Meeting summary for PIANO Investment Committee (10/16/2024)

ZOOM AI

Quick recap

The team discussed the performance and allocation of their portfolio, including a manager change in the international small cap space and the potential impact of the Fed's actions on the market. They also touched on the current state of the job market and labor force participation, the use of AI for note-taking and summarizing meetings, and the increasing focus on AI in industry conferences. Lastly, they discussed concerns over the impact of major tech stocks on market performance and the potential for AI to disrupt the tax industry.

Next steps

Marissa to report back to the group on insights from the BVU annual summit about AI for nonprofits.

Colby to continue monitoring the performance of the rebalanced portfolio and its alignment with policy targets.

Lucas to keep track of the new Artisan International Small Cap Fund's performance following the recent manager change.

PNC team to continue evaluating the impact of the "Magnificent 7" stocks on overall market performance and portfolio strategy.

Marissa to share feedback on the effectiveness of Zoom's integrated AI for meeting transcription and minutes.

Robin to follow up on the outcomes of the National Tax Conference, particularly regarding AI applications in taxation.

Summary

Portfolio Performance and Manager Changes

Lucas discussed the portfolio's performance and allocation, noting that the total equity was just shy of 66%, fixed income was over 7%, alternatives at about 24%, and cash at just under 3%. The total market value of the portfolio was $1,441,384. Lucas also mentioned a manager change in the international small cap space, swapping out the Wasatch International Small Cap Fund with the Artisan International Small Cap Fund, which brought down the overall manager fees by 2 basis points. Colby was expected to touch on performance and manager changes. Robin, Ken, and Leslie shared their experiences at the piano competition’s gala.

Portfolio Allocation, Performance, and Diversification

Lucas and Colby discussed the portfolio's allocation and performance. They noted a 5% overweight to domestic large cap equities in the previous quarter, which was rebalanced to policy targets. They also mentioned a reduction in total fees from 1.3% to 1.2%. The portfolio's performance was reviewed, showing an 18% increase in equities and a 13.5% increase in the total portfolio. The allocation benchmark was outperformed, indicating the value of active management. The discussion also touched on the importance of maintaining a diversified equity allocation and the potential impact of the Fed's actions on the market.

Job Market Growth and Labor Force Participation

Colby and Robin discussed the current state of job market and labor force participation. Colby noted that despite the addition of only 800,000 jobs in 2023, the job market is still growing, with no signs of companies needing to cut staff. Robin shared her client's experience in the staffing business, where they have struggled to fill positions, especially in light manufacturing. Lucas confirmed Colby's observation that labor force participation is almost back to pre-Covid levels. Cindy added that productivity is increasing, which could help maintain earnings levels despite the challenges in finding workers.

AI in Note-Taking, Summarizing, and Job Security

The team discussed the use of AI for note-taking and summarizing meetings. Marissa mentioned that they were trying out Zoom's integrated AI for the first time, with mixed results. Cindy pointed out that AI lacks in capturing the nuances of a conversation, but can be useful for summarizing decks or generating first drafts. The team also discussed the potential of AI in the grant writing space and its potential to save time. Colby mentioned that some people use AI to write emails for them daily. The conversation also touched on the topic of AI's impact on job security, with Robin noting that AI will be a major topic in industry conferences in the coming years. The team agreed that while AI brings benefits, it also raises concerns about job replacement.

Discussing Tech Stocks, AI, and Plagiarism Concerns

The meeting discussed concerns over the impact of 7 major tech stocks (Tesla, Amazon, Google, Facebook, Apple, Microsoft, and Alphabet) on market performance, especially Tesla's recent announcements about technologies not expected until 2027. Lucas suggested focusing on earnings for a long-term approach. The team also talked about using AI like ChatGPT to summarize meetings and create content, with Robin warning about plagiarism concerns. Marissa and others noted ChatGPT makes plagiarism easier to detect, though it has always occurred. Educators face challenges with students potentially submitting AI-generated work, raising questions about grading and the future of take-home assignments.

AI's Impact on Tax Industry and Audits

Robin discussed the increasing focus on AI in industry conferences, including the National Tax Conference. She noted that AI is being used to improve efficiency and reduce staff in tax audits, replacing traditional compliance audits. Ken agreed, recalling his experience with tax audits and their challenges. The team also discussed the potential for AI to disrupt the tax industry, with Cindy suggesting it could lead to significant changes. The conversation ended without any other significant points of discussion.