

Memorandum

February 1, 2016

To: Miami Beach Employees' Retirement Plan
From: Bill Cottle, Travis Rego
Subject: **International Equity Search**

Background

After a preliminary analysis focusing on active versus passive management in the International Equity universe, it was concluded that choosing an actively managed fund would be advantageous. For this search, we ran a screen on eVestment that focused on the core, actively managed MSCI EAFE universe. After further analysis based on performance and AUM, we accumulated the list of managers below. We have also added international equity products from Bailard, Wellington Management, and Rhumblin.

MSCI EAFE Index Profile

The MSCI EAFE (Europe, Australasia, Far East) Index has 926 constituents and covers approximately 85% of the equity opportunity set outside of the United States. The index covers stocks in the large, and mid-cap segments of the equity market. The index contains securities from developed markets only. The largest countries represented in the index are as follows: Japan (23.4%), United Kingdom (19.4%), France (9.7%), Switzerland (9.4%), Germany (9.1%) and Other (28.9%).

Milliman 10-Year Capital Market Assumptions

Milliman's recent capital market assumptions as of January, 2016, highlight the expected 10-Year return and volatility of the domestic equity large cap asset class (S&P 500) and the international equity developed asset class (MSCI EAFE). Based on these assumptions, the international equity asset class is expected to outperform US large cap stocks with slightly higher volatility.

Asset Class	Index	Expected Return	Expected Standard Deviation
U.S. Equity Market	S&P 500	7.33%	16.14%
Foreign Developed	MSCI EAFE	8.22%	18.96%

Product List

Our list of investment products consists of 10 managers found through our screening process, and three managers whom we have included based on their interest and our past research.

Firm	Product
Bailard, Inc.	International Equity Strategy
ClearBridge Investments, LLC	International Growth ADR SMA
GlobeFlex Capital, L.P.: GlobeFlex	International All Cap Equity
HGK Asset Management, Inc.	International Equity
Marathon Asset Management LLP	International Equity
Neuberger Berman	International Equity
Newton Investment Management	Newton International Equity
Pictet Asset Management Ltd	EAFE Equity
Putnam Investments	Putnam International Core Equity
RhumbLine Advisers	MSCI EAFE Index Strategy
Strategic Global Advisors, LLC	SGA International All Cap Core Equity
Wellington Management Company LLP	International Quality Growth
Wellington Management Company LLP	International Research Equity

Performance Comparison

The table below is for performance through 12/31/2015. Data longer than one year is annualized. The index is the MSCI EAFE (Gross Dividends). All numbers below are percentages.

Calendar Year Total Returns

Firm	2015	2014	2013	2012	2011	2010	2009	2008
Initial Screened Universe:								
ClearBridge	5.89	-2.15	19.64	23.22	-10.67	9.30	30.15	-36.58
GlobeFlex Capital	3.78	-3.85	25.07	19.97	-10.56	12.87	29.95	-49.53
HGK Asset Management	3.53	-9.23	44.17	24.48	-15.96	10.35	47.06	-41.19
Marathon	7.08	-3.95	29.42	17.93	-9.50	15.38	30.63	-37.50
Neuberger Berman	2.81	-0.70	19.69	19.37	-10.33	19.48	37.31	-45.23
Newton	2.43	-0.81	19.60	22.81	-13.96	10.84	25.84	-42.39
Pictet	6.81	-10.40	24.62	23.75	-13.90	12.13	41.79	-50.17
Putnam Investments	1.24	-5.72	29.66	23.31	-14.82	11.62	27.50	-40.94
Strategic Global Advisors	4.47	1.01	26.64	21.02	-8.75	13.95	37.56	
Wellington Research Equity	1.10	-3.17	24.87	17.22	-11.38	10.34	43.53	-48.05
Current & Known Managers:								
Bailard	1.82	-0.23	23.55	21.61	-14.45	13.76	31.9	-44.21
Rhumblin	-	-	-	-	-	-	-	-
Wellington Quality Growth	8.65	9.82	28.94	21.91	-8.88	22.5	-	-
MSCI EAFE – ND	-0.39	-4.48	23.29	17.90	-11.73	8.21	32.46	-43.06
MSCI EAFE - GD	-0.81	-4.90	22.78	17.32	-12.14	7.75	31.78	-43.38

