

# **WSSC Employee Retirement Plan**

## **2018 Annual Results**

**Commission Meeting**  
**March 20, 2019**

# WSSC Employee Retirement Plan – 2018

- ▶ Valuation: \$741.7 million
  - December 31, 2018
- ▶ Presented to Board of Trustees
  - February 27, 2019

# 2018 Fund Finances

## ▶ Asset Allocation

◦ U.S. Equities	39.4%
◦ Non-U.S. Developed Equities	13.1%
◦ Emerging Markets Equities	4.7%
◦ Fixed Income	24.7%
◦ Global Tactical	8.0%
◦ Real Estate	6.3%
◦ Real Return (TIPs)	<u>3.8%</u>
TOTAL	100.0%

## ▶ Fund Cash Flow (millions)

◦ Beginning Assets 12/31/17	\$832.3
◦ Investment Loss 2018	(\$59.2)
◦ Contributions/Payments, net	<u>(\$31.4)</u>
Ending Assets 12/31/18	\$741.7

# Responsive Board Actions

- ▶ September – in response to U.S. Equity overweight
- ▶ Corrected overweight
  - Transferred \$40 million from U.S. Total Stock Market Index to Fixed Income guaranteed deposit account

# 2018 Fund Market Conditions

- ▶ Federal Reserve moving away from accommodative policies
  - Increased rates four times throughout the year
- ▶ GDP expanded at 2.9 percent
  - Retail sales and government shutdown dampened growth by the 4th quarter
- ▶ Unemployment declined to 3.9 percent
  - Improved from recessionary peak of 10.0 percent
- ▶ Dollar once again appreciated
  - Up 2.8 percent relative to MSCI EAFE currencies

# 2018 Fund Full Year Returns

- ▶ Total Fund down 7.2 percent for year
- ▶ Domestic Equity down 7.5 percent
  - 230 basis points below Russell 3000 due to Small Cap and Value allocations
- ▶ International down 13.0 percent
  - 80 basis points above its benchmark (MSCI EAFE) due to Emerging Markets allocation
- ▶ Fixed Income down 1.0 percent
  - 100 basis points below return of BC Aggregate Index due to High-Yield allocation and manager performance

# Questions

