

Maryland Historical Trust
Investment Committee Meeting – Teleconference Minutes
May 4, 2017 at 10 AM

Board Members Present: Brien Poffenberger, Chair; Chuck Edson, Sam Parker
MHT Staff Present: Elizabeth Hughes

I. Call to Order

Mr. Poffenberger called the meeting to order at 10:16 AM.

II. Old Business

a. Review of the Investment Guidelines

Mr. Poffenberger explained that Mr. Charlton requested that the Committee review the Board's investment guidelines and discuss whether the current conservative approach should be reconsidered. Since Mr. Charlton was not available for the call, this discussion was postponed.

III. New Business

a. Report by Hunter Purcell – Brown Advisory

Market Trends

Mr. Purcell provided an overview of the overall state of the financial market over the past six months, noting the positive impact on the stock market that succeeded the presidential election. He noted that we are in an extended bull market and have valuations that are higher than normal and somewhat inflated. Due to this condition of the market, Brown Advisory is advising clients to pull back from risk and reduce equity exposure. To that end, Brown Advisory adjusted the Maryland Heritage Fund portfolio in mid-January, moving \$300,000 out of equities (mutual funds) and investing \$150,000 into bonds and \$150,000 into the money market account. This constituted about a 10% reallocation out of stocks and into bonds and cash.

Looking forward, Mr. Purcell projects the best case scenario will be a moderate economic expansion and moderate inflation. He is taking a more conservative approach with the MHT Board's account due to the conditions inherent to a late stage bull market. He expects that returns on equity investments will become increasingly modest as the bull market comes to a close.

Portfolio Performance

Mr. Purcell explained that the primary change to the Maryland Heritage Preservation Fund account from the last call was a more conservative positioning of investments. The overall performance of the fund has fallen slightly due to less investment in US equities. However, he expects that in the next 5-10 years international markets and especially emerging markets are likely to perform better than US markets due to valuations. At this time, he does not recommend increasing US equity holdings in the Maryland Heritage Preservation Fund account.

IV. Adjourn

Mr. Poffenberger adjourned the meeting at 11:50 AM.