



WAAIME Division
Annual Meeting
Sunday, February 25, 2024



Minutes

8:30 AM – 11:30 AM
Sheraton Hotel
North Mountain Room

Division Members Present

Lydia Hull, Chair
Margaret Mansanti, Incoming Chair
Barbara Filas, Executive Committee member
Susana Palomino, International Representative
Rebecca Siwale, Executive Committee member
Beth Price
Heather Lammers
Emmanuel Jacob
Iris Owen

SME Staff

Michelle Kroeger, SME CFO

Guests

Tom Austin, UBS
Ryan Smith, UBS

Welcome and Introduction

Ms. Hull opened the meeting by welcoming everyone.

UBS Presentation

Thomas Austin and Ryan Smith from UBS presented the market and economic outlook. Highlights from their presentation:

- Rising hopes for a soft landing lifted all asset classes in Q4
- What's ahead
 - Global growth is expected to slow
 - Rates and yields should fall
 - Political events could drive volatility
- Buy quality bonds
 - Preparing for lower cash rates
 - Quality bonds offer some buffer against losses should yields rise even further
 - Elevated yields mean good prospective returns
- Fixed income: It's still time to lock in yields
 - Rates are expected to fall in all scenarios
 - Yields have more room to decline
 - Bonds continue to offer attractive asymmetrical returns across the curve
- Buy quality stocks
 - Quality outperforms as growth slows
 - Global quality income outperforms during economic slowdowns
 - The tech sector produces the highest ROIC
- Equities: Complement quality and technology with small caps
 - Quality stocks have tended to outperform during economic slowdown and recessions
 - Tech earnings have ballooned over the past few years, led by the Magnificent 7 stocks
 - Small-cap stocks are trading at attractive valuations and could have more room to run
- Hedge market risks
 - Higher yields and low volatility help with capital preservation
 - Geopolitical risk often triggers or exacerbates a rise in the oil price
 - Macro hedge funds can help protect portfolios in down periods
- Balanced portfolios can offer diversification and durable returns

- Asset class expectations
 - Cash loses purchasing power over time
 - Higher yields mean good prospective returns
 - Growth in equity earnings over time is exponential
- Protecting and growing wealth for the year ahead
 - Build a plan
 - Get in balance
 - Stay disciplined yet agile
- What's the outlook for US growth
 - Consumer savings have gradually declined
 - Housing and other big-ticket items have become less affordable
 - Personal savings rate likely to rise as confidence in the economy ebbs
 - The labor market is less tight
 - New industrial policies (CHIPS Act, IRA) and the infrastructure package should boost both private and public investment
 - The Fed doesn't always cause a recession
- What's the outlook for inflation and rates
 - US inflation should continue to ease
 - Weaker housing-related inflation should lead US inflation down
 - Rates likely to be cut in 2024
- What's next for yields
 - Yield expectations have declined
 - Expect longer-end yields to fall as US growth moderates and the Fed starts to cut
- What does history suggest about the path for rates and yields
 - Peak rates don't last long
 - Rate cuts tend to be sharp
 - Yields eventually come back to earth
- Generative AI is the latest technology creating value across sectors
- Is higher debt the new normal?
 - Many major countries' debt is greater than their annual economic output
 - The US fiscal deficit is expected to stay high
 - The ability to service debt matters most

- Breakdown of WAAIME portfolio as of January 31, 2024:
 - Cash 2.19%
 - Fixed Income 46.26%
 - Equity 46.96%
 - Non-traditional 4.59%
- Expected cash flows over the next year are \$258,576
- The 11/21/2013 - 01/31/2024 rate of return after fees is 5.25

Changes that UBS will be making:

1. Reduce London by 33% and move it to R1000V ETF

Mr. Austin and Mr. Ryan then left the meeting.

Approval of Minutes

Ms. Hull asked if there were any updates to the minutes from 11-8-23 before approval. None were stated. Motion was made to approve minutes and it passed unanimously.

Financial Presentation

Ms. Kroeger presented an overview of the financials for the WAAIME division:

- Revenue:
 - FY2023 \$856,960 compared to a budget of \$571,258
 - Three Months as of 12/31/23 \$596,925 compared to an annual budget of \$539,279
- Expenses:
 - FY2023 \$481,503 compared to a budget of \$578,503
 - Three Months as of 12/31/23 \$5,215 compared to an annual budget of \$517,418
- Net Income:
 - FY2023 \$375,458 compared to a budget of \$(7,245)
 - Three Months as of 12/31/23 \$591,710 compared to a budget of \$21,861

- The rate of return for the investment portfolio was 10.3% for FY2023 and 7.6% for the 3 months ending 12/31/23. Withdrawals for FY2023 total \$401,007 which were used to fund scholarships and to pay administrative costs.

Strategic Planning Update

Ms. Filas provided an update of the strategic planning session that was held on 2/24/24. The 5 strategic goals that came out of the meeting are the following:

1. Grow our membership
2. Assure organizational sustainability
3. Elevate awareness of who we are and what we do
4. Expand our portfolio of offerings
5. Grow our relationships and partnerships with the Industry

Other Matters

- A motion was made that passed unanimously to put the money that was sent to the state of Texas from a WAAIME section where both signatories had passed away into the Iris Owen Fund when it is received.
- Iris Owen and Jean Davin have notified the committee that this will be the last year that they will manage the WAAIME booth in the exhibit hall.

There being no additional business the meeting voted to a close.

Respectively submitted.

Lydia Hull
Michelle Kroeger