

U.S. Masters Swimming Meeting Minutes

Committee Name:	Investment Committee	Session #:	
Committee Chair:	Ralph Davis	Vice Chair:	Guy Davis
Minutes recorded by:	Phil Dodson	Date/time of meeting:	1/28/25 @ 7 PM EST

MSA:

1. Approved Meeting Minutes of October 29, 2024

Number of committee members present: 7	Absent: 2	Other USMS present: 1
Committee members present (list all, including chair and vice chair): Ralph Davis, Guy Davis, Phil Dodson, Chris Eckerman, Gary Keehner (Ex-officio), C.J. Rushman, Teddy Decker (Ex-officio), Other USMS representatives Present:		
Absent: Robin Smith, Brandon Johnson (Ex-officio)		
Guests: Jim Gregory, Northern Trust Investment Manager		

Minutes

The meeting was called to order at about 7:04PM EST. Ralph began the meeting introducing our new members then asked each to give a brief introduction of themselves. Ralph next asked if there were any conflicts of interest. None were noted. Ralph introduced Jim Gregory, our Northern Trust (NT) Investment Advisor, who described recent changes in the NT tactical allocation weightings, followed by a brief recap of the US economic, inflation and market outlook and review of both the USMS and SSL Investment portfolios fourth quarter 2024 performances. These are the highlights:

- The NT Strategic outlook was recently updated. It looks forward to the next 5 years and is used to review portfolios.
- The NT Tactical outlook is overlaid with Strategic outlook to adjust to 12-month tactical allocations. In December 2024, the tactical update mostly matched the updated strategic outlook:
 - Underweight Emerging Markets, Cash and Corporate Bonds
 - Global Natural Resources, which we do not have, equal weight, and
 - Other classes overweight
- The base case for the US economy is a soft landing; The US economy is resilient and strong. Interest rates will take longer to decrease as inflation will take longer to meet the Fed 2% target. NT expects 2-3 Fed rate cuts in 2025 but will be data driven. NT expects next rate cuts to be this Summer and Fall. Other Central Banks around the world will be reducing rates too.
- The risk cases: policies of Trump administration may increase inflation, and cause supply constraints from tariffs and immigration changes.
- NT is forecasting GNP to continue close to trend, which is slightly under 3% for fourth quarter 2024.
- Jim reviewed the Case for Diversification Chart, YTD and 10 year. US Equities is the big #1 performer, though in the current year it is behind Gold which is #2 in the 10 year. The 60/40 Portfolio comes in #3 for the 10 years.
- Jim reviewed our portfolio allocations **and recommended no changes.**
- Jim introduced the new NT Asset Allocation Summary format which segregates into Risk Assets and Risk Control Assets.
- NT Likes Emerging Markets, while our investment advisor, Jim is neutral to slightly negative. Our EM investment is managed by the Dimension Group which treats EM more like an active managed fund than ETF. Jim prefers this direct management for our EM allocation.
- The before fees NT benchmark for 1 Year was 10.73 versus actual of 12.62, a beat!
- Total fees for 2024 were about seventy-five basis points.

- Jim next reviewed SSL portfolio which is managed according to their tactical allocations.
- The SSL portfolio is doing well, yielding 3.1% or about \$14K in annual cash returns.
- 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.

Next meeting will be April 15th, 2025, at 7:00 PM EDT.

Meeting adjourned 8:05 EST.