

Central Pennsylvania Teamsters

Consolidated

Quarterly Investment Review

March 31, 2019



CAPITAL MARKET MONITOR

MARCH 2019



THE DOVISH FED ANNOUNCEMENT AND OPTIMISM OVER TRADE NEGOTIATIONS LIFTED GLOBAL EQUITY MARKETS

Global markets continued to advance in March, closing out their best quarter since Q3 of 2010. Progress on trade negotiations and a surprisingly dovish Fed announcement overcame deepening growth concerns.

Slowing global growth, a weaker corporate earnings growth outlook as well as increasing financial vulnerability in the corporate sector remain risks for markets. Moreover, uncertainty surrounding Brexit and upcoming elections in Turkey, Spain, Germany and India fueled tensions. The unfolding situation in Venezuela, along with the re-emerging India-Pakistan conflict showed that geopolitical risks remain elevated.

High quality bonds outperformed global equities during the month on the Fed's pivot. Interest rate sensitive equity asset classes, such as REITs also benefited. Hedge Funds lagged stock and bond returns.

US equity markets outperformed emerging markets for the month. US large cap growth stocks were the best performing style domestically, while small-cap stocks lagged. Within emerging markets, India and China led, while Brazil underperformed.

Volatility remained well below the spikes seen in February. The US dollar strengthened despite the shift in Fed policy; specifically against the euro and British pound. Oil prices continued to move higher.

At A Glance Market Returns as of March 2019 in USD

Major Asset Class Returns	1M	3M	1Y
MSCI ACWI	1.3	12.2	2.6
S&P 500	1.9	13.6	9.5
Russell 2500	-0.8	15.8	4.5
MSCI EAFE	0.6	10.0	-3.7
MSCI EM	0.8	9.9	-7.4
Bloomberg Barclays Treasury	1.9	2.1	4.2
Bloomberg Barclays Credit	2.4	4.9	4.9
Bloomberg Barclays Credit Long	4.3	7.9	4.6
Bloomberg Barclays Aggregate	1.9	2.9	4.5
Bloomberg Barclays US TIPS	1.8	3.2	2.7
Bloomberg Barclays High Yield	0.9	7.3	5.9
FTSE WGBI	1.4	1.9	-1.4
JPM Global Diversified	-1.3	2.9	-7.6
NAREIT Equity REITs	4.4	17.2	20.5
NAREIT Global REITs	3.7	14.9	14.3
FTSE Global Core Infrastructure 50/50	2.6	13.3	14.7
Bloomberg Commodity TR	-0.2	6.3	-5.3

