

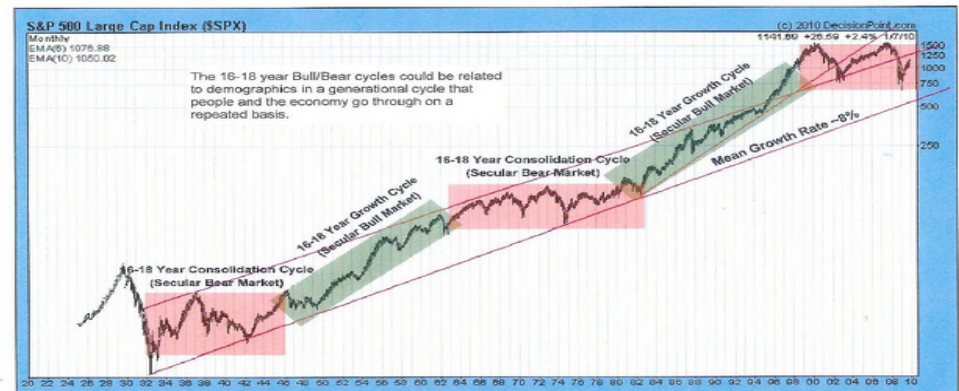


2015 - 16 ET #6.3
2015 - 16 EBD #13.1
(2015 Fall Meeting)

Endowment Trustees Report

(Long-Term Investment / Endowment Fund)

