



**From the Desk of:**  
**Emily Fagle, Finance Director**  
**383 Broadway, Fort Edward, NY 12828**

**Finance Committee Meeting**  
**Minutes: 06/16/2022**

Members in Attendance: Jeff Meyer (joined late); absent: Ben Bishop, Bob Dingman  
Staff present: Emily Fagle, Finance Director; Shelley Smith, Executive Director  
Guest Presenters: Sheila Grant and Jim Brown of NBT Bank

This meeting was held virtually via Microsoft Teams and hosted by partner agency NBT Bank’s Jim Brown, VP & Trust Investment Officer. The purpose of the presentation was to review L.E.A.P.’s defined benefit pension plan funds as of 05/31/2022. This was also Shelley’s first meeting with NBT, and therefore Jim and Sheila provided background information regarding the fund over the last few years. The meeting began at 9am.

The following points serve as a summary for the discussion

- A brief economic review:
  - While the market was temporarily liquid due to the government stimulus, this is “drying up”
  - As a result of the stimulus, inflation at the time of this report was 8.6%
  - Because this inflation was unanticipated, interest rates (which were expected to remain low through March 2023) are on the rise.
  - NBT’s philosophy around these types of lows (and highs) is patience, long-term strategies
- Portfolio performance:
  - The portfolio has started to improve in the last 30 days, with performance slightly above the benchmark
  - The YTD and one-year performance are showing a loss, though are performing relatively consistently with the benchmark index.
  - Strategy around underperforming portfolios was discussed. Jim Brown noted that NBT will typically wait at least a few quarters for an underperforming fund to bounce back, however they will not let the underperformance go unaddressed (sell) if the poor performance hits the one-year mark
  - Due to the value of the USD, the international markets are lagging and more funds and NBT is allocating more in domestic funds
  - Overall yield of the agency’s fund at 05/31/2022: 2.78% - which is under the 10 year treasury (3.4%) but above the S&P yield

Meeting concluded at 09:55am.

Respectfully Submitted,

Emily Fagle, Finance Director | L.E.A.P.

# LEAP Services DB Plan

June 2022

**Sheila Grant, J.D.**

Vice President & Sr. Retirement Plan Administrator

**James Brown**

Vice President & Trust Investment Officer



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# Market Overview

# Market Overview

- Volatility will remain elevated
- U.S. Economic growth to slow but remain positive.
- Forecasts for 2022 GDP call for 2.8% growth.
- "Transitory" Inflation..."persistent and pervasive"
- Federal Reserve Bank Tightening has begun.
- Equity Markets have been "correcting" for six months.
- Equity valuation metrics (S&P 500 P/E = 18.6xEPS) are historically high, but reasonable given low interest rates.
- Liquidity Everywhere! Global economic growth continues to be fueled by massive fiscal and monetary stimulus.
- Corporate earnings continue to exceed expectations.
- Consumer and Corporate Balance Sheets are historically strong—a stockpile for further growth!
- Patience is a virtue in Investments! Stay in the Game!

## Abundance of Risk

- ✓ Duration and scope of Russia-Ukraine conflict
- ✓ Potential for COVID resurgence
- ✓ Inflation remains persistent and pervasive
- ✓ Supply chain disruptions lingering
- ✓ Labor Shortages
- ✓ Energy Supplies
- ✓ Change in Fed Policy: an accelerated increase in interest rates due to unanticipated inflation
- ✓ Rising debt & deficits: How do we pay for all this?
- ✓ Potential for adverse tax policy (corporate, capital gain, dividend)
- ✓ Equity Market Concentration, Valuation and Volatility

Performance

**Selected Period Performance**  
**LEAP Services DB Plan for Op. Head Start**  
**Account 00B767**  
**Period Ending: 5/31/2022**

