

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

	<b>Market Value</b>	<b>Percent of Total Plan</b>	<b>New Target Allocation</b>	<b>Difference</b>	<b>Range</b>
<b><u>Domestic Equity - Large Cap</u></b>	<b>\$69,863,712</b>	<b>24.1%</b>	<b>20.0%</b>	<b>4.1%</b>	<b>15-30%</b>
Northern Trust	\$69,863,712	24.1%			
<b><u>Domestic Equity - SMID Cap</u></b>	<b>\$41,401,945</b>	<b>14.3%</b>	<b>10.0%</b>	<b>4.3%</b>	<b>7-15.5%</b>
TSW	\$19,180,781	6.6%			
Frontier Capital	\$22,221,164	7.7%			
<b><u>International Equity</u></b>	<b>\$60,092,227</b>	<b>20.7%</b>	<b>20.0%</b>	<b>0.7%</b>	<b>15-25%</b>
Wellington	\$43,778,387	15.1%			
Brandes	\$16,313,840	5.6%			
<b><u>Fixed</u></b>	<b>\$79,099,161</b>	<b>27.3%</b>	<b>30.0%</b>	<b>-2.7%</b>	<b>25-37.5%</b>
Neuberger & Berman	\$32,283,911	11.1%			
Baird Advisors	\$46,815,250	16.1%			
<b><u>Real Estate</u></b>	<b>\$35,471,550</b>	<b>12.2%</b>	<b>10.0%</b>	<b>2.2%</b>	<b>7-14%</b>
Morgan Stanley	\$25,648,353	8.8%			
Principal	\$9,823,197	3.4%			
<b><u>Private Equity</u></b>	<b>\$4,200,000</b>	<b>1.4%</b>	<b>7.5%</b>	<b>-6.1%</b>	<b>0-15%</b>
Neuberger Berman Crossroads XXI*	\$4,200,000	1.4%			
HarbourVest Dover Fund IX	\$0	0.0%			
<b><u>Infrastructure</u></b>	<b>\$0</b>	<b>0.0%</b>	<b>2.5%</b>	<b>-2.5%</b>	<b>0-5%</b>
IFM Global Infrastructure	\$0	0.0%			
<b>Total Fund</b>	<b>\$290,128,594</b>	<b>100.0%</b>	<b>100.0%</b>		

\*On September 20, 2016, \$1.2 million was wired to Neuberger.

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

	Quarter ended December 31, 2015	Quarter ended March 31, 2016	Quarter ended June 30, 2016	Quarter ended September 30, 2016	Fiscal YTD September 30, 2016	Market Value September 30, 2016	Percent of Total Plan September 30, 2016
<b>Domestic Equity</b>							
Northern Trust S&P 500	7.05%	1.30%	2.44%	3.86%	15.37%	\$69,863,712	24.1%
<i>Northern Trust - net</i>	7.04%	1.29%	2.43%	3.85%	15.34%		
<i>S&amp;P 500 Index</i>	7.05%	1.35%	2.46%	3.86%	15.45%		
TSW	2.04%	3.97%	3.67%	6.18%	16.78%	\$19,180,781	6.6%
<i>TSW - net</i>	1.83%	3.76%	3.47%	5.97%	15.98%		
<i>Russell 2500 Value Index</i>	2.78%	3.34%	4.37%	6.18%	17.69%		
Frontier Capital	5.67%	1.73%	0.89%	13.31%	22.74%	\$22,221,164	7.7%
<i>Frontier Capital - net</i>	5.48%	1.54%	0.70%	13.11%	21.99%		
<i>Russell 2500 Growth Index</i>	3.81%	-2.66%	2.70%	6.98%	11.02%		
<b>International Equity</b>							
Wellington	3.89%	-1.96%	-1.39%	6.91%	7.37%	\$43,778,387	15.1%
<i>Wellington- net</i>	3.71%	-2.14%	-1.57%	6.72%	6.66%		
<i>MSCI ACWI - ex US (net)</i>	3.25%	-0.37%	-0.65%	6.91%	9.26%		
Brandes	5.28%	4.34%	-2.77%	6.98%	14.26%	\$16,313,840	5.6%
<i>Brandes - net</i>	5.04%	4.09%	-3.00%	6.73%	13.31%		
<i>MSCI EAFE Small Cap (net)</i>	6.79%	-0.59%	-2.60%	8.64%	12.33%		
<b>Fixed</b>							
Neuberger & Berman	-0.46%	2.08%	1.29%	0.20%	3.13%	\$32,283,911	11.1%
<i>Neuberger &amp; Berman - net</i>	-0.53%	2.01%	1.21%	0.12%	2.83%		
<i>Blmbg. Barclays Intermediate Gov't/Credit Index</i>	-0.69%	2.45%	1.59%	0.15%	3.52%		
<i>90 Day U.S. Treasury Bill</i>	-0.69%	0.06%	0.06%	0.07%	0.18%		
Baird Advisors	-0.91%	3.50%	2.70%	0.87%	6.24%	\$46,815,250	16.1%
<i>Baird Advisors - net</i>	-0.98%	3.43%	2.63%	0.80%	5.96%		
<i>Blmbg. Barclays Aggregate Index</i>	-0.56%	3.04%	2.22%	0.46%	5.22%		
<b>Real Estate</b>							
Morgan Stanley*	3.30%	2.09%	2.59%	2.47%	10.80%	\$25,648,353	8.8%
<i>Morgan Stanley - net</i>	3.09%	1.88%	2.38%	2.26%	9.96%		
<i>NCREIF ODCE (ew) Index</i>	3.43%	2.44%	2.18%	2.13%	10.57%		
Principal*	7.06%	3.19%	3.83%	3.40%	18.41%	\$9,823,197	3.4%
<i>Principal - net</i>	6.73%	2.86%	3.50%	3.07%	17.11%		
<i>NCREIF Property Index</i>	2.91%	2.21%	2.03%	0.00%	7.32%		
<b>Private Equity</b>							
NB Crossroads XXI*	N/A	N/A	N/A	N/A	N/A	\$4,200,000	1.4%
<b>Total Fund</b>	<b>3.34%</b>	<b>1.81%</b>	<b>1.50%</b>	<b>4.12%</b>	<b>11.12%</b>	<b>\$290,128,594</b>	<b>100.0%</b>
<b>Total Fund - net</b>	<b>3.21%</b>	<b>1.68%</b>	<b>1.37%</b>	<b>3.99%</b>	<b>10.59%</b>		
<b>Policy Index**</b>	<b>2.98%</b>	<b>1.29%</b>	<b>1.52%</b>	<b>3.51%</b>	<b>9.81%</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: (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 September 30, 2016**

