



EBD #13.4  
BARC #13.4  
2020 – 2021 Virtual Spring Meeting

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

Patricia Wand – Senior Endowment Trustee

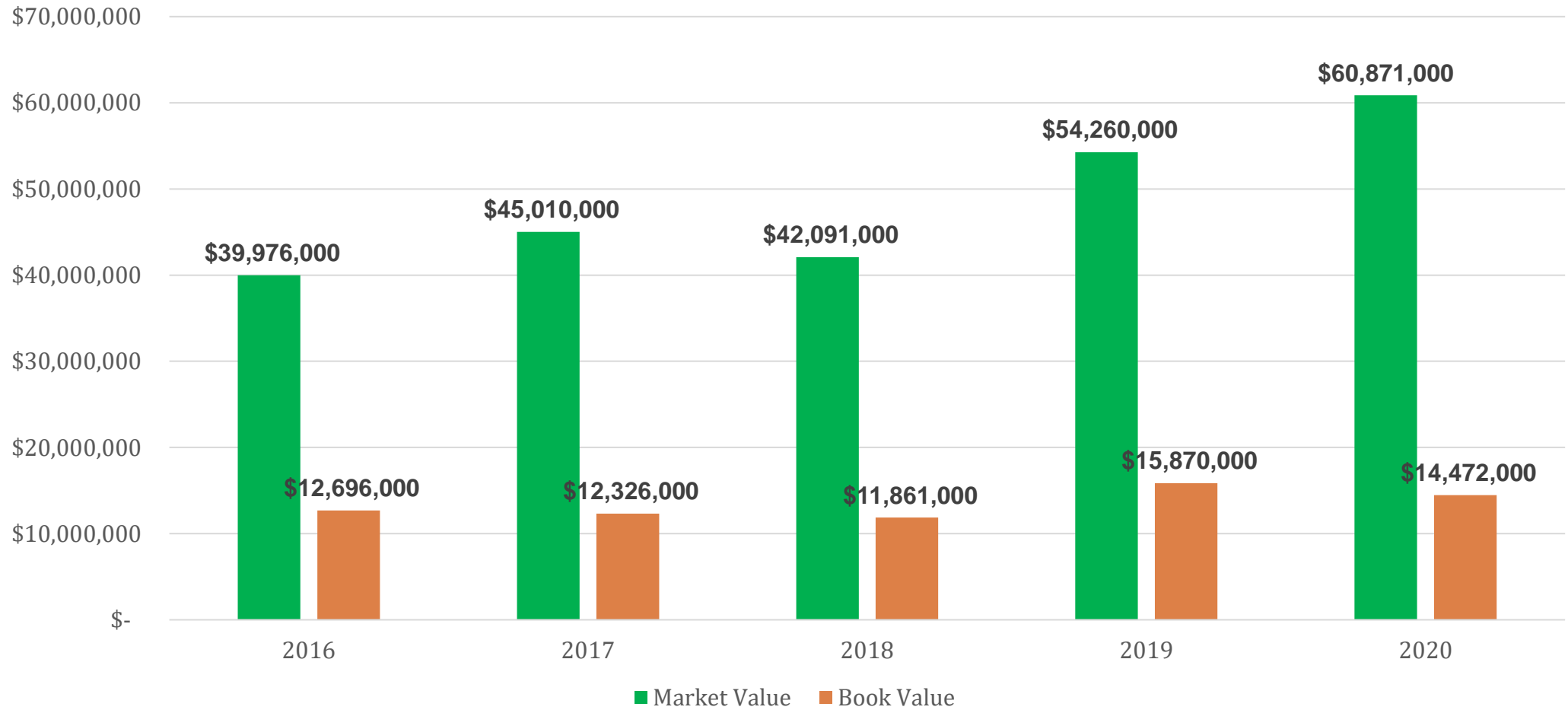
Virtual Spring Meeting – Chicago, IL  
Thursday – April 8, 2021  
Friday – April 9, 2021

# Salient Points Influencing the Markets

- Continued environment of low interest rates
- Gradually improving jobs market with rising employment
- Plans for government support for infrastructure improvements
- Pandemic related vaccine rollout and the gradual move toward herd immunity
- Willingness of people to address systemic racism
- Trade struggle with China
- Unpredictable mass shootings and natural disasters

# Market and Book Value as of 2-28-21\*

## \$60,871,248



\*Calendar year to date – 2 months.

