

# Quarterly Report

*Prepared by*

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Investment Advisors

**Hoffman Estates  
Firefighters Pension Fund**

**4th Quarter 2018**

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# Hoffman Estates Firefighters Pension Fund

## Portfolio Asset Allocation

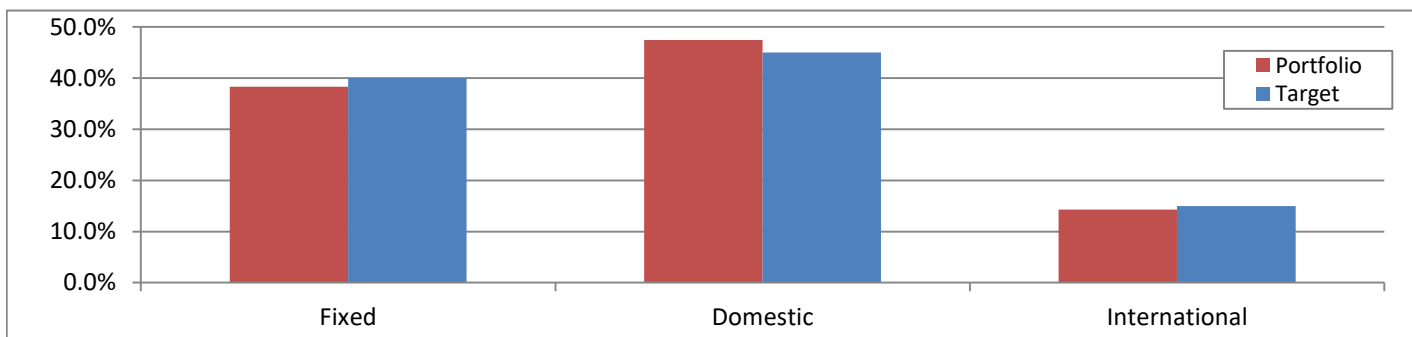
### 4th Quarter 2018



<u>Manager Summary</u>	<u>Actual</u>	<u>%</u>	<u>Target</u>	<u>Difference</u>
<b><i>Fixed</i></b>	<b>29,306,080</b>	<b>38.3%</b>	<b>40.0%</b>	<b>(1,307,965)</b>
Wm Blair	22,200,153	29.0%		
MVT Core Government	7,105,438	9.3%		
Schwab Money Market	488	0.0%		
<b><i>Equity</i></b>	<b>47,229,031</b>	<b>61.7%</b>	<b>60.0%</b>	<b>1,307,965</b>
<b><i>Domestic</i></b>	<b>36,291,605</b>	<b>47.4%</b>	<b>45.0%</b>	<b>1,850,805</b>
Russell 3000 iShare ETF	14,871,140	19.4%		
Rothschild (Large Value)	7,795,532	10.2%		
Vanguard Growth Admiral	7,483,311	9.8%		
T Rowe Price Health Sciences Fund	1,593,179	2.1%		
Diamond Hill Small Mid Cap Institution	1,334,331	1.7%		
Baird Midcap Institutional	1,213,646	1.6%		
Adelante (REIT)	1,190,605	1.6%		
T Rowe Price Small Cap Growth	809,861	1.1%		
<b><i>International</i></b>	<b>10,937,427</b>	<b>14.3%</b>	<b>15.0%</b>	<b>(542,840)</b>
Oakmark International Fund Institutiona	3,909,000	5.1%		
Artisan International Fund	4,238,288	5.5%		
Oppenheimer Intl Smid Cap Inst	1,773,152	2.3%		
Oppenheimer Developing Markets Instl	1,016,986	1.3%		

### Total Pension Fund

**76,535,111**



### Changes:

None

**Hoffman Estates Firefighters Pension Fund  
Executive Summary  
4th Quarter 2018**



**Activity Summary this Quarter**

Beginning Value:	\$	85,444,051
Contribute & Withdraw:	\$	(1,500,000)
Net Investment Gain:	\$	(7,408,940)
Ending Value:	\$	76,535,111

Consulting Fee:	\$	17,738
Income	\$	754,476

**Since: 12/31/2012**

Cumulative Return:	39.85%
Annualized Net Return:	5.75%
Net Investment Gain:	\$ 35,535,347

**Net Performance this Quarter**

Fixed Income	0.87%
Equities	-13.94%
Total Fund	-8.75%
Target	-7.49%

**Portfolio Strengths**

- Fixed - The yield on the 10 Yr UST fell during the quarter as investors fled to safety of bonds and pushed prices up. Any longer maturity bonds showed returns in the 1.5 to 1.7% range. The short end of the yield curve moved up during the quarter so any new bonds that we bought in the 2 to 3 year maturities will provide better income for your fund.
- Equity - Income producing stocks in real estate and dividends felt the least harm from market panic around the world. Also emerging markets that have been weak with lower valuations fared better than other sectors.

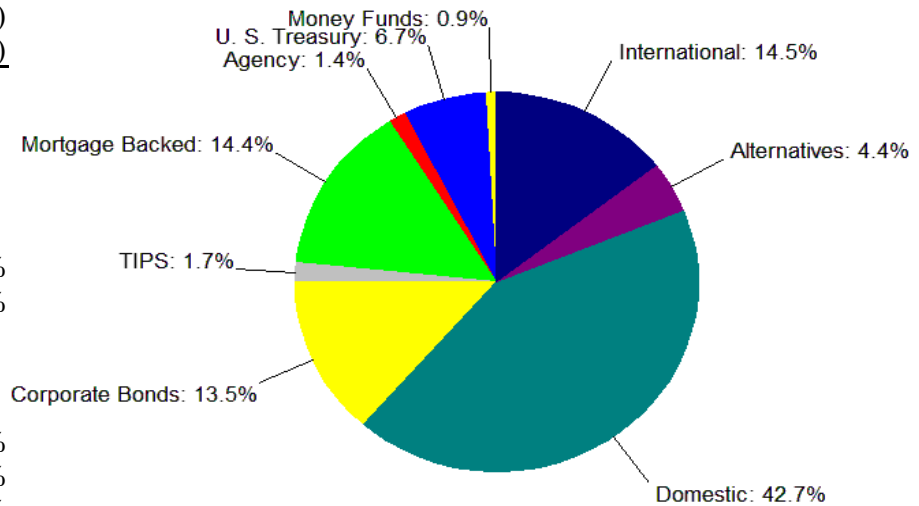
**Weaknesses**

- Fixed - The short end of the yield curve inverted in December, meaning 2 year and 3 year Treasuries paid a higher yield than 5 year notes. That move put downward pressure on shorter maturity bonds in your account such as corporates, but those still had positive returns of better than 0.5% for the period.
- Equity - Stocks with higher valuations saw the steepest drops, such as technology and growth. Worldwide, investors sold stocks and moved to securities with perceived safety. Trade pressure from tariffs hurt any global companies that export goods and services.

**Strategies**

- Portfolio - In spite of market volatility and investor fears, the US economy is still fundamentally strong with better growth than previous years. Higher bond yields are enticing to investors especially in times of uncertainty. We will continue to buy bonds on the shorter end of the curve where spreads are narrow to the 10 year UST. In stocks, market declines have re-balanced your assets. We do anticipate some recovery next year and will cautiously invest cash in funds that are now at discounted prices. We are not in a hurry to spend the cash, instead waiting for unsettling issues such as the government shutdown and trade wars to be resolved. In the meantime, income producing stocks in real estate and dividends appear to be a good choice.

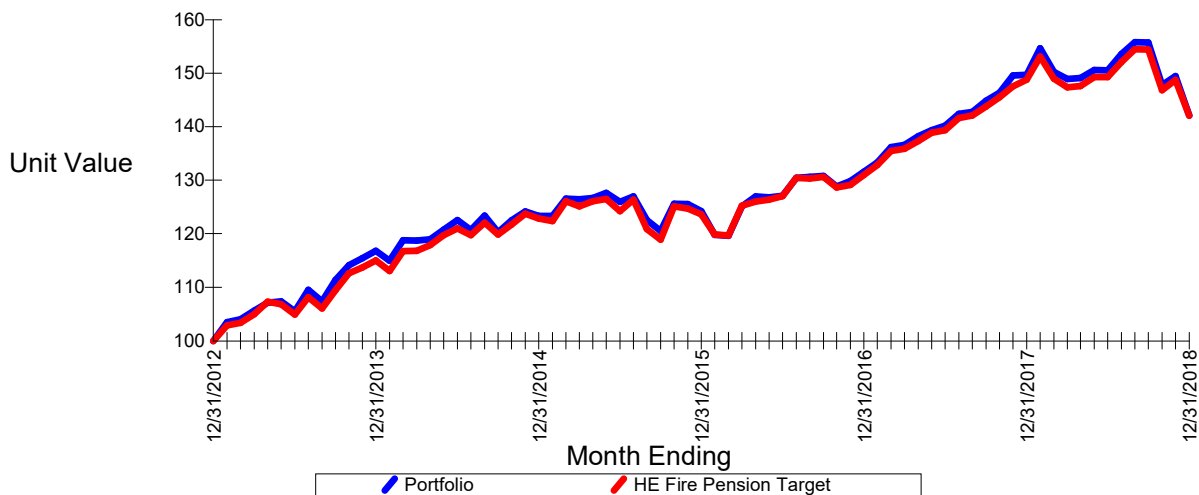
**Asset Allocation**



## 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>Incep</b>
Time Weighted (gross)	-8.72	-5.05	4.59	-5.07	1.15	-4.93	6.04
Russell 3000	-14.30	-5.24	8.97	-7.36	2.00	-9.31	11.81
MSCI World xUS	-11.81	-16.45	1.76	-8.21	0.79	-4.68	0.33
90% Int Govt+10% Cor	2.09	1.39	1.27	0.03	0.63	1.43	1.07
HE Fire Pension Target	-7.49	-4.46	4.73	-4.67	1.26	-4.29	6.02
Time Weighted (net)	-8.75	-5.27	4.30	-5.10	1.14	-4.94	5.75
Russell 3000	-14.30	-5.24	8.97	-7.36	2.00	-9.31	11.81
MSCI World xUS	-11.81	-16.45	1.76	-8.21	0.79	-4.68	0.33
90% Int Govt+10% Cor	2.09	1.39	1.27	0.03	0.63	1.43	1.07
HE Fire Pension Target	-7.49	-4.46	4.73	-4.67	1.26	-4.29	6.02

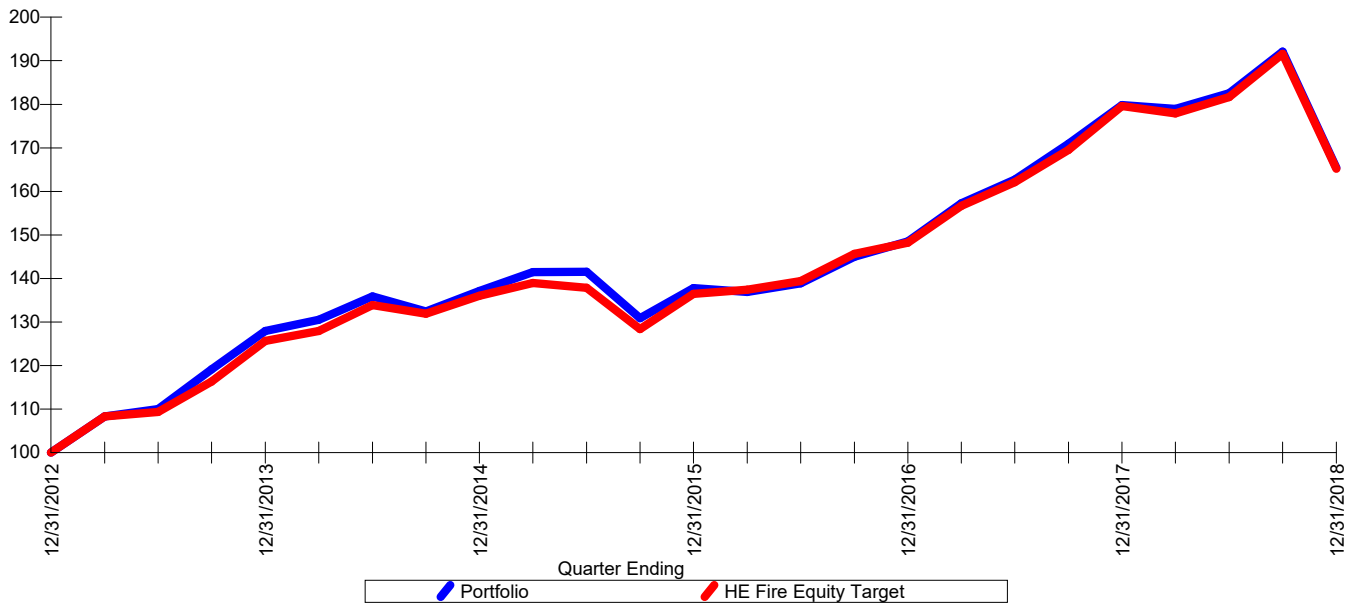
Returns for periods exceeding 12 months are annualized

*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>2018</b>	<b>3 Yrs</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>*Incep</b>
Time Weighted (gross)	-13.9	-8.0	6.3	-7.5	1.7	-8.5	8.7
Russell 3000	-14.3	-5.2	9.0	-7.4	2.0	-9.3	11.8
S&P 500 Comp. w/ divs	-13.5	-4.4	9.3	-6.8	2.0	-9.0	12.2
Russell 1000 Value	-11.7	-8.3	7.0	-5.2	3.0	-9.6	10.0
MSCI World xUS	-11.8	-16.4	1.8	-8.2	0.8	-4.7	0.3
Wilshire US REIT Index	-6.9	-4.8	2.1	-3.0	4.7	-8.4	6.8
HE Fire Equity Target	-13.7	-8.0	6.6	-7.6	1.7	-8.2	8.7
Time Weighted (net)	-13.9	-8.2	6.0	-7.5	1.7	-8.5	8.5
Russell 3000	-14.3	-5.2	9.0	-7.4	2.0	-9.3	11.8
S&P 500 Comp. w/ divs	-13.5	-4.4	9.3	-6.8	2.0	-9.0	12.2
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MSCI World xUS	-11.8	-16.4	1.8	-8.2	0.8	-4.7	0.3
Wilshire US REIT Index	-6.9	-4.8	2.1	-3.0	4.7	-8.4	6.8
HE Fire Equity Target	-13.7	-8.0	6.6	-7.6	1.7	-8.2	8.7

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

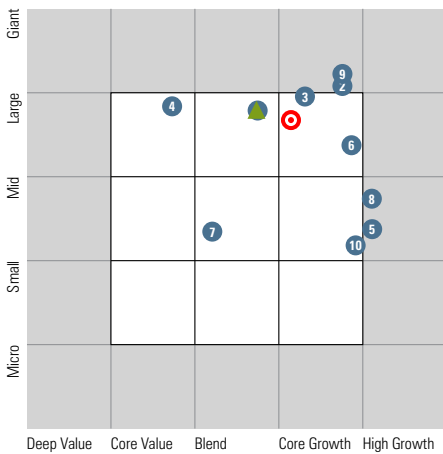
Returns for periods exceeding 12 months are annualized

# Hoffman Estates Mutual Funds

## Portfolio Aggregation

Data as of 12/31/2018 Currency USD Risk-Free Rate USTREAS T-Bill Auction Ave 3 Mon Benchmark Russell 3000E PR USD

### Equity Style Box



Style Breakdown	Portfolio %	Benchmark %
Large Value	16.56	23.90
Large Core	24.89	25.04
Large Growth	32.20	27.96
Mid Value	3.97	5.49
Mid Core	6.61	5.74
Mid Growth	10.17	5.68
Small Value	1.22	2.03
Small Core	1.85	2.14
Small Growth	2.53	2.02
Large Cap	73.65	76.90
Mid-Small Cap	26.35	23.10
Value	21.75	31.43
Core	33.35	32.92
Growth	44.90	35.66

