

Quarterly Report

Prepared by

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& Vaught
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Investment Advisors

**Hoffman Estates
Firefighters Pension Fund**

3rd Quarter 2017

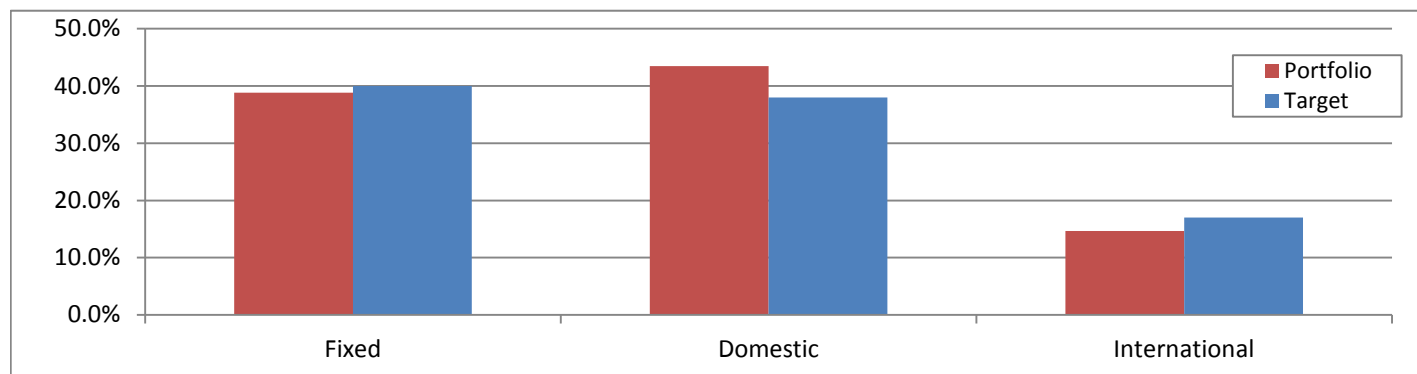
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Hoffman Estates Firefighters Pension Fund
Portfolio Asset Allocation
3rd Quarter 2017



<i>Manager Summary</i>	<u>Actual</u>	<u>%</u>	<u>Target</u>	<u>Difference</u>
<i>Fixed</i>	30,954,189	38.8%	40.0%	(927,527)
Wm Blair	22,221,113	27.9%		
MVT Core Government	8,561,539	10.7%		
Schwab Money Market	171,537	0.2%		
<i>Equity</i>	48,750,101	61.2%	60.0%	927,527
<i>Domestic</i>	34,625,188	43.4%	38.0%	4,337,558
Russell 3000 IShare ETF	14,222,053	17.8%		
Rothschild (Large Value)	11,944,865	15.0%		
Vanguard Growth Admiral	3,428,100	4.3%		
T Rowe Price Health Sciences Fund	1,547,728	1.9%		
Diamond Hill Small Mid Cap Institution	1,492,735	1.9%		
Baird Midcap Institutional	1,169,052	1.5%		
T Rowe Price Small Cap Growth	820,654	1.0%		
<i>Real Estate</i>	2,425,553	3.0%	5.0%	(1,559,662)
Adelante (REIT)	2,425,553	3.0%		
<i>International</i>	11,699,360	14.7%	17.0%	(1,850,369)
Oakmark International	4,780,873	6.0%		
Artisan International Fund	4,368,976	5.5%		
Oppenheimer Intl Smid Cap Inst	1,642,867	2.1%		
Oppenheimer Developing Markets Instl	906,644	1.1%		

Total Pension Fund 79,704,290



Changes:
 none

Hoffman Estates Firefighters Pension Fund

Executive Summary

3rd Quarter 2017



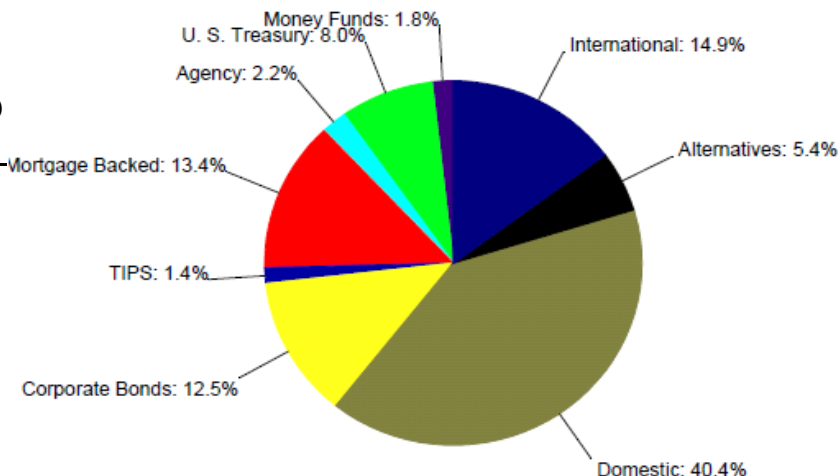
Activity Summary this Quarter

Beginning Value:	\$	78,172,095
Contribute & Withdraw:	\$	(1,000,000)
Net Investment Gain:	\$	2,532,196
Ending Value:	\$	79,704,290

Consulting Fee:	\$	13,233
Income	\$	515,916

Since: 12/31/2012

Cumulative Return:	42.97%
Annualized Net Return:	7.82%
Net Investment Gain:	\$ 26,075,893



Net Performance this Quarter

Fixed Income	0.72%	\$	221,847
Equities	4.95%	\$	2,310,348
Total Fund	3.27%	\$	2,532,196
Target	3.02%		

Portfolio Strengths

- Fixed - In the first two months long term interest rates generally declined, which increased bond prices across all durations. In September, the Fed announced its plans to reduce the size of its balance sheet, which then reversed those bond price gains, affecting longer maturities the most. Generally corporate issues and mortgage backed out-performed for the period.
- Equity - International equities continue to lead all markets with an especially strong quarter from both the developed and emerging market managers- Oakmark and Oppenheimer. The T Rowe health care fund again added above benchmark performance. By sector, growth continues to dominate.

Weaknesses

- Fixed - With interest rates falling for two months then reversing, shorter duration securities slightly underperformed longer. By sector, treasury and agency securities slightly underperformed the corporate issues in the period.
- Equity - Similar to last quarter all equity names were in positive territory. With long term interest rates finally starting to rise, higher yield sectors like REIT's and value stocks, were weaker than their growth counterparts. Although picking up in September, the small cap sector continues to trail.

Strategies

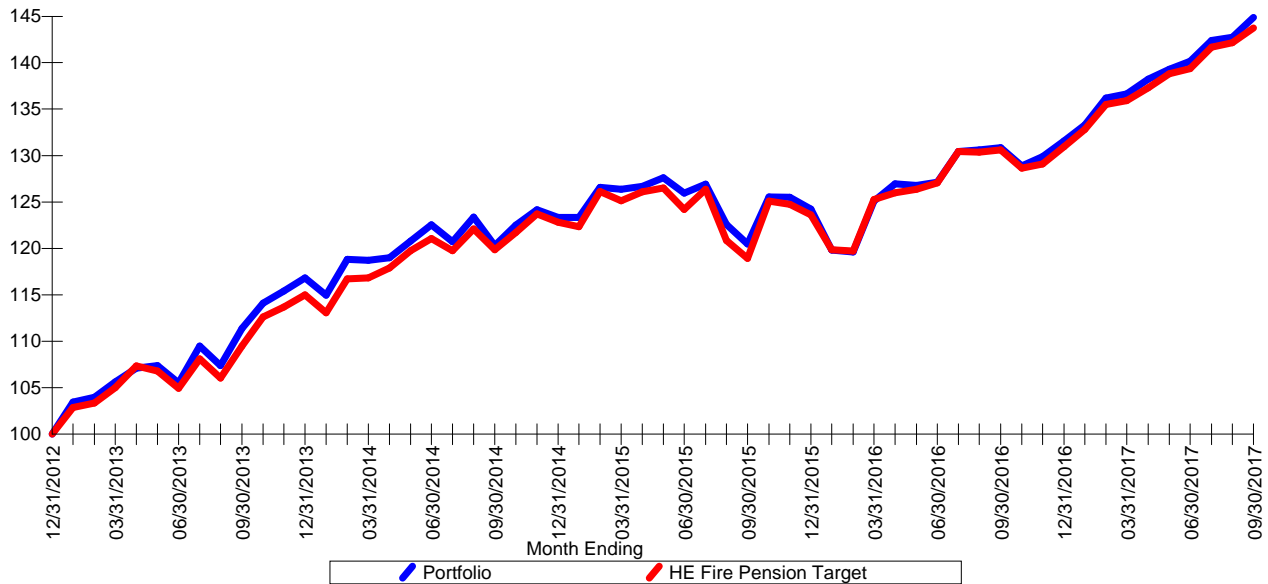
- Portfolio - Domestic economic data continues to confirm a strengthening economy. We anticipate the GDP number for the 3rd quarter will still show improvement over the prior period, although hurricane activity in Aug/ Sept will likely put a damper on some of the data. Our concern continues to be the length of this recovery, however the current data doesn't appear to show imminent signs of abating. The Fed appears likely to again increase the overnight lending rate, and their announced balance sheet reductions, should move the entire yield curve higher over the near term. In that environment for fixed income, we continue to prefer a slightly shorter than target duration combined with higher quality corporate debt. We prefer a slight overweight to growth versus value names in equities.



