



2013 - 14 CD #13.1
2013 - 14 ET #6.5
2013- 14 EBD #13.3
(2013 – 14 Annual Conference)

Endowment Trustees Report to ALA Council/Executive Board/ Membership Information Session

(Long-Term Investment Fund)



Rod Hersberger – Senior Trustee
Saturday – June 28, 2014

Mission, Role, Purpose and Uses of the Endowment Fund

*What Guides the Endowment Trustees in the
Management of the Endowment Fund?*

Endowment Fund Mission

The purpose of the American Library Association's Long-Term Investment Fund aka "The Endowment Fund" is to protect and grow the investment resources so as to support current and future Association needs, including scholarships, awards and unique programs that build a strong future for the American Library Association and America's libraries.

Investment Policy Statement (IPS)

- Provides the guidelines, parameters and framework for managing the portfolio
- Defines the responsibilities of and the relationship between the Trustees, the Executive Board, the Investment Advisor and staff
- Outlines the goals and investment objectives of the portfolio
- Establishes the benchmarks for measuring portfolio performance
- Defines the risk profile of the portfolio
- Specifies the asset allocation policy for the portfolio's assets
- Establishes the guidelines for the hiring and retention of investment managers
- Specifies the criteria for evaluating the performance of the Investment Advisor and portfolio managers

Use of Endowment Spending Proceeds

- Spending policy and payout rate is reviewed and set annually by the Trustees and Executive Board
- The spending/payout rate for the FY15 budget is 5%
- Spectrum Scholarships
- Schneider Family Book Awards
- Carnegie Medal Awards
- William Morris
- Melcher Awards
- Newbery/Caldecott Award Medals
- Geisel Award
- Atkinson Memorial Award
- Conference Speaker Fees
- Conference Travel Support for Students
- General Operating Support
- ALA General Scholarships



Margaret Edwards Trust

Margaret Alexander Edwards was a long-time supporter of teen and young adult reading via the Enoch Pratt Free Library of Baltimore, Maryland.

The Edwards Trust was established in 1989 through a bequest from Margaret Alexander Edwards. The purpose of the Trust is to promote the free reading of teenagers and young adults.

YALSA has been a long time booster and recipient of funds in support of the Trust's purpose. The original Trustee's felt that YALSA would be a good steward of the purpose of the Trust and the use of its funds going forward.

The ALA endowment expects to receive approximately \$900,000+



- Supports activities that promote reading for the enjoyment and enrichment of teens and young adults
- Projects can include billboards, newspaper ads, reading clinics and work in the streets of underprivileged neighborhoods
- Encourages the use of experimental approaches