● Portfolio ● Portfolio Constituents ▲ Benchmark

### Top 10 Constituents

	% Weighting
1 iShares Russell 3000 ETF	38.85
2 Vanguard Growth Index Admiral	19.60
3 Artisan International Advisor	11.10
4 Oakmark International Institutional	10.20
5 Oppenheimer International Small-Mid Co Y	4.60
6 T. Rowe Price Health Sciences	4.20
7 Diamond Hill Small-Mid Cap I	3.50
8 Baird MidCap Inst	3.20
9 Oppenheimer Developing Markets Y	2.65
10 T. Rowe Price QM US Small-Cap Gr Eq	2.10

### Portfolio Statistics

Style Box Value Factors	Portfolio	Benchmark
Price/Prospective Earnings	16.89	14.35
Price/Book	3.11	2.56
Price/Sales	2.14	1.85
Price/Cash Flow	11.08	10.61
Dividend Yield %	1.88	2.10

### Style Box Growth Factors

Long-Term Earning Growth %	12.36	11.46
Historical Earnings Growth %	14.83	10.02
Book Value Growth %	4.70	1.65
Sales Growth %	3.72	1.01
Cash Flow Growth %	4.66	2.09

### Equity Valuation Price Multiples

Price to Earnings	17.81	16.64
Price to Book Value	2.76	2.66
Price to Sales	1.75	1.78
Price to Cash Flow	12.45	11.40

### Financial Ratios

ROE %	20.93	21.67
ROA %	7.25	7.37
Net Margin %	14.49	15.04
Debt to Capital %	40.98	42.76

### Fixed Income Style

Avg Eff Duration	1.57	—
Avg Eff Maturity	—	—
Avg Credit Quality	BBB	—
Avg Wtd Coupon	4.31	—
Avg Wtd Price	—	—

### Misc

% Market Value in Top 10 Holdings	100.00	17.58
Average Expense Ratio	0.47	—

### Portfolio Overview

Composition	Portfolio %	Benchmark %
Cash	1.72	0.00
Stock	97.84	100.00
Bond	0.07	0.00
Other	0.38	0.00
Total	100.00	100.00

### Equity Sector Breakdown

	Portfolio %	Benchmark %
Cyclical	37.53	34.59
Basic Matls	4.67	2.91
Cons Cyclical	13.75	12.18
Financial Svcs	16.33	15.75
Real Estate	2.77	3.76
Sensitive	37.64	40.18
Comm Svcs	2.30	3.26
Energy	3.58	4.94
Industrials	12.65	10.49
Technology	19.11	21.49
Defensive	24.83	25.23
Cons Defensive	6.87	7.13
Healthcare	16.42	14.83
Utilities	1.54	3.27

### Fixed-Income Sector Breakdown

	Portfolio %	Benchmark %
Government	0.19	—
Municipal	0.00	—
Corporate	17.17	—
Securitized	2.73	—
Cash and Cash Equivalents	79.91	—
Derivative	0.00	—

### Credit Rating Breakdown

	Portfolio %	Benchmark %
AAA	20.04	—
AA	5.44	—
A	15.30	—
BBB	43.03	—
BB	8.58	—
B or Below B	2.62	—
Not Rated	5.00	—

World Region Breakdown	Portfolio %	Benchmark %
Americas	75.92	99.10
North America	74.97	99.06
Latin America	0.96	0.04
Greater Europe	19.29	0.66
United Kingdom	3.68	0.37
Europe Developed	14.67	0.28
Europe Emerging	0.38	0.00
Africa/Middle East	0.56	0.01
Greater Asia	4.79	0.24
Japan	1.75	0.00
Australasia	0.29	0.00
Asia Developed	1.20	0.01
Asia Emerging	1.55	0.23

Top 10 Country Breakdown	Portfolio %	Benchmark %
United States	74.21	99.06
Germany	5.40	0.00
United Kingdom	3.68	0.37
Switzerland	2.89	0.24
France	2.35	0.00
Japan	1.75	0.00
Netherlands	1.40	0.00
Italy	0.86	0.00
Sweden	0.81	0.00
Canada	0.74	0.00

# Hoffman Estates Mutual Funds

## Portfolio Aggregation

Data as of  
12/31/2018

Currency  
USD

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

Benchmark  
Russell 3000E PR USD

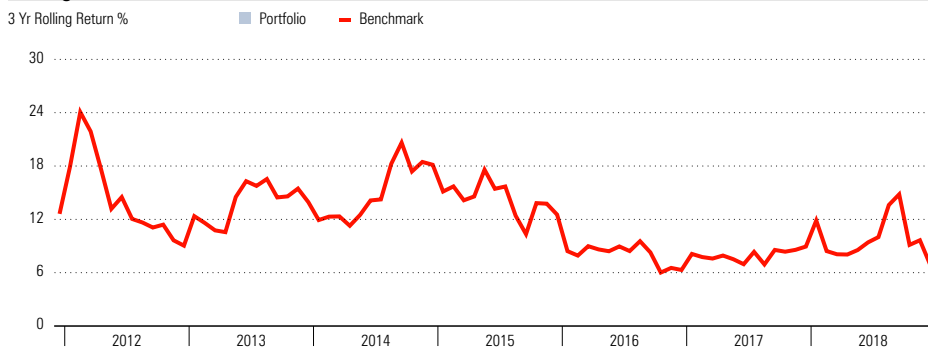
### Cumulative Return as of 12/31/2018



### Trailing Returns as of 12/31/2018

	Total Return	+/- Benchmark
1 Month	-8.26	1.21
3 Month	-14.70	0.05
6 Month	-10.01	-0.92
YTD	-7.71	-0.72
1 Year	-7.71	-0.72
3 Years	—	—
5 Years	—	—
10 Years	—	—
15 Years	—	—
Inception	8.01	—

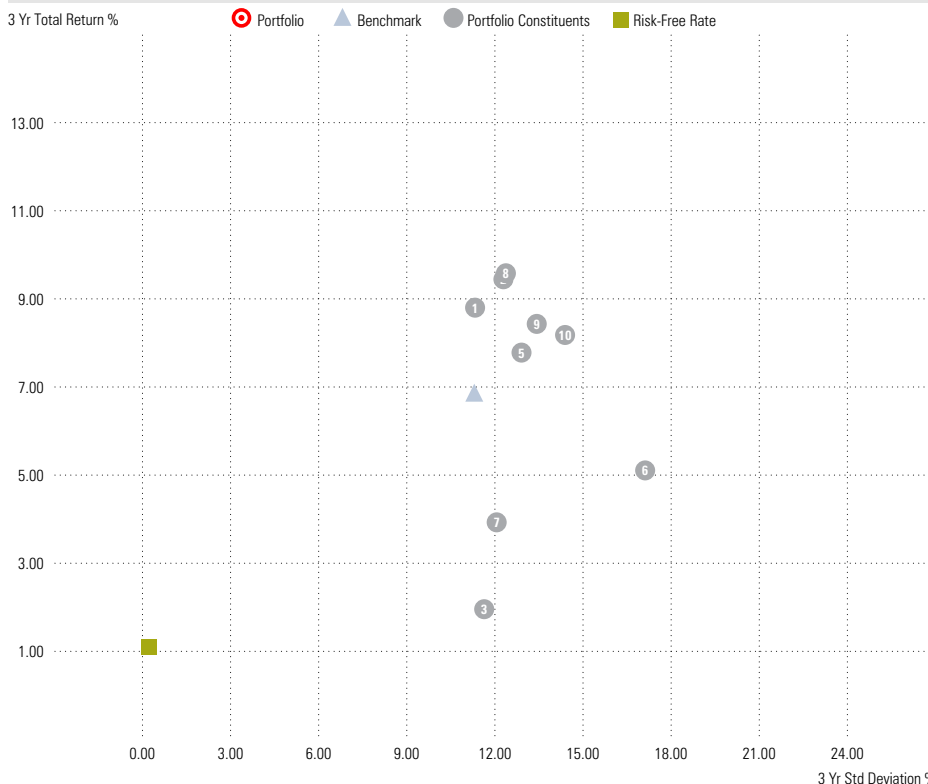
### Rolling Return as of 12/31/2018



### Relative Statistics as of 12/31/2018

vs Benchmark	1 Yr	3 Yr	5 Yr	10 Yr
Alpha	-1.22	—	—	—
Beta	0.95	—	—	—
R-Squared	97.71	—	—	—
Tracking Error	2.38	—	—	—
Information Ratio	-0.30	—	—	—
Treynor Ratio	-10.20	—	—	—
Downside Deviation	1.65	—	—	—
Batting Average	41.67	—	—	—
Up Capture Ratio	89.69	—	—	—
Down Capture Ratio	96.27	—	—	—
Up Number Ratio	1.00	—	—	—
Down Number Ratio	1.00	—	—	—
Up Percentage Ratio	0.38	—	—	—
Down Percentage Ratio	0.50	—	—	—

### Risk-Return as of 12/31/2018



### Risk Statistics as of 12/31/2018

	1 Yr	3 Yr	5 Yr	10 Yr
Standard Deviation	14.96	—	—	—
Skewness	-0.73	—	—	—
Kurtosis	0.09	—	—	—
Sharpe Ratio	-0.65	—	—	—
Sortino Ratio	-0.77	—	—	—
Calmar Ratio	-0.52	—	—	—
Positive Months	8	—	—	—
Negative Months	4	—	—	—
Worst Month	-8.26	—	—	—
Max Drawdown	-14.70	—	—	—

### Calendar Returns as of 12/31/2018

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
2008	—	—	—	—	—
2009	—	—	—	—	—
2010	—	—	—	—	—
2011	—	—	—	—	—
2012	—	—	—	—	—
2013	—	—	—	—	—
2014	—	—	—	—	—
2015	—	—	—	—	—
2016	—	—	—	—	—
2017	7.75	5.13	5.31	5.26	25.58
2018	0.10	2.45	5.50	-14.70	-7.71

# Hoffman Estates Mutual Funds

## Portfolio Aggregation

Data as of  
12/31/2018Currency  
USDRisk-Free Rate  
USTREAS T-Bill Auction Ave 3 MonBenchmark  
Russell 3000E PR USD

### Common Equity Holdings Analysis (Top 25)

Name	Tick/ISIN	% Investment Mkt Value	% Portfolio Mkt Value	Market Cap (mil)	Style Box	Sector
<b>Apple Inc</b>	<b>AAPL</b>		<b>2.50</b>	<b>727,443.70</b>	<b>Large Blend</b>	<b>Technology</b>
Vanguard Growth Index Admiral	VIGAX	6.87	1.35		Large Growth	
iShares Russell 3000 ETF	IWW	2.97	1.16		Large Blend	
<b>Amazon.com Inc</b>	<b>AMZN</b>		<b>2.16</b>	<b>809,839.62</b>	<b>Large Growth</b>	<b>Consumer Cyclical</b>
Vanguard Growth Index Admiral	VIGAX	6.20	1.22		Large Growth	
iShares Russell 3000 ETF	IWW	2.42	0.94		Large Blend	
<b>Microsoft Corp</b>	<b>MSFT</b>		<b>1.19</b>	<b>795,256.26</b>	<b>Large Growth</b>	<b>Technology</b>
iShares Russell 3000 ETF	IWW	3.06	1.19		Large Blend	
<b>Facebook Inc A</b>	<b>FB</b>		<b>1.07</b>	<b>414,400.17</b>	<b>Large Growth</b>	<b>Technology</b>
Vanguard Growth Index Admiral	VIGAX	3.00	0.59		Large Growth	
iShares Russell 3000 ETF	IWW	1.24	0.48		Large Blend	
<b>Alphabet Inc A</b>	<b>GOOGL</b>		<b>1.06</b>	<b>747,317.85</b>	<b>Large Growth</b>	<b>Technology</b>
Vanguard Growth Index Admiral	VIGAX	2.93	0.57		Large Growth	
iShares Russell 3000 ETF	IWW	1.24	0.48		Large Blend	
<b>Alphabet Inc Class C</b>	<b>GOOG</b>		<b>1.05</b>	<b>747,317.85</b>	<b>Large Growth</b>	<b>Technology</b>
Vanguard Growth Index Admiral	VIGAX	2.89	0.57		Large Growth	
iShares Russell 3000 ETF	IWW	1.25	0.49		Large Blend	
<b>Medtronic PLC</b>	<b>MDT</b>		<b>0.86</b>	<b>113,943.97</b>	<b>Large Blend</b>	<b>Healthcare</b>
Artisan International Advisor	APDIX	3.96	0.44		Large Growth	
Vanguard Growth Index Admiral	VIGAX	1.17	0.23		Large Growth	
iShares Russell 3000 ETF	IWW	0.49	0.19		Large Blend	
<b>Visa Inc Class A</b>	<b>V</b>		<b>0.79</b>	<b>315,027.63</b>	<b>Large Growth</b>	<b>Financial Services</b>
Vanguard Growth Index Admiral	VIGAX	2.23	0.44		Large Growth	
iShares Russell 3000 ETF	IWW	0.92	0.36		Large Blend	
<b>Wirecard AG</b>	<b>WDI</b>		<b>0.67</b>	<b>17,515.42</b>	<b>Large Growth</b>	<b>Technology</b>
Artisan International Advisor	APDIX	6.07	0.67		Large Growth	
<b>UnitedHealth Group Inc</b>	<b>UNH</b>		<b>0.67</b>	<b>235,573.31</b>	<b>Large Growth</b>	<b>Healthcare</b>
iShares Russell 3000 ETF	IWW	0.95	0.37		Large Blend	
T. Rowe Price Health Sciences	PRHSX	7.30	0.31		Large Growth	
<b>The Home Depot Inc</b>	<b>HD</b>		<b>0.66</b>	<b>202,253.24</b>	<b>Large Blend</b>	<b>Consumer Cyclical</b>
Vanguard Growth Index Admiral	VIGAX	1.83	0.36		Large Growth	
iShares Russell 3000 ETF	IWW	0.79	0.31		Large Blend	
<b>Deutsche Boerse AG</b>	<b>DB1</b>		<b>0.66</b>	<b>19,980.00</b>	<b>Large Growth</b>	<b>Financial Services</b>
Artisan International Advisor	APDIX	5.96	0.66		Large Growth	
<b>Linde AG</b>	<b>LNA</b>		<b>0.64</b>	—	<b>Large Blend</b>	<b>Basic Materials</b>
Artisan International Advisor	APDIX	5.72	0.64		Large Growth	
<b>Berkshire Hathaway Inc B</b>	<b>BRK.B</b>		<b>0.61</b>	<b>484,294.88</b>	<b>Large Growth</b>	<b>Financial Services</b>
iShares Russell 3000 ETF	IWW	1.57	0.61		Large Blend	
<b>Glencore PLC</b>	<b>GLEN</b>		<b>0.60</b>	<b>41,278.77</b>	<b>Large Value</b>	<b>Basic Materials</b>



# Hoffman Estates Mutual Funds

## Portfolio Aggregation

Data as of  
12/31/2018Currency  
USDRisk-Free Rate  
USTREAS T-Bill Auction Ave 3 MonBenchmark  
Russell 3000E PR USD

