

**City of Hollywood Employees' Retirement Fund**  
**Preliminary Market Value Update**  
**as of October 31, 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>\$68,588,824</b>	<b>23.5%</b>	<b>20.0%</b>	<b>3.5%</b>	<b>15-30%</b>
Northern Trust	\$68,588,824	23.5%			
<b><u>Domestic Equity - SMID Cap</u></b>	<b>\$40,053,218</b>	<b>13.8%</b>	<b>10.0%</b>	<b>3.8%</b>	<b>7-15.5%</b>
TSW	\$18,659,663	6.4%			
Frontier Capital	\$21,393,555	7.3%			
<b><u>International Equity</u></b>	<b>\$58,853,122</b>	<b>20.2%</b>	<b>20.0%</b>	<b>0.2%</b>	<b>15-25%</b>
Wellington	\$42,509,304	14.6%			
Brandes	\$16,343,818	5.6%			
<b><u>Fixed</u></b>	<b>\$84,085,474</b>	<b>28.9%</b>	<b>30.0%</b>	<b>-1.1%</b>	<b>25-37.5%</b>
Neuberger & Berman	\$31,159,203	10.7%			
Baird Advisors	\$52,926,271	18.2%			
<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>\$291,252,188</b>	<b>100.0%</b>	<b>100.0%</b>		

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

	1 Month ended October 31, 2016	Fiscal YTD October 31, 2016	Market Value October 31, 2016	Percent of Total Plan October 31, 2016
<b>Domestic Equity</b>				
Northern Trust S&P 500	-1.82%	-1.82%	\$68,588,824	23.5%
<i>Northern Trust - net</i>	-1.82%	-1.82%		
<i>S&amp;P 500 Index</i>	-1.82%	-1.82%		
TSW	-2.72%	-2.72%	\$18,659,663	6.4%
<i>TSW - net</i>	-2.79%	-2.79%		
<i>Russell 2500 Value Index</i>	-2.99%	-2.99%		
Frontier Capital	-3.66%	-3.66%	\$21,393,555	7.3%
<i>Frontier Capital - net</i>	-3.72%	-3.72%		
<i>Russell 2500 Growth Index</i>	-5.22%	-5.22%		
<b>International Equity</b>				
Wellington	-2.90%	-2.90%	\$42,509,304	14.6%
<i>Wellington- net</i>	-2.96%	-2.96%		
<i>MSCI ACWI - ex US (net)</i>	-1.44%	-1.44%		
Brandes	0.18%	0.18%	\$16,343,818	5.6%
<i>Brandes - net</i>	0.10%	0.10%		
<i>MSCI EAFE Small Cap (net)</i>	-2.83%	-2.83%		
<b>Fixed</b>				
Neuberger & Berman	-0.47%	-0.47%	\$31,159,203	10.7%
<i>Neuberger &amp; Berman - net</i>	-0.50%	-0.50%		
<i>Blmbg. Barclays Intermediate Gov't/Credit Index</i>	-0.41%	-0.41%		
<i>90 Day U.S. Treasury Bill</i>	0.01%	0.01%		
Baird Advisors	-0.67%	-0.67%	\$52,926,271	18.2%
<i>Baird Advisors - net</i>	-0.69%	-0.69%		
<i>Blmbg. Barclays Aggregate Index</i>	-0.76%	-0.76%		
<b>Real Estate</b>				
Morgan Stanley*	0.07%	0.07%	\$25,648,353	8.8%
<i>Morgan Stanley - net</i>	0.00%	0.00%		
<i>NCREIF ODCE (ew) Index</i>	0.00%	0.00%		
Principal*	0.11%	0.11%	\$9,823,197	3.4%
<i>Principal - net</i>	0.00%	0.00%		
<i>NCREIF Property Index</i>	0.00%	0.00%		
<b>Private Equity</b>				
NB Crossroads XXI*	N/A	N/A	\$4,200,000	1.4%
<b>Total Fund</b>	<b>-1.49%</b>	<b>-1.49%</b>	<b>\$291,252,187</b>	<b>100.0%</b>
<b>Total Fund - net</b>	<b>-1.53%</b>	<b>-1.53%</b>		
<b>Policy Index**</b>	<b>-1.44%</b>	<b>-1.44%</b>		

Note: Monthly performance is preliminary and provided by

\*Performance is calculated on a quarterly basis.

