

# City of Concord

## Trustees of Trust Fund Meeting

Minutes of January 16, 2025 Meeting

Meeting was convened at approximately 9:35AM at City Hall, 41 Green Street, Concord.

In attendance: Trustees Joseph Kwasnik, & Susan Dunton; Rob Hannon & Laurie Leduc of Citizens Bank Wealth Management Group; Sarah Gerlack from the City of Concord.

Absent: Trustees Jeff Schindler, Chelsey Michalski from the City of Concord

Meeting minutes from 10/17/24 meeting were distributed for review. A motion was made to approve the minutes by Susan Dunton and 2<sup>nd</sup> by Joseph Kwasnik. All in favor, none opposed.

Market update and portfolio review presented by Rob Hannon:

For most of 2024, the two catalysts driving market uncertainty were the outcome of the U.S. presidential election and the degree in which the Federal Reserve would ease monetary policy conditions. In the fourth quarter, markets received clarity on the outcome of the U.S. presidential election, but a foggier outlook emerged from the Fed. While the outcome of the U.S. presidential election was viewed as a positive for risk assets, comments from the Federal Reserve's December meeting left investors questioning how aggressively the Fed intended to lower rates in 2025. They lowered forward expectations for future rate cuts in the December release of Summary of Economic Projections, a move that was not anticipated by markets. The adjustment resulted in a sharp rise in yields across the Treasury curve, causing volatility to spike and declines in both equity and fixed income markets. The FOMC policymakers projected a shallower path of rate cuts over the coming years. As yields increased in the long end of the curve, bonds with longer duration underperformed their shorter peers and generated negative absolute returns for the quarter.

U.S. equities closed out 2024 with a choppy but positive fourth quarter, capping off a year of strong performance across segments, led by outsized gains in the mega-cap cohort. During the fourth quarter, investors navigated the U.S. election results and an evolving Fed rate path, which fueled alternating bouts of concern and optimism. November brought clarity as U.S. election results sparked a risk-on rally that saw small-caps post double digit gains, as the 2024 market rally broaden out. In December, the biggest winners of the post-election rally gave back gains as the small- and mid-cap segments pulled back sharply, while the large-cap segment saw a modest decline. Notably, December featured significant price divergence between large cap growth and value segments, with growth reasserting its performance dominance over value.

Under these market conditions, the Concord Trust Funds ("Trusts") respective benchmarks generated absolute negative returns. On a relative basis, the Trusts underperformed their respective benchmarks, net of fees as follows:

- Concord Trust Fund A<sup>1</sup>: -1.4% versus -1.1%
- Concord Trust Fund B<sup>2</sup>: -0.8% versus -0.5%
- Concord Trust Fund C<sup>3</sup>: -0.7% versus -0.2%

Despite a challenging fourth quarter for the trusts on an absolute and relative basis, the Concord Trust Funds managed to outperform (net of fees) their respective benchmarks for 2024:

- Concord Trust Fund A<sup>1</sup>: 6.8% versus 6.4%
- Concord Trust Fund B <sup>2</sup>: 12.5% versus 11.7%
- Concord Trust Fund C <sup>3</sup>: 13.9% versus 13.4%

<sup>1</sup> *Bloomberg U.S. Intermediate Government and Credit Index 80%/ Equity Policy 20%*

<sup>2</sup> *Bloomberg U.S. Intermediate Government and Credit Index 50%/ Equity Policy 50%*

<sup>3</sup> *Bloomberg U.S. Intermediate Government and Credit Index 40%/ Equity Policy 60%*

The next meeting date was set for April 17, 2025 at 8:30am at Concord City Hall.

Motion was made to adjourn meeting by Susan Dunton and 2<sup>nd</sup> by Joseph Kwasnik. All in favor, none opposed.

Meeting adjourned at approximately 10:35am.

Respectfully Submitted,

Chelsey Michalski – Trustee Secretary