### Common Equity Holdings Analysis (Top 25)

Name	Tick/ISIN	% Investment Mkt Value	% Portfolio Mkt Value	Market Cap (mil)	Style Box	Sector
Oakmark International Institutional	OANIX	3.60	0.37		Large Value	
Artisan International Advisor	APDIX	1.25	0.14		Large Growth	
Oppenheimer Developing Markets Y	ODVYX	3.51	0.09		Large Growth	
<b>Boeing Co</b>	<b>BA</b>		<b>0.59</b>	<b>200,242.06</b>	Large Growth	Industrials
Vanguard Growth Index Admiral	VIGAX	1.67	0.33		Large Growth	
iShares Russell 3000 ETF	IWW	0.69	0.27		Large Blend	
<b>BNP Paribas</b>	<b>BNP</b>		<b>0.59</b>	<b>51,428.02</b>	Large Value	Financial Services
Oakmark International Institutional	OANIX	4.28	0.44		Large Value	
Artisan International Advisor	APDIX	1.41	0.16		Large Growth	
<b>Mastercard Inc A</b>	<b>MA</b>		<b>0.59</b>	<b>203,408.85</b>	Large Growth	Financial Services
Vanguard Growth Index Admiral	VIGAX	1.64	0.32		Large Growth	
iShares Russell 3000 ETF	IWW	0.69	0.27		Large Blend	
<b>Allianz SE</b>	<b>ALV</b>		<b>0.59</b>	<b>75,530.02</b>	Large Value	Financial Services
Oakmark International Institutional	OANIX	3.29	0.34		Large Value	
Artisan International Advisor	APDIX	2.27	0.25		Large Growth	
<b>Comcast Corp Class A</b>	<b>CMCSA</b>		<b>0.55</b>	<b>162,963.26</b>	Large Blend	Communication Services
Vanguard Growth Index Admiral	VIGAX	1.58	0.31		Large Growth	
iShares Russell 3000 ETF	IWW	0.62	0.24		Large Blend	
<b>Intesa Sanpaolo</b>	<b>ISP</b>		<b>0.54</b>	<b>35,369.06</b>	Large Blend	Financial Services
Oakmark International Institutional	OANIX	3.68	0.38		Large Value	
Artisan International Advisor	APDIX	1.50	0.17		Large Growth	
<b>Walt Disney Co</b>	<b>DIS</b>		<b>0.54</b>	<b>167,922.08</b>	Large Blend	Consumer Cyclical
Vanguard Growth Index Admiral	VIGAX	1.44	0.28		Large Growth	
iShares Russell 3000 ETF	IWW	0.65	0.25		Large Blend	
<b>Johnson &amp; Johnson</b>	<b>JNJ</b>		<b>0.53</b>	<b>347,879.36</b>	Large Blend	Healthcare
iShares Russell 3000 ETF	IWW	1.38	0.53		Large Blend	
<b>Nestle SA</b>	<b>NESN</b>		<b>0.50</b>	<b>249,817.02</b>	Large Blend	Consumer Defensive
Artisan International Advisor	APDIX	3.41	0.38		Large Growth	
Oakmark International Institutional	OANIX	1.22	0.12		Large Value	
<b>JPMorgan Chase &amp; Co</b>	<b>JPM</b>		<b>0.50</b>	<b>333,837.98</b>	Large Value	Financial Services
iShares Russell 3000 ETF	IWW	1.28	0.50		Large Blend	

# Hoffman Estates Mutual Funds

## Portfolio Aggregation

**Data as of**  
12/31/2018

**Currency**  
USD

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

**Benchmark**  
Russell 3000E PR USD

### Portfolio Constituents

	Name	Ticker/ISIN	Weighting %	Morningstar Category	Equity Style Box	Fixed Inc Style Box
1	iShares Russell 3000 ETF	IWW	38.85	US Fund Large Blend		—
2	Vanguard Growth Index Admiral	VIGAX	19.60	US Fund Large Growth		—
3	Artisan International Advisor	APDIX	11.10	US Fund Foreign Large Growth		—
4	Oakmark International Institutional	OANIX	10.20	US Fund Foreign Large Blend		—
5	Oppenheimer International Small-Mid Co Y	OSMYX	4.60	US Fund Foreign Small/Mid Growth		—
6	T. Rowe Price Health Sciences	PRHSX	4.20	US Fund Health		—
7	Diamond Hill Small-Mid Cap I	DHMIX	3.50	US Fund Mid-Cap Value		
8	Baird MidCap Inst	BMDIX	3.20	US Fund Mid-Cap Growth		—
9	Oppenheimer Developing Markets Y	ODVYX	2.65	US Fund Diversified Emerging Mkts		—
10	T. Rowe Price QM US Small-Cap Gr Eq	PRDSX	2.10	US Fund Small Growth		—



**Buys, Sells, Deposits and Withdrawals**

From 09/30/2018 to 12/31/2018

Hoffman Estates Fire Mutual Funds

<u>Portfolio Account Type</u>	<u>Trade Date</u>	<u>Activity</u>	<u>Security Symbol</u>	<u>Description</u>	<u>Net Amount</u>	<u>Total Fees</u>
Mutual Fun	10/02/2018	Deposit	MMF	Schwab Money Market	8,000.00	
Mutual Fun	10/03/2018	Buy	IWV	Russell 3000 IShare ETF	(76,660.74)	0.00
Mutual Fun	12/24/2018	Buy	IWV	Russell 3000 IShare ETF	(85,217.40)	0.00
					(153,878.14)	0.00



# Rothschild & Co US Large-Cap Value Strategy Review

## Fourth Quarter 2018

Volatility spiked dramatically in the fourth quarter, erasing equities' prior gains. Large-cap stocks (as measured by the S&P 500 Index) declined 13.5%, and small-cap stocks (as measured by the Russell 2000 Index) fell 20.2%. The rotation out of expensive (as measured by price-to-earnings ratio) Technology stocks continued, with growth underperforming value, as the Russell 1000 Growth Index dropped 15.9% versus an 11.7% decline for the Russell 1000 Value Index. More specifically, investors bid up defensive stocks in Healthcare, Utilities, and Real Estate, sectors which have traditionally held up better during recessionary periods. For the quarter as well as full-year 2018, the Rothschild & Co US Large-Cap Value strategy outperformed the Russell 1000 Value index gross of fees.

With the exception of Utilities (up 1.1%), all benchmark sectors were negative for the quarter, with Consumer Staples (down 4.8%), and Telecommunications (down 5.1%) declining the least. Conversely, Energy (down 24.5%), Manufacturing (down 21.3%), and Transportation (down 16.0%) were laggards. Sector allocation was negative, due to headwinds from a small underweight to Consumer Staples and slight overweight to Manufacturing. Stock selection was positive, with contributors in Energy, Technology, and Consumer Staples exceeding detractors in Consumer Discretionary, Healthcare, and Financial Services.

On a stock specific basis, our largest relative contributors included Excel Energy (up 5.2%). Management provided constructive long-term earnings-per-share and rate-base growth outlooks. The defensive nature of regulated utilities provided downside protection. Verizon Communications (up 6.5%) showed ongoing momentum in its wireless group, with subscriber additions up, and a better pricing environment than 2017. We believe the company's focus on its 5G build-out will come to be appreciated increasingly over time. Broadcom (up 4.2%) reported a better-than-expected quarter and boosted its dividend by 50%. The company also issued fiscal year 2019 guidance above expectations due to accretion and inclusion of CA Technologies' results (a software company Broadcom acquired). The stock performed well versus its semiconductor peers due to its cheap valuation, high dividend yield, and lack of exposure to cyclical end markets such as industrials and automotive.

Conversely, our largest relative detractors included PVH (down 35.6%). The company delivered better than expected earnings per share and raised guidance for the full year but the Calvin Klein jeans business in the US market disappointed investors. Furthermore, fears that the trade war with China might get worse also drove the stock further down as 20% of the cost of goods sold is sourced from China. Shares of EOG Resources (down 31.5%) a large independent exploration and production company, suffered in 4Q18, as the whole Energy sector was negatively impacted by a \$30 decline in oil prices. While there is high visibility into Raytheon's (down 25.1%) earnings for the next couple of years, we believe that investors may be



concerned about the sustainability of the current defense build-up, which we believe will continue. Raytheon's portfolio of products includes a robust presence in both offensive and defensive missile systems critical to modern-day defense posture. In our view, continued outstanding company execution should keep the stock working for investors.

After trading above 18 times forward earnings in 2017, as of January 4<sup>th</sup>, the S&P 500 now trades at just 14.1 times forward earnings, below its 10-year average of 14.6x, according to FactSet. A silver lining to the market's recent sell-off and diminished outlook for corporate earnings is that they could provide fertile ground for our bottom-up approach, given our emphasis on stocks with attractive relative valuations and the ability to exceed expectations.

Please see the accompanying Market Review for our comments on the stock market and the economy.

*Chris Kaufman*

*Paul Roukis, CFA*

*Managing Director*

*Managing Director*

*Rothschild & Co Asset Management US*

*January 11, 2019*

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# HE Rothschild LV

## Portfolio Aggregation

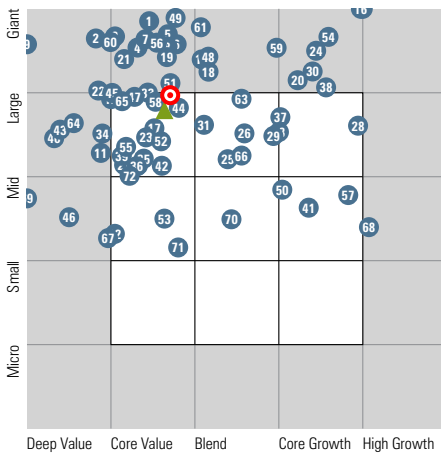
Data as of  
12/31/2018

Currency  
USD

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

Benchmark  
Russell 1000 Value PR USD

### Equity Style Box



Style Breakdown	Portfolio %	Benchmark %
Large Value	51.41	42.15
Large Core	29.41	26.82
Large Growth	10.05	9.72
Mid Value	4.14	10.24
Mid Core	2.22	7.42
Mid Growth	2.77	2.47
Small Value	0.00	0.81
Small Core	0.00	0.35
Small Growth	0.00	0.03
Large Cap	90.87	78.68
Mid-Small Cap	9.13	21.32
Value	55.55	53.19
Core	31.63	34.59
Growth	12.82	12.22

● Portfolio ● Portfolio Constituents ▲ Benchmark

### Top 10 Constituents

	% Weighting
1 JPMorgan Chase & Co	3.82
2 Verizon Communications Inc	3.26
3 Bank of America Corporation	3.25
4 Cisco Systems Inc	3.13
5 Pfizer Inc	2.82
6 Chevron Corp	2.59
7 Procter & Gamble Co	2.28
8 Merck & Co Inc	2.25
9 AT&T Inc	2.09
10 Comcast Corp Class A	2.06

### Portfolio Statistics

Style Box Value Factors	Portfolio	Benchmark
Price/Prospective Earnings	14.68	12.32
Price/Book	9.37	1.75
Price/Sales	3.22	1.54
Price/Cash Flow	16.30	8.78
Dividend Yield %	2.69	2.87

Style Box Growth Factors	Portfolio	Benchmark
Long-Term Earning Growth %	10.28	10.27
Historical Earnings Growth %	20.03	10.76
Book Value Growth %	5.70	3.67
Sales Growth %	4.14	1.29
Cash Flow Growth %	6.35	-0.49

### Equity Valuation Price Multiples

	Portfolio	Benchmark
Price to Earnings	13.42	13.44
Price to Book Value	2.15	1.82
Price to Sales	1.66	1.46
Price to Cash Flow	8.30	9.20

### Financial Ratios

	Portfolio	Benchmark
ROE %	19.65	14.71
ROA %	6.24	5.20
Net Margin %	17.12	15.15
Debt to Capital %	43.23	41.33

### 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	27.55	22.08
Average Expense Ratio	0.63	—

### Portfolio Overview

Composition	Portfolio %	Benchmark %
Cash	1.73	0.00
Stock	98.27	100.00
Bond	0.00	0.00
Other	0.00	0.00
Total	100.00	100.00

### Equity Sector Breakdown

	Portfolio %	Benchmark %
Cyclical	33.33	37.91
Basic Matls	2.64	3.79
Cons Cyclical	4.56	6.90
Financial Svcs	21.14	22.16
Real Estate	5.00	5.07
Sensitive	39.43	31.69
Comm Svcs	7.54	5.58
Energy	10.24	9.36
Industrials	10.98	7.60
Technology	10.67	9.16
Defensive	27.24	30.39
Cons Defensive	5.17	8.34
Healthcare	17.32	15.65
Utilities	4.75	6.40

### Fixed-Income Sector Breakdown

	Portfolio %	Benchmark %
Government	0.00	—
Municipal	0.00	—
Corporate	0.00	—
Securitized	0.00	—
Cash and Cash Equivalents	100.00	—
Derivative	0.00	—

### Credit Rating Breakdown

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

World Region Breakdown	Portfolio %	Benchmark %
Americas	100.00	98.74
North America	100.00	98.70
Latin America	0.00	0.04
Greater Europe	0.00	0.84
United Kingdom	0.00	0.32
Europe Developed	0.00	0.52
Europe Emerging	0.00	0.00
Africa/Middle East	0.00	0.01
Greater Asia	0.00	0.42
Japan	0.00	0.00
Australasia	0.00	0.00
Asia Developed	0.00	0.00
Asia Emerging	0.00	0.42

Top 10 Country Breakdown	Portfolio %	Benchmark %
United States	100.00	98.70
Other Countries	0.00	0.05
China	0.00	0.40
Chile	0.00	0.00
Switzerland	0.00	0.51
Canada	0.00	0.00
Brazil	0.00	0.00
South Africa	0.00	0.00
Venezuela	0.00	0.00
Taiwan	0.00	0.00

# HE Rothschild LV

## Portfolio Aggregation

Data as of  
12/31/2018

Currency  
USD

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

Benchmark  
Russell 1000 Value PR USD

### Common Equity Holdings Analysis (Top 25)

Name	Tick/ISIN	% Investment Mkt Value	% Portfolio Mkt Value	Market Cap (mil)	Style Box	Sector
<b>JPMorgan Chase &amp; Co</b> JPMorgan Chase & Co	<b>JPM</b> JPM	100.00	<b>3.82</b> 3.82	<b>333,837.98</b>	<b>Large Value</b> Large Value	<b>Financial Services</b>
<b>Verizon Communications Inc</b> Verizon Communications Inc	<b>VZ</b> VZ	100.00	<b>3.26</b> 3.26	<b>238,004.07</b>	<b>Large Value</b> Large Value	<b>Communication Services</b>
<b>Bank of America Corporation</b> Bank of America Corporation	<b>BAC</b> BAC	100.00	<b>3.25</b> 3.25	<b>252,519.29</b>	<b>Large Value</b> Large Value	<b>Financial Services</b>
<b>Cisco Systems Inc</b> Cisco Systems Inc	<b>CSCO</b> CSCO	100.00	<b>3.13</b> 3.13	<b>194,405.39</b>	<b>Large Value</b> Large Value	<b>Technology</b>
<b>Pfizer Inc</b> Pfizer Inc	<b>PFE</b> PFE	100.00	<b>2.82</b> 2.82	<b>244,571.88</b>	<b>Large Blend</b> Large Blend	<b>Healthcare</b>
<b>Chevron Corp</b> Chevron Corp	<b>CVX</b> CVX	100.00	<b>2.59</b> 2.59	<b>216,777.35</b>	<b>Large Blend</b> Large Blend	<b>Energy</b>
<b>Procter &amp; Gamble Co</b> Procter & Gamble Co	<b>PG</b> PG	100.00	<b>2.28</b> 2.28	<b>227,141.70</b>	<b>Large Value</b> Large Value	<b>Consumer Defensive</b>
<b>Merck &amp; Co Inc</b> Merck & Co Inc	<b>MRK</b> MRK	100.00	<b>2.25</b> 2.25	<b>193,676.04</b>	<b>Large Blend</b> Large Blend	<b>Healthcare</b>
<b>AT&amp;T Inc</b> AT&T Inc	<b>T</b> T	100.00	<b>2.09</b> 2.09	<b>221,251.20</b>	<b>Large Value</b> Large Value	<b>Communication Services</b>
<b>Comcast Corp Class A</b> Comcast Corp Class A	<b>CMCSA</b> CMCSA	100.00	<b>2.06</b> 2.06	<b>162,963.26</b>	<b>Large Blend</b> Large Blend	<b>Communication Services</b>
<b>Xcel Energy Inc</b> Xcel Energy Inc	<b>XEL</b> XEL	100.00	<b>2.00</b> 2.00	<b>25,325.93</b>	<b>Large Value</b> Large Value	<b>Utilities</b>
<b>ConocoPhillips</b> ConocoPhillips	<b>COP</b> COP	100.00	<b>1.92</b> 1.92	<b>78,215.37</b>	<b>Large Value</b> Large Value	<b>Energy</b>
<b>Microsoft Corp</b> Microsoft Corp	<b>MSFT</b> MSFT	100.00	<b>1.87</b> 1.87	<b>795,256.26</b>	<b>Large Growth</b> Large Growth	<b>Technology</b>
<b>Waste Management Inc</b> Waste Management Inc	<b>WM</b> WM	100.00	<b>1.87</b> 1.87	<b>39,731.28</b>	<b>Large Blend</b> Large Blend	<b>Industrials</b>
<b>Berkshire Hathaway Inc B</b> Berkshire Hathaway Inc B	<b>BRKB</b> BRKB	100.00	<b>1.68</b> 1.68	<b>9,310,319.14</b>	<b>Large Growth</b> Large Growth	<b>Financial Services</b>
<b>Marathon Petroleum Corp</b> Marathon Petroleum Corp	<b>MPC</b> MPC	100.00	<b>1.64</b> 1.64	<b>43,959.01</b>	<b>Large Value</b> Large Value	<b>Energy</b>
<b>Medtronic PLC</b> Medtronic PLC	<b>MDT</b> MDT	100.00	<b>1.62</b> 1.62	<b>113,943.97</b>	<b>Large Blend</b> Large Blend	<b>Healthcare</b>
<b>Oracle Corp</b> Oracle Corp	<b>ORCL</b> ORCL	100.00	<b>1.61</b> 1.61	<b>171,622.11</b>	<b>Large Value</b> Large Value	<b>Technology</b>















