Police Pension News

A Hollywood Police Officers' Retirement System Publication

Issue 55

Date of Issue:

First Quarter 2016

Inside this issue:

Attention Retirees

The Annual Confirmation of Retirement Forms will be mailed out soon.

Please remember to complete and return to the Office of Retirement

Officer Armando Silva

Let Us Not Forget Those Who Served Before Us!

Chief Tomas Sanchez proudly presents Armando the Purple Heart Award.

33 Tango 1 officially goes 10-7. *Job Well Done!*

CLICK HERE TO LISTEN

- On October 29, 2012, Officer Armando Silva, an eighteen year police veteran, observed two speeding motorcycles. While attempting to conduct a traffic stop on the two speeding motorcycles Officer Silva was injured in a traffic crash, resulting in a traumatic brain injury.
- Armando spent a month in the Intensive Care Unit, and spent the following three weeks in the physical rehabilitation center at Memorial Regional South.
- On December 21, 2012, Armando walked out of Memorial Regional South on his own accord.
- Since Armando's traffic crash, he has undergone constant and regular rehabilitation to recover.
- His wife Robin, and children Spencer, aged 12, and Heather, aged 9, have been by his side.
- Armando recently put in his retirement papers, effective November 30, 2015.
- The American Police Hall of Fame Purple Heart is awarded to officers who are injured and/or disabled in the Line of Duty.

Total Fund Summary

Long-Term

Since December 31, 1992 the fund has an average rate of return of 7.39% (net) per year. For the last five years the total fund return was 7.18% (net) per year, which was out-paced by the overall combined stock and bond benchmark return of 7.83%. For the last three years the total return was 8.06% and the benchmark return was 8.29%.

For the last five years the stock return was 10.84% and the bond return was 3.50%. For the last three years the stock return was 13.83% and bond return was 1.57%. For the year the stock return was -0.37% and bond return was 1.46%.

Top Ten Stocks

INVERNESS	GARCIA HAMILTON	EAGLE ASSET	SNOW CAPITAL	WELLS FARGO	RHUMBLINE
Microsoft	Apple Inc.	j2 Global	Hewlett Packard	BB&T Corp.	Jarden Corp.
Alphabet	Walt Disney	BGC Partners	American Int'l.	Microsoft	Extra Storage
Facebook	Johnson & Johnson	ICU Medical	GM	Lockheed	Acuity Brands
Adobe	Home Depot	ServiceMaster Global	JPMorgan	Goldman Sachs	Federal Realty
GE	CVS	Visteon	Southwestern Energy	Anheuser-Busch	Alaska Airgroup
Roper Technology	Coca Cola	Broadridge Financial	Bank of America	TJX Companies	UDR Inc.
Apple	Express Scripts	Kite Realty	MetLife	Honeywell	Hologic
CVS	Visa	Liberty Interactive	Verizon	Abbott Labs	Mettler Toledo
Walt Disney	Goldman Sachs	LogMein	Chicago Bridge	Cigna	Foot Locker
Allergan	Amazon	Convergys	Teva Pharmaceutical	Alphabet	Towers Watson

STOCK SPOTLIGHT

Church and Dwight (Ticker: CHD)

Sector: Consumer Staples

Industry: Household Products

Market Capitalization: $12 Billion

Classification: Household Prod

Church & Dwight Co., Inc. is a diversified consumer products company. The Company owns various personal products brands, including contraceptive products, vitamins, pregnancy tests, and hair removers. Church & Dwight sells its products to consumers and to industrial customers and distributors.