Portfolio Performance Review

Hoffman Estates Firefighters Pension Fund

Graphical Comparative Performance



Total Portfolio	Q3	YTD	1 Yr	3 Yrs	Jul	Aug	Sep	Incept
Time Weighted (gross)	3.4	10.1	10.7	6.4	1.6	0.3	1.5	8.1
Russell 3000	4.6	13.9	18.7	10.7	1.9	0.2	2.4	15.0
MSCI World xUS	5.5	18.5	16.6	2.0	3.5	0.3	1.6	3.3
Barclays Intermediate Aggr	0.7	2.3	0.3	2.2	0.5	0.6	-0.4	1.8
Wilshire US REIT Index	0.6	2.4	0.1	9.6	1.1	-0.4	-0.1	9.5
HE Fire Pension Target	3.0	9.6	10.0	6.1	1.6	0.4	1.0	7.9
Time Weighted (net)	3.3	9.8	10.4	6.1	1.5	0.2	1.5	7.8
Russell 3000	4.6	13.9	18.7	10.7	1.9	0.2	2.4	15.0
MSCI World xUS	5.5	18.5	16.6	2.0	3.5	0.3	1.6	3.3
Barclays Intermediate Aggr	0.7	2.3	0.3	2.2	0.5	0.6	-0.4	1.8
Wilshire US REIT Index	0.6	2.4	0.1	9.6	1.1	-0.4	-0.1	9.5
HE Fire Pension Target	3.0	9.6	10.0	6.1	1.6	0.4	1.0	7.9

Returns for periods exceeding 12 months are annualized

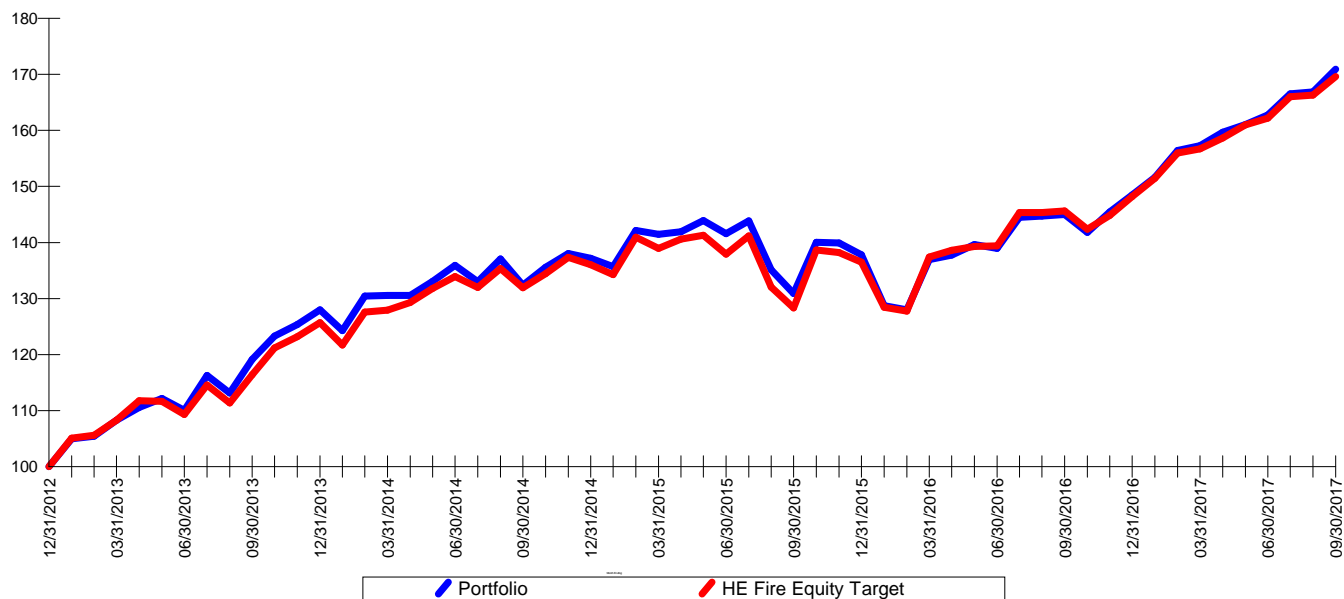
This report includes data currently available to the investment manager. Past performance is no guarantee of future performance. Indices are not available for direct investment. An investment product which attempts to mimic the performance of an index will incur expenses such as management fees and transaction costs which reduce returns.



Portfolio Performance Review

Hoffman Estates Equity

Graphical Comparative Performance



Total Portfolio	Q3	YTD	1 Yr	3 Yrs	Jul	Aug	Sep	*Incept
Time Weighted (gross)	5.0	15.1	17.9	8.9	2.3	0.2	2.4	12.0
Russell 3000	4.6	13.9	18.7	10.7	1.9	0.2	2.4	15.0
S&P 500 Comp. w/ divs	4.5	14.2	18.6	10.8	2.1	0.3	2.1	15.2
Russell 1000 Value	3.1	7.9	15.1	8.5	1.3	-1.2	3.0	13.6
MSCI World xUS	5.5	18.5	16.6	2.0	3.5	0.3	1.6	3.3
Wilshire US REIT Inde	0.6	2.4	0.1	9.6	1.1	-0.4	-0.1	9.5
HE Fire Equity Target	4.6	14.5	16.5	8.6	2.4	0.2	2.0	11.8
Time Weighted (net)	5.0	14.9	17.5	8.6	2.3	0.2	2.4	11.7
Russell 3000	4.6	13.9	18.7	10.7	1.9	0.2	2.4	15.0
S&P 500 Comp. w/ divs	4.5	14.2	18.6	10.8	2.1	0.3	2.1	15.2
Russell 1000 Value	3.1	7.9	15.1	8.5	1.3	-1.2	3.0	13.6
MSCI World xUS	5.5	18.5	16.6	2.0	3.5	0.3	1.6	3.3
Wilshire US REIT Inde	0.6	2.4	0.1	9.6	1.1	-0.4	-0.1	9.5
HE Fire Equity Target	4.6	14.5	16.5	8.6	2.4	0.2	2.0	11.8

* Return since inception date of 12/31/2012

3q17 Hoffman Estates Equity v. Target

Portfolio
Hoffman Estates Equity

Benchmark
Target - Hoffman Equity

Currency
US Dollar

Attribution Detail 7/1/2017 to 9/30/2017

Name	Benchmark	Allocation %			Gross Return %			Contribution %			Attribution Effects %			
		Actual	Policy	+/-	Port	B-mark	+/-	Port	B-mark	+/-	Sector Allocation	Mgr Selection	Mgr B-mark Misfit	Active Ret
Alternative	Wilshire US REIT TR USD	4.96	8.33	-3.38	1.99	0.61	1.38	0.16	0.05	0.11	0.02	0.11	0.00	0.13
Hoffman Estates Fire Adelante	Wilshire US REIT TR USD	4.96	—	—	1.99	0.61	1.38	0.16	0.00	0.16	—	0.11	0.00	0.11
CASH	USTREAS T-Bill Auction Ave 3 Mon	0.35	0.00	0.35	—	—	—	0.00	0.00	0.00	-0.01	0.00	0.00	-0.01
USTREAS T-Bill Auction Ave 3 Mon	USTREAS T-Bill Auction Ave 3 Mon	0.35	—	—	—	—	—	0.00	0.00	0.00	—	0.00	0.00	0.00
Domestic	Russell 3000 TR USD	70.78	58.34	12.44	4.57	4.57	0.00	3.18	2.67	0.50	0.00	0.28	-0.32	-0.03
iShares Russell 3000 ETF	Russell 3000 TR USD	29.07	—	—	4.59	4.57	0.02	1.31	0.00	1.31	—	-0.01	0.00	-0.01
Hoffman Estates Fire Rothschild LV	Russell 1000 Value TR USD	24.42	—	—	4.64	3.11	1.53	1.11	0.00	1.11	—	0.36	-0.35	0.02
Vanguard Growth Index Admiral	Russell 1000 Growth TR USD	7.01	—	—	4.87	5.90	-1.03	0.33	0.00	0.33	—	-0.07	0.09	0.02
Baird MidCap Inst	Russell Mid Cap Growth TR USD	2.39	—	—	3.81	5.28	-1.47	0.09	0.00	0.09	—	-0.04	0.02	-0.02
Diamond Hill Small-Mid Cap I	Russell Mid Cap Value TR USD	3.05	—	—	2.86	2.14	0.72	0.09	0.00	0.09	—	0.01	-0.07	-0.06
T. Rowe Price QM US Small-Cap Gr Eq	Russell 2000 Growth TR USD	1.68	—	—	4.38	6.22	-1.84	0.07	0.00	0.07	—	-0.03	0.03	-0.01
T. Rowe Price Health Sciences	S&P 1500 Health Care TR	3.16	—	—	5.48	3.47	2.01	0.17	0.00	0.17	—	0.06	-0.03	0.02
International	MSCI ACWI Ex USA PR USD	23.91	33.33	-9.41	7.61	5.51	2.10	1.71	1.83	-0.11	-0.10	0.27	0.14	0.31
Artisan International Advisor	MSCI ACWI Ex USA PR USD	8.93	—	—	5.87	5.51	0.36	0.50	0.00	0.50	—	0.01	0.00	0.01
Oakmark International Investor	MSCI ACWI Ex USA NR USD	9.77	—	—	9.37	6.16	3.21	0.85	0.00	0.85	—	0.27	0.06	0.33
Oppenheimer International Small-Mid C	MSCI World Ex USA SMID NR USD	3.36	—	—	6.71	6.64	0.07	0.21	0.00	0.21	—	-0.01	0.04	0.03
Oppenheimer Developing Markets Y	MSCI EM NR USD	1.85	—	—	8.56	7.89	0.67	0.15	0.00	0.15	—	0.01	0.04	0.05
Total		100.00	100.00	0.00	5.05	4.55	0.50	5.05	4.55	0.50	-0.09	0.67	-0.18	0.40

