

**City of Hollywood Employees' Retirement Fund  
Preliminary Market Value Update  
as of September 30, 2015**

	<b>Market Value</b>	<b>Percent of Total Plan</b>	<b>Target Allocation</b>
<b><u>Domestic Equity - Large Cap</u></b>	<b>\$69,034,607</b>	<b>25.1%</b>	<b>25.0%</b>
Northern Trust	\$69,034,607	25.1%	
<b><u>Domestic Equity - Small Cap</u></b>	<b>\$36,373,261</b>	<b>13.2%</b>	<b>12.5%</b>
TSW	\$18,137,837	6.6%	
Frontier Capital	\$18,235,424	6.6%	
<b><u>International Equity</u></b>	<b>\$55,043,165</b>	<b>20.0%</b>	<b>20.0%</b>
Wellington	\$40,769,060	14.8%	
Brandes	\$14,274,105	5.2%	
<b><u>Fixed</u></b>	<b>\$78,133,537</b>	<b>28.4%</b>	<b>32.5%</b>
Neuberger & Berman	\$37,671,711	13.7%	
Baird Advisors	\$40,461,826	14.7%	
<b><u>Real Estate</u></b>	<b>\$36,454,197</b>	<b>13.3%</b>	<b>10.0%</b>
Morgan Stanley	\$28,030,322	10.2%	
Principal	\$8,423,875	3.1%	
<b>Total Fund*</b>	<b>\$275,038,767</b>	<b>100.0%</b>	<b>100.0%</b>

\*Total does not include the City's contribution to the cash account of \$10.4 million on September 29, 2015. A follow-up contribution of \$9,767,849.00 was made to the cash account on October 2, 2015 for a total contribution of \$20,167,849.00. In October, \$15 million was moved to Baird and the remainder to Neuberger

**City of Hollywood Employees' Retirement Fund**  
**Preliminary Performance Update**  
**as of September 30, 2015**

	Quarter ended December 31, 2014	Quarter ended March 31, 2015	Quarter ended June 30, 2015	Quarter ended September 30, 2015	Fiscal YTD September 30, 2015	Market Value September 30, 2015	Percent of Total Plan September 30, 2015
<b>Domestic Equity</b>							
Northern Trust S&P 500	4.93%	0.95%	0.29%	-6.44%	-0.61%	\$69,034,607	25.1%
<i>Northern Trust - net</i>	4.92%	0.95%	0.28%	-6.45%	-0.64%		
<i>S&amp;P 500 Index</i>	4.93%	0.95%	0.28%	-6.43%	-0.60%		
TSW	6.02%	5.63%	-1.25%	-7.02%	2.82%	\$18,137,837	6.6%
<i>TSW - net</i>	5.82%	5.43%	-1.45%	-7.21%	2.02%		
<i>Russell 2500 Value Index</i>	6.09%	3.02%	-1.28%	-9.59%	-2.44%		
Frontier Capital	8.50%	6.34%	-0.54%	-15.67%	-3.22%	\$18,235,424	6.6%
<i>Frontier Capital - net</i>	8.31%	6.15%	-0.73%	-15.83%	-3.94%		
<i>Russell 2500 Growth Index</i>	7.49%	7.44%	0.60%	-11.05%	3.34%		
<b>International Equity</b>							
Wellington	-1.41%	4.51%	1.41%	-7.54%	-3.39%	\$40,769,060	14.8%
<i>Wellington - net</i>	-1.59%	4.34%	1.23%	-7.71%	-4.07%		
<i>MSCI ACWI - ex US (net)</i>	-3.87%	3.49%	0.53%	-12.15%	-12.15%		
Brandes	N/A	N/A	N/A	-3.68%	N/A	\$14,274,105	5.2%
<i>Brandes - net</i>	N/A	N/A	N/A	-3.92%	N/A		
<i>MSCI EAFE Small Cap (net)</i>	N/A	N/A	N/A	-6.82%	N/A		
<b>Fixed</b>							
Neuberger & Berman	0.52%	1.31%	-0.63%	0.73%	1.94%	\$37,671,711	13.7%
<i>Neuberger &amp; Berman - net</i>	0.45%	1.22%	-0.70%	0.66%	1.62%		
<i>Barclays Intermediate Gov't/Credit Index</i>	0.89%	1.47%	-0.63%	0.95%	2.70%		
Baird Advisors	1.88%	1.80%	-1.67%	1.24%	3.25%	\$40,461,826	14.7%
<i>Baird Advisors - net</i>	1.81%	1.70%	-1.74%	1.17%	2.93%		
<i>Barclays Aggregate Index</i>	1.79%	1.61%	-1.68%	1.24%	2.95%		
<b>Real Estate</b>							
Morgan Stanley*	4.44%	3.18%	4.42%	3.79%	16.79%	\$28,030,322	10.2%
<i>Morgan Stanley - net</i>	4.23%	2.97%	4.21%	3.58%	15.85%		
<i>NCREIF ODCE (ew) Index</i>	3.46%	3.46%	3.92%	3.63%	15.27%		
Principal*	2.97%	3.93%	5.07%	2.18%	14.87%	\$8,423,875	3.1%
<i>Principal - net</i>	2.64%	3.58%	4.74%	1.85%	13.41%		
<i>NCREIF Property Index</i>	3.04%	3.04%	3.14%	0.00%	9.51%		
<b>Total Fund</b>	<b>3.18%</b>	<b>2.77%</b>	<b>0.29%</b>	<b>-3.96%</b>	<b>2.13%</b>	<b>\$275,038,767</b>	<b>100.0%</b>
<b>Total Fund - net</b>	<b>3.08%</b>	<b>2.66%</b>	<b>0.27%</b>	<b>-3.86%</b>	<b>2.01%</b>		
<b>Policy Index**</b>	<b>2.44%</b>	<b>2.02%</b>	<b>0.28%</b>	<b>-4.48%</b>	<b>0.11%</b>		

