



EBD #13.0
2021 – 2022 Virtual Fall Meeting

Endowment Trustee Report to the ALA Executive Board

Mario Gonzalez – Senior Endowment Trustee

Fall Meeting Virtual 2021
Monday – October 25, 2021
Saturday – October 30, 2021

Endowment Trustee Activities

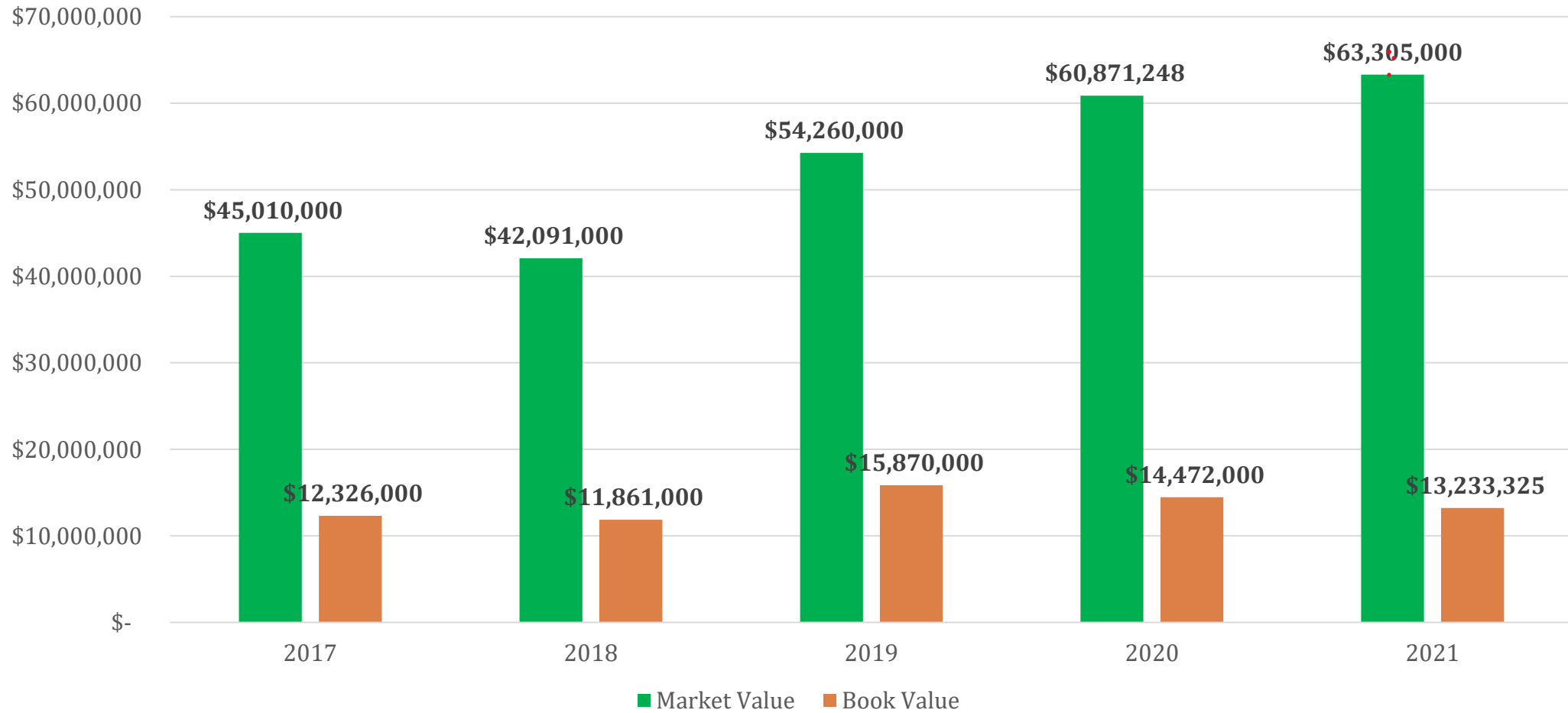
- Trustees support ALA's goal of equity, diversity and inclusion in our investment decisions.
 - Added minority owned Ariel Investments Small/Mid Cap fund September 2021
- Maintained ESG holdings at approx. 55.0% of portfolio
- Monitoring the investment market during pandemic
 - In continuous contact and communication with investment advisor The Bhatia Group, Merrill Lynch
- Educating Trustees, Executive Board, and members
 - Glossary of Investment Terms (PDF on Treasurers and Trustees websites)
 - Endowment Management Cost Structure (report)
 - Endowment Benefits to ALA & Units (report)
 - Frequently Asked Questions (FAQ) about ALA Endowment (report)
 - Assigned Trustees as mentors to the two newest Trustees
- Provided an orientation session for the two most recently filled Endowment Trustee vacancies



