

# Quarterly Report

*Prepared by*

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**Hoffman Estates  
Firefighters Pension Fund**

**4th Quarter 2017**

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# Hoffman Estates Firefighters Pension Fund

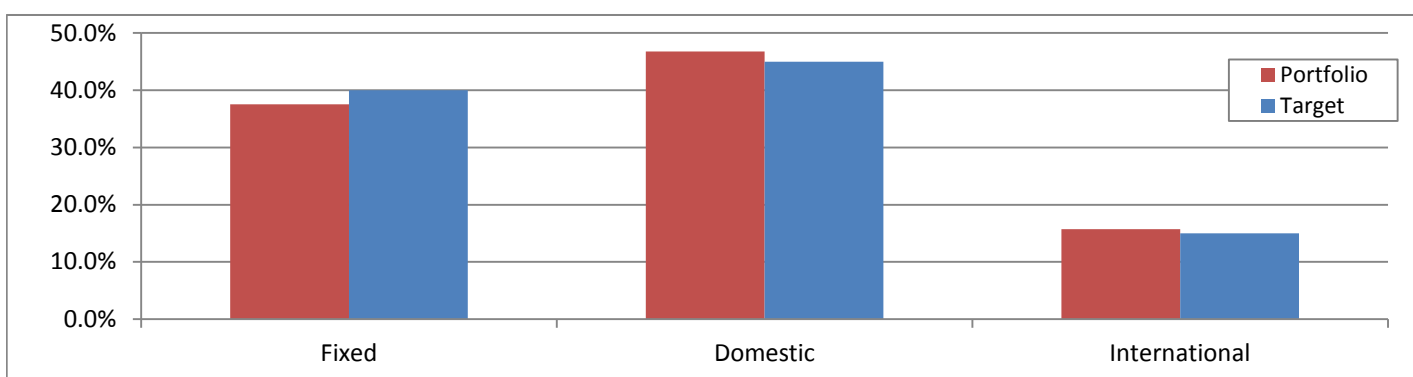
## Portfolio Asset Allocation

### 4th Quarter 2017



<u>Manager Summary</u>	<u>Actual</u>	<u>%</u>	<u>Target</u>	<u>Difference</u>
<b><i>Fixed</i></b>	<b>30,884,965</b>	<b>37.5%</b>	<b>40.0%</b>	<b>(2,036,295)</b>
Wm Blair	22,347,028	27.2%		
MVT Core Government	8,536,421	10.4%		
Schwab Money Market	1,515	0.0%		
<b><i>Equity</i></b>	<b>51,418,186</b>	<b>62.5%</b>	<b>60.0%</b>	<b>2,036,295</b>
<b><i>Domestic</i></b>	<b>38,465,903</b>	<b>46.7%</b>	<b>45.0%</b>	<b>1,429,485</b>
Russell 3000 IShare ETF	15,716,661	19.1%		
Rothschild (Large Value)	8,536,462	10.4%		
Vanguard Growth Admiral	7,742,092	9.4%		
T Rowe Price Health Sciences Fund	1,573,369	1.9%		
Diamond Hill Small Mid Cap Institution	1,526,028	1.9%		
Adelante (REIT)	1,268,697	1.5%		
Baird Midcap Institutional	1,233,523	1.5%		
T Rowe Price Small Cap Growth	869,071	1.1%		
<b><i>International</i></b>	<b>12,952,283</b>	<b>15.7%</b>	<b>15.0%</b>	<b>606,810</b>
Oakmark International Fund Institutiona	5,098,129	6.2%		
Artisan International Fund	4,745,326	5.8%		
Oppenheimer Intl Smid Cap Inst	1,953,879	2.4%		
Oppenheimer Developing Markets Instl	1,154,949	1.4%		

**Total Pension Fund 82,303,151**



#### **Changes:**

As discussed, moved \$4 million to Vanguard Growth from Rothschild. Moved \$1.2 million from Adelante equally to all international managers and the remainder to the Russell 3000 iShare. Moved all cash to the Schwab Money Fund from Cash Sweep Fund (Money Fund interest = 0.65%).

# Hoffman Estates Firefighters Pension Fund

## Executive Summary

### 4th Quarter 2017



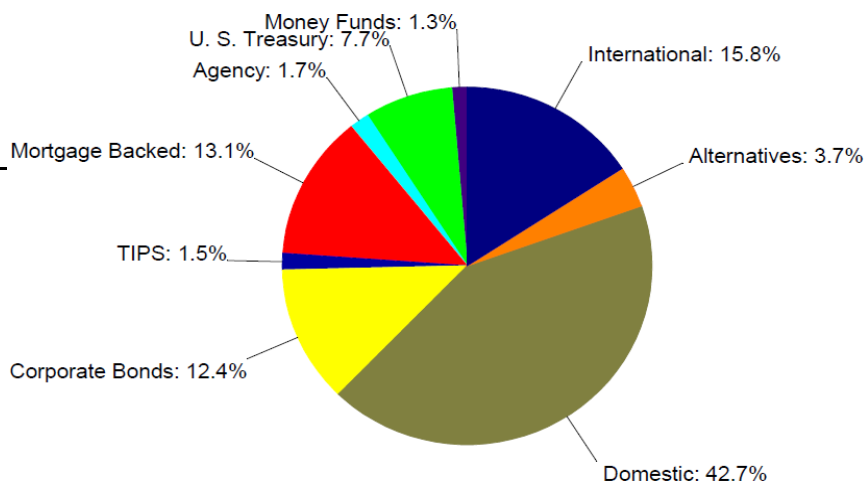
#### Activity Summary this Quarter

Beginning Value:	\$	79,704,291
Contribute & Withdraw:	\$	-
Net Investment Gain:	\$	2,598,860
Ending Value:	\$	82,303,151

Consulting Fee:	\$	13,339
Income	\$	604,013

#### Since: 12/31/2012

Cumulative Return:	47.63%
Annualized Net Return:	8.10%
Net Investment Gain:	\$ 28,741,418



#### Net Performance this Quarter

Fixed Income	0.33%	\$	100,798
Equities	5.11%	\$	2,498,063
Total Fund	3.26%	\$	2,598,860
Target	3.51%		

#### Portfolio Strengths

- Fixed - With the yield curve narrowing in the period due to Fed action on the short end and a lack of meaningful inflation for the long end, bond prices in the period were generally weaker. Both fixed income managers beat their respective targets with investment grade corporates, TIPS and longer duration government mortgages helping both managers.
- Equity - Similar to most of the year, the growth sector continues to lead all equity markets, both domestic and international, although every manager again showed positive quarterly performance. The two smaller cap growth funds, one domestic and one international had very good quarters as did large core separate account manager Rothschild.

#### Weaknesses

- Fixed - With the yield curve narrowing mostly due to the short and intermediate term rates moving higher, the prices of those bonds tended to be weaker, regardless of sector.
- Equity - In general, the value sector of the equity market was the weakest in the quarter meaning both the smid and REIT managers underperformed their more growth focused counterparts. Also, the previous quarters' best two managers (T Rowe Health and Oakmark) were the weakest of this periods returns.

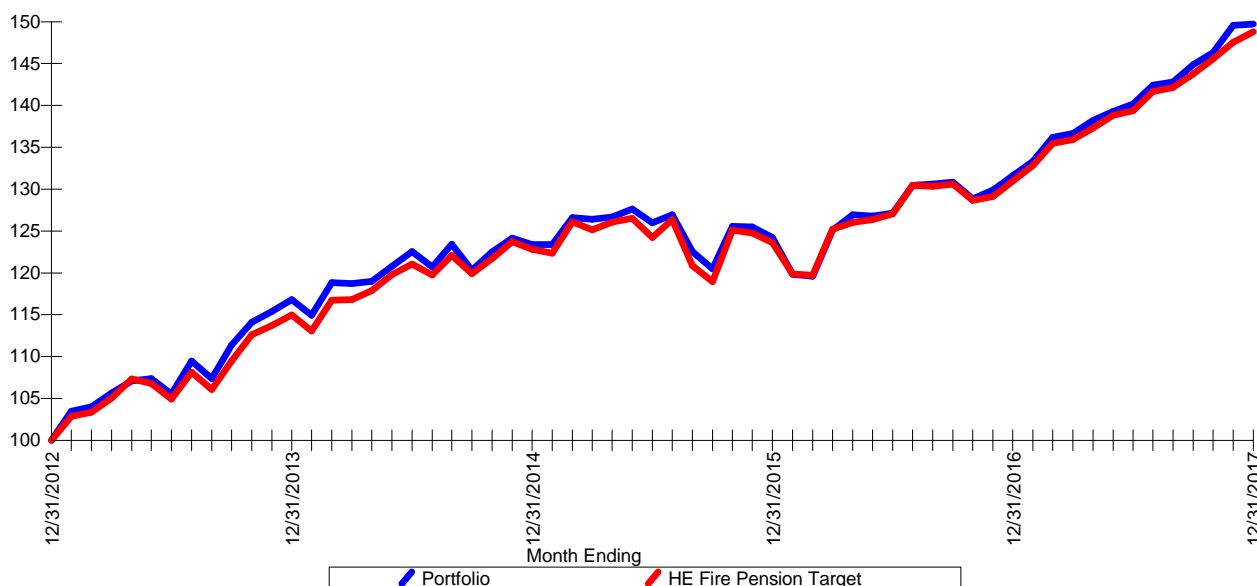
#### Strategies

- Portfolio - Despite the length of the current domestic economic recovery, generally positive incoming data makes a domestic recession appear unlikely in the near term. Alternatively, some international markets are showing signs of slowing, but even that is not universal across all markets. The combination of Fed action and the lack of any significant inflationary signs, means the yield curve will continue to narrow. In addition to increasing the overnight rate, the Fed has indicated a desire for another three increases in 2018 and have begun their balance sheet reductions. Similar to last quarter, in fixed income we continue to prefer a slightly shorter than target duration combined with higher quality corporate debt. In equities, we'll stay close to target weights, and look to add out-performance by your active managers.

