

U.S. Masters Swimming Meeting Minutes

Committee Name:	Investment Committee	Session #:	
Committee Chair:	Ralph Davis	Vice Chair:	Stan Benson
Minutes recorded by:	Phil Dodson	Date/time of meeting:	1/16/24 @ 7 PM EST

MSA:

1. Approved Meeting Minutes of October 17, 2023
2. To roll over T-bills maturing in February and in March with T-bills maturing in 1 to 4 months at the discretion of Controller and Treasurer to capture the highest yield at time of maturity.
- 3.

Number of committee members present: 9	Absent: 1	Other USMS present: 1
Committee members present (list all, including chair and vice chair): Ralph Davis, Stan Benson, Jill Gellatly (Ex-officio), Guy Davis, Phil Dodson, Gary Keehner (Ex-officio), C.J. Rushman, Robin Smith		
Other USMS representatives Present: Absent: Bill Sherman		
Guests: Jim Gregory, Northern Trust Investment Manager		

Minutes

The meeting was called to order at 7:01PM 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 annual 2023 performances:

- The case for diversification – reviewed. 2023 was a good year. NT investment committee met last week, left tactical relatively unchanged. Tactical – NT is underweight most equities across the board. Overweight Hi Yield and EM (moved up just a smidge).
- NT is expecting a soft landing with underperformance in growth. Inflation to continue to decrease.
- Outlook risks:
 1. Monetary issues, geopolitical and US election risks in 2024.
 2. Solid labor market, growth below trend, disinflation continues, risk taking tempered by high valuations.
 3. Market is expecting 6 Fed rate cuts. NT believes there will only three be with the first in June at earliest.
 4. Geopolitical and oil at risk due to Middle East tensions.
 5. Possible lag effect of Fed actions.
- Jim reviewed 3rd quarter GDP. Majority component is consumer, as long as consumer is good, economy is good. Consumer holding firm but with increasing use of debt.
- Inflation has sticky components – Services: shelter, medical and transportation not coming down quick enough.
- Volatility in the market is here to stay. 1% moves in one day not uncommon.
- USMS allocations: over weight in Equities and large cap – which has benefited USMS.
- T bills in the portfolio bought at 4-5% yields to maturity are listed at zero yield which distorts the NT report's yield on cash allocation. Yield in money market is 5%+
- We have two - \$111K in T-bill's one maturing in Feb and again in March. Do we want to roll over or leave in Money market?
- Cash is our friend with Money market yielding over 5%
- USMS 1 year (2023) gross return was 15.5% close to comparison benchmarks.

- Portfolio mostly invested in low cost ETF so Jim did not review returns to bench marks as all should closely match.
- SSL Portfolio follows NT tactical allocation, hence not over weight Large Cap Equities
 1. 1 year (2023) gross return was 11.96% and since inception 5.78%
 2. As NT tactical allocations change – the SSL portfolio is adjusted automatically, Jim does not have to manually adjust.
- Phil asked whether NT or Jim views or recommends a bias in value or growth balance. Basically no, NT and Jim just look at the asset classes without a bias. Typically recommend blends or 50-50 balances.
- Gary reported cash management has been set up with temporary high yield accounts, currently funded with \$250K+ in money market and 200K+ in T bills.
- Guy emphasized importance to USMS cash flow for 2024 in the April meeting.
- Gary reiterated that the ERTC refund timing is very uncertain, Gary will let us know as soon as he knows.

In answer to the two \$111K T-bills maturing in Feb and March, MSA: To roll over T bills maturing in February and in March with T-bills maturing in 1 to 4 months at the discretion of Controller and Treasurer to capture the highest yield at time of maturity.

Our next meeting is scheduled for Tuesday, April 16th 2024 at 7:00 pm EST