Salient Points Influencing the Markets

- Bank of America global research analysts foresee higher inflation and interest rates over the long-term
- The rise in 10-year Treasury yields since early August sparked a selloff in global equities, Treasury bonds and US tech as investors feared stagflation.
- Due to inflation fears, asset allocation decision makers may want to consider two big changes: a shift gradual trend higher inflation and interest rates
- Supply chain issues at the nation's port facilities expected to continue into 2022 resulting in product shortages
- Public mandates to receive the Covid-19 vaccines becoming hot-point issues, both good and bad
- Economy beginning to feel the affects of over 11 million job vacancies

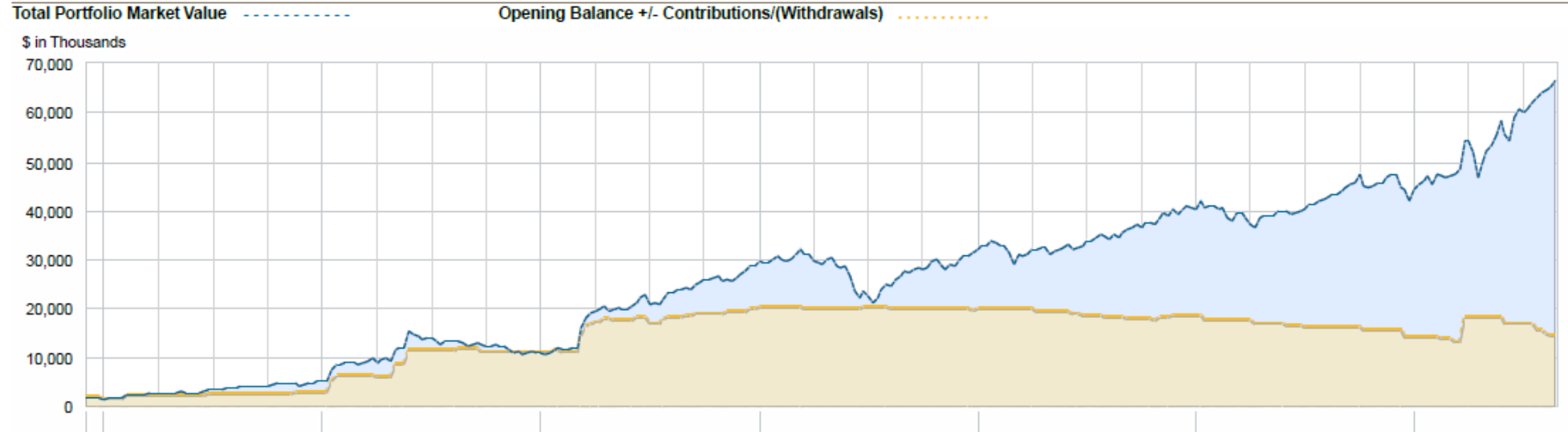
Market and Book Value as of 9-30-21* \$63,305,000



*Calendar year to date – 9 months.

ENDOWMENT HISTORICAL CASH FLOWS AS OF 8-31-21

Performance period: 10/17/1994 to 08/31/2021



Categories	1999	2003	2007	2011	2015	2019	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Entire Period
Opening Balance (\$)							30,958,281	32,633,466	37,288,932	40,735,091	38,724,962	40,016,349	45,900,664	42,091,092	54,260,268	60,747,152	1,623,562
Contributions/(Withdrawals) (\$)							(1,307,336)	(732,294)	519,511	(877,651)	(991,964)	(369,494)	(2,053,057)	4,009,133	(1,448,275)	(2,291,769)	12,130,146
Interest/Dividends (\$)							1,219,543	1,213,067	1,396,836	1,497,064	1,252,452	1,214,040	1,528,605	1,190,682	1,631,792	770,142	22,041,871
Appreciation/(Depreciation) (\$)							1,762,978	4,174,694	1,529,812	(2,629,543)	1,030,899	5,039,768	(3,285,121)	6,969,361	6,303,367	7,391,184	30,217,245
Closing Balance (\$)							32,633,466	37,288,932	40,735,091	38,724,962	40,016,349	45,900,664	42,091,092	54,260,268	60,747,152	66,616,708	66,616,708
Time Weighted Return (%)							9.88	16.71	7.67	(2.89)	6.13	15.82	(4.04)	19.44	14.85	13.61	655.01