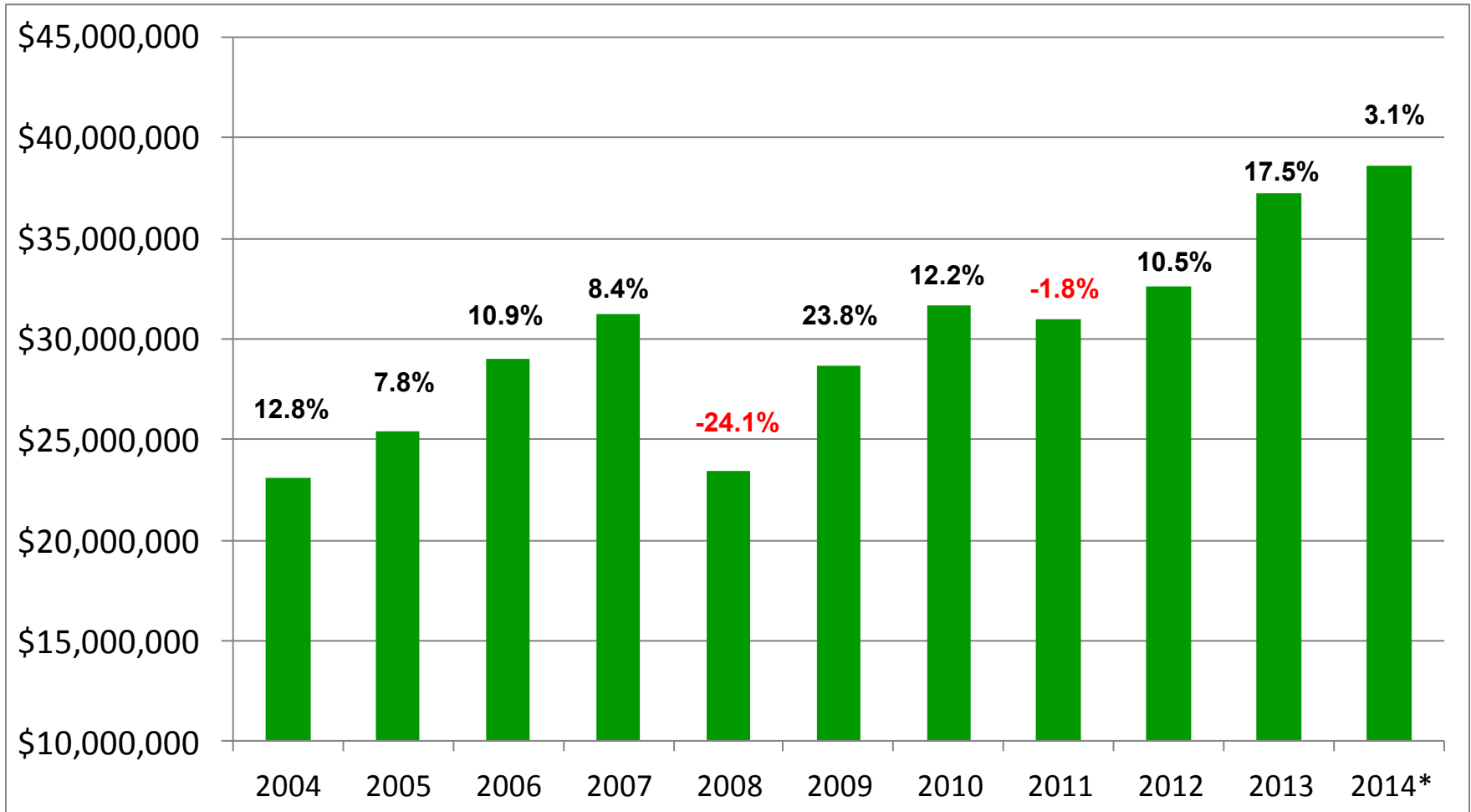


Salient Market Points

- Markets have been fairly stable in 2014.
- Fixed income is performing better than in recent years.
- Housing continues its steady improvement.
- Continued unrest and civil war in the Middle East could destabilize the markets somewhat.
- The House moving even further to the right could harden the federal government logjam and budget shutdown in the in the fall is a greater possibility.