	Quarter ended March 31, 2016	Quarter ended June 30, 2016	Quarter ended September 30, 2016	Calendar YTD September 30, 2016
<b>Domestic Equity</b>				
Northern Trust	1.30%	2.44%	3.86%	7.77%
<i>S&amp;P 500 Index</i>	<i>1.35%</i>	<i>2.46%</i>	<i>3.86%</i>	<i>7.85%</i>
TSW SMID	3.97%	3.67%	6.18%	14.45%
<i>Russell 2500 Value Index</i>	<i>3.34%</i>	<i>4.37%</i>	<i>6.18%</i>	<i>14.51%</i>
Frontier Capital	1.73%	0.89%	13.31%	16.30%
<i>Russell 2500 Growth Index</i>	<i>-2.66%</i>	<i>2.70%</i>	<i>6.98%</i>	<i>6.94%</i>
<b>International Equity</b>				
Wellington	-1.96%	-1.39%	6.91%	3.35%
<i>MSCI ACWI ex-US Index</i>	<i>-0.37%</i>	<i>-0.65%</i>	<i>6.91%</i>	<i>5.82%</i>
Brandes	4.34%	-2.77%	6.98%	8.53%
<i>MSCI EAFE Small Cap (net)</i>	<i>-0.59%</i>	<i>-2.60%</i>	<i>8.64%</i>	<i>5.19%</i>
<b>Fixed</b>				
Neuberger & Berman	2.08%	1.29%	0.20%	3.61%
<i>Barclays Intermediate Gov't/Credit Index</i>	<i>2.45%</i>	<i>1.59%</i>	<i>0.15%</i>	<i>4.23%</i>
<i>90 Day U.S. Treasury Bill</i>	<i>0.06%</i>	<i>0.06%</i>	<i>0.07%</i>	<i>0.19%</i>
Baird Advisors	3.50%	2.70%	0.87%	7.21%
<i>Barclays Aggregate Index</i>	<i>3.04%</i>	<i>2.22%</i>	<i>0.46%</i>	<i>5.81%</i>
<b>Real Estate</b>				
Morgan Stanley	2.09%	2.59%	2.47%	7.32%
<i>NCREIF ODCE (ew) Index</i>	<i>2.44%</i>	<i>2.18%</i>	<i>2.13%</i>	<i>6.90%</i>
Principal	3.19%	3.83%	3.40%	10.78%
<i>NCREIF Property Index</i>	<i>2.21%</i>	<i>2.03%</i>	<i>0.00%</i>	<i>4.28%</i>

