



EBD #13.1  
2019 – 2020 Spring Meeting

# **Endowment Trustee Report to ALA Executive Board**

Patricia Wand – Senior Endowment Trustee

Spring Meeting – Chicago, IL  
Saturday – April 4, 2020

# Coronavirus

aka Covid-19

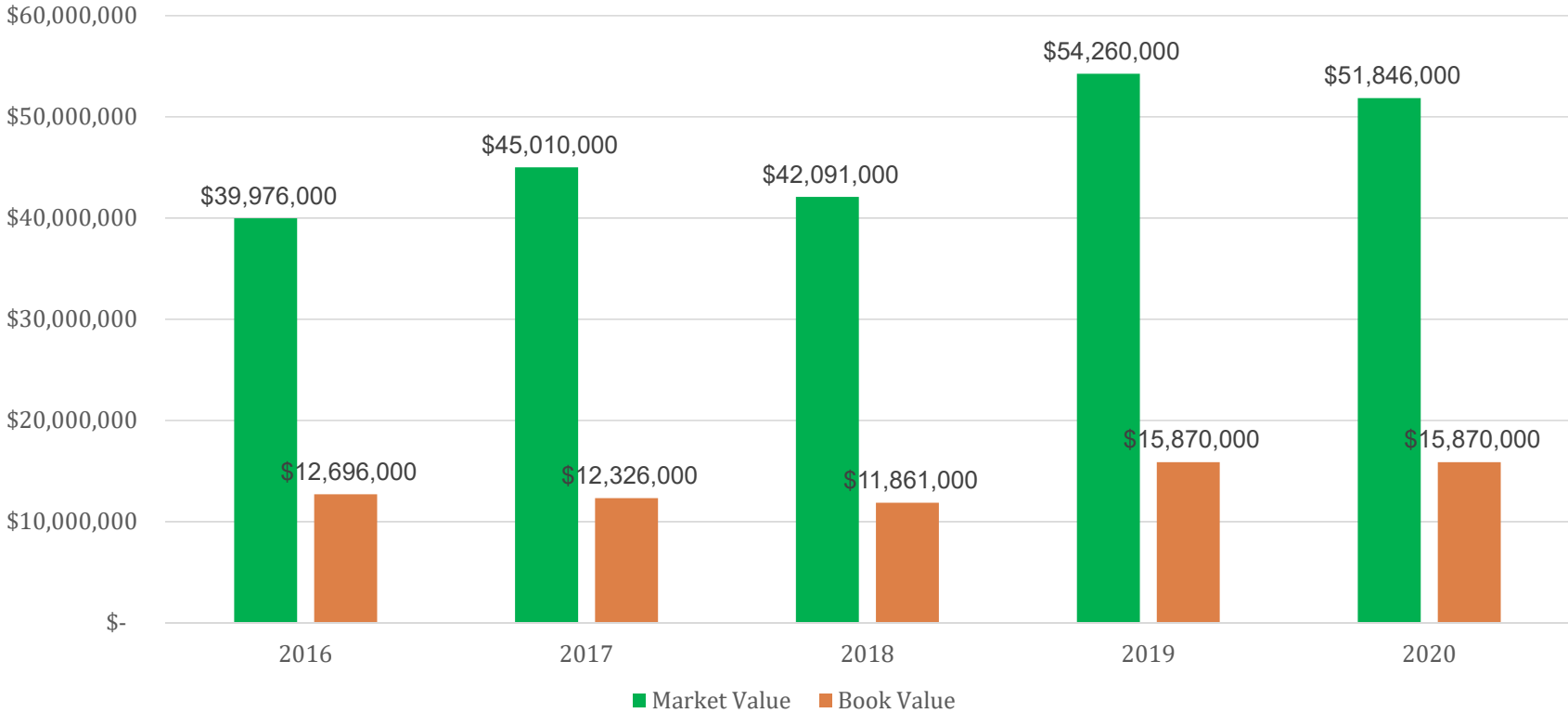
(as of 3/27/2020)

**Exhibit #1**

- Virus at pandemic level, verified cases in 159 countries and territories
- Impacting worldwide economy, negatively affecting markets
- Federal Reserve cut interest rates (3/15/20), slashing federal funds rate by 1% to a range of 0-0.25%
- Congress passed \$2 trillion stimulus package, targeting all sectors
- Legislators at all levels working overtime
- US budget deficit for first 5 months of fiscal year up 15% over last year at \$625.0 billion
- US unemployment claims hit 3.3 million in one week, expected to increase
- Airline and travel industries deeply affected
- Unprecedented impact on every aspect of society – health, governance, economy