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# HE Rothschild LV

## Portfolio Aggregation

Data as of  
12/31/2018Currency  
USDRisk-Free Rate  
USTREAS T-Bill Auction Ave 3 MonBenchmark  
Russell 1000 Value PR USD

### Common Equity Holdings Analysis (Top 25)

Name	Tick/ISIN	% Investment Mkt Value	% Portfolio Mkt Value	Market Cap (mil)	Style Box	Sector
<b>Broadcom Inc</b> Broadcom Inc	<b>AVGO</b> AVGO	100.00	1.60	<b>101,622.24</b>	 <b>Large Blend</b> Large Blend	 <b>Technology</b>
<b>PepsiCo Inc</b> PepsiCo Inc	<b>PEP</b> PEP	100.00	1.58	<b>152,661.08</b>	 <b>Large Value</b> Large Value	 <b>Consumer Defensive</b>
<b>CVS Health Corp</b> CVS Health Corp	<b>CVS</b> CVS	100.00	1.50	<b>84,769.20</b>	 <b>Large Value</b> Large Value	 <b>Healthcare</b>
<b>Delta Air Lines Inc</b> Delta Air Lines Inc	<b>DAL</b> DAL	100.00	1.48	<b>33,410.20</b>	 <b>Large Value</b> Large Value	 <b>Industrials</b>
<b>Boeing Co</b> Boeing Co	<b>BA</b> BA	100.00	1.47	<b>200,242.06</b>	 <b>Large Growth</b> Large Growth	 <b>Industrials</b>
<b>Ingersoll-Rand PLC</b> Ingersoll-Rand PLC	<b>IR</b> IR	100.00	1.46	<b>23,403.67</b>	 <b>Large Blend</b> Large Blend	 <b>Industrials</b>
<b>Prologis Inc</b> Prologis Inc	<b>PLD</b> PLD	100.00	1.46	<b>39,270.08</b>	 <b>Large Blend</b> Large Blend	 <b>Real Estate</b>



# HE Rothschild LV

## Portfolio Aggregation

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USD

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USTREAS T-Bill Auction Ave 3 Mon

Benchmark  
Russell 1000 Value PR USD

### Portfolio Constituents

Name	Ticker/ISIN	Weighting %	Morningstar Category	Equity Style Box	Fixed Inc Style Box
1 JPMorgan Chase & Co	JPM	3.82	—	■	—
2 Verizon Communications Inc	VZ	3.26	—	■	—
3 Bank of America Corporation	BAC	3.25	—	■	—
4 Cisco Systems Inc	CSCO	3.13	—	■	—
5 Pfizer Inc	PFE	2.82	—	■	—
6 Chevron Corp	CVX	2.59	—	■	—
7 Procter & Gamble Co	PG	2.28	—	■	—
8 Merck & Co Inc	MRK	2.25	—	■	—
9 AT&T Inc	T	2.09	—	■	—
10 Comcast Corp Class A	CMCSA	2.06	—	■	—
11 Xcel Energy Inc	XEL	2.00	—	■	—
12 ConocoPhillips	COP	1.92	—	■	—
13 Waste Management Inc	WM	1.87	—	■	—
14 Microsoft Corp	MSFT	1.87	—	■	—
15 Schwab Government Money	SWGXX	1.73	US Fund Money Market - Taxable	—	—
16 Berkshire Hathaway Inc B	BRKB	1.68	—	■	—
17 Marathon Petroleum Corp	MPC	1.64	—	■	—
18 Medtronic PLC	MDT	1.62	—	■	—
19 Oracle Corp	ORCL	1.61	—	■	—
20 Broadcom Inc	AVGO	1.60	—	■	—
21 PepsiCo Inc	PEP	1.58	—	■	—
22 CVS Health Corp	CVS	1.50	—	■	—
23 Delta Air Lines Inc	DAL	1.48	—	■	—
24 Boeing Co	BA	1.47	—	■	—
25 Ingersoll-Rand PLC	IR	1.46	—	■	—
26 Prologis Inc	PLD	1.46	—	■	—
27 DTE Energy Co	DTE	1.41	—	■	—
28 Intercontinental Exchange Inc	ICE	1.40	—	■	—
29 Air Products & Chemicals Inc	APD	1.37	—	■	—
30 Eli Lilly and Co	LLY	1.36	—	■	—
31 Raytheon Co	RTN	1.35	—	■	—
32 Discover Financial Services	DFS	1.29	—	■	—
33 American Express Co	AXP	1.29	—	■	—
34 American Electric Power Co Inc	AEP	1.26	—	■	—
35 SunTrust Banks Inc	STI	1.25	—	■	—
36 Tyson Foods Inc Class A	TSN	1.22	—	■	—
37 EOG Resources Inc	EOG	1.22	—	■	—
38 Thermo Fisher Scientific Inc	TMO	1.20	—	■	—
39 State Street Corporation	STT	1.20	—	■	—
40 Prudential Financial Inc	PRU	1.18	—	■	—
41 Equity Lifestyle Properties Inc	ELS	1.16	—	■	—
42 Parker Hannifin Corp	PH	1.15	—	■	—
43 Phillips 66	PSX	1.12	—	■	—
44 Biogen Inc	BIIB	1.10	—	■	—
45 Gilead Sciences Inc	GILD	1.09	—	■	—
46 BorgWarner Inc	BWA	1.05	—	■	—
47 Caterpillar Inc	CAT	1.04	—	■	—
48 Walt Disney Co	DIS	1.02	—	■	—
49 Johnson & Johnson	JNJ	0.99	—	■	—
50 Alexandria Real Estate Equities Inc	ARE	0.98	—	■	—
51 Honeywell International Inc	HON	0.97	—	■	—
52 The Travelers Companies Inc	TRV	0.92	—	■	—
53 PVH Corp	PVH	0.92	—	■	—
54 UnitedHealth Group Inc	UNH	0.90	—	■	—
55 Allstate Corp	ALL	0.90	—	■	—
56 Intel Corp	INTC	0.89	—	■	—

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**HE Rothschild LV**

## Portfolio Aggregation

Data as of  
12/31/2018Currency  
USDRisk-Free Rate  
USTREAS T-Bill Auction Ave 3 MonBenchmark  
Russell 1000 Value PR USD**Portfolio Constituents**

Name	Ticker/ISIN	Weighting %	Morningstar Category	Equity Style Box	Fixed Inc Style Box
<b>57</b> E*TRADE Financial Corp	ETFC	0.89	—		—
<b>58</b> Morgan Stanley	MS	0.87	—		—
<b>59</b> The Home Depot Inc	HD	0.84	—		—
<b>60</b> Wells Fargo & Co	WFC	0.83	—		—
<b>61</b> Exxon Mobil Corp	XOM	0.79	—		—
<b>62</b> Helmerich & Payne Inc	HP	0.78	—		—
<b>63</b> Danaher Corp	DHR	0.77	—		—
<b>64</b> Allergan PLC	AGN	0.75	—		—
<b>65</b> Qualcomm Inc	QCOM	0.75	—		—
<b>66</b> AvalonBay Communities Inc	AVB	0.75	—		—
<b>67</b> Owens-Corning Inc	OC	0.67	—		—
<b>68</b> Hill-Rom Holdings Inc	HRC	0.67	—		—
<b>69</b> Viacom Inc B	VIAB	0.65	—		—
<b>70</b> ON Semiconductor Corp	ON	0.64	—		—
<b>71</b> Highwoods Properties Inc	HIW	0.56	—		—
<b>72</b> Nucor Corp	NUE	0.55	—		—



### Buys, Sells, Deposits and Withdrawals

From 09/30/2018 to 12/31/2018

Hoffman Estates Fire Rothschild LV

<u>Portfolio Account Type</u>	<u>Trade Date</u>	<u>Activity</u>	<u>Security Symbol</u>	<u>Description</u>	<u>Net Amount</u>	<u>Total Fees</u>
Managed A	10/02/2018	Buy	DTE	D T E Energy Company	(29,200.51)	0.00
Managed A	10/02/2018	Sell	ABBV	Abbvie Inc	62,999.33	0.82
Managed A	10/04/2018	Buy	CVS	C V S Corp	(123,171.54)	0.00
Managed A	10/04/2018	Sell	JNJ	Johnson & Johnson	63,753.62	0.83
Managed A	10/04/2018	Sell	UNH	Unitedhealth Group	23,552.77	0.31
Managed A	10/09/2018	Sell	GTX	Garrett Motion Inc	947.11	0.01
Managed A	10/09/2018	Sell	SWK	Stanley Black & Decker Inc	47,954.56	0.62
Managed A	10/10/2018	Buy	CVS	C V S Corp	(18,505.94)	0.00
Managed A	10/10/2018	Buy	LLY	Lilly Eli & Company	(25,900.41)	0.00
Managed A	10/24/2018	Buy	IR	Ingersoll Rand	(27,642.62)	0.00
Managed A	10/25/2018	Buy	INTC	Intel Corporation	(65,704.64)	0.00
Managed A	10/25/2018	Sell	CB	Chubb Corp	28,008.97	0.36
Managed A	10/26/2018	Sell	NBL	Noble Energy	45,763.28	0.59
Managed A	10/30/2018	Buy	MRK	Merck & Co.	(61,726.63)	0.00
Managed A	10/30/2018	Sell	PWR	Quanta Services Inc	55,417.27	0.72
Managed A	10/31/2018	Buy	MRK	Merck & Co.	(70,725.17)	0.00
Managed A	10/31/2018	Sell	ONNN	On Semiconductor Corp	14,834.65	0.19
Managed A	10/31/2018	Sell	PEG	PSEG Inc	87,686.68	1.14
Managed A	10/31/2018	Sell	VIAB	Viacom	22,466.27	0.29
Managed A	11/02/2018	Buy	STT	State Street Corp	(19,573.81)	0.00
Managed A	11/05/2018	Sell	REZI	Resideo Technologies Inc	2,343.34	0.03
Managed A	11/07/2018	Buy	BRKB	Berkshire Hathaway Class B	(84,890.96)	0.00
Managed A	11/07/2018	Buy	MRK	Merck & Co.	(36,602.64)	0.00
Managed A	11/07/2018	Sell	CB	Chubb Corp	44,712.74	0.58
Managed A	11/07/2018	Sell	JNJ	Johnson & Johnson	36,435.68	0.47
Managed A	11/09/2018	Buy	CAT	Caterpillar	(28,874.21)	0.00
Managed A	11/15/2018	Sell	XOM	Exxon Mobil Corporation	48,871.74	0.64
Managed A	11/15/2018	Sell	VIAB	Viacom	21,077.12	0.27
Managed A	11/16/2018	Buy	COP	Conoco Phillips	(18,842.85)	0.00
Managed A	11/21/2018	Buy	MDT	Medtronic Inc	(47,064.33)	0.00
Managed A	11/23/2018	Buy	CSCO	Cisco Systems Inc	(21,848.96)	0.00
Managed A	11/23/2018	Sell	XOM	Exxon Mobil Corporation	13,725.33	0.18
Managed A	11/23/2018	Sell	WFC	Wells Fargo	16,810.38	0.22
Managed A	11/30/2018	Buy	BA	Boeing	(85,798.48)	0.00
Managed A	11/30/2018	Sell	CB	Chubb Corp	77,703.15	1.01
Managed A	11/30/2018	Sell	HAL	Halliburton	46,233.35	0.60
Managed A	11/30/2018	Sell	NOC	Northrop Grumman Corp	54,784.40	0.71
Managed A	12/03/2018	Buy	HP	Helmerich & Payne Inc	(78,051.75)	0.00
Managed A	12/03/2018	Buy	PSX	Phillips 66	(21,352.79)	0.00
Managed A	12/06/2018	Buy	MPC	Marathon Pete Corp	(12,377.40)	0.00
Managed A	12/07/2018	Buy	CSCO	Cisco Systems Inc	(22,096.67)	0.00
Managed A	12/10/2018	Buy	AVGO	Avago Technologies	(10,415.75)	0.00
Managed A	12/14/2018	Buy	IR	Ingersoll Rand	(21,460.94)	0.00
Managed A	12/17/2018	Buy	PG	Procter & Gamble Co	(48,595.56)	0.00
Managed A	12/17/2018	Sell	HBAN	Huntington Bancshares Inc	87,487.11	1.14
Managed A	12/19/2018	Buy	BA	Boeing	(34,562.33)	0.00
Managed A	12/19/2018	Sell	EBAY	Ebay Inc	24,100.26	0.31
Managed A	12/27/2018	Buy	CSCO	Cisco Systems Inc	(11,901.40)	0.00

## Buys, Sells, Deposits and Withdrawals

From 09/30/2018 to 12/31/2018

Hoffman Estates Fire Rothschild LV

<u>Portfolio Account Type</u>	<u>Trade Date</u>	<u>Activity</u>	<u>Security Symbol</u>	<u>Description</u>	<u>Net Amount</u>	<u>Total Fees</u>
Managed A	12/27/2018	Buy	DAL	Delta Air Lines	(15,406.20)	0.00
Managed A	12/27/2018	Buy	MPC	Marathon Pete Corp	(16,600.53)	0.00
Managed A	12/27/2018	Sell	T	AT & T	18,591.13	0.24
Managed A	12/27/2018	Sell	EBAY	Ebay Inc	39,904.12	0.52
Managed A	12/28/2018	Buy	AVB	Avalonbay Communities	(57,577.82)	0.00
Managed A	12/28/2018	Sell	LH	Laboratory Corporation	72,116.46	0.94
					<u>(58,192.02)</u>	<u>13.74</u>



January 9, 2019

**TALKING POINTS**  
**Portfolio Changes Q4 2018**

**TOTAL RETURN WRAP STRATEGY**

**Market Environment:**

With a healthy economy, steady construction activity and robust access to capital, commercial real estate continues to attract investor capital. **REITs enter 2019 trading at a discount to NAV for the 4<sup>th</sup> consecutive year.** While REITs fought the headwinds of rising interest rates for much of 2018, **REITs provided access to quality institutional properties and managements** have continued to hone their portfolios by selling assets and improving their balance sheets. The REIT universe's **property type diversification confirms the importance of "housing" the US economy** and present opportunities to reward active management.

