

MINUTES OF THE ARCHIVES PARTNERSHIP TRUST BOARD

INVESTMENT COMMITTEE MEETING CONFERENCE CALL

10:00 am, May 7, 2024

Cultural Education Center, Room 9C49, 222 Madison Avenue, Albany, NY

Investment Committee Members Present

By Telephone: Peter Millock, Stephen Pagano, and Tom Ruller.

Staff Present

Janet Braga, Director

Others Present

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

Excused

Harold Iselin and Rosemary Vietor

Call to Order

Mr. Millock called the meeting to order at 10:05 am, and Mr. Murray began with his report.

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

- Mr. Murray stated markets were off to a good start in Q1 and continued to build on a 2023 rally. Strong economic readings and the expectations for lower interest rates/Fed rate cuts at some point in 2024 fueled the numbers. The endowment started the quarter at \$5,384,262 on 12/31/2023 and ended at \$5,497,582 on 3/31/2024. The strong market made up for the \$228,00 annual withdrawal taken in January – net investment increase for the quarter was +\$341,320 after adjusting for the withdrawal. As of the time of the meeting the portfolio stood just under \$5.5 million.

Asset allocation:

2.9%	cash and equivalents (cash/fixed income or securities to mature in six months)
68.7%	in equities (54% U.S. and 14.7% international)
28.3%	fixed income (CDs and the bond mutual funds)
0.1%	other (a blended fund composed of both stocks and bonds)

Broad asset allocation ratio:

68.7%	equities
31.3%	fixed income

Performance:

Trust Portfolio vs Benchmarks	1st Qtr	YTD	Since 12/31/2006*
• Trust's portfolio	6.69%	6.69%	6.66%
• S&P 500 Composite Index	10.16%	10.16%	7.89%
• Blended Benchmark Portfolio	6.61%	6.61%	7.51%

* the date Janney began using its current tracking database

Portfolio Changes:

	1st Qtr	YTD
Net deposits/withdrawals:	\$228,000	-\$228,000
Total Earnings:	\$341,320	\$341,320

Investments

- Investment return for the quarter was +6.69% vs +10.16% for the S&P 500 Composite Index and +6.61% for our blended benchmark of stocks and short-term bonds. The “Equal Weighted” S&P 500, perhaps a more accurate measure of a market without concentration in the technology group, posted a +7.39% return for the quarter.
- Allocation on 3/31/2024 per “Quick View” report is roughly 28% cash/bond funds/CDs (fixed) and 72% stock mutual funds/equity ETFs. +70% is back to the higher end of our range and we will continue to monitor for rebalancing opportunities. Mr. Murray did not have any recommendations at this time.
- Mr. Murray reported Mutual Fund returns continue to show acceptable ratings and returns (Archives Morningstar). “Growth” (heavy technology exposure) continues to lead the return numbers (Growth Fund of America, Fundamental Investors). Interest rate sensitive “small company” stocks struggling so far this year – but we continue to advocate modest exposure to this group for full diversification. Mr. Murray has full confidence in the primary manager, American Funds/Capital Group.

Interest Rates

- Mr. Murray reported Interest rates were in the rise again in the 1st Quarter. Benchmark 10-year Treasury yields moved from 3.87% in December to 4.21% March 31st. The benchmark Bloomberg Aggregate Bond Index fell slightly -0.78% for the quarter (as interest rates rise, bond prices/values decrease). Mr. Murray stated stubborn inflation data has investors pushing off their expectations for Fed rate cuts until later this year – if perhaps at all. Rates on 4/26/2024 closed around 4.67% - the highest level since early November 2023. The tick up in rates and the likelihood of “higher for longer” has pressured the equity market in April. Mr. Murray is not surprised to see some sort of pullback or rest given the market strength in the last 6 months.
- Mr. Millock asked what our reaction would be if there was a drastic downturn in the economy. Mr. Murray stated that while we have been through periods of uncertainty in the past, the portfolio is well diversified, and the CD ladder helps to ensure cash flow over a period of years. Our investment strategy is to be proactive in managing risk potential, stay on the side of conservative, and stay faithful to a long-term approach.

Review of Bond Performance

- **Bonds/CDs:** Mr. Murray reported \$175,000 in CDs matured in January 2024, a \$60,000 CD matured in February 2024, and a \$50,000 CD matured in May 2024. Recommendations for reinvestment under action items below. The next CD to mature will be in August 2024.

Cash (Available, Needs, Projections)

- Ms. Braga reported that the new fiscal year has started out strong and does not anticipate any additional needs at this time.

Action Items

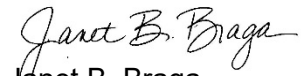
- Mr. Murray recommend the committee reinvest \$50,000 from the CD maturing on 5/6/24 back into our ladder for 4-years (2028) at a current rate 4.65%. Mr. Murray noted the yield curve is still inverted – higher rates are available for shorter term (i.e. 5% for 2 years) but we want to continue the discipline of a smooth “ladder” of maturity dates to hedge against future reinvestment rates.

Tom Ruller made a motion directing Paul Murray to reinvest \$50,000 into a 4-year CDs extending the portfolio's CD ladder to 2028-2029. The motion was seconded by Stephen Pagano and passed by unanimous vote.

Chairperson, Mr. Millock thanked Mr. Murray for his continued expertise. The meeting was adjourned at 10:38 am.

The next Investment Committee meeting is next scheduled for **July 24, 2024**.

Respectfully submitted,



Janet B. Braga
Director