Trailing Period Total Returns (through 12/31/2015)

Firm	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	6 Yrs	7 Yrs	8 Yrs
Initial Screened Universe:								
ClearBridge	5.89	1.79	7.42	11.17	6.41	6.89	9.94	2.63
GlobeFlex Capital	3.78	-0.11	7.66	10.62	6.01	7.13	10.12	-0.11
HGK Asset Management	3.53	-3.06	10.65	13.96	7.22	7.74	12.64	3.85
Marathon	7.08	1.41	10.00	11.93	7.27	8.58	11.49	3.71
Neuberger Berman	2.81	1.04	6.91	9.89	5.51	7.72	11.52	2.04
Newton	2.43	0.8	6.71	10.53	5.13	6.06	8.68	0.39
Pictet	6.81	-2.17	6.05	10.22	4.91	6.08	10.57	0.08
Putnam Investments	1.24	-2.3	7.36	11.15	5.39	6.40	9.19	1.11
Strategic Global Advisors	4.47	2.73	10.15	12.77	8.09	9.05	12.73	
Wellington Research Equity	1.10	-1.06	6.92	9.41	4.89	5.78	10.50	0.55
Current & Known Managers:								
Bailard	1.82	0.79	7.87	11.15	5.48	6.82	10.09	1.12
Rhumblin	-	-	-	-	-	-	-	-
Wellington Quality Growth	8.65	9.23	15.44	17.03	11.32	13.11	-	-
MSCI EAFE – ND	-0.39	-2.46	5.46	8.44	4.07	4.75	8.32	-0.05
MSCI EAFE - GD	-0.81	-2.88	5.01	7.96	3.60	4.28	7.83	-0.51

Trailing Period Volatility (Standard Deviation of Total Returns)

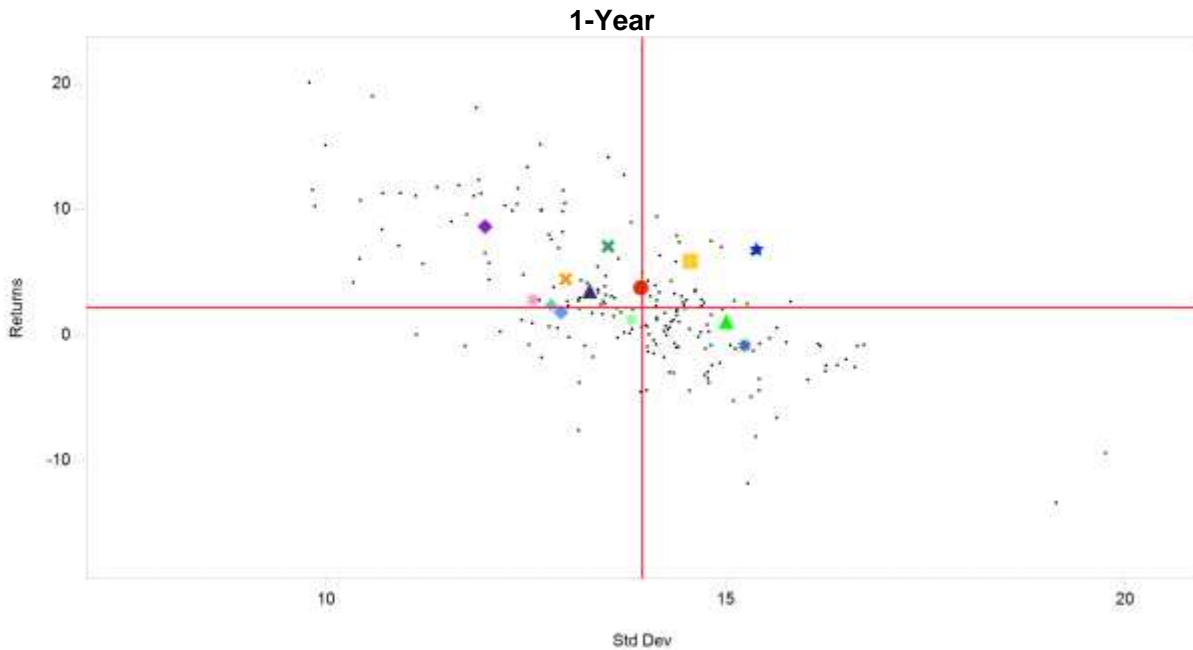
Firm	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	6 Yrs	7 Yrs	8 Yrs
Initial Screened Universe:								
ClearBridge	14.56	11.75	11.80	13.31	15.08	16.11	17.73	18.91
GlobeFlex Capital	13.94	12.18	12.27	13.16	15.22	17.15	17.86	20.94
HGK Asset Management	13.30	11.65	13.24	14.43	15.82	16.84	18.46	20.60
Marathon	13.53	11.03	11.12	12.10	13.22	14.35	15.93	17.89
Neuberger Berman	12.59	10.97	10.75	11.56	13.17	14.54	15.70	19.19
Newton	12.82	10.84	10.94	11.79	13.43	14.12	15.30	18.24
Pictet	15.39	12.68	12.45	13.73	15.60	17.07	19.57	22.71
Putnam Investments	13.82	11.73	12.21	13.47	15.79	17.52	18.92	20.64
Strategic Global Advisors	13.00	11.54	11.95	12.71	14.37	15.65	17.14	-
Wellington Research Equity	15.01	12.73	12.64	13.55	14.93	16.46	18.42	21.14
Current & Known Managers:								
Bailard	12.94	11.27	11.95	12.98	15.04	16.37	17.78	20.22
Rhumblin	-	-	-	-	-	-	-	-
Wellington Quality Growth	11.99	11.48	11.46	12.01	13.6	15.39	-	-
MSCI EAFE – ND	15.23	12.52	12.64	13.62	14.97	16.37	17.99	20.06
MSCI EAFE - GD	15.24	12.51	12.64	13.65	14.99	16.40	17.99	20.04