Sector	%	Exp Ratio	1 Month	Year-to-Date	1 Year	3 Years
<b>Total Fund</b>			<b>0.83</b>	<b>-8.57</b>	<b>-5.49</b>	<b>6.34</b>
Blended Index			0.58	-8.79	-5.41	6.84
Portfolio Fund Net Exp		0.36				
<b>Short Term Cash</b>	<b>1%</b>		<b>0.05</b>	<b>-0.08</b>	<b>-0.23</b>	<b>0.16</b>
FTSE Treasury Bill 3 Mon USD			0.05	0.10	0.13	0.65
<b>Fixed Income</b>	<b>44%</b>		<b>0.32</b>	<b>-8.06</b>	<b>-6.75</b>	<b>1.21</b>
<b>Inflation Protected Bond</b>	<b>6%</b>					
Bloomberg U.S. Treasury TIPS 1-5Y TR USD			0.34	-0.38	2.15	4.32
<b>Fidelity® Inflation-Prot Bd Index</b>		<b>FIPDX</b>	<b>0.05</b>	<b>-0.94</b>	<b>-6.00</b>	<b>4.32</b>
Peer Group Rank %			58	68	49	36
<b>Taxable Funds</b>	<b>32%</b>					
Bloomberg US Agg Bond TR USD			0.64	-8.92	-8.22	0.00
<b>Dodge &amp; Cox Income I</b>		<b>DODIX</b>	<b>0.41</b>	<b>0.70</b>	<b>-7.63</b>	<b>1.54</b>
Peer Group Rank %			9	14	16	10
<b>Fidelity® US Bond Index</b>		<b>FXNAX</b>	<b>0.03</b>	<b>0.64</b>	<b>-8.82</b>	<b>-0.02</b>
Peer Group Rank %			19	31	28	44
<b>Loomis Sayles Bond Instl</b>		<b>LSBDX</b>	<b>0.67</b>	<b>-0.14</b>	<b>-8.56</b>	<b>0.66</b>
Peer Group Rank %			40	70	50	68
<b>Intl. Fixed</b>	<b>1%</b>					
Bloomberg Gbl Agg Ex USD TR USD			0.01	-12.55	-16.68	-2.65
<b>Dodge &amp; Cox Global Bond I</b>		<b>DODLX</b>	<b>0.45</b>	<b>1.05</b>	<b>-7.46</b>	<b>3.08</b>
Peer Group Rank %			10	27	25	1
<b>High Yield Bonds</b>	<b>5%</b>					
Bloomberg US Corporate High Yield TR USD			0.25	-8.00	-5.27	3.33
<b>Federated Hermes Instl High Yield Bd IS</b>		<b>FIHBX</b>	<b>0.50</b>	<b>0.24</b>	<b>-7.58</b>	<b>3.06</b>
Peer Group Rank %			31	51	47	37
<b>Equities</b>	<b>55%</b>		<b>1.29</b>	<b>-9.75</b>	<b>-5.03</b>	<b>10.93</b>
<b>Large Cap Equity</b>	<b>23%</b>					
S&P 500 TR USD			0.18	-12.76	-0.30	16.44
<b>Fidelity® 500 Index</b>		<b>FXAIX</b>	<b>0.02</b>	<b>0.18</b>	<b>-12.77</b>	<b>16.42</b>
Peer Group Rank %			47	47	30	20
<b>JPMorgan Large Cap Growth I</b>		<b>SEEGX</b>	<b>0.69</b>	<b>-0.73</b>	<b>-20.57</b>	<b>19.67</b>
Peer Group Rank %			28	37	48	6
<b>Columbia Dividend Income Inst3</b>		<b>CDDYX</b>	<b>0.56</b>	<b>1.81</b>	<b>-5.27</b>	<b>14.73</b>
Peer Group Rank %			69	71	33	32

