

Central Pennsylvania Teamsters

Consolidated

Quarterly Investment Review

December 31, 2018



Economic & Capital Market Highlights

December 31, 2018

Economy

Global expansion remains solid, but at a meaningfully slower pace. GDP growth forecasts for 2018 and 2019 were revised down, as the trade deficit hit a 10-year high in October and served as a major detractor. The US unemployment rate ended the quarter at 3.9%, up 20 bps from Q3, its lowest level since 1969; wage growth year-over-year in December was 3.2%. Citing strong economic fundamentals, the Federal Reserve raised interest rates for the fourth time this year by 25 bps, bringing short-term interest rates to a target range of 2.25% to 2.50% at the end of 2018.

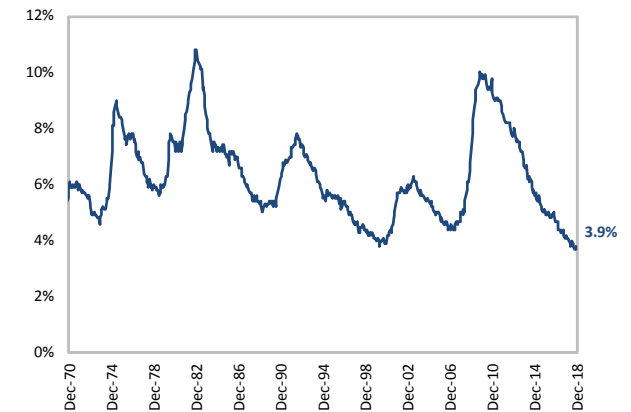
Capital Markets

Global equity markets continue to decline over the last quarter, ending the year down 10.1%; losses across all major indices reflect mounting trade tensions and fears surrounding a potential recession. Domestic equity market remained negative, with all three of the major indices seeing their worst yearly performance in over a decade. International and emerging markets saw disappointing performance across the quarter, as major equity markets outside the US suffered some of its largest losses since 2008. Emerging markets outperformed domestic equities in December, a reversal from previous underperformance earlier in the year. Fixed income performance over the quarter was positive, reversing losses experienced in the previous three quarters. The 10-year Treasury yield ended December at 2.7%, down 38 bps for the quarter. Oil fell 38% during Q4, ending the year down 11.2%, reflecting higher-than-expected inventories and concerns regarding demand if the economy continues to slow.

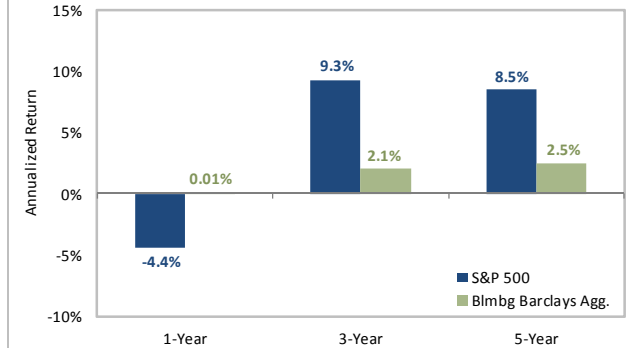
Market Performance (Returns in USD)

		Quarter	1 Year	3 Year	5 Year
MSCI ACWI IMI	Global Equity	-13.3%	-10.1%	6.5%	4.2%
Russell 3000	US Equity	-14.3%	-5.2%	9.0%	7.9%
S&P 500	US Large Cap Equity	-13.5%	-4.4%	9.3%	8.5%
Russell 1000	US Large Cap Equity	-13.8%	-4.8%	9.1%	8.2%
Russell 1000 Value	US Large Cap Value Equity	-11.7%	-8.3%	7.0%	6.0%
Russell 1000 Growth	US Large Cap Growth Equity	-15.9%	-1.5%	11.2%	10.4%
Russell 2000	US Small Cap Core Equity	-20.2%	-11.0%	7.4%	4.4%
Russell 2000 Value	US Small Cap Value Equity	-18.7%	-12.9%	7.4%	3.6%
Russell 2000 Growth	US Small Cap Growth Equity	-21.7%	-9.3%	7.2%	5.1%
MSCI EAFE	Int'l Developed Large Cap Equity	-12.5%	-13.8%	2.9%	0.5%
MSCI EAFE Small Cap	Int'l Developed Small Cap Equity	-16.1%	-17.9%	3.7%	3.1%
MSCI Emerging Markets	Emerging Market Equity	-7.5%	-14.6%	9.3%	1.7%
Alerian MLP	Master Limited Partnerships	-17.3%	-12.4%	-1.1%	-7.3%
Blmbg Barc. US Aggregate	US Core Fixed Income	1.6%	0.0%	2.1%	2.5%
Blmbg Barc. US Treasury	US Treasuries	2.6%	0.9%	1.4%	2.0%
Blmbg Barc. US Credit	US Corporate Bonds	0.0%	-2.1%	3.2%	3.2%
Blmbg Barc. US MBS	US Mortgage Backed Securities	2.1%	1.0%	1.7%	2.5%
Blmbg Barc. High Yield	US High Yield Bonds	-4.5%	-2.1%	7.2%	3.8%
NCREIF ODCE (net)	Core Real Estate	1.5%	7.4%	7.3%	9.4%

