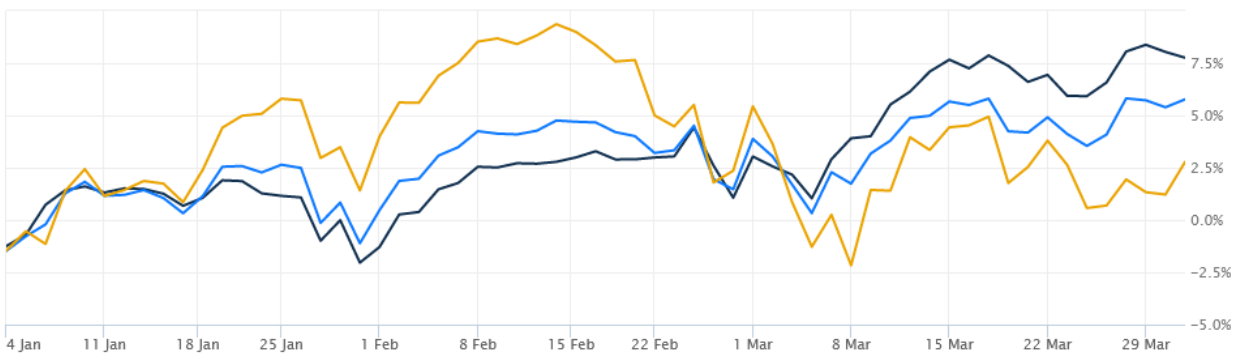


**American Radio Relay League**  
**Treasurer's Report**  
**Rick Niswander, K7GM**  
**For the quarter ended March 31, 2021**

After a strong 2020, the equity markets took – comparatively – a bit of a breather in the first quarter of 2021. A first quarter chart of the three major indices follows. The DJIA is the top black line (as of 3/31), the S&P 500 is the second blue line, and the NASDAQ is the bottom gold line. The Russell 3000 (our benchmark) generally approximates the S&P 500 line.

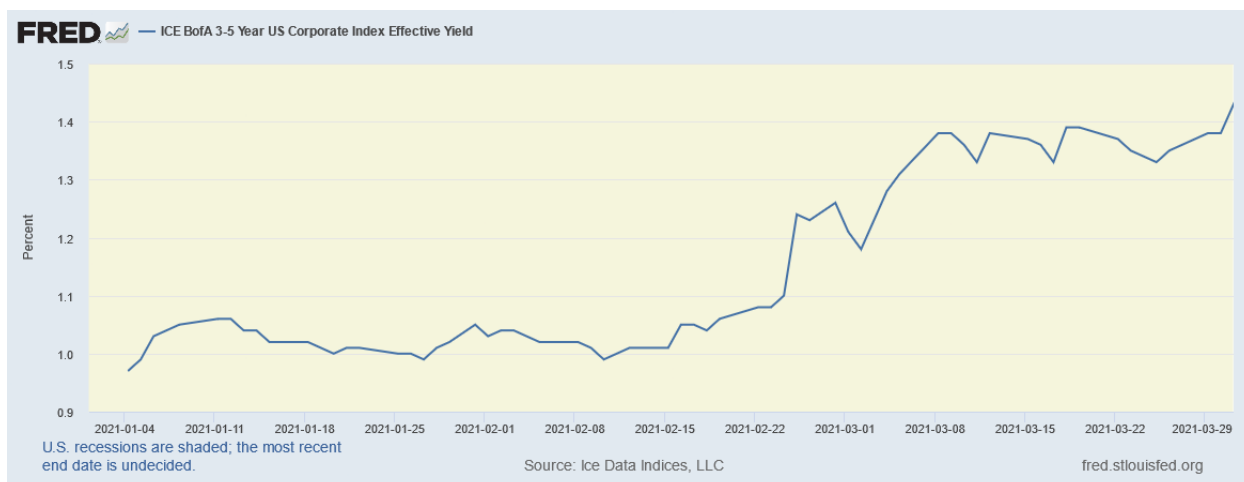


The “order of finish” was completely reversed from 2020 when the tech-heavy NASDAQ obliterated the competition, ending 2020 more than 36% better than the Dow Jones and 267% better than the S&P.

In the first quarter of 2021, the Dow had a return that was slightly better than it had in all of 2020 and the NASDAQ needed a small rally late in the quarter to keep out of negative territory. All-in-all, the Russell 3000, our benchmark that represents the entire market, rose 5.35% for the quarter.

The international markets increased by 3.77% which lagged the US metrics by a by a bit. For most of the last 10 years, international has underperformed domestic and now the valuation differential has reached unprecedented levels. Most market observers suggest that the tide is going to turn.

The bond markets, on the other hand, were negative in the first quarter of 2021, a result of increasing interest rates (especially for longer-dated debt) which cause prices to fall. Rates for 10-year Treasuries increased from 0.93% to 1.74% over the quarter, and rates on corporate debt with maturities of 3-5 years went from 0.97% to 1.43% (these corporate rates are shown on the chart below).



Our bond benchmark is the Bloomberg/Barclay’s Aggregate for 1-5 year corporate debt. The benchmark fell by 0.60% during the quarter.

Because a substantial proportion of our bond portfolio is individual bonds which we have historically held to maturity, the movements in interest rates do not matter to us in the end. If we buy a five-year bond that will yield 1.8%, it does not matter what happens to interest rates during the five years – we will earn 1.8% by the time it is all said and done.

### **ARRL Portfolio**

In the first quarter of 2021, our portfolio recorded a total return (price changes plus interest and dividends) of \$428,677, or an increase of 1.22%. The portfolio benchmark (45% US stocks, 5% international stocks, 45% bonds, 5% money market) increased by 2.78%. So, we trailed the benchmark by 1.56%. About a third of the shortfall was a result of the small underweighting to equities for the quarter.

