MINUTES OF THE ARCHIVES PARTNERSHIP TRUST BOARD
INVESTMENT COMMITTEE MEETING
10:00am, October 17, 2018
Cultural Education Center, Room 9C49, 222 Madison Avenue, Albany, NY

Investment Committee Members Present
By Telephone: Barbara A. Brinkley, Board Treasurer and Committee Chair; Stephen Pagano, Board Chair; and Harold Iselin

Staff Present
Janet Braga, Director

Others Present
Paul Murray, First Vice President, Investments, Janney Montgomery Scott LLC (by telephone)

Excused
Joyce Shenker and Rosemary Vietor

Call to Order
Ms. Brinkley called the meeting of the Investment Committee to order at 10:05 am, noting a quorum at the start of the call. She invited Mr. Murray to begin with his report.

Review of Portfolio Performance for the Last Quarter and Investment Distribution as a Result of Market Performance
Mr. Murray reported that as of September 30, 2018:
Account value: $4,734,725 vs. 6/30/18 $4,587,663 – a nice jump for the quarter with the strong summer market. Asset allocation:

4.9%	cash and equivalents (cash/fixed income or securities to mature in six months)
64.4%	in equities (48.4% U.S. and 16.1% international)
30.6%	fixed income (CDs and the bond mutual funds)
0.1%	other (a blended fund composed of both stocks and bonds)

- Broad asset allocation ratio:

64.4%	equities
35.6%	fixed income

- Performance:

Trust Portfolio vs Benchmarks	**3rd Qtr**	**YTD**	**Since 12/31/2006***
• Trust's portfolio	3.07%	5.47%	6.36%
• S&P 500 Composite Index	7.20%	8.99%	6.32%
• Blended Benchmark Portfolio (55% S&P 500 Total Return, 15% MSCI EAFE GTR, and 30% Merrill Lynch 3-month Treasury)	4.57%	6.15%	6.07%

* the date Janney began using its current tracking database

- Portfolio Changes:

	3rd Qtr	YTD
Net deposits/withdrawals:	$6,768	-$140,509
Total Earnings:	$140,249	$247,865

Mr. Murray noted:

• There were no withdrawals during the quarter; deposits were made totaling $6,792; $24.45 was moved to the "special" account to cover a credit card/ACH transaction, so net deposits equaled $6,768.

• Investment earnings were $140,295 or a gain of +3.07% for the quarter. The benchmark S&P 500 Index for stocks was up +7.92% for the quarter and our blended benchmark returned +4.57%. This quarter's gain now has pushed the portfolio up +5.47% for the year.

• Allocation per "Quick View" report is approximately 30% cash/bond funds/CDs and 70% stock mutual funds/ETFs. "Large Cap Domestic" stocks represent our biggest allocation at 39.8% but we are well diversified across all areas of the equity market. This allocation is relatively unchanged from last quarter.

Mutual Funds

Mr. Murray referenced mutual funds continue to be well rated and posting good relative results. "Growth" funds continue to lead the way this year with strong returns year to date. iShares Small Cap Growth and American Funds Growth Fund of America leading the pack. Income/yield oriented funds (bonds, high dividend paying stocks) still flat to slightly down because of the rise in interest rates. Aggressive international funds, specifically emerging markets, under pressure this year. New World fund is showing a loss, but we have a relatively modest holding in that fund. Overall, still a very good mix of funds, covering all areas of the market – from conservative areas to more aggressive areas. Note: Morningstar chart provided to the committee summarizes these YTD returns as of 10/10/18 – the day the market fell over 800 points. Even with this down day in the chart, the numbers are still acceptable – average return across all funds equally weighted is over 4% YTD.

Interest Rates

Interest rates continue to slowly rise – a big reason for the recent market volatility. Yield on 10-year Treasury was 3.05% as of 9/30 (3.20% at the time of this writing on 10/11) vs. 2.85% at the end of June (2.41% at end of December). This has put some pressure on "income" oriented investments like bonds and high paying dividend stocks (inverse relationship between interest rates and market price of bond). Yield curve is still fairly flat – not much additional return on longer term bonds. Difference between 5 Year and 10 Year Treasury bond is still around 0.15%-0.20%, although long term rates are starting to see some lift recently (and 30 Year Treasury rate is 3.34 as of 10/11%). All the significant movement in interest rates has been on the short end of the curve (less than 5 Years).

Review of Bond Performance

- **Bonds/CDs Called:** No CDs have been called.
- **Bonds/CDs Matured/Maturing:** $100,000 Wells Fargo Bank 1.250% CD comes due 11/16/18. Given the Trust's projection for no immediate cash needs, Mr. Murray

recommended rolling this over to another CD. A new CD for $100,000 would come due in 2023. Current rates are 3.35% - a nice improvement from the one that is maturing and keeps our fixed income allocation intact.

Resolved, A motion to direct Mr. Murray to invest the proceeds of the $100,000 Discover Bank CD maturing November 16, 2018 into a 5-year CD (at about 3.35%) was made by Mr. Iselin, seconded by Mr. Pagano, and unanimously passed.

Mr. Murray will forward a recommendation to the committee for the $100,000 CD purchase closer to the maturity date.

Cash (Available, Needs, Projections)
Ms. Braga reported that we are on track with budgeted revenue projections. Sponsorship support for the Empire State Archives & History Award event (ESAHA) will exceed goal. A recent campaign to increase endowment funds for education through the Chodos Family Fund generated $13,500. Ms. Braga reported the Fall Annual Appeal will be sent out during the week of October 20th and the Trust received word it will receive a $125,000 Saving America's Treasures grant for the court records collection acquired in 2017. Overall, the Trust is in line with projected expenses and income.

Endowment Balance and Quality
Mr. Murray proposed rebalancing the portfolio in response to recent volatility in the market and because we are on the high end of equity average allowance as dictated by the Trust's investment policy. Mr. Murray proposed moving $250,000 out of equities and transferring it to fixed income, specifically our CD ladder topping off years 3-5 with a 3% return or better. This recommendation will lower the overall equities average down to the 60% range.

Resolved, That the Investment Committee directs and provides Mr. Murray flexibility in reducing endowment equities by $250,000 in a prorated fashion and reallocated them to fixed income investments. The motion was made by Mr. Iselin, seconded by Mr. Pagano and passed unanimously.

Conclusion
Mr. Iselin motioned to adjourn the meeting and Mr. Pagano seconded the motion. Ms. Brinkley adjourned the meeting 10:40 am and thanked all for their participation.

The next Investment Committee meeting is next scheduled for January 16, 2019.

Respectfully submitted,

Janet B. Braga

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Director
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