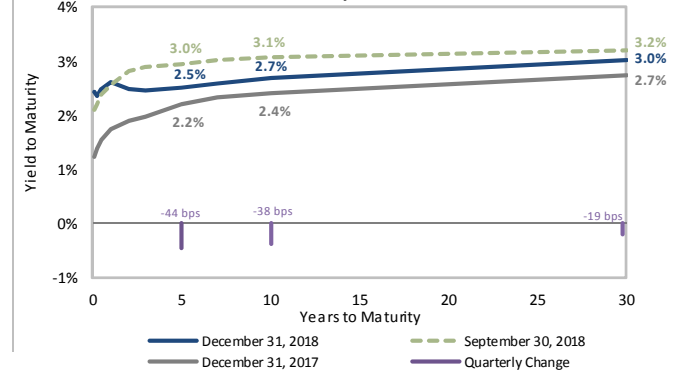
Unemployment Rate



Stocks vs. Bonds
Recent Historical Performance



Treasury Yield Curve



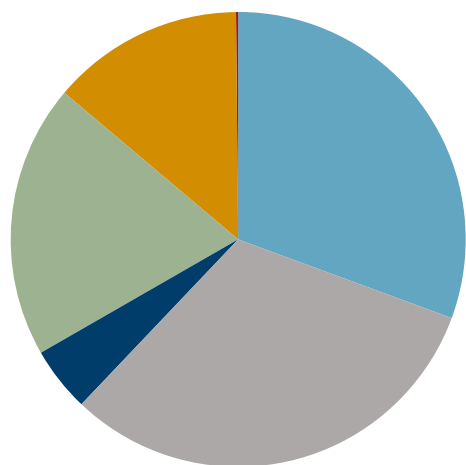
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Retirement Income Plan 1987: Portfolio Summary

As of December 31, 2018

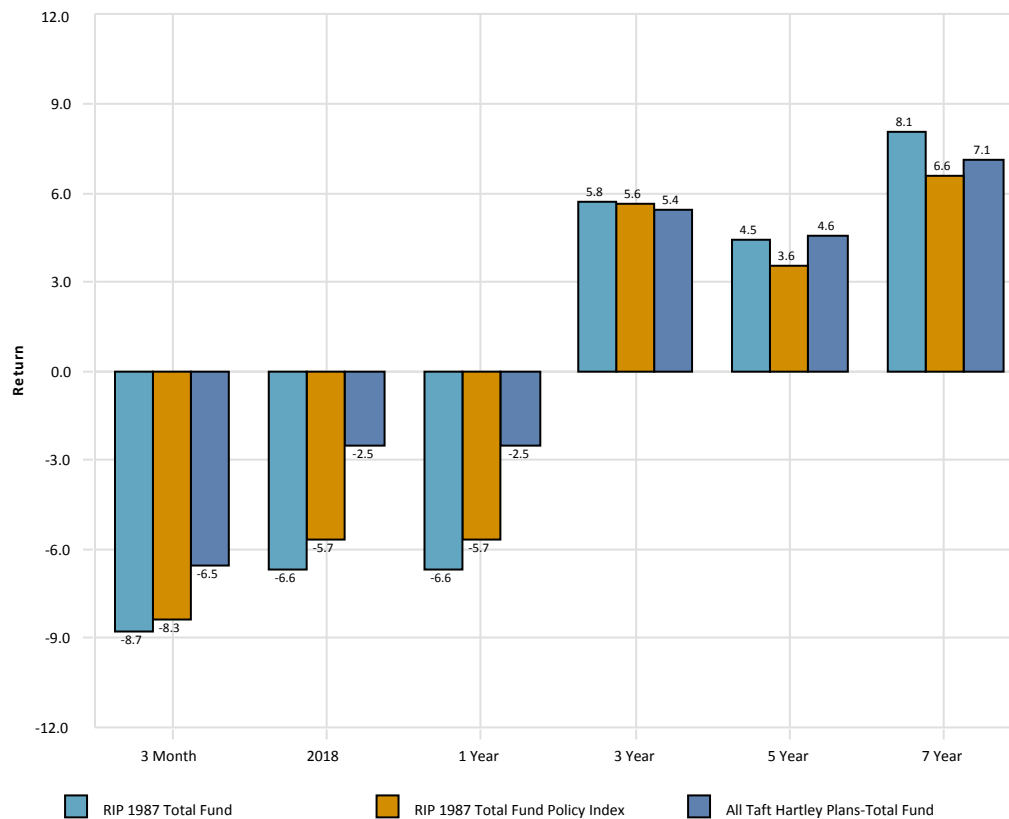
Asset Allocation

December 31, 2018 : \$1,064,492,304



	Market Value (\$)	Allocation (%)
US Equity	325,940,471	30.62
International Equity	335,097,248	31.48
Energy MLPs	49,032,362	4.61
Fixed Income	207,064,821	19.45
Real Estate	145,759,001	13.69
Cash	1,598,400	0.15