Hoffman Estates Domestic

Portfolio Aggregation

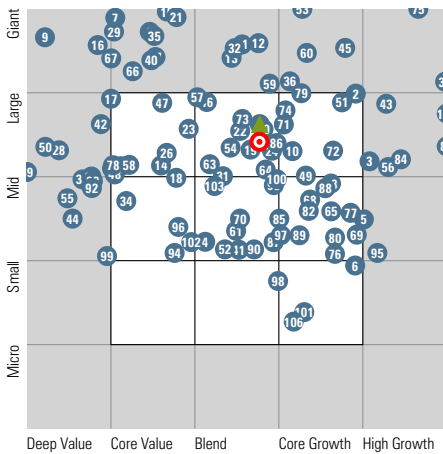
Data as of
9/30/2017

Currency
USD

Risk-Free Rate
USTREAS T-Bill Auction Ave 3 Mon

Benchmark
iShares Russell 3000 ETF

Equity Style Box



Style Breakdown	Portfolio %	Benchmark %
Large Value	24.66	25.81
Large Core	24.93	23.36
Large Growth	18.54	22.26
Mid Value	5.85	6.24
Mid Core	9.11	6.78
Mid Growth	9.60	6.37
Small Value	2.18	3.09
Small Core	2.56	3.08
Small Growth	2.57	3.02
Large Cap	68.13	71.43
Mid-Small Cap	31.87	28.57
Value	32.69	35.14
Core	36.59	33.21
Growth	30.72	31.64

● Portfolio ● Portfolio Constituents ▲ Benchmark

Top 10 Constituents

	% Weighting
1 iShares Russell 3000 ETF	38.95
2 Vanguard Growth Index Admiral	9.39
3 T. Rowe Price Health Sciences	4.24
4 Diamond Hill Small-Mid Cap I	4.09
5 Baird MidCap Inst	3.20
6 T. Rowe Price QM US Small-Cap Gr Eq	2.25
7 JPMorgan Chase & Co	1.25
8 Bank of America Corporation	1.14
9 AT&T Inc	0.93
10 Prologis Inc	0.84

Portfolio Statistics

Style Box Value Factors	Portfolio	Benchmark
Price/Prospective Earnings	22.94	20.39
Price/Book	3.47	2.69
Price/Sales	2.91	1.97
Price/Cash Flow	12.84	11.16
Dividend Yield %	1.95	1.97

Style Box Growth Factors

	Portfolio	Benchmark
Long-Term Earning Growth %	10.13	9.89
Historical Earnings Growth %	9.93	3.74
Book Value Growth %	3.42	-3.03
Sales Growth %	1.73	-2.43
Cash Flow Growth %	5.59	-1.05

Equity Valuation Price Multiples

	Portfolio	Benchmark
Price to Earnings	22.22	21.07
Price to Book Value	2.82	2.81
Price to Sales	2.14	1.93
Price to Cash Flow	13.16	12.88

Financial Ratios

	Portfolio	Benchmark
ROE %	17.83	19.47
ROA %	5.71	6.67
Net Margin %	14.54	14.17
Debt to Capital %	42.92	42.30

Fixed Income Style

	Portfolio	Benchmark
Avg Eff Duration	1.85	—
Avg Eff Maturity	—	—
Avg Credit Quality	BBB	—
Avg Wtd Coupon	4.12	—
Avg Wtd Price	—	—

Misc

	Portfolio	Benchmark
% Market Value in Top 10 Holdings	66.27	15.71
Average Expense Ratio	0.32	0.20

Portfolio Overview

Composition	Portfolio %	Benchmark %
Cash	0.74	0.22
Stock	99.12	99.77
Bond	0.08	0.00
Other	0.03	0.00
Total	99.97	100.00

World Region Breakdown

	Portfolio %	Benchmark %
Americas	98.26	98.98
North America	98.19	98.96
Latin America	0.07	0.03
Greater Europe	1.09	0.38
United Kingdom	0.09	0.04
Europe Developed	0.98	0.32
Europe Emerging	0.00	0.00
Africa/Middle East	0.02	0.02
Greater Asia	0.65	0.64
Japan	0.04	0.00
Australasia	0.00	0.00
Asia Developed	0.00	0.00
Asia emerging	0.61	0.63

Top 10 Country Breakdown

	Portfolio %	Benchmark %
United States	98.16	98.95
Switzerland	0.81	0.25
China	0.60	0.61
United Kingdom	0.09	0.04
Belgium	0.09	0.03
Other Countries	0.07	0.05
France	0.05	0.00
Japan	0.04	0.00
Canada	0.03	0.00
Israel	0.02	0.00

Equity Sector Breakdown

	Portfolio %	Benchmark %
Cyclical	38.22	34.96
Basic Matls	2.64	3.46
Cons Cyclical	9.98	11.38
Financial Svcs	16.36	16.45
Real Estate	9.24	3.67
Sensitive	35.10	40.36
Comm Svcs	3.40	3.50
Energy	5.87	5.76
Industrials	11.14	11.18
Technology	14.69	19.93
Defensive	26.68	24.68
Cons Defensive	6.36	7.52
Healthcare	16.81	14.03
Utilities	3.50	3.12

Fixed-Income Sector Breakdown

	Portfolio %	Benchmark %
Government	0.34	0.00
Municipal	0.00	0.00
Corporate	10.81	58.26
Securitized	7.18	0.00
Cash and Cash Equivalents	81.67	41.74
Derivative	0.00	0.00

Credit Rating Breakdown

	Portfolio %	Benchmark %
AAA	20.57	—
AA	7.54	—
A	15.44	—
BBB	34.89	—
BB	15.39	—
B or Below B	1.02	—
Not Rated	5.16	—

Hoffman Estates Intl

Portfolio Aggregation

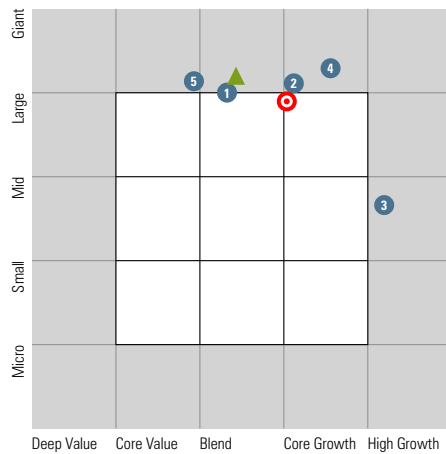
Data as of
9/30/2017

Currency
USD

Risk-Free Rate
USTREAS T-Bill Auction Ave 3 Mon

Benchmark
iShares MSCI ACWI ex US ETF

Equity Style Box



Style Breakdown	Portfolio %	Benchmark %
Large Value	18.46	33.08
Large Core	36.58	33.07
Large Growth	27.60	26.98
Mid Value	1.53	2.69
Mid Core	4.56	2.51
Mid Growth	9.87	1.65
Small Value	0.12	0.03
Small Core	0.27	0.00
Small Growth	1.01	0.00
Large Cap	82.63	93.13
Mid-Small Cap	17.37	6.88
Value	20.11	35.80
Core	41.41	35.57
Growth	38.48	28.63

○ Portfolio ● Portfolio Constituents ▲ Benchmark

Top 10 Constituents

	% Weighting
1 Oakmark International Investor	40.36
2 Artisan International Advisor	36.88
3 Oppenheimer International Small-Mid Co Y	13.87
4 Oppenheimer Developing Markets Y	7.65
5 Medtronic PLC	1.24

Portfolio Statistics

Style Box Value Factors	Portfolio	Benchmark
Price/Prospective Earnings	17.64	14.64
Price/Book	2.13	1.64
Price/Sales	1.56	1.30
Price/Cash Flow	6.88	4.88
Dividend Yield %	2.72	3.24
Style Box Growth Factors		
Long-Term Earning Growth %	10.28	9.91
Historical Earnings Growth %	6.07	-0.63
Book Value Growth %	3.66	-0.50
Sales Growth %	-1.40	-7.21
Cash Flow Growth %	7.20	1.09

Portfolio Overview

Composition	Portfolio %	Benchmark %
Cash	3.59	0.03
Stock	92.25	99.80
Bond	0.00	0.00
Other	4.16	0.18
Total	100.00	100.00

Equity Sector Breakdown	Portfolio %	Benchmark %
↳ Cyclical	52.23	45.77
Basic Matls	8.34	8.21
Cons Cyclical	17.58	11.19
Financial Svcs	25.61	22.92
Real Estate	0.70	3.45
Sensitive	27.91	33.71
Comm Svcs	3.23	4.39
Energy	0.20	6.58
Industrials	14.64	11.19
Technology	9.83	11.55
Defensive	19.87	20.52
Cons Defensive	11.51	9.96
Healthcare	8.36	7.61
Utilities	0.00	2.95

Equity Valuation Price Multiples

	Portfolio	Benchmark
Price to Earnings	19.27	16.58
Price to Book Value	2.07	1.68
Price to Sales	1.27	1.26
Price to Cash Flow	11.27	8.39

Financial Ratios

	Portfolio	Benchmark
ROE %	13.83	15.02
ROA %	5.22	5.45
Net Margin %	11.77	14.53
Debt to Capital %	33.44	33.01

Fixed Income Style

	Portfolio	Benchmark
Avg Eff Duration	—	—
Avg Eff Maturity	—	—
Avg Credit Quality	—	—
Avg Wtd Coupon	—	—
Avg Wtd Price	—	—

Misc

	Portfolio	Benchmark
% Market Value in Top 10 Holdings	100.00	9.43
Average Expense Ratio	1.01	0.33

World Region Breakdown	Portfolio %	Benchmark %
Americas	12.03	10.77
North America	9.76	7.59
Latin America	2.27	3.18
Greater Europe	64.18	47.49
United Kingdom	13.73	11.89
Europe Developed	48.76	31.95
Europe Emerging	0.90	1.55
Africa/Middle East	0.78	2.10
Greater Asia	23.79	41.74
Japan	9.45	15.97
Australasia	1.62	4.74
Asia Developed	4.58	9.59
Asia emerging	8.14	11.44

Top 10 Country Breakdown	Portfolio %	Benchmark %
Germany	16.18	6.67
United Kingdom	13.72	11.89
Japan	9.44	15.97
France	9.17	6.99
Switzerland	8.24	5.73
United States	8.04	0.99
China	4.64	7.43
Netherlands	4.58	2.74
Italy	3.68	1.38
Sweden	2.78	2.03

Fixed-Income Sector Breakdown	Portfolio %	Benchmark %
Government	0.00	0.00
Municipal	0.00	0.00
Corporate	0.16	100.00
Securitized	0.00	0.00
Cash and Cash Equivalents	99.84	0.00
Derivative	0.00	0.00

