern Trust - net</i>	1.29%	2.43%	3.69%	0.14%	15.32%		
<i>S&P 500 Index</i>	1.35%	2.46%	3.69%	0.14%	15.43%		
TSW	3.97%	3.67%	4.92%	1.08%	16.64%	\$19,158,781	6.6%
<i>TSW - net</i>	3.76%	3.47%	4.85%	1.01%	15.91%		
<i>Russell 2500 Value Index</i>	3.34%	4.37%	4.55%	0.89%	16.92%		
Frontier Capital	1.73%	0.89%	8.56%	2.95%	21.09%	\$21,956,497	7.6%
<i>Frontier Capital - net</i>	1.54%	0.70%	8.50%	2.89%	20.40%		
<i>Russell 2500 Growth Index</i>	-2.66%	2.70%	5.94%	0.69%	10.70%		
International Equity							
Wellington	-1.96%	-1.39%	4.27%	-0.01%	4.71%	\$42,692,279	14.8%
<i>Wellington- net</i>	-2.14%	-1.57%	4.21%	-0.07%	4.06%		
<i>MSCI ACWI - ex US (net)</i>	-0.37%	-0.65%	4.95%	0.63%	7.93%		
Brandes	4.34%	-2.77%	5.06%	0.87%	13.19%	\$16,159,944	5.6%
<i>Brandes - net</i>	4.09%	-3.00%	4.98%	0.79%	12.32%		
<i>MSCI EAFE Small Cap (net)</i>	-0.59%	-2.60%	6.13%	-0.59%	9.09%		
Fixed							
Neuberger & Berman	2.08%	1.29%	0.29%	-0.22%	3.00%	\$33,215,013	11.5%
<i>Neuberger & Berman - net</i>	2.01%	1.21%	0.27%	-0.25%	2.72%		
<i>Barclays Intermediate Gov't/Credit Index</i>	2.45%	1.59%	0.28%	-0.26%	3.38%		
<i>90 Day U.S. Treasury Bill</i>	0.06%	0.06%	0.02%	0.01%	0.15%		
Baird Advisors	3.50%	2.70%	0.88%	0.02%	6.27%	\$47,806,919	16.6%
<i>Baird Advisors - net</i>	3.43%	2.63%	0.86%	0.00%	6.02%		
<i>Barclays Aggregate Index</i>	3.04%	2.22%	0.63%	-0.11%	5.28%		
Real Estate							
Morgan Stanley*	2.09%	2.59%	0.21%	0.21%	8.30%	\$25,081,121	8.7%
<i>Morgan Stanley - net</i>	1.88%	2.38%	0.00%	0.00%	7.53%		
<i>NCREIF ODCE (ew) Index</i>	2.44%	2.18%	0.00%	0.00%	8.26%		
Principal*	3.19%	3.83%	0.33%	0.33%	14.82%	\$9,338,646	3.2%
<i>Principal - net</i>	2.86%	3.50%	0.00%	0.00%	13.62%		
<i>NCREIF Property Index</i>	2.21%	2.03%	0.00%	0.00%	7.32%		
Private Equity							
NB Crossroads XXI*	N/A	N/A	N/A	N/A	N/A	\$3,000,000	1.0%
Total Fund	1.81%	1.50%	2.89%	0.35%	10.19%	\$288,259,857	100.0%
Total Fund - net	1.68%	1.37%	2.85%	0.31%	9.70%		
Policy Index**	1.29%	1.52%	2.71%	0.16%	9.14%		

