

**MINUTES OF THE ARCHIVES PARTNERSHIP TRUST BOARD
 INVESTMENT COMMITTEE MEETING CONFERENCE CALL
 10:00 am, January 25, 2023
 Cultural Education Center, Room 9C49, 222 Madison Avenue, Albany, NY**

Investment Committee Members Present

By Telephone: Barbara A. Brinkley, Stephen Pagano, Harold Iselin, and Rosemary Vietor

Staff Present

Janet Braga, Director

Others Present

Paul Murray, First Vice President, Investments, Janney Montgomery Scott LLC

Excused

Joyce Shenker

Call to Order

Ms. Brinkley called the meeting to order at 10:01 am, and Mr. Murray began with his report.

Review of Portfolio Performance for the Last Quarter and Investment Distribution as a Result of Market Performance

- Mr. Murray stated markets had a nice rally in the 4th quarter from summertime oversold levels. The account ended the year on 12/31/22 at \$4,846,781 vs. September 30th at \$4,566,723 – a net gain of +280,058 for the quarter. He noted we are still well below the “high water” mark, but took some relief with this rally and perhaps early signs of market stabilization. As of the time of the meeting the portfolio was up \$100,000 to just over \$4,930,000.

Asset allocation:

| | |
|-------|--|
| 7.6% | cash and equivalents (cash/fixed income or securities to mature in six months) |
| 65.6% | in equities (52.1% U.S. and 13.5% international) |
| 26.6% | fixed income (CDs and the bond mutual funds) |
| 0.2% | other (a blended fund composed of both stocks and bonds) |

Broad asset allocation ratio:

| | |
|-------|--------------|
| 65.6% | equities |
| 34.4% | fixed income |

Performance:

| Trust Portfolio vs Benchmarks | 4th Qtr | YTD | Since 12/31/2006* |
|---|----------------|------------|--------------------------|
| • Trust’s portfolio | 6.18% | -15.55% | 5.77% |
| • S&P 500 Composite Index | 7.08% | -19.44% | 6.42% |
| • Blended Benchmark Portfolio (55% S&P 500 Total Return, 15% MSCI EAFE GTR, and 30% Merrill Lynch 3-month Treasury) | 7.30% | -14.05% | 6.53% |

* the date Janney began using its current tracking database

Portfolio Changes:

| | 4th Qtr | YTD |
|---------------------------|---------------------------|------------|
| Net deposits/withdrawals: | \$0 | -\$190,000 |
| Total Earnings: | \$280,058 | -\$898,809 |

Investments

- Investment return for the quarter was +6.18% vs +7.08% for the S&P Index and +7.30% for our blended benchmark of stocks and short-term bonds. For the year, the portfolio finished the year -15.55% vs the S&P decline of -19.44%. The bond market rallied a little bit in the last quarter as market interest rates moved lower (despite the Fed continuing to raise short term rates) – however, the benchmark Bloomberg Aggregate Bond Index closed the year -13.01%.
- Allocation on 12/31/2022 per “Quick View” report remains around 28% cash/bond funds/CDs (fixed) and 72% stock mutual funds/equity ETFs. Mr. Murray did not recommend any changes at this point to our holdings, although suggested a discussion about rebalancing at some point in 2023 if market conditions are appropriate – we are near the high end of our stock market threshold.
- Mr. Murray recommended no changes at this time to our mutual fund holdings noting we are very diversified, and all funds continue to show acceptable ratings and returns (Archives Morningstar). He reminded the committee that the Vanguard Short Term Bond Index Fund was eliminated from the portfolio in October.
- Mr. Murray shared with the committee Janney’s Index Master showing various benchmarks for the market (US, Global, Bonds, etc.) for the period ending 12/31/2022 showing how challenging the year was and that most areas of the market were negative (exceptions being energy related commodities and utility stocks).

Interest Rates

- Mr. Murray reported interest rates moved lower in the 4th quarter. 5 Year Treasury yields (which began the year around 1.25%) fell from 4.20% in September to 4.0% in December and at the time of this writing 1/12/23 trade around 3.61%. 10 year yields were fairly flat for the quarter staying around 3.80%, but have moved down to around 3.5%. The yield curve became more inverted during the quarter (meaning short term rates are higher than long term rates). In July 2020 the 5 Year Treasury rate bottomed at around 0.25% and peaked around 4.30% in early November 2022, not long after we converted the Vanguard Short Term Bond Fund to individual laddered CDs to lock in attractive rates.
- At the time Mr. Murray prepared materials for the meeting, 2023 started off well (1/12/2023) with the portfolio back to around \$4,984,000. The environment still remains volatile on a day-to-day basis, but there seems to be some very early signs of stabilization and easing of inflation. Janney expects markets to remain volatile/sideways in the first half of 2023 with improved outlook for the 2nd half of 2023.

Review of Bond Performance

- **Bonds/CDs:** Mr. Murray reported a \$60,000 CD matured on October 31, 2022 and a \$150,000 CD matures on 1/30/23. This will bring cash balance to around \$295,000. After the January draw down of \$228,000 he projects around \$65,000-\$70,000 could be reinvested in a CD maturing in 2026-2027. The current rate is 4.20%. Additional CDs will mature later in 2023 - \$70,000 in October and \$100,000 in November.

Cash (Available, Needs, Projections)

- Ms. Braga reported that the \$100,000 of the budgeted drawdown amount was transferred from Janney to the Trust’s project account and approvals are in place to transfer the remaining \$128,000 after the next CD matures on 1/30/23. Ms. Braga stated the Trust will end the fiscal year (March 31, 2023) on budget.

Action Items

- Mr. Murray recommended reinvesting excess cash in the money market account after the final transfer of the Trust's annual drawdown is made into a CD maturing in 2026-2027. He anticipates excess cash to be between \$65,000-\$70,000.

Stephen Pagano made a motion to reinvest excess cash after the annual drawdown for FY22-23 is complete into a CD maturing in 2026-2027. The motion was seconded by Rosemary Vietor and passed by unanimous vote.

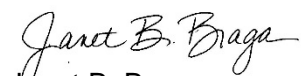
Conclusion

- Mr. Murray stated the Trust's portfolio is well position to ride out a couple quarters of volatility. He will keep an eye on the market and let the committee know if rebalancing is needed.

Chairperson, Ms. Brinkley thanked Mr. Murray for his continued expertise and guidance. She stated his detailed reports are thoughtful and easy to follow. The meeting was adjourned at 10:30 am.

The next Investment Committee meeting is next scheduled for April 26, 2023.

Respectfully submitted,



Janet B. Braga
Director