Credit Rating Breakdown	Portfolio %	Benchmark %
AAA	—	—
AA	—	—
A	—	—
BBB	—	—
BB	—	—
B or Below B	—	—
Not Rated	—	—

October 4, 2017



Buys, Sells, Deposits, Withdrawals

From 07/01/2017 to 09/30/2017

Hoffman Estates Fire Mutual Funds

<u>Portfolio Account Type</u>	<u>Trade Date</u>	<u>Maturity Date</u>	<u>Activity</u>	<u>Security Symbol</u>	<u>Description</u>	<u>Net Amount</u>	<u>Total Fees</u>
Mutual Fun	07/13/2017		Buy	IWV	Russell 3000 IShare ETF	(60,830.77)	0



Buys, Sells, Deposits, Withdrawals

From 07/01/2017 to 09/30/2017

Hoffman Estates Fire Rothschild LV

Portfolio Account Type	Trade Date	Maturity Date	Activity	Security Symbol	Description	Net Amount	Total Fees
Managed A	07/05/2017		Buy	GILD	Gilead Sciences	(143,647.21)	0
Managed A	07/05/2017		Sell	CSCO	Cisco Systems Inc	32,109.01	1
Managed A	07/05/2017		Sell	DTE	D T E Energy Company	39,713.88	1
Managed A	07/06/2017		Buy	ORCL	Oracle Corporation	(34,889.00)	0
Managed A	07/06/2017		Sell	INTC	Intel Corporation	18,928.28	0
Managed A	07/06/2017		Sell	MSFT	Microsoft Corporation	30,265.13	1
Managed A	07/12/2017		Buy	MPC	Marathon Pete Corp	(85,826.48)	0
Managed A	07/12/2017		Sell	BAC	Bank of America	13,640.61	0
Managed A	07/13/2017		Sell	PVH	Phillips-Van Heusen Corp	39,711.65	1
Managed A	07/20/2017		Buy	JNJ	Johnson & Johnson	(63,620.84)	0
Managed A	07/21/2017		Buy	HON	Honeywell	(57,872.23)	0
Managed A	07/21/2017		Sell	FL	Foot Locker Inc	57,078.08	1
Managed A	07/24/2017		Buy	DAL	Delta Air Lines	(38,110.80)	0
Managed A	07/25/2017		Sell	VLO	Valero Energy	47,550.47	1
Managed A	07/26/2017		Buy	HON	Honeywell	(59,025.45)	0
Managed A	08/01/2017		Buy	ETFC	E*TRADE FINANCIAL C	(28,581.88)	0
Managed A	08/09/2017		Sell	DIS	Walt Disney	47,778.51	1
Managed A	08/10/2017		Buy	TSN	Tyson Foods CI A	(20,504.17)	0
Managed A	08/10/2017		Sell	CSCO	Cisco Systems Inc	45,245.06	1
Managed A	08/14/2017		Sell	BHF	Brighthouse Financial	8,047.91	0
Managed A	08/15/2017		Sell	MET	Metropolitan Life	73,309.91	2
Managed A	08/16/2017		Buy	BWA	Borg Warner Inc	(92,841.80)	0
Managed A	08/17/2017		Buy	BIIB	Biogen	(91,579.89)	0
Managed A	08/17/2017		Sell	LLY	Lilly Eli & Company	43,244.09	1
Managed A	08/23/2017		Sell	INTC	Intel Corporation	52,665.15	1
Managed A	09/06/2017		Buy	AVGO	Avago Technologies	(46,302.28)	0
Managed A	09/06/2017		Buy	BWA	Borg Warner Inc	(38,093.52)	0
Managed A	09/06/2017		Sell	XL	XL Capital	49,937.75	1
Managed A	09/07/2017		Buy	ORCL	Oracle Corporation	(23,296.72)	0
Managed A	09/07/2017		Buy	TMO	Thermo Electron Corp	(38,710.31)	0
Managed A	09/07/2017		Sell	KR	Kroger Company	69,026.97	2
Managed A	09/07/2017		Sell	PHM	PulteGroup Inc	93,423.32	2
Managed A	09/08/2017		Sell	MFGP	Micro Focus Intl	23,786.68	1
Managed A	09/11/2017		Buy	AGN	Allergan Inc	(92,690.17)	0
Managed A	09/14/2017		Sell	MFGP	Micro Focus Intl	32.19	0
Managed A	09/19/2017		Buy	AVGO	Avago Technologies	(53,062.54)	0
Managed A	09/20/2017		Buy	AGN	Allergan Inc	(55,212.98)	0
Managed A	09/20/2017		Sell	CSCO	Cisco Systems Inc	41,776.92	1
Managed A	09/20/2017		Sell	TSN	Tyson Foods CI A	29,193.03	1
Managed A	09/27/2017		Sell	DWDP	DowDuPont Inc	19,614.39	0
Managed A	09/28/2017		Sell	WRK	Westrock Co	26,003.08	1
						(161,786.20)	21



Buys, Sells, Deposits, Withdrawals

From 07/01/2017 to 09/30/2017

Hoffman Estates Fire Adelante

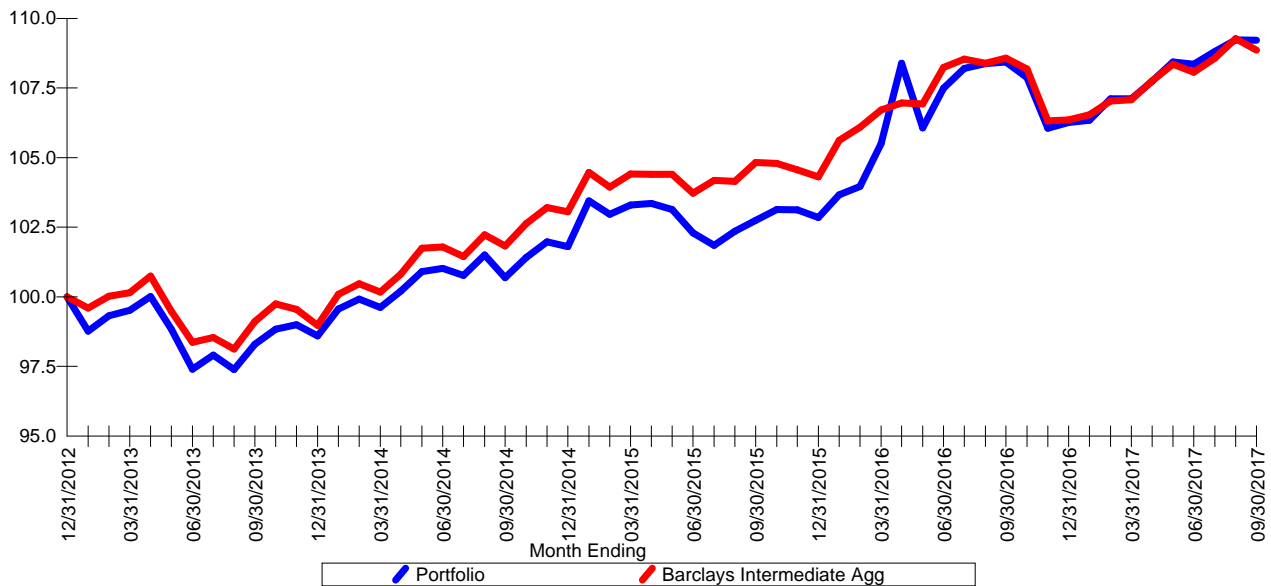
Portfolio Account Type	Trade Date	Maturity Date	Activity	Security Symbol	Description	Net Amount	Total Fees
Managed A	07/03/2017		Withdraw	MMF	Schwab Money Market	(1,400,000.00)	
Managed A	07/19/2017		Buy	VNO	Vornado Realty	(19,007.40)	0
Managed A	07/19/2017		Sell	JBGS	J B G Smith Properties	20,900.37	0
Managed A	08/01/2017		Buy	ARE	Alexandria Real Estate	(1,094.40)	0
Managed A	08/01/2017		Buy	AMT	American Tower	(408.67)	0
Managed A	08/01/2017		Buy	OFC	Corporate Office Properti	(894.21)	0
Managed A	08/01/2017		Buy	DCT	DCT Industrial Trust	(3,748.93)	0
Managed A	08/01/2017		Buy	DFT	Dupont Fabros Technolo	(3,451.29)	0
Managed A	08/01/2017		Buy	EQIX	Equinix Inc New	(23,135.23)	0
Managed A	08/01/2017		Buy	EQR	Equity Residential	(4,278.06)	0
Managed A	08/01/2017		Buy	ESS	Essex Property	(6,316.42)	0
Managed A	08/01/2017		Buy	GGP	GGP, Inc.	(345.45)	0
Managed A	08/01/2017		Buy	HTA	Healthcare Trust of Ameri	(1,728.56)	0
Managed A	08/01/2017		Buy	HIW	Highwood Properties Inc	(7,157.31)	0
Managed A	08/01/2017		Buy	HLT	Hilton Hotels Corp	(944.19)	0
Managed A	08/01/2017		Buy	KRC	Kilroy Realty Corp	(3,116.61)	0
Managed A	08/01/2017		Buy	KIM	Kimco Realty Corp	(1,734.34)	0
Managed A	08/01/2017		Buy	PLD	Prologis	(2,207.30)	0
Managed A	08/01/2017		Buy	PSA	Public Storage	(3,663.27)	0
Managed A	08/01/2017		Buy	REG	Regency Centers	(1,014.38)	0
Managed A	08/01/2017		Buy	ROIC	Retail Oppty Investments	(2,962.90)	0
Managed A	08/01/2017		Buy	SUI	Sun Communities	(267.83)	0
Managed A	08/01/2017		Buy	HCN	Welltower Inc.	(217.83)	0
Managed A	08/01/2017		Sell	AIV	Airport Investment & Man	3,969.73	0
Managed A	08/01/2017		Sell	BXP	Boston Properties	4,041.63	0
Managed A	08/01/2017		Sell	SFR	Colony Starwood Homes	838.56	0
Managed A	08/01/2017		Sell	EXR	Extra Space Storage Inc	4,265.80	0
Managed A	08/01/2017		Sell	FCPT	Four Corners Property M	5,551.83	0
Managed A	08/01/2017		Sell	HGV	Hilton Grand Vacatio	330.57	0
Managed A	08/01/2017		Sell	MAR	Marriott International	1,892.24	0
Managed A	08/01/2017		Sell	NNN	National Retail Pptys	491.91	0
Managed A	08/01/2017		Sell	OHI	Omega Hlthcare Invs Inc	21,908.63	1
Managed A	08/01/2017		Sell	SPG	Simon Property Group	5,427.24	0
Managed A	08/01/2017		Sell	VNO	Vornado Realty	1,676.31	0
						(1,416,399.76)	1