Sector	%	Exp Ratio	1 Month	Year-to-Date	1 Year	3 Years	
<b>Mid Cap Equity</b>	<b>3%</b>						
Russell Mid Cap TR USD			0.08	-12.87	-6.77	12.87	
<b>Diamond Hill Small-Mid Cap I</b>		DHMIX	<b>0.92</b>	1.43	-7.54	-2.62	12.29
<i>Peer Group Rank %</i>			83	86	83	75	
<b>Small Cap Equity</b>	<b>2%</b>						
Russell 2000 TR USD			0.15	-16.57	-16.92	9.70	
<b>Fidelity® Small Cap Index</b>		FSSNX	<b>0.03</b>	0.17	-16.47	-16.92	9.76
<i>Peer Group Rank %</i>			71	82	91	72	
<b>Intl Developed Markets</b>	<b>14%</b>						
MSCI EAFE NR USD			0.75	-11.34	-10.38	6.43	
<b>Dodge &amp; Cox International Stock I</b>		DODFX	<b>0.62</b>	4.60	-1.37	-3.93	9.11
<i>Peer Group Rank %</i>			15	24	33	20	
<b>Invesco Oppenheimer International Gr Y</b>		OIGYX	<b>0.85</b>	0.96	-23.28	-20.00	7.02
<i>Peer Group Rank %</i>			19	73	58	52	
<b>iShares MSCI EAFE Growth ETF</b>		EFG	<b>0.35</b>	0.05	-19.83	-16.79	6.39
<i>Peer Group Rank %</i>			49	51	38	60	
<b>DFA International Small Company I</b>		DFISX	<b>0.39</b>	0.90	-12.36	-12.10	8.36
<i>Peer Group Rank %</i>			33	28	26	19	
<b>Intl Emerging Markets</b>	<b>6%</b>						
MSCI EM NR USD			0.44	-11.76	-19.83	5.00	
<b>DFA Emerging Markets I</b>		DFEMX	<b>0.36</b>	0.94	-8.26	-13.89	6.35
<i>Peer Group Rank %</i>			53	17	27	30	
<b>Fidelity® Emerging Markets Idx</b>		FPADX	<b>0.08</b>	1.23	-11.83	-19.44	4.64
<i>Peer Group Rank %</i>			43	43	50	58	
<b>REITs</b>	<b>2%</b>						
FTSE EPRA Nareit Global REITs TR USD			-4.82	-12.72	-0.74	4.24	
<b>DFA Global Real Estate Securities Port</b>		DFGEX	<b>0.24</b>	-3.59	-12.27	-0.07	5.58
<i>Peer Group Rank %</i>			40	32	1	23	
<b>Global Listed Infrastructure</b>	<b>2%</b>						
S&P Global Infrastructure TR USD			3.72	7.83	12.48	8.21	
<b>Lazard Global Listed Infrastructure Inst</b>		GLIFX	<b>0.97</b>	0.42	3.09	14.07	9.28
<i>Peer Group Rank %</i>			92	14	3	21	
<b>Natural Resources</b>	<b>3%</b>						
Morningstar Gbl Upstm Nat Res NR USD			4.64	20.61	25.25	20.13	
<b>FlexShares Mstar Gbl Upstrm Nat Res ETF</b>		GUNR	<b>0.46</b>	4.60	20.22	24.58	19.43
<i>Peer Group Rank %</i>			34	22	21	56	

Past performance is not indicative of future results. The U.S. Dollar is the currency used to express performance. Returns are presented net of management fees and include the reinvestment of all income when and where applicable. Additional information regarding policies for calculating and reporting returns is available upon request.

# Account Summary

# Account Profile For Account : 00B767:LEAP Services DB Plan for Op. Head Start

Prices As Of : 05/31/2022

As Of : 05/31/2022

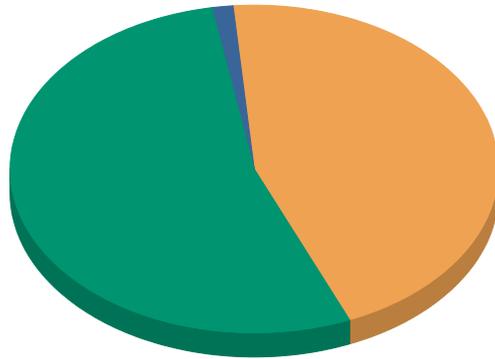
## Administrative Information

**Account Title :** \* LEAP Services DB Plan for Op. Head Start  
**Account Number :** \* 00B767  
**Administrator :** \* Sheila Grant  
**Capacity :** \* Trustee  
**Inception Date :** \* 04/18/2019

