

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

	Market Value	Percent of Total Plan	New Target Allocation	Difference	Range
<u>Domestic Equity - Large Cap</u>	\$69,743,672	22.3%	20.0%	2.3%	15-30%
Northern Trust	\$69,743,672	22.3%			
<u>Domestic Equity - SMID Cap</u>	\$40,440,453	12.9%	10.0%	2.9%	7-15.5%
TSW	\$20,423,243	6.5%			
Frontier Capital	\$20,017,210	6.4%			
<u>International Equity</u>	\$69,066,300	22.1%	20.0%	2.1%	15-25%
Wellington	\$50,742,870	16.2%			
Brandes	\$18,323,430	5.9%			
<u>Fixed Income</u>	\$81,331,063	26.0%	30.0%	-4.0%	25-37.5%
Neuberger & Berman	\$26,618,403	8.5%			
Baird Core Plus Bond	\$50,345,250	16.1%			
GoldenTree Mutli-Sector	\$0	0.0%			
AG Direct Lending Fund II, LP	\$4,367,410	1.4%			
<u>Real Estate</u>	\$34,477,648	11.0%	10.0%	1.0%	7-14%
Morgan Stanley	\$24,762,646	7.9%			
Principal	\$9,715,002	3.1%			
<u>Private Equity</u>	\$7,569,848	2.4%	7.5%	-5.1%	0-15%
Neuberger Berman Crossroads XXI	\$6,008,901	1.9%			
HarbourVest Dover Fund IX	\$1,560,947	0.5%			
<u>Infrastructure</u>	\$10,000,000	3.2%	2.5%	0.7%	0-5%
IFM Global Infrastructure	\$10,000,000	3.2%			
Total Fund*	\$312,628,984	100.0%	100.0%		

***Note:**

In August 2017 - \$10.0M was called by IFM and assets were sourced from Northern Trust.

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

	Quarter ended March 31, 2017	Quarter ended June 30, 2017	1 Month ended July 31, 2017	1 Month ended August 31, 2017	Fiscal YTD August 31, 2017	Market Value August 31, 2017	Percent of Total Plan August 31, 2017
Domestic Equity							
Northern Trust S&P 500	6.04%	3.15%	2.06%	0.28%	16.20%	\$69,743,672	22.3%
<i>Northern Trust - net</i>	6.03%	3.14%	2.06%	0.28%	16.17%		
<i>S&P 500 Index</i>	6.07%	3.09%	2.06%	0.31%	16.21%		
TSW	3.10%	2.64%	1.33%	-4.66%	6.46%	\$20,423,243	6.5%
<i>TSW - net</i>	2.90%	2.44%	1.26%	-4.73%	5.73%		
<i>Russell 2500 Value Index</i>	1.62%	0.33%	0.78%	-1.73%	10.39%		
Frontier Capital	6.26%	3.09%	1.70%	-0.89%	15.03%	\$20,017,210	6.4%
<i>Frontier Capital - net</i>	6.06%	2.90%	1.64%	-0.95%	14.34%		
<i>Russell 2500 Growth Index</i>	6.25%	4.13%	1.33%	0.20%	15.24%		
International Equity							
Wellington	7.32%	6.34%	3.42%	-0.40%	15.73%	\$50,742,870	16.2%
<i>Wellington- net</i>	7.13%	6.16%	3.36%	-0.46%	15.08%		
<i>MSCI ACWI - ex US (net)</i>	7.86%	5.79%	3.69%	0.52%	17.43%		
Brandes	6.65%	2.63%	1.22%	-0.53%	12.32%	\$18,323,430	5.9%
<i>Brandes - net</i>	6.41%	2.39%	1.14%	-0.61%	11.45%		
<i>MSCI EAFE Small Cap (net)</i>	7.97%	8.11%	3.62%	0.82%	18.46%		
Fixed							
Neuberger & Berman	0.72%	0.90%	0.44%	0.52%	0.53%	\$26,618,403	8.5%
<i>Neuberger & Berman - net</i>	0.65%	0.83%	0.42%	0.50%	0.26%		
<i>Blmbg. Barclays Intermediate Gov't/Credit Index</i>	0.78%	0.94%	0.46%	0.59%	0.68%		
<i>90 Day U.S. Treasury Bill</i>	0.10%	0.20%	0.09%	0.09%	0.55%		
Baird Core Plus Bond	N/A	N/A	0.54%	0.89%	N/A	\$50,345,250	16.1%
<i>Baird Core Plus Bond - net</i>	N/A	N/A	0.51%	0.86%	N/A		
<i>Blmbg. Barclays Aggregate Index</i>	-0.05%	1.44%	0.43%	0.90%	0.55%		
AG Direct Lending Fund II, L.P.*	N/A	N/A	0.00%	0.00%	N/A	\$4,367,410	1.4%
Real Estate							
Morgan Stanley*	2.13%	2.44%	0.07%	0.07%	7.47%	\$24,762,646	7.9%
<i>Morgan Stanley - net</i>	1.92%	2.23%	0.00%	0.00%	6.70%		
<i>NCREIF ODCE (ew) Index</i>	1.83%	1.71%	0.00%	0.00%	5.81%		
Principal*	2.28%	2.45%	0.11%	0.11%	9.17%	\$9,715,002	3.1%
<i>Principal - net</i>	1.95%	2.12%	0.00%	0.00%	7.98%		
<i>NCREIF Property Index</i>	1.55%	1.75%	0.00%	0.00%	5.11%		
Private Equity							
NB Crossroads XXI*	0.00%	0.00%	0.00%	0.00%	7.23%	\$6,008,901	1.9%
HarborVest Dover Fund IX*	0.00%	0.00%	0.00%	0.00%	N/A	\$1,560,947	0.5%
Infrastructure							
IFM Global Infrastructure*	N/A	N/A	N/A	N/A	N/A	\$10,000,000	3.2%
Total Fund	4.16%	2.91%	1.45%	-0.22%	9.66%	\$312,628,984	100.0%
Total Fund - net	4.02%	2.77%	1.40%	-0.27%	9.15%		
Policy Index**	3.96%	2.78%	1.53%	0.30%	9.95%		