### Portfolio Performance Review

Hoffman Estates Firefighters Pension Fund

#### Graphical Comparative Performance



<b>Total Portfolio</b>	<b>Q4</b>	<b>1 Yr</b>	<b>3 Yrs</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Incept</b>
Time Weighted (gross)	3.3	13.8	6.7	1.0	2.2	0.1	8.4
Russell 3000	6.3	21.1	11.1	2.2	3.0	1.0	15.6
MSCI World xUS	4.7	24.1	5.1	1.8	0.7	2.1	4.1
Barclays Intermediate Aggr	-0.1	2.3	1.8	0.0	-0.3	0.2	1.7
Wilshire US REIT Index	1.7	4.2	5.2	-0.9	2.8	-0.1	9.3
HE Fire Pension Target	3.5	13.5	6.6	1.3	1.4	0.8	8.3
Time Weighted (net)	3.3	13.4	6.3	1.0	2.2	0.1	8.1
Russell 3000	6.3	21.1	11.1	2.2	3.0	1.0	15.6
MSCI World xUS	4.7	24.1	5.1	1.8	0.7	2.1	4.1
Barclays Intermediate Aggr	-0.1	2.3	1.8	0.0	-0.3	0.2	1.7
Wilshire US REIT Index	1.7	4.2	5.2	-0.9	2.8	-0.1	9.3
HE Fire Pension Target	3.5	13.5	6.6	1.3	1.4	0.8	8.3

Returns for periods exceeding 12 months are annualized

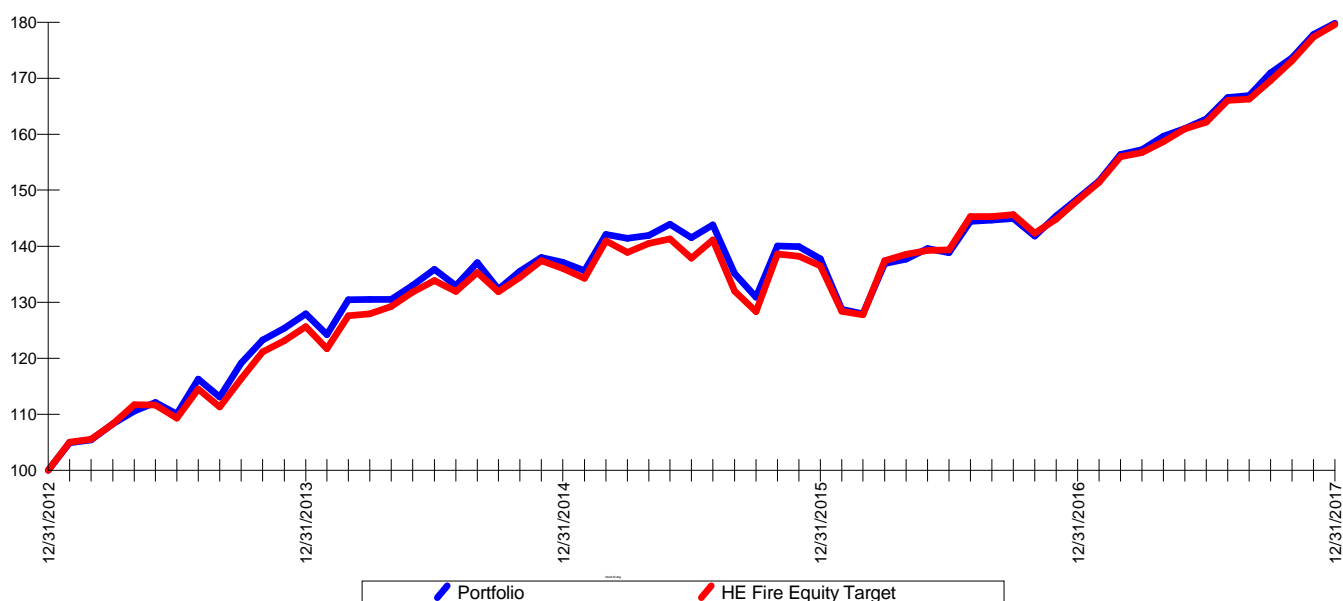
*This report includes data currently available to the investment manager. Past performance is no guarantee of future performance. Indices are not available for direct investment. An investment product which attempts to mimic the performance of an index will incur expenses such as management fees and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



## Portfolio Performance Review

Hoffman Estates Equity

### Graphical Comparative Performance



<b>Total Portfolio</b>	<b>Q4</b>	<b>1 Yr</b>	<b>3 Yrs</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>*Incept</b>
Time Weighted (gross)	5.2	21.1	9.4	1.6	2.4	1.1	12.4
Russell 3000	6.3	21.1	11.1	2.2	3.0	1.0	15.6
S&P 500 Comp. w/ divs	6.6	21.8	11.4	2.3	3.1	1.1	15.8
Russell 1000 Value	5.3	13.7	8.7	0.7	3.1	1.5	14.0
MSCI World xUS	4.7	24.1	5.1	1.8	0.7	2.1	4.1
Wilshire US REIT Inde	1.7	4.2	5.2	-0.9	2.8	-0.1	9.3
HE Fire Equity Target	5.9	21.3	9.6	2.1	2.4	1.3	12.4
Time Weighted (net)	5.1	20.7	9.1	1.5	2.4	1.1	12.2
Russell 3000	6.3	21.1	11.1	2.2	3.0	1.0	15.6
S&P 500 Comp. w/ divs	6.6	21.8	11.4	2.3	3.1	1.1	15.8
Russell 1000 Value	5.3	13.7	8.7	0.7	3.1	1.5	14.0
MSCI World xUS	4.7	24.1	5.1	1.8	0.7	2.1	4.1
Wilshire US REIT Inde	1.7	4.2	5.2	-0.9	2.8	-0.1	9.3
HE Fire Equity Target	5.9	21.3	9.6	2.1	2.4	1.3	12.4