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 August 31, 2016**

	Quarter ended March 31, 2016	Quarter ended June 30, 2016	1 Month ended July 31, 2016	1 Month ended August 31, 2016	Calendar YTD August 31, 2016
Domestic Equity					
Northern Trust	1.30%	2.44%	3.69%	0.14%	7.75%
<i>S&P 500 Index</i>	<i>1.35%</i>	<i>2.46%</i>	<i>3.69%</i>	<i>0.14%</i>	<i>7.83%</i>
TSW SMID	3.97%	3.67%	4.92%	1.08%	14.31%
<i>Russell 2500 Value Index</i>	<i>3.34%</i>	<i>4.37%</i>	<i>4.55%</i>	<i>0.89%</i>	<i>13.76%</i>
Frontier Capital	1.73%	0.89%	8.56%	2.95%	14.71%
<i>Russell 2500 Growth Index</i>	<i>-2.66%</i>	<i>2.70%</i>	<i>5.94%</i>	<i>0.69%</i>	<i>6.63%</i>
International Equity					
Wellington	-1.96%	-1.39%	4.27%	-0.01%	0.79%
<i>MSCI ACWI ex-US Index</i>	<i>-0.37%</i>	<i>-0.65%</i>	<i>4.95%</i>	<i>0.63%</i>	<i>4.54%</i>
Brandes	4.34%	-2.77%	5.06%	0.87%	7.51%
<i>MSCI EAFE Small Cap (net)</i>	<i>-0.59%</i>	<i>-2.60%</i>	<i>6.13%</i>	<i>-0.59%</i>	<i>2.16%</i>
Fixed					
Neuberger & Berman	2.08%	1.29%	0.29%	-0.22%	3.47%
<i>Barclays Intermediate Gov't/Credit Index</i>	<i>2.45%</i>	<i>1.59%</i>	<i>0.28%</i>	<i>-0.26%</i>	<i>4.10%</i>
<i>90 Day U.S. Treasury Bill</i>	<i>0.06%</i>	<i>0.06%</i>	<i>0.02%</i>	<i>0.01%</i>	<i>0.15%</i>
Baird Advisors	3.50%	2.70%	0.88%	0.02%	7.25%
<i>Barclays Aggregate Index</i>	<i>3.04%</i>	<i>2.22%</i>	<i>0.63%</i>	<i>-0.11%</i>	<i>5.87%</i>
Real Estate					
Morgan Stanley	2.09%	2.59%	0.21%	0.21%	5.17%
<i>NCREIF ODCE (ew) Index</i>	<i>2.44%</i>	<i>2.18%</i>	<i>0.00%</i>	<i>0.00%</i>	<i>4.67%</i>
Principal	3.19%	3.83%	0.33%	0.33%	7.83%
<i>NCREIF Property Index</i>	<i>2.21%</i>	<i>2.03%</i>	<i>0.00%</i>	<i>0.00%</i>	<i>4.28%</i>

**City of Hollywood Employees' Retirement Fund
Investment Manager Fee Table
Period Ended August 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	\$ 69,850,658	3.5 bps on assets	\$ 24,448	0.04%
TSW	SMID Cap Value Equity	\$ 19,158,781	80 bps on assets	\$ 153,270	0.80%
Frontier Capital	SMID Cap Growth Equity	\$ 21,956,497	75 bps on assets	\$ 164,674	0.75%
Wellington	International Equity	\$ 42,692,279	71 bps on assets	\$ 303,115	0.71%
Brandes	International Small Cap Equity	\$ 16,159,944	95 bps on first \$25MM, 90 bps on next \$25MM, 80 bps on balance	\$ 153,519	0.95%
Neuberger & Berman	Intermediate Fixed Income	\$ 33,215,013	30 bps on first \$50MM, 20 bps on next \$50mm, 15 bps on balance	\$ 99,645	0.30%
Baird Advisors	Core Plus Fixed Income	\$ 47,806,919	30 bps on first \$25MM, 25 bps on next \$25MM, 20 bps on next \$20MM, 15 bps on balance	\$ 132,017	0.28%
Morgan Stanley	Real Estate	\$ 25,081,121	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	\$ 210,681	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	\$ 3,000,000	25.8 bps on assets	\$ 7,740	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		\$ 288,259,857		\$ 1,370,513	0.48%
Segal Rogerscasey	Investment Consulting		\$130,000 annual retainer	\$ 130,000	0.05%
Wells Fargo	Custodian	\$ 288,259,857	2 bps on first \$50MM, 1 bps on next \$75MM, 0.5 bps on balance	\$ 25,663	0.01%
TOTAL FEES				\$ 1,526,175	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.

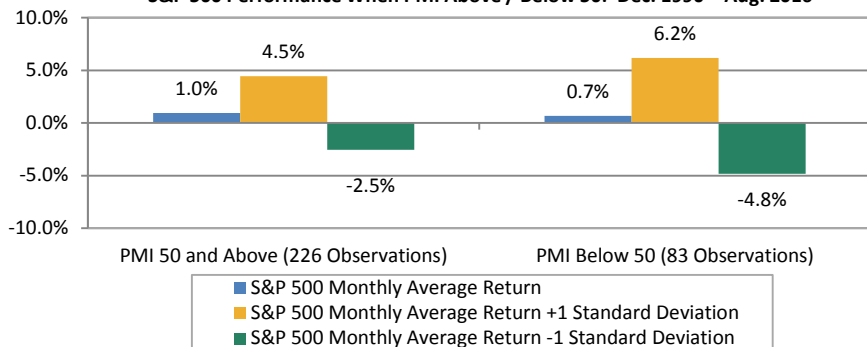
³The fee for the Dover IX Fund is 75 bps, but the City of Hollywood is receiving a 5 bps fee discount.

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

U.S. Economy

- The U.S. unemployment rate and the labor force participation rate remained unchanged at 4.9% and 62.8%, respectively. Nonfarm payrolls grew by 151,000 jobs in August. June employment gains were revised downward, while July's numbers were revised upward.
- The University of Michigan Consumer Sentiment Index fell from 90.0 in July to 89.8 in August. Views on present conditions declined while expectations improved.
- The Purchasing Manager's Index (PMI) ended August at 49.4. A reading under 50 indicates that manufacturing growth declined.