Rod Hersberger – Senior Trustee
Sunday – October 25, 2015



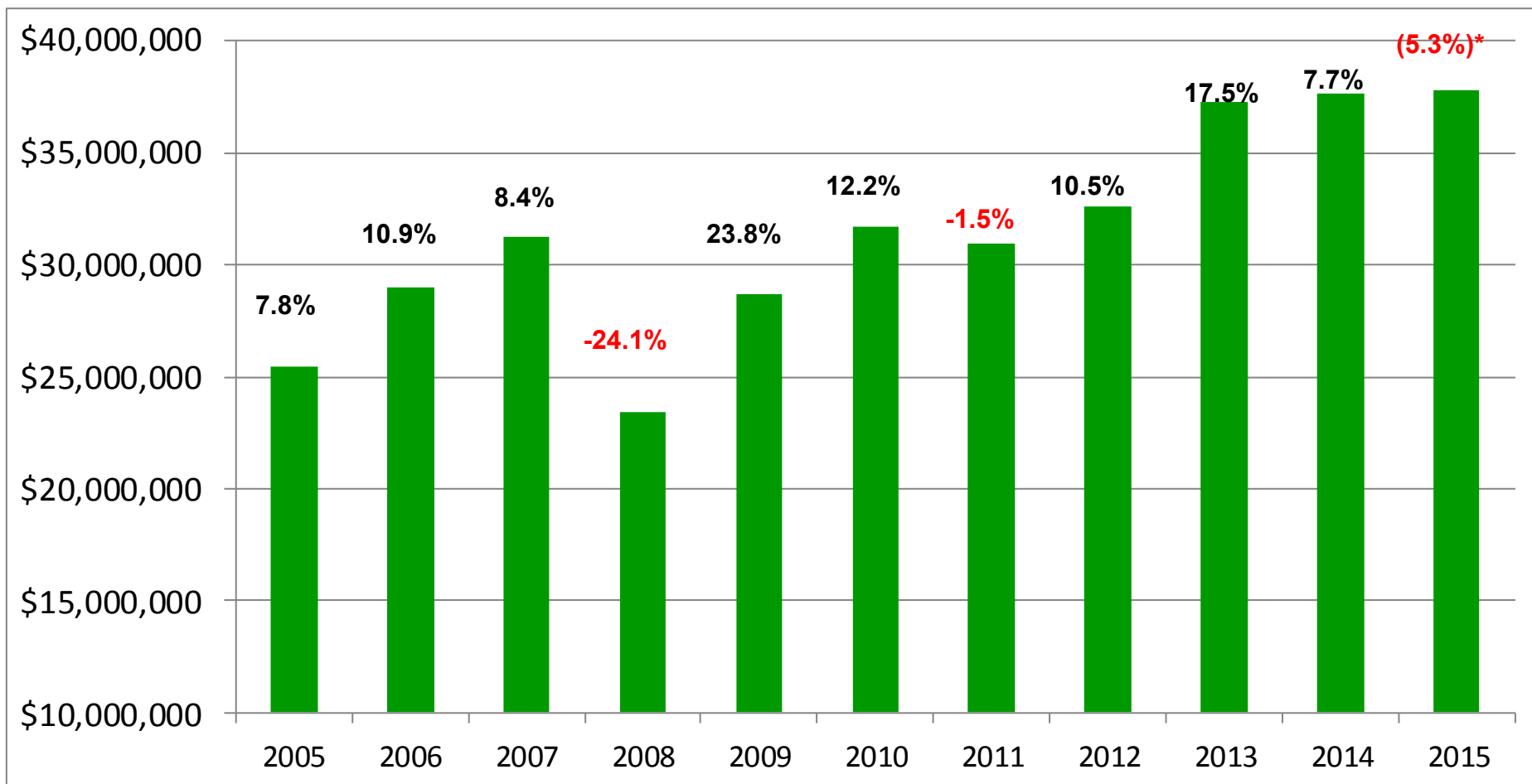
Issues Impacting the Market

– 3rd Quarter –

- Markets suffer the largest quarterly percentage decline since 2011 (-6.9%)
- Economic slowdown in China having a ripple affect on world markets
 - Slowest growth rate for China in six years
 - As the World's biggest importer of many raw materials, commodity prices have plummeted
- Federal Reserve maintained status quo on raising interest rates
- Markets experiencing the highest level of volatility since 2011
- Expectation of two consecutive quarters of lower corporate earnings
- Stock valuation remain relatively high by historical standards
- Broad selloff has impacted the Emerging Markets and is spreading
 - \$40 billion pulled from emerging market stocks & bonds during the quarter

Market Value and Return @ 9-30-15

\$37,767,659



*Nine months ending 9-30-15

Time Weighted Rate of Return

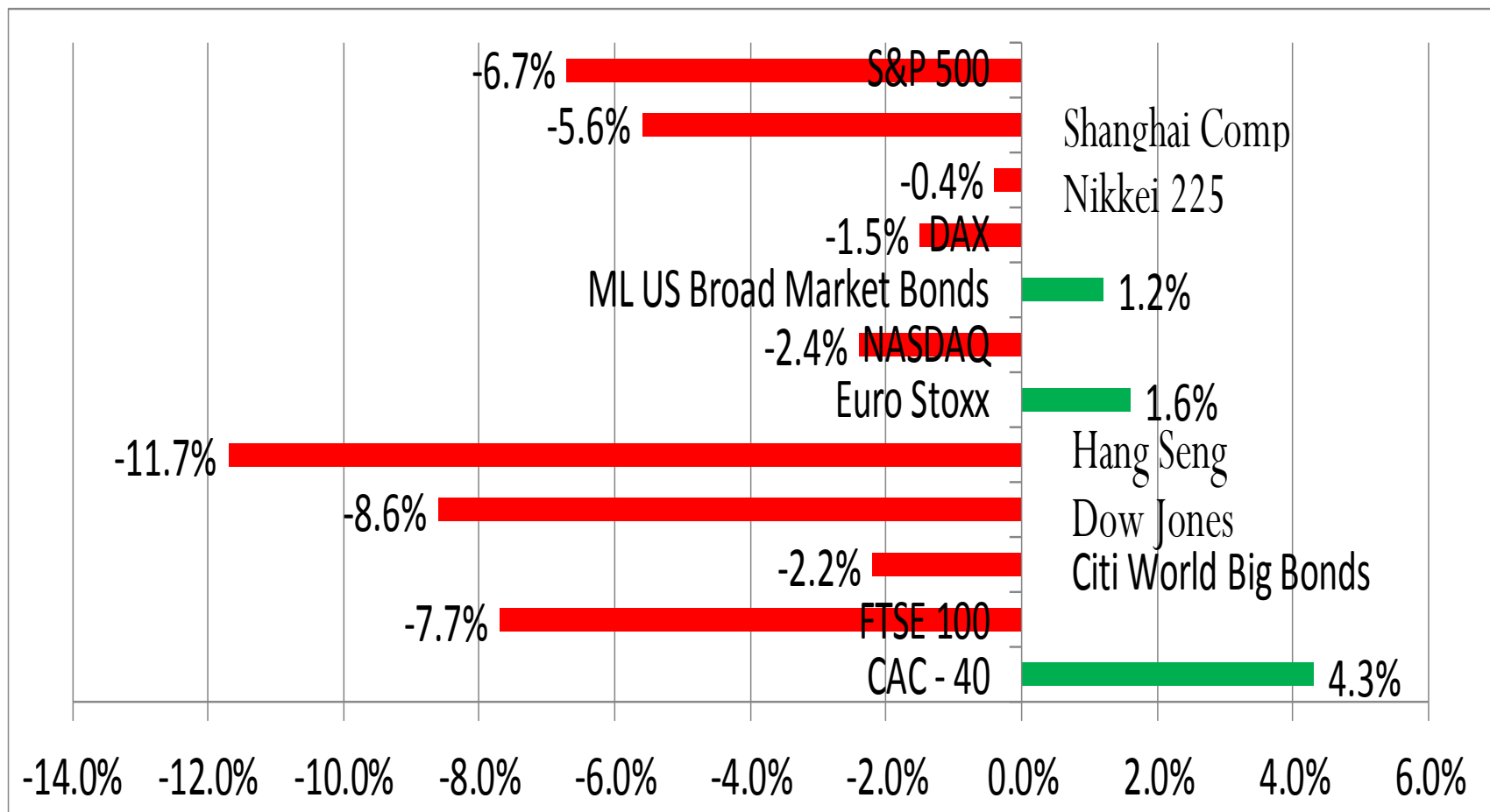
	<u>Opening</u> <u>Balance</u>	<u>Contributions</u> <u>(Withdrawals)</u>	<u>Interest</u> <u>Dividends</u>	<u>Appreciation</u> <u>(Depreciation)</u>	<u>Closing</u> <u>Balance</u>	<u>ROR*</u> <u>Period</u>	<u>ROR*</u> <u>Cumulative</u>
September – 2015	\$ 38,680,372	\$ (8,595)	\$ 102,953	\$ (1,007,072)	\$37,767,659	(2.34%)	(5.29%)
August – 2015	\$ 40,656,752	\$ 0	\$ 51,321	\$ (2,027,701)	\$38,680,372	(4.81%)	(3.03)
July – 2015	\$ 40,321,468	\$ 0	\$ 62,897	\$ 272,388	\$40,656,752	0.83%	1.88%
June – 2015	\$ 41,103,356	\$ 0	\$ 94,315	\$ (876,203)	\$40,321,468	(1.90%)	1.04%
May – 2015	\$ 40,962,938	\$ 0	\$ 56,539	\$ 83,879	\$41,103,356	0.32%	2.99%
April - 2015	\$ 40,629,904	\$ 0	\$ 52,842	\$ 280,192	\$40,962,938	0.82%	2.67%
March - 2015	\$ 41,857,168	\$ (885,474)**	\$ 90,108	\$ (431,898)	\$ 40,629,904	(0.82%)	1.83%
February - 2015	\$ 40,362,294	\$ 0	\$ 52,116	\$ 1,442,758	\$41,857,168	3.66%	2.67%
January - 2015	<u>\$ 40,735,091</u>	<u>\$ 13,704</u>	<u>\$ 29,144</u>	<u>\$ (415,644)</u>	<u>\$40,362,295</u>	<u>(0.95%)</u>	<u>(0.95%)</u>
Total	\$ 40,735,091	\$ (871,770)	\$ 280,748	\$ 959,287	\$41,103,356	NA	2.99%

