

**CITY OF FORT LAUDERDALE  
POLICE AND FIRE RETIREMENT SYSTEM**

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**PERFORMANCE REVIEW  
JUNE 30, 2018**

## TABLE OF CONTENTS

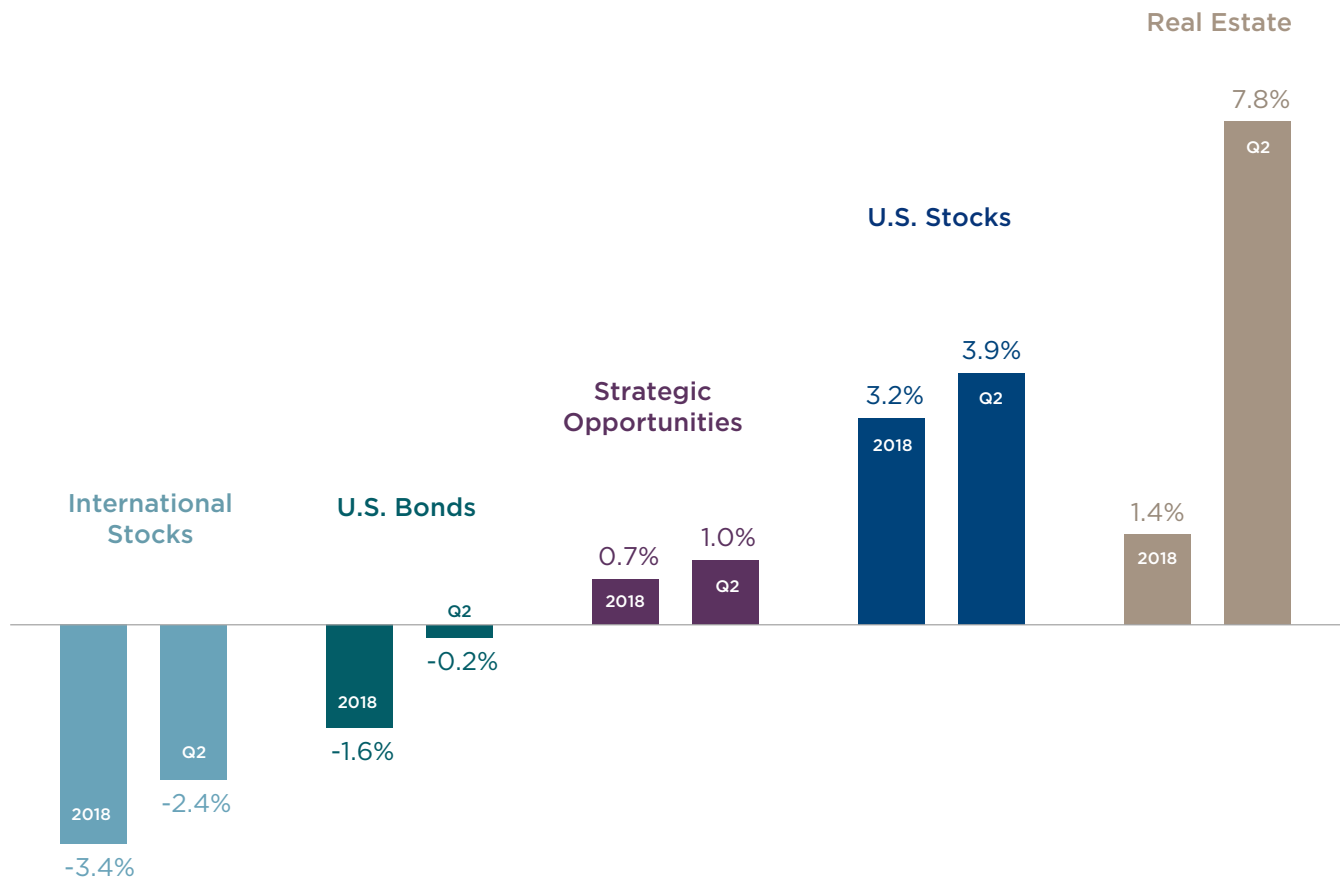
<b>Market Commentary</b>	<b>1</b>
<b>Performance Review</b>	
<b>Total Fund</b>	<b>2</b>
<b>Domestic Equity</b>	<b>3</b>
<b>International Equity</b>	<b>4</b>
<b>Fixed Income</b>	<b>5</b>
<b>Alternative Investments</b>	<b>6</b>
<b>Investment Policy Statement</b>	<b>7</b>
<b>Appendix</b>	<b>8</b>
<b>Important Disclosures</b>	<b>9</b>

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## A LACKLUSTER AND VOLATILE YEAR

U.S. stocks made up their lost ground in the second quarter, but international developed and emerging market stocks continued to slide. Despite a solid U.S. (and global) economy, investor concerns about rising interest rates and escalating trade tensions stirred up market volatility.