Asset Class	Market value	% of Plan	Target	Ranges
Large Cap Equity	\$ 69,034,607	25.1%	30.0%	20-40%
Small Cap Equity	\$ 36,373,261	13.2%	12.5%	7.5-17.5%
International Equity	\$ 55,043,165	20.0%	15.0%	10-20%
Fixed Income	\$ 78,133,537	28.4%	32.5%	22.5-42.5%
Real Estate	\$ 36,454,197	13.3%	10.0%	5-15%
<b>Total Fund</b>	<b>\$ 275,038,767</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 September 30, 2015**

	Quarter ended March 31, 2015	Quarter ended June 30, 2015	Quarter ended September 30, 2015	Calendar YTD September 30, 2015
<b><u>Domestic Equity</u></b>				
Northern Trust	0.95%	0.29%	-6.44%	-5.28%
<i>S&amp;P 500 Index</i>	<i>0.95%</i>	<i>0.28%</i>	<i>-6.43%</i>	<i>-5.27%</i>
TSW SMID	5.63%	-1.25%	-7.02%	-3.01%
<i>Russell 2500 Value Index</i>	<i>3.02%</i>	<i>-1.28%</i>	<i>-9.59%</i>	<i>-8.04%</i>
Frontier Capital	6.34%	-0.54%	-15.67%	-10.80%
<i>Russell 2500 Growth Index</i>	<i>7.44%</i>	<i>0.60%</i>	<i>-11.05%</i>	<i>-3.86%</i>
<b><u>International Equity</u></b>				
Wellington	4.51%	1.41%	-7.54%	-2.01%
<i>MSCI ACWI ex-US Index</i>	<i>3.49%</i>	<i>0.53%</i>	<i>-12.15%</i>	<i>-8.61%</i>
Brandes	N/A	N/A	-3.68%	N/A
<i>MSCI EAFE Small Cap (net)</i>	<i>N/A</i>	<i>N/A</i>	<i>-6.82%</i>	<i>N/A</i>
<b><u>Fixed</u></b>				
Neuberger & Berman	1.31%	-0.63%	0.73%	1.41%
<i>Barclays Intermediate Gov't/Credit Index</i>	<i>1.47%</i>	<i>-0.63%</i>	<i>0.95%</i>	<i>1.79%</i>
Baird Advisors	1.80%	-1.67%	1.24%	1.34%
<i>Barclays Aggregate Index</i>	<i>1.61%</i>	<i>-1.68%</i>	<i>1.24%</i>	<i>1.14%</i>
<b><u>Real Estate</u></b>				
Morgan Stanley	3.18%	4.42%	3.79%	11.82%
<i>NCREIF ODCE (ew) Index</i>	<i>3.46%</i>	<i>3.92%</i>	<i>3.63%</i>	<i>11.42%</i>
Principal	3.93%	5.07%	2.18%	11.56%
<i>NCREIF Property Index</i>	<i>3.04%</i>	<i>3.14%</i>	<i>0.00%</i>	<i>6.28%</i>