# Market and Book Value @ 2-28-20\*

## \$51,845,525

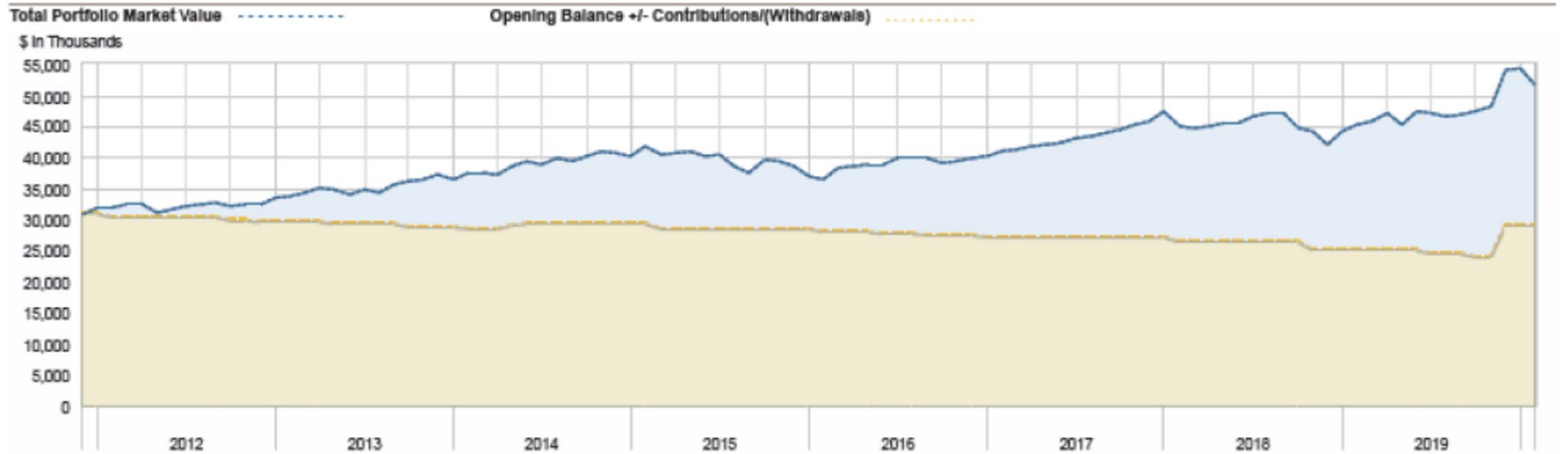


\*Calendar year to date (two months) through 2-28-20

# Endowment historical cash flows (as of 2.28.20)

Exhibit #3

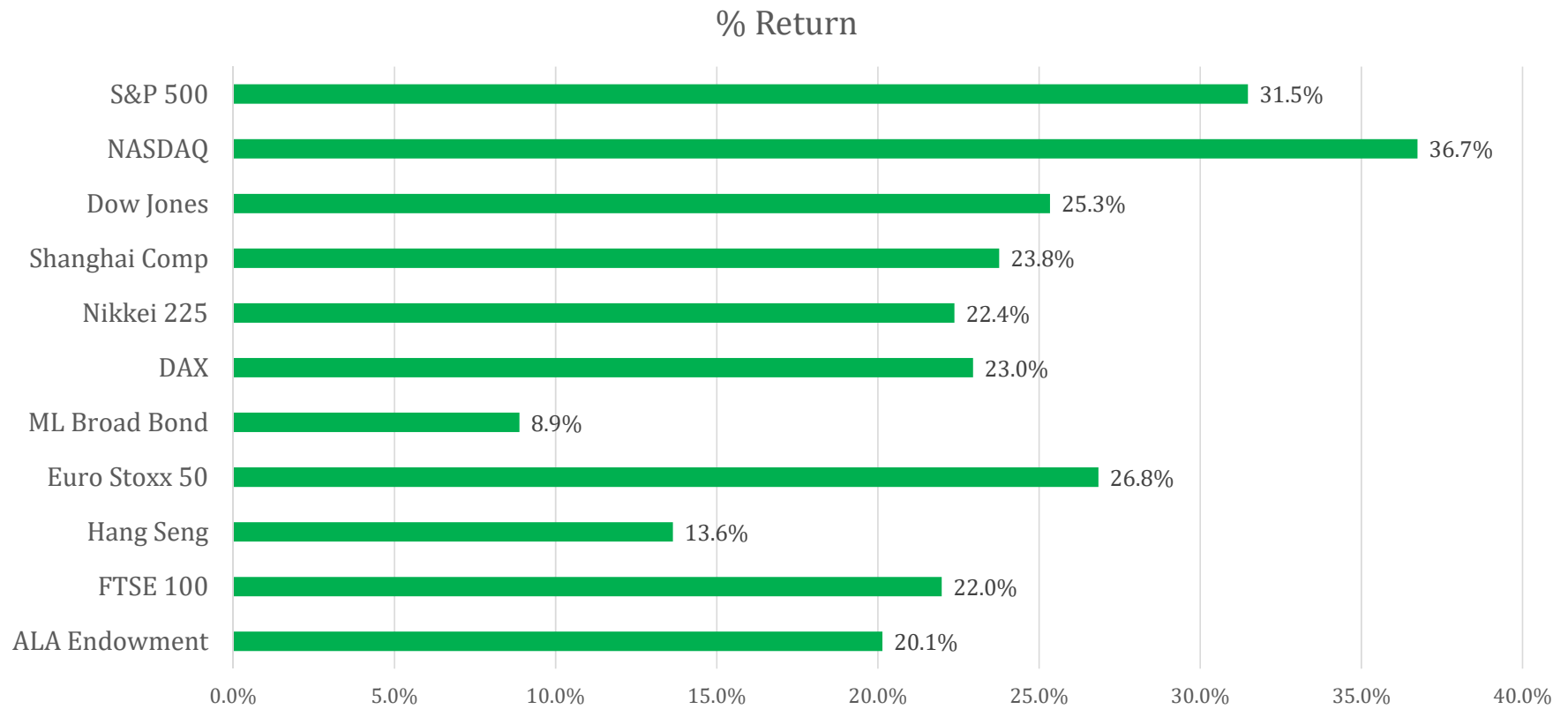
Performance period: 01/01/2012 to 02/29/2020



Categories	2012	2013	2014	2015	2016	2017	2018	2019	2020	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	30,958,281
Contributions/(Withdrawals) (\$)	(1,307,336)	(732,294)	519,511	(877,651)	(991,964)	(369,494)	(2,053,057)	4,009,133	0	(1,803,151)
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	188,713	10,701,003
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	(2,603,456)	11,989,392
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	51,845,525	51,845,525

# World Market Performance

Calendar Year Market Returns @ 12-31-19



# World Market Performance

Calendar Year Market Returns @ 2-28-20



# Time Weighted Rate of Return

- Calendar Year 2019 -

Period	Opening Balance	Contributions (Withdrawals)	Interest / Dividends	Appreciation / Depreciation	Closing Balance	ROR Period	ROR Cumulative