Note: Monthly performance is preliminary and provided by investment managers. The Total

*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 August 31, 2017

	Quarter ended March 31, 2017	Quarter ended June 30, 2017	1 Month ended July 31, 2017	1 Month ended August 31, 2017	Calendar YTD August 31, 2017
Domestic Equity					
Northern Trust	6.04%	3.15%	2.06%	0.28%	11.95%
<i>S&P 500 Index</i>	<i>6.07%</i>	<i>3.09%</i>	<i>2.06%</i>	<i>0.31%</i>	<i>11.95%</i>
TSW SMID	3.10%	2.64%	1.33%	-4.66%	2.23%
<i>Russell 2500 Value Index</i>	<i>1.62%</i>	<i>0.33%</i>	<i>0.78%</i>	<i>-1.73%</i>	<i>0.98%</i>
Frontier Capital	6.26%	3.09%	1.70%	-0.89%	10.42%
<i>Russell 2500 Growth Index</i>	<i>6.25%</i>	<i>4.13%</i>	<i>1.33%</i>	<i>0.20%</i>	<i>12.34%</i>
International Equity					
Wellington	7.32%	6.34%	3.42%	-0.40%	17.55%
<i>MSCI ACWI ex-US Index</i>	<i>7.86%</i>	<i>5.79%</i>	<i>3.69%</i>	<i>0.52%</i>	<i>18.92%</i>
Brandes	6.65%	2.63%	1.22%	-0.53%	10.21%
<i>MSCI EAFE Small Cap (net)</i>	<i>7.97%</i>	<i>8.11%</i>	<i>3.62%</i>	<i>0.82%</i>	<i>21.94%</i>
Fixed					
Neuberger & Berman	0.72%	0.90%	0.44%	0.52%	2.61%
<i>Barclays Intermediate Gov't/Credit Index</i>	<i>0.78%</i>	<i>0.94%</i>	<i>0.46%</i>	<i>0.59%</i>	<i>2.80%</i>
<i>90 Day U.S. Treasury Bill</i>	<i>0.10%</i>	<i>0.20%</i>	<i>0.09%</i>	<i>0.09%</i>	<i>0.48%</i>
Baird Core Plus Bond	N/A	N/A	0.54%	0.89%	N/A
<i>Barclays Aggregate Index</i>	<i>-0.05%</i>	<i>1.44%</i>	<i>0.43%</i>	<i>0.90%</i>	<i>3.64%</i>
Real Estate					
Morgan Stanley	2.13%	2.44%	0.07%	0.07%	4.77%
<i>NCREIF ODCE (ew) Index</i>	<i>1.83%</i>	<i>1.71%</i>	<i>0.00%</i>	<i>0.00%</i>	<i>3.57%</i>
Principal	2.28%	2.45%	0.11%	0.11%	5.01%
<i>NCREIF Property Index</i>	<i>1.55%</i>	<i>1.75%</i>	<i>0.00%</i>	<i>0.00%</i>	<i>3.33%</i>