Book Value = \$13.8 million

Investment Earnings = \$52.3 million

Time Weighted Rate of Return

Year-To-Date (YTD) 9-30-21

<u>Period</u>	<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>
September - 2021	\$ 66,616,708	\$ (1,485,000)	\$ 243,255	\$ (2,069,622)	\$ 63,305,341	(2.8%)	10.0%
August – 2021	\$ 65,097,367	\$ -	\$ 171,071	\$ 1,348,271	\$ 66,616,708	2.3%	12.8%
July – 2021	\$ 64,619,939	\$ (450,540)	\$ 74,768	\$ 863,206	\$ 65,097,367	1.5%	10.5%
June – 2021	\$ 64,270,831	\$ (642,633)	\$ 165,687	\$ 826,054	\$ 64,619,939	1.5%	9.0%
May - 2021	\$ 63,238,014	\$ -	\$ 53,778	\$ 979,039	\$ 64,270,831	1.6%	7.5%
April - 2021	\$ 62,097,229	\$ (1,238,590)	\$ 71,558	\$ 2,307,817	\$ 63,238,014	3.8%	5.9%
March -2021	\$ 60,871,248	\$ -	\$ 119,930	\$ 1,106,057	\$ 62,097,229	2.0%	2.1%
February – 2021	\$ 60,159,389	\$ 50,000	\$ 100,933	\$ 560,926	\$ 60,871,248	1.1%	0.1%
January – 2021	\$ 60,747,153	\$ -	\$ 12,419	\$ (600,182)	\$ 60,159,389	(1.0%)	(1.0%)
Total	<u>\$ 60,747,153</u>	<u>\$ (3,766,763)</u>	<u>\$ 1,013,399</u>	<u>\$ 5,321,566</u>	<u>\$ 63,305,341</u>	<u>NA</u>	<u>10.0%</u>

Managers, Styles, and Allocations

9-30-21

<u>Manager</u>	<u>Value</u>	<u>%</u>
Clearbridge ESG - Large Cap Core	\$ 10,908,808	17.2%
Merrill Lynch Personal Advisor* - (MLPA)	\$ 43,232,115	68.3%
The Endowment Fund/KKR/Blackstone/JLL – Alternatives**	\$ 5,901,601	9.3%
Capital Group - International	<u>\$ 3,262,817</u>	<u>5.2%</u>
Total	<u>\$ 63,305,341</u>	<u>100.0%</u>

*MLPA is a platform under which ALA can access different managers of various investing styles in the form of mutual funds and ETF's - 13 managers – detail on next slide.

**JLL (1.9%), Endowment Fund (0.8%), KKR (1.5%), and Blackstone (3.7%).

Merrill Lynch Personal Advisor

Managers, Style, and Allocations

9-31-21

		Portfolio
<u>Manager</u>	<u>Value</u>	<u>%</u>
Principal Midcap Fund	\$ 3,749,737	8.7%
Calvert Short Duration (ESG)	\$ 3,401,157	7.9%
Doubleline Total Return	\$ 3,084,283	7.1%
Guggenheim Total Return	\$ 3,250,387	7.5%
Lord Abbett Short	\$ 3,069,932	7.1%
Domini Impact International (ESG)	\$ 1,282,138	3.0%
Lazard International Strategic	\$ 1,462,719	3.4%
Nuveen ESG Small Cap	\$ 2,268,047	5.2%
Nuveen Real Asset Income	\$ 1,297,861	3.0%
GS GQG Partners	\$ 1,457,815	3.4%
Pimco Income Fund	\$ 2,999,068	6.9%
Vanguard Real Estate	\$ 1,506,853	3.5%
S&P 500 Fossil Fuel Free Reserves ESG	\$ 12,307,064	28.5%
Cash	\$ 2,095,054	4.8%
Total	\$ 43,232,115	100%

*Recently added to portfolio.

Future Endowment Trustee Activities

Welcome!

To the newest Trustees, Shali Zhang, Dean of Libraries Auburn University and Brett Bonfeld – Chief Operating Officer, Cincinnati & Hamilton County Public Library

- Update the 2019 Policy and Procedure Manual
- Review the goal of ESG investments
- Analyze disbursement of funds from endowment
- Enhance relationship with Development Office to raise funds for endowment book value
- A review of ALA's investment advisor Merrill Lynch due
- Review process for selecting Trustees



ALA Endowment Trustees

CONTACT: mgonzalez@passaicpubliclibrary.org

Mario Gonzalez, Senior Trustee

James G. Neal

Rhea Lawson

Brett Bonfeld

Janice Welburn

Shali Zhang

Maggie Farrell, Treasurer

Supported by ALA Finance staff and The Bhatia Group, Merrill Lynch Investment Advisers



Charge

To hold, invest, reinvest and disburse endowment funds; recommend endowment operating procedures and assumptions to the Executive Board; select endowment investments managers; report endowment status to the Executive Board, Council and Membership.