When comparing benchmark return to actual return, variability from quarter-to-quarter or year-to-year should be expected. Comparisons should be made with caution over three-to-five-year time horizon. Further, comparison indexes do not include any transaction/holding costs (trading commissions and annual fees). While our transaction/holding costs are low, they are not zero.

The top of Appendix B provides detail concerning the dispersion of investment portfolio assets across investment classes. The portfolio conforms to the Investment Policy Statement.

We started the quarter with \$35,215,851, had a total return of \$428,677, added contributions of \$35,610, transferred zero to the general account, and ended the quarter with \$35,680,138.

## Appendix A

### American Radio Relay League Portfolio Flow

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	Investment Portfolio Market Value
<b>Balance, March 31, 2019</b>	<u>29,898,928</u>
Additions from contributions	66,491
Subtractions	0
Total Return	907,120
<b>Balance, June 30, 2019</b>	<u>30,872,539</u>
<b>Balance, June 30, 2019</b>	30,872,539
Additions from contributions	4,291
Subtractions	(250,000)
Total Return	313,361
<b>Balance, September 30, 2019</b>	<u>30,940,191</u>
<b>Balance, September 30, 2019</b>	30,940,191
Additions from contributions	29,491
Subtractions	(500,000)
Total Return	1,256,908
<b>Balance, December 31, 2019</b>	<u>31,726,590</u>
<b>Balance, December 31, 2019</b>	31,726,590
Additions from contributions	37,257
Subtractions	0
Total Return	(3,097,449)
<b>Balance, March 31, 2020</b>	<u>28,666,398</u>
<b>Balance, March 30, 2020</b>	28,666,398
Additions from contributions	329,767
Subtractions	0
Total Return	2,509,707
<b>Balance, June 30, 2020</b>	<u>31,505,872</u>
<b>Balance, June 30, 2020</b>	31,505,872
Additions from contributions	545,360
Subtractions	0
Total Return	1,187,485
<b>Balance, September 30, 2020</b>	<u>33,238,717</u>
<b>Balance, September 30, 2020</b>	33,238,717
Additions from contributions	98,311
Subtractions	0
Total Return	1,878,823
<b>Balance, December 31, 2020</b>	<u>35,215,851</u>
<b>Balance, December 31, 2020</b>	35,215,851
Additions from contributions	35,610
Subtractions	0
Total Return	428,677
<b>Balance, March 31, 2021</b>	<u>35,680,138</u>

#### **Two-Year Summary**

Beginning Balance, March 31, 2019	29,898,928
Cumulative Additions from contributions	1,146,578
Cumulative Subtractions	(750,000)
Cumulative Market Returns	<u>5,384,632</u>
Ending Balance, March 31, 2021	<u>35,680,138</u>

## Appendix B

### American Radio Relay League Portfolio Composition as of March 31, 2021

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	Fair Value	Portfolio Percentage	Amortized Cost
Investment Portfolio			
Stock (of which \$1,617,520 is international)	16,237,553	45.5%	10,572,707
Bond (of which \$237,000 is preferred)	17,889,147	50.1%	17,348,361
Cash	1,553,438	4.4%	1,553,438
Total Investment Portfolio	<u>35,680,138</u>	<u>100.0%</u>	<u>29,474,506</u>

### American Radio Relay League Portfolio Return and Total Return Metrics

	2021 1st Quarter	Calendar Year 2020	Calendar Year 2019	Calendar Year 2018	Calendar Year 2017	Calendar Year 2016	Calendar Year 2015	Calendar Year 2014	Calendar Year 2013	Calendar Year 2012
Applicable Total Return Indices										
US Stock - Russell 3000 TR	6.35%	20.89%	31.02%	-5.21%	21.13%	12.74%	0.48%	12.56%	33.55%	16.42%
Foreign Stock - FTSE AW Ex US TR	3.77%	11.52%	22.20%	-13.87%	27.47%	5.12%	-4.46%	-3.04%	15.63%	17.80%
Bonds - Barclays US Agg 1-5Yr TR	-0.60%	4.30%	5.13%	1.37%	1.30%	1.65%	1.07%	1.69%	0.25%	2.21%
Federal Money Market	0.01%	0.02%	0.60%	0.20%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%
Benchmark Blended Total Return (45% US, 5% intl, 45% bonds, 5% mmkt)	2.78%	11.91%	16.98%	-2.11%	11.11%	6.66%	0.48%	6.26%	15.99%	9.28%
Benchmark Bended Total Return (above)	2.78%	11.91%	16.98%	-2.11%	11.11%	6.66%	0.48%	6.26%	14.06%	9.28%
Actual Total Return										
In Percent	1.22%	7.71%	15.86%	-1.75%	10.11%	6.49%	-0.74%	5.77%	14.66%	11.04%
In Dollars	428,677	2,478,566	4,385,001	(486,201)	675,202	1,424,271	(160,892)	1,220,626	2,654,016	1,769,299

#### Notes:

Returns for greater than one quarter will be different than the sum of the quarterly returns because of compounding

The Russell 3000 Index is a measure of the total US stock market.

The FTSE index measures the World (All World) stock market, minus the US market

The Barclays index measures the aggregate US bond market for maturities of 1-5 years (generally the maturity of our portfolio)

The Benchmark Blended Total Return is calculated from the above indexes in the proportions noted. It represents the expected return on the portfolio.

The Actual Total Return is calculated based on the dollar amount of Total Return relative to the original principal amount for the period calculated.

If there are significant increases or decreases to the investment portfolio in the period, the calculated Actual Total Return is adjusted accordingly.