

**MINUTES OF THE ARCHIVES PARTNERSHIP TRUST BOARD
INVESTMENT COMMITTEE MEETING CONFERENCE CALL
10:00 am, October 24, 2023
Cultural Education Center, Room 9C49, 222 Madison Avenue, Albany, NY**

Investment Committee Members Present

By Telephone: Barbara A. Brinkley, Stephen Pagano, Joyce Shenker and Rosemary Vietor

Staff Present

Janet Braga, Director

Excused

Harold Iselin

Others Present

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

Call to Order

Ms. Brinkley called the meeting to order at 9:59 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 reported market rally stalled in September with a slight pullback. On 9/30/2023 the endowment balance was \$4,931,300 after crossing the \$5 million mark this summer with Q2 6/30/2023 value at \$5,039,079. He stated that there were no deposits/withdrawals in Q3, so the net loss for the quarter was -\$107,779. Year-to-date gains were positive at +\$312,519. As of market close on October 23rd, the account value was \$4,850,917 bringing the account return at +4.93%.

Asset allocation:

4.1%	cash and equivalents (cash/fixed income or securities to mature in six months)
64.3%	in equities (49.9% U.S. and 14.3% international)
31.5%	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%	equities
32%	fixed income

Performance:

Trust Portfolio vs Benchmarks	3rd Qtr	YTD	Since 12/31/2006*
• Trust's portfolio	-2.05%	6.63%	5.91%
• S&P 500 Composite Index	-3.65%	11.68%	6.83%
• Blended Benchmark Portfolio (55% S&P 500 Total Return, 15% MSCI EAFE GTR, and 30% Merrill Lynch 3-month Treasury)	-2.89%	8.52%	6.75%

* the date Janney began using its current tracking database

Portfolio Changes:

	3rd Qtr	YTD
Net deposits/withdrawals:	\$0	\$228,000
Total Earnings:	-\$107,779	\$312,519

Investments

- Investment return for the 3rd quarter was -2.05% vs -3.65% for the S&P Index and -2.89% for our blended benchmark of stocks and short-term bonds. For the year, the portfolio is +6.63% vs the S&P +11.68% YTD. Mr. Murray mentioned the S&P 500 Index numbers continued to be skewed by the concentration of large technology companies' performance. An "Equal Weighted" S&P 500 has produced a modest +0.27% year to date return, perhaps a more accurate measure of a market without concentration in the technology group. At the time of the meeting, the stock market was up by 258 pts and interest rates were stable.
- Allocation on 9/30/2023 was roughly 32% cash/bond funds/CDs (fixed) and 68% stock mutual funds/equity ETFs. Mr. Murray reported at market close on October 23rd, stock prices have weakened, and bond yields have risen. The S&P 500 (market cap weighted) was still positive +9.83% with technology stocks still holding their gains for the year. The Dow slipped into negative territory for the year at -0.64% and the "equal weighted" S&P 500 is also negative for the year at -3.68%.

Interest Rates

- Interest rates rose in the Q3 quite substantially. 10-year Treasury yields moved from 3.81% in June to 4.57% at end of September, and 4.80% in early October. Recent world events have pushed the rate back to about 4.60% as a "flight to safety" trade in the Treasury market. The benchmark Bloomberg Aggregate Bond Index declined -3.23% for the quarter (as interest rates rise, bond prices/values decline) and pushed bonds into negative returns YTD. In October, short term yields have held steady, but the long end of the curve has risen, with 5- and 10-year Treasury yields briefly touching 5% last week. Rates backed off a little yesterday to 4.85%-4.90%. Mr. Murray noted that these yields are at nearly 20-year highs. Barbara Brinkley asked Mr. Murray's opinion if the Federal Reserve is tightening to support the dollar or to fight inflation. Mr. Murray stated he believes they are doing a little of both however inflation is still not at the 2% target.

Mutual Funds

- Mr. Murray did not recommend any changes at this time to our mutual fund holdings or the commentary – we are very diversified, and all funds continue to show acceptable ratings and returns (Archives Morningstar). He stated all of our fund holdings are very representative of the general market – those that fell the most last year, have bounce the most this year (i.e. Growth Fund of America) +22.17% YTD, whereas the more conservative areas (Capital Income Builder, American Mutual) held their own relatively well last year but lagging to the upside this year. Mr. Murray mentioned Growth Fund of America is the endowment's largest mutual fund and is in a good spot in the market and helping to balance the overall fund. Janney's next quarterly meeting with the Growth Fund of America is today. He will report back to the committee if there are any major changes.

Review of Bond Performance

- **Bonds/CDs:** CDs will mature October 30, 2023 - \$70,000 and November 21, 2023 -\$100,000.

Cash (Available, Needs, Projections)

- Ms. Braga reported that the Trust is in a good position and does not anticipate needing additional funds before the budgeted drawdown in mid-January 2024. The Empire State Archives & History Award program is on target and the Fall Annual Appeal Campaign was launched last week.

Action Items

- Mr. Murray reported as we quickly approach year end, we have to be mindful of cash needs for January 2024 and the annual withdrawal. With the upcoming CDs maturing: \$70,000 Oct 30th and \$100,000 November 21st, the cash on hand (\$50,000), plus interest and dividends, we are in good shape. Mr. Murray recommended the committee consider reinvesting \$70k now, hold the \$100k in cash and then re-examine our positions at year end and extending our CD ladder into 2028. Wells Fargo is currently offering a 5-year CD at 5%. He anticipates the rate 5% or close to it when the CD matures next week. Mr. Murray will check in with the committee by the end of the year to confirm whether or not other changes need to be made.

Stephen Pagano made a motion to reinvest \$70,000 in proceeds from a CD maturing on October 20, 2023 into a 5-year CD with a maturation date in 2028. Rosemary Vietor seconded the motion and the committee voted unanimously for Mr. Murray to proceed.

Chairperson, Ms. Brinkley thanked Mr. Murray. Joyce Shenker made a motion to adjourn the at 10:35 am and Rosemary Vietor seconded the motion. The motion was approved.

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

Respectfully submitted,



Janet B. Braga
Director