

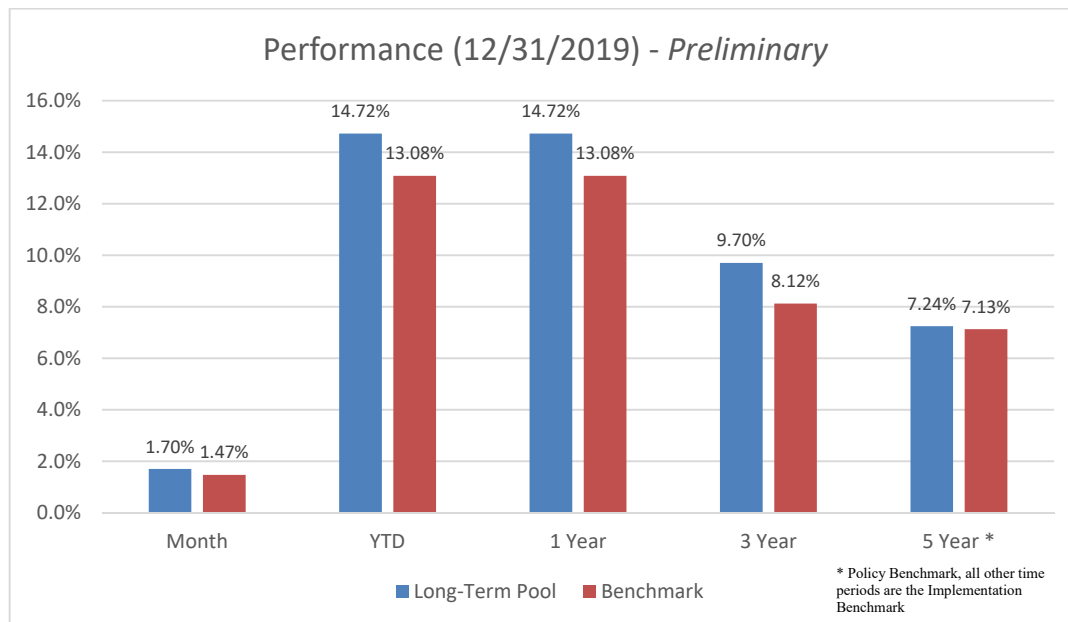
**FPPA**  
**Monthly Investment Report**  
**December 2019**

### **Economic and Market Summary**

Global equities surged higher in fourth quarter, as multiple equity market regions reached new all-time highs. Emerging markets outperformed developed stocks after underperforming year-to-date through September. Growth equities bested value equivalents, while small caps topped large caps. Global fixed income performance was mixed, as high-yield and investment-grade corporate bonds gained and credit spreads narrowed, while sovereigns declined amid rising yields. Real assets generally advanced, spurred by stronger commodity prices, particularly crude oil, copper, and various agricultural goods. Among currencies, the US dollar generally weakened, the euro was mixed, and UK sterling broadly strengthened.<sup>1</sup>

For the month of October, the MSCI ACWI IMI with US Gross equity index returned +3.57% (+26.75% YTD) and the Barclays Capital US Aggregate Bond Index returned -0.07% (+8.72% YTD).

### **Performance**



<sup>1</sup> Cambridge Associates

- *Global Public Equity:* While a strong year, the portfolio performance slightly lagged its benchmark for the year. The active extension managers were the primary detractors for the portfolio. Baillie Gifford had a strong year.
- *Long-Short Equity:* The portfolio performance slightly lagged its benchmark for the month, but solidly outperformed for the year. With the exception of Hitchwood (in the process of redemption) all managers were above benchmark YTD.
- *Fixed Income:* The portfolio performance slightly lagged its bench. A relatively lower duration profile, specifically with Garcia and Prudential, are the primary detractors for under-performance.
- *Managed Futures:* The portfolio performance continued with another down month although it has still produced solid performance for the year. The rise in interest rates and decline of the US Dollar were the primary detractors of these strategies over the last few months. Graham had a strong year.
- *Absolute Return:* The portfolio performance lagged its benchmark YTD. Both AQR strategies are the primary detractors. Autonomy has rebounded some after a significant drawdown in August primarily attributable to its Argentina exposure. Nantahala is off to a good start.
- *Private Markets:* The portfolio strategies (private capital, real assets and real estate) are meeting expectations.

### **Asset Allocation**

Long-term asset allocation targets were reaffirmed in June 2019. Strong equity markets has resulted in global equity being slightly above its target. The Glide-Path Pool and Short-Term Pool allocations are now also shown.

### **Private Markets**

Private markets cash flows slowed in 4Q, but distributions solidly exceeded contributions for the year. Portfolio details of the private markets portfolios (private capital, real assets, real estate) are attached.

### **Investment Committee**

The Investment Committee meet on December 12<sup>th</sup>. Agenda topics included:

- Quarterly Risk Report
- Currency Overlay
- Private Markets Commitment Pacing
- Asset Liability Study Update
- Liquid Strategies (all classes update)
- ESG (Environmental, Social and Governance)
- Investment Staff Incentive Program

### **Investment Activity**

***BLS (Global Equity)***: Staff approved a \$100 million investment in BLS Capital, a \$3.5 billion active global equity manager based in Copenhagen, Denmark.

***Orchard Global (Absolute Return)***: Staff approved a \$35 million commitment to Olea Special Opportunities Onshore Fund, a \$500 million fund specializing in regulatory capital relief transactions managed by Orchard Global Asset Management.

***Quadria (Private Capital)***: Staff approved a \$10 million commitment to Quadria Capital Fund II, a \$500 million private equity fund targeting healthcare opportunities in Southeast Asia.

### **Other Matters**

***Annual Compliance Reports***: Per the Investment Policy Statement, attached for the Board's review are annual activity statements for FPPA's proxy voting, class action claims and brokerage commissions. The Investment Staff has reviewed these statements and would not recommend any changes are needed with FPPA's policies or service providers in these areas.

### **Self-Directed Plans**

See attached materials from AndCo reviewing the performance and allocations of the Self-Directed Plans as of December 31, 2019.