

Endowment Trustees Report

CD #16.1
EBD #13.3
ET #13.3
BARC #13.3

2022 – 2023



Mario Gonzalez – Senior Trustee