Expectations for 2019 REIT total returns range from -5% to 9%. The industry's **dividends are attractive and continue to grow** – Wilshire REIT Index entered the year yielding 4.3%. A decade on from the Global Financial Crisis, NAREIT has reported that the **REIT industry leverage ratios (debt/book and debt/market value) have declined to an all-time low.** This is a positive as there have been concerns about the levels of corporate debt in both public and private markets over the last half of 2018.

**New positions:**

**Americold Realty Trust (COLD)** – Market leading position in a fragmented, niche asset class (cold-storage) with defensive characteristics.

**Boston Properties (BXP)** – Discounted share price relative to underlying valuation, but with good visibility for earnings growth from strong leasing volumes in operating portfolio and upcoming development deliveries.

**Coresite Realty Corp. (COR)** – The 4Q18 sell-off (lagged peers in leasing volume due to the lack of inventory) created an opportunity to invest in a data center company that has historically traded at premium valuations due to the quality of its real estate.

**Terreno Realty Corp. (TRNO)** – Access to infill logistics at a reasonable valuation.

ADELANTE CAPITAL MANAGEMENT LLC  
555 12<sup>TH</sup> STREET, SUITE 2100 OAKLAND, CA 94607  
TEL (510) 986-2100 FAX (510) 268 0663 WWW.ADELANTE.COM

**Exited Position:**

**Apartment Investment & Management Company (AIV)** – Consolidated multifamily exposure into fewer names.

**Corporate Office Properties (CPT)** – Continued weak lease economics and unpredictability of government/government contractor tenancy limiting earnings growth and ability to close valuation gap.

**Four Corners Property Trust (FCPT)** – We exited our position given its premium valuation and expectation that cap rates would rise (property values would fall) in a rising interest rate environment, thereby dimming the REIT's acquisition outlook as its cost of equity and debt capital rises with potential sellers likely anchored to outdated (higher) prices.

**Vornado Realty Trust (VNO)** – Discounted share price relative to underlying valuation, but with considerable earnings volatility as a result of complexity and upcoming Penn Plaza redevelopment.

Thank you for your continued support.

ADELANTE CAPITAL MANAGEMENT LLC

Sincerely,

A handwritten signature in black ink, appearing to read "Michael A. Torres". The signature is fluid and cursive, written in a professional style.

Michael A. Torres  
Chief Executive Officer

# HE Fire Adelante

## Portfolio Aggregation

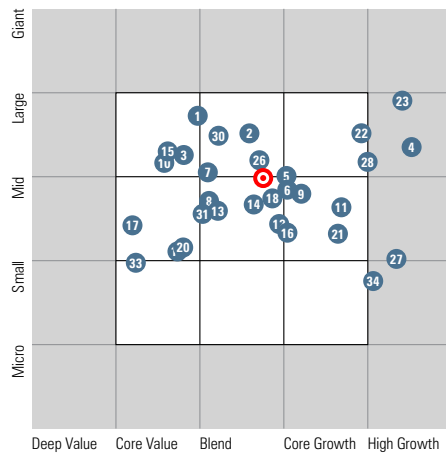
Data as of  
12/31/2018

Currency  
USD

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

Benchmark  
Wilshire US REIT PR USD

### Equity Style Box



Style Breakdown	Portfolio %	Benchmark %
Large Value	6.79	—
Large Core	36.07	—
Large Growth	11.40	—
Mid Value	2.68	—
Mid Core	33.51	—
Mid Growth	7.44	—
Small Value	1.07	—
Small Core	0.00	—
Small Growth	1.04	—
Large Cap	54.26	—
Mid-Small Cap	45.74	—
Value	10.54	—
Core	69.59	—
Growth	19.88	—

○ Portfolio ● Portfolio Constituents ▲ Benchmark

### Top 10 Constituents

	% Weighting
1 Simon Property Group Inc	9.89
2 Prologis Inc	6.91
3 Equity Residential	5.66
4 Equinix Inc	5.24
5 Essex Property Trust Inc	4.39
6 Alexandria Real Estate Equities Inc	4.23
7 Boston Properties Inc	4.22
8 Regency Centers Corp	3.88
9 Extra Space Storage Inc	3.70
10 Ventas Inc	3.65

### Portfolio Statistics

Style Box Value Factors	Portfolio	Benchmark
Price/Prospective Earnings	40.30	—
Price/Book	4.70	—
Price/Sales	8.27	—
Price/Cash Flow	17.10	—
Dividend Yield %	3.81	—

Style Box Growth Factors	Portfolio	Benchmark
Long-Term Earning Growth %	6.79	—
Historical Earnings Growth %	16.64	—
Book Value Growth %	7.11	—
Sales Growth %	4.09	—
Cash Flow Growth %	8.48	—

### Equity Valuation Price Multiples

Price to Earnings	30.00	—
Price to Book Value	2.48	—
Price to Sales	6.23	—
Price to Cash Flow	16.57	—

### Financial Ratios

ROE %	16.38	—
ROA %	4.01	—
Net Margin %	26.13	—
Debt to Capital %	53.68	—

### Fixed Income Style

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

### Misc

% Market Value in Top 10 Holdings	51.77	—
Average Expense Ratio	0.40	—

### Portfolio Overview

Composition	Portfolio %	Benchmark %
Cash	1.13	—
Stock	98.87	—
Bond	0.00	—
Other	0.00	—
Total	100.00	—

World Region Breakdown	Portfolio %	Benchmark %
Americas	100.00	—
North America	100.00	—
Latin America	0.00	—
Greater Europe	0.00	—
United Kingdom	0.00	—
Europe Developed	0.00	—
Europe Emerging	0.00	—
Africa/Middle East	0.00	—
Greater Asia	0.00	—
Japan	0.00	—
Australasia	0.00	—
Asia Developed	0.00	—
Asia Emerging	0.00	—

Top 10 Country Breakdown	Portfolio %	Benchmark %
United States	100.00	—
Other Countries	0.00	—
China	0.00	—
Chile	0.00	—
Switzerland	0.00	—
Canada	0.00	—
Brazil	0.00	—
South Africa	0.00	—
Venezuela	0.00	—
Taiwan	0.00	—

Equity Sector Breakdown	Portfolio %	Benchmark %
Cyclical	97.99	—
Basic Matls	0.00	—
Cons Cyclical	4.82	—
Financial Svcs	0.00	—
Real Estate	93.16	—
Sensitive	2.01	—
Comm Svcs	2.01	—
Energy	0.00	—
Industrials	0.00	—
Technology	0.00	—
Defensive	0.00	—
Cons Defensive	0.00	—
Healthcare	0.00	—
Utilities	0.00	—

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

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

# HE Fire Adelante

## Portfolio Aggregation

Data as of  
12/31/2018Currency  
USDRisk-Free Rate  
USTREAS T-Bill Auction Ave 3 MonBenchmark  
Wilshire US REIT PR USD

### Common Equity Holdings Analysis (Top 25)

Name	Tick/ISIN	% Investment Mkt Value	% Portfolio Mkt Value	Market Cap (mil)	Style Box	Sector
<b>Simon Property Group Inc</b> Simon Property Group Inc	<b>SPG</b> SPG	100.00	<b>9.89</b> 9.89	<b>53,617.92</b>	<b>Large Blend</b> Large Blend	<b>Real Estate</b>
<b>Prologis Inc</b> Prologis Inc	<b>PLD</b> PLD	100.00	<b>6.91</b> 6.91	<b>39,270.08</b>	<b>Large Blend</b> Large Blend	<b>Real Estate</b>
<b>Equity Residential</b> Equity Residential	<b>EQR</b> EQR	100.00	<b>5.66</b> 5.66	<b>24,836.58</b>	<b>Large Blend</b> Large Blend	<b>Real Estate</b>
<b>Equinix Inc</b> Equinix Inc	<b>EQIX</b> EQIX	100.00	<b>5.24</b> 5.24	<b>29,799.15</b>	<b>Large Growth</b> Large Growth	<b>Real Estate</b>
<b>Essex Property Trust Inc</b> Essex Property Trust Inc	<b>ESS</b> ESS	100.00	<b>4.39</b> 4.39	<b>16,429.07</b>	<b>Large Blend</b> Large Blend	<b>Real Estate</b>
<b>Alexandria Real Estate Equities Inc</b> Alexandria Real Estate Equities Inc	<b>ARE</b> ARE	100.00	<b>4.23</b> 4.23	<b>12,856.96</b>	<b>Mid Blend</b> Mid Blend	<b>Real Estate</b>
<b>Boston Properties Inc</b> Boston Properties Inc	<b>BXP</b> BXP	100.00	<b>4.22</b> 4.22	<b>18,412.40</b>	<b>Large Blend</b> Large Blend	<b>Real Estate</b>
<b>Regency Centers Corp</b> Regency Centers Corp	<b>REG</b> REG	100.00	<b>3.88</b> 3.88	<b>10,092.03</b>	<b>Mid Blend</b> Mid Blend	<b>Real Estate</b>
<b>Extra Space Storage Inc</b> Extra Space Storage Inc	<b>EXR</b> EXR	100.00	<b>3.70</b> 3.70	<b>11,382.59</b>	<b>Mid Blend</b> Mid Blend	<b>Real Estate</b>
<b>Ventas Inc</b> Ventas Inc	<b>VTR</b> VTR	100.00	<b>3.65</b> 3.65	<b>21,134.97</b>	<b>Large Value</b> Large Value	<b>Real Estate</b>
<b>Sun Communities Inc</b> Sun Communities Inc	<b>SUI</b> SUI	100.00	<b>3.26</b> 3.26	<b>8,872.64</b>	<b>Mid Growth</b> Mid Growth	<b>Real Estate</b>
<b>Kilroy Realty Corp</b> Kilroy Realty Corp	<b>KRC</b> KRC	100.00	<b>3.06</b> 3.06	<b>6,727.88</b>	<b>Mid Blend</b> Mid Blend	<b>Real Estate</b>
<b>Camden Property Trust</b> Camden Property Trust	<b>CPT</b> CPT	100.00	<b>2.98</b> 2.98	<b>8,241.54</b>	<b>Mid Blend</b> Mid Blend	<b>Real Estate</b>
<b>Duke Realty Corp</b> Duke Realty Corp	<b>DRE</b> DRE	100.00	<b>2.94</b> 2.94	<b>9,728.37</b>	<b>Mid Blend</b> Mid Blend	<b>Real Estate</b>
<b>Welltower Inc</b> Welltower Inc	<b>WELL</b> WELL	100.00	<b>2.72</b> 2.72	<b>26,760.91</b>	<b>Large Value</b> Large Value	<b>Real Estate</b>
<b>CubeSmart</b> CubeSmart	<b>CUBE</b> CUBE	100.00	<b>2.69</b> 2.69	<b>5,363.77</b>	<b>Mid Blend</b> Mid Blend	<b>Real Estate</b>
<b>Kimco Realty Corp</b> Kimco Realty Corp	<b>KIM</b> KIM	100.00	<b>2.52</b> 2.52	<b>6,657.98</b>	<b>Mid Value</b> Mid Value	<b>Real Estate</b>
<b>Invitation Homes Inc</b> Invitation Homes Inc	<b>INVH</b> INVH	100.00	<b>2.25</b> 2.25	<b>10,583.39</b>	<b>Mid Blend</b> Mid Blend	<b>Real Estate</b>















# HE Fire Adelante

## Portfolio Aggregation

Data as of  
12/31/2018Currency  
USDRisk-Free Rate  
USTREAS T-Bill Auction Ave 3 MonBenchmark  
Wilshire US REIT PR USD

### Common Equity Holdings Analysis (Top 25)

Name	Tick/ISIN	% Investment Mkt Value	% Portfolio Mkt Value	Market Cap (mil)	Style Box	Sector
<b>Pebblebrook Hotel Trust</b> Pebblebrook Hotel Trust	<b>PEB</b> PEB	100.00	2.24 2.24	<b>4,041.72</b>	 <b>Mid Blend</b> Mid Blend	 <b>Real Estate</b>
<b>Highwoods Properties Inc</b> Highwoods Properties Inc	<b>HIW</b> HIW	100.00	2.24 2.24	<b>4,353.80</b>	 <b>Mid Blend</b> Mid Blend	 <b>Real Estate</b>
<b>Healthcare Trust of America Inc</b> Healthcare Trust of America Inc	<b>HTA</b> HTA	100.00	2.20 2.20	<b>5,419.78</b>	 <b>Mid Growth</b> Mid Growth	 <b>Real Estate</b>
<b>Marriott International Inc Class A</b> Marriott International Inc Class A	<b>MAR</b> MAR	100.00	2.12 2.12	<b>37,541.39</b>	 <b>Large Growth</b> Large Growth	 <b>Consumer Cyclical</b>
<b>American Tower Corp</b> American Tower Corp	<b>AMT</b> AMT	100.00	1.99 1.99	<b>71,297.37</b>	 <b>Large Growth</b> Large Growth	 <b>Communication Services</b>
<b>JBG SMITH Properties</b> JBG SMITH Properties	<b>JBG</b> JBG	100.00	1.97 1.97	<b>3,841.78</b>		 <b>Real Estate</b>
<b>Americold Realty Trust</b> Americold Realty Trust	<b>COLD</b> COLD	100.00	1.73 1.73	<b>4,010.01</b>		 <b>Real Estate</b>

# HE Fire Adelante

## Portfolio Aggregation

Data as of  
12/31/2018Currency  
USDRisk-Free Rate  
USTREAS T-Bill Auction Ave 3 MonBenchmark  
Wilshire US REIT PR USD

### Portfolio Constituents

Name	Ticker/ISIN	Weighting %	Morningstar Category	Equity Style Box	Fixed Inc Style Box
1 Simon Property Group Inc	SPG	9.89	—		—
2 Prologis Inc	PLD	6.91	—		—
3 Equity Residential	EQR	5.66	—		—
4 Equinix Inc	EQIX	5.24	—		—
5 Essex Property Trust Inc	ESS	4.39	—		—
6 Alexandria Real Estate Equities Inc	ARE	4.23	—		—
7 Boston Properties Inc	BXP	4.22	—		—
8 Regency Centers Corp	REG	3.88	—		—
9 Extra Space Storage Inc	EXR	3.70	—		—
10 Ventas Inc	VTR	3.65	—		—
11 Sun Communities Inc	SUI	3.26	—		—
12 Kilroy Realty Corp	KRC	3.06	—		—
13 Camden Property Trust	CPT	2.98	—		—
14 Duke Realty Corp	DRE	2.94	—		—
15 Welltower Inc	WELL	2.72	—		—
16 CubeSmart	CUBE	2.69	—		—
17 Kimco Realty Corp	KIM	2.52	—		—
18 Invitation Homes Inc	INVH	2.25	—		—
19 Pebblebrook Hotel Trust	PEB	2.24	—		—
20 Highwoods Properties Inc	HIVW	2.24	—		—
21 Healthcare Trust of America Inc	HTA	2.20	—		—
22 Marriott International Inc Class A	MAR	2.12	—		—
23 American Tower Corp	AMT	1.99	—		—
24 JBG SMITH Properties	JBG	1.97	—	—	—
25 Americold Realty Trust	COLD	1.73	—	—	—
26 Digital Realty Trust Inc	DLR	1.53	—		—
27 CoreSite Realty Corp	COR	1.52	—		—
28 Hilton Worldwide Holdings Inc	HLT	1.35	—		—
29 Hilton Grand Vacations Inc	HGV	1.30	—	—	—
30 Public Storage	PSA	1.26	—		—
31 National Retail Properties Inc	NNN	1.25	—		—
32 Schwab Government Money Inv	SNVXX	1.13	US Fund Money Market - Taxable	—	—
33 Sunstone Hotel Investors Inc	SHO	1.00	—		—
34 Terreno Realty Corp	TRNO	0.98	—		—