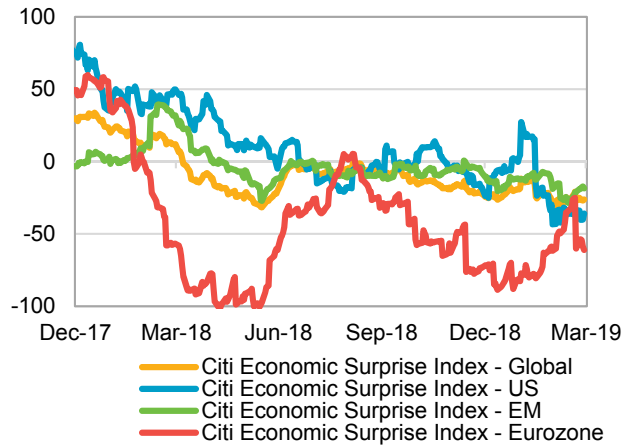
Source: Datastream

MARKET DRIVERS, ECONOMY, MONETARY POLICY

WEAKER ECONOMIC GROWTH TRIGGERS END OF QT

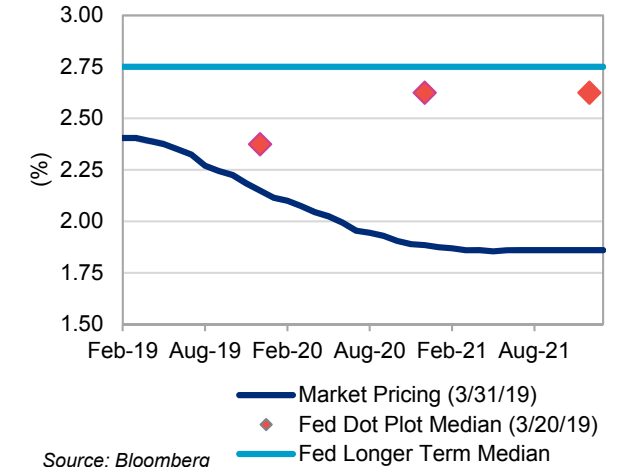
- Economic data continued to suggest slowing growth, particularly in Europe. The OECD cut estimates for global growth to 3.3% and 3.4% in 2019 and 2020, citing political uncertainty and ongoing trade tension causing weakness in Europe and China.
- The Fed announced it will end Quantitative Tightening (QT) in Sept 2019. The dot plot suggests only one rate hike by the end of 2020, while the Fed Fund futures market has priced two rate cuts.
- The ECB kept rates unchanged but announced a relaunch of its targeted longer-term refinancing option (TLTRO III) in September, aiming to provide cheap long-term loans for the financial industry. The People's Bank of China will cut its VAT tax by 15% in April to stimulate growth.
- In the UK, the British parliament rejected PM May's Brexit proposal for the third time and failed to reach an agreement ahead of the deadline for withdrawal. The EU extended the deadline until April 12 for the UK to either seek a longer extension or decide to leave the EU without a deal.
- US-China trade negotiations appear to be progressing. The trade deficit narrowed to \$51.1bn in January from \$59.9bn in December and economists' expectations of \$57.0bn.

Economic Surprise Index



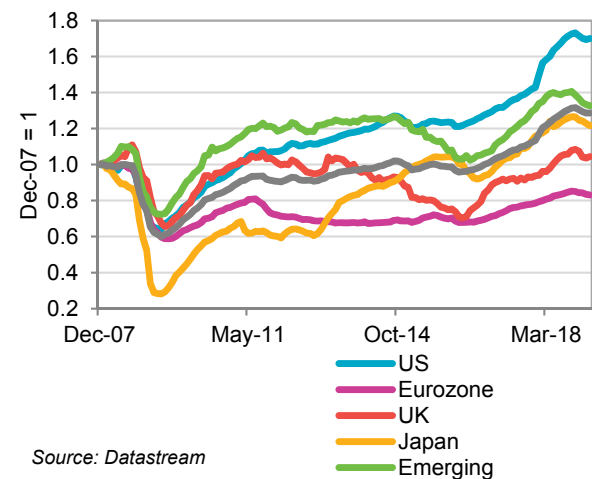
Source: Bloomberg

Fed Fund Rates



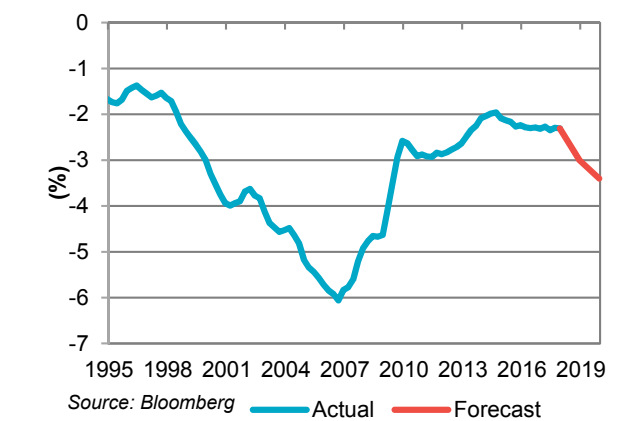
Source: Bloomberg

Forward Earnings Estimates - local Currencies



Source: Datastream

US Current Account Balance - % of GDP



Source: Bloomberg

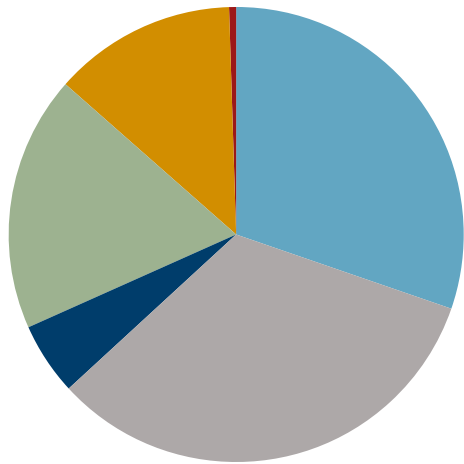
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Retirement Income Plan 1987: Portfolio Summary