Trailing Period Total Returns to Volatility Ratio

Firm	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	6 Yrs	7 Yrs	8 Yrs
Initial Screened Universe:								
ClearBridge	0.4	0.2	0.6	0.8	0.4	0.4	0.6	0.1
GlobeFlex Capital	0.3	0.0	0.6	0.8	0.4	0.4	0.6	0.0
HGK Asset Management	0.3	-0.3	0.8	1.0	0.5	0.5	0.7	0.2
Marathon	0.5	0.1	0.9	1.0	0.5	0.6	0.7	0.2
Neuberger Berman	0.2	0.1	0.6	0.9	0.4	0.5	0.7	0.1
Newton	0.2	0.1	0.6	0.9	0.4	0.4	0.6	0.0
Pictet	0.4	-0.2	0.5	0.7	0.3	0.4	0.5	0.0
Putnam Investments	0.1	-0.2	0.6	0.8	0.3	0.4	0.5	0.1
Strategic Global Advisors	0.3	0.2	0.8	1.0	0.6	0.6	0.7	-
Wellington Research Equity	0.1	-0.1	0.5	0.7	0.3	0.4	0.6	0.0
Current & Known Managers:								
Bailard	0.1	0.1	0.7	0.9	0.4	0.4	0.6	0.1
Rhumblin	-	-	-	-	-	-	-	-
Wellington Quality Growth	0.7	0.8	1.3	1.4	0.8	0.9	-	-
MSCI EAFE – ND	0.0	-0.2	0.4	0.6	0.3	0.3	0.5	0.0
MSCI EAFE - GD	-0.1	-0.2	0.4	0.6	0.2	0.3	0.4	0.0

Risk-Return Scatterplots

These scatterplots show the ten candidates and their eVestment EAFE Core Equity universe peers across two dimensions: annualized return and annualized volatility (standard deviation of returns). Data is through 12/31/2015. The MSCI EAFE Index is included as a benchmark.