### Buys, Sells, Deposits and Withdrawals

From 09/30/2018 to 12/31/2018

Hoffman Estates Fire Adelante

<u>Portfolio Account Type</u>	<u>Trade Date</u>	<u>Activity</u>	<u>Security Symbol</u>	<u>Description</u>	<u>Net Amount</u>	<u>Total Fees</u>
Managed A	10/04/2018	Buy	COLD	Americold Realty Trust	(18,546.52)	0.00
Managed A	10/04/2018	Buy	CPT	Camden Property	(2,851.44)	0.00
Managed A	10/04/2018	Buy	COR	Coresite Realty Corp	(12,249.33)	0.00
Managed A	10/04/2018	Buy	CUBE	CubeSmart	(3,457.18)	0.00
Managed A	10/04/2018	Buy	DRE	Duke Realty Corp	(2,455.84)	0.00
Managed A	10/04/2018	Buy	EQR	Equity Residential	(4,725.30)	0.00
Managed A	10/04/2018	Buy	ESS	Essex Property	(3,161.08)	0.00
Managed A	10/04/2018	Buy	EXR	Extra Space Storage Inc	(3,373.62)	0.00
Managed A	10/04/2018	Buy	HIW	Highwood Properties Inc	(3,693.87)	0.00
Managed A	10/04/2018	Buy	JBGS	J B G Smith Properties	(6,194.46)	0.00
Managed A	10/04/2018	Buy	KIM	Kimco Realty Corp	(1,083.78)	0.00
Managed A	10/04/2018	Buy	MAR	Marriott International	(2,083.67)	0.00
Managed A	10/04/2018	Buy	NNN	National Retail Pptys	(131.18)	0.00
Managed A	10/04/2018	Buy	PEB	Pebblebrook Hotel TRUST	(315.10)	0.00
Managed A	10/04/2018	Buy	SPG	Simon Property Group	(508.50)	0.00
Managed A	10/04/2018	Buy	SUI	Sun Communities	(1,197.62)	0.00
Managed A	10/04/2018	Buy	VTR	Ventas Inc	(7,285.23)	0.00
Managed A	10/04/2018	Buy	VNO	Vornado Realty	(141.71)	0.00
Managed A	10/04/2018	Sell	AIV	Airport Investment & Managem	7,130.02	0.00
Managed A	10/04/2018	Sell	ARE	Alexandria Real Estate	366.57	0.00
Managed A	10/04/2018	Sell	AMT	American Tower	143.46	0.00
Managed A	10/04/2018	Sell	OFC	Corporate Office Properties	12,078.98	0.16
Managed A	10/04/2018	Sell	DLR	Digital Realty TRUST Inc	9,453.57	0.00
Managed A	10/04/2018	Sell	EQIX	Equinix Inc New	1,685.80	0.02
Managed A	10/04/2018	Sell	FCPT	Four Corners Property Manage	5,947.65	0.08
Managed A	10/04/2018	Sell	HTA	Healthcare Trust of America	4,043.19	0.05
Managed A	10/04/2018	Sell	HGV	Hilton Grand Vacatio	634.13	0.01
Managed A	10/04/2018	Sell	HLT	Hilton Hotels Corp	3,487.56	0.05
Managed A	10/04/2018	Sell	INVH	Invitation Homes Inc	3,342.02	0.04
Managed A	10/04/2018	Sell	KRC	Kilroy Realty Corp	3,833.59	0.05
Managed A	10/04/2018	Sell	PLD	Prologis	3,867.28	0.05
Managed A	10/04/2018	Sell	PSA	Public Storage	2,737.31	0.04
Managed A	10/04/2018	Sell	REG	Regency Centers	315.06	0.00
Managed A	10/04/2018	Sell	SHO	Sunstone Hotel Investors	5,180.40	0.00
Managed A	10/04/2018	Sell	WELL	Welltower Inc.	6,499.44	0.08
Managed A	11/06/2018	Buy	ARE	Alexandria Real Estate	(369.72)	0.00
Managed A	11/06/2018	Buy	COLD	Americold Realty Trust	(197.97)	0.00
Managed A	11/06/2018	Buy	BXP	Boston Properties	(25,316.47)	0.00
Managed A	11/06/2018	Buy	CPT	Camden Property	(457.20)	0.00
Managed A	11/06/2018	Buy	COR	Coresite Realty Corp	(4,564.04)	0.00
Managed A	11/06/2018	Buy	CUBE	CubeSmart	(344.12)	0.00
Managed A	11/06/2018	Buy	DRE	Duke Realty Corp	(3,174.79)	0.00
Managed A	11/06/2018	Buy	EQR	Equity Residential	(1,199.91)	0.00
Managed A	11/06/2018	Buy	ESS	Essex Property	(250.19)	0.00
Managed A	11/06/2018	Buy	HTA	Healthcare Trust of America	(129.47)	0.00
Managed A	11/06/2018	Buy	HIW	Highwood Properties Inc	(1,981.79)	0.00
Managed A	11/06/2018	Buy	HGV	Hilton Grand Vacatio	(1,017.58)	0.00
Managed A	11/06/2018	Buy	HLT	Hilton Hotels Corp	(909.05)	0.00

## Buys, Sells, Deposits and Withdrawals

From 09/30/2018 to 12/31/2018

Hoffman Estates Fire Adelante

<u>Portfolio Account Type</u>	<u>Trade Date</u>	<u>Activity</u>	<u>Security Symbol</u>	<u>Description</u>	<u>Net Amount</u>	<u>Total Fees</u>
Managed A	11/06/2018	Buy	INVH	Invitation Homes Inc	(5,207.78)	0.00
Managed A	11/06/2018	Buy	JBGS	J B G Smith Properties	(710.94)	0.00
Managed A	11/06/2018	Buy	KRC	Kilroy Realty Corp	(1,387.18)	0.00
Managed A	11/06/2018	Buy	KIM	Kimco Realty Corp	(63.74)	0.00
Managed A	11/06/2018	Buy	PEB	Pebblebrook Hotel TRUST	(1,263.88)	0.00
Managed A	11/06/2018	Buy	REG	Regency Centers	(126.61)	0.00
Managed A	11/06/2018	Buy	SPG	Simon Property Group	(3,117.28)	0.00
Managed A	11/06/2018	Buy	TRNO	Terreno Realty Corp	(9,489.74)	0.00
Managed A	11/06/2018	Sell	AMT	American Tower	1,866.69	0.02
Managed A	11/06/2018	Sell	OFC	Corporate Office Properties	17,030.99	0.22
Managed A	11/06/2018	Sell	DLR	Digital Realty TRUST Inc	3,204.03	0.00
Managed A	11/06/2018	Sell	EQIX	Equinix Inc New	792.49	0.01
Managed A	11/06/2018	Sell	EXR	Extra Space Storage Inc	443.60	0.00
Managed A	11/06/2018	Sell	MAR	Marriott International	2,034.68	0.03
Managed A	11/06/2018	Sell	NNN	National Retail Pptys	1,102.42	0.01
Managed A	11/06/2018	Sell	PLD	Prologis	10,670.46	0.14
Managed A	11/06/2018	Sell	PSA	Public Storage	5,879.43	0.08
Managed A	11/06/2018	Sell	SUI	Sun Communities	303.38	0.00
Managed A	11/06/2018	Sell	SHO	Sunstone Hotel Investors	378.13	0.00
Managed A	11/06/2018	Sell	VTR	Ventas Inc	4,154.72	0.05
Managed A	11/06/2018	Sell	VNO	Vornado Realty	6,522.67	0.08
Managed A	11/06/2018	Sell	WELL	Welltower Inc.	2,608.59	0.03
Managed A	12/21/2018	Buy	ARE	Alexandria Real Estate	(352.83)	0.00
Managed A	12/21/2018	Buy	COLD	Americold Realty Trust	(1,352.47)	0.00
Managed A	12/21/2018	Buy	BXP	Boston Properties	(27,588.49)	0.00
Managed A	12/21/2018	Buy	CPT	Camden Property	(8,583.01)	0.00
Managed A	12/21/2018	Buy	COR	Coresite Realty Corp	(3,977.04)	0.00
Managed A	12/21/2018	Buy	DRE	Duke Realty Corp	(108.20)	0.00
Managed A	12/21/2018	Buy	EQIX	Equinix Inc New	(3,915.62)	0.00
Managed A	12/21/2018	Buy	HGV	Hilton Grand Vacatio	(1,825.24)	0.00
Managed A	12/21/2018	Buy	HLT	Hilton Hotels Corp	(532.04)	0.00
Managed A	12/21/2018	Buy	JBGS	J B G Smith Properties	(6,950.50)	0.00
Managed A	12/21/2018	Buy	KRC	Kilroy Realty Corp	(2,157.64)	0.00
Managed A	12/21/2018	Buy	KIM	Kimco Realty Corp	(1,157.06)	0.00
Managed A	12/21/2018	Buy	MAR	Marriott International	(2,589.40)	0.00
Managed A	12/21/2018	Buy	NNN	National Retail Pptys	(2,313.04)	0.00
Managed A	12/21/2018	Buy	PEB	Pebblebrook Hotel TRUST	(5,620.50)	0.00
Managed A	12/21/2018	Buy	REG	Regency Centers	(2,675.99)	0.00
Managed A	12/21/2018	Buy	SPG	Simon Property Group	(3,039.82)	0.00
Managed A	12/21/2018	Buy	SUI	Sun Communities	(1,246.34)	0.00
Managed A	12/21/2018	Buy	SHO	Sunstone Hotel Investors	(3,727.63)	0.00
Managed A	12/21/2018	Buy	TRNO	Terreno Realty Corp	(3,069.37)	0.00
Managed A	12/21/2018	Buy	VTR	Ventas Inc	(2,898.16)	0.00
Managed A	12/21/2018	Buy	WELL	Welltower Inc.	(3,729.07)	0.00
Managed A	12/21/2018	Sell	AIV	Airport Investment & Managem	25,961.77	0.00
Managed A	12/21/2018	Sell	AMT	American Tower	1,772.00	0.02
Managed A	12/21/2018	Sell	CUBE	CubeSmart	2,579.41	0.00
Managed A	12/21/2018	Sell	DLR	Digital Realty TRUST Inc	2,886.54	0.00
Managed A	12/21/2018	Sell	EQR	Equity Residential	1,861.17	0.02
Managed A	12/21/2018	Sell	ESS	Essex Property	3,113.18	0.04
Managed A	12/21/2018	Sell	EXR	Extra Space Storage Inc	565.12	0.00
Managed A	12/21/2018	Sell	HTA	Healthcare Trust of America	1,637.51	0.02
Managed A	12/21/2018	Sell	HIW	Highwood Properties Inc	994.49	0.00
Managed A	12/21/2018	Sell	INVH	Invitation Homes Inc	511.33	0.01
Managed A	12/21/2018	Sell	PLD	Prologis	2,415.13	0.03
Managed A	12/21/2018	Sell	PSA	Public Storage	827.98	0.01

## Buys, Sells, Deposits and Withdrawals

From 09/30/2018 to 12/31/2018

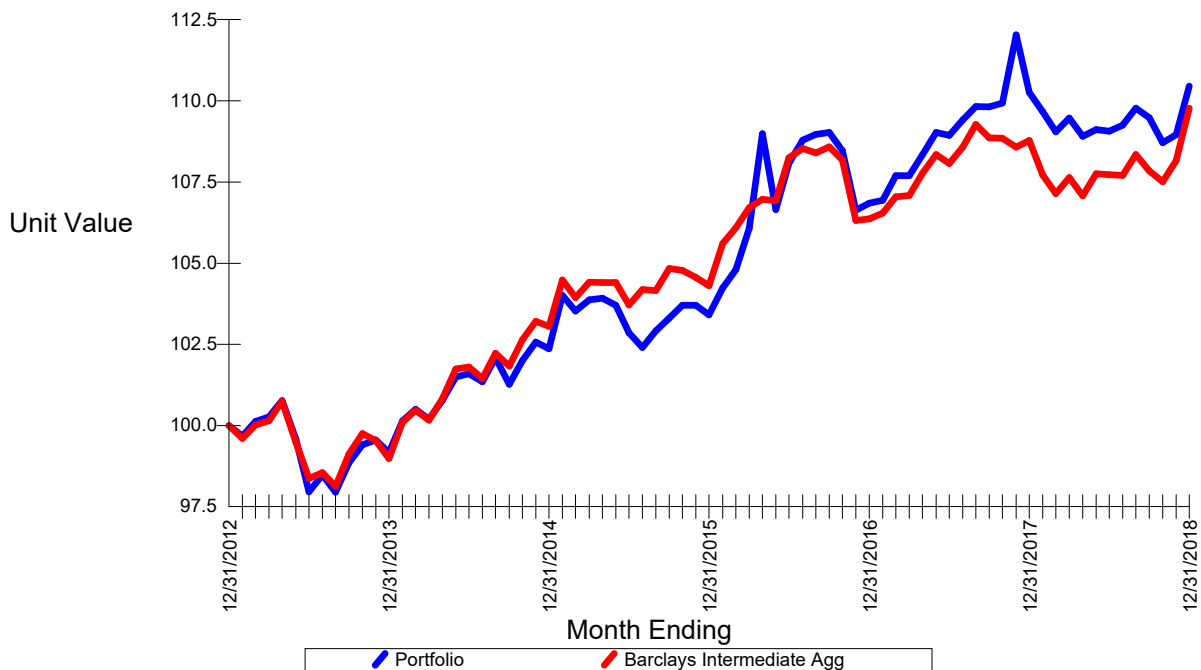
Hoffman Estates Fire Adelante

<u>Portfolio Account Type</u>	<u>Trade Date</u>	<u>Activity</u>	<u>Security Symbol</u>	<u>Description</u>	<u>Net Amount</u>	<u>Total Fees</u>
Managed A	12/21/2018	Sell	VNO	Vornado Realty	40,944.74	0.53
					(10,335.66)	1.98

## Portfolio Performance Review

Hoffman Estates Fixed Income

### Graphical Comparative Performance



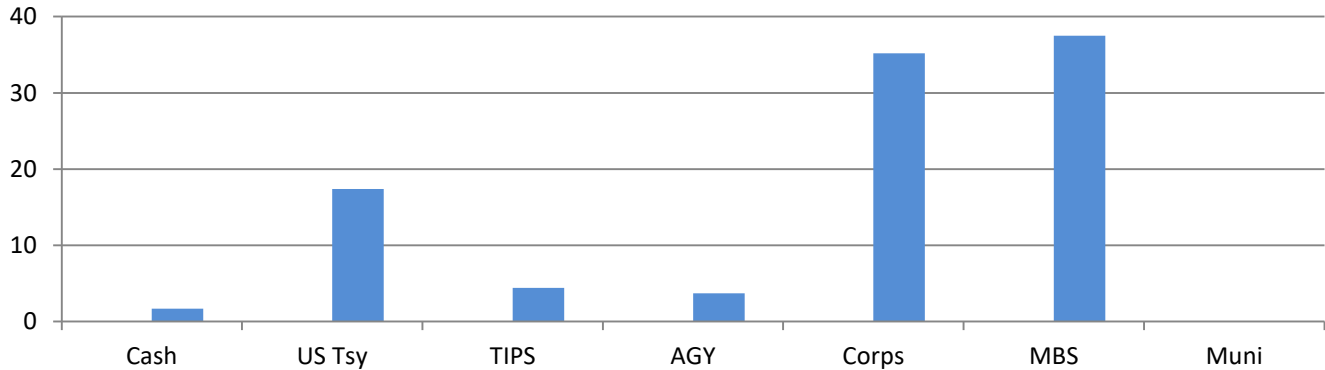
<b>Total Portfolio</b>	<b>Q4</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Incep</b>
Time Weighted (gross)	0.89	0.18	2.22	-0.70	0.23	1.37	1.67
Barclays Governmen	2.54	0.89	1.41	-0.47	0.88	2.13	1.21
Barclays Corp A+ 1-	0.94	1.05	1.76	-0.07	0.09	0.92	1.76
Barclays Aggregate	1.64	0.01	2.06	-0.79	0.60	1.84	1.75
Barclays Intermediat	1.80	0.92	1.72	-0.31	0.61	1.50	1.57
Time Weighted (net)	0.87	-0.08	1.91	-0.73	0.23	1.37	1.35
Barclays Governmen	2.54	0.89	1.41	-0.47	0.88	2.13	1.21
Barclays Corp A+ 1-	0.94	1.05	1.76	-0.07	0.09	0.92	1.76
Barclays Aggregate	1.64	0.01	2.06	-0.79	0.60	1.84	1.75
Barclays Intermediat	1.80	0.92	1.72	-0.31	0.61	1.50	1.57