- U.S. stocks outpaced international stocks in the second quarter, crawling into positive territory for the year. Strong earnings and economic activity have so far offset concerns about trade tensions.
- International developed stocks logged a small loss in the second quarter, held back by signs of slowing European economic growth and the return of political turmoil.
- Emerging market stocks continue to face headwinds from a stronger U.S. dollar. They are this year’s laggards.
- Bonds held their own in the second quarter as interest rates backed off multiyear highs. They have notched a small loss for the year so far.
- Stabilizing interest rates boosted public real estate in Q2, placing the asset class in positive territory for 2018.
- Strategic opportunities have posted a slight gain for the year.



Asset class returns are represented by the following indexes: Russell 3000 Index (U.S. stocks), MSCI All-Country World ex USA Index (international stocks), Bloomberg Barclays U.S. Aggregate Bond Index (U.S. bonds), Dow Jones U.S. Real Estate Index (real estate), and HFRX Absolute Return Index (strategic opportunities).

## DIGGING DEEPER – STOCKS AND BONDS

### Equities

	QTD 2018	YTD 2018	Last 12 Months
U.S. Stocks	3.4%	2.7%	14.3%
- Best Sector: Energy	13.5%	6.8%	21.0%
- Worst Sector: Industrials	-3.2%	-4.7%	7.1%
International Stocks	-1.0%	-2.4%	5.9%
Emerging Market Stocks	-7.9%	-6.5%	5.4%

### Fixed Income

	6.30.18	3.31.18	6.30.17
1-Year U.S. Treasury Yield	2.33%	2.09%	1.24%
10-Year U.S. Treasury Yield	2.85%	2.74%	2.31%
	QTD 2018	YTD 2018	Last 12 Months
10-Year U.S. Treasury Total Return	-0.23%	-2.36%	-1.73%

### Equities – Relative Performance by Market Capitalization and Style

	Q2 2018			YTD 2018			2017		
	Value	Blend	Growth	Value	Blend	Growth	Value	Blend	Growth
Large	1.2%	3.4%	5.8%	-1.7%	2.6%	7.3%	13.7%	21.8%	30.2%
Mid	2.4%	2.8%	3.2%	-0.2%	2.3%	5.4%	13.3%	18.5%	25.3%
Small	8.3%	7.8%	7.2%	5.4%	7.7%	9.7%	7.8%	14.6%	22.2%

Asset class returns are represented by the following indexes: S&P 500 Index (U.S. stocks), MSCI EAFE Index (international stocks), and MSCI Emerging Markets Index (emerging market stocks). Relative performance by market capitalization and style is based upon the Russell Pure Style Indexes except for large-cap blend, which is based upon the S&P 500 Index. Source: Bloomberg and JP Morgan.

City of Fort Lauderdale Police and Fire  
 Asset Allocation vs Target & Policy  
 Total Fund Composite  
 As of 6/30/18

Manager	Market Value	Actual %	Target %
Intech Large Core	22,943,660.31	2.49	2.75
Rhumblin Large Cap Fund	131,080,005.58	14.22	8.75
Sawgrass	24,434,120.06	2.65	3.00
Aristotle Capital Management	23,478,434.56	2.55	3.00
Eagle Asset Management	24,823,535.00	2.69	3.75
Rhumblin Mid Cap Fund	59,481,400.97	6.45	5.00
Vaughan Nelson	21,401,135.04	2.32	3.75
Rhumblin Small Cap Fund	20,886,926.09	2.27	0.00
<b>Total Domestic Equity</b>	<b>328,529,217.61</b>	<b>35.64</b>	<b>30.00</b>
Lazard International Equity	69,254,483.94	7.51	7.50
Dodge&Cox International Equity	60,668,773.12	6.58	7.50
<b>Total International Equity</b>	<b>129,923,257.06</b>	<b>14.09</b>	<b>15.00</b>
Agincourt	107,050,291.46	11.61	15.00
Boyd Watterson	104,988,578.73	11.39	15.00
<b>Total Domestic Fixed Income</b>	<b>212,038,870.19</b>	<b>23.00</b>	<b>30.00</b>
Cash	6,520,306.55	0.71	0.00
<b>Total Short Term</b>	<b>6,520,306.55</b>	<b>0.71</b>	<b>0.00</b>
Core Realty Fund	63,370,251.21	6.87	6.88
Prudential RE Investors PRISA II	49,051,337.18	5.32	3.13
American Strategic Value Realty	16,953,276.69	1.84	2.50
<b>Total Real Estate</b>	<b>129,374,865.08</b>	<b>14.03</b>	<b>12.50</b>
Lazard Global Infrastructure	65,388,749.35	7.09	7.00
EnTrust Special Opportunities III	36,431,552.00	3.95	4.00
Invesco International Fund VI	2,939,076.00	0.32	0.55
Invesco US Private Equity Fund VI	5,242,621.00	0.57	0.70
Invesco Venture Fund VI	4,059,661.00	0.44	0.25
Entrust Diversified Class X Series	1,433,530.00	0.16	0.00
<b>Total Special Investments</b>	<b>115,495,189.35</b>	<b>12.53</b>	<b>12.50</b>
<b>Total Fund Composite</b>	<b>921,881,705.84</b>	<b>100.00</b>	<b>100.00</b>