Portfolio Performance Review

Hoffman Estates Total Bond

Graphical Comparative Performance



Total Portfolio	Q3	YTD	1 Yr	3 Yrs	Jul	Aug	Sep
Time Weighted (gross)	0.8	2.8	0.7	2.7	0.4	0.4	0.0
Barclays Government	0.4	2.2	-1.6	2.0	0.2	1.1	-0.8
Barclays Corp A+ 1-5 yr	0.7	2.3	1.4	2.1	0.5	0.3	-0.2
Barclays Int Govt	0.3	1.5	-0.7	1.6	0.3	0.6	-0.6
Barclays Intermediate Agg	0.7	2.3	0.3	2.2	0.5	0.6	-0.4
Time Weighted (net)	0.7	2.5	0.4	2.4	0.4	0.4	0.0
Barclays Government	0.4	2.2	-1.6	2.0	0.2	1.1	-0.8
Barclays Corp A+ 1-5 yr	0.7	2.3	1.4	2.1	0.5	0.3	-0.2
Barclays Int Govt	0.3	1.5	-0.7	1.6	0.3	0.6	-0.6
Barclays Intermediate Agg	0.7	2.3	0.3	2.2	0.5	0.6	-0.4

* Return since inception date of 06/30/2007

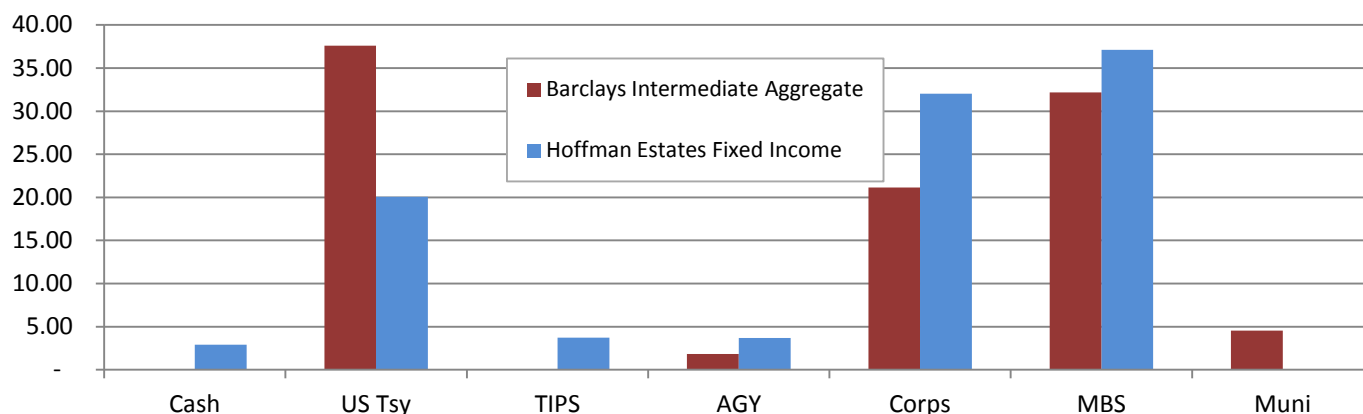
Returns for periods exceeding 12 months are annualized

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Hoffman Estates Firefighters Pension Fund
Fixed Income - All
3rd Quarter 2017



	Portfolio	Barclays Int Agg Index
Number of Bonds	128	
Current Yield	3.88	2.75
Maturity	7.01	4.61
Yield to Worst	2.47	2.27
Effective Duration	4.81	3.98
Convexity	0.16	(0.20)



Leading Contributors

Sector	Weight	Gross	Description	Maturity
CORP	0.60%	6.69	Vale Overseas	08/10/26
CORP	0.50%	4.84	Petro Mexicanos	06/02/41
CORP	0.60%	4.43	Bank of America Corp	02/07/42
CORP	0.70%	3.87	Fibria Overseas Note	05/12/24
CORP	0.80%	3.57	Conoco Phillips Note	02/01/39
CORP	0.70%	3.57	Verizon Communications	08/15/46
CORP	0.80%	3.53	Microsoft Corp	11/03/55
CORP	0.30%	3.33	Exxon Mobil	03/01/46
CORP	0.70%	3.12	Citigroup	01/30/42
CORP	0.40%	2.88	Embraer S.A.	06/15/22

Leading Detractors

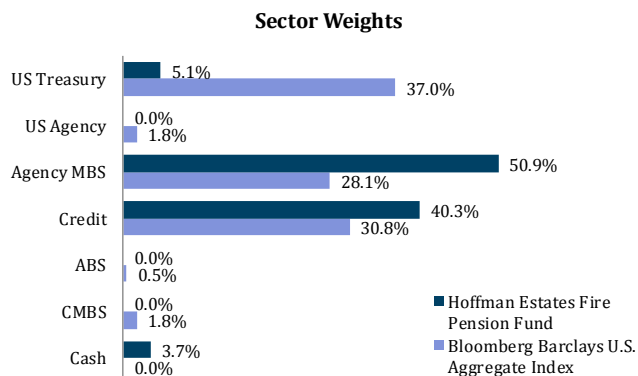
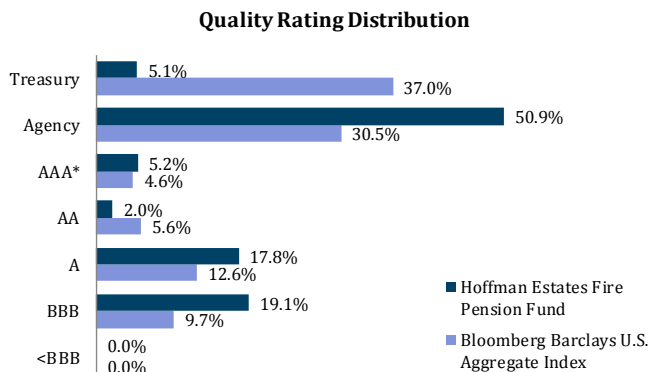
Sector	Weight	Gross	Description	Maturity
CORP	0.00%	(3.17)	Wyndham Worldwide	03/01/23
CORP	0.00%	(1.72)	AT&T Callable Bond	05/15/46
CORP	0.70%	(1.52)	Kroger Company	09/15/29
TREAS	0.80%	(1.04)	US Treasury Note	07/31/24
CORP	0.70%	(0.92)	Republic Services	07/01/26
CORP	0.10%	(0.86)	Royal Bank of Canada	01/19/21
CORP	0.80%	(0.53)	Morgan Stanley	07/24/42
CORP	0.80%	(0.32)	Abbvie Inc Sr Note Callable	11/06/22
CORP	0.80%	(0.11)	Abbott Labs Sr Note Callabl	11/30/23
CORP	0.70%	(0.06)	Masco Corporation	03/15/22

Core Fixed Income

Hoffman Estates Fire Pension Fund – September 30, 2017

Preliminary Performance	3Q17	YTD	1 Year	3 Years	Inception ¹
Hoffman Estates Fire Pension Fund	1.08	3.07	1.17	3.25	2.64
Hoffman Estates Fire Pension Fund Benchmark	0.85	3.14	0.07	2.71	2.23
Excess Performance	0.23	-0.07	1.10	0.54	0.41

- During the 3rd quarter, gross of fees, the portfolio outperformed the benchmark by 23 bps.
- Since inception, 1/31/13 to 9/30/17, the portfolio has an annualized return of 2.64%, outperforming the benchmark by 41 bps.
- Hoffman Estates Fire Pension Fund Benchmark is comprised of the Bloomberg Barclays Intermediate Aggregate Index from 1/31/13 to 8/13/14 and the Bloomberg Barclays Aggregate Index thereafter.



Characteristics

	Hoffman Estates Fire Pension Fund	Bloomberg Barclays U.S. Aggregate Index
Effective Duration	5.68	5.81
Convexity	0.50	0.13
Average Yield	2.88%	2.54%