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

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

	Quarter ended March 31, 2016	Quarter ended June 30, 2016	Quarter ended September 30, 2016	1 Month ended October 31, 2016	Calendar YTD October 31, 2016
<b>Domestic Equity</b>					
Northern Trust	1.30%	2.44%	3.86%	-1.82%	5.81%
<i>S&amp;P 500 Index</i>	<i>1.35%</i>	<i>2.46%</i>	<i>3.86%</i>	<i>-1.82%</i>	<i>5.89%</i>
TSW SMID	3.97%	3.67%	6.18%	-2.72%	11.34%
<i>Russell 2500 Value Index</i>	<i>3.34%</i>	<i>4.37%</i>	<i>6.18%</i>	<i>-2.99%</i>	<i>11.09%</i>
Frontier Capital	1.73%	0.89%	13.31%	-3.66%	12.04%
<i>Russell 2500 Growth Index</i>	<i>-2.66%</i>	<i>2.70%</i>	<i>6.98%</i>	<i>-5.22%</i>	<i>1.36%</i>
<b>International Equity</b>					
Wellington	-1.96%	-1.39%	6.91%	-2.90%	0.35%
<i>MSCI ACWI ex-US Index</i>	<i>-0.37%</i>	<i>-0.65%</i>	<i>6.91%</i>	<i>-1.44%</i>	<i>4.30%</i>
Brandes	4.34%	-2.77%	6.98%	0.18%	8.73%
<i>MSCI EAFE Small Cap (net)</i>	<i>-0.59%</i>	<i>-2.60%</i>	<i>8.64%</i>	<i>-2.83%</i>	<i>2.21%</i>
<b>Fixed</b>					
Neuberger & Berman	2.08%	1.29%	0.20%	-0.47%	3.12%
<i>Barclays Intermediate Gov't/Credit Index</i>	<i>2.45%</i>	<i>1.59%</i>	<i>0.15%</i>	<i>-0.41%</i>	<i>3.81%</i>
<i>90 Day U.S. Treasury Bill</i>	<i>0.06%</i>	<i>0.06%</i>	<i>0.07%</i>	<i>0.01%</i>	<i>0.21%</i>
Baird Advisors	3.50%	2.70%	0.87%	-0.67%	6.50%
<i>Barclays Aggregate Index</i>	<i>3.04%</i>	<i>2.22%</i>	<i>0.46%</i>	<i>-0.76%</i>	<i>5.00%</i>
<b>Real Estate</b>					
Morgan Stanley	2.09%	2.59%	2.47%	0.07%	7.40%
<i>NCREIF ODCE (ew) Index</i>	<i>2.44%</i>	<i>2.18%</i>	<i>2.13%</i>	<i>0.00%</i>	<i>6.90%</i>
Principal	3.19%	3.83%	2.97%	0.11%	10.43%
<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 October 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	\$ 68,588,824	3.5 bps on assets	\$ 24,006	0.04%
TSW	SMID Cap Value Equity	\$ 18,659,663	80 bps on assets	\$ 149,277	0.80%
Frontier Capital	SMID Cap Growth Equity	\$ 21,393,555	75 bps on assets	\$ 160,452	0.75%
Wellington	International Equity	\$ 42,509,304	71 bps on assets	\$ 301,816	0.71%
Brandes	International Small Cap Equity	\$ 16,343,818	95 bps on first \$25MM, 90 bps on next \$25MM, 80 bps on balance	\$ 155,266	0.95%
Neuberger & Berman	Intermediate Fixed Income	\$ 31,159,203	30 bps on first \$50MM, 20 bps on next \$50mm, 15 bps on balance	\$ 93,478	0.30%
Baird Advisors	Core Plus Fixed Income	\$ 52,926,271	30 bps on first \$25MM, 25 bps on next \$25MM, 20 bps on next \$20MM, 15 bps on balance	\$ 144,816	0.27%
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>\$ 291,252,188</b>		<b>\$ 1,383,094</b>	<b>0.47%</b>
Segal Rogerscasey	Investment Consulting		\$130,000 annual retainer	\$ 130,000	0.04%
Wells Fargo	Custodian	\$ 291,252,188	2 bps on first \$50MM, 1 bps on next \$75MM, 0.5 bps on balance	\$ 25,813	0.01%
<b>TOTAL FEES</b>				<b>\$ 1,538,907</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 (4.9%) and the labor force participation rate (62.8%) each ticked downward by 0.1% from September to October. Nonfarm payrolls grew by 161,000 jobs. August and September employment gains were revised upward.
- The University of Michigan Consumer Sentiment Index fell from 91.2 in September to 87.2 in October. Views on present conditions and expectations each declined.
- The Purchasing Manager's Index (PMI) ended September at 51.5 and October at 51.9, indicating that manufacturing growth occurred at a faster rate of change.

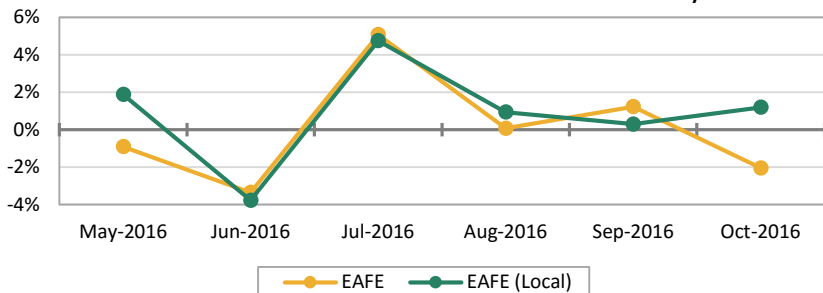
**U.S. Equity**

- The Russell style and size index returns:
- |           | Value | Core  | Growth |
|-----------|-------|-------|--------|
| Large Cap | -1.6% | -2.0% | -2.4%  |
| Mid Cap   | -2.4% | -3.2% | -4.1%  |
| Small Cap | -3.3% | -4.8% | -6.2%  |
- The Russell 3000 Index (-2.2%) fell in October. All size and style indices declined. Within each market capitalization, large caps fell less than mid and small caps, and value lost less than growth.
  - Most sectors fell, with the exception of Financials (2.3%) and Utilities (0.9%). Telecom (-6.5%) and Healthcare (-6.5%) declined the most.