S&P 500 Performance When PMI Above / Below 50: Dec. 1990 – Aug. 2016



Sources: Bloomberg, Investment Metrics

U.S. Equity

- The Russell style and size index returns:

	Value	Core	Growth
Large Cap	0.8%	0.1%	-0.5%
Mid Cap	-0.2%	-0.3%	-0.3%
Small Cap	2.5%	1.8%	1.1%
- The Russell 3000 Index (0.3%) gained in August. Small caps continued to outperform larger caps. Value fared better than growth within all market caps.
- Sector returns were mixed. Financials (3.8%) was the best performer, while Telecom (-5.7%) posted the steepest loss.

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

- The MSCI EAFE Index (0.1% USD; 1.0% local) was positive in August. Size and style returns were mixed. All value indices gained, while all growth indices fell. Core results were mixed among market caps.
- Pacific ex-Japan (-1.5%) was the only region to post a loss due to weak results in Singapore (-2.0%) and Australia (-2.6%). Country returns were varied, but notable outliers were Ireland (5.5%) on the positive side, and Denmark (-6.3%) on the negative side.
- Sector performance was mixed. Materials (2.7%) and Financials (2.6%) generated the highest returns, while Healthcare (-6.3%) and Utilities (-4.3%) posted the weakest results.

	MSCI EAFE			MSCI EM		
	Value	Core	Growth	Value	Core	Growth
Large Cap	1.7%	0.2%	-1.4%	2.2%	2.9%	3.5%
Mid Cap	1.1%	-0.4%	-1.3%	-0.2%	0.5%	1.1%
Small Cap	0.3%	-0.6%	-1.5%	2.3%	1.8%	1.4%

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

- The MSCI EM Index (2.5% USD; 2.8% local) gained in August, mostly due to investors' search for high-returning assets in addition to country-specific positive developments. All style returns were positive except mid cap value (-0.2%).
- Asia (4.1%) was the best performing region, buoyed by a solid gain in China (7.4%), which benefited from signs of stabilization in macroeconomic data. Latin America (0.7%) gained, lifted by Colombia (9.6%), the best performing country of the broader index. EMEA (-2.6%) lagged, hurt by a steep loss in the Czech Republic (-10.2%), August's worst performer.
- Sector performance was evenly split positive and negative. IT (5.5%) and Financials (3.9%) fared the best, while Telecom (-1.8%) and Healthcare (-0.7%) declined the most.

U.S. Fixed Income

- The Barclays U.S. Aggregate Index (-0.1%) declined in August. Treasuries led the index lower with a return of -0.6%, while spread sectors generated positive excess returns on a duration-matched basis: corporate (82 bps), CMBS (46 bps), ABS (19 bps), MBS (32 bps) and agencies (15 bps). In particular, long corporates (0.5%) outperformed long treasuries (-1.0%) and lower quality issues (Baa: 0.5%) outperformed higher quality (Aaa: -0.3%).
- Spreads finished the month tighter as investors generally reached for yield: corporates (-10 bps to 135 bps), CMBS (-7 bps to 78 bps), ABS (-7 bps to 59 bps), MBS (-9 bps to 15 bps) and agencies (-1 bps to 22 bps). The Barclays U.S. Corporate High Yield Index performed particularly well (2.1%) as spreads declined 50 bps to 490 bps.
- U.S. treasury yields rose modestly across the curve as the market anticipated an increase in the likelihood of a Fed Funds Rate hike before the end of the year: 2-year (13 bps), 5-year (15 bps), 10-year (11 bps), and 30-year (5 bps).

Non-U.S. Fixed Income

- The Citigroup Non-U.S. WGBI Index (-1.0%) fell on both an unhedged basis, materially driven by a strong USD, and a hedged basis (-0.2%). Emerging markets debt generated strong returns as the JPM EMBI Index returned 1.8%, while the local currency-denominated benchmark (JPM GBI-EM) was relatively flat at 0.04%.

Commodities

- The Bloomberg Commodity Index (-1.8%) fell, while the S&P GSCI (1.8%) gained. Energy (3.6% BCOM; 6.2% GSCI) has a larger allocation in the GSCI, and its strong return drove the GSCI to outperform the BCOM. All other sectors fell in both indices.
- The price of crude oil rose from \$42/barrel in July to \$45/barrel in August, and the price of gold fell from \$1,351/troy ounce to \$1,309/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 posted positive returns except Macro.

	Month	YTD
HFRI Equity Hedge Index	1.3%	3.4%
HFRI Relative Value Index	0.8%	4.9%
HFRI Event-Driven Index	1.8%	6.0%
HFRI Emerging Markets Index	1.6%	7.0%
HFRI Macro Index	-1.6%	2.0%