1. Inception date 1/31/2013.

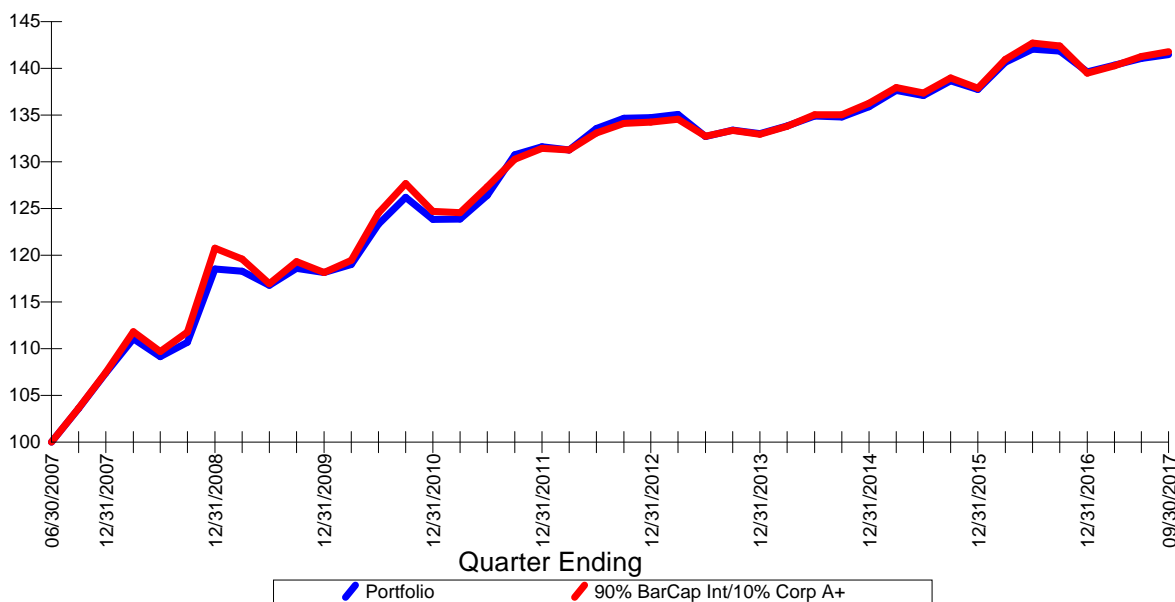
Past performance is not indicative of future returns. Gross investment performance assumes reinvestment of dividends and capital gains, is gross of investment management fees and net of transaction costs. Performance results will be reduced by the fees incurred in the management of the account. For example, assuming an annual gross return of 8% and an annual management/advisory fee of .40%, the net annualized total return of the portfolio would be 7.58% over a 5-year period. Net investment performance represents the deduction of the account's actual fee. Investment management fees are described in William Blair's Form ADV Part 2A. Returns for periods greater than one year are annualized. The Bloomberg Barclays Intermediate Aggregate Index includes all medium and larger issues of U.S. government, investment-grade corporate, asset-backed securities, mortgage-backed securities, and investment-grade international dollar-denominated bonds that have maturities of between 1 and 10 years and are publicly issued. The Bloomberg Barclays Aggregate Index includes all medium and larger issues of U.S. government, investment-grade corporate, asset-backed securities, mortgage-backed securities, and investment-grade international dollar-denominated bonds that have maturities of between 1 and 30 years and are publicly issued. Characteristics & sector weights source: BlackRock Solutions.



Portfolio Performance Review

Hoffman Estates Firefighters MVT Bonds Fixed Income Acct #: 8153-3379

Graphical Comparative Performance



Total Portfolio	Q3	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs	*Incep
Time Weighted (gross)	0.3	1.3	-0.3	1.6	1.0	1.6	3.2	3.4
Barclays Int Govt	0.3	1.5	-0.7	1.6	1.0	1.6	3.1	3.3
Barclays Government	0.4	2.2	-1.6	2.0	1.3	2.1	3.6	3.9
90% BarCap Int/10% Corp	0.4	1.6	-0.5	1.6	1.1	1.5	3.2	3.5
Time Weighted (net)	0.3	1.2	-0.4	1.5	0.8	1.4	2.9	3.1
Barclays Int Govt	0.3	1.5	-0.7	1.6	1.0	1.6	3.1	3.3
Barclays Government	0.4	2.2	-1.6	2.0	1.3	2.1	3.6	3.9
90% BarCap Int/10% Corp	0.4	1.6	-0.5	1.6	1.1	1.5	3.2	3.5

* Return since inception date of 06/30/2007

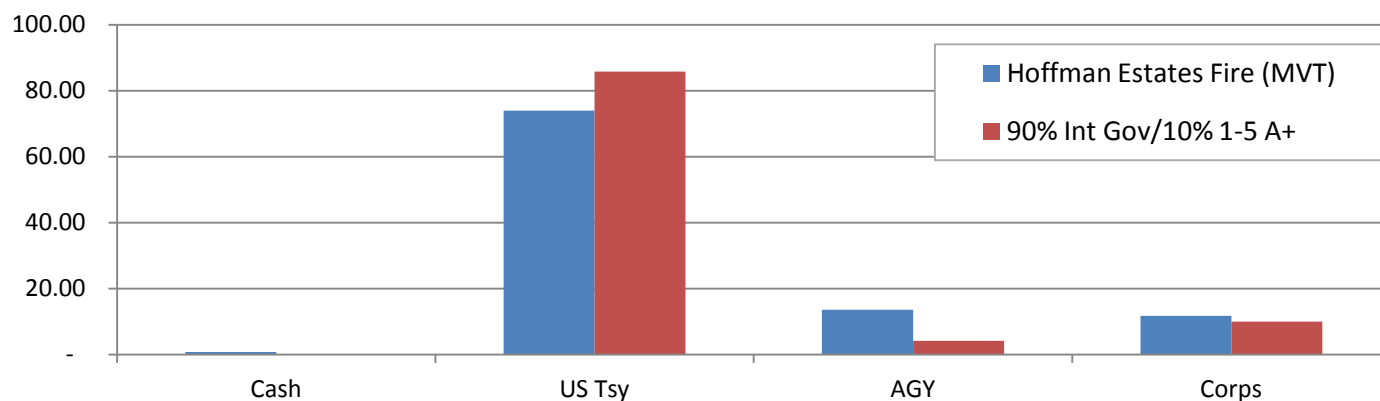
Returns for periods exceeding 12 months are annualized

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Hoffman Estates Firefighters Pension Fund
Fixed Income - MVT
2nd Quarter 2017



	Portfolio	90% Int Gov 10% 1-5 A+
Number of Bonds	39	
Current Yield	2.20	1.95
Maturity	3.00	3.98
Yield to Worst	1.68	1.81
Effective Duration	2.86	3.75
Convexity	0.07	0.10



Leading Contributors

Sector	Weight	Gross	Description	Maturity
CORP	0.30%	1.11	JP Morgan Chase	6/23/2020
CORP	0.30%	0.84	Wells Fargo	7/26/2021
CORP	0.30%	0.80	Bank Of Montreal	8/27/2021
CORP	0.60%	0.79	JP Morgan Chase	7/22/2020
CORP	0.30%	0.66	Oracle Corp	7/8/2021
CORP	0.30%	0.56	Gilead Sciences	4/1/2019
TREAS	0.60%	0.51	Treasury Note	11/15/2022
TREAS	1.10%	0.48	Treasury Note	11/15/2024
TREAS	1.10%	0.47	Treasury Note	10/31/2022
CORP	0.00%	0.46	Citigroup	4/8/2019

Leading Detractors

Sector	Weight	Gross	Description	Maturity
TREAS	0.80%	(1.04)	US Treasury Note	7/31/2024
CORP	0.10%	(0.86)	Royal Bank of Canada	1/19/2021
TREAS	1.00%	0.11	Treasury Note	8/15/2026
AG	0.80%	0.23	FNMA	11/26/2019
AG	0.80%	0.24	FHLMC	3/27/2019
TREAS	1.30%	0.25	Treasury Strip	11/15/2018
TREAS	0.80%	0.25	Treasury Note	11/15/2019
TREAS	0.30%	0.25	Treasury Note	12/15/2019
TREAS	1.50%	0.27	Treasury Note	11/15/2019
TREAS	0.90%	0.28	Treasury Note	10/31/2017