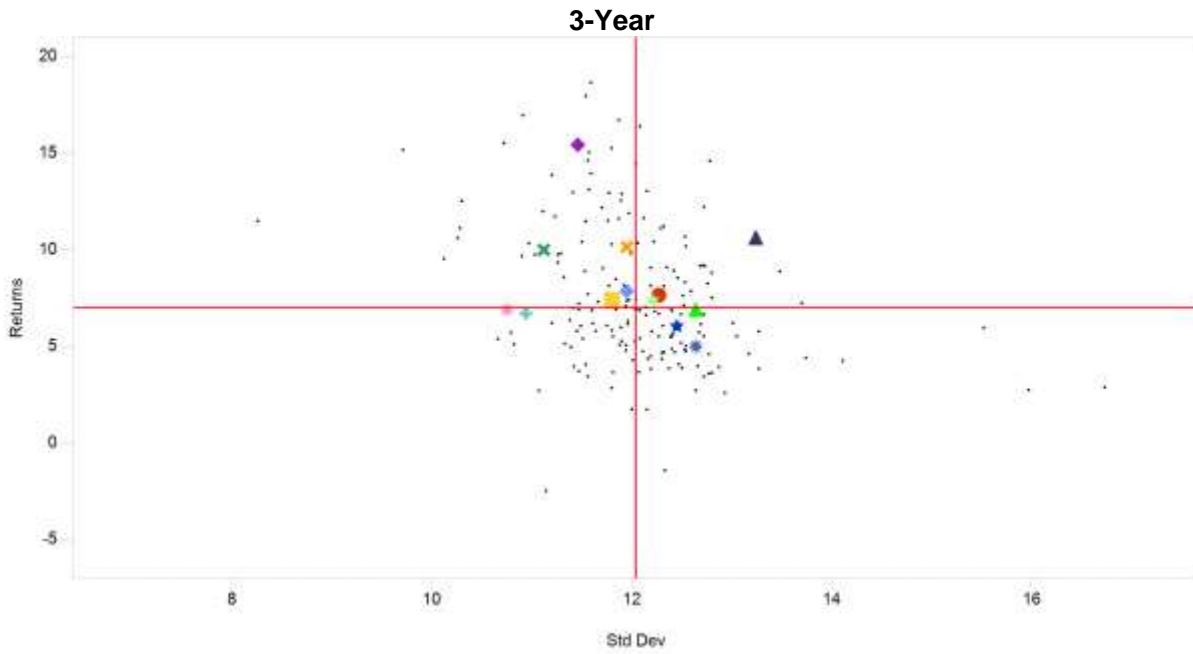


Universe: eVestment EAFE Core Equity

As Of: December 31, 2015

	RM	Returns	Std Dev
Boillard, Inc.: International Equity Strategy	GF	1.82	12.94
ClearBridge Investments, LLC: ClearBridge International Growth ADR SMA	GF	5.89	14.58
GlobeFlex Capital, L.P.: GlobeFlex International All Cap Equity	GF	-3.78	13.94
H&K Asset Management, Inc.: International Equity	GF	3.53	13.30
Marathon Asset Management LLP: International Equity	GF	7.08	13.53
Neuberger Berman: International Equity	GF	2.81	12.59
Newton Investment Management: Newton International Equity	GF	2.43	12.82
Pictet Asset Management Ltd: EAFE Equity	GF	6.81	15.39
Putnam Investments: Putnam International Core Equity	GF	1.24	13.82
RhumbLine Advisers Limited Partnership: MSCI EAFE Index Strategy	GF	—	—
Strategic Global Advisors, LLC: SGA International All Cap Core Equity	GF	4.47	13.00
Wellington Management Company LLP: International Quality Growth	GF	6.65	11.99
Wellington Management Company LLP: International Research Equity	GF	1.10	15.01
MSCI Index: MSCI EAFE-ND	IX	-0.81	15.24
Universe Median		2.16	13.96

Results displayed in US Dollar (USD)

