

System Dynamics Society
EOY 2022 Report and Investment Recommendations
July 24, 2023

Members

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

SUMMARY

We present the unaudited state of the Society's investment portfolio as of the end of 2022 and mid-year 2023. The portfolio implements the recommended investment mix of ready cash for operations, conservative investments to support awards and restricted funds, and growth positions for future activities.

We note that the recommendations made previously regarding movement to ETFs have not yet been implemented. We will endeavor to do this as part of the continued transition out of Vanguard and into Ameritrade/Schwab.

Mid-year 2023 and 2022 YE Investment status

	2023 30 June	2022 YE	2021 YE
ENDING INVESTMENT BALANCE	\$ 1,089,576	\$ 994,662	\$ 1,167,193
Dividends	\$ 9,262	\$ 16,273	\$ 20,239
Unrealized Gain	\$ 87,0082	\$ (180,360)	\$ 157,927
Additions	\$(1,356)	\$ (8,444)	\$ (6,615)
Cash Balances	\$395,430	\$157,005	\$205,983
TOTAL FUNDS	\$1,485,006	\$1,151,667	\$1,373,176
Restricted Investment Balance	\$ 323,629	\$ 276,912	\$ 343,841
Unrestricted Investment Balance	\$ 765,947	\$ 717,749	\$ 823,352

Discussion

The market swings during 2022 reversed the unrealized gains seen in 2021, with an overall loss of -14.7%, most of which has been regained during the 2023 recovery. Our position has been more volatile than the DJIA.

Our unrestricted investment balances are consistent with the projected fund balances of \$1.409K provided with the 2023 budget. The final transfers from reserves to operating accounts have not yet been finalized, but will reduce reserves this year by about \$20K. Funds remaining from the 'Legacy' program will be transferred to the operating budget as planned this year. We are also cash-heavy in mid-year as conference expenses have not yet been paid.

While we are still working to meet our longer-term reserve goals, we have not fallen behind, even in the face of market challenges. This portfolio is invested in a mix of short-term and conservative investments to support our designated funds, with the remainder positioned for long-term growth. See Portfolio Mix, attached.

Our restricted investment balances fell \$ 12.8% in 2022, and has also seen a rebound this year to near-2021 levels. Some of the awards supported by this restricted reserve are explicitly declining balance, with the expenditure of a small amount by design. This portfolio is directed into conservative investments consistent with the management of the donors. No change in mix is anticipated.

Planned Actions

Once the conference is accounted for, the Committee will review the portfolio mix. It is likely that we will still be cash-heavy, and therefore will increase our position in conservative and growth funds.

SDS Investment Portfolio Mix