\* Return since inception date of 12/31/2012

# 4q17 Hoffman Estates Equity v. Target

**Portfolio**  
Hoffman Estates Equity

**Benchmark**  
Target - Hoffman Equity

**Currency**  
US Dollar

## Attribution Detail 10/1/2017 to 12/31/2017

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
<b>CASH</b>	<b>USTREAS T-Bill Auction Ave 3 Mon</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.32</b>	<b>—</b>	<b>—</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-0.02</b>	<b>0.00</b>	<b>0.00</b>	<b>-0.02</b>
USTREAS T-Bill Auction Ave 3 Mon	USTREAS T-Bill Auction Ave 3 Mon	0.00	—	—	0.32	0.32	0.00	0.00	0.00	0.00	—	0.00	0.00	0.00
<b>Domestic</b>	<b>Russell 3000 TR USD</b>	<b>74.81</b>	<b>75.00</b>	<b>-0.19</b>	<b>5.86</b>	<b>6.34</b>	<b>-0.48</b>	<b>4.43</b>	<b>4.75</b>	<b>-0.31</b>	<b>0.00</b>	<b>0.19</b>	<b>-0.56</b>	<b>-0.36</b>
iShares Russell 3000 ETF	Russell 3000 TR USD	30.57	—	—	6.34	6.34	0.01	1.84	0.00	1.84	—	0.02	0.00	0.02
Vanguard Growth Index Admiral	Russell 1000 Growth TR USD	15.06	—	—	6.24	7.86	-1.63	0.43	0.00	0.43	—	-0.11	0.11	-0.01
Hoffman Estates Fire Rothschild LV	Russell 1000 Value TR USD	16.60	—	—	6.74	5.33	1.41	1.64	0.00	1.64	—	0.34	-0.25	0.10
Baird MidCap Inst	Russell Mid Cap Growth TR USD	2.40	—	—	5.73	6.81	-1.07	0.14	0.00	0.14	—	-0.03	0.01	-0.02
Diamond Hill Small-Mid Cap I	Russell Mid Cap Value TR USD	2.97	—	—	2.47	5.50	-3.03	0.08	0.00	0.08	—	-0.10	-0.03	-0.13
T. Rowe Price QM US Small-Cap Gr Eq	Russell 2000 Growth TR USD	1.69	—	—	6.11	4.59	1.53	0.10	0.00	0.10	—	0.02	-0.03	-0.01
T. Rowe Price Health Sciences	S&P 1500 Health Care TR	3.06	—	—	1.85	1.62	0.23	0.06	0.00	0.06	—	0.00	-0.15	-0.15
Hoffman Estates Fire Adelante	Wilshire US REIT TR USD	2.47	—	—	2.84	1.70	1.14	0.14	0.00	0.14	—	0.06	-0.23	-0.17
<b>International</b>	<b>MSCI ACWI Ex USA PR USD</b>	<b>25.19</b>	<b>25.00</b>	<b>0.19</b>	<b>3.99</b>	<b>4.65</b>	<b>-0.66</b>	<b>0.96</b>	<b>1.18</b>	<b>-0.21</b>	<b>0.01</b>	<b>-0.34</b>	<b>0.11</b>	<b>-0.21</b>
Artisan International Advisor	MSCI ACWI Ex USA PR USD	9.23	—	—	4.23	4.65	-0.43	0.38	0.00	0.38	—	-0.06	0.00	-0.06
Oakmark International Institutional	MSCI ACWI Ex USA NR USD	9.91	—	—	—	—	-2.37	0.00	0.00	0.00	—	0.00	0.00	0.00
Oakmark International Investor	MSCI ACWI Ex USA NR USD	0.00	—	—	2.62	5.00	-2.38	0.26	0.00	0.26	—	-0.26	0.03	-0.22
Oppenheimer International Small-Mid C	MSCI World Ex USA SMID NR USD	3.80	—	—	6.55	5.48	1.06	0.22	0.00	0.22	—	0.03	0.03	0.05
Oppenheimer Developing Markets Y	MSCI EM NR USD	2.25	—	—	5.37	7.44	-2.07	0.10	0.00	0.10	—	-0.04	0.05	0.01
<b>Total</b>		<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>5.40</b>	<b>5.92</b>	<b>-0.53</b>	<b>5.40</b>	<b>5.92</b>	<b>-0.53</b>	<b>0.00</b>	<b>-0.15</b>	<b>-0.45</b>	<b>-0.60</b>

# Hoffman Estates Domestic

## Portfolio Aggregation

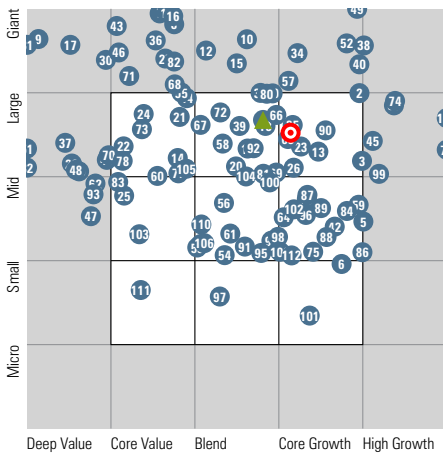
Data as of  
12/31/2017

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	19.11	23.45
Large Core	26.89	23.70
Large Growth	24.72	25.44
Mid Value	4.89	6.06
Mid Core	7.72	6.34
Mid Growth	9.69	6.34
Small Value	2.10	2.82
Small Core	2.36	2.97
Small Growth	2.52	2.87
Large Cap	70.72	72.60
Mid-Small Cap	29.28	27.40
Value	26.10	32.34
Core	36.97	33.01
Growth	36.93	34.65

### Top 10 Constituents

	% Weighting
1 iShares Russell 3000 ETF	41.04
2 Vanguard Growth Index Admiral	20.22
3 T. Rowe Price Health Sciences	4.11
4 Diamond Hill Small-Mid Cap I	3.99
5 Baird MidCap Inst	3.22
6 T. Rowe Price QM US Small-Cap Gr Eq	2.27
7 JPMorgan Chase & Co	0.91
8 Bank of America Corporation	0.85
9 AT&T Inc	0.59
10 Chevron Corp	0.53

### Portfolio Statistics

Style Box Value Factors	Portfolio	Benchmark
Price/Prospective Earnings	23.41	19.95
Price/Book	3.84	2.96
Price/Sales	2.93	2.15
Price/Cash Flow	13.84	12.14
Dividend Yield %	1.69	1.82

Style Box Growth Factors	Portfolio	Benchmark
Long-Term Earning Growth %	10.64	9.96
Historical Earnings Growth %	8.80	4.04
Book Value Growth %	3.12	-3.15
Sales Growth %	1.94	-2.46
Cash Flow Growth %	4.71	-1.16

Equity Valuation Price Multiples	Portfolio	Benchmark
Price to Earnings	23.43	22.59
Price to Book Value	3.18	3.02
Price to Sales	2.33	2.07
Price to Cash Flow	14.27	13.84

Financial Ratios	Portfolio	Benchmark
ROE %	19.51	19.98
ROA %	6.49	6.76
Net Margin %	14.56	14.14
Debt to Capital %	42.70	42.33

Fixed Income Style	Portfolio	Benchmark
Avg Eff Duration	1.71	—
Avg Eff Maturity	—	—
Avg Credit Quality	BBB	—
Avg Wtd Coupon	4.00	—
Avg Wtd Price	—	—

Misc	Portfolio	Benchmark
% Market Value in Top 10 Holdings	77.72	16.42
Average Expense Ratio	0.28	0.20

### Portfolio Overview

Composition	Portfolio %	Benchmark %
Cash	0.50	0.27
Stock	99.26	99.73
Bond	0.07	0.00
Other	0.05	0.00
Total	99.88	100.00

World Region Breakdown	Portfolio %	Benchmark %
Americas	98.64	98.99
North America	98.58	98.96
Latin America	0.06	0.03
Greater Europe	0.83	0.36
United Kingdom	0.09	0.04
Europe Developed	0.74	0.30
Europe Emerging	0.00	0.00
Africa/Middle East	0.01	0.02
Greater Asia	0.53	0.65
Japan	0.06	0.00
Australasia	0.00	0.00
Asia Developed	0.00	0.00
Asia emerging	0.47	0.65

Top 10 Country Breakdown	Portfolio %	Benchmark %
United States	98.56	98.96
Switzerland	0.54	0.24
China	0.46	0.62
Belgium	0.09	0.03
United Kingdom	0.09	0.04
France	0.07	0.00
Other Countries	0.06	0.05
Japan	0.06	0.00
Canada	0.03	0.00
Germany	0.01	0.00

Equity Sector Breakdown	Portfolio %	Benchmark %
Cyclical	36.22	35.10
Basic Matls	2.99	3.39
Cons Cyclical	11.24	11.76
Financial Svcs	15.63	16.47
Real Estate	6.36	3.49
Sensitive	37.91	41.10
Comm Svcs	3.47	3.34
Energy	5.54	5.80
Industrials	11.19	11.31
Technology	17.71	20.64
Defensive	25.87	23.80
Cons Defensive	6.72	7.45
Healthcare	16.70	13.46
Utilities	2.45	2.90

Fixed-Income Sector Breakdown	Portfolio %	Benchmark %
Government	0.52	0.00
Municipal	0.00	0.00
Corporate	10.98	39.02
Securitized	8.43	0.00
Cash and Cash Equivalents	80.07	60.98
Derivative	0.00	0.00

Credit Rating Breakdown	Portfolio %	Benchmark %
AAA	20.38	—
AA	7.69	—
A	18.67	—
BBB	35.60	—
BB	12.28	—
B or Below B	1.01	—
Not Rated	4.37	—

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# Hoffman Estates Intl

## Portfolio Aggregation

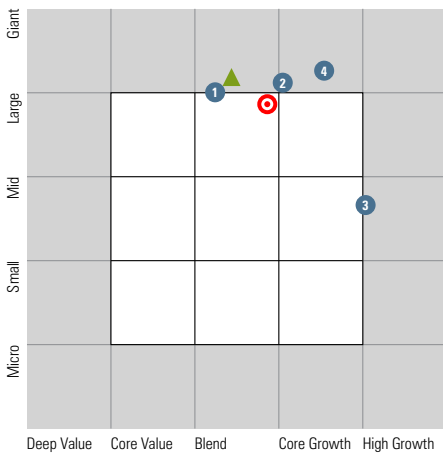
Data as of  
12/31/2017

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	24.93	32.39
Large Core	29.16	32.05
Large Growth	29.01	29.00
Mid Value	1.04	2.87
Mid Core	5.56	2.14
Mid Growth	8.95	1.49
Small Value	0.20	0.04
Small Core	0.16	0.01
Small Growth	0.99	0.01
Large Cap	83.10	93.44
Mid-Small Cap	16.90	6.56
Value	26.17	35.30
Core	34.88	34.20
Growth	38.95	30.50