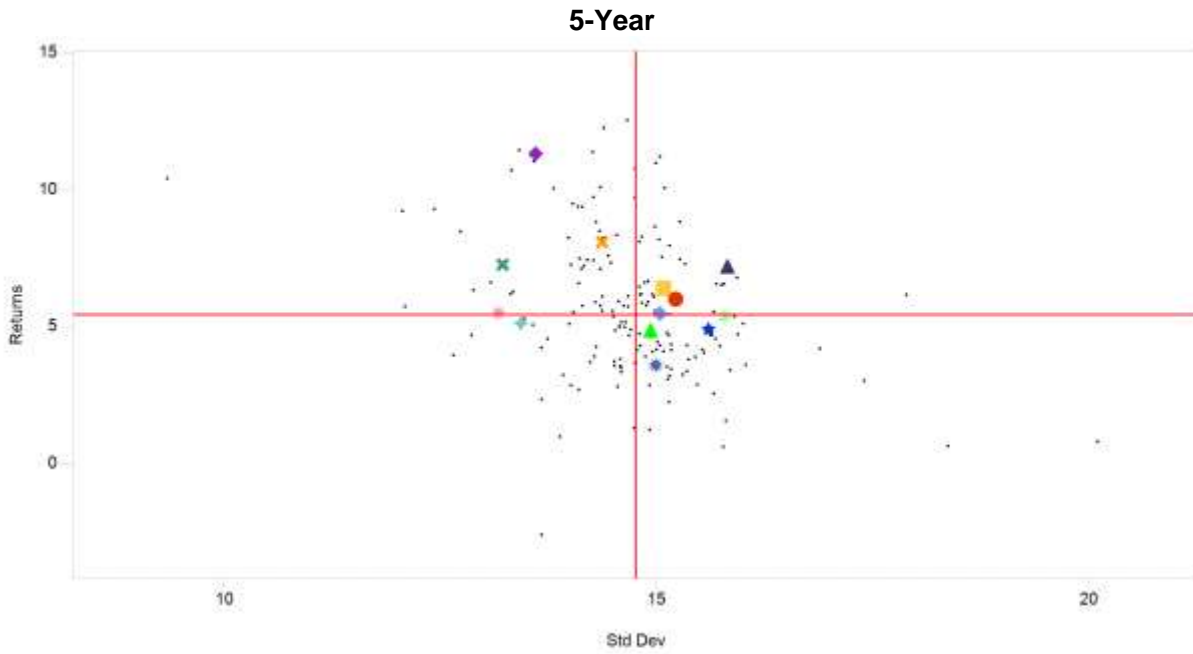


Universe: eVestment EAFE Core Equity

As Of: December 31, 2015

	RM	Returns	Std Dev
● Ballard, Inc.: International Equity Strategy	GF	7.87	11.95
■ ClearBridge Investments, LLC: ClearBridge International Growth ADR SMA	GF	7.42	11.80
● GlobeFlex Capital, L.P.: GlobeFlex International All Cap Equity	GF	7.86	12.27
▲ HGK Asset Management, Inc.: International Equity	GF	10.65	13.24
✕ Marathon Asset Management LLP: International Equity	GF	10.00	11.12
■ Neuberger Berman: International Equity	GF	6.91	10.75
◆ Newton Investment Management: Newton International Equity	GF	6.71	10.94
★ Pictet Asset Management Ltd: EAFE Equity	GF	6.05	12.45
■ Putnam Investments: Putnam International Core Equity	GF	7.36	12.21
● RhumbLine Advisors Limited Partnership: MSCI EAFE Index Strategy	GF	—	—
■ Strategic Global Advisors, LLC: SGA International All Cap Core Equity	GF	10.15	11.95
◆ Wellington Management Company LLP: International Quality Growth	GF	15.44	11.46
▲ Wellington Management Company LLP: International Research Equity	GF	6.92	12.64
● MSCI Index: MSCI EAFE-ND	IX	5.01	12.64
— Universe Median		6.99	12.04

Results displayed in US Dollar (USD)