As of March 31, 2019

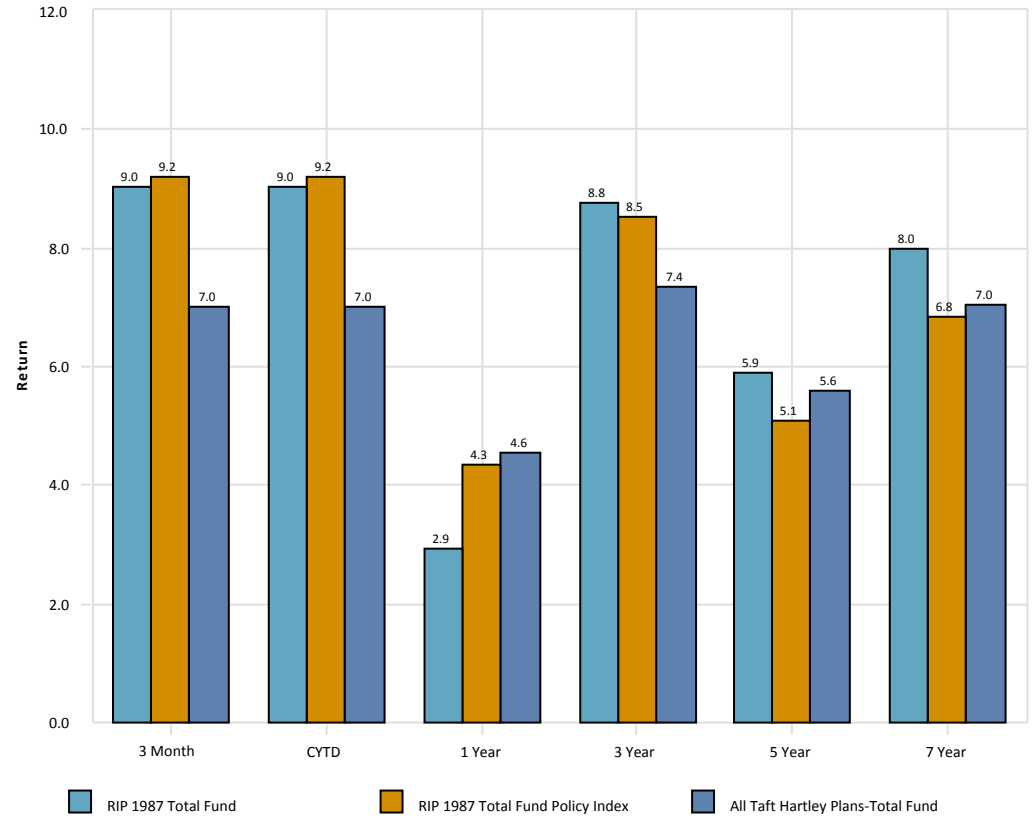
Asset Allocation

March 31, 2019 : \$1,125,395,722



	Market Value (\$)	Allocation (%)
US Equity	340,786,539	30.28
International Equity	370,119,832	32.89
Energy MLPs	57,979,623	5.15
Fixed Income	204,502,243	18.17
Real Estate	146,341,594	13.00
Cash	5,665,891	0.50

Comparative Performance



Year to Date Financial Reconciliation

	Market Value As of 01/01/2019	Net Flows	Return On Investment	Market Value As of 03/31/2019
RIP 1987 Total Fund	1,064,492,304	-34,655,133	95,558,551	1,125,395,722