Market Value and Return @ 5-31-14

\$38,615,205



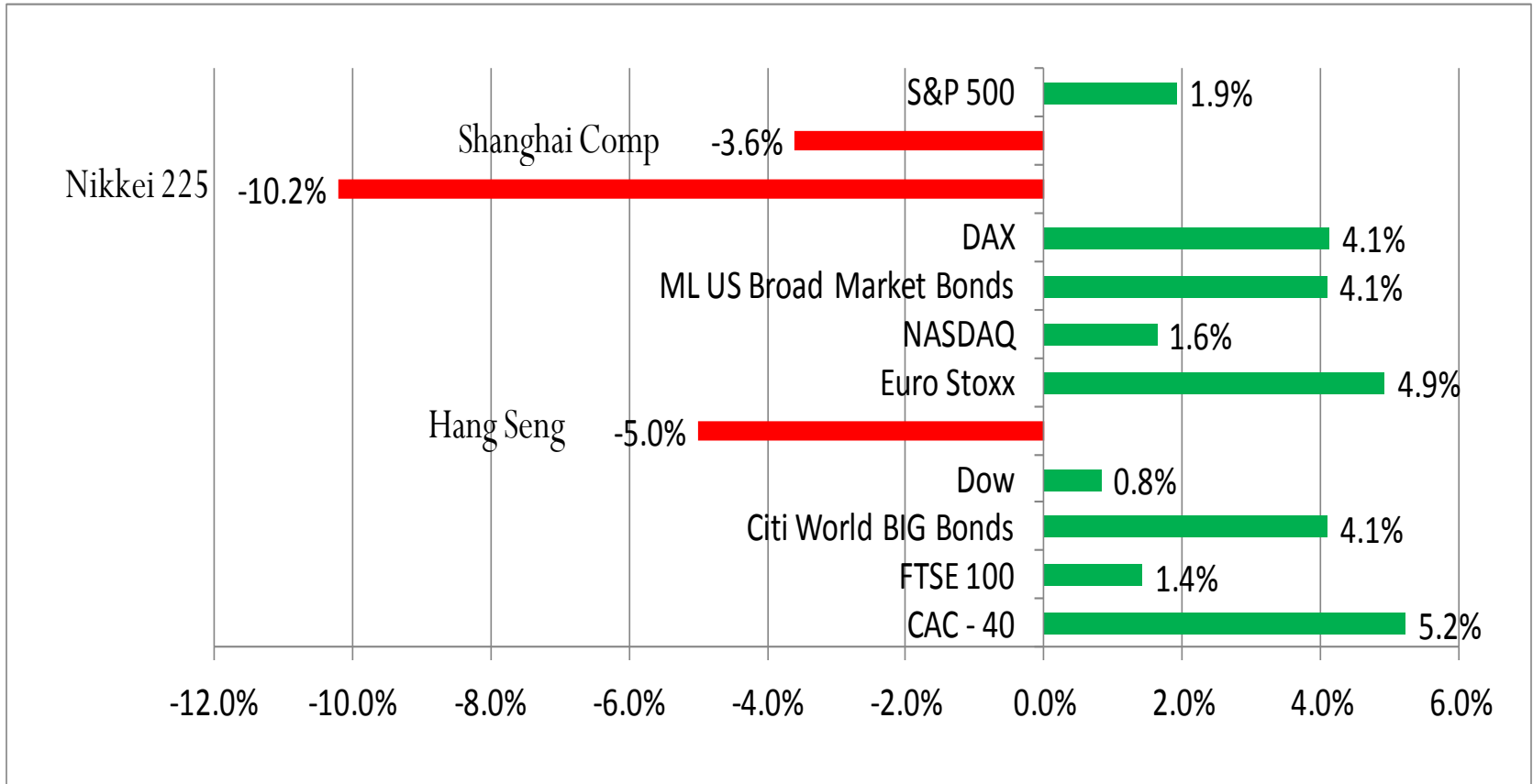
*Five months ending 5-31-14

Time Weighted Rate of Return

	<u>Opening</u> <u>Balance</u>	<u>Contributions</u> <u>(Withdrawals)</u>	<u>Interest</u> <u>Dividends</u>	<u>Appreciation</u> <u>(Depreciation)</u>	<u>Closing</u> <u>Balance</u>	<u>ROR</u> <u>Period</u>	<u>ROR</u> <u>Cumulative</u>
January - 2014	\$ 37,288,932	\$ (249,368)	\$ 34,040	\$ 1,304,302	\$36,527,420	3.67%	1.54%
February - 2014	\$ 36,527,420	\$ 7,069	\$ 39,924	\$ (802,621)	\$ 7,622,278	-2.06%	-2.06%
March - 2014	\$ 37,622,278	\$ 0	\$ 66,425	(\$ 65,622)	\$37,623,081	0.00%	1.54%
April - 2014	\$ 37,623,981	(\$ 174,984)	\$ 47,518	(\$ 108,432)	\$37,388,083	-0.16%	1.37%
May - 2014	<u>\$ 37,387,191</u>	<u>\$ 580,634</u>	<u>\$ 44,397</u>	<u>\$ 602,982</u>	<u>\$38,615,205</u>	<u>1.71%</u>	<u>3.10%</u>
Total	\$ 37,387,191	\$ 163,351	\$ 232,304	\$ 930,618	\$38,615,205	NA	3.10%

World Market Performance

- Calendar Year Market Returns @ 5-31-14



Manager Allocation and Style

<u>Manager</u>	<u>Value</u>	<u>%</u>
London Company -Large Cap Core	\$ 6,321,400	16.4%
Merrill Lynch Personal Advisor*	\$ 11,677,381	30.2%
Lord Abbett - Convertibles	\$ 1,202,650	3.1%
IDP - Large Cap Value	\$ 3,252,951	8.4%
The Endowment Fund - Alternatives	\$ 1,853,650	4.8%
IDP - International Value	\$ 4,640,588	12.0%
IDP - Large Cap Growth	\$ 6,299,269	16.3%
Pimco - Fixed Income	<u>\$ 3,367,316</u>	<u>8.7%</u>
Total	\$ 38,615,205	100.0%

*MLPA is a platform under which ALA can access different managers in the form of mutual funds and ETF's. There are 8 different managers in this account including the SRI manager Ariel.

IDP – Institutional Discretionary Portfolio

SRI – Socially Responsible Investing

Endowment Fund Asset Summary*

Exhibit #10

	\$	1,544,608	4.0%
Future Fund	\$	13,129,170	34.0%
Carnegie Fund	\$	1,583,223	4.1%
Spectrum Family (6)	\$	5,715,050	14.8%
Scholarships (10)	\$	2,394,143	6.2%
Awards (39)	\$	7,510,657	19.4%
Divisions (11)	\$	<u>6,738,354</u>	<u>17.5%</u>
Total	\$	<u><u>38,615,205</u></u>	<u><u>100.0%</u></u>

*Approximate and unaudited