

System Dynamics Society
Investment Recommendations - 2022
Revised 10/23/2021

Authors

SDS Investment Committee (Els, Lyneis, Morgan, Rich)

We present our recommendations to the Finance Committee and the Policy Council for modifications to the SDS investment portfolio. The portfolio is designed to mix ready cash for operations, conservative investments to support awards and restricted funds, and more growth positions for future activities. We assume that for 2022 the PC will adopt a break-even operating budget, preserving investment income for designated uses and reinvestment.

The committee created an investment Policy for the society as well as guiding principles for our investment operations. This provides a foundation for future actions.

The committee also recommends that we move our investments from the current mutual funds to similarly positioned exchange traded funds (ETFs). They provide more flexibility for similar cost ratios.

The Society is in a stronger operating position than in the past few years. As of Q3 2021, we have about \$1,017K in unrestricted cash and investments, about \$163K more than where we ended in 2020. Much of this difference is in our cash balance. We recommend a realignment that maintains an adequate cash balance to cover operations and expected outlays, conservative investments to generate cash for awards and programs as well as an operational cushion, and the remainder in moderate growth positions. Specific instruments will be selected by the committee and advisors.

The restricted fund balance, currently supporting the DMA awards, is about \$308K, and fully invested in conservative positions. We recommend that the funds remain in this category to protect the principal, as specified in the DMA founding documentation. As the current balance is more than sufficient to support the current award, we ask that the award committee consider additional awards or destinations from this asset.

