



Trust Fund for the People of the Federated States of Micronesia

1849 C St. NW, Room 3117
Washington D.C. 20240
PRESS RELEASE

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Contact: Anthony Costanzo, Executive Administrator
ExecutiveAdministrator@fsmcfatf.com 703-200-3459

Trust Fund Committee of the Trust Fund for the People of the Federated States of Micronesia Conducts Third Quarter Meeting to Review Trust Fund Performance and Other Trust Fund Business

WASHINGTON, D.C. (June 15th, 2020)– The Trust Fund Committee of the Trust Fund for the People of the Federated States of Micronesia (the Fund) conducted its fiscal year 2020 (FY20) second quarter meeting on June 4th (EDT) and 5th (Pohnpei) via videoconference.

The meeting covered the Fund's investment performance for the January-March 2020 quarter as well as a current market update given the COVID-19 pandemic and the effect on the Fund as well as the global economy and financial markets.

For the January-March 2020 quarter, the Fund lost 13.46%, below the benchmark of -13.07%. The net asset value of the Fund was \$662,163,753, preliminary and unaudited, as of 3/31/20. The loss was due to the financial and economic disruptions caused by the COVID-19 pandemic.

The Fund recovered in April with a gain 6.6% for the month. For the fiscal year to date (as of 10/1/19), the Fund was down 2.4% and ended the month with a net asset value of \$705,858,535, preliminary and unaudited.

The Committee reviewed and approved adjustments to the Investment Policy Statement to guide the asset allocation and glide path to fiscal year 2023, including adding updated capital market assumptions. The Committee approved a service proposal from the Fund's auditor, Baker Tilly LLC, to conduct the Fund audits for fiscal years 2020, 2021 and 2022. The Committee also noted the current status of bilateral negotiations between the governments of the United States and the Federated States of Micronesia, including distribution policy and Trust Fund issues post 2023.

The next quarterly meeting will take place in late August or early September 2020.

As stated in Article III of the Agreement Between the Government of the United States of America and the Government of the Federated States of Micronesia Implementing Section 215 and Section 216 of the Compact, as Amended, Regarding a Trust Fund, the purpose of the Fund is to contribute to the economic advancement and long-term budgetary self-reliance of the Federated States of Micronesia by providing an annual source of revenue after fiscal year 2023. For more information on the Fund, visit the official website at <https://fsmcfatf.com/>.

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