○ Portfolio ● Portfolio Constituents ▲ Benchmark

### Top 10 Constituents

	% Weighting
1 Oakmark International Institutional	39.36
2 Artisan International Advisor	36.64
3 Oppenheimer International Small-Mid Co Y	15.09
4 Oppenheimer Developing Markets Y	8.92

### Portfolio Statistics

Style Box Value Factors	Portfolio	Benchmark
Price/Prospective Earnings	16.91	14.57
Price/Book	2.32	1.75
Price/Sales	1.65	1.35
Price/Cash Flow	8.06	5.08
Dividend Yield %	2.70	2.99
<b>Style Box Growth Factors</b>		
Long-Term Earning Growth %	10.87	10.36
Historical Earnings Growth %	6.03	0.02
Book Value Growth %	2.66	-0.17
Sales Growth %	-1.40	-6.39
Cash Flow Growth %	4.18	1.11

### Portfolio Overview

Composition	Portfolio %	Benchmark %
Cash	3.78	0.17
Stock	93.69	99.46
Bond	0.02	0.00
Other	2.51	0.37
Total	100.00	100.00

Equity Sector Breakdown	Portfolio %	Benchmark %
↻ Cyclical	53.59	45.69
🏠 Basic Matls	8.89	8.42
🏠 Cons Cyclical	19.07	11.13
🏠 Financial Svcs	25.18	22.80
🏠 Real Estate	0.45	3.34
🏠 Sensitive	29.00	34.34
🏠 Comm Svcs	2.99	4.30
🏠 Energy	0.24	6.76
🏠 Industrials	14.83	11.07
🏠 Technology	10.95	12.22
➔ Defensive	17.41	19.97
🏠 Cons Defensive	10.40	9.85
🏠 Healthcare	7.02	7.35
🏠 Utilities	0.00	2.77

### Equity Valuation Price Multiples

	Portfolio	Benchmark
Price to Earnings	19.83	16.70
Price to Book Value	2.20	1.74
Price to Sales	1.31	1.32
Price to Cash Flow	10.35	9.19

### Financial Ratios

	Portfolio	Benchmark
ROE %	14.68	15.35
ROA %	5.49	5.70
Net Margin %	12.62	15.03
Debt to Capital %	33.99	32.22

### 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	9.63
Average Expense Ratio	0.95	0.32

World Region Breakdown	Portfolio %	Benchmark %
Americas	10.58	10.37
North America	8.47	7.37
Latin America	2.12	3.01
Greater Europe	66.67	46.49
United Kingdom	15.74	11.88
Europe Developed	48.79	30.71
Europe Emerging	1.21	1.51
Africa/Middle East	0.92	2.39
Greater Asia	22.75	43.14
Japan	9.10	16.56
Australasia	1.29	4.79
Asia Developed	4.44	9.74
Asia emerging	7.93	12.06

Fixed-Income Sector Breakdown	Portfolio %	Benchmark %
Government	0.00	0.00
Municipal	0.00	0.00
Corporate	0.83	91.89
Securitized	0.00	0.00
Cash and Cash Equivalents	99.17	8.11
Derivative	0.00	0.00

Top 10 Country Breakdown	Portfolio %	Benchmark %
Germany	17.31	6.69
United Kingdom	15.73	11.88
Japan	9.09	16.56
France	8.62	6.80
Switzerland	7.69	5.53
United States	6.76	0.83
China	5.27	7.88
Netherlands	4.45	2.57
Italy	3.65	1.28
Sweden	2.78	1.82

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

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**Buys, Sells, Deposits, Withdrawals**  
From 10/01/2017 to 12/31/2017

Hoffman Estates Fire Mutual Funds

<b>Portfolio Account Type</b>	<b>Trade Date</b>	<b>Maturity Date</b>	<b>Activity</b>	<b>Security Symbol</b>	<b>Description</b>	<b>Net Amount</b>	<b>Total Fees</b>
Mutual Fun	10/02/2017		Buy	IWV	Russell 3000 IShare ETF	(58,564.31)	0
Mutual Fun	11/03/2017		Deposit	MMF	Schwab Money Market	1,200,000.00	
Mutual Fun	11/03/2017		Deposit	MMF	Schwab Money Market	4,000,000.00	
Mutual Fun	11/06/2017		Buy	APDIX	Artisan International Fund	(200,000.00)	25
Mutual Fun	11/06/2017		Buy	OAKIX	Oakmark International	(200,000.00)	0
Mutual Fun	11/06/2017		Buy	ODVYX	Oppenheimer Developing	(200,000.00)	25
Mutual Fun	11/06/2017		Buy	OSMYX	Oppenheimer Intl Smid C	(200,000.00)	25
Mutual Fun	11/06/2017		Buy	VIGAX	Vanguard Growth Admiral	(4,000,000.00)	25
Mutual Fun	11/07/2017		Buy	IWV	Russell 3000 IShare ETF	(504,987.05)	5
Mutual Fun	12/29/2017		Buy	IWV	Russell 3000 IShare ETF	(65,680.25)	0
						<u>(229,231.61)</u>	<u>105</u>



### Buys, Sells, Deposits, Withdrawals

From 10/01/2017 to 12/31/2017

Hoffman Estates Fire Rothschild LV

Portfolio Account Type	Trade Date	Maturity Date	Activity	Security Symbol	Description	Net Amount	Total Fees
Managed A	10/11/2017		Sell	CMCSA	Comcast	34,502.24	1
Managed A	10/11/2017		Sell	DIS	Walt Disney	41,289.41	1
Managed A	10/12/2017		Buy	ABBV	Abbvie Inc	(90,285.13)	0
Managed A	10/12/2017		Buy	RTN	Raytheon	(68,204.75)	0
Managed A	10/12/2017		Sell	CELG	Celgene Corp	28,987.35	1
Managed A	10/13/2017		Sell	BAH	Booz Allen Hamilton Hold	68,882.06	2
Managed A	10/17/2017		Buy	ABBV	Abbvie Inc	(62,975.62)	0
Managed A	10/17/2017		Sell	MDT	Medtronic Inc	44,588.93	1
Managed A	10/18/2017		Sell	TMO	Thermo Electron Corp	31,224.71	1
Managed A	10/18/2017		Sell	DIS	Walt Disney	38,275.83	1
Managed A	10/20/2017		Buy	EBAY	Ebay Inc	(97,939.79)	0
Managed A	10/20/2017		Sell	HPE	Hewlett Packard Ente	76,294.01	2
Managed A	10/30/2017		Buy	CMCSA	Comcast	(23,100.23)	0
Managed A	10/30/2017		Buy	EBAY	Ebay Inc	(30,815.13)	0
Managed A	11/01/2017		Sell	ABBV	Abbvie Inc	50,951.24	1
Managed A	11/01/2017		Sell	AGN	Allergan Inc	40,474.93	1
Managed A	11/01/2017		Sell	ALL	Allstate Corporation	63,232.34	1
Managed A	11/01/2017		Sell	AEP	American Electric Power	47,012.61	1
Managed A	11/01/2017		Sell	AXP	American Express Co.	47,716.21	1
Managed A	11/01/2017		Sell	AMP	Ameriprise Financial Inc	56,858.36	1
Managed A	11/01/2017		Sell	AMGN	Amgen Incorporated	33,249.55	1
Managed A	11/01/2017		Sell	T	AT & T	95,390.99	2
Managed A	11/01/2017		Sell	AVGO	Avago Technologies	33,734.42	1
Managed A	11/01/2017		Sell	BAC	Bank of America	149,609.05	3
Managed A	11/01/2017		Sell	BRKB	Berkshire Hathaway Clas	24,152.24	1
Managed A	11/01/2017		Sell	BIIB	Biogen	32,498.68	1
Managed A	11/01/2017		Sell	BWA	Borg Warner Inc	50,301.79	1
Managed A	11/01/2017		Sell	CBS	Cbs Corporation Cl B Ne	39,193.70	1
Managed A	11/01/2017		Sell	CELG	Celgene Corp	31,735.52	1
Managed A	11/01/2017		Sell	CVX	Chevron Texaco	91,467.57	2
Managed A	11/01/2017		Sell	CB	Chubb Corp	84,837.79	2
Managed A	11/01/2017		Sell	CSCO	Cisco Systems Inc	37,057.63	1
Managed A	11/01/2017		Sell	CMCSA	Comcast	50,805.67	1
Managed A	11/01/2017		Sell	COP	Conoco Phillips	50,904.72	1
Managed A	11/01/2017		Sell	CMI	Cummins Inc	41,343.08	1
Managed A	11/01/2017		Sell	DTE	D T E Energy Company	39,852.87	1
Managed A	11/01/2017		Sell	DHR	Danaher Corp	35,047.82	1
Managed A	11/01/2017		Sell	DAL	Delta Air Lines	62,454.55	1
Managed A	11/01/2017		Sell	DFS	Discover Financial	53,642.04	1
Managed A	11/01/2017		Sell	DWDP	DowDuPont Inc	77,741.56	2
Managed A	11/01/2017		Sell	EOG	E O G Resources	66,584.09	2
Managed A	11/01/2017		Sell	ETFC	E*TRADE FINANCIAL C	36,634.91	1
Managed A	11/01/2017		Sell	EBAY	Ebay Inc	42,533.24	1
Managed A	11/01/2017		Sell	EIX	Edison International	60,006.76	1
Managed A	11/01/2017		Sell	EGN	Energen Corp	30,240.52	1
Managed A	11/01/2017		Sell	ELS	Equity Lifestyle Ptyys	40,432.67	1
Managed A	11/01/2017		Sell	XOM	Exxon Mobil Corporation	70,134.04	2
Managed A	11/01/2017		Sell	GILD	Gilead Sciences	50,205.81	1

