

City of Concord

Trustees of Trust Fund Meeting

Minutes of January 11, 2024 Meeting

Meeting was convened at 8:34 AM at City Hall, 41 Green Street, Concord; in addition to a WebEx connection.

In attendance: Trustees Jeff Schindler & Joseph Kwasnik; Corey Boucher & Bob Hannon of Clarfeld/Citizens Wealth Management Group & Laurie Leduc of Citizens Bank Wealth Management Group (WebEx); Dawn Enwright & Brian LeBrun from the City of Concord.

Minutes from the July 14, 2023 meeting were distributed for review; a motion was made to approve the minutes by Joseph Kwasnik and 2nd by Jeff Schindler. Accepted 2-0-1. Minutes from the October meeting were distributed for review; a motion was made to approve the minutes with amendment by Jeff Schindler and 2nd by Joseph Kwasnik. Accepted 2-0-1.

Market update and portfolio review presented by Bob Hannon:

- **Trust Fund A:** Returned, net of fees (NoF), 4.8% vs. 6% in the 4th quarter. The main detractors of relative performance were the shorter duration posture of the fixed income portion of the portfolio and security selection in our active US large cap strategy. Active management and security selection within the International Developed asset class positively contributed to relative results. Returned 7.3% (NoF) vs. 9% for the benchmark for 2023. Main detractors from relative results on the equity side of the portfolio stemmed from allocations to Value Equities which underperformed the broader indices for the year. Internal Developed and our US Large Cap Strategy (LCS) positively aided performance for the year on a relative basis.
- **Trust Fund B:** Returned, net of fees (NoF), 6.8% vs. 8.1% in the 4th quarter and 12% (NoF) vs. 14.6% for the year. The main detractors of relative performance for the quarter came from fixed income where our shorter duration posture underperformed as rates dropped quickly, and security selection in our active US large cap strategy. Active management and security selection within the International Developed asset class positively contributed to relative results. For the year, shorter duration was additive to relative on the fixed income side as rates moved higher through the first three quarters of the year before moving lower the last two months of the year. Our LCS strategy positively contributed to relative results, but domestic equities underperformed on a relative basis as the conservative allocation to US Large Cap value dragged down performance for the year.
- **Trust Fund C:** Returned, net of fees (NoF), 7.2% vs. 8.7% in the 4th quarter and 14.9% (NoF) vs. 16.5% for the year. The same performance themes in Funds A and B applied to Fund C during the fourth quarter as well. The slightly shorter duration posture in fixed income led to relative underperformance, but absolute positive performance overall. Security selection in our LCS strategy also underperformed the S&P500 by 200 bps, hurting relative results. For the first three quarters of the year, both elements positively aided relative results, but the position hurt results in the 4th quarter.

The Investment policy was reviewed with in depth discussion of a recommended changes from the Bob Hannon. The recommendation was to allow below grade bonds in bond fund investments held. There was great concern of public perception of potential risk, even though it would be a small percentage. It was decided

to not make any changes to the current Investment Policy. Final 2024 Investment Policy will be reviewed and voted on at the April meeting.

The next meeting date was set for April 11, 2023 at 8:30am, Concord City Hall.

Motion was made to adjourn meeting by Joe Kwasnik and 2nd by Jeff Schindler. Approved 2-0-1.

Meeting adjourned at 10:26am

Respectfully Submitted,

Dawn K. Enwright – Trustee Secretary