December - 2019	\$ 48,440,171	\$ 5,015,185	\$ 375,794	\$ 429,118	\$ 54,260,268	1.58%	19.44%
November - 2019	\$ 47,411,249	\$ 9,724	\$ 45,771	\$ 973,427	\$ 48,440,171	2.15%	17.59%
October - 2019	\$ 47,121,666	\$ (428,672)	\$ 101,186	\$ 617,068	\$ 47,411,249	1.56%	15.12%
September - 2019	\$ 46,736,916	\$ -	\$ 95,811	\$ 288,939	\$ 47,121,666	0.82%	13.34%
August - 2019	\$ 47,203,068	\$ -	\$ 45,073	\$ (511,225)	\$ 46,736,916	-0.98%	12.42%
July - 2019	\$ 47,464,621	\$ (587,103)	\$ 83,883	\$ 241,668	\$ 47,203,068	0.68%	13.53%
June - 2019	\$ 45,517,657	\$ -	\$ 130,612	\$ 1,816,352	\$ 45,615,049	-13.00%	12.77%
May - 2019	\$ 47,281,573	\$ -	\$ 51,558	\$ (1,815,474)	\$ 45,517,657	-3.73%	8.14%
April - 2019	\$ 45,955,726	\$ -	\$ 69,598	\$ 1,256,248	\$ 47,281,573	2.89%	12.33%
March - 2019	\$ 45,383,035	\$ -	\$ 92,661	\$ 480,030	\$ 45,955,726	1.26%	9.18%
February - 2019	\$ 44,443,399	\$ -	\$ 78,617	\$ 861,019	\$ 45,383,035	2.11%	7.82%
January - 2019	\$ 42,091,092	\$ -	\$ 20,118	\$ 2,332,190	\$ 44,443,399	5.59%	5.59%
<b>Total</b>	<u>\$ 45,900,664</u>	<u>\$ 4,009,133</u>	<u>\$ 1,190,682</u>	<u>\$ 6,969,361</u>	<u>\$ 54,260,268</u>	NA	19.44%

