

**City of Hollywood Employees' Retirement Fund
Preliminary Market Value Update
as of December 31, 2015**

	Market Value	Percent of Total Plan	Target Allocation
<u>Domestic Equity - Large Cap</u>	\$73,413,297	24.6%	25.0%
Northern Trust	\$73,413,297	24.6%	
<u>Domestic Equity - Small Cap</u>	\$37,742,437	12.7%	12.5%
TSW	\$18,508,530	6.2%	
Frontier Capital	\$19,233,907	6.4%	
<u>International Equity</u>	\$57,386,293	19.2%	20.0%
Wellington	\$42,358,107	14.2%	
Brandes	\$15,028,186	5.0%	
<u>Fixed</u>	\$91,784,239	30.8%	32.5%
Neuberger & Berman	\$39,727,074	13.3%	
Baird Advisors	\$52,057,165	17.5%	
<u>Real Estate</u>	\$37,889,931	12.7%	10.0%
Morgan Stanley	\$28,896,115	9.7%	
Principal	\$8,993,816	3.0%	
Total Fund*	\$298,216,197	100.0%	100.0%

City of Hollywood Employees' Retirement Fund
Preliminary Performance Update
as of December 31, 2015

	1 Month ended December 31, 2015	Fiscal YTD December 31, 2015	Market Value December 31, 2015	Percent of Total Plan December 31, 2015
Domestic Equity				
Northern Trust S&P 500	-1.58%	7.05%	\$73,413,297	24.6%
<i>Northern Trust - net</i>	-1.58%	7.04%		
<i>S&P 500 Index</i>	-1.58%	7.05%		
TSW	-3.18%	1.74%	\$18,508,530	6.2%
<i>TSW - net</i>	-3.25%	1.54%		
<i>Russell 2500 Value Index</i>	-4.58%	2.78%		
Frontier Capital	-4.36%	5.67%	\$19,233,907	6.4%
<i>Frontier Capital - net</i>	-4.42%	5.48%		
<i>Russell 2500 Growth Index</i>	-3.53%	3.81%		
International Equity				
Wellington	-1.56%	3.89%	\$42,358,107	14.2%
<i>Wellington - net</i>	-1.62%	3.71%		
<i>MSCI ACWI - ex US (net)</i>	-1.88%	3.25%		
Brandes	0.53%	5.28%	\$15,028,186	5.0%
<i>Brandes - net</i>	0.45%	5.04%		
<i>MSCI EAFE Small Cap (net)</i>	0.73%	6.79%		
Fixed				
Neuberger & Berman	-0.31%	-0.46%	\$39,727,074	13.3%
<i>Neuberger & Berman - net</i>	-0.34%	-0.53%		
<i>Barclays Intermediate Gov't/Credit Index</i>	-0.33%	-0.69%		
Baird Advisors	-0.52%	-0.91%	\$52,057,165	17.5%
<i>Baird Advisors - net</i>	-0.54%	-0.98%		
<i>Barclays Aggregate Index</i>	-0.32%	-0.56%		
Real Estate				
Morgan Stanley*	3.30%	3.73%	\$28,896,115	9.7%
<i>Morgan Stanley - net</i>	3.09%	3.09%		
<i>NCREIF ODCE (ew) Index</i>	3.47%	3.47%		
Principal*	3.80%	9.35%	\$8,993,816	3.0%
<i>Principal - net</i>	3.47%	8.32%		
<i>NCREIF Property Index</i>	0.00%	0.00%		
Total Fund	-0.82%	3.33%	\$298,216,197	100.0%
Total Fund - net	-0.82%	3.31%		
Policy Index**	-1.12%	2.93%		

Asset Class	Market value	% of Plan	Target	Ranges
Large Cap Equity	\$ 73,413,297	24.6%	25.0%	20-30%
Small Cap Equity	\$ 37,742,437	12.7%	12.5%	7.5-17.5%
International Equity	\$ 57,386,293	19.2%	20.0%	15-25%
Fixed Income	\$ 91,784,239	30.8%	32.5%	22.5-42.5%
Real Estate	\$ 37,889,931	12.7%	10.0%	5-15%
Total Fund	\$ 298,216,197	100.0%	100.0%	