Average Cost in Hollywood Police Portfolio: $92 per share, currently trading at $92

Anheuser-Busch InBev SA Sponsored ADR (Ticker: BUD)

Sector: Consumer Staples

Industry: Beverages - Alcoholic

Market Capitalization: $203.3 Billion

Anheuser-Busch InBev is the largest global brewer and one of the world's top five consumer products companies. The share price of BUD appreciated after announcing a deal to acquire emerging markets brewer SABMiller, which operates primarily in Latin American and Africa. The investment team had identified this acquisition as a distinct possibility upon initial investment and expected it to boost the company's long-term revenue growth by adding new markets, while also offering substantial cost synergies. The team believes Anheuser-Busch InBev's diverse mix of high-margin beer markets, in addition to its strong portfolio of focus brands, positions it for long-term growth. The investment team continues to see attractive catalysts available for share price appreciation.

Average Cost in Hollywood Police Portfolio: $121.26 per share, currently trading at $121.89 (Initial purchase May 2015).

Please note that the Board of Trustees provide this data for informational purposes only. It is in no way to be interpreted as investment advice.

INVESTMENT RETURN UPDATE

On December 31, 2015 our fund had a total market value of $258,840,000. For the quarter the fund gained $7,271,000.

The total fund return for the quarter was 2.92% (net) and its benchmark return is 3.35%. In the previous quarter the fund return was -4.55%.

For the quarter the equites (stocks) return was 5.13% and the benchmark return was 5.92%. The bond return was -0.36% and the benchmark return was -0.68%.

For the quarter the average allocation of our fund is 56.03% invested in stocks, 10.11% invested in real estate, 30.86% in bonds and 3.00% in cash equivalents (i.e., short term liquid interest bearing investments including money market funds and Israeli bonds). Our ongoing target for investment in stocks is 55% of the total fund.

Fiscal Year to Date (10/1/2015 – 12/31/2015)

As noted, for the fiscal year to date the total net return was 2.92%, the Inverness large cap stock return was 7.78%, the Garcia Hamilton & Associates growth stock return was 5.23%, the Eagle small cap stock return was 3.75%, the Rhumbline mid-cap stock index return was 2.59%, the Snow Capital large cap value stock return was -5.53%, the Wells Fargo large cap value stock return was 5.52% and the EnTrust Global Activist Fund return was -0.48%. The S&P 500 index return was 7.04%.

For the fiscal year the American Realty Advisors real estate return was 2.73% and the Intercontinental Real Estate Corp. real estate return was 4.39%. The NCREIF real estate index return was 3.11%.

Calendar Year to Date (1/1/2015 – 12/31/2015)

For the calendar year to date the total fund return was 0.93% (net) and its benchmark return was 1.81%. The stock return was -0.37% and the benchmark return was 0.45%. The bond return was 1.46% and the benchmark return was 0.72%.

Major Economic Indicators

For the last year the best performing sector among S&P 500 stocks was Consumer Discretionary which increased 8.4% and the worst sector was Energy which decreased 23.6%.

Among the major economic indicators, the Consumer Price Index (CPI-Urban) increased 0.7% before seasonal adjustment for the twelve months ended in December.

The Producer Price Index (PPI) for finished goods declined 1.0% before seasonal adjustment for the twelve months ended in December.

The seasonally adjusted unemployment rate is 5.0% in December down from 5.1% in September.

Real Gross Domestic Product (GDP) increased at an annual rate of 2.0% for the third quarter of 2015, compared with an increase of 3.9% in the second quarter of 2015.

During the quarter the Federal Reserve Open Market Committee raised the target range for the federal funds rate to 0.25% to 0.50%. The federal funds rate is the interest rate that banks charge each other for overnight loans.

Remember: A complete investment report is available on-line.

