

Jackson Trustees of Trust Funds Minutes of May 9, 2019 Meeting (draft)

Attending: Helene Matesky, Linda Terry, Chris McAleer Trustees; Guests Charles Mathews, Frank Anderson (by phone) Representatives of Bank of New Hampshire

Linda called the meeting to order at 11:36 am.

Charlie and Frank were at the meeting to give an update to the Trustees on the two Funds that are managed by the Wealth Management Team at the Bank of New Hampshire. These funds are the Capital Reserve/Expendable Trust Fund and the Trust Funds (non-public) that are the responsibility of the Trustees. These updates to the Trustees occur at least on a quarterly basis.

Charlie opened by asking how the newly required online filing process for forms MS 9 and MS 10 worked out. These two forms are required by the State and are filed by the Trustees and report on the status of the two funds. After some minor back and forth between the Trustees and the Bank to set in place proper formatting the forms were successfully filed and accepted by the State.

The next discussion involved making sure the CRF and ETF portfolios were in a position of liquidity to pay out monies appropriated by town warrant articles. Known expenditures were \$258,500 from the CRF and \$151,000 from the ETF. Charlie showed us several bonds that would mature at or near the time of expected expenditure so as not to disrupt the portfolio. Any added tax funding prior to expenditures would also add to liquidity.

Our next topic was past fund performance and what we might expect going forward.

The CRF/ETF account has seen very positive results with yield to maturity rising as interest rates have inched up. YTM has gone from 1.3% to 2.6% over the past year but not expected to go higher in the near future as the Fed is on hold for now on interest rates as inflation has been quite low.

The Trust Funds are up 9.11% since inception. The equity portion is up 13.96% in the last quarter. The Trust Funds are at a weighting of approximately 60% equities and 40% fixed income which includes about 5% cash and equivalents. Taking a growth strategy as opposed to a value strategy has helped Charlie explained.

Charlie said the US markets were performing significantly better than Europe, Japan and other markets due to our economy and high level of technology stocks in our market at 20% versus 5% in Europe and Japan. This means that the US has benefited as it has attracted investment from overseas looking for better returns in both US stocks and bonds. Should these factors continue they would have a stabilizing effect on US stock and bond markets.

What could alter the outlook for Charlie were two scenarios. Should this flow of investment from overseas or a shift in trade policy strengthen the dollar our exports would slow and the growth in our economy would probably slow as well. Secondly, labor costs have moved higher as unemployment has gone lower and this is all good. But if this trend reversed we could see demand slow as well. Unless or until then Charlie will hold his course.

A slight adjustment Charlie is considering is on international exposure which is currently around 14%. Charlie mentioned moving into an overseas ETF that hedged currencies.

With no other business at hand Linda closed the meeting at 12:20 pm.

Submitted by Chris McAleer.