

Meeting of the Jones Library Board of Trustees Investment Committee
Friday, April 30, 2021; 4:00 pm; via Zoom

Present: Robert Pam, Austin Sarat, Sharon Sharry

Consulted by Zoom: Daniel Voss, Vanguard Institutional Advisory Services (“Vanguard” or “VIAS”)

Mr. Voss provided a review of the portfolio and its performance, reviewed the long term outlook for growth, and considered whether any changes are required due to the possibility of withdrawals in connection with the Library expansion project.

The April meeting opened by Internet Zoom call at 4:00 pm. Dan provided the quarterly report through March 31, 2021. As of that date our endowment had a value of \$9,246,356, and the Woodbury Fund was valued at \$767,825 (and grew since). During the full quarter the endowment earned a return of 2.13%, which after fees was 2.06%. For 12 months the return was 33.60%, or 33.27% after fees. The Woodbury numbers were 1.51%/1.44% for the quarter and 28.71%/28.39% for the year. The portfolios have performed consistent with their mandates. Withdrawals for operations according to our approved schedule are taken from the sector of our portfolio which is above our planned allocation. Stocks have grown far faster than bonds, so the portfolio has had a consistent overweight in stocks, which has been partially offset by selling shares in our stock funds to fund our monthly withdrawals. However, our annual withdrawals were completed during this quarter, so that will not operate as an automatic rebalancing vehicle for the rest of this fiscal year. The only rebalancing occurred in the Woodbury Fund.

Looking forward, the expectations are unchanged from our previous meeting: returns for the portfolio are expected to be, over a 5-10 year span, in a moderate range of 4-7% (stocks 5-7%, bonds 2-3%). Bonds will have higher interest rates, but stocks will grow less rapidly. These returns will modestly exceed inflation and wage growth.

We discussed whether any change in strategy was indicated because of the possibility of a substantial withdrawal at the conclusion of construction. Analytic work done to explore this question showed that a more conservative strategy would reduce the probable return more than it would reduce risk. Vanguard recommends that no strategic change be made at this time, but that rather than limit rebalancing only to quarter end, rebalance at any point where the allocations are off by 5% or more (e.g., policy calls for a 36% weight, but actual is under 31% or over 41%) on any day. He offered to rebalance immediately to bring the allocations back to our policy weights. He also recommended that as we get to 12-18 months from completion of the project we should evaluate the status of our fundraising, and possibly put aside funds in low risk investments over the period on a dollar averaging basis. The committee concluded that we would accept these recommendations.

The conference call ended at 5:00 pm. Our next quarterly zoom conference is to be scheduled.

Robert Pam, Chair