CITY OF HOLLYWOOD, FLORIDA
POLICE OFFICERS' RETIREMENT SYSTEM

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NOTICE

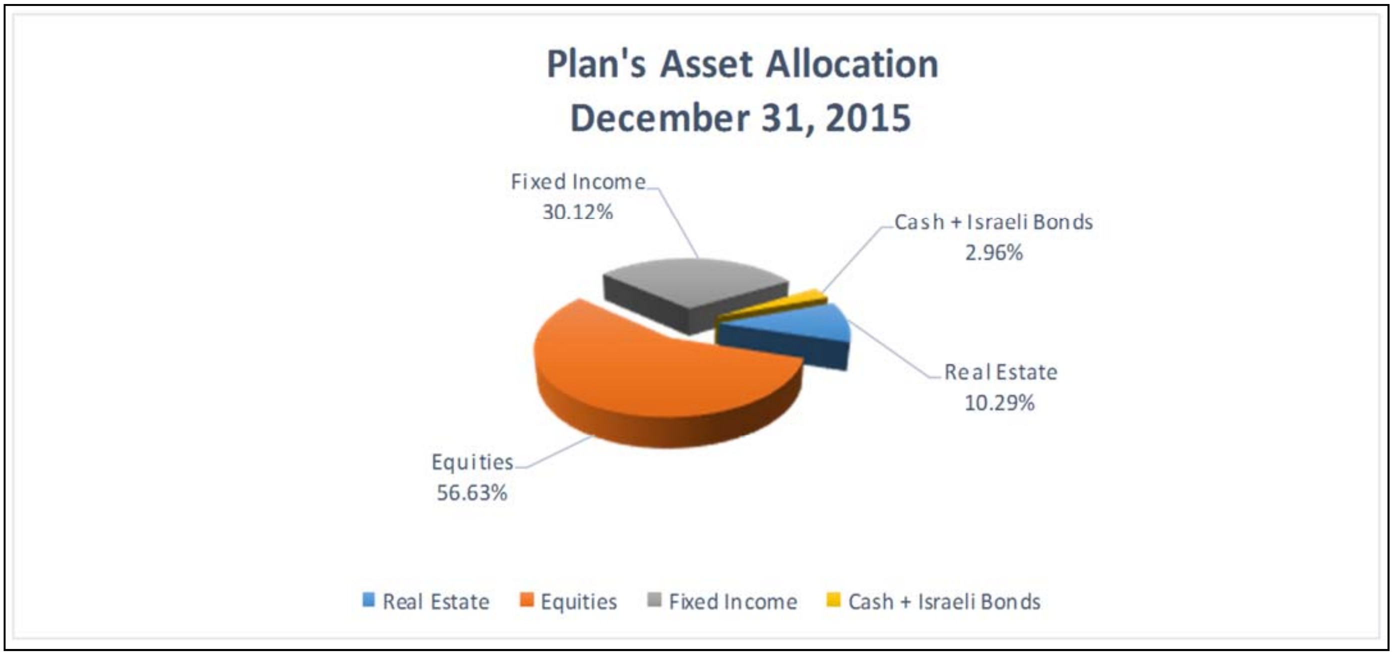
THERE WILL BE NO SUPPLEMENTAL DISTRIBUTION FOR 2016 AS THE RATE OF RETURN OF FISCAL YEAR ENDING SEPTEMBER 30, 2015, DID NOT SURPASS THE ASSUMED RATE OF RETURN.