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 December 31, 2015

	Quarter ended March 31, 2015	Quarter ended June 30, 2015	Quarter ended September 30, 2015	Quarter ended December 31, 2015	Calendar YTD December 31, 2015
<u>Domestic Equity</u>					
Northern Trust	0.95%	0.29%	-6.44%	7.05%	1.39%
<i>S&P 500 Index</i>	<i>0.95%</i>	<i>0.28%</i>	<i>-6.43%</i>	<i>7.05%</i>	<i>1.40%</i>
TSW SMID	5.63%	-1.25%	-7.02%	1.74%	-1.33%
<i>Russell 2500 Value Index</i>	<i>3.02%</i>	<i>-1.28%</i>	<i>-9.59%</i>	<i>2.78%</i>	<i>-5.49%</i>
Frontier Capital	6.34%	-0.54%	-15.67%	5.67%	-5.74%
<i>Russell 2500 Growth Index</i>	<i>7.44%</i>	<i>0.60%</i>	<i>-11.05%</i>	<i>3.81%</i>	<i>-0.19%</i>
<u>International Equity</u>					
Wellington	4.51%	1.41%	-7.54%	3.89%	1.80%
<i>MSCI ACWI ex-US Index</i>	<i>3.49%</i>	<i>0.53%</i>	<i>-12.15%</i>	<i>3.25%</i>	<i>-5.64%</i>
Brandes	N/A	N/A	-3.68%	5.28%	N/A
<i>MSCI EAFE Small Cap (net)</i>	<i>N/A</i>	<i>N/A</i>	<i>-6.82%</i>	<i>6.79%</i>	<i>N/A</i>
<u>Fixed</u>					
Neuberger & Berman	1.31%	-0.63%	0.73%	-0.46%	0.94%
<i>Barclays Intermediate Gov't/Credit Index</i>	<i>1.47%</i>	<i>-0.63%</i>	<i>0.95%</i>	<i>-0.69%</i>	<i>1.09%</i>
Baird Advisors	1.80%	-1.67%	1.24%	-0.91%	0.42%
<i>Barclays Aggregate Index</i>	<i>1.61%</i>	<i>-1.68%</i>	<i>1.24%</i>	<i>-0.56%</i>	<i>0.57%</i>
<u>Real Estate</u>					
Morgan Stanley	3.18%	4.42%	3.79%	3.73%	16.00%
<i>NCREIF ODCE (ew) Index</i>	<i>3.46%</i>	<i>3.92%</i>	<i>3.63%</i>	<i>3.47%</i>	<i>15.28%</i>
Principal	3.93%	5.07%	2.18%	9.35%	22.00%
<i>NCREIF Property Index</i>	<i>3.04%</i>	<i>3.14%</i>	<i>3.09%</i>	<i>0.00%</i>	<i>9.56%</i>

**Investment Manager Fee Table
Period Ended December 31, 2015**

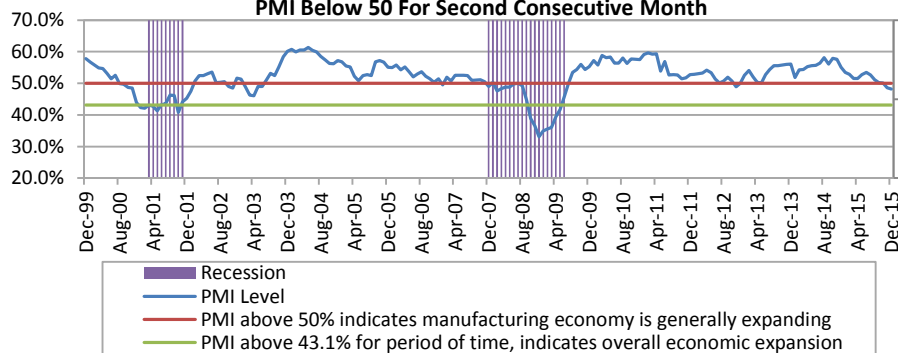
<u>Manager</u>	<u>Mandate</u>	<u>Market Value</u>	<u>Fee Schedule</u>	<u>Estimated Annual Fee (\$)</u>	<u>Estimated Annual Fee (%)</u>
Northern Trust	Passive Large Cap Equity	\$ 73,413,297	3.5 bps on assets	\$ 25,695	0.04%
TSW	SMID Cap Value Equity	\$ 18,508,530	80 bps on assets	\$ 148,068	0.80%
Frontier Capital	SMID Cap Growth Equity	\$ 19,233,907	75 bps on assets	\$ 144,254	0.75%
Wellington	International Equity	\$ 42,358,107	71 bps on assets	\$ 300,743	0.71%
Brandes	International Small Cap Equity	\$ 15,028,186	95 bps on first \$25MM, 90 bps on next \$25MM, 80 bps on balance	\$ 142,768	0.95%
Neuberger & Berman	Intermediate Fixed Income	\$ 39,727,074	30 bps on first \$50MM, 20 bps on next \$50mm, 15 bps on balance	\$ 119,181	0.30%
Baird Advisors	Core Plus Fixed Income	\$ 52,057,165	30 bps on first \$25MM, 25 bps on next \$25MM, 20 bps on next \$20MM, 15 bps on balance	\$ 142,643	0.27%
Morgan Stanley	Real Estate	\$ 28,896,115	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	\$ 242,727	0.84%
Principal*	Real Estate	\$ 8,993,816	130 bps on assets + incentive fee	\$ 116,920	1.30%
Investment Management Fees		\$ 298,216,197		\$ 1,382,999	0.46%
Segal Rogerscasey	Investment Consulting		\$76,500 annual retainer	\$ 76,500	
Wells Fargo	Custodian	\$ 298,216,197	2 bps on first \$50MM, 1 bps on next \$75MM, 0.5 bps on balance	\$ 26,161	0.01%
TOTAL FEES				\$ 1,485,659	0.50%

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

Economy

- The U.S. unemployment rate stood at 5.0% in December. The labor force participation rate rose by 0.1% to 62.6%. Nonfarm payrolls increased by 292,000 jobs. October and November employment gains were revised upward.
- The University of Michigan Consumer Sentiment Index increased from 91.3 in November to 92.6 in December. Views on present conditions improved, while expectations fell.
- The Purchasing Manager’s Index (PMI) ended December at 48.2, indicating that manufacturing growth declined.