**City of Hollywood Employees' Retirement Fund  
Investment Manager Fee Table  
Period Ended September 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	\$ 69,863,712	3.5 bps on assets	\$ 24,452	0.04%
TSW	SMID Cap Value Equity	\$ 19,180,781	80 bps on assets	\$ 153,446	0.80%
Frontier Capital	SMID Cap Growth Equity	\$ 22,221,164	75 bps on assets	\$ 166,659	0.75%
Wellington	International Equity	\$ 43,778,387	71 bps on assets	\$ 310,827	0.71%
Brandes	International Small Cap Equity	\$ 16,313,840	95 bps on first \$25MM, 90 bps on next \$25MM, 80 bps on balance	\$ 154,981	0.95%
Neuberger & Berman	Intermediate Fixed Income	\$ 32,283,911	30 bps on first \$50MM, 20 bps on next \$50mm, 15 bps on balance	\$ 96,852	0.30%
Baird Advisors	Core Plus Fixed Income	\$ 46,815,250	30 bps on first \$25MM, 25 bps on next \$25MM, 20 bps on next \$20MM, 15 bps on balance	\$ 129,538	0.28%
Morgan Stanley	Real Estate	\$ 25,648,353	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	\$ 215,446	0.84%
Principal <sup>1</sup>	Real Estate	\$ 9,823,197	130 bps on assets + incentive fee	\$ 127,702	1.30%
Neuberger Berman Crossroads XXI <sup>2</sup>	Private Equity	\$ 4,200,000	25.8 bps on assets	\$ 10,836	0.26%
HarbourVest Dover Fund IX <sup>3</sup>	Private Equity	\$ -	70 bps on assets	\$ -	-
IFM Global Infrastructure <sup>4</sup>	Infrastructure	\$ -	77 bps on assets	\$ -	-
<b>Investment Management Fees</b>		<b>\$ 290,128,594</b>		<b>\$ 1,390,739</b>	<b>0.48%</b>
Segal Rogerscasey	Investment Consulting		\$130,000 annual retainer	\$ 130,000	0.04%
Wells Fargo	Custodian	\$ 290,128,594	2 bps on first \$50MM, 1 bps on next \$75MM, 0.5 bps on balance	\$ 25,756	0.01%
<b>TOTAL FEES</b>				<b>\$ 1,546,495</b>	<b>0.53%</b>

<sup>1</sup>Incentive fee is equal to 15% of the profits in excess of an 11% net IRR to investors.

<sup>2</sup>NB 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.

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

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

**U.S. Economy**

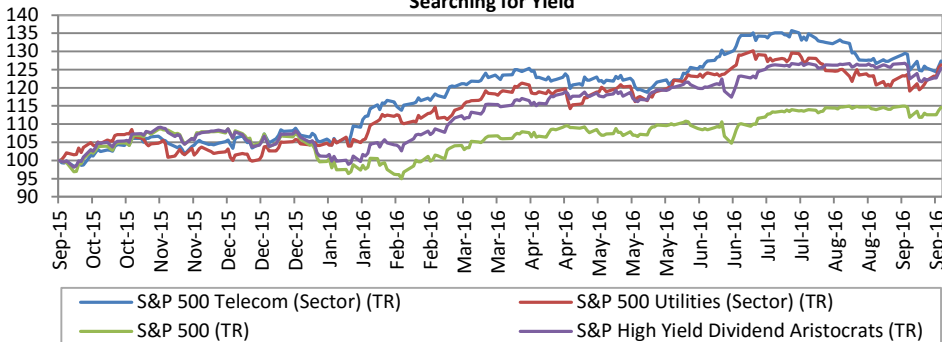
- The U.S. unemployment rate (5.0%) and the labor force participation rate (62.9%) each rose by 0.1% from August to September. Nonfarm payrolls grew by 156,000 jobs. July employment gains were revised downward and August's numbers were revised upward.
- The University of Michigan Consumer Sentiment Index rose from 89.8 in August to 91.2 in September. Views on present conditions declined while expectations improved.
- The Purchasing Manager's Index (PMI) ended September at 51.5, indicating that manufacturing growth occurred.

**U.S. Equity**

- The Russell style and size index returns:
 

	Value	Core	Growth
Large Cap	-0.2%	0.1%	0.4%
Mid Cap	0.4%	0.2%	-0.1%
Small Cap	0.8%	1.1%	1.4%
- The Russell 3000 Index (0.2%) gained in September. Size and style returns were mixed during the month. Growth outperformed value, except in the mid cap space, and small caps continued to outperform mid and large caps.
- Most sectors fell, with the exception of Energy (3.1%), IT (2.4%) and Utilities (0.4%). Financials (-2.7%) and Consumer Staples (-1.5%) posted the weakest returns.