**City of Hollywood Employees' Retirement Fund
Investment Manager Fee Table
Period Ended August 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	\$ 69,743,672	3.5 bps on assets	\$ 24,410	0.04%
TSW	SMID Cap Value Equity	\$ 20,423,243	80 bps on assets	\$ 163,386	0.80%
Frontier Capital	SMID Cap Growth Equity	\$ 20,017,210	75 bps on assets	\$ 150,129	0.75%
Wellington	International Equity	\$ 50,742,870	71 bps on assets	\$ 360,274	0.71%
Brandes	International Small Cap Equity	\$ 18,323,430	95 bps on first \$25MM, 90 bps on next \$25MM, 80 bps on balance	\$ 174,073	0.95%
Neuberger & Berman	Intermediate Fixed Income	\$ 26,618,403	30 bps on first \$50MM, 20 bps on next \$50mm, 15 bps on balance	\$ 79,855	0.30%
Baird Core Plus Bond	Core Plus Fixed Income	\$ 50,345,250	30 bps on assets	\$ 151,036	0.30%
GoldenTree Multi-Sector Fund	Multi-Sector Credit	\$ -	75 bps on assets	\$ -	-
AG Direct Lending Fund II, LP ¹	Direct Lending Fixed Income	\$ 4,367,410	100 bps on first \$50MM, 85 bps on \$50-\$100MM, 80 bps on \$100-\$200MM, 60 bps above \$200MM	\$ 43,674	1.00%
Morgan Stanley	Real Estate	\$ 24,762,646	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	\$ 208,006	0.84%
Principal ²	Real Estate	\$ 9,715,002	130 bps on assets + incentive fee	\$ 126,295	1.30%
Neuberger Berman Crossroads XXI ³	Private Equity	\$ 6,008,901	25.8 bps on assets	\$ 15,503	0.26%
HarbourVest Dover Fund IX ⁴	Private Equity	\$ 1,560,947	70 bps on assets	\$ 10,927	0.70%
IFM Global Infrastructure ⁵	Infrastructure	\$ 10,000,000	77 bps on assets	\$ 77,000	0.77%
Investment Management Fees		\$ 312,628,984		\$ 1,584,568	0.51%
Segal Marco	Investment Consulting		\$130,000 annual retainer	\$ 130,000	0.04%
Wells Fargo	Custodian	\$ 312,628,984	2 bps on first \$50MM, 1 bps on next \$75MM, 0.5 bps on balance	\$ 26,881	0.01%
TOTAL FEES				\$ 1,741,450	0.56%

¹Incentive fee is equal to 15% of the profits in excess of an 7% net IRR to investors.

²Incentive fee is equal to 15% of the profits in excess of an 11% net IRR to investors.

³NB is aggregating commitments to provide best pricing for SMA 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.

⁴The fee for the Dover IX Fund is 75 bps, but the City of Hollywood is receiving a 5 bps fee discount.

⁵Incentive fee is equal to 10% of the profits in excess of an 8% per annum.

August Highlights

- ❑ The U.S. unemployment rate ticked up to 4.4% in August, and the labor force participation rate was unchanged from July. Nonfarm payrolls grew by 156,000. The University of Michigan Index of Consumer Sentiment increased 3.6% month over month. Sentiment regarding current economic conditions fell slightly, but consumers' expectations strongly improved.
- ❑ Large cap stocks outperformed in August. Sector returns in the S&P 500 were mixed. IT gained the most and Energy posted the steepest loss.
- ❑ Emerging market stocks benefited from strong economic growth and continued weakness for the U.S. dollar (USD). Geopolitical worries weighed down developed market stocks in August.
- ❑ Bond investors sought safety as geopolitical tensions rose. U.S. Treasuries were higher with strained relations between the U.S. and North Korea, among other issues. The Bloomberg Barclays U.S. Aggregate Index rose in August. Credit gained but high yield was flat as investors favored safety over risk. TIPS also performed well in this risk-off environment.
- ❑ Commodities were positive, led by metal and mineral prices.
- ❑ Funds of hedge funds were helped by macro strategies.

YTD Highlights

- ❑ Unemployment is lower than at the start of the year, but has bounced between 4.3% and 4.4% the last several months. Labor force participation continues to be stagnant. The Consumer Sentiment Index has been the highest YTD than in any year since 2000, driven by consumers' positive views of their personal financial situations.
- ❑ Investors have favored U.S. large caps in 2017 for their stability and quality. Mid cap performance has also been strong YTD with continued U.S. economic strength. Investors' greater risk appetite boosted small caps but also held true across the capitalization spectrum.
- ❑ An improving economy and better political stability in Europe have advanced developed market stocks. USD weakness and economic growth have fueled emerging market stocks YTD.
- ❑ The Fed's March and June rate hikes, and anticipation of further hikes, have hurt Treasuries YTD relative to credit. Treasuries are still positive YTD, though, and climbed recently amid geopolitical worries. TIPS have lagged amid still-middling inflation levels in the U.S.
- ❑ Continued concerns about a supply glut plagued oil prices YTD, and is a major reason for commodities' negative performance.

Returns

