

# U.S. Masters Swimming Meeting Minutes

<b>Committee Name:</b>	Investment Committee	<b>Session #:</b>	
<b>Committee Chair:</b>	Ralph Davis	<b>Vice Chair:</b>	Stan Benson
<b>Minutes recorded by:</b>	Phil Dodson	<b>Date/time of meeting:</b>	4/16/24 @ 7 PM EST

## MSA:

1. Approved Meeting Minutes of January 16, 2024
2. To liquidate the Northern Trust ETF for emerging markets, approximately \$70K, and replace with an emerging investment recommended by Jim Gregory, Dimension ETF.
- 3.

<b>Number of committee members present: 8</b>	<b>Absent: 1</b>	<b>Other USMS present: 1</b>
<b>Committee members present (list all, including chair and vice chair):</b> Ralph Davis, Jill Gellatly (Ex-officio), Guy Davis, Phil Dodson, Gary Keehner (Ex-officio), C.J. Rushman, Bill Sherman, Robin Smith		
<b>Other USMS representatives Present: Absent:</b> Stan Benson		
<b>Guests:</b> Jim Gregory, Northern Trust Investment Manager		

## Minutes

The meeting was called to order at about 7:00PM EDT. Ralph asked if any conflicts of interest. None were noted. Ralph then introduced Jim Gregory, our Northern Trust (NT) Investment Advisor, who described recent changes in the NT tactical allocation weightings, followed with a brief recap of the US economic, inflation and market outlook and review of both the USMS and SSL Investment portfolios first quarter 2024 performances:

- Economy is “Resilient”. Consumer spending is holding firm which is good for GDP
- Inflation should come down, but will linger higher (sticky).
- Fed rate cuts will be data driven. June cut likely off the table.
- He reviewed the Case for diversification chart: Q1 results are up. In the tactical outlook, only Hi-Yield is overweight and only cash and fixed income are underweight.
- US Growth looking good for 2024 Q2-4 1.5% forecast
- Energy component in inflation also a geo political risk , there was a big increase in Feb and up again in Mar
- NT base case:
  - Growth will remain steady but move to below trend. US growth will be better than International.
  - Inflation will remain above target, but continue lower.
  - Valuations are over priced making equities more at risk to geopolitics. High valuation temper risk-taking
  - US and European central banks are expected to begin rate cutting later this year.
- Outlook risks:
  1. Inflation may not move lower due to potential factors: economic resurgence, tight labor markets, and disruptions from Middle East conflict.
  2. Possible lag effect of Fed actions from two years of rate hikes.
  3. Soft landing may not be achieved
- Jim also reviewed historical correlations in Economy and Market Performance and which party is in the White house and controls congress. Essentially makes no difference which party, economy and markets tend to be up. What matters most to the markets are government policies and secular trends.

- Jim commented that no changes are needed to the portfolio, no reallocations. Yes, when we start/conclude our planned transfers of \$450K cash to operating accounts, we will have to reallocate at some time in the future.
- He recommended we switch from the NT emerging market ETF to Dimension ETF, because the NT ETF has underperformed its benchmark for 5 years, whereas dimension has bettered the benchmark. This is likely due to Dimension being a more actively managed ETF. The Committee discussed and passed a motion to implement Jim's recommendation right away.
- Jim also recommended we consider reducing or eliminating our NT fixed income ETF "NOBOX" with Vanguard ETF – VGSH. The main purposes it to reduce the existing 8.52 years duration to a shorter duration with Vanguard which should slightly increase our yield. The committee discussed and decided to review both investment "fact sheets" before proceeded and deciding in an email vote. Fact sheets were distributed by Jim the next morning.

The Committee discussed what to do with the April and May T bill maturities, given the cash flow forecast and plan to eventually transfer another \$300K starting in July. It was decided to roll over under our existing procedures which give maximum flexibility to our Treasurer and Controller.

Next meeting will be July 16<sup>th</sup> meeting 7:00 PM EDT.