Universe: eVestment EAFE Core Equity

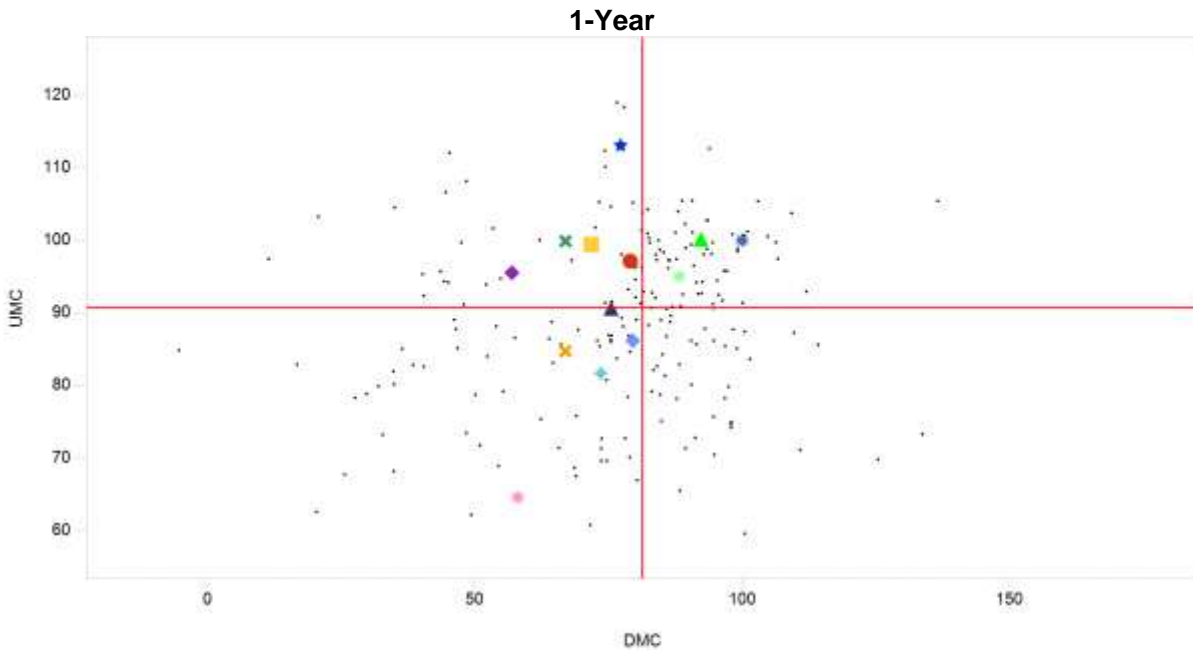
As Of: December 31, 2015

	RM	Returns	Std Dev
● Ballard, Inc.: International Equity Strategy	GF	5.48	15.04
■ ClearBridge Investments, LLC: ClearBridge International Growth ADR SMA	GF	6.41	15.08
● GlobeFlex Capital, L.P.: GlobeFlex International All Cap Equity	GF	6.01	15.22
▲ HGK Asset Management, Inc.: International Equity	GF	7.22	15.52
✕ Marathon Asset Management LLP: International Equity	GF	7.27	13.22
■ Neuberger Berman: International Equity	GF	5.51	13.17
◆ Newton Investment Management: Newton International Equity	GF	5.13	13.43
★ Pictet Asset Management Ltd: EAFE Equity	GF	4.91	15.50
■ Putnam Investments: Putnam International Core Equity	GF	5.39	15.79
● RhumbLine Advisors Limited Partnership: MSCI EAFE Index Strategy	GF	—	—
■ Strategic Global Advisors, LLC: SGA International All Cap Core Equity	GF	8.09	14.37
◆ Wellington Management Company LLP: International Quality Growth	GF	11.32	13.60
▲ Wellington Management Company LLP: International Research Equity	GF	4.89	14.93
● MSCI Index: MSCI EAFE-ND	IX	3.60	14.99
— Universe Median		5.44	14.76

Results displayed in US Dollar (USD)

Upside-Downside Market Capture Scatterplots

These scatterplots show the ten candidates and their eVestment EAFE Core Equity universe peers across two dimensions: upside market capture and downside market capture. Data is through December 31, 2015.



