

Endowment Trustees Report

(Long-Term Investment / Endowment Fund)

Rod Hersberger – Senior Trustee
Thursday – April 6, 2017
Saturday – April 8, 2017



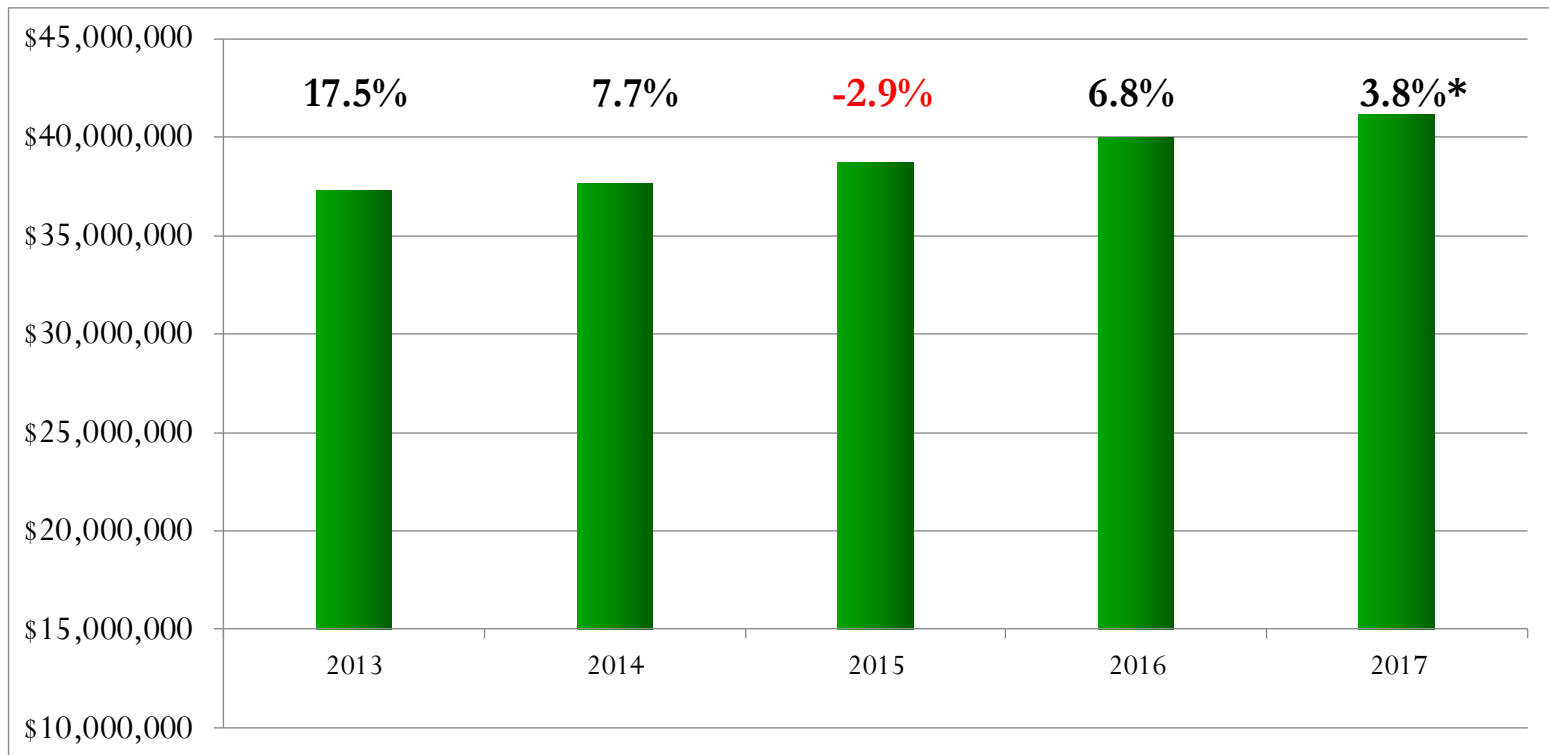
Issues Impacting the Market

- Global economic outlook projected at 2.9%, slightly higher than 2016 fourth quarter projection
- The Federal Reserve has signaled their intention to accelerate increases in the Federal Funds rate (Latest increase of .25 basis points to their target range of 0.75 to 1.00 on 3/15/17)
- Business confidence in tax reduction less strong after House failure to pass a replacement for Obamacare.
- Possible disruptive forces from trade and immigration policies create substantial downside risk around the medium-term growth outlook.
- Investors have been piling into equities in anticipation of tax cuts, infrastructure spending, regulatory relaxation, and other policies that could boost corporate earnings
- The market's advance since the Presidential election has caused many market experts to view the market as overvalued – pullback expected and desired
- UK triggered Article 50 on 3-27-17 that begins the Brexit process