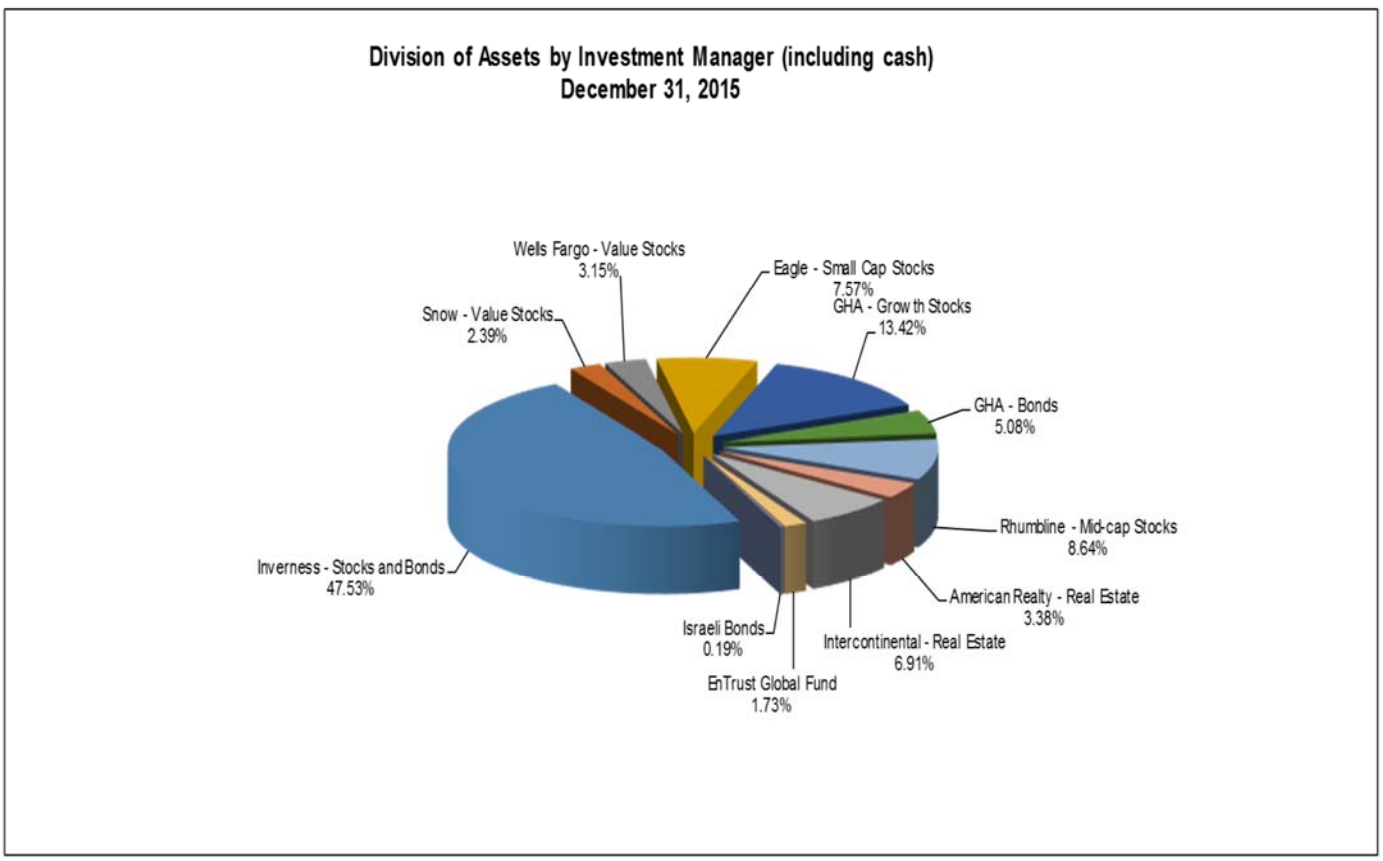
INVESTMENTS ARE POSTED ON-LINE AND MAY BE MONITORED EACH QUARTER AT:

http://hollywoodpolicepensionfund.com/investments.asp

e-mail: info@hollywoodpolicepensionfund.com

Track The Fund!





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NOTICE

TO: Whom It May Concern

FROM: David M. Williams, Plan Administrator

SUBJECT: 1095-C Tax Form NOTICE

DATE: March 22, 2016

To Whom It May Concern:

I confirmed this date that the City of Hollywood is sending out the cited form to all retirees who have city healthcare coverage. The forms are to be transmitted by March 31, 2016.

Any inquiries should be directed to:

Tammie Hechler, MPA, SPHR, IPMA-CP, SHRM-SCP
Director of Human Resources
City of Hollywood
Office of Human Resources
2600 Hollywood Blvd | Suite 206
P.O. Box 229045
Hollywood, FL 33022-9045
Office: 954-921-3218
E-mail: THECHLER@hollywoodfl.org

This memo is for informational purposes only……….