**Investment Manager Fee Table**  
**Period Ended September 30, 2015**

<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	\$ 69,034,607	3.5 bps on assets	\$ 24,162	0.04%
TSW	SMID Cap Value Equity	\$ 18,137,837	80 bps on assets	\$ 145,103	0.80%
Frontier Capital	SMID Cap Growth Equity	\$ 18,235,424	75 bps on assets	\$ 136,766	0.75%
Wellington	International Equity	\$ 40,769,060	71 bps on assets	\$ 289,460	0.71%
Brandes	International Small Cap Equity	\$ 14,274,105	95 bps on first \$25MM, 90 bps on next \$25MM, 80 bps on balance	\$ 135,604	0.95%
Neuberger & Berman	Intermediate Fixed Income	\$ 37,671,711	30 bps on first \$50MM, 20 bps on next \$50mm, 15 bps on balance	\$ 113,015	0.30%
Baird Advisors	Core Plus Fixed Income	\$ 40,461,826	30 bps on first \$25MM, 25 bps on next \$25MM, 20 bps on next \$20MM, 15 bps on balance	\$ 113,655	0.28%
Morgan Stanley	Real Estate	\$ 28,030,322	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	\$ 235,455	0.84%
Principal*	Real Estate	\$ 8,423,875	130 bps on assets + incentive fee	\$ 109,510	1.30%
<b>Investment Management Fees</b>		<b>\$ 275,038,767</b>		<b>\$ 1,302,730</b>	<b>0.47%</b>
Segal Rogerscasey	Investment Consulting		\$76,500 annual retainer	\$ 76,500	
Wells Fargo	Custodian	\$ 275,038,767	2 bps on first \$50MM, 1 bps on next \$75MM, 0.5 bps on balance	\$ 25,002	0.01%
<b>TOTAL FEES</b>				<b>\$ 1,404,232</b>	<b>0.51%</b>

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

**Economy**

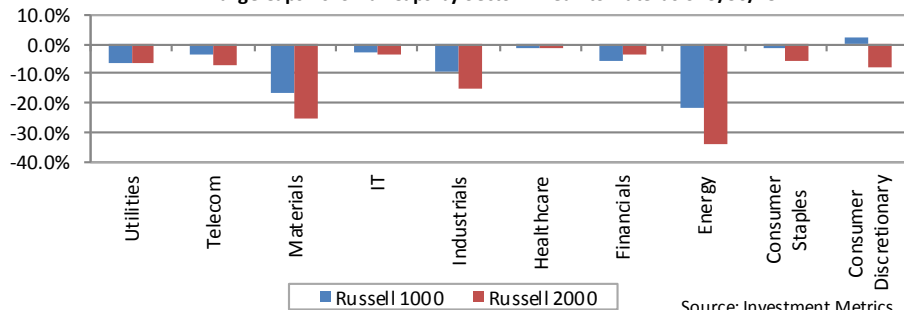
- The U.S. unemployment rate was unchanged at 5.1% in September. The labor force participation rate fell 0.2% to 62.4%. Nonfarm payrolls increased by 142,000 jobs. July and August employment gains were revised downward.
- The University of Michigan Consumer Sentiment Index declined from 91.9 in August to 87.2 in September. Views on both present conditions and expectations fell.
- The Purchasing Manager's Index (PMI) ended August at 51.1 and September at 50.2, indicating that manufacturing growth continued, but at a slower rate of change.

**U.S. Equity**

- The Russell style and size index returns:
 

	Value	Core	Growth
Large Cap	-3.0%	-2.7%	-2.5%
Mid Cap	-3.3%	-3.6%	-3.9%
Small Cap	-3.5%	-4.9%	-6.3%
- The Russell 3000 Index (-2.9%) fell in September, as investors reacted to signs of economic slowdown in China. Style and market cap returns were negative, but large caps fell the least. Growth fared slightly better among large caps, while value lost less among mid and small caps. Small cap growth (-6.3%) posted the weakest return.
- All sectors declined except Utilities (2.9%) and Consumer Staples (0.5%). These sectors are often viewed as safe harbors in falling markets. Materials (-7.4%) lost the most.

