

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:	04/19/22 @ 7 PM EDT

MSA:

1. Approved Meeting Minutes of January 18, 2022
2. To redeploy \$34K of International Developed; \$17K into Russell 1000 Growth and \$17K into Russell 1000 Value.

Number of committee members present: 9	Absent: 0	Other Delegates present: 0
Committee members present (list all, including chair and vice-chair): Ralph Davis, Stan Benson, Susan Kuhlman (Ex-officio), Teddy Decker (Ex-officio), Guy Davis, Phil Dodson, Homer Lane, C.J. Rushman, Bill Sherman.		
Other USMS representatives Present: None		
Guests: Jim Gregory, Northern Trust Investment Manager		

Minutes

The meeting was called to order at 7:05 PM EDT with Ralph asking about conflicts of interest. Hearing none, Ralph then commented that no one submitted recommended changes to our IPS since the last meeting as requested; the Committee agreed with Ralph to inform the Board that we have no changes to propose. Next, Ralph introduced Jim Gregory, our Northern Trust Investment Advisor, who gave a brief recap of the market outlook and a review of the USMS and SSL Investment portfolios 1st quarter 2022 performances.

Jim started the discussion by recapping the Northern Trust (NT) investment committee's changes in their asset allocations which reduced both International Developed and Emerging Markets due primarily to geopolitical events in Ukraine. In reverse, the NT committee increased its weighting in US equities, Hi-yield, and Natural Resources, which USMS does not invest in.

In brief, other expectations are:

Inflation to cool down, supply chain disruptions improved, labor shortages to moderate, and the Federal Reserve (Fed), after initiating its 1st rate hike in March, continued aggressive rate hikes of .50 in May and June. After that time, the Fed will pause to look at data for the impact on inflation and the economy. NT believes the Fed Fund rate will be between 1.75% and 2.0% at year-end while the market is pricing in 2.5% to 2.75% by year-end. The market historically forecasts more rate hikes than the Fed does, and the market is at seven rate hikes which NT believes is too many. Expect continued and lots of volatility in 2022.

Risks are the Ukraine/Russia war, China's covid shutdown, and the Fed's handling of inflation. Higher risks that are not in the NT base case include an expanded Ukraine/Russia war, continued inflation, and supply chain issues.

Jim then reviewed USMS Q1 2022 performance by asset classes. The portfolio returned a negative 5.27 % loss net of fees, which compares to a theoretical return of all its benchmarks of a negative 5.1%.

The Swimming Saves Lives (SSL) performance, which strictly follows the NT tactical model for asset allocations, returned a negative 4.03 % loss net of fees for Q1 2022. The primary reason for SSL outperforming (a lower loss) the USMS portfolio is the Natural Resource asset class, up 19.36%, albeit only at a 6% allocation.

Based on Jim's review, Phil moved, and Stan seconded: To redeploy \$34K of International Developed; \$17K into Russell 1000 Growth, and \$17K into Russell 1000 Value. The purpose is to bring the USMS asset allocation in line with the NY target of a 12% allocation to International Developed. The direction was given to and accepted by Jim to make the change the next business morning.

The Committee scheduled the next meeting for July 19, 2022, at 7 PM EDT.

Susan noted that this would be her last Investment Committee meeting. The committee members gave Susan our thanks for her dedicated service to us over the year.

The meeting was adjourned at 7:53 PM EDT.