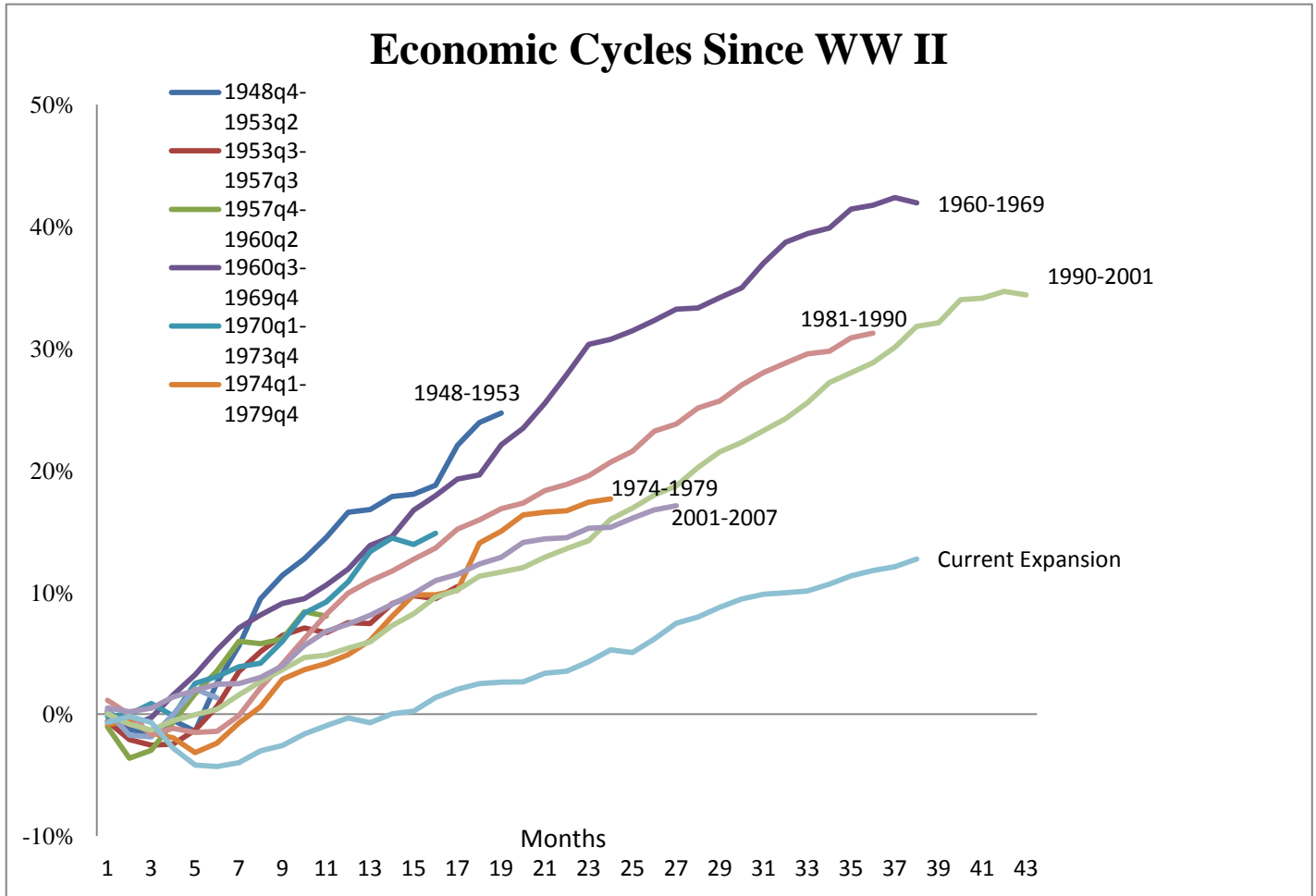


Buys, Sells, Deposits, Withdrawals

From 07/01/2017 to 09/30/2017

Hoffman Estates Fixed Income

Portfolio Account Type	Trade Date	Maturity Date	Activity	Security Symbol	Description	Net Amount	Total Fees
Managed A	07/03/2017		Deposit	MMF	Schwab Money Market	1,400,000.00	
Managed A	07/06/2017		Withdraw	MMF	Schwab Money Market	(1,400,000.00)	
Fixed Incom	07/06/2017		Deposit	MMF	Schwab Money Market	1,400,000.00	
Fixed Incom	07/13/2017	08/15/2026	Buy	9128282A	Treasury Note	(230,144.14)	10
Fixed Incom	07/14/2017		Withdraw	MMF	Schwab Money Market	(1,000,000.00)	
Managed A	08/01/2017	02/14/2050	Buy	00206REP	AT&T Inc Senior Note Cal	(201,654.00)	20
Managed A	08/01/2017	05/15/2046	Sell	00206RCQ	AT&T Callable Bond	194,625.89	20
Managed A	08/02/2017	07/24/2042	Buy	617482V9	Morgan Stanley	(237,054.86)	20
Managed A	08/02/2017	04/01/2018	Sell	6174466Q	Morgan Stanley	105,445.75	20
Managed A	08/03/2017	11/30/2023	Buy	002824BE	Abbott Labs Sr Note Call	(234,451.50)	20
Managed A	08/03/2017	11/06/2022	Buy	00287YAP	Abbvie Inc Sr Note Callab	(234,349.25)	20
Managed A	08/03/2017	01/15/2020	Buy	345397VM	Ford Motor Credit	(28,552.02)	20
Managed A	08/03/2017	07/01/2026	Buy	760759AR	Republic Services	(223,671.38)	20
Managed A	08/03/2017	09/10/2018	Sell	24422EQV	Deere & Company	187,241.46	20
Managed A	08/03/2017	05/15/2020	Sell	912803AT	Treasury Strip	152,849.42	20
Managed A	08/08/2017	03/01/2023	Sell	98310WAL	Wyndham Worldwide	201,738.67	20
Managed A	08/10/2017	02/01/2046	Buy	035242AN	Anheuser-Busch InBev	(28,020.77)	20
Managed A	08/10/2017	01/15/2026	Buy	828807CW	Simon Property Callable	(25,484.25)	20
Managed A	08/10/2017	08/15/2046	Buy	92343VDC	Verizon Communications	(43,841.00)	20
Managed A	08/14/2017	09/15/2027	Buy	521865AY	Lear Corporation	(224,404.75)	10
Managed A	08/16/2017	11/01/2026	Buy	98419MAJ	Xylem Corp Bond	(25,513.26)	10
Managed A	08/17/2017	02/14/2050	Buy	00206REP	AT&T Inc Senior Note Cal	(24,933.65)	20
Managed A	08/17/2017	06/02/2026	Buy	11271LAA	Brookfield Finance Inc Ca	(15,902.12)	20
Fixed Incom	08/28/2017	08/28/2017	Sell	025816AX	American Express	40,000.00	0
Fixed Incom	09/01/2017	08/15/2026	Buy	9128282A	Treasury Note	(76,155.74)	10
Fixed Incom	09/01/2017	07/31/2024	Buy	9128282N	US Treasury Note	(247,956.82)	10
Fixed Incom	09/07/2017	01/19/2021	Buy	78012KKU	Royal Bank of Canada	(40,926.12)	10
Managed A	09/11/2017	09/20/2047	Buy	11271LAB	Brookfield Finance Inc	(49,619.50)	20
Managed A	09/11/2017	09/20/2047	Buy	11271LAB	Brookfield Finance Inc	(50,115.00)	20
Managed A	09/12/2017	09/20/2047	Buy	11271LAB	Brookfield Finance Inc	(125,646.25)	20
Managed A	09/12/2017	06/02/2026	Sell	11271LAA	Brookfield Finance Inc Ca	226,660.56	20
Managed A	09/13/2017	04/15/2045	Sell	666807BJ0	Northrop Grumman Corp	151,508.25	10
						(708,326.38)	470



Source: NBER (National Bureau of Economic Research), MVT

As you can see, although the current expansion is the third longest in post WW II history, it has been a pretty shallow growth trajectory. Until the expansion picks up steam, we anticipate it has a ways to go. Keep in mind, that even during an expansion, the market will have dips.

ADDENDUM A

Aggregate Plan Asset Allocation Guidelines (at market value)

Asset Class	Minimum	Maximum	Preferred
Equities*	0%	65%	65%
Fixed Income	35%	100%	35%
Cash and Equivalents	\$600,000	\$2,000,000	\$1,000,000

*At least 10% of equity assets must be in mutual funds as defined in Section Q. 13.

The following shall be used as target indices to form a blended index for the entire fund and to measure the performance of each individual asset class:

Asset Class	Target Index	% in Blend
Equities		60%
<i>Domestic Equities</i>	<i>Russell 3000</i>	35.45%
<i>International Equities</i>	<i>MSCI All Country World Index xUSA</i>	20.15%
<i>Domestic REIT</i>	<i>Wilshire US REIT</i>	5%
Fixed Income	Barclays Intermediate Aggregate	40%

Comment [B1]: Since REIT's are now included in the Russell 3000, add that 5% allocation to the domestic portion. Also, move to a more typical 75%/25% domestic vs international target.

Comment [B2]: In September, 2016; REIT's were added as an additional sector in the Russell 3000.

The Board of Trustees may employ managers whose investment disciplines require investment outside the established asset allocation guidelines. However, taken as a component of the aggregate plan, such disciplines must fit within the overall asset allocation guidelines established in this Statement. Such investment managers will receive written direction from the Board of Trustees regarding specific objectives and guidelines.

ADDENDUM B

The HEFPB has retained equity investment managers with complementary investment styles in order to diversify the assets of the fund. Over a market cycle (3-5 years) each manager is expected to meet or exceed the return of the market index appropriate to its style. The managers and their benchmarks are:

Domestic Equity	
Russell 3000 iShare	Russell 3000
Rothschild (Large Value)	Russell 1000 Value
Vanguard Growth Index Signal	Russell 1000 Growth
T Rowe Price Health	S&P 1500 Health Care
Baird Midcap Institutional	Russell Mid Cap Growth
Vanguard Explorer Admiral Shares T Rowe Price Small Cap Growth	Russell 2000 Growth
Adelante Total Return Strategy	Wilshire US REIT
Diamond Hill Small-Mid Cap	Russell Mid Cap Value
International Equity	
Oakmark International	MSCI ACWI ex USA
Oppenheimer Developing Markets	MSCI EM
Artisan International I-Value Fund Advisor	MSCI ACWI ex USA
Oppenheimer International Small Co	MSCI World Ex USA SMID
Fixed Income	
Wm. Blair Aggregate Bond	Barclays Aggregate
Mitchell Vaught & Taylor High Quality Bond	(90%) Barclays Intermediate Govt, (10%) Barclays Corporate A+ 1-5 Year

Comment [B3]: Replaced Vanguard Explorer with T Rowe in March, 2016

Comment [B4]: Replaced with the lower cost "Advisor" class in June, 2017

S&P 500 Gets Its First New Sector Since the Dot-Com Era

New classification will make it easier to track one of the hottest investments of the past decade

After it breaks away from banks, insurers and other financial companies, the real-estate sector will make up roughly 3% of the market capitalization of the S&P 500.

By

Corrie Driebusch

Sept. 16, 2016 5:30 a.m. ET

For the first time since the tech boom, the S&P 500 is gaining a new sector.

Ahead of the U.S. stock-market open on Monday, S&P Dow Jones Indices was set to split off real-estate companies from the financial sector to create an 11th stock grouping. The new classification—undertaken by a team of executives from S&P and rival indexing firm [MSCI Inc.](#), which made the change to its own indexes in late August—will make it easier for investors to track one of the hottest investments of the past decade.

Real-estate investment trusts own real estate and pay steady dividends, which have been attractive to investors with interest rates so low. More than a net \$62 billion had flowed into U.S. real-estate funds since 2001 through the end of 2015, according to Morningstar Inc. data.

The number of publicly traded REITs has also risen. Since 2001, 129 real-estate investment trusts have gone public in the U.S., raising more than \$38 billion, according to Dealogic. There are roughly 240 REITs listed on the New York Stock Exchange and the Nasdaq, according to S&P Dow Jones Indices.

After it breaks away from banks, insurers and other financial companies, the real-estate sector will make up roughly 3% of the market capitalization of the S&P 500, according to S&P Dow Jones Indices. The financial sector's weighting will go from 16% to 13%.

“Up until now, real estate was buried in financials,” said Sebastien Lieblich, a managing director at MSCI who is a part of the index-designation committee. Now that real estate is elevated to its own sector it makes it easier for investors to choose to put their money in those stocks, he said.

The decisions aren't without some controversy, as changes to sector designations can affect billions of dollars in funds that track indexes. The committee in the past has received calls from corporate executives, bank analysts, and fund managers questioning designations, according to multiple committee members.

Managers who run financial-stock funds may have to sell real-estate shares in order to stay aligned with the new composition. Investors in such funds may no longer automatically get exposure to those REITs, but the new sector could make it easier to place bets on that slice of the market.

Funds that invest in U.S.-listed real-estate companies had [record inflows](#) during the week ended Sept. 14—a net \$2.9 billion committed compared with the previous record of \$1.68 billion set earlier this year, according to EPFR Global.