*Rate of Return

**Represents the quarterly settlement of activities between ALA (Division/RT/PPO etc. scholarship & award activities) and the endowment.

World Market Performance

- Calendar Year Market Returns @ 9-30-15



Manager Allocation and Style

<u>Manager</u>	<u>Value</u>	<u>%</u>
London Company - Large Cap Core	\$ 6,660,969	17.6%
Merrill Lynch Personal Advisor (MLPA)*	\$ 17,827,572	47.2%
Lord Abbett - Convertibles	\$ 1,298,427	3.2%
The Endowment Fund - Alternatives	\$ 1,220,582	3.2%
Capital Group - International	\$ 1,595,673	4.2%
Equity Income & Growth - ETF	\$ 6,522,188	17.3%
Loomis Sayles - Fixed Income	<u>\$ 3,940,677</u>	<u>10.4%</u>
Total	<u>\$ 37,767,659</u>	<u>100.0%</u>

*MLPA is a platform under which ALA can access different managers in the form of mutual funds and ETF's. There are 11 different managers in this account including the SRI (Socially Responsible Investing) manager Ariel.

Manager Allocation and Style - MLPA

<u>Manager</u>	<u>Value</u>	<u>%</u>
Ariel Appreciation - SRI	\$ 886,168	2.3%
Goldman SMID	\$ 1,866,628	4.9%
Principal Mid Cap	\$ 1,891,165	5.0%
Lazard International Strategy	\$ 1,625,977	4.3%
Oakmark International	\$ 1,566,185	4.1%
Invesco U.S. REIT	\$ 1,389,035	3.7%
Lord Abbett Floating & Cash	\$ 1,699,649	4.5%
Templeton Global Total Return	\$ 1,635,205	4.3%
Third Avenue Global Real Estate	\$ 1,267,120	3.4%
Deutsche Global Infrastructure	\$ 1,154,584	3.1%
Double Line Total Return	\$ 1,055,426	2.8%
Eaton Vance Bond	<u>\$ 1,790,431</u>	<u>4.7%</u>
Total	<u>\$ 17,827,572</u>	<u>47.2%</u>

The Work of the Endowment Trustees

Recent Trustee Actions

- Conducted new Trustee (2) orientation with Investment Advisor and Staff
- Added two private equity managers to the portfolio
 - Blackstone Group LP (\$2.0 million)
 - KKR & Co LP*(\$750,000)
 - Expect to talk to Carlyle Group in February (NYC)
- Trustees concerned that endowment growing from investments returns only with little input from donations or fundraising efforts
 - Plan to meet with Development Office Director** to discuss possible fundraising goal
- Conducted Investment Advisor Request for Information (RFI) interviews (5)
 - Retained Merrill Lynch
- Trustees continue to meet in NYC to have access to a broader and deeper pool of available investment talent
- Considering the investment of an additional \$1.0 million in SRI asset class
 - Will depend on impact study by Merrill Lynch

*Kohlberg, Kravitz and Roberts

**When hired