**Non-U.S. Equity**

- The MSCI EAFE Index (-2.0% USD; 1.2% local) posted mixed results for U.S. and local investors. Value fared better than growth, and large cap value (0.6%) was the only style index to post a positive return.
- All regions declined, but Europe (-3.3%) fell the most, followed by Europe ex U.K. (-2.5%). Only four countries in the EAFE Index posted positive returns: Austria (4.1%), Spain (3.3%), Italy (1.7%) and Japan (1.3%).
- Sector returns were mixed. Financials (2.6%) fared the best, while Healthcare (-7.4%) and Consumer Staples (-6.9%) posted notable losses.

A Tale of Two Returns: MSCI EAFE USD vs. Local Currency



Source: Bloomberg

	MSCI EAFE			MSCI EM		
	Value	Core	Growth	Value	Core	Growth
Large Cap	0.6%	-1.8%	-4.4%	1.9%	0.4%	-1.2%
Mid Cap	-1.5%	-3.1%	-4.1%	-0.8%	-0.4%	-0.1%
Small Cap	-1.6%	-2.8%	-4.1%	-0.2%	-1.5%	-2.8%

**Emerging Markets Equity**

- The MSCI EM Index (0.3% USD; 0.6% local) rose in October, although returns were subdued ahead of the U.S. presidential election and amid increasing consensus for an interest rate hike by the Fed in December. Style returns were mostly negative except for large cap value (1.9%) and large cap core (0.4%).
- Latin America (10.0%) was the best-performing region due to a strong gain in Brazil (14.0%). Asia (-1.4%) fell, hurt by weak returns in China (-1.9%) and Korea (-3.7%). EMEA (-0.1%) suffered from a loss in South Africa (-1.0%).
- Sector results were mixed. Energy (5.2%) and Materials (2.7%) posted the strongest returns, while Consumer Staples (-2.1%) and Healthcare (-1.7%) declined the most.

**U.S. Fixed Income**

- The Bloomberg Barclays U.S. Aggregate Index returned -0.8%. Treasuries returned -1.1%, while spread sectors generated excess returns on a duration-matched basis: corporates (56 bps), CMBS (5 bps), ABS (10 bps), MBS (2 bps), and agencies (3 bps). In particular, long Treasuries (-4.1%) underperformed long corporates (-2.0%).
- Spreads tightened during the month: corporates (-6 bps to 132 bps), CMBS (-2 bps to 82 bps), ABS (-2 bps to 53 bps), MBS (-1 bps to 13 bps), and agencies (-1 bps to 20 bps). The Bloomberg Barclays U.S. Corporate High Yield Index (0.4%) was the only index to post a positive return, and spreads declined 3 bps to 477 bps.
- Treasury yields rose and the curve steepened: 1-3 year (8 bps), 3-5 year (13 bps), 5-7 year (18 bps), 7-10 year (21 bps), 10-20 year (23 bps), and 20+ year (25 bps).

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

- In Global, the Citigroup WGBI Index returned -3.4% on an unhedged basis and -1.3% on a hedged basis. Emerging markets debt also declined during the month, as measured by the JPM GBI-EM (-0.9%) and the JPM EMBI Index (-1.5%).

**Commodities**

- The Bloomberg Commodity Index (-0.5%) and the S&P GSCI (-1.5%) fell due to losses in the Energy (-2.7% BCOM; -3.5% GSCI) and Precious Metals (-4.5% BCOM; -3.8% GSCI) sectors. Livestock (5.3% BCOM; 4.2% GSCI), Industrial Metals (1.3% BCOM; 1.1% GSCI) and Agriculture (3.1% BCOM; 2.4% GSCI) were all positive contributors during October.
- The price of crude oil fell from \$48/barrel in September to \$47/barrel in October, and the price of gold dropped from \$1,316/troy ounce to \$1,277/troy ounce.

**Hedge Funds**

- The HFRI Fund Weighted Composite Index (-0.6%) fell in October.
- The HFRI Fund of Funds Composite Index (0.1%) posted a gain.
- The major hedge fund strategies posted mixed results during the month.

	Month	YTD
HFRI Equity Hedge Index	-0.5%	3.7%
HFRI Relative Value Index	0.2%	6.0%
HFRI Event-Driven Index	0.0%	6.8%
HFRI Emerging Markets Index	1.5%	9.6%
HFRI Macro Index	-1.5%	0.2%