**Buys, Sells, Deposits, Withdrawals**

From 10/01/2017 to 12/31/2017

Hoffman Estates Fire Rothschild LV

<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>
Managed A	11/01/2017		Sell	HAL	Halliburton	31,070.45	1
Managed A	11/01/2017		Sell	HRC	Healthsouth Rehabilitati	23,126.00	1
Managed A	11/01/2017		Sell	HSY	Hershey Company	43,681.01	1
Managed A	11/01/2017		Sell	HIW	Highwood Properties Inc	28,227.12	0
Managed A	11/01/2017		Sell	HD	Home Depot Inc	36,673.44	1
Managed A	11/01/2017		Sell	HON	Honeywell	41,066.34	1
Managed A	11/01/2017		Sell	HBAN	Huntington Bancshares In	54,708.88	1
Managed A	11/01/2017		Sell	JPM	J P Morgan Chase	152,158.61	4
Managed A	11/01/2017		Sell	JNJ	Johnson & Johnson	82,996.91	2
Managed A	11/01/2017		Sell	LLY	Lilly Eli & Company	28,201.67	1
Managed A	11/01/2017		Sell	MPC	Marathon Pete Corp	31,654.17	1
Managed A	11/01/2017		Sell	MDT	Medtronic Inc	34,929.29	1
Managed A	11/01/2017		Sell	MSFT	Microsoft Corporation	46,930.31	1
Managed A	11/01/2017		Sell	MS	Morgan Stanley	41,278.23	1
Managed A	11/01/2017		Sell	NOC	Northrop Grumman Corp	70,421.20	2
Managed A	11/01/2017		Sell	NUE	Nucor Corp	24,121.42	1
Managed A	11/01/2017		Sell	ONNN	On Semiconductor Corp	37,005.31	1
Managed A	11/01/2017		Sell	ORCL	Oracle Corporation	94,005.46	2
Managed A	11/01/2017		Sell	PH	Parker-Hannifin Corp	75,550.89	2
Managed A	11/01/2017		Sell	PEP	Pepsico Inc	59,930.18	1
Managed A	11/01/2017		Sell	PFE	Pfizer	72,860.74	2
Managed A	11/01/2017		Sell	PVH	Phillips-Van Heusen Corp	34,815.44	1
Managed A	11/01/2017		Sell	PG	Procter & Gamble Co	51,843.77	1
Managed A	11/01/2017		Sell	PLD	Prologis	52,579.58	1
Managed A	11/01/2017		Sell	PEG	PSEG Inc	54,787.88	1
Managed A	11/01/2017		Sell	QCOM	Qualcomm	48,331.80	1
Managed A	11/01/2017		Sell	PWR	Quanta Services Inc	43,085.65	1
Managed A	11/01/2017		Sell	RTN	Raytheon	53,936.26	1
Managed A	11/01/2017		Sell	SWK	Stanley Black & Decker I	62,000.44	1
Managed A	11/01/2017		Sell	STT	State Street Corp	68,665.28	2
Managed A	11/01/2017		Sell	STI	Suntrust Banks Inc	78,512.09	2
Managed A	11/01/2017		Sell	TMO	Thermo Electron Corp	39,858.01	1
Managed A	11/01/2017		Sell	TSN	Tyson Foods CI A	48,251.66	1
Managed A	11/01/2017		Sell	UNH	Unitedhealth Group	50,170.92	1
Managed A	11/01/2017		Sell	DIS	Walt Disney	25,774.34	1
Managed A	11/01/2017		Sell	WM	Waste Management Inc	64,045.44	1
Managed A	11/01/2017		Sell	WFC	Wells Fargo	59,927.46	1
Managed A	11/01/2017		Sell	WRK	Westrock Co	44,080.05	1
Managed A	11/01/2017		Sell	XEL	Xcel Energy Inc	65,303.09	2
Managed A	11/02/2017		Sell	AMP	Ameriprise Financial Inc	24,916.05	1
Managed A	11/02/2017		Sell	PH	Parker-Hannifin Corp	22,457.05	1
Managed A	11/03/2017		Withdraw	MMF	Schwab Money Market	(4,000,000.00)	
Managed A	11/03/2017		Buy	ICE	Intercontinental Exchang	(71,319.97)	0
Managed A	11/03/2017		Sell	WRK	Westrock Co	29,827.99	1
Managed A	11/06/2017		Buy	ICE	Intercontinental Exchang	(24,734.82)	0
Managed A	11/06/2017		Sell	WRK	Westrock Co	20,075.68	0
Managed A	11/07/2017		Buy	ONNN	On Semiconductor Corp	(24,580.06)	0
Managed A	11/09/2017		Sell	CMI	Cummins Inc	23,314.65	1
Managed A	11/14/2017		Buy	VZ	Verizon Communications	(65,069.84)	0
Managed A	11/14/2017		Sell	DAL	Delta Air Lines	24,797.04	1
Managed A	11/15/2017		Sell	AVGO	Avago Technologies	25,057.72	1
Managed A	11/15/2017		Sell	DWDP	DowDuPont Inc	24,441.37	1
Managed A	11/15/2017		Sell	WFC	Wells Fargo	25,102.17	1
Managed A	11/21/2017		Buy	VZ	Verizon Communications	(40,216.45)	0
Managed A	11/29/2017		Sell	AVGO	Avago Technologies	46,186.71	1
Managed A	12/01/2017		Buy	CSCO	Cisco Systems Inc	(16,241.52)	0
Managed A	12/05/2017		Buy	WLK	Westlake Chemical Corp	(66,432.51)	0

**Buys, Sells, Deposits, Withdrawals**

From 10/01/2017 to 12/31/2017

Hoffman Estates Fire Rothschild LV

<b>Portfolio Account Type</b>	<b>Trade Date</b>	<b>Maturity Date</b>	<b>Activity</b>	<b>Security Symbol</b>	<b>Description</b>	<b>Net Amount</b>	<b>Total Fees</b>
Managed A	12/06/2017		Sell	EIX	Edison International	23,464.43	1
Managed A	12/08/2017		Buy	WLK	Westlake Chemical Corp	(15,417.25)	0
Managed A	12/12/2017		Buy	COP	Conoco Phillips	(21,945.60)	0
Managed A	12/12/2017		Sell	EIX	Edison International	25,911.90	1
Managed A	12/18/2017		Buy	XOM	Exxon Mobil Corporation	(21,260.78)	0
Managed A	12/20/2017		Buy	HBAN	Huntington Bancshares In	(16,401.85)	0
Managed A	12/21/2017		Sell	EIX	Edison International	52,154.70	1
Managed A	12/27/2017		Buy	DE	Deere & Co	(68,485.73)	0
Managed A	12/27/2017		Buy	JNJ	Johnson & Johnson	(15,504.01)	0
Managed A	12/27/2017		Sell	HSY	Hershey Company	26,632.42	1
						<u>(207,940.86)</u>	<u>106</u>