Large Caps vs. Small Caps by Sector – Year-to-Date as of 9/30/15



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

- The MSCI EAFE Index (-5.0% USD; -4.8% local currency) fell, contributing to the worst quarterly results since the 2011 eurozone crisis (-10.2% USD; -8.9% local). All size and style returns were negative, but overall, small caps fared better than large caps. Growth was the clear winner among large caps, but there was no style preference in mid or small caps.
- All regional and country returns were negative. Japan (-6.7%) underperformed all regions, while Israel (-9.2%) and Spain (-7.6%) posted the steepest losses among countries.
- Unsurprisingly, almost all sectors fell in September. Materials (-9.6%) lost the most, while Consumer Staples (0.1%) was the only sector to end the month in positive territory.

	MSCI EAFE			MSCI EM		
	Value	Core	Growth	Value	Core	Growth
Large Cap	-6.7%	-5.3%	-3.9%	-3.8%	-3.1%	-2.5%
Mid Cap	-4.0%	-4.0%	-4.1%	-2.1%	-2.4%	-2.6%
Small Cap	-3.2%	-3.4%	-3.5%	-0.6%	0.0%	-0.6%

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

- The MSCI EM Index (-3.0% USD; -1.7% local currency) declined in September, albeit less so than in August, due to continued volatility across the globe. All size and style returns were negative except small cap core (0.0%), which was flat. Small company stocks fared better than larger cap stocks, and growth and value performance varied by market cap.
- All regions fell, but Latin America (-10.5%) experienced the greatest underperformance with a double-digit loss in Brazil (-11.9%). In early September, S&P downgraded Brazil's credit rating to BB+, which is below investment grade. Egypt (2.4%), Korea (1.8%) and India (0.5%) gained. All other EM countries fell, but Indonesia (-13.1%) lost the most.
- All sectors declined except Technology (0.5%). Energy (-8.8%) posted the weakest return.

**U.S. Fixed Income**

- Core fixed income markets gained, as measured by the BC Aggregate Index (0.7%).
- Spread sector performance in the BC Aggregate Index was mixed. Excess returns relative to Treasuries were:
 

Corporates:	-33 bps	Agencies:	-92 bps
MBS:	-20 bps	CMBS:	28 bps
		ABS:	2 bps
- The U.S. Treasury yield curve tightened, but intermediate duration treasuries contracted the most. During the month, the 5- and 10-year Treasury yields narrowed by 17 and 14 bps, respectively. The potential Greek exit from the euro, continued Chinese growth concerns and uncertainty surrounding Fed rate hikes spurred volatility during September.

BC 1-3 Year Gov/Credit	BC Intermed Gov/Credit	BC Long Gov/Credit
0.0%	0.0%	0.2%

- The BC Corporate High Yield Index (-2.6%) fell. The average OAS widened by 86 bps to end September at 630 bps.
- The BC U.S. TIPS Index (-0.6%) fell.

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

- The Citigroup Non-U.S. WGBI Index gained on a currency-unhedged basis (0.7%) and in currency-hedged terms (0.8%).
- Emerging market debt was negative per the JPM EMBI Global Index (-1.4%).

**Commodities**

- Commodities fell, as measured by the S&P GSCI (-6.3%) and the Bloomberg Commodity Index (BCOM) (-3.4%). All sectors declined except Agriculture. Energy fell the most, and its heavy weighting in the GSCI contributed to the index's deep decline versus the BCOM.
- The price of crude oil decreased from \$49/barrel in August to \$45/barrel in September, and the price of gold fell from \$1,135/troy ounce to \$1,115/troy ounce.

**Hedge Funds**

- The HFRI Fund Weighted Composite Index (-1.1%) fell in September.
- The HFRI Fund of Funds Composite Index (-1.5%) also declined.
- All of the major hedge fund strategies except Macro posted losses for the month.

	Month	YTD
HFRI Equity Hedge Index	-1.7%	-2.2%
HFRI Relative Value Index	-1.0%	0.0%
HFRI Event-Driven Index	-2.5%	-3.2%
HFRI Emerging Markets Index	-1.9%	-5.7%
HFRI Macro Index	0.4%	-0.6%