**Piano Cleveland**

**Investment Sub-Committee Meeting Notes**

**July 17, 2024**

**Present:** Linda McDonald, Robin Baum, Beth Rankin, Ken Nilsestuen, Marissa Moore, Leslie Dumm,

Colby Krahe and Lucas Goode.

 Robin called the meeting to order at 3:35 pm.

**PNC REPORT June 30, 2024 Investment report –** presented by Lucas Good and Colby Krahe.

Before Colby and Luca began their presentation, Robin inquired as to their thoughts regarding on the Federal Reserve’s expected interest rate cuts in September and December 2024.

Colby indicated that PNC felt these cuts would remain data dependent and that they expected the potential cuts every other meeting in the 2025 calendar year for what is expected to be a total cut of 1.25%.

 Colby reported that through yesterday’s close (7.16.24), the value of the portfolio was $1,410,646 which included additional deposits of $180,000. Total balance is up from $1, 191,455 on June 30th which represents an 3% gain net of additional deposits.

Snapshot is at market highs, in the policy ranges. Slightly overweight equities large cap in particular. This have worked out in our favor. Slight underweight in Fixed income and Alternatives. Liquid cash offsets underweight in Fixed income currently earning 5.25%.

 MANAGER CHANGES

Because of a slight overweight toward growth, PNC sold out of the Hennessey Focus Fund, Allspring Special Midcap Growth and Transamerica Small Cap Growth Funds. Looking to accomplish less tracking error, neutral principal, and more similar risk profile by replacing these with Core Principle and Harbor on the midcap side and Meridian on the small cap side. These changes are active management options that increase the cost of by approximately two (2) basis points, but that because PNC’s fee schedule with Piano Cleveland calls for payment of the greater of $7,500 or fifty (50) basis points, we were still below the threshold.

Ken then inquired about whether we should be concerned about the liquid cash account or the Fixed income holdings due to expected rate cuts. Colby explained that the prize money for the Competition had already been withdrawn in January 2024, so he was not concerned. He also indicated that the fixed income portfolio had built-in the expected rate reductions in prior quarters and would continue to rebalance as notes came due.

Colby then turned the presentation of Piano Cleveland’s actual results over to Lucas.

PERFORMANCE

Total Gross Portfolio performance 1.08% QTD and 7.52% YTD Compared to the Policy Benchmark of 1.15% QTD and 7.03% YTD.

Colby then explained that the S&P 500 has increased 24.56% over the past year and that of the increase 75% of it is attributed to the Mag 7 stocks: Alphabet, Amazon, Apple, Meta Platforms, Microsoft, NVDIA and Tesla.

He also indicated that five of the Mag 7 known as the Fab 5, Alphabet, Amazon, Apple, Meta, Microsoft and NVDIA, were down 2% in the last week. This decrease is highly magnified due to the concentration of these holdings. He also reassured everyone that this was an expected correction that they had been anticipating.

Robin thanked Colby and Lucas for their excellent report and expressed appreciation for the increased interest in the Piano Cleveland relationship, including Colby and Lucas’s commitment to attending the Bravo Gala buying tickets with funds from their own pockets! Robin thanked both of them for their commitment to Piano Cleveland. PNC representatives then left the call.

**NEW BUSINESS/OLD BUSINESS**

None noted.

Robin ended the meeting at 4:20pm.