City of Fort Lauderdale Police and Fire  
Executive Summary Table  
Periods Ending June 30, 2018  
Net of Fee Return

Name	Value \$(000)	% of Fund	Periods Ending 6/30/18						Since Inception	
			Cur Qtr	2 Qtrs	3 Qtrs	1 Year	3 Yrs	5 Yrs	Ret	Date
<b>Total Fund Composite</b>	<b>921,882</b>	<b>100.0</b>	<b>1.75</b>	<b>1.26</b>	<b>4.26</b>	<b>7.54</b>	<b>6.60</b>	<b>7.63</b>	<b>7.30</b>	<b>9/30/95</b>
<i>Policy Index</i>			1.93	1.14	4.77	8.30	7.42	8.63	7.56	9/30/95
<b>Large Cap Composite</b>	<b>201,936</b>	<b>21.9</b>	<b>3.05</b>	<b>2.50</b>	<b>9.13</b>	<b>14.04</b>	<b>11.51</b>	<b>13.17</b>	<b>8.08</b>	<b>1/31/07</b>
Aristotle Capital Management	23,478	2.5	1.62	0.85	7.04	11.60			14.36	11/30/15
<i>Russell 1000 Value</i>			1.18	-1.69	3.54	6.77			10.13	11/30/15
Intech Large Core	22,944	2.5	1.13	1.90	7.26	13.25	11.09	13.44	9.24	3/31/04
<i>Standard &amp; Poors 500</i>			3.44	2.65	9.47	14.38	11.93	13.42	8.60	3/31/04
Rhumblin Large Cap Fund	131,080	14.2	3.42	2.59	9.38	14.26	11.85	13.34	9.13	9/30/95
<i>Standard &amp; Poors 500</i>			3.44	2.65	9.47	14.38	11.93	13.42	9.04	9/30/95
Sawgrass	24,434	2.7	4.30	4.27	11.63	15.94	11.05	12.86	8.79	3/31/07
<i>Russell 1000 Growth</i>			5.76	7.25	15.69	22.51	14.98	16.36	10.50	3/31/07
<b>Small/Mid Cap Composite</b>	<b>126,593</b>	<b>13.7</b>	<b>5.75</b>	<b>5.68</b>	<b>11.25</b>	<b>15.62</b>	<b>10.77</b>	<b>11.79</b>	<b>8.08</b>	<b>10/31/06</b>
Eagle Asset Management	24,824	2.7	8.97	12.28	18.54	23.36	12.24	13.18	11.63	6/30/11
<i>Russell 2000 Growth</i>			7.23	9.70	14.73	21.86	10.60	13.65	12.50	6/30/11
Rhumblin Mid Cap Fund	59,481	6.5	4.26	3.45	9.90	13.44	10.81	12.61	12.05	6/30/11
<i>S&amp;P Midcap 400</i>			4.29	3.49	9.96	13.50	10.89	12.69	12.08	6/30/11
Rhumblin Small Cap Fund	20,887	2.3	8.76	9.36	13.66				19.24	7/31/17
<i>S&amp;P Smallcap 600</i>			8.77	9.39	13.72				19.34	7/31/17
Vaughan Nelson	21,401	2.3	3.54	1.52	5.13	9.52			8.31	8/31/15
<i>Russell 2000 Value</i>			8.30	5.44	7.60	13.10			15.05	8/31/15
<b>International Equity Composite</b>	<b>129,923</b>	<b>14.1</b>	<b>-3.38</b>	<b>-3.24</b>	<b>0.30</b>	<b>6.64</b>	<b>3.12</b>	<b>5.49</b>	<b>3.80</b>	<b>11/30/00</b>
Dodge&Cox International Equity	60,669	6.6	-5.12	-7.15	-6.03	0.50	2.06		3.33	1/31/14
<i>MSCI EAFE (Net)</i>			-1.24	-2.75	1.36	6.84	4.90		4.35	1/31/14
Lazard International Equity	69,254	7.5	-1.79	0.46	6.59	12.68	4.08	6.53	9.39	11/30/11
<i>MSCI EAFE (Net)</i>			-1.24	-2.75	1.36	6.84	4.90	6.44	7.93	11/30/11
<b>Total Domestic Fixed Income</b>	<b>212,039</b>	<b>23.0</b>	<b>0.07</b>	<b>-1.03</b>	<b>-0.90</b>	<b>-0.14</b>	<b>1.42</b>	<b>1.86</b>	<b>3.85</b>	<b>5/31/05</b>
Agincourt	107,050	11.6	0.05	-1.10	-1.14	-0.41	1.48	1.93	5.14	12/31/95
<i>Barclays Int Govt/Credit</i>			0.01	-0.97	-1.17	-0.58	1.16	1.60	4.83	12/31/95
Boyd Watterson	104,989	11.4	0.09	-0.97	-0.66	0.13	1.35	1.80	2.15	4/30/11
<i>Barclays Int Govt/Credit</i>			0.01	-0.97	-1.17	-0.58	1.16	1.60	2.04	4/30/11
Cash	6,520	0.7	0.36	0.57	0.88	1.08	0.66	0.47	1.40	1/31/06
<i>Citigroup 3-month T-Bill</i>			0.44	0.79	1.07	1.33	0.64	0.39		1/31/06
<b>Real Estate Composite</b>	<b>129,375</b>	<b>14.0</b>	<b>2.01</b>	<b>4.40</b>	<b>6.30</b>	<b>8.01</b>	<b>8.89</b>	<b>10.51</b>	<b>4.71</b>	<b>6/30/07</b>
American Strategic Value Realty	16,953	1.8	2.84	5.10	7.19	9.46	11.32		11.59	3/31/15
<i>NCREIF Prop Index</i>			1.81	3.54	5.40	7.20	8.26		8.63	3/31/15