PMI Below 50 For Second Consecutive Month



Source: Bloomberg

U.S. Equity

- The Russell style and size index returns:

	Value	Core	Growth
Large Cap	-2.2%	-1.8%	-1.5%
Mid Cap	-3.1%	-2.7%	-2.3%
Small Cap	-5.3%	-5.0%	-4.8%
- The Russell 3000 Index (-2.1%) fell in December. All size and style returns were negative, but small caps posted the weakest returns following a strong November. Growth fared better than value within each market cap.
- Sector returns were mixed. Consumer Staples (2.9%) gained the most, while Energy (-9.9%) posted the steepest decline due to lower oil prices.

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

- The MSCI EAFE Index (-1.3% USD; -2.7% local currency) declined. Small caps posted the only gains, and growth performed better than value across market caps.
- Pacific ex Japan (2.2%) posted the only positive return on a regional basis. Country returns were mixed. New Zealand (5.9%) and Portugal (5.2%) posted the strongest gains, while Canada (-7.0%) and Norway (-6.1%) fell the most.
- Contrary to in recent months, investors favored defensive stocks over cyclical stocks in December. Healthcare (1.0%) and Utilities (0.9%) posted the only gains, while Energy (-8.2%) fared the worst of the sectors that fell.

	MSCI EAFE			MSCI EM		
	Value	Core	Growth	Value	Core	Growth
Large Cap	-2.0%	-1.5%	-1.0%	-2.6%	-2.2%	-1.9%
Mid Cap	-1.8%	-0.8%	-0.3%	-3.0%	-2.3%	-1.7%
Small Cap	0.2%	0.7%	1.3%	0.3%	0.1%	-0.1%

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

- The MSCI EM Index (-2.2% USD; -1.1% local currency) fell, hurt by a strong USD and weak commodity prices, particularly oil. Small cap value (0.3%) posted the best style return.
- All regions fell, but EMEA (-7.1%) posted the steepest loss, led by poor returns in Russia (-10.2%) and South Africa (-10.5%). In Latin America (-4.2%), Brazil (-5.0%) declined as its economic data and political situation continued to deteriorate. In Asia (-0.7%), Thailand (-7.7%) was the weakest performer, followed by Korea (-1.5%) and China (-1.3%).
- All sectors fell except Healthcare (0.5%) and Utilities (0.2%). As was also the case in the rest of the world, Energy (-4.9%) declined the most.

U.S. Fixed Income

- Core fixed income markets fell, as measured by the BC Aggregate (Agg) Index (-0.3%).
- BC Agg spread sector performance relative to Treasuries was negative except for MBS:

Corporates:	-62 bps	Agencies:	-46 bps
MBS:	9 bps	CMBS:	-69 bps
		ABS:	-11 bps
- The U.S. Treasury yield widened across the curve, but short and intermediate duration Treasuries expanded the most. The 3-, 5-, and 10-year Treasury yields widened by 12, 12, and 11 bps, respectively. Primary contributors to widened spreads were moderate U.S. economic growth and the Fed’s interest rate increase in December.

BC 1-3 Year Gov/Credit	BC Intermed Gov/Credit	BC Long Gov/Credit
-0.1%	-0.3%	-0.8%

- The BC Corporate High Yield Index (-2.5%) declined. The average OAS widened by 58 bps to end December at 660 bps.
- The BC U.S. TIPS Index (-0.8%) fell.

Non-U.S. Fixed Income

- The Citigroup Non-U.S. WGBI Index gained on a currency-unhedged basis (1.5%) and fell in currency-hedged terms (-0.3%).
- Emerging market debt was negative per the JPM EMBI Global Index (-1.5%).

Commodities

- Commodities fell, as measured by the Bloomberg Commodity Index (-3.1%) and the S&P GSCI (-8.6%). The decline was primarily driven by Energy (-10.5% BCOM; -15.3% GSCI), but Agriculture and Precious Metals also weighed on returns.
- The price of crude oil fell from \$42/barrel in November to \$37/barrel in December. The price of gold dropped slightly from \$1,065/troy ounce to \$1,061/troy ounce.

Hedge Funds

- The HFRI Fund Weighted Composite Index (-0.9%) fell in December.
- The HFRI Fund of Funds Composite Index (-0.6%) also declined.
- All of the major hedge fund strategies posted losses for the month.

	Month	YTD
HFRI Equity Hedge Index	-0.6%	-0.5%
HFRI Relative Value Index	-0.9%	-0.2%
HFRI Event-Driven Index	-0.4%	-2.9%
HFRI Emerging Markets Index	-0.5%	-3.3%
HFRI Macro Index	-1.4%	-1.3%