Respectfully,

DMW

David M. Williams, *Plan Administrator*
FOR THE BOARD

c: website – announcement page

e-mail: info@hollywoodpolicepensionfund.com

ECONOMIC ENVIRONMENT

More jobs and a rate increase – finally

The advanced estimate for fourth quarter real GDP was a disappointing 0.7%, a significant drop off from the 2.0% rate in the third quarter. The economy was robust enough that large numbers of new jobs were added. Buoyed by the job picture and cheap gasoline, consumers should have been more inclined to spend, but did so less than expected. The service sector showed strong growth. Inflation remained tame, as commodity prices declined (energy, metals and grain) and prices of imports fell because of a strengthening dollar. The housing market continued to recover as well. Giving in to pressure to do so, the Federal Reserve Board raised the Fed Funds rate for the first time in seven years. More specifics follow:

Q4 advanced-estimate real GDP grew 0.7%, a slowdown from the third quarter's quarter's 2.0% gain. Growth was driven by consumer and corporate spending and also state and local government expenditures. On the flip side, lower inventories and rising imports dampened growth. The Federal Reserve Board projects full year GDP at 2.1% and 2016 GDP at 2.4%, as modest, steady growth is the order of the day.

Job gains could hardly have been better, with 292,000 new hires in December alone. The unemployment rate was unchanged at 5.0%, suggesting that some longer-term unemployed began to look for work again. For the year, 2.7 million new jobs were added to the rolls. Further, the labor force participation rate ticked up to 62.6%. Workers enjoyed an average annual salary bump of 2.5%.

Home prices rose 6.3% for the year ended November, but still remain 7.3% below their April 2006 peak. Housing has enjoyed 45 consecutive months of price increases, with the current national median price at $220,000. While the pace has recently subsided overall, the states of Colorado, Hawaii, Montana, and New York continued to post new highs.

December's ISM Manufacturing Index slowed to 48.2, down slightly from November. Textiles, paper and chemical products, miscellaneous manufacturing and food advanced. The other 12 sectors declined, especially clothing and related. The Non-Manufacturing Index took up the slack, posting 55.3 (50 or higher represents growth).

Eleven service sectors reported growth, especially lodging, food, healthcare and social assistance. Wholesale trade, public administration and transportation experienced declines. When all sectors are combined, the overall economy has been advancing for 77 straight months!

The December Consumer Confidence Index climbed to 96.5 from 92.6 in November, largely due to continuing job growth. The Present Situation component jumped to 115.3 vs. 83.9 for the Expectations Index; this means that workers are happy with their immediate situation, but are far more cautious when looking ahead six months. Still, the optimists outnumbered the pessimists.

Commodity producers expressed profound unhappiness with plummeting prices, while the consumer was overjoyed with the turn of events. Most commodities were in freefall for the fourth quarter (□4.4%) and the year (□17.5%). Energy was the biggest loser, followed by metals, grains, and animal protein. China's lower appetite for raw materials had a major dampening effect. The only price gains occurred among so-called soft commodities, such as orange juice, sugar, cotton, and coffee, which all gained ground during a record warm and rainy year.

There was little sign of inflation, given cheap gas, stagnant salaries and competitively-priced imports (due largely to devalued foreign currencies). In December, CPI declined 0.1%. Inflation was tame during the year, at 0.7%.

After seven long years, the Fed decided that employment had improved and inflation expectations had finally reached the tipping point; so, on December 16th, the Board unanimously voted for a ¼% Fed Funds rate hike. Fed Chair Janet Yellen clearly remained concerned about an inflation rate that was too weak, but was encouraged by at least modest salary increases. She was also pleased by the job gains and easing economic hardship among households. Still, it remains unclear if and when there will be further rate increases during 2016. Until then, the Fed's monetary stance is to watch and wait.