Market Value and Return @ 2-28-17

Exhibit #2

\$41,153,883



*Calendar year to date through 2-28-17

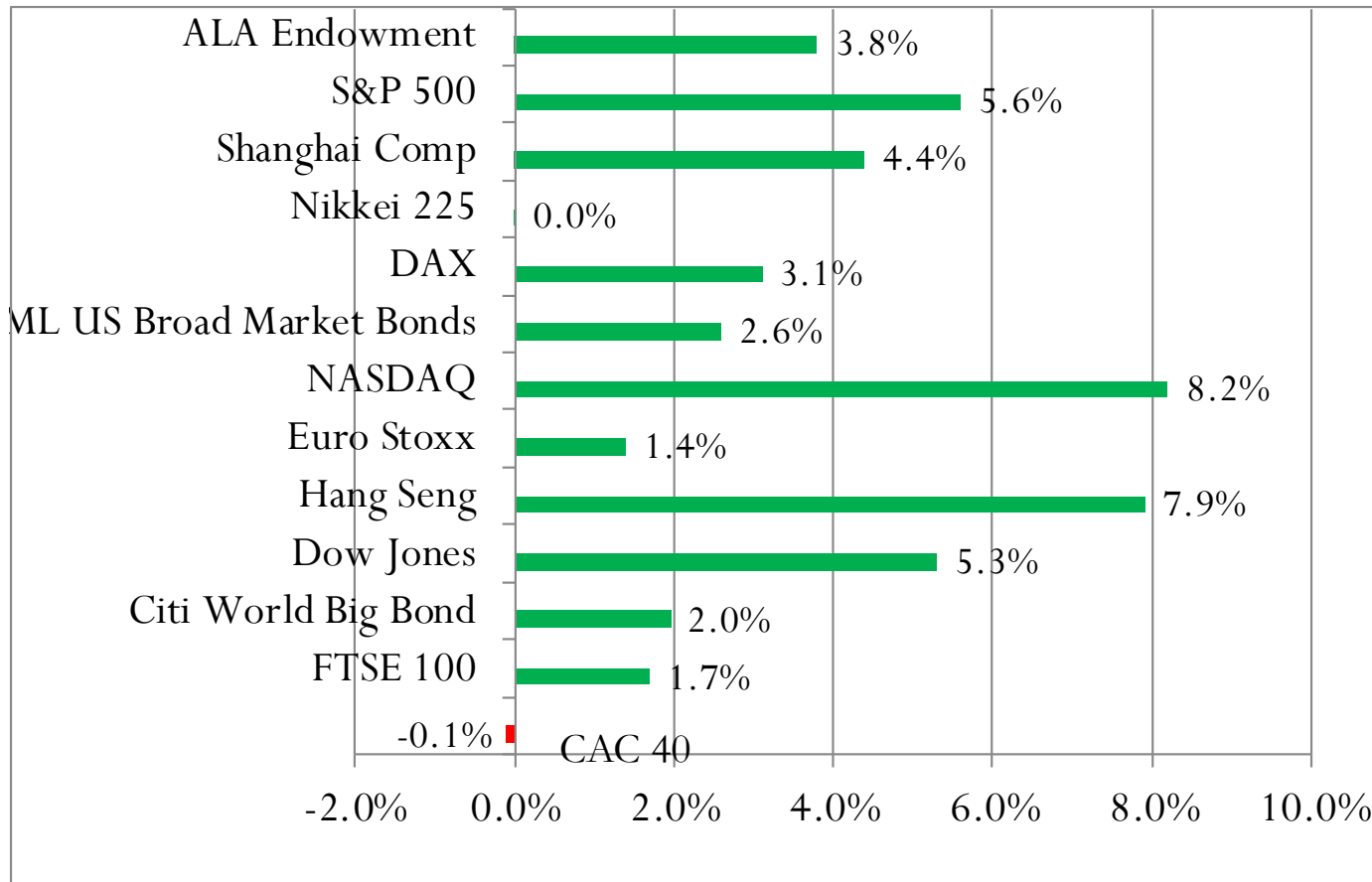
Manager Allocation and Style

<u>Manager</u>	<u>Value</u>	<u>%</u>
Clearbridge ESG - Large Cap Core	\$ 8,532,063	20.7%
Merrill Lynch Personal Advisor* - (MLPA)	\$ 19,718,865	47.9%
The Endowment Fund/KKR/Blackstone/ JLL - Alternatives	\$ 2,579,125	6.3%
Capital Group - International	\$ 1,717,723	4.2%
Equity Income & Growth - ETF	\$ 8,596,690	20.9%
Loomis Sayles - Fixed Income	<u>\$ 9,417</u>	<u>0.0%</u>
Total	\$ 41,153,883	100.00%

*MLPA is a platform under which ALA can access different managers of various investing styles in the form of mutual funds and ETF's - 9 managers.

