

**MINUTES OF THE ARCHIVES PARTNERSHIP TRUST BOARD
INVESTMENT COMMITTEE MEETING
11:00am, January 24, 2017
Cultural Education Center, Room 9C49, 222 Madison Avenue, Albany, NY**

Investment Committee Members Present

By Telephone: Barbara Brinkley, Board Treasurer and Committee Chair, Harold N. Iselin, and Joyce Shenker

Staff Present

Janet Braga, Director and Jill Rydberg, Board Assistant Treasurer and Administrative Officer

Others Present

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

Excused

Stephen Pagano, Board Chair and Rosemary Vietor

Call to Order

Ms. Brinkley called the meeting of the Investment Committee to order at 11:00am, noting the presence of a quorum. 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 December 31, 2016:

- Account value: \$4,179,391
- Asset allocation:

7.2%	cash and equivalents (cash/fixed income or securities to mature in six months)
60.9%	in equities (48.1% U.S. and 12.8% international)
30.1%	fixed income (CDs and the bond mutual funds)
1.8%	other (a blended fund composed of both stocks and bonds)

- Broad asset allocation ratio:

66%	equities
34%	fixed income

- Performance:

Trust Portfolio vs Benchmarks	4th Qtr	YTD	Since 12/31/2006*
• Trust's portfolio	1.08%	8.03%	5.44%
• S&P 500 Composite Index	3.25%	9.54%	4.67%
• Blended Benchmark Portfolio (55% S&P 500 Total Return, 15% MSCI EAFE GTR, and 30% Merrill Lynch 3-month Treasury)	2.04%	7.08%	4.99%

* the date Janney began using its current tracking database

- Portfolio Changes:

	4th Qtr	YTD
Net deposits/withdrawals:	\$24,098 deposits \$ 0 withdrawals \$31,751 net	\$133,186 deposits \$283,457 withdrawals -\$150,271 net
Total Earnings:	\$44,144	\$ 305,330

Mr. Murray noted:

-The portfolio's YTD return beat the benchmark portfolio and came respectably close to the S&P 500, given the portfolio is not fully in the stock market.

-The markets had a good 4th Quarter, although conservative investments did not do as well as other investments. Growth was led by small- and mid-cap markets and the financial sector.

-There were deposits of \$24,098 and no withdrawals during the quarter.

-Noting the Quick View Report, the portfolio has a good allocation of fixed income (34%) to equities (66%), having prudently dialed back the equities allocation by about 10% in the quarter to take volatility off the table in advance of the elections.

-The cash position is good (pegged for withdrawal needs); the bond funds have a short-term slant; the laddered CDs provide for future cash needs and provide non-stock market exposure.

The large cap funds are primarily domestic funds and the portfolio's largest holdings. The blended fund is conservative and provides consistent dividend returns. The small- and mid-cap areas have been picking up in response to the Trump administration's anticipated business policies, and while a volatile area, the portfolio should have some exposure. The emerging market fund (one of the better such funds) while underperforming can turn on a dime and is worth the small exposure for diversification.

-10-year Treasuries yield increase to 2.44% in December from 1.66 in September.

-Interest rates increased in December as expected and the markets are pricing in one or two more rate hikes in 2017. As this would still be at the low end of the interest rate cycle, such rate increases are not seen as a big threat to the markets.

-He anticipates the 2017 markets to have returns comparable to those in 2016, so it remains a good time to be in stocks and for the fixed income side of the portfolio to be in short term bond funds and laddered CDs as they are more stable in a rising interest rate market.

Mutual Funds - Growth and Reasonable Safety

Mr. Murray referenced the Morningstar report (listing the holdings total returns in highest to lowest YTD returns) noting the Trust's holdings remain 3- to 5-star rated funds, with good returns across the board. The mutual funds are well managed. The iShares S&P Small-Cap 600 Growth fund and the SPDR S&P Midcap 400 ETF had the highest YTD returns of 22.07% and 20.46% respectively. The only 3-star rated fund is the Vanguard Short Term Bond Index fund, and it is there to provide a little return for little risk.

Review of Bond Performance

- **Bonds/CDs Called:** No CDs have been called.
- **Bonds/CDs Matured/Maturing:** A \$150,000 Sallie Mae Bank CD matured in November 2016, with \$75,000 held back to meet cash commitments and \$75,000 reinvested in a 5-year CD. The next maturation will be the \$100,000 Compass Bank CD in July 2017.
- **Bond Ratings/Investment Changes:** Currently, there are no individual bonds in the portfolio.
- **Fulfillment of Bond/CD Safety and Yield Goals:** The FDIC-insured CDs continue to fulfill safety and yield goals. The bond funds and CDs are doing what they are supposed to do.

Cash (Available, Needs, Projections)

Ms. Rydberg reported, as noted in the agenda, \$309,578 in cash at December 31, 2016, and \$309,251 needed to meet FY16/17 cash commitments by March 31, 2017, leaves only a small available cash balance. Ms. Brinkley asked if this section could include cash projections into future months or next fiscal year. Ms. Rydberg said she would draft something for Ms. Brinkley's review.

Endowment Balance and Quality

Mr. Murray said he was comfortable with the portfolio's current allocation. The mutual funds, with the exception of one, are all 4- and 5-star rated by Morningstar. He is not finding returns in high grade corporate bonds that warrant the risk vs using CDs that offer comparable or better rates and are insured.

Conclusion

Ms. Brinkley noted the Investment Committee is next scheduled to meet on April 19, 2017. She thanked the Committee for using the Doodle poll as it more efficiently helps identify a suitable meeting time than does a flurry of email exchanges. A motion to adjourn the meeting was made by Ms. Shenker, seconded by Mr. Iselin, and unanimously passed. Ms. Brinkley adjourned the meeting at 11:29am and thanked all for their participation.

Respectfully submitted,



Jill A. Rydberg
Assistant Treasurer
January 24, 2017