

U.S. Masters Swimming Meeting Minutes

Committee Name:	Investment Committee	Session #:	One
Committee Chair:	Ralph Davis	Vice Chair:	Stan Benson
Minutes recorded by:	Phil Dodson	Date/time of meeting:	7/27/21 @ 7 PM EDT

MSA:

1. Approved Meeting Minutes of April 20, 2021

Number of committee members present: 8	Absent: 0	Other Delegates present: 1
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 , Bill Sherman		
Other USMS representatives Present: Marilyn Fink		
Guests: Jim Gregory, Northern Trust Investment Manager		

Minutes

The meeting was called to order at 7:02 PM EDT and Ralph asked if any USMS person attending had a conflict of interest. Hearing none Ralph introduced Jim Gregory, our Northern Trust Investment Advisor who gave a brief recap of the market outlook followed by a review of both the USMS and SSL Investment portfolios 2nd quarter performances.

Jim started the discussion indicating the Northern Trust (NT) investment committee made tactical changes to their asset allocation targets to have less exposure to inflation and interest rate exposures which consisted of increasing Hi-Yield and lowering Emerging Markets and Fixed Income classes. Changes were minor and there was no recommendation to rebalance any classes in the USMS portfolio, while changes to the SSL portfolio were automatically made in line with the NT changes. The overall market outlook base case is a bumpy but shock absorbing reopening economic outlook with inflation the biggest risk. NT believes inflation is transitory but will last longer than expected. Slower growth due to an extended covid delta resurgence is another risk but not expected by NT. In the US, earnings are strong but reopening is proving harder than the shutting down due to supply demand constraints resulting in uneven growth issues. As the economy shifts from government supplied support to an economy based support, NT is biased to overweight risk assets and made the aforementioned asset class target changes.

Performance: the biggest winners in 2021 were the largest losers in 2020: natural resource funds and value funds though those remain in a tug a war with growth funds during the transition. In the USMS portfolio the biggest winners were: Small cap (21.33%), Mid cap (17.5%), Large cap (15.1%). Only High Yield (2.6%) and Cash (0%) had under a 5% return YTD. Overall the USMS portfolio had a 6.8% YTD return after fees which compares to the SSL Northern Trust model portfolio YTD return of 6.6%.

Following Jim Gregory's presentation Bill Sherman inquired about municipal bond funds 2021 performances and whether those could boost the overall USMS performance. Jim will prepare some research and provide to the Committee for review and consideration.

After Jim was excused, Phil Dodson raised questions about the Investment Policy, primarily focused on the Committee specify in asset allocation targets for its performance evaluation. There was enough interest in the issues that Phil will prepare a write up for distribution to the Committee for future review and discussion.

The committee scheduled the next meeting for October 19th, 7PM EDT.

The meeting was adjourned at 8:12 PM EDT
