

APPROVED



## Veritas Preparatory Charter School

### Minutes

#### Investment Subcommittee Quarterly Meeting

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##### **Date and Time**

Tuesday January 23, 2024 at 4:00 PM

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##### **Committee Members Present**

A. Mendelson (remote), D. Ford (remote), D. Fuller (remote), M. Landon (remote), R. Martin (remote)

##### **Committee Members Absent**

*None*

##### **Guests Present**

N. Gauthier (remote), R. Romano (remote), S. Howard (remote)

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#### **I. Opening Items**

##### **A. Record Attendance**

##### **B. Call the Meeting to Order**

D. Ford called a meeting of the Investment Sub-Committee Committee of Veritas Preparatory Charter School to order on Tuesday Jan 23, 2024 at 4:04 PM.

##### **C. Approve Minutes**

A. Mendelson made a motion to approve the minutes from Investment Sub-Committee Meeting on 10-24-23.

R. Martin seconded the motion.

The committee **VOTED** unanimously to approve the motion.

## II. Investment Sub-Committee

### A. Veritas Investment Portfolio Update

Steve Howard updates the committee on the status of the Veritas portfolio.

Where have we been, where are we, where are we going?

Underlying metrics continue to show signs of deterioration. Over 30% of growth that took place last year was in the government (same with employment - 30% of jobs created were in the government). This carries over to the market - most of the success was seen in the big 7 companies. This obscures what's happening in the rest of the market where most stocks are down 30%.

Our solution to date has been to tread slowly and get more exposure through bumper funds, which has worked well. Overall, we are currently 40% invested in equity. Steve thinks for the first five to six months of the year we will continue to see deterioration in the market - may lead to a recession but the two are not always connected.

There has been some success and exposure found in India and Japan - helps provide diversification when the whole world is focused on the magnificent 7.

Denise asks what category our India exposure is in?

Steve says it is the Wisdom Tree India Fund in equities. The ticker is EPI. Steve discusses this exposure and Japan in greater detail.

More recently, we have seen a bit of recovery in small caps - still down 20% but we are happy keeping this where it is in terms of diversification.

One of the things we're going to figure out is how to login some successful returns in the fixed income world without having to take too much duration risk. We can invest in federal home loan bank paper - used in money markets because it matures so quickly - not a lot of duration exposure. Once in a while we can find something in our asset range that takes longer to mature.

Steve discusses interest rates and the factors impacting these rates remaining the same or being lowered. He also talks about feedback loops like the bank temporary funding program (BTFP) that can help if things continue to break. (BTFP allows banks to borrow funds from the Federal Reserve at a rate tied to future interest-rate expectations.)

Steve thinks the next five months will be the most difficult - now is not the time to be all in on anything. He does think that we have a portfolio with a variety of options that will allow us to make some good returns in this market.

Denise talks about what happens if inflation gets stuck at 4%. Steve elaborates.

The committee discusses how upcoming elections could effect the market. Steve recommends not letting your partisan views impact your investing views. Steve summarizes that the perfect thing would be for Biden to see ugly data early and have the fed react to move things forward. He sees no new legislation coming down the pike in this environment.

Denise asks what companies are buying US treasuries?

Steve says China is not buying to the extent they were, the Fed has been the number one buyer, and there are still a lot of people around the world and domestically that want to buy "risk free". There is always a market and a buyer - the pool of available buyers continues to go up as interest goes up.

Aaron shares his philosophy of not trying to out guess the market. He talks about the return he gets on his personal mutual funds in comparison to the return on our funds over the past year - why aren't we doing better?

Steve answers that it is because he is not willing to take risks in the current market as he might have previously. If our mandate has changed and we want to take more risk, he can do that. He says he would be more inclined to judge over a five year period. We are making moves to get to that steady state portfolio, until we get there now is probably not the time to make any moves. Since the July call, we have upped our equity allocations.

Aaron asks if he thinks by the end of the year we would be more in equities?

Steve says yes.

The committee discusses overall returns over the past year.

Denise is pleased to see we are almost breaking even after a terrible year.

Steve says the health exposure is starting to take hold, he also continues to like the exposure to India as he mentioned, so there are positive things happening here as well.

### **III. Closing Items**

#### **A. Adjourn Meeting**

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 4:45 PM.

Respectfully Submitted,  
D. Ford

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#### **Documents used during the meeting**

- Veritas Performance Monitor January Meeting.pdf