Mr. Lieblich and some other employees at MSCI and S&P Dow Jones Indices convene twice a year to discuss how sector and industry groupings are defined.

Changes don't happen often. New groupings have been introduced on three previous occasions since 1957, when the S&P 500 index was introduced, according to S&P Dow Jones Indices. During the dot-com boom of the late 1990s, there were only four subdivisions in the S&P 500, none of which was technology. The groupings reflected an earlier era of the U.S. economy: industrials, transports, financials and utilities. At the time, passive investing was also gaining steam. Investors were becoming more interested in what companies were in which indexes, and how best to get broad exposure to particular slices of stocks.

Makeover

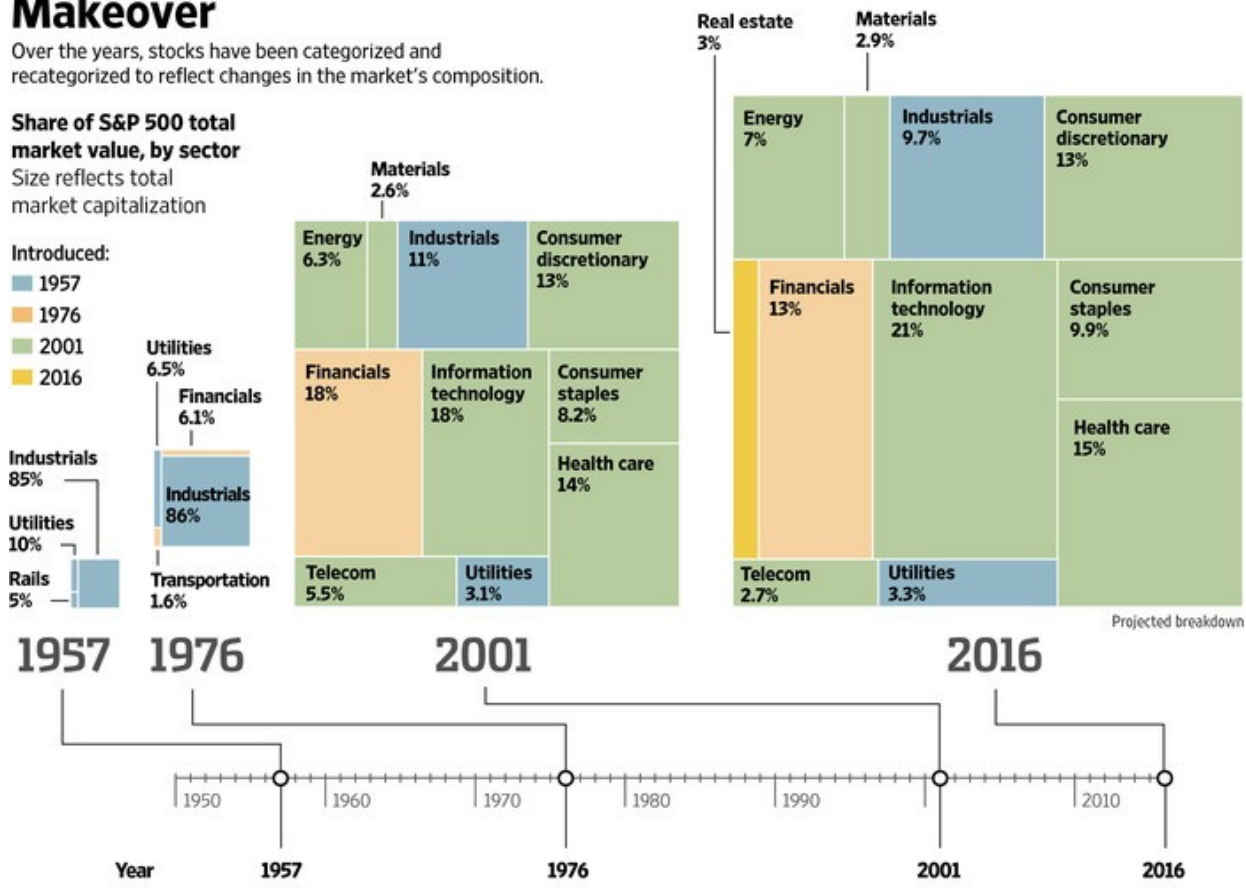
Over the years, stocks have been categorized and recategorized to reflect changes in the market's composition.

Share of S&P 500 total market value, by sector

Size reflects total market capitalization

Introduced:

- 1957
- 1976
- 2001
- 2016



Year	1957	1976	2001	2016
Categorization	The S&P 500 index has three subdivisions: Industrials, Rails and Utilities	Financial companies are broken out as a separate subdivision in the S&P 500 and Rails are renamed Transportation	Global Industry Classification Standard divides the S&P 500 into 10 sectors	Real Estate sector created, with several companies moving out of Financials and into new group
Biggest S&P 500 company by market cap	Standard Oil of New Jersey \$11 billion*	International Business Machines \$42 billion	General Electric \$398 billion	Apple \$629 billion
Total market cap of S&P 500	\$172 billion*	\$662 billion	\$10.5 trillion	\$18.6 trillion*

Note: Market cap figures aren't adjusted for inflation and are as of year-end except as noted. Source: S&P Dow Jones Indices

*As of March 29, 1957 *As of Sept. 16 THE WALL STREET JOURNAL.

"What do you do when the world is waking up to indexes, each month tech is bigger than before, and tech isn't a sector?" said David Blitzer, chairman at S&P Dow Jones Indices and one of the founders of the current categorizing methods. S&P started digging into options for creating a sector-designation standard, he said.

Meanwhile, MSCI, another index provider, was separately working to devise a set of rules for which stocks go in which indexes, according to Mr. Lieblich.

The two firms chose to work together to create a benchmark all investors could look to.

Committee members recall that executives at S&P, whose indexes were mostly U.S.-centered, feared eliminating the transportation sector, while the more globally focused executives at MSCI were wary of including health care, which didn't have many companies outside the U.S. at the time.

After many months of discussions, according to people involved in the process, a new Global Industry Classification Standard was completed in 1999. The S&P 500 was divided into 10 sectors in 2001, Mr. Blitzer said.

The people in the room where the decisions happened, including Mr. Blitzer, agreed to meet again regularly to discuss how the world was changing, and how to keep up with it.

The first consultation to decide whether to make real estate its own sector was several years ago, according to committee members. Mr. Blitzer, who was involved in the sector talks of the late 1990s, said he showed up at the office early on Sept. 24, 2014, eager to be a part of the final decision. But he missed his chance. He was called away to Dallas for the birth of his grandson. The committee members agreed to delay implementation for two years to give those affected—from investors to fund managers to back-office staff—ample time to prepare, according to multiple committee members.

Committee members say they are already talking about the next grouping that may need an overhaul—wireless, phone and cable companies. Mr. Blitzer estimates any overhaul won't happen for at least several years, and not before many long discussions and debates.

In deciding how to classify companies, the committee looks at factors including where they derive their revenue and earnings, and how research analysts categorize them, according to Messrs. Blitzer and Lieblich.

Certain companies are more puzzling nowadays than others, committee members say. One is [Amazon.com](https://www.amazon.com) Inc., which is categorized as a consumer-discretionary company despite some analysts viewing it as a technology giant that is increasingly earning money from its cloud business.

Retailers [Wal-Mart Stores](https://www.walmart.com) Inc. and [Target](https://www.target.com) Corp. aren't in the same category. Wal-Mart is considered a consumer-staple stock, while Target is a consumer-discretionary stock. [PepsiCo](https://www.pepsico.com) Inc. and tobacco maker [Philip Morris International](https://www.philipmorrisinternational.com) Inc., which make items that could be considered discretionary, are classified as consumer-staple companies.

"At the end of the day, it's more an art, not a science," Mr. Blitzer said.

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Hoffman Estates Firefighters Pension

Definitions and Disclosures

Timing of Performance Information

It is quite common to have inaccurate information regarding index returns as well as pricing and transaction data from custodians at the end of a reporting period. Often, these inaccuracies are cleared up within the first week or two of the following period. Our pension clients should be aware that quarter-end data reported within the first two weeks of a new quarter has a higher likelihood of inaccuracy. We do our best to weed out these problems, but there may be times when we feel it necessary to leave out the performance for the final month of a quarter.

Index Returns

Index returns are reported directly from Morningstar.

Each portfolio is presented with an index or blend of indexes for performance comparison. Detailed similarities and differences between a style and a particular index are available upon request. No single index will precisely reflect a particular investment style; thus, the performance results of the indices chosen should be used for informational purposes only. In addition, the periods shown are for comparative purposes, and it should not be assumed that performance was identical in other periods not shown. These indices are unmanaged and do not include potential commissions, fees, or other transaction costs. You cannot invest directly in an index.

Per the investment policy, the benchmark for the total portfolio is 40% Barclays Intermediate Aggregate Index and 60% of an Equity Blended Index.

The equity blended index is 58.3% S&P 500, 33.3% MSCI EAFE, and 8.34% Wilshire REIT Index. As of January 1, 2016 the equity blended index was changed to 58.3% Russell 3000, 33.3% MSCI All Country World Index xUSA, and 8.34% Wilshire REIT Index.

The benchmark for the William Blair and Company fixed income managed account was the Barclays Intermediate Aggregate Index from 01/31/2013 (inception) until 08/13/2014. Since then, the benchmark is the Barclays Aggregate Bond Index.

The benchmark for the Mitchell, Vaught & Taylor fixed income managed account is a blend of 90% Barclays Intermediate Government Index and 10% Barclays Corporate A+ 1-5 Year Index.

General Statement

It must be understood that market or economic conditions change often and that these changes, whether anticipated by the manager or having occurred unexpectedly, can have either a positive or a negative effect on the performance of a client's portfolio.

The performance results portrayed reflect the reinvestment of dividends when legal for the client to do so (otherwise, the dividends are paid out in cash), interest and all other cash represent in the account for the time periods specified.

Gross of fee reports do not include advisory fees, trading costs, etc.