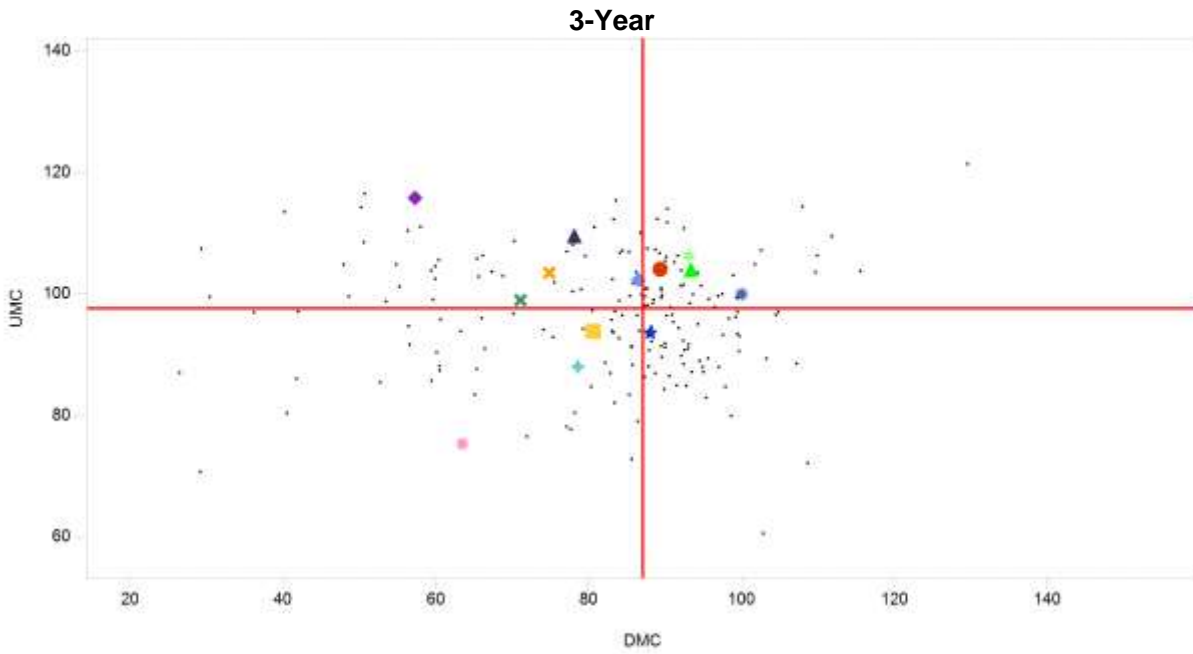
Universe: eVestment EAFE Core Equity

As Of: December 31, 2015

	RM	UMC	DMC
Boillard, Inc.: International Equity Strategy	GF	95.18	79.57
ClearBridge Investments, LLC: ClearBridge International Growth ADR SMA	GF	99.44	71.75
GlobeFlex Capital, L.P.: GlobeFlex International All Cap Equity	GF	97.16	79.06
HSK Asset Management, Inc.: International Equity	GF	90.66	75.00
Marathon Asset Management LLP: International Equity	GF	99.91	66.98
Neuberger Berman: International Equity	GF	64.60	58.03
Newton Investment Management: Newton International Equity	GF	81.71	73.58
Pictet Asset Management Ltd: EAFE Equity	GF	113.09	77.28
Putnam Investments: Putnam International Core Equity	GF	95.05	88.28
RhumbLine Advisers Limited Partnership: MSCI EAFE Index Strategy	GF	---	---
Strategic Global Advisors, LLC: SGA International All Cap Core Equity	GF	84.75	66.98
Wellington Management Company LLP: International Quality Growth	GF	95.55	56.95
Wellington Management Company LLP: International Research Equity	GF	100.18	92.30
MSCI Index: MSCI EAFE-ND	IX	100.00	100.00
Universe Median		90.88	81.36

Results displayed in US Dollar (USD)

