



**WSWS Officer and Committee Report
2018 Garden Grove, CA
March 12, 8am to 5pm**

Office or Committee Name: Finance Committee
Officer or Chairperson Name: Joshua Adkins
Date of Preparation (include year): March 7, 2018

Committee Activities during the Year:
Statement of Financial Position on February 28, 2018:

ASSETS

Current Assets

Checking/Savings

10000 · American Heritage Bank - 520 45,041.26
10100 · American Heritage Bank - MM-748 101,302.56
10200 · AHB -CD#3 - 10/14/17 25,100.00
10300 · AHB CD#4 - 10/14/18 25,175.00
10400 · AHB CD#5 - 10/14/19 25,237.50
10500 · AHB CD#6 - 10/14/20 25,300.00
10600 · AHB CD#7 - 10/14/21 25,362.50
10700 · RBC Wealth Management -30622871 191,420.60
Total Checking/Savings 463,939.42
Total Current Assets 463,939.42
TOTAL ASSETS 463,939.42

On March 5, we received an update from our financial advisor at RBC Wealth Management, Stan Cooper. It reads as follows:

\$193,206 12-31-16 Year end value
\$201,516 12-31-17 Year end value
\$+ 8,310

\$191,453 3-2-18

Current Asset Allocation:

32.26% Bonds
25.16% U.S. Stock
10.23% Global and International stock
22.47% Hedge
9.88% Cash

The year end gains were attributed to both our U.S. and International stock exposure totaling 35.39%. For the year, the bond exposure and the hedge position worked against the stock

exposure. However, since the stock market turmoil in February and again last week, the hedge gained in value while the stock and bond positions lost value. The Federal Reserve's announced goal of raising interest rates has begun to work against the bonds that are currently held in the portfolio.

Looking ahead, the forecast is for more volatility in both the stock and bond markets. And in anticipation of that I would recommend reducing the exposure to both the U.S. stocks and bonds. I would recommend selling AT&T, Southern Company and AES, another utility. I would also recommend reducing the exposure to bonds from 32.26% down to approximately 16%.

With the proceeds, I would recommend bringing the cash position up to \$32,000, or approximately 16%, adding \$8,000 to each of the existing four Global/International funds, and then adding approximately \$16,992 to each of two different Global funds that are designed to hedge the volatility of the markets. One is a Global Long/Short fund that invests in strong companies that are appreciating and sells short companies that are struggling, have too much debt and have weak management. The second fund is a Global Managed Futures fund that is designed to take advantage of short term imbalances in the global markets.

With these changes the allocation would look something like this:

16% Cash

16% Bonds

28% Global/International

40% Global Hedging using 3 different strategies

Recommendations for Board Action: The finance committee reviewed Stan's recommendations and is in agreement with his proposed changes. If the board has any suggestions or concerns, we can contact Stan at any time to discuss our options.

Budget Needs: None at this time.

Current Committee Members: Stephen Valenti (2018), Joshua Adkins (2019), Phil Banks (2020)

Name of Person Preparing This Report: Joshua Adkins