### Buys, Sells, Deposits, Withdrawals

From 10/01/2017 to 12/31/2017

Hoffman Estates Fire Adelante

Portfolio Account Type	Trade Date	Maturity Date	Activity	Security Symbol	Description	Net Amount	Total Fees
Managed A	10/05/2017		Buy	AIV	Airport Investment & Man	(2,192.04)	0
Managed A	10/05/2017		Buy	ARE	Alexandria Real Estate	(1,203.40)	0
Managed A	10/05/2017		Buy	AAT	American Assets TRUST	(203.00)	0
Managed A	10/05/2017		Buy	SFR	Colony Starwood Homes	(399.70)	0
Managed A	10/05/2017		Buy	OFC	Corporate Office Properti	(133.79)	0
Managed A	10/05/2017		Buy	EQIX	Equinix Inc New	(31,985.90)	0
Managed A	10/05/2017		Buy	EQR	Equity Residential	(3,125.18)	0
Managed A	10/05/2017		Buy	ESS	Essex Property	(17,443.03)	0
Managed A	10/05/2017		Buy	EXR	Extra Space Storage Inc	(160.17)	0
Managed A	10/05/2017		Buy	FCPT	Four Corners Property M	(6,106.37)	0
Managed A	10/05/2017		Buy	HTA	Healthcare Trust of Ameri	(2,211.55)	0
Managed A	10/05/2017		Buy	KRC	Kilroy Realty Corp	(3,188.06)	0
Managed A	10/05/2017		Buy	KIM	Kimco Realty Corp	(1,051.11)	0
Managed A	10/05/2017		Buy	MAR	Marriott International	(3,334.50)	0
Managed A	10/05/2017		Buy	REG	Regency Centers	(1,773.37)	0
Managed A	10/05/2017		Buy	ROIC	Retail Oppty Investments	(3,228.46)	0
Managed A	10/05/2017		Buy	VNO	Vornado Realty	(11,509.20)	0
Managed A	10/05/2017		Buy	HCN	Welltower Inc.	(2,199.42)	0
Managed A	10/05/2017		Sell	AMT	American Tower	558.00	0
Managed A	10/05/2017		Sell	BXP	Boston Properties	4,762.59	0
Managed A	10/05/2017		Sell	DCT	DCT Industrial Trust	1,628.24	0
Managed A	10/05/2017		Sell	DLR	Digital Realty TRUST Inc	19,818.54	0
Managed A	10/05/2017		Sell	GGP	GGP, Inc.	930.26	0
Managed A	10/05/2017		Sell	HIW	Highwood Properties Inc	7,568.98	0
Managed A	10/05/2017		Sell	HGV	Hilton Grand Vacatio	1,858.06	0
Managed A	10/05/2017		Sell	HLT	Hilton Hotels Corp	4,093.57	0
Managed A	10/05/2017		Sell	NNN	National Retail Pptys	1,642.64	0
Managed A	10/05/2017		Sell	PLD	Prologis	7,205.28	0
Managed A	10/05/2017		Sell	PSA	Public Storage	16,484.89	0
Managed A	10/05/2017		Sell	SPG	Simon Property Group	3,228.96	0
Managed A	10/05/2017		Sell	SUI	Sun Communities	3,152.04	0
Managed A	11/01/2017		Sell	AIV	Airport Investment & Man	4,404.38	0
Managed A	11/01/2017		Sell	AIV	Airport Investment & Man	33,869.67	0
Managed A	11/01/2017		Sell	ARE	Alexandria Real Estate	7,743.00	0
Managed A	11/01/2017		Sell	ARE	Alexandria Real Estate	37,465.23	1
Managed A	11/01/2017		Sell	AAT	American Assets TRUST	10,871.42	0
Managed A	11/01/2017		Sell	AMT	American Tower	19,336.46	0
Managed A	11/01/2017		Sell	BXP	Boston Properties	30,207.40	1
Managed A	11/01/2017		Sell	SFR	Colony Starwood Homes	25,111.80	0
Managed A	11/01/2017		Sell	OFC	Corporate Office Properti	28,914.87	1
Managed A	11/01/2017		Sell	DCT	DCT Industrial Trust	36,643.11	1
Managed A	11/01/2017		Sell	DLR	Digital Realty TRUST Inc	30,659.53	0
Managed A	11/01/2017		Sell	EQIX	Equinix Inc New	2,795.64	0
Managed A	11/01/2017		Sell	EQIX	Equinix Inc New	46,593.92	1
Managed A	11/01/2017		Sell	EQIX	Equinix Inc New	13,525.99	0
Managed A	11/01/2017		Sell	EQR	Equity Residential	58,593.67	1
Managed A	11/01/2017		Sell	ESS	Essex Property	48,476.28	1
Managed A	11/01/2017		Sell	EXR	Extra Space Storage Inc	40,792.76	0

**Buys, Sells, Deposits, Withdrawals**

From 10/01/2017 to 12/31/2017

Hoffman Estates Fire Adelante

<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>
Managed A	11/01/2017		Sell	FCPT	Four Corners Property M	11,319.78	0
Managed A	11/01/2017		Sell	GGP	GGP, Inc.	15,208.65	0
Managed A	11/01/2017		Sell	HTA	Healthcare Trust of Ameri	39,316.81	1
Managed A	11/01/2017		Sell	HIW	Highwood Properties Inc	27,987.79	0
Managed A	11/01/2017		Sell	HGV	Hilton Grand Vacatio	12,359.71	0
Managed A	11/01/2017		Sell	HGV	Hilton Grand Vacatio	453.26	0
Managed A	11/01/2017		Sell	HLT	Hilton Hotels Corp	23,296.48	1
Managed A	11/01/2017		Sell	KRC	Kilroy Realty Corp	14,348.43	0
Managed A	11/01/2017		Sell	KRC	Kilroy Realty Corp	29,988.22	1
Managed A	11/01/2017		Sell	KIM	Kimco Realty Corp	28,972.41	0
Managed A	11/01/2017		Sell	MAR	Marriott International	12,030.12	0
Managed A	11/01/2017		Sell	MAR	Marriott International	24,059.44	1
Managed A	11/01/2017		Sell	MAR	Marriott International	11,067.34	0
Managed A	11/01/2017		Sell	NNN	National Retail Pptys	16,582.69	0
Managed A	11/01/2017		Sell	PLD	Prologis	73,647.88	2
Managed A	11/01/2017		Sell	PSA	Public Storage	50,647.67	1
Managed A	11/01/2017		Sell	REG	Regency Centers	44,908.97	1
Managed A	11/01/2017		Sell	ROIC	Retail Oppty Investments	1,823.06	0
Managed A	11/01/2017		Sell	ROIC	Retail Oppty Investments	1,823.44	0
Managed A	11/01/2017		Sell	ROIC	Retail Oppty Investments	1,823.44	0
Managed A	11/01/2017		Sell	ROIC	Retail Oppty Investments	3,646.88	0
Managed A	11/01/2017		Sell	ROIC	Retail Oppty Investments	7,293.75	0
Managed A	11/01/2017		Sell	ROIC	Retail Oppty Investments	1,823.44	0
Managed A	11/01/2017		Sell	ROIC	Retail Oppty Investments	3,408.93	0
Managed A	11/01/2017		Sell	SPG	Simon Property Group	99,194.19	2
Managed A	11/01/2017		Sell	SUI	Sun Communities	33,087.17	0
Managed A	11/01/2017		Sell	VNO	Vornado Realty	53,845.81	1
Managed A	11/01/2017		Sell	HCN	Welltower Inc.	54,312.23	1
Managed A	11/03/2017		Withdraw	MMF	Schwab Money Market	(1,200,000.00)	
Managed A	11/28/2017		Buy	ARE	Alexandria Real Estate	(253.18)	0
Managed A	11/28/2017		Buy	ACC	Amern Campus Communi	(15,859.27)	0
Managed A	11/28/2017		Buy	OFC	Corporate Office Properti	(3,657.41)	0
Managed A	11/28/2017		Buy	CUBE	CubeSmart	(12,289.54)	0
Managed A	11/28/2017		Buy	DLR	Digital Realty TRUST Inc	(1,187.51)	0
Managed A	11/28/2017		Buy	EQIX	Equinix Inc New	(2,871.36)	0
Managed A	11/28/2017		Buy	EQR	Equity Residential	(2,874.12)	0
Managed A	11/28/2017		Buy	ESS	Essex Property	(5,448.63)	0
Managed A	11/28/2017		Buy	GGP	GGP, Inc.	(186.38)	0
Managed A	11/28/2017		Buy	HTA	Healthcare Trust of Ameri	(458.61)	0
Managed A	11/28/2017		Buy	HIW	Highwood Properties Inc	(4,149.26)	0
Managed A	11/28/2017		Buy	HGV	Hilton Grand Vacatio	(632.38)	0
Managed A	11/28/2017		Buy	LHO	Lasalle Hotel Pptys	(12,645.68)	0
Managed A	11/28/2017		Buy	MAC	Macerich Company	(12,678.19)	0
Managed A	11/28/2017		Buy	VNO	Vornado Realty	(768.58)	0
Managed A	11/28/2017		Buy	HCN	Welltower Inc.	(7,783.02)	0
Managed A	11/28/2017		Sell	AIV	Airport Investment & Man	2,254.25	0
Managed A	11/28/2017		Sell	AAT	American Assets TRUST	12,494.65	0
Managed A	11/28/2017		Sell	BXP	Boston Properties	7,602.03	0
Managed A	11/28/2017		Sell	DCT	DCT Industrial Trust	544.24	0
Managed A	11/28/2017		Sell	EXR	Extra Space Storage Inc	7,733.23	0
Managed A	11/28/2017		Sell	FCPT	Four Corners Property M	501.94	0
Managed A	11/28/2017		Sell	HLT	Hilton Hotels Corp	3,573.49	0
Managed A	11/28/2017		Sell	INVH	Invitation Homes Inc	1,398.12	0
Managed A	11/28/2017		Sell	KRC	Kilroy Realty Corp	899.26	0
Managed A	11/28/2017		Sell	KIM	Kimco Realty Corp	7,249.41	0
Managed A	11/28/2017		Sell	MAR	Marriott International	4,307.55	0
Managed A	11/28/2017		Sell	NNN	National Retail Pptys	419.65	0

