

City of Concord Trustees of Trust Fund Meeting

Minutes of October 12, 2023 Meeting

Meeting was convened at 8:42 AM at City Hall, 41 Green Street, Concord.

In attendance: Trustees Joseph Kwasnik; Rob Hannon & Laurie Leduc of Citizens Bank Wealth Management Group; Dawn Enwright from the City of Concord.

Absent: Trustees Jeff Schindler and Susan Dunton; Christine Therrien of Citizens Bank.

Minutes from the July 14, 2022 meeting were distributed for review; no quorum. Will be voted on at next meeting.

Market update and portfolio review presented by Rob Hannon:

- During the third quarter, we saw increases across the yield curve, especially in the 10- and 30-year maturities where yields were around 5% at latter points. While the Fed guides the front end of the curve, the longer end, past two years, is guided by market participants views on longer term growth and inflation expectations. These same investors also seem to apply a term-premium for holding these bonds. At the same time, the equity markets responded poorly as the risk-premium for investing in equities is less attractive when bond yields move higher, general leading to negative price returns for the equities during the quarter.
- Against this background, all three Concord Trust Funds experienced negative absolute returns but outperformed on a relative basis compared to their benchmarks. Performance in all three cases was aided by a shorter duration posture relative to the U.S. Intermediate Government/Credit index. Comparing the three trusts,
 - Fund A was the top performed due to its more conservative guidelines and higher allocation to fixed income allocation (80%). In general, bonds generated a less negative returns for the third quarter than equities.
 - Trust B was the next best performer with the second highest fixed income allocation and was the best performing trust due to its bonds losing less than equities over the quarter.
 - Trust C was the worst performer of the three during the quarter, owing to its higher allocation to equities, but is the top performer year-to-date due to the strong equity returns experienced so far this year.
- Trustees have been asked to consider modifying or clarifying the existing IPS to permit investment in diversified fixed-income funds that may hold below-investment-grade securities. This would give managers the ability to purchase sovereign debt, quasi-government, agency, currencies, and corporate bonds and take a global multi-sector approach which will improve the trusts' overall diversification and income generation sources.

The next meeting date was set for January 11, 2024 at 8:30am at Concord City Hall.

Meeting adjourned at 9:38am

Respectfully Submitted,

Dawn K. Enwright – Trustee Secretary