

U.S. Masters Swimming Meeting Minutes

Committee Name:
Investment Committee

Committee Chair:
Ralph Davis

Vice Chair: Stan Benson

Minutes recorded by:
Homer Lane

Date/time of meeting: 1/19/21 @ 7 PM

Motions Passed:

1. That two portions of \$40 thousand each in the USMS, Inc. portfolio should be reinvested in the MFS Northern Equity Index International fund and the Northern Funds Emerging Markets Equity Index fund.

Committee members Present: Stan Benson, Ralph Davis,
Phil Dodson, Homer Lane, and Bill Sherman

Committee members Absent: Guy Davis

Other USMS representatives Present: Teddy Decker and Susan Kuhlman Parker

Minutes

The meeting was called to order at 7:02 PM and Ralph asked if any USMS person attending had a conflict of interest. Hearing none he introduced James Gregory from Northern Trust and requested he make his usual presentation regarding the financial market outlook and the investment portfolios performance.

Jim focused first on the 2021 outlook. With our portfolio positioning of moderately overweight risk we should experience positive single-digit returns (about 4.9%), clearly not at the V-shaped returns experienced in 2020. This will be driven by a massive use of the monetary tool kit including a stimulus anticipated at \$1.2 to \$1.5 trillion. They feel inflation will be tested but remain reasonable. GDP growth will be a bit soft in the first quarter (2.6%) but will be helped by the stimulus to rebound to over 4.2% in the subsequent three quarters. The business environment has rebounded nicely, he again made the case for staying fully invested and of the importance of remaining diversified in our asset allocation.

He shared with us recent discussion about a slight shift in the tactical asset allocation targets for the short term. It called for an increase in the portfolio allocations in International Developed (+2%) and International Emerging (+1%) with an equivalent decrease in Fixed Income – investment grade.

Jim then quickly reviewed the sound returns for 2020 on our discretionary USMS, Inc fund (+9.6%) and on the SSLF portfolio (+7.46%). The balance of the former was \$3,658,985 as of today and the latter approximately \$260 thousand. Ralph then highlighted the USMS Investment History 2011 through 2020 that shows total appreciation & income of over \$1.8 million with an annualized return of 7.2 % on the USMS, Inc. portfolio and since the establishment of the SSLF portfolio in 2015 a 7.4% annualized return. He commented that all of the existing members of the committee as well as the first chair, Dave Burgio and others, including Northern Trust have contributed to this great track record.

Discussion then shifted to what might be our aggregated cash needs later this year. Ralph & Susan shared the good news that the situation is better than originally budgeted. Apparently the \$350 thousand set aside in the Ultra Short Fixed Income fund will not be needed in full to meet cash flow needs. It was also noted by Susan that USMS has received a new \$275 thousand PP loan and has found it unnecessary to draw on the recently arranged line of credit. In light of this it was quickly suggested that a sizable portion of the \$108 thousand in accumulated interest & dividends held in cash should be invested. Ralph made the motion above, which was seconded by Homer.

Ralph then suggested that the committee set up the next meeting for April 20th, which all agreed would work on their schedules.

The meeting was adjourned at 8:00 PM