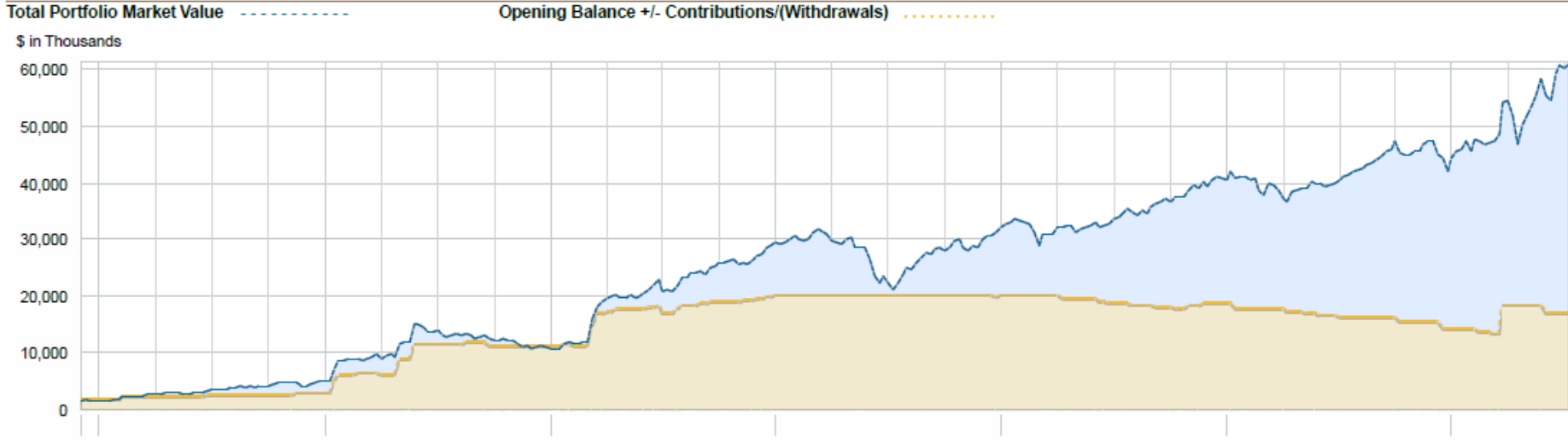
# Endowment Trustee Activity

- Supporting ALA's goal of Equity, Diversity and Inclusion, hired minority-owned investment firm **GS GQG Partners** to manage \$1.34 of our international assets
- Recommended 6% payout for FY22 to support ALA's financial health in midst of pandemic – **Action Item**
- Maintain ESG holdings at approx. 51.7% of portfolio
- Continue to monitor the investment market during pandemic
  - In continuous contact and communication with investment advisor Merrill Lynch
- Continue to educate ourselves and members
  - Finalized Glossary of Investment Terms
  - Finalizing an analysis of fund management fees and the endowment cost structure
  - Creating FAQ on costs of managing the Endowment
- Two Trustee openings to be announced shortly



# Endowment Historical Cash Flows as of 2/28/21

Performance period: 10/17/1994 to 02/28/2021



Categories	1999	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)	50,000	14,471,915
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	113,352	21,385,081
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	(39,255)	22,786,806
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	60,871,248	60,871,248

Book Value = \$14.5 million

Investment Earnings = \$44.2 million

# Time Weighted Rate of Return

## Year-To-Date (YTD) 2-28-21

<u>Period</u>	<u>Opening Balance</u>	<u>Contributions (Withdrawals)</u>	<u>Interest &amp; Dividends</u>	<u>Appreciation (Depreciation)</u>	<u>Closing Balance</u>	<u>ROR Period</u>	<u>ROR Cumulative</u>
February – 2021	\$ 60,159,389	\$ 50,000	\$ 100,933	\$ 560,926	\$ 60,871,248	1.1%	0.13%
January – 2021	\$ 60,747,153	\$ -	\$ 12,419	\$ (600,182)	\$ 60,159,389	(0.97%)	(0.97%)
<b>Total</b>	<u>\$ 60,747,153</u>	<u>\$ 50,000</u>	<u>\$ 113,352</u>	<u>\$ (39,256)</u>	<u>\$ 60,871,248</u>	<u>NA</u>	<u>0.13%</u>

# Managers, Styles, and Allocations

2-28-21

<u>Manager</u>	<u>Value</u>	<u>%</u>
Clearbridge ESG - Large Cap Core	\$ 13,679,695	22.5%
Merrill Lynch Personal Advisor* - (MLPA)	\$ 39,138,167	64.3%
The Endowment Fund/KKR/Blackstone/JLL – Alternatives**	\$ 4,984,608	8.2%
Capital Group - International	<u>\$ 3,068,778</u>	<u>5.0%</u>
<b>Total</b>	<u><b>\$ 60,871,248</b></u>	<u><b>100.0%</b></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%), Blackstone (3.7%) & the Partners Group TBD (0.0%)

# Merrill Lynch Personal Advisor

## Managers, Style, and Allocations

2-28-21

<u>Manager</u>	<u>Value</u>	<u>%</u>
Principal Midcap Fund	\$ 3,332,594	8.5%
Calvert Short Duration	\$ 3,399,105	8.7%
Doubleline Total Return	\$ 3,100,720	7.9%
Guggenheim Total Return	\$ 3,238,045	8.3%
Lord Abbott Short	\$ 3,084,585	7.9%
Domini Impact International	\$ 1,206,457	3.1%
Lazard International Strategic	\$ 1,369,060	3.5%
Nuveen ESG Small Cap	\$ 2,201,800	5.6%
Nuveen Real Asset Income	\$ 1,232,667	3.1%
GS GQG Partners*	\$ 1,348,534	3.4%
Pimco Income Fund	\$ 2,994,086	7.7%
Vanguard Real Estate	\$ 1,300,915	3.3%
S&P 500 Fossil Fuel Free Reserves	\$ 10,935,365	27.9%
Cash	<u>\$ 394,234</u>	<u>1.0%</u>
Total	<u>\$ 39,138,167</u>	<u>100.0%</u>

\*Recently added to portfolio.



# ALA Endowment Trustees

**CONTACT: patwand@american.edu**

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

**Mario Gonzalez 2017 - 2023**

**James G. Neal 2019 - 2022**

**Rhea Lawson 2020 - 2023**

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

**Janice Welburn 2019-2022**

**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 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.