\*Rate of Return

# Time Weighted Rate of Return

- YTD 2-28-20 -

Period	Opening		Contributions (Withdrawals)	Interest / Dividends	Appreciation / Depreciation	Closing Balance	ROR	ROR
	Balance						Period	Cumulative
February - 2019	\$ 54,425,965	\$ -	\$ -	\$ 59,490	\$ (2,639,931)	\$ 51,845,525	-4.74%	-4.45%
January - 2019	<u>\$ 54,260,268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,222</u>	<u>\$ 36,475</u>	<u>\$ 54,425,965</u>	<u>0.31%</u>	<u>0.31%</u>
<b>Total</b>	<u>\$ 54,260,268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188,712</u>	<u>\$ (2,603,456)</u>	<u>\$ 51,845,525</u>	<u>NA</u>	<u>-4.45%</u>



# Managers, Styles, and Allocations

<u>Manager</u>	<u>Value</u>	<u>%</u>
Equity Income & Growth - ETF	\$ 9,189,708	17.7%
Clearbridge ESG - Large Cap Core	\$ 12,117,361	23.4%
Merrill Lynch Personal Advisor* - (MLPA)	\$ 22,859,511	44.1%
The Endowment Fund/KKR/Blackstone - Alternatives	\$ 4,444,046	8.6%
Capital Group - International	\$ 2,435,933	4.7%
Cash	<u>\$ 798,966</u>	<u>1.5%</u>
Total	<u>\$ 51,845,525</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 - 12 managers – detail on next slide.

\*\*JLL (2.1%), Endowment Fund (1.0%), KKR/Blackstone & the Partners Group TBD (5.5%)

# Merrill Lynch Personal Advisor

## Managers, Style, and Allocations

<u>Manager</u>	<u>Value</u>	<u>%</u>
Principal Midcap Fund	\$ 2,705,057	11.8%
Calvert Short Duration	\$ 2,771,606	12.1%
Doubleline Total Return	\$ 2,596,461	11.4%
Guggenheim Total Return	\$ 2,580,378	11.3%
Lord Abbett Short	\$ 2,496,388	10.9%
Domini Impact International	\$ 1,008,330	4.4%
Lazard International Strategic	\$ 1,140,204	5.0%
Nuveen ESG Small Cap	\$ 1,450,131	6.3%
Nuveen Real Asset Income	\$ 1,292,921	5.7%
Oakmark International	\$ 1,056,692	4.6%
Pimco Income Fund	\$ 2,387,587	10.4%
Vanguard Real Estate	\$ 1,373,756	6.0%
Total	\$ 22,859,511	100.0%

# Endowment Trustee Activity

- **Closely monitoring investment market during pandemic**
  - **Two update calls with Merrill Lynch advisors, March 18 & 26**
  - **Receiving investment reports and daily audio updates from ML senior leadership**
- **Keeping alert for optimal time to rebalance portfolio as needed**
- **Working closely with ALA Treasurer and staff to support a healthy financial outcome for ALA**
  - **Possible transfer of funds to FY20 operating budget**
  - **Possible change in payout for FY21**
- **ESG funds now account for 34% of the portfolio; Trustees continue searching for more ESG opportunities**
- **Responding to member concerns regarding fund management fees and recommendations for Trustee operations**
- **Continuing to educate members and ourselves**



# ALA Endowment Trustees

**CONTACT:** patwand@american.edu

**Patricia A. Wand, Senior Trustee, 2015 - 2021**

**Mario Gonzalez 2017 - 2020**

**James G. Neal 2019 - 2022**

**Robert Newlen 2013 - 2020**

**Brian E. C. Schottlaender 2015 - 2021**

**Janice Welburn 2019-2022**

**Maggie Farrell, Treasurer**

*Supported by ALA Finance Office staff and Merrill Lynch Investment Advisers*



## **Charge**

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