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			Cur Qtr	2 Qtrs	3 Qtrs	1 Year	3 Yrs	5 Yrs	Ret	Date
Core Realty Fund	63,370	6.9	1.84	3.86	5.40	7.13	7.70	9.47	4.60	7/31/07
<i>NCREIF Prop Index</i>			1.81	3.54	5.40	7.20	8.26	9.77	6.54	7/31/07
Prudential RE Investors PRISA II	49,051	5.3	1.96	4.86	7.21	8.77	10.23	11.89	3.85	7/31/07
<i>NCREIF Prop Index</i>			1.81	3.54	5.40	7.20	8.26	9.77	6.54	7/31/07
EnTrust Special Opportunities III	36,432	4.0	2.88	0.14	0.46	1.75	8.17		7.25	2/28/15
<i>HFRI FOF: Diversified Index</i>			0.79	0.87	2.94	5.39	1.81		1.75	2/28/15
Entrust Diversified Class X Series	1,434	0.2	-0.91	-1.55	-2.39	-3.54			-3.41	1/31/17
<i>HFRI FOF: Diversified Index</i>			0.79	0.87	2.94	5.39			4.88	1/31/17
Invesco International Fund VI	2,939	0.3	0.00	6.22	11.31	20.85			13.50	12/31/15
<i>MSCI EAFE (Net)</i>			-1.24	-2.75	1.36	6.84			8.56	12/31/15
Invesco US Private Equity Fund VI	5,243	0.6	0.00	3.40	11.36	16.12			15.16	12/31/15
<i>Standard &amp; Poors 500</i>			3.44	2.65	9.47	14.38			14.41	12/31/15
Invesco Venture Fund VI	4,060	0.4	0.00	5.88	10.01	16.55			8.87	12/31/15
<i>Standard &amp; Poors 500</i>			3.44	2.65	9.47	14.38			14.41	12/31/15
Lazard Global Infrastructure	65,389	7.1	6.45	0.39	0.56	4.52	11.89		12.83	11/30/13
<i>S&amp;P Global Infrastructure Index</i>			2.60	-3.06	-1.25	1.82	5.98		6.39	11/30/13