World Market Performance

- Calendar Year Market Returns @ 2-28-17



Time Weighted Rate of Return

	<u>Opening Balance</u>	<u>Contributions (Withdrawals)</u>	<u>Interest Dividends</u>	<u>Appreciation (Depreciation)</u>	<u>Closing Balance</u>	<u>ROR* Period</u>	<u>ROR* Cumulative</u>
February – 2017	\$ 40,347,834	\$ 0	\$ 46,492	\$ 759,556	\$ 41,153,883	2.02%	3.83%
January – 2017	<u>\$ 40,016,349</u>	<u>\$ (379,787)</u>	<u>\$ 24,100</u>	<u>\$ 687,173</u>	<u>\$ 40,347,834</u>	<u>1.78%</u>	<u>1.78%</u>
Total	\$ 38,723,216	\$ (379,787)	\$ 70,592	\$ 1,446,729	\$ 41,153,883	NA	3.83%

*Rate of Return

Manager Performance @ 12-31-16

Exhibit #6

- 1, 3 and 5 Years -

Manager	Benchmark	Investment	1 Year	Index	3 Years	Index	5 Years	Index
		Structure						
Equity Income & Growth ETF	S&P 500	ETF	12.5%	12.0%	8.3%	8.9%	14.1%	14.7%
Clearbridge Large Cap ESG	Russell 1000 Growth	SMA**	9.4%	7.1%	11.6%	8.6%	18.1%	14.5%
Principal Mid Cap*	Russell Mid Cap	Mutual Fund	10.2%	13.8%	8.0%	7.9%	14.9%	14.7%
Capital Group International	MSCI EAFE	SMA**	-2.6%	1.0%	-2.1%	-1.6%	6.3%	6.3%
Lazard International Strategic*	MSCI EAFE	Mutual Fund	-5.2%	1.0%	-2.8%	-1.6%	7.5%	6.3%
Oakmark International*	MSCI EAFE	Mutual Fund	7.9%	1.0%	-0.6%	-1.6%	10.4%	6.3%
Invesco US REIT	FTSE NAREIT	Mutual Fund	6.1%	8.6%	11.6%	12.7%	10.6%	12.0%
Vanguard US REIT ETF*	MSCI US REIT	Mutual Fund	8.6%	8.6%	13.2%	13.2%	11.8%	11.9%
Nuveen Real Asset Income*	Nuveen Real Asset Blend	Mutual Fund	9.8%	8.8%	7.3%	5.5%	9.1%	8.1%
Loomis Sayles	ML US Broad Market	SMA**	3.9%	2.7%	3.2%	3.1%	2.9%	2.3%
Double Line Total Return*	Barclays US Agg	Mutual Fund	2.2%	2.6%	3.7%	3.0%	4.0%	2.2%
Lord Abbett Floating Rate*	CS Leveraged Loan	Mutual Fund	9.9%	9.9%	3.7%	3.8%	5.5%	5.3%
Guggenheim Total Return*	Barclays US Agg	Mutual Fund	6.2%	2.6%	4.6%	3.0%	4.2%	2.2%
Western Asset Management*	Barclays US Agg	Mutual Fund	4.8%	2.6%	4.6%	3.0%	4.2%	2.2%
JLL Income Property Trust			4.7%					
The Endowment Fund	HFRI Fund of Funds		-2.6%					

*MLPA

**Separately Managed Accounts

Work of the Endowment Trustees

Recent Trustee Actions

- No recommended changes to the portfolio's asset allocation between equities (66%), bonds (28%) and real assets (6%)
- After consulting with our Investment Advisor (Merrill Lynch) the Trustees modified the portfolio's asset allocation with the following changes:
 - Reduce the overweight in US REIT's by 3%
 - Allocate 3% to Schwab US Small Cap equity ETF
- Manager Changes:
 - Replace US REIT with Schwab US Cap Equity EFT
 - Replace fixed income managers Loomis Sayles and Western with PIMCO Income Fund and Lord Abbett Short Duration Fund
- Re-balance fixed income allocation so all five* managers have an equal allocation of 5.7%
- Met with and had an extensive dialogue with TIAA managers for another perspective on impact investing (SRI). Will invite back for a future meeting for further discussion
- Another excellent education meeting in NYC in February
- Planned meeting with Director of Development Office in May on fundraising



*Double Line Total Return, Guggenheim Total Return, PIMCO Income Fund, Lord Abbett Short Duration Fund and Lord Abbett Floating & Cash .

Thank you