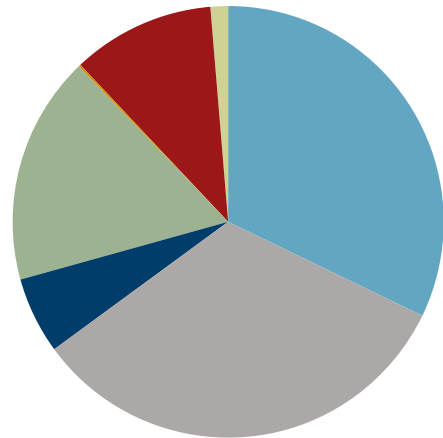
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Defined Benefit Plan: Portfolio Summary

As of March 31, 2019

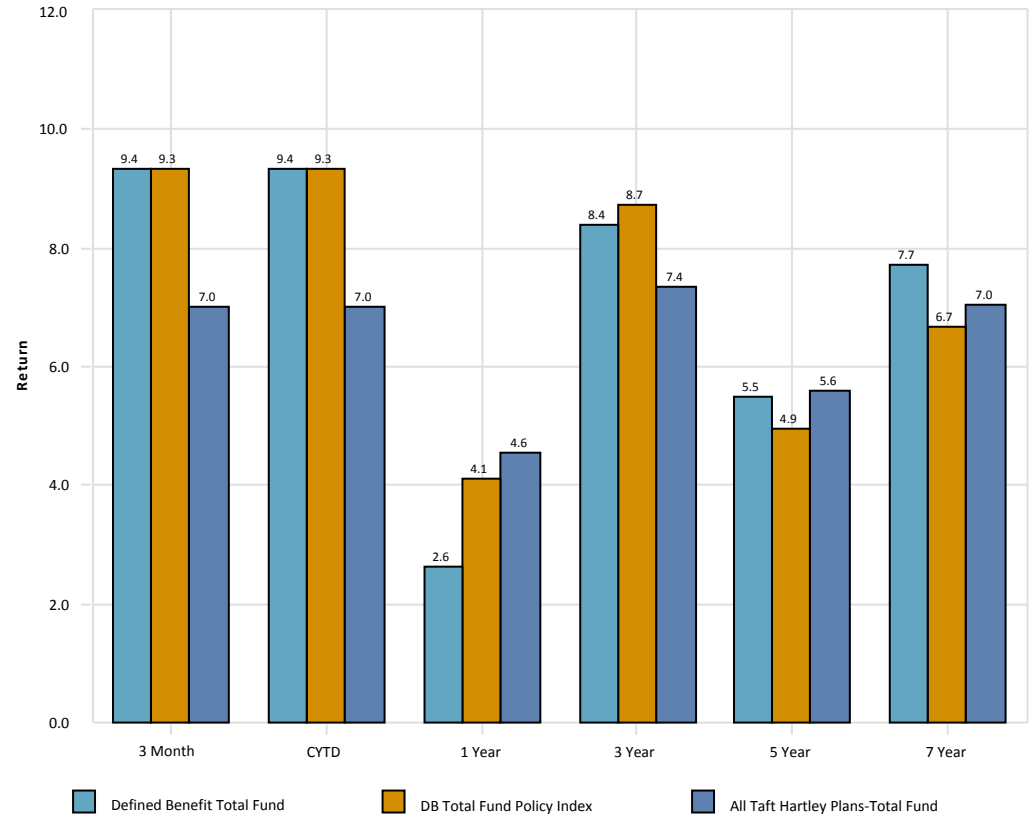
Asset Allocation

March 31, 2019 : \$1,055,968,283



	Market Value (\$)	Allocation (%)
US Equity	339,573,950	32.16
International Equity	346,246,902	32.79
Energy MLPs	60,659,545	5.74
Fixed Income	180,835,631	17.13
Hedge Fund	1,603,515	0.15
Real Estate	113,081,331	10.71
Cash	13,967,410	1.32

Comparative Performance



Year to Date Financial Reconciliation

	Market Value As of 01/01/2019	Net Flows	Return On Investment	Market Value As of 03/31/2019
Defined Benefit Total Fund	973,550,495	-8,554,382	90,972,169	1,055,968,283

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