

U.S. Masters Swimming Meeting Minutes

Committee Name:	Investment Committee	Session #:	
Committee Chair:	Ralph Davis	Vice Chair:	Vacant
Minutes recorded by:	Phil Dodson	Date/time of meeting:	10/21/25 @ 7 PM EDT

MSA:

1. Approved Meeting Minutes of July 15, 2025
2. MSA: Sell 75K large cap NOSIX and reinvest into Investment grade fixed income assets split evenly between NOBOX and VGSH.

Number of committee members present: 8	Absent: 1	Other USMS present: 0
Committee members present (list all, including chair and vice chair): Ralph Davis, Guy Davis, Phil Dodson, Chris Eckerman, C.J. Rushman, Robin Smith, Denise Dombay (Ex-officio), Gary Keehner (Ex-officio), Other USMS representatives Present: None		
Absent: , Brandon Johnson (Ex-officio),		
Guests: Jim Gregory, Northern Trust Investment Manager		

Minutes

The meeting was called to order at about 7:00PM EDT. Ralph began the meeting asking if there were any conflicts of interest. None were noted. Ralph introduced Denise Dumbay our new Treasurer and asked all attendees to give a brief bio background. Jim Gregory, our Northern Trust (NT) Investment Advisor, who described recent changes in the NT tactical allocation weightings and outlook, followed by a brief review of both the USMS and SSL Investment portfolios third quarter and year to date 2025 performances. These are the highlights:

- The NT Strategic monthly meeting made some adjustments on tactical asset allocations since last quarter: Inflation linked downgraded to equal weight, while United States and Emerging Markets Equity upgraded to overweight. Now: Over weighted: Cash, United Sates, Developed ex-US, Emerging Markets, Global Infrastructure and Global Real estate (in which we are not invested). Underweighted: Investment grade and Inflation linked fixed income. Base case:
 - Expect Fed to continue to cut interest rates, due to labor market weakness. NT expects 2 more rate cuts by year end and 1-2 in 2026. The market expects 1-2 rate cuts by year end and another 2-4 in 2026. A continued labor market weakness favors more than less rate cuts.
 - We are seeing strength into earnings this year and 2026 guidance.
 - GDP strength is in higher end consumers, less from lower end consumers.
 - Emerging markets done very well this year along with International Developed markets. US is doing well too.
 - Still like Treasuries. Even after September rate cut, rates hovering around 3.8%
 - Recession probability, was previously 40%, moved down to 35%: Current probabilities outlook: Expansion – Reflation 20% chance due to administration policies having a stimulative effect, Soft landing 45% chance with tariff policy easing, Recession -30% from supply restraint due to tariffs and 5% stagflation.
 - Fed is moving rates lower, other Int'l central banks have been headed lower sooner than Fed.
 - Inflation is way off highs, but sticky. Global purchasing manager index; above 50% is good. Recent months are slightly above 50% and rising, hopefully a good sign.
- Jim reviewed “The Case for Diversification” table. Gold is #1 YTD and for 2024, (mostly from central banks in and out and hedging activity). Dev ex –US #2 YTD. For 10 year CAGR – US Equities is still # 1 at 15.3% well above the traditional 60/40 portfolio at 8.3% and ranked 7th in asset classes.

- There is more market volatility right now
- 5% and 10% declines are likely some time. A 20% decline would be more indicative of an underlying issue and is not expected.
- Macro global overview:
 - Global economy looking good
 - China leading the way, since policy support in Fall 2024
 - NT maintains a constructive stance on global equities

USMS portfolio review – Jim recommends trimming Large cap by 2%:

- Equities currently at 59.7% above 54% target not unusual for USMS, mostly due to Large cap allocation at 40.4%
- High yield at 5.7% versus 4% target which was lowered by NT in 1st quarter
- A little underweight international due to US overweighting
- Underweight fixed income – again due to higher equity allocation
- Jim recommended reducing risk assets slightly. Reduce large cap by \$70K and reallocate to investment grade split equally between NOBOX and Vanguard ST Treasuries
- Returns, net of fees: YTD 11.97 % and 12 month up 10.88%
- Reviewed performance by asset classes in the SSL portfolio which matches the NT model portfolio:
 - Follows the NT tactical asset allocations
 - Most investments are index funds except
 - Outperformed USMS portfolio due to Natural Resources allocation which includes gold
 - Returns: YTD up 12.87% and 12 month up 10.01%
- Discussions:
 - We are keeping high cash balances (really ST Treasuries). Gary, our Controller gave a brief cash flow narrative that indicated cash draws are unlikely to be needed through Spring 2026. Still, the Committee decided to leave the cash balances unchanged mainly due to ST yields of around 3.8%
 - Committee member asked Jim to explain recommendation to increase our allocation to fixed income when NT lowered its tactical allocation to underweight. Even after this reallocation, about 2%, our large cap equity will remain higher than the NT tactical and fixed income will remain below the NT tactical allocation.
 - Committee member asked Jim his opinion on further reallocations of reducing US Equities for US small cap and International Developed ex US. Jim was not encouraging of either call allocation, specifically saying Int'l develop only works when it works, such as now, and goes long periods of underperforming.
 - Committee member asked Jim if there are China only index funds, which basically there are not
 - MSA: Sell \$75K US large cap equity and reinvest into Investment grade fixed income assets split evenly between NOBOX and VGSH.
- MSA: approve Minutes July 15, 2025 meeting

Next meeting will be January 20th, 2026, at 7:00 PM EST.

Meeting adjourned 7:58 EDT