

**MINUTES OF THE ARCHIVES PARTNERSHIP TRUST BOARD  
 INVESTMENT COMMITTEE MEETING CONFERENCE CALL  
 10:00 am, October 26, 2022  
 Cultural Education Center, Room 9C49, 222 Madison Avenue, Albany, NY**

**Investment Committee Members Present**

By Telephone: Barbara A. Brinkley, Stephen Pagano, Harold Iselin, and Joyce Shenker

**Staff Present**

Janet Braga, Director

**Others Present**

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

**Excused**

Rosemary Vietor

**Call to Order**

Ms. Brinkley called the meeting of the Investment Committee to order at 10:03 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 continued to decline in the 3rd quarter but at a slower rate than in the 2nd quarter. The market continues to worry about the federal government’s fight against inflation through interest rate increases – it is expected that at least two more rate hikes will occur in November and December this year. Short to intermediate term interest rates were back to levels not seen in over a decade (4% plus on 5-year Treasury bonds). After an impressive “summer rally” in July/early August, the market reversed course in September to close back towards the lowest levels so far this year. The account ended September 30th at \$4,566,723 vs June at \$4,746,073 – a net decline of -\$179,351 (-3.82%) in market value for the quarter. Mr. Murray stated there are signs that efforts by the federal government are working and recommends a wait and see approach for 2023.

Asset allocation:

5.7%	cash and equivalents (cash/fixed income or securities to mature in six months)
64.9%	in equities (50.8% U.S. and 14.1% international)
29.3%	fixed income (CDs and the bond mutual funds)
0.2%	other (a blended fund composed of both stocks and bonds)

Broad asset allocation ratio:

70.6%	equities
29.4%	fixed income

Performance:

<b>Trust Portfolio vs Benchmarks</b>	<b>3<sup>rd</sup> Qtr</b>	<b>YTD</b>	<b>Since 12/31/2006*</b>
• Trust’s portfolio	-3.82%	-20.49%	5.46%
• S&P 500 Composite Index	-5.28%	-24.77%	6.07%
• Blended Benchmark Portfolio (55% S&P 500 Total Return, 15% MSCI EAFE GTR, and 30% Merrill Lynch 3-month Treasury)	-4.87%	-19.90%	6.16%

\* the date Janney began using its current tracking database

#### Portfolio Changes:

	3 <sup>rd</sup> Qtr	YTD
Net deposits/withdrawals:	\$0	-\$190,000
Total Earnings:	-\$179,351	-\$1,178,867

#### Investments

- Investment return for the quarter was -3.82% vs -5.28% for the S&P Index and -4.87% for our blended benchmark of stocks and short-term bonds. For the year, the portfolio is now down -20.49% vs the S&P decline of -24.77%. The bond market continued to slide as interest rates pushed higher – the benchmark Bloomberg Aggregate now stands at -14.61% on the year.
- Allocation on 9/30/2022 per “Quick View” report remains around 30% cash/bond funds/CDs (fixed) and 70% stock mutual funds/equity ETFs. Mr. Murray did not recommend changes at this point to our holdings.

#### Interest Rates

- Mr. Murray stated the biggest story of the year is about interest rates which continued to move up in the 3<sup>rd</sup> quarter. 5-Year Treasury yields began the year around 1.25% and now trade around 4.20% (end of June they were at 3.00%). 10-year yields saw similar path from 1.50% beginning of the year to 4.0% as of this meeting. He reported he sees a very flat to slightly inverted yield curve (meaning short term rates are higher than long term rates). Mr. Murray reminded the committee in July 2020 the 5-Year Treasury rate bottomed at around 0.25%. Although the government will most likely make two more rate hikes this year, it does appear to Janney professionals that these increases are already factored into current yields today – markets tend to price ahead of the anticipated actions.
- Mr. Murray reported while October started out well, the portfolio on Oct 18<sup>th</sup> was \$4,644,107. He cautioned things change quickly in this environment, but there seems to be some very early signs of stabilization. Markets will not resume a “normal” path upward until the government completes their interest rate hike campaign and inflation subsides. He advised long term investors need to stay the course and not turn paper losses into real losses.

#### Review of Bond Performance

- **Bonds/CDs:** Mr. Murray reported a \$50,000 CD at 3.15% matured on August 8 and a \$60,000 CD will mature on 10/31/22 bringing the cash balance to over \$116,000. Mr. Murray expects another \$15,000 or so in dividends and interest will be received by 12/31/22.

#### Cash (Available, Needs, Projections)

- Ms. Braga reported that the Trust is holding steady but anticipates needing the annual endowment funds transfer in early January.

#### Action Items

Mr. Murray recommended divesting the endowment’s Vanguard Short Term Bond Index and add the funds to advance the Trust’s CD ladder. This fund has served as somewhat of a “cash substitute” over the years as if offered stability and a little more interest than the fund’s cash holdings. With the rapid increase in rates this year, the fund has lagged and turned negative on return. The yield is still quite low – the October 1st dividend payment was \$333.16 (representing September’s earnings) and translates to about

1.60% annualized. CDs are now 4% plus and would serve as an excellent replacement with a guarantee of return of principal.

Barbara Brinkley asked Mr. Murray about government CD yield curves vs corporate CD yield curves, and which is more attractive? Mr. Murray stated right now they are very comparable. Treasury rates change day by day and the US treasury market has the most liquidity in the world. Corporate CDs offer insurance up to \$250,000.

**Action Item**


- Harold Iselin made a motion to convert all shares in Vanguard Short Term Bond Index and replace with laddered certificates of deposit. The motion passed by unanimous vote.

**Conclusion**

Chairperson, Ms. Brinkley thanked Mr. Murray for his report and the meeting was adjourned at 10:35 am.

The next Investment Committee meeting is next scheduled for January 25, 2023.

Respectfully submitted,



Janet B. Braga  
Director