## Investment Profile

**Investment Officer :** \* James Brown  
**Investment Authority :** \* Sole  
**Investment Objective :** \* NBT Moderate Risk/Return

\* These reflect current information



Cash Equivalents	1.52%
Fixed Income	44.83%
Stocks/Real Assets	53.65%
<b>Total:</b>	<b>100.00%</b>

## Liabilities Excluded From Summary

Asset Class	Total Cost	Market Value	Income	Yield(%)	MV(%)
Cash Equivalents	53,782.88	53,782.88	118.32	0.22	1.52
Fixed Income	1,677,355.71	1,586,114.34	59,921.96	3.78	44.83
Stocks/Real Assets	1,559,923.93	1,898,055.65	38,264.98	2.02	53.65
<b>Total Portfolio</b>	<b>3,291,062.52</b>	<b>3,537,952.87</b>	<b>98,305.25</b>	<b>2.78</b>	<b>100.00</b>





folio

& Outlook

# LEAP Services – May 2022 Portfolio Review

- Within the Fixed Income space, the International Fixed and Core Bond segments contributed positively in the May period, with the Inflation Protected holding continuing to reflect the increased volatility with Fixed Income. Over the longer term (Since Inception), the Inflation Protected, International Bond and High Yield segments offered the greatest contribution to performance.
- During the Month of May – Value continued to outpace Growth ( by over 400 bps.) in the Domestic Equity Space and this is reflected in the contribution to performance in the month by the actively managed Large Cap and Mid Cap Value funds. The Y-T-D and longer-term contributors to performance continued along the actively managed Value tilt – specifically the Columbia Dividend Income Fund and the Diamond Hill Small-Mid Cap offering the greatest addition to alpha.
- Exposure to the International Developed and Emerging Markets space contributed to stronger performance in the month of May yet detracted over the Y-T-D time frame. Over the longer term, strong individual performance from the Value biased funds - Dodge & Cox International Fund, the DFA International Small Co. Fund and the DFA Emerging Markets Fund contributed to overall alpha.
- Real Asset (Natural Resources/REIT/Global Infrastructure) exposure continued to provide additional alpha with the hard asset theme benefiting from higher inflation in the longer-term period.
- The Portfolio (NET of Fees) outperformed the benchmark by +.25 bps. (.83% vs. .58%) during the month of May. Y-T-D the portfolio (NET of Fees) slightly underperformed (-8.57% vs. -8.79%) the benchmark.
- While the Since Inception Performance (NET of Fees) trailed the benchmark by -.50 bps (6.34% vs. 6.84%) for the period ending 5/31/22, the portfolio continued to maintain the narrowed performance margin (NET of Fees) over year end 2021 (-.71%) and 2020 (-1.16%) .
- The Portfolio Fund Expense Ratio stood at .36% for the month of May.

# LEAP Services – May 2022 Portfolio Outlook

- Maintain exposure to broadly diversified core credit within the Intermediate and Multi-Sector spaces with continued allocation to the International and High Yield segments to mitigate interest rate volatility and risk.
- Continue to be positioned to benefit from the Value tilt, both domestically and internationally, a theme that has added alpha to our results over the past year and which we remain committed.
- Real Asset (Natural Resources/REIT/Global Infrastructure) exposure to continue with tactical shifts as inflationary pressures warrant.
- Over the past year, 75% of the funds have outperformed their peer group average. For the 3-year and 5 Year time frames, 70% of the funds have done so, and for the funds that have a 10-year history, 80% are beating their peer group averages. The quality and long-term performance of our funds continues to be solid.
- We will continue to analyze each fund and the overall composition very diligently to make sure we are putting forward the best portfolio we can in a cost-effective manner.