Returns for periods exceeding 12 months are annualized

**Hoffman Estates Firefighters Pension Fund**  
**Fixed Income - All**  
**4th Quarter 2018**



<i>Portfolio</i>	
Number of Bonds	124
Average Interest Rate	4.44
Average S&P Rating	A
Average Yield to Maturity	3.66
Average Duration	6.50



<i>Leading Contributors</i>				
<b>Sector</b>	<b>Weight</b>	<b>Gross</b>	<b>Description</b>	<b>Maturity</b>
TREAS	1.00%	3.42	Treasury Note	08/15/2026
MORT	5.50%	3.21	FHLMC	06/01/2048
TREAS	0.90%	3.10	US Treasury Note	07/31/2025
TREAS	0.90%	3.04	US Treasury Note	05/31/2025
CORP	0.80%	2.97	ERP Operating	06/01/2045
TREAS	1.10%	2.91	Treasury Note	11/15/2024
TREAS	0.80%	2.83	US Treasury Note	07/31/2024
MORT	0.20%	2.76	FHLMC	04/01/2040
MORT	2.40%	2.74	FNMA FN 888703	08/01/2037
TREAS	1.00%	2.58	Treasury Note	11/30/2023

<i>Leading Detractors</i>				
<b>Sector</b>	<b>Weight</b>	<b>Gross</b>	<b>Description</b>	<b>Maturity</b>
CORP	0.50%	(7.56)	Pemex	11/03/55
CORP	0.70%	(4.92)	Goldman Sachs	05/14/45
CORP	0.70%	(4.71)	AbbVie	07/24/42
CORP	0.70%	(4.35)	Hess Corporation	09/20/47
CORP	0.70%	(3.47)	CVS Health Corp	10/21/45
CORP	0.80%	(3.40)	ConocoPhillips	02/01/39
CORP	0.80%	(2.55)	HSBC Holdings	02/23/46
CORP	0.70%	(2.51)	JP Morgan Chase	06/01/45
CORP	0.008	(2.49)	Brookfield Finance	01/30/42
CORP	0.007	(2.20)	Lear Corporation	04/14/46



## Fixed Income Summary

Before 12/31/2018

Hoffman Estates Firefighters Pension Fund

### Summary

Totals	Weighted Averages
Total Number of Issues	124.00
Face Value	80,598,469.00
Current Value	28,796,300.30
Cost Basis	30,159,845.28
Unrealized Gain/Loss	(1,560,252.26)
	Average Years to Redemption 14.15
	Average Interest Rate 4.44
	Average S&P Rating A
	Average Yield to Maturity 3.66
	Average Duration 6.50

<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>							
0.7%	1968	210,000	215,492.13	-50.1	5.85	0.00	0.00
3.2%	2019	2,583,311	919,340.23	0.6	2.12	4.33	0.64
4.7%	2020	1,330,000	1,347,287.99	1.6	3.41	5.53	1.56
5.2%	2021	1,470,000	1,489,466.90	2.5	3.14	5.01	2.40
8.1%	2022	5,185,000	2,324,449.40	3.5	3.15	5.48	3.31
7.3%	2023	2,615,000	2,089,115.86	4.4	2.79	4.66	4.13
6.8%	2024	5,125,000	1,972,256.58	5.7	4.36	7.08	4.99
3.4%	2025	975,000	986,541.41	6.5	3.33	6.34	5.84
4.0%	2026	1,180,000	1,142,636.97	7.5	3.16	0.00	6.56
3.1%	2027	1,270,000	899,813.48	8.3	4.28	N/A	6.92
1.6%	2028	475,000	464,937.26	9.2	4.17	N/A	7.44
5.3%	2029	824,000	1,522,485.32	10.4	4.50	N/A	7.42
1.3%	2030	2,000,000	364,522.37	11.9	7.50		N/A
2.9%	2032	8,950,000	840,408.47	13.2	4.86		N/A
1.4%	2033	6,128,756	416,102.77	14.8	5.38		N/A
1.4%	2034	4,400,000	410,548.73	15.4	5.50		N/A
1.4%	2036	7,450,000	405,981.63	17.9	6.22		N/A
3.7%	2037	9,000,000	1,072,942.22	18.4	6.33		
3.5%	2038	7,505,000	996,924.18	19.6	5.68		
2.2%	2039	1,105,000	642,299.36	20.6	6.01	10.97	11.87
6.9%	2040	3,297,402	1,972,549.69	21.6	5.52		
3.3%	2041	2,300,000	959,555.49	22.6	4.61	N/A	16.85
1.5%	2042	375,000	440,807.67	23.1	5.88	N/A	13.04
0.8%	2044	225,000	230,380.74	25.9	4.50	N/A	15.27
3.5%	2045	1,000,000	1,004,803.22	26.7	4.56	N/A	15.16
0.8%	2046	250,000	226,084.46	27.6	4.13	N/A	15.38
0.8%	2047	250,000	236,523.23	28.7	4.70	N/A	14.98
8.0%	2048	2,270,000	2,316,243.65	29.4	5.91	N/A	14.81
0.8%	2055	200,000	226,393.54	36.4	4.75	N/A	18.16
0.8%	2057	225,000	225,445.28	38.2	5.70	15.56	15.04
0.8%	2058	210,000	216,989.04	39.3	4.95	N/A	17.29



## Fixed Income Summary

Before 12/31/2018

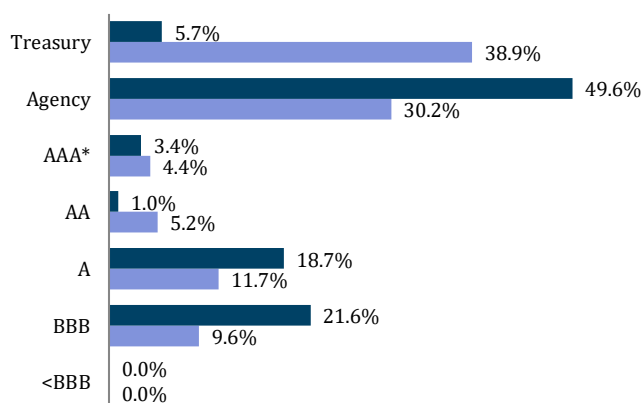
Hoffman Estates Firefighters Pension Fund

<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>							
0.8%	2199	215,000	216,971.03	181.1	6.10	N/A	16.05
100.0%		80,598,469	28,796,300.30	14.2	4.44	5.59	6.50

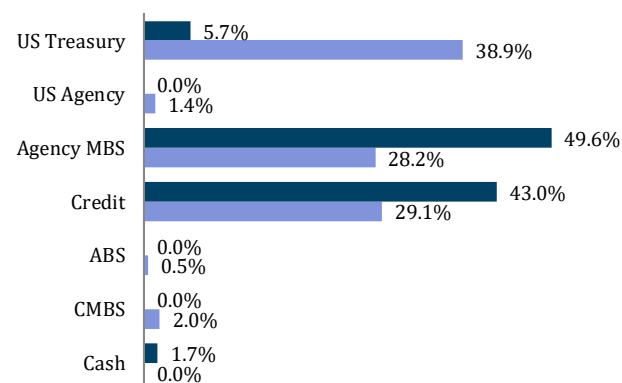
<u>Weight</u>	<u>Description</u>	<u>Quantity</u>	<u>Current Value</u>	<u>Years to Redemption</u>	<u>Interest Rate</u>	<u>Modified Duration Cost</u>	<u>Modified Duration Market</u>
<b>Fixed Income and Equivalents by Interest Rate</b>							
23.3%	Less than 3%	6,820,000	6,708,307.43	4.2	2.05	5.17	3.99
32.7%	3-5%	12,340,569	9,426,928.30	12	4.10	5.65	8.01
40.3%	5-7%	51,052,900	11,608,771.09	22	5.81	8.87	9.50
3.7%	7-10%	10,385,000	1,052,293.48	9.8	7.62		4.35
100.0%		80,598,469	28,796,300.30	14.2	4.44	5.59	6.50

	December	QTD	1 Year	3 Year	5 Year	Since Inception
Hoffman Estates Fire Pension Fund	0.76%	-0.24%	-1.53%	2.09%	2.12%	1.67%
Barclays U.S. Aggregate Index	1.84%	1.64%	0.01%	2.06%	2.29%	1.82%
<b>Excess Performance</b>	<b>-1.08%</b>	<b>-1.88%</b>	<b>-1.54%</b>	<b>0.03%</b>	<b>-0.17%</b>	<b>-0.15%</b>

Quality Rating Distribution



Sector Weights



■ Hoffman Estates Fire Pension Fund    ■ Bloomberg Barclays U.S. Aggregate Index

Characteristics		
	Hoffman Estates Fire Pension Fund	Bloomberg Barclays U.S. Aggregate Index
Effective Duration	5.83	5.73
Convexity	0.53	0.16
Average Yield	3.83%	3.28%

\*Includes cash and money market holdings  
Inception date 1/31/2013

\*\*Hoffman Estates transitioned from the Intermediate Fixed Income strategy to the Core Fixed Income strategy during August 2014. The benchmark was the Barclays Intermediate Aggregate Index prior to the transition and going forward it is the Barclays U.S. Aggregate Index. The benchmark above reflects the linked performance.

Performance shown is net of investment management fees. Past returns are no guarantee of future performance. Performance for periods greater than one year is annualized. The Barclays Aggregate Bond Index is composed of securities from the Government/Corporate Bond Index, Mortgage Backed Securities Index and Asset Backed Securities Index. Characteristics & sector weights source: BlackRock Solutions.



**Fixed Income Summary**  
Before 12/31/2018

Hoffman Estates Firefighters Blair

**Summary**

<b>Totals</b>		<b>Weighted Averages</b>	
Total Number of Issues	88.00	Average Years to Redemption	17.56
Face Value	73,558,469.00	Average Interest Rate	5.15
Current Value	21,815,964.82	Average S&P Rating	NR
Cost Basis	23,107,348.60	Average Yield to Maturity	4.43
Unrealized Gain/Loss	(1,449,468.34)	Average Duration	8.86

<b>Weight</b>	<b>Description</b>	<b>Quantity</b>	<b>Current Value</b>	<b>Years to Redemption</b>	<b>Interest Rate</b>	<b>Modified Duration Cost</b>	<b>Modified Duration Market</b>
<b>Fixed Income and Equivalents by Maturity Date</b>							
1.0%	1968	210,000	215,492	-50.1	5.85	0.00	0.00
0.0%	2019	1,663,311	1,164	0.3	4.59		
1.0%	2020	200,000	214,101	1	8.13		0.96
3.0%	2021	625,000	643,667	2.5	4.15	2.51	2.30
4.5%	2022	3,825,000	988,067	3.4	4.86	3.25	3.06
3.4%	2023	1,245,000	739,390	4.5	3.91	4.40	4.13
6.5%	2024	4,560,000	1,414,879	5.7	5.21	7.83	4.70
2.1%	2025	450,000	448,508	6.5	3.87	6.60	5.81
3.9%	2026	855,000	840,983	7.5	3.76	0.00	6.38
4.1%	2027	1,270,000	899,813	8.3	4.28	N/A	6.92
2.1%	2028	475,000	464,937	9.2	4.17	N/A	7.44
7.0%	2029	824,000	1,522,485	10.4	4.50	N/A	7.42
1.7%	2030	2,000,000	364,522	11.9	7.50		N/A
3.9%	2032	8,950,000	840,408	13.2	4.86		N/A
1.9%	2033	6,128,756	416,103	14.8	5.38		N/A
1.9%	2034	4,400,000	410,549	15.4	5.50		N/A
1.9%	2036	7,450,000	405,982	17.9	6.22		N/A
4.9%	2037	9,000,000	1,072,942	18.4	6.33		
4.6%	2038	7,505,000	996,924	19.6	5.68		
2.9%	2039	1,105,000	642,299	20.6	6.01	10.97	11.87
9.0%	2040	3,297,402	1,972,550	21.6	5.52		
4.4%	2041	2,300,000	959,555	22.6	4.61	N/A	16.85
2.0%	2042	375,000	440,808	23.1	5.88	N/A	13.04
1.1%	2044	225,000	230,381	25.9	4.50	N/A	15.27
4.6%	2045	1,000,000	1,004,803	26.7	4.56	N/A	15.16
1.0%	2046	250,000	226,084	27.6	4.13	N/A	15.38
1.1%	2047	250,000	236,523	28.7	4.70	N/A	14.98
10.6%	2048	2,270,000	2,316,244	29.4	5.91	N/A	14.81
1.0%	2055	200,000	226,394	36.4	4.75	N/A	18.16
1.0%	2057	225,000	225,445	38.2	5.70	15.56	15.04
1.0%	2058	210,000	216,989	39.3	4.95	N/A	17.29

## Fixed Income Summary

Before 12/31/2018

Hoffman Estates Firefighters Blair

<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>							
1.0%	2199	215,000	216,971	181.1	6.10	N/A	16.05
100.0%		73,558,469	21,815,965	17.6	5.15	6.15	8.86

<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>							
2.6%	Less than 3%	605,000	565,282	9.5	2.16	2.51	9.07
39.4%	3-5%	11,515,569	8,589,618	13	4.16	5.34	8.91
53.2%	5-7%	51,052,900	11,608,771	22	5.81	8.87	9.50
4.8%	7-10%	10,385,000	1,052,293	9.8	7.62		4.35
100.0%		73,558,469	21,815,965	17.6	5.15	6.15	8.86