Source: Dahab Associates

BOND MARKET

Poor Fourth Quarter and Marginal Full Year

Interest rates rose during the fourth quarter all along the yield curve. Minimal yields coupled with good employment numbers and fourth quarter strength in the equity market led investors away from the bond market. But the main reason for higher yields was the Fed's decision to finally raise the Fed Funds rate by ¼%. The two-year Treasury yield climbed 42 basis points to 1.05%. Longer maturity Treasuries also climbed, but to a lesser extent; the 10-year rose 23 basis points and the 30-year 17 basis points. Residential mortgage rates ticked up accordingly.

The Barclays Aggregate Index gave back 0.6% during the quarter. Treasuries of all maturities lost 0.9%, while corporates dropped 0.6%. The best-performing corporate sector (investment grade) was financials (+0.1%), benefiting from higher lending rates. Industrials and utility issues fell 1.0% and 0.7%, respectively. The residential mortgage-backed sector returned a negative 0.1%. By comparison, commercial mortgage-backed issues lost 1.2%. Full year return for the Aggregate Index was a disappointing +0.6%. Actually, that outcome masked a very volatile year for interest rates and was no worse than the broad equity market (+0.5%).

High yield bonds fared worse (-2.1%) than investment grade, especially within the suffering metals, mining and energy sectors. Single B credits fell 2%; CAAs dropped 7.5%; and lowest-rated names (CA-D) tumbled more than 22%! It did not help that a large high yield mutual fund closed its doors and temporarily froze investors' assets. Full-year return for high yields was -4.5%.

For the quarter, the G-6 (G7 x-US) Global Treasury declined 1.1%, roughly equal to US Treasuries. Year 2015 return for the G-6 was -3.6%. Emerging markets sovereign debt offered a pleasant surprise vs. developed markets for the quarter; the EM bond index gained 1.2%.

ATTENTION MEMBERS

Remember to stay up to date with Board activity by reviewing the minutes on-line. Also the latest information is also posted to the announcement page of the web site.

EQUITY MARKET

Q4 Rally, but a Flat Year

US stocks led a global rally as economic growth chugged along, the Fed finally acted and several prominent mergers took place. The bellwether S&P 500 rose 7% and the DJIA gained 7.7%. The NASDAQ Composite performed still better (+8.7%), led by Apple, Disney and Google. Real estate kept pace with the Wilshire REIT Index, rising 7.5%. Growth stocks of all sizes bested their value style counterparts for the quarter. For example, the Russell 1000 Growth Index rose 7.3% while the comparable Value Index added 5.6%. Among smaller-sized companies, the Russell 2000 Growth Index gained 4.3% vs. 2.9% for the small value index. The performance gaps were much wider for the full year, again favoring growth; the combined Russell 3000 Growth Index posted a 5.1% positive return vs. a 4.1% decline for value.

In a reversal from the third quarter, every S&P sector turned in positive performance for the fourth quarter. Manufacturing companies took first place by returning over 12%. Computer technology and broader tech firms returned an average of 11.9% and 8.7%, respectively. Reflecting robust 3rd quarter earnings, tech giants Microsoft and Alphabet (new parent of Google) soared in price. The broad consumer sector captured more than 7%, as Amazon streaked to a 32% gain and healthcare names shined, too. Financial names also had a strong showing (+6.4%).

Don't Forget To Visit Us !!!

www.hollywoodpolicepensionfund.com

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MONITOR THE SUPPLEMENTAL DISTRIBUTION LAWSUIT ON-LINE

http://www.clerk-17th-flcourts.org/Web2/CaseSearch/

Broward County Case Number:

CACE15017333

In Closing....

Lets take a moment and say "Thank you" to Julie Papagno.

Julie maintains the Honor Roll Wall at the police department.

This is an on-going process and is monitored daily.

Julie has spent many of her lunch breaks at the pension office picking up or dropping off tiles to be inscribed.

It is a thankless job that should be recognized.

So next time you see Julie… please say "Thank you!

Her efforts are truly valued & appreciated!