MSCI EAFE-ND



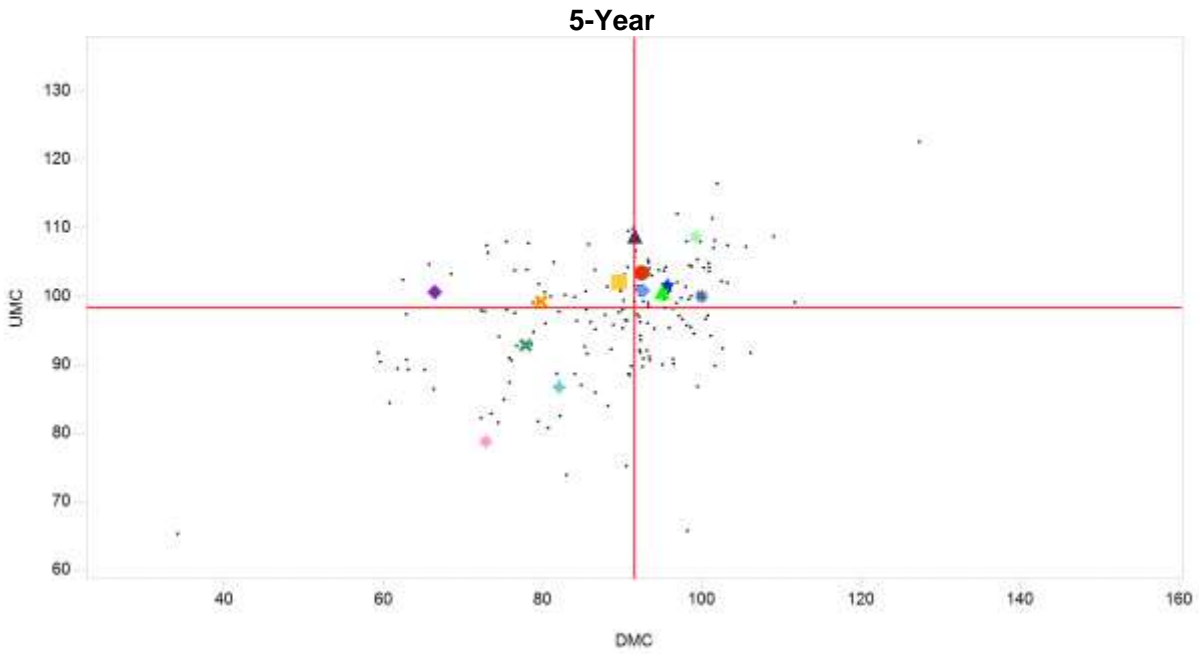
Universe: eVestment EAFE Core Equity

As Of: December 31, 2015

	RM	UMC	DMC
Ballard, Inc.: International Equity Strategy	GF	102.39	86.50
ClearBridge Investments, LLC: ClearBridge International Growth ADR SMA	GF	93.93	90.80
GlobeFlex Capital, L.P.: GlobeFlex International All Cap Equity	GF	104.13	89.35
HGK Asset Management, Inc.: International Equity	GF	109.60	78.12
Marathon Asset Management LLP: International Equity	GF	99.03	71.08
Neuberger Berman: International Equity	GF	75.38	63.47
Newton Investment Management: Newton International Equity	GF	86.07	76.59
Pictet Asset Management Ltd: EAFE Equity	GF	93.62	88.06
Putnam Investments: Putnam International Core Equity	GF	108.33	93.11
RhumbLine Advisers Limited Partnership: MSCI EAFE Index Strategy	GF	—	—
Strategic Global Advisors, LLC: SGA International All Cap Core Equity	GF	103.54	74.87
Wellington Management Company LLP: International Quality Growth	GF	115.88	57.29
Wellington Management Company LLP: International Research Equity	GF	104.07	83.38
MSCI Index: MSCI EAFE-ND	IX	100.00	100.00
Universe Median		97.69	87.06

Results displayed in US Dollar (USD)

MSCI EAFE-ND



Universe: eInvestment EAFE Core Equity

As Of: December 31, 2015

	RM	UMC	DMC
● Ballard, Inc.: International Equity Strategy	GF	100.85	92.64
■ ClearBridge Investments, LLC: ClearBridge International Growth ADR SMA	GF	102.08	89.62
● GlobeFlex Capital, L.P.: GlobeFlex International All Cap Equity	GF	103.44	92.48
▲ HMK Asset Management, Inc.: International Equity	GF	108.84	91.62
✕ Marathon Asset Management LLP: International Equity	GF	92.89	77.87
● Neuberger Berman: International Equity	GF	78.79	72.87
◆ Newton Investment Management: Newton International Equity	GF	85.75	82.08
★ Pictet Asset Management Ltd: EAFE Equity	GF	101.60	95.70
● Putnam Investments: Putnam International Core Equity	GF	108.68	99.27
● RhumbLine Advisers Limited Partnership: MSCI EAFE Index Strategy	GF	—	—
✕ Strategic Global Advisors, LLC: SGA International All Cap Core Equity	GF	99.28	79.83
● Wellington Management Company LLP: International Quality Growth	GF	100.63	86.48
▲ Wellington Management Company LLP: International Research Equity	GF	100.71	95.06
● MSCI Index: MSCI EAFE-ND	IX	100.00	100.00
✦ Universe Median		98.30	91.55

Results displayed in US Dollar (USD)

MSCI EAFE-ND

Disclosures

The analysis in this report was prepared utilizing data from third parties and other sources including but not limited to internal computer software and databases. Reasonable care has been taken to assure the accuracy of the data contained herein, and comments are objectively stated and are based on facts gathered in good faith. These reports do not constitute investment advice with respect to the sale or disposition of individual securities. Milliman disclaims responsibility, financial or otherwise, for the accuracy or completeness of this report.

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