### Buys, Sells, Deposits and Withdrawals

From 09/30/2018 to 12/31/2018

Hoffman Estates Firefighters Blair

<u>Portfolio Account Type</u>	<u>Trade Date</u>	<u>Activity</u>	<u>Security Symbol</u>	<u>Description</u>	<u>Net Amount</u>	<u>Total Fees</u>
Managed A	10/02/2018	Buy	20030NCN9	Comcast Co Callable 10/15/2058 4.95% Call 04/15/2058 100.00	(99,922.00)	20.00
Managed A	10/03/2018	Buy	02665WCN	American Honda Finance 12/10/2021 0.00%	(250,010.00)	10.00
Managed A	10/11/2018	Sell	3128ME4K4	FHLMC 11/01/2025 4.00%	274,910.17	10.00
Managed A	10/11/2018	Sell	617482V92	Morgan Stanley 07/24/2042 6.375%	216,029.91	10.00
Managed A	10/24/2018	Buy	31410G4C4	FNMA 03/01/2038 6.00%	(235,090.52)	10.00
Managed A	10/28/2018	Sell	002824BE9	Abbott Labs 11/30/2023 3.40% Call 09/30/2023 100.00	68,639.05	0.00
Managed A	10/30/2018	Buy	219350BL8	Corning Inc 11/15/1968 5.85%	(209,701.30)	20.00
Managed A	10/31/2018	Sell	907818EX2	Union Pacific 09/10/2058 4.80%	224,207.00	20.00
Managed A	11/01/2018	Buy	31385JEM6	FNMA 04/01/2032 7.00%	(247,894.31)	10.00
Managed A	11/01/2018	XBuy	31385JEM6	FNMA 04/01/2032 7.00%	(252,465.87)	20.00
Managed A	11/06/2018	Buy	31374CLS3	FNMA 10/01/2036 6.50%	(185,753.48)	10.00
Managed A	11/06/2018	XBuy	31374CLS3	FNMA 10/01/2036 6.50%	(190,383.21)	20.00
Managed A	11/14/2018	Sell	02665WCN	American Honda Finance 12/10/2021 0.00%	249,555.43	10.00
Managed A	11/14/2018	Sell	035240AL4	Anheuser-Busch Inbev 04/13/2028 4.00%	239,619.17	0.00
Managed A	11/16/2018	Buy	3138ER5T3	FNMA 03/01/2032 4.00%	(128,173.33)	10.00
Managed A	11/16/2018	Buy	3138ERHC	FNMA 08/01/2040 5.50%	(223,645.13)	10.00
Managed A	11/16/2018	Buy	3138ERY46	FNMA 02/01/2027 4.50%	(256,866.95)	10.00
Managed A	11/19/2018	Buy	31335BTF3	FHLMC 06/01/2048 6.00%	(259,441.50)	20.00
Managed A	12/07/2018	Buy	501044BV2	Kroger 09/15/2029 8.00%	(12,559.11)	10.00
Managed A	12/07/2018	Sell	87165BAD5	Synchrony Financial 08/15/2024 4.25%	118,688.37	10.00
Managed A	12/07/2018	Sell	87165BAD5	Synchrony Financial 08/15/2024 4.25%	28,962.62	10.00
Managed A	12/07/2018	Sell	87165BAD5	Synchrony Financial 08/15/2024 4.25%	56,124.46	10.00

## Buys, Sells, Deposits and Withdrawals

From 09/30/2018 to 12/31/2018

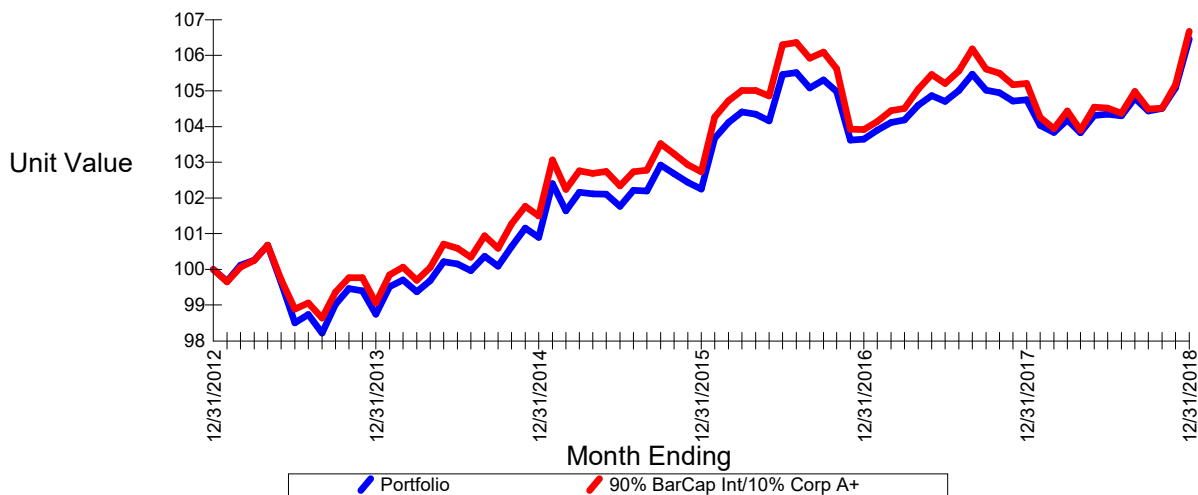
Hoffman Estates Firefighters Blair

<u>Portfolio Account Type</u>	<u>Trade Date</u>	<u>Activity</u>	<u>Security Symbol</u>	<u>Description</u>	<u>Net Amount</u>	<u>Total Fees</u>
Managed A	12/18/2018	Buy	11271LAB8	Brookfield Finance 09/20/2047 4.70% Call 03/20/2047 100.00	(23,652.25)	10.00
Managed A	12/18/2018	Buy	20030NCN9	Comcast Co Callable 10/15/2058 4.95% Call 04/15/2058 100.00	(113,272.88)	10.00
Managed A	12/18/2018	Buy	42809HAG2	Hess Corporation 04/01/2027 4.30% Call 01/01/2027 100.00	(4,707.73)	10.00
Managed A	12/18/2018	Buy	760759AR1	Republic Services 07/01/2026 2.90% Call 04/21/2026 100.00	(4,762.87)	10.00
Managed A	12/20/2018	Buy	00287YAS8	AbbVie 05/14/2045 4.70% Call 11/14/2044 100.00	(23,409.81)	10.00
Managed A	12/21/2018	Buy	002824BE9	Abbott Labs 11/30/2023 3.40% Call 09/30/2023 100.00	(67,581.98)	10.00
Managed A	12/21/2018	Buy	06051GEN5	Bank of America 02/07/2042 5.875%	(11,939.84)	10.00
Managed A	12/21/2018	Buy	172967FX4	Citigroup 01/30/2042 5.875%	(17,522.60)	10.00
Managed A	12/21/2018	Buy	26884ABE2	ERP Operating 06/01/2045 4.50% Call 12/01/2044 100.00	(25,537.88)	10.00
Managed A	12/21/2018	Buy	38141GVS0	Goldman Sachs 10/21/2045 4.75% Call 04/21/2045 100.00	(24,427.16)	10.00
					(1,391,985.53)	360.00

## Portfolio Performance Review

Hoffman Estates Firefighters MVT Bonds

### 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>Incep</b>
Time Weighted (gross)	1.94	1.63	1.35	0.07	0.55	1.31	1.05
Barclays Corp A+ 1-5 y	0.94	1.05	1.76	-0.07	0.09	0.92	1.76
Barclays Aggregate Bo	1.64	0.01	2.06	-0.79	0.60	1.84	1.75
Barclays Int. Gov't/Cred	1.65	0.88	1.70	-0.14	0.45	1.34	1.40
90% BarCap Int/10% C	2.09	1.39	1.26	0.03	0.63	1.43	1.08
Time Weighted (net)	1.90	1.48	1.20	0.03	0.55	1.31	0.90
Barclays Corp A+ 1-5 y	0.94	1.05	1.76	-0.07	0.09	0.92	1.76
Barclays Aggregate Bo	1.64	0.01	2.06	-0.79	0.60	1.84	1.75
Barclays Int. Gov't/Cred	1.65	0.88	1.70	-0.14	0.45	1.34	1.40
90% BarCap Int/10% C	2.09	1.39	1.26	0.03	0.63	1.43	1.08

Returns for periods exceeding 12 months are annualized

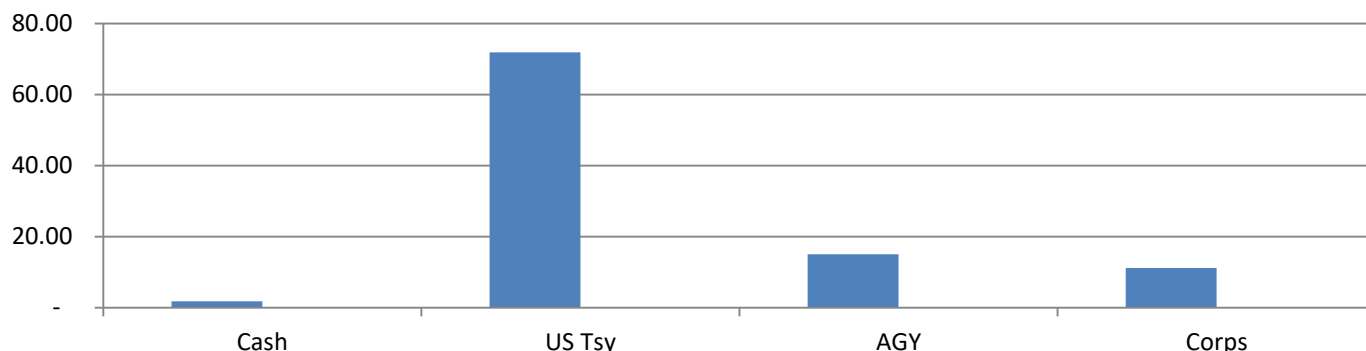
*This report includes data currently available to the investment manager. Past performance is no guarantee of future performance. Indices are not available for direct investment. An investment product which attempts to mimic the performance of an index will incur expenses such as management fees and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

**Hoffman Estates Firefighters Pension Fund**  
**Fixed Income - MVT**  
**4th Quarter 2018**



**Portfolio**

Number of Bonds	36
Average Interest Rate	2.22
Average S&P Rating	3.50
Average Yield to Maturity	2.61
Average Duration	3.30



**Leading Contributors**

Sector	Weight	Gross	Description	Maturity
UST	4.20%	3.70	Treasury Note	08/15/2026
UST	3.80%	3.32	US Treasury Note	07/31/2025
UST	3.70%	3.30	US Treasury Note	05/31/2025
UST	4.40%	3.14	Treasury Note	11/15/2024
UST	3.40%	3.05	US Treasury Note	07/31/2024
UST	4.20%	2.79	Treasury Note	11/30/2023
UST	7.50%	2.60	Treasury Note	05/15/2023
UST	1.30%	2.52	US Treasury Note	03/31/2023
UST	2.80%	2.43	US Treasury	12/31/2022
UST	2.70%	2.39	Treasury Note	11/15/2022

**Leading Detractors**

Sector	Weight	Gross	Description	Maturity
Corp	1.20%	0.32	IBM Credit	02/06/2023
UST	0.00%	0.39	Treasury Note	08/15/2020
Corp	0.00%	0.50	Deere & Company	12/13/2018
Corp	0.20%	0.51	Citigroup	04/08/2019
AGY	3.60%	0.59	FHLMC	03/27/2019
UST	3.30%	0.72	Treasury Note	11/15/2019
UST	1.10%	0.73	Treasury Note	12/15/2019
Corp	1.20%	0.73	Bank Of America	01/11/2023
AGY	3.50%	0.74	FNMA	11/26/2019
Corp	1.20%	0.78	Gilead Sciences	04/01/2019





**Fixed Income Summary**  
Before 12/31/2018

Hoffman Estates Firefighters MVT Bonds

**Summary**

<u>Totals</u>		<u>Weighted Averages</u>	
Total Number of Issues	36.00	Average Years to Redemption	3.51
Face Value	7,040,000.00	Average Interest Rate	2.22
Current Value	6,980,335.48	Average S&P Rating	A
Cost Basis	7,052,496.68	Average Yield to Maturity	2.61
Unrealized Gain/Loss	(110,783.92)	Average Duration	3.30

<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>							
13.2%	2019	920,000	918,177	0.6	2.11	4.33	0.64
16.2%	2020	1,130,000	1,133,187	1.7	2.54	5.53	1.67
12.1%	2021	845,000	845,799	2.6	2.38	5.59	2.47
19.1%	2022	1,360,000	1,336,382	3.6	1.89	5.91	3.46
19.3%	2023	1,370,000	1,349,725	4.4	2.18	4.82	4.13
8.0%	2024	565,000	557,378	5.8	2.20	6.38	5.33
7.7%	2025	525,000	538,033	6.5	2.88	6.23	5.86
4.3%	2026	325,000	301,654	7.6	1.50	N/A	7.08
100.0%		7,040,000	6,980,335	3.5	2.22	5.40	3.30

<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>							
88.0%	Less than 3%	6,215,000	6,143,025	3.8	2.04	5.28	3.53
12.0%	3-5%	825,000	837,310	1.7	3.55	6.04	1.61
100.0%		7,040,000	6,980,335	3.5	2.22	5.40	3.30



**Buys, Sells, Deposits, Withdrawals**

From 09/30/2018 to 12/31/2018

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

<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>
Fixed Income	10/02/2018		Withdrawal	MMF	Schwab Money Market	(8,000.00)	
Fixed Income	10/03/2018		Manageme		Schwab Money Market	(3,178.00)	
Fixed Income	11/15/2018	11/15/2018	Sell	912803AP8	Treasury Strip	400,000.00	0.00
Fixed Income	11/21/2018	08/15/2020	Sell	912828NT3	Treasury Note	451,704.27	0.00
Fixed Income	11/21/2018	11/15/2019	Sell	912828LY4	Treasury Note	453,031.16	0.00
Fixed Income	11/26/2018		Withdrawal	MMF	Schwab Money Market	(1,500,000.00)	
Fixed Income	12/13/2018	12/13/2018	Sell	24422ESF7	Deere & Company	65,000.00	0.00
						(141,442.57)	0.00

# 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.



# Our team

## **John Mitchell, J.D., Co-Founder, Portfolio Manager, Chairman of the Investment Committee**



Mr. Mitchell had over fifteen years of investment experience prior to the formation of Mitchell, Vaught and Taylor, Inc., in 1996. Prior to forming MVT, Inc, Mr. Mitchell served as senior vice president and portfolio manager at The Chicago Corporation Asset Management Group, where he managed public pension funds. His experience includes work at an investment banking house as an investment advisor and a financial consultant to public pension funds in the Midwest. Mr. Mitchell's legal experience includes serving as a Special Assistant Attorney General for the State of Illinois and as a Special Assistant Corporation Counsel for the City of Chicago.

Mr. Mitchell received his undergraduate degree from Bradley University and his J.D. from Lewis University. He has served as a member of the Securities Law Committee and as Chairman of the Financial & Investment Services Committee of the Chicago Bar Association.

## **Margie Mitchell, Fixed Income Portfolio Manager, Director**



Ms. Mitchell joined the firm in 2007 after graduating *magna cum laude* from DePaul University with her bachelor's degree. She's is a CFA Level II Candidate as well as a registered investment advisor representative. Ms. Mitchell is also a shareholder and sits on the Board of Directors of MVT.

Ms. Mitchell is our firm's Fixed Income Portfolio Manager, constructing portfolios and executing trades on a total client portfolio of about \$200 million for more than 30 pension funds. She works with dozens of brokers and custodians to keep portfolios running smoothly. She also prepares statistical analysis for pension board reports and makes recommendations on pension targets.

Ms. Mitchell is a Chicago native and still lives in the city with her family.

## **Dwight Ower, Vice President, Chief Compliance Officer**

Mr. Ower joined the firm in January, 2008, after retiring as Deputy Chief of the Zion Police Department. During his police career of 30 years he served more than twenty as President of the Zion Police Pension Fund. Dwight also served as president of his Local F.O.P. Lodge and worked on employee benefits and management relations. Mr. Ower understands the responsibilities and perspectives of pension trustees and works with them towards meeting investment goals.

Mr. Ower is our Chief Compliance Officer (CCO) and works to maintain and test our policies and procedures so that we follow all SEC rules and statutes. He manages institutional cash flow needs and regularly attends pension board meetings. Dwight also gives presentations to current and prospective clients at educational forums.



## **James R. Nowicki, CPA, Vice President**



Mr. Nowicki joined the firm in December, 2010, after retiring as the Chief Financial Officer and Treasurer of the City of Elgin, Illinois as well as the Treasurer for the Village of South Barrington, Illinois. Prior to working in Elgin, Mr. Nowicki was the Finance Director and Treasurer for the City of Moline and the Finance Director for the Homewood-Flossmoor Park District. He has over 35 years of experience in local government finance.

Mr. Nowicki's experience has allowed MVT, Inc. to expand its consulting services for institutional clients to include accounting, human resources, auditing, risk management, budgeting, TIF's, special projects, debt issuance, etc. Mr. Nowicki earned his Bachelor of Science degree in Accounting from Illinois State University. He is a Certified Public Accountant and a registered investment advisor representative.