**Buys, Sells, Deposits, Withdrawals**  
From 10/01/2017 to 12/31/2017

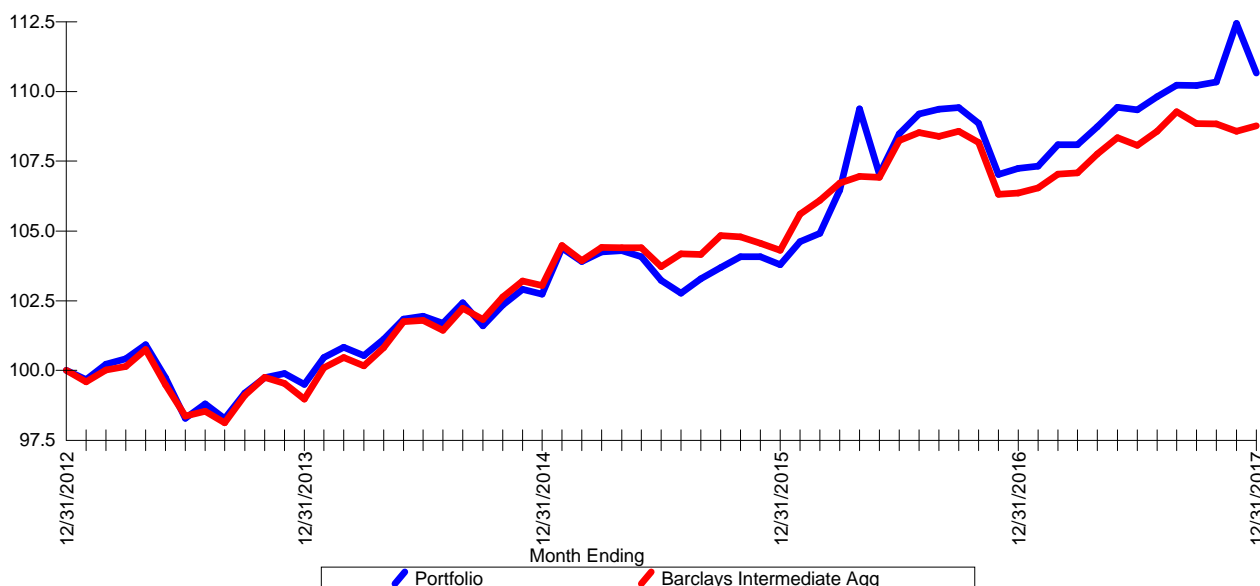
Hoffman Estates Fire Adelante

<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>
Managed A	11/28/2017		Sell	PLD	Prologis	6,529.84	0
Managed A	11/28/2017		Sell	PSA	Public Storage	15,670.89	0
Managed A	11/28/2017		Sell	REG	Regency Centers	1,021.25	0
Managed A	11/28/2017		Sell	ROIC	Retail Oppty Investments	1,383.12	0
Managed A	11/28/2017		Sell	SPG	Simon Property Group	5,458.18	0
						(48,935.10)	24

### Portfolio Performance Review

Hoffman Estates Fixed Income

#### Graphical Comparative Performance



<b>Total Portfolio</b>	<b>Q4</b>	<b>1 Yr</b>	<b>3 Yrs</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Incept</b>
Time Weighted (gross)	0.4	3.2	2.5	0.1	1.9	-1.6	2.0
Barclays Government	0.0	2.3	1.4	-0.1	-0.1	0.3	1.3
Barclays Corp A+ 1-5 yr	-0.1	2.2	1.9	0.1	-0.3	0.1	1.9
Barclays Aggregate Bond	0.4	3.5	2.2	0.1	-0.1	0.5	2.1
Barclays Intermediate Agg	-0.1	2.3	1.8	0.0	-0.3	0.2	1.7
Time Weighted (net)	0.3	2.8	2.2	0.1	1.8	-1.6	1.7
Barclays Government	0.0	2.3	1.4	-0.1	-0.1	0.3	1.3
Barclays Corp A+ 1-5 yr	-0.1	2.2	1.9	0.1	-0.3	0.1	1.9
Barclays Aggregate Bond	0.4	3.5	2.2	0.1	-0.1	0.5	2.1
Barclays Intermediate Agg	-0.1	2.3	1.8	0.0	-0.3	0.2	1.7

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.*



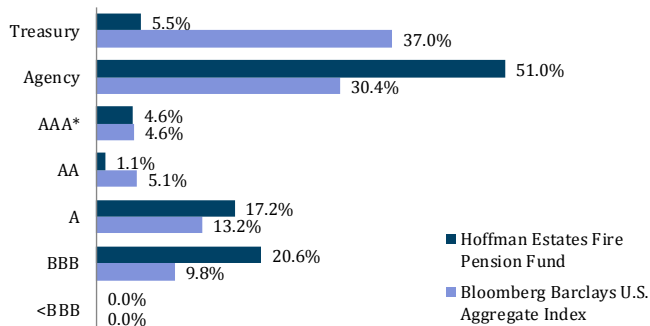
# Core Fixed Income

## Hoffman Estates Fire Pension Fund – December 31, 2017

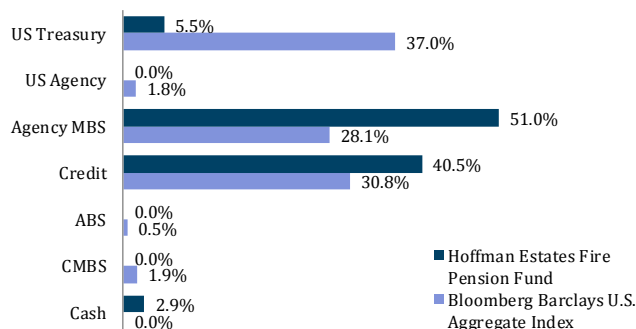
Preliminary Performance	4Q17	1 Year	3 Years	Inception <sup>1</sup>
Hoffman Estates Fire Pension Fund	0.78	3.88	3.04	2.66
Hoffman Estates Fire Pension Fund Benchmark	0.39	3.54	2.24	2.20
<b>Excess Performance</b>	<b>0.39</b>	<b>0.34</b>	<b>0.80</b>	<b>0.46</b>

- During the 4th quarter, gross of fees, the portfolio **outperformed the benchmark by 39 bps.**
- Since inception, 1/31/13 to 12/31/17, the portfolio has an annualized return of 2.66%, outperforming the benchmark by 46 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.

Quality Rating Distribution



Sector Weights



Characteristics

	Hoffman Estates Fire Pension Fund	Bloomberg Barclays U.S. Aggregate Index
Effective Duration	5.69	5.89
Convexity	0.50	0.13
Average Yield	3.01%	2.71%

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.



