Objectives

Financial Objectives:
• Support a stream of regular distributions in support of annual budgetary needs; and
• Preserve the real (inflation-adjusted) purchasing power of the Endowment Fund net of regular distributions

Investment Objectives:
• Target a real annualized total return, net of investment expenses, over a five to seven year horizon, that aligns with financial objectives;
• Outperform the Endowment Fund's benchmark consistent with volatility targets; and
• Adhere to the Social Witness Principles of the General Assembly of the PC(USA)

Commentary

Current Quarter
• For the quarter, the program returned 5.7% vs. the PCF Historical benchmark of 5.8%. YTD, appreciation has come in at 20.5% vs. 21.8% for the benchmark.
• U.S. Equities had a strong run in 2019, up 10.5% in Q4 and over 33% YTD.
• Clean Energy was also strong, returning 8.6% during this quarter and 43.8% YTD.
• Real Assets returned a modest 2.7% in Q4 but still up over 27% YTD.
• Fixed Income program was flat for the quarter in line with expectations.
• The drag in YTD returns is due to the buildup of the Private Equity portfolio. The liquid portion of the portfolio (82.2%) was up +23.6% YTD vs. 21.5% for the liquid benchmark.

Tactical Themes
• Maintain relative overweight to Non-US Equities based on higher relative expected returns.
• Continue to underweight allocation to IG Fixed Income in current economic and interest rate environment, while strategic allocations to Real Assets remains intact.
• Continuing to build out Private Equity exposure towards its target portfolio allocation.

Actual vs. Target Allocation

Asset allocation does not guarantee a profit or protection against a loss in declining markets.
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