Comparative Performance



Year to Date Financial Reconciliation

	Market Value As of 01/01/2018	Net Flows	Return On Investment	Market Value As of 12/31/2018
RIP 1987 Total Fund	1,283,471,476	-142,900,610	-76,078,562	1,064,492,304

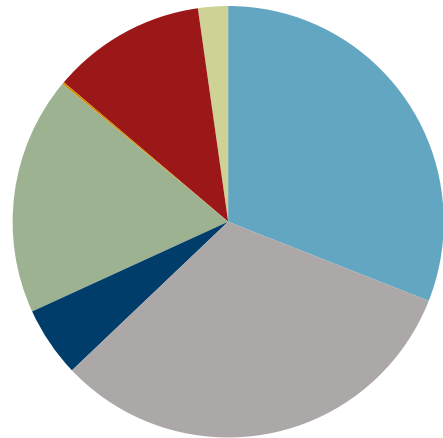
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Defined Benefit Plan: Portfolio Summary

As of December 31, 2018

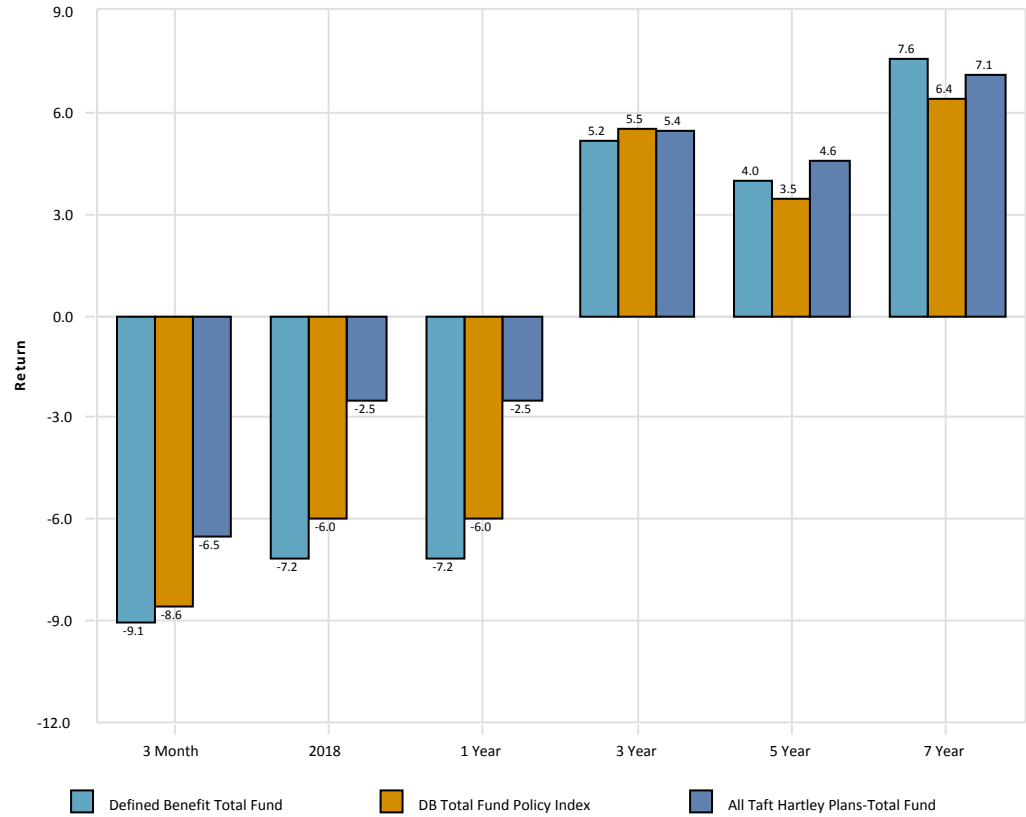
Asset Allocation

December 31, 2018 : \$973,550,495



	Market Value (\$)	Allocation (%)
US Equity	301,569,927	30.98
International Equity	310,824,919	31.93
Energy MLPs	51,299,130	5.27
Fixed Income	173,858,394	17.86
Hedge Fund	1,603,515	0.16
Real Estate	112,478,256	11.55
Cash	21,916,353	2.25

Comparative Performance



Year to Date Financial Reconciliation

	Market Value As of 01/01/2018	Net Flows	Return On Investment	Market Value As of 12/31/2018
Defined Benefit Total Fund	1,081,075,706	-32,241,783	-75,283,427	973,550,495

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