### Buys, Sells, Deposits, Withdrawals

From 10/01/2017 to 12/31/2017

Hoffman Estates Firefighters Blair

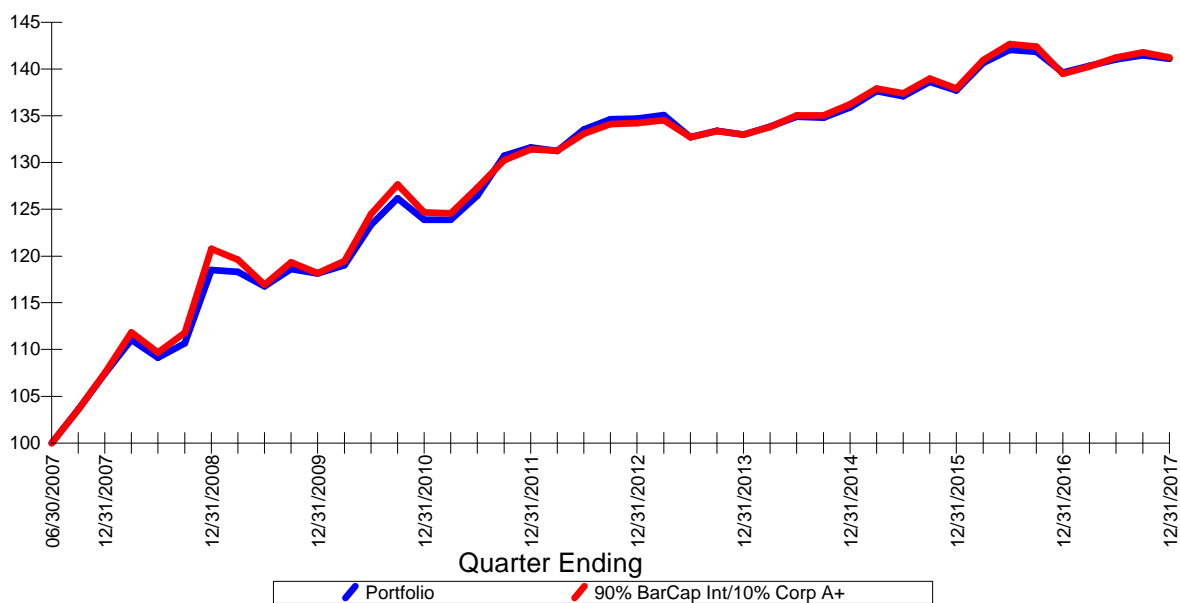
<b>Portfolio Account Type</b>	<b>Trade Date</b>	<b>Maturity Date</b>	<b>Activity</b>	<b>Security Symbol</b>	<b>Description</b>	<b>Net Amount</b>	<b>Total Fees</b>
Managed A	10/05/2017	02/07/2042	Buy	06051GEN	Bank of America	(32,581.53)	20
Managed A	10/05/2017	06/01/2045	Buy	26884ABE	ERP Operating	(27,336.13)	20
Managed A	10/05/2017	03/01/2046	Buy	30231GA	Exxon Mobil	(54,352.34)	20
Managed A	10/05/2017	09/15/2021	Buy	67103HAB	O'Reilly Automotive Inc	(26,965.80)	20
Managed A	10/05/2017	09/15/2019	Sell	760761AB	Republic Services	53,536.97	20
Managed A	10/06/2017	05/01/2022	Buy	21036PAH	Constellation Brands	(87,975.75)	20
Managed A	10/06/2017	11/01/2026	Buy	98419MAJ	Xylem Corp	(76,100.83)	20
Managed A	10/16/2017	04/15/2029	Buy	912810FH	Treasury Inflation-Indexe	(101,765.66)	10
Managed A	10/26/2017	12/01/2030	Buy	31418MY3	FNMA	(478,201.99)	10
Managed A	11/01/2017	11/01/2022	Buy	31410GSP	FNMA	(208,868.88)	10
Managed A	11/15/2017	05/14/2045	Buy	00287YAS	AbbVie	(215,804.33)	10
Managed A	11/15/2017	09/01/2033	Buy	31402QJF	FNMA	(149,510.54)	10
Managed A	11/15/2017	12/31/2199	Buy	48126HAC	JP Morgan Chase	(220,818.89)	10
Managed A	11/15/2017	11/06/2022	Sell	00287YAP	AbbVie	228,877.50	10
Managed A	11/15/2017	02/01/2046	Sell	035242AN	Anheuser-Busch InBev	225,307.56	10
Managed A	11/15/2017	05/15/2038	Sell	46625HHF	JP Morgan Chase	200,936.83	10
Managed A	11/16/2017	11/01/2026	Buy	98419MAJ	Xylem Corp	(25,158.88)	10
Managed A	11/16/2017	03/01/2046	Sell	30231GA	Exxon Mobil	16,374.77	10
						(980,407.92)	250



### Portfolio Performance Review

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

#### Graphical Comparative Performance



<b>Total Portfolio</b>	<b>Q4</b>	<b>1 Yr</b>	<b>3 Yrs</b>	<b>5 Yrs</b>	<b>7 Yrs</b>	<b>10 Yrs</b>	<b>*Incep</b>
Time Weighted (gross)	-0.3	1.1	1.3	0.9	1.9	2.8	3.3
Barclays Corp A+ 1-5 yr	-0.1	2.2	1.9	1.9	2.6		
Barclays Int Govt	-0.4	1.1	1.1	0.9	1.8	2.7	3.2
Barclays Int. Gov't/Credit	-0.2	2.1	1.8	1.5	2.4		
90% BarCap Int/10% Corp	-0.4	1.2	1.2	1.0	1.8	2.8	3.3
Time Weighted (net)	-0.3	0.9	1.1	0.8	1.7	2.5	3.0
Barclays Corp A+ 1-5 yr	-0.1	2.2	1.9	1.9	2.6		
Barclays Int Govt	-0.4	1.1	1.1	0.9	1.8	2.7	3.2
Barclays Int. Gov't/Credit	-0.2	2.1	1.8	1.5	2.4		
90% BarCap Int/10% Corp	-0.4	1.2	1.2	1.0	1.8	2.8	3.3

\* Return since inception date of 06/30/2007

Returns for periods exceeding 12 months are annualized



**Fixed Income Summary**  
Before 12/31/2017

Hoffman Estates Firefighters MVT Bonds

**Summary**

<u>Totals</u>		<u>Weighted Averages</u>	
Total Number of Issues	39.00	Average Years to Redemption	3.17
Face Value	8,235,000.00	Average Interest Rate	2.33
Current Value	8,258,726.01	Average S&P Rating	A-
Cost Basis	8,305,246.84	Average Yield to Maturity	2.03
Unrealized Gain/Loss	(92,453.37)	Average Duration	2.99

<u>Weight</u>	<u>Description</u>	<u>Quantity</u>	<u>Current Value</u>	<u>Years to Redemption</u>	<u>Interest Rate</u>	<u>Modified Duration Cost</u>	<u>Modified Duration Market</u>
<b>Fixed Income and Equivalents by Maturity Date</b>							
22.0%	2018	1,800,000	1,818,528	0.5	2.68	4.43	0.53
16.8%	2019	1,370,000	1,388,430	1.7	2.54	4.33	1.67
19.5%	2020	1,580,000	1,611,735	2.7	2.57	6.41	2.59
7.1%	2021	585,000	588,788	3.6	2.21	6.82	3.38
13.9%	2022	1,160,000	1,147,957	4.6	1.85	6.21	4.32
10.1%	2023	850,000	835,795	5.6	1.88	5.69	5.24
6.8%	2024	565,000	563,401	6.8	2.20	6.38	6.20
3.7%	2026	325,000	304,091	8.6	1.50	N/A	7.96
100.0%		8,235,000	8,258,726	3.2	2.33	5.63	2.99

<u>Weight</u>	<u>Description</u>	<u>Quantity</u>	<u>Current Value</u>	<u>Years to Redemption</u>	<u>Interest Rate</u>	<u>Modified Duration Cost</u>	<u>Modified Duration Market</u>
<b>Fixed Income and Equivalents by Interest Rate</b>							
77.5%	Less than 3%	6,440,000	6,397,321	3.7	1.73	5.60	3.45
18.9%	3-5%	1,505,000	1,559,119	1.7	3.66	6.46	1.58
1.1%	5-7%	85,000	89,386	0.5	6.25	0.53	0.52
2.6%	7-10%	205,000	212,900	0.4	9.13	N/A	0.37
100.0%		8,235,000	8,258,726	3.2	2.33	5.63	2.99

January 4, 2018



**Buys, Sells, Deposits, Withdrawals**  
From 10/01/2017 to 12/31/2017

Hoffman Estates Firefighters MVT Bonds

<b>Portfolio Account Type</b>	<b>Trade Date</b>	<b>Maturity Date</b>	<b>Activity</b>	<b>Security Symbol</b>	<b>Description</b>	<b>Net Amount</b>	<b>Total Fees</b>
Fixed Incom	10/06/2017	11/30/2023	Buy	912828U5	Treasury Note	(302,673.66)	10
Fixed Incom	10/06/2017	10/31/2017	Sell	912828PF	Treasury Note	262,280.47	10
Fixed Incom	12/06/2017		Buy	SNVXX	Schwab Government Mon	(60,000.00)	0
Fixed Incom	12/20/2017	12/20/2017	Sell	3135G0RT	FNMA	300,000.00	0
Fixed Incom	12/20/2017		Sell	SNVXX	Schwab Government Mon	30,000.00	0
Fixed Incom	12/21/2017	07/15/2018	Buy	494368AT	Kimberly Clark Corp	(89,441.17)	0
						<u>140,165.64</u>	<u>20</u>

4Q2017

3<sup>rd</sup> quarter U.S. GDP reported at 3.3%. Employment remains strong with wage gains and an increase in aggregate hours worked. Consumer activity and business investment contributed to growth. GDP has been ramping up throughout 2017.

Jerome Powell has been nominated as Fed Chairman to succeed Janet Yellen in February 2018. Mr. Powell has different credentials than recent chairpersons in that he is an attorney, not an economist and has served as a Fed Governor since 2012. This marks the first time in 4 decades that a new president did not ask the current Fed chair (Yellen) to stay for a 2<sup>nd</sup> term.

We conducted due diligence with several funds during the Schwab Impact conference in Chicago including Oakmark, T Rowe Price and Oppenheimer. We also attended a due diligence meeting at the American Funds headquarters.

The Fed voted to raise rates again at their meeting December 12<sup>th</sup>. Members expressed confidence in the economy but would like to see inflation tick up.

3Q2017

2<sup>nd</sup> quarter U.S. GDP revised up to 3.1%. Consumer activity and business spending added to growth. Initial unemployment claims have remained below the key 300,000 threshold for 134 weeks, the longest stretch since 1970.

MVT has been hired by the West Chicago Firefighters pension fund.

MVT staff members presented at the IPPAC training seminars in LaSalle and Schaumburg on the topics of bond trading and Cyber Security with best practices for pension trustees to protect data.

Staff members conducted due diligence with MFS Investments, AMG Funds, Oppenheimer, Alliance Bernstein, American Funds, Ivy Funds, Goldman Sachs.

Staff members attended educational seminars on Cyber-security, Regulatory Updates, Morningstar ETF Conference, SEC Custody Rule.

The Fed indicated the likelihood for one more rate increase this year.

# 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.