Searching for Yield



Source: S&P Dow Jones Indices

**Non-U.S. Equity**

- The MSCI EAFE Index (1.3% USD; 0.3% local) was positive in September. Some areas of the market were stronger than others, as large cap growth (1.5%) outperformed large cap value (0.8%), and small cap growth (3.7%) posted the strongest performance of all.
- All regions gained, but Pacific ex-Japan (2.7%) increased the most. Country returns were differentiated, but mostly positive. Austria (5.3%) and Norway (4.3%) performed the best, while Denmark (-4.1%) and Israel (-3.9%) posted the weakest results.
- All sectors gained except Financials (-0.4%), Telecom (-0.3%) and Consumer Discretionary (0.0%). Materials (3.6%) and IT (2.8%) registered the strongest results in September and over the past 12 months.

	MSCI EAFE			MSCI EM		
	Value	Core	Growth	Value	Core	Growth
Large Cap	0.8%	1.1%	1.5%	0.8%	1.4%	2.1%
Mid Cap	2.1%	1.7%	1.4%	0.6%	0.6%	0.6%
Small Cap	2.2%	3.0%	3.7%	1.1%	1.3%	1.5%

**Emerging Markets Equity**

- The MSCI EM Index (1.3% USD; 0.4% local) gained in September, mostly due to investors' search for high-returning assets. All style returns were positive. Growth outperformed value except in the mid cap space where there was no differentiation among style returns.
- EMEA (2.9%) was the best performing region, aided by gains in Russia (3.9%) and South Africa (5.9%). Asia (1.4%) posted a positive return as well, lifted by gains in China (2.6%) and Taiwan (3.0%). Latin America (-0.8%) fell, dragged down by losses in Mexico (-3.3%) and Colombia (-0.4%).
- Sector results were mixed during the month. IT (3.7%) and Energy (3.0%) posted the strongest returns, while Utilities (-3.0%) and Industrials (-1.4%) declined the most.

**U.S. Fixed Income**

- The Barclays U.S. Aggregate Index (-0.1%) declined in September. Treasuries returned -0.1%, while spread sectors generated mixed excess returns on a duration-matched basis: Corporate (-3 bps), CMBS (-35 bps), ABS (14 bps), MBS (18 bps), and Agencies (9 bps). In particular, long Treasuries underperformed (-1.6% and -1.0%, respectively), while TIPS rose 0.6%.
- Spreads also finished the month with mixed performance: Corporates (+3 bps to 138 bps), CMBS (+6 bps to 84 bps), ABS (-4 bps to 555 bps), MBS (-1 bp to 14 bps), and Agencies (-1 bp to 21 bps). The Barclays U.S. Corporate High Yield Index performed well (0.5%) as spreads declined by 24 bps to 466 bps.
- The U.S. Treasury yield curve modestly steepened: 1-3 year (-1 bp), 3-5 year (-3 bps), 5-7 year (-2 bps), 7-10 year (1 bp), 10-20 year (6 bps), and 20+ year (11 bps).

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

- In Global, the Citigroup WGBI Index rose 0.7% on an unhedged basis, while the index returned -0.1% on a hedged basis. Emerging markets debt generated strong returns during the month as the JPM GBI-EM returned 2.0% and the JPM EMBI Index returned 0.4%.

**Commodities**

- The Bloomberg Commodity Index (3.1%) and the S&P GSCI (3.8%) gained due to strong returns in Agriculture (4.2% BCOM; 4.3% GSCI), Industrial Metals (5.2% BCOM; 4.4% GSCI) and Energy (4.2% BCOM; 5.4% GSCI). Livestock (-13.2% BCOM; -8.6% GSCI) was the only sector that fell.
- The price of crude oil rose from \$45/barrel in August to \$48/barrel in September, and the price of gold increased from \$1,309/troy ounce to \$1,316/troy ounce.

**Hedge Funds**

- The HFRI Fund Weighted Composite Index (0.6%) increased in September.
- The HFRI Fund of Funds Composite Index (0.6%) also gained.
- All of the major hedge fund strategies posted positive returns except Macro.

	Month	YTD
HFRI Equity Hedge Index	1.1%	4.2%
HFRI Relative Value Index	0.9%	5.9%
HFRI Event-Driven Index	0.7%	6.7%
HFRI Emerging Markets Index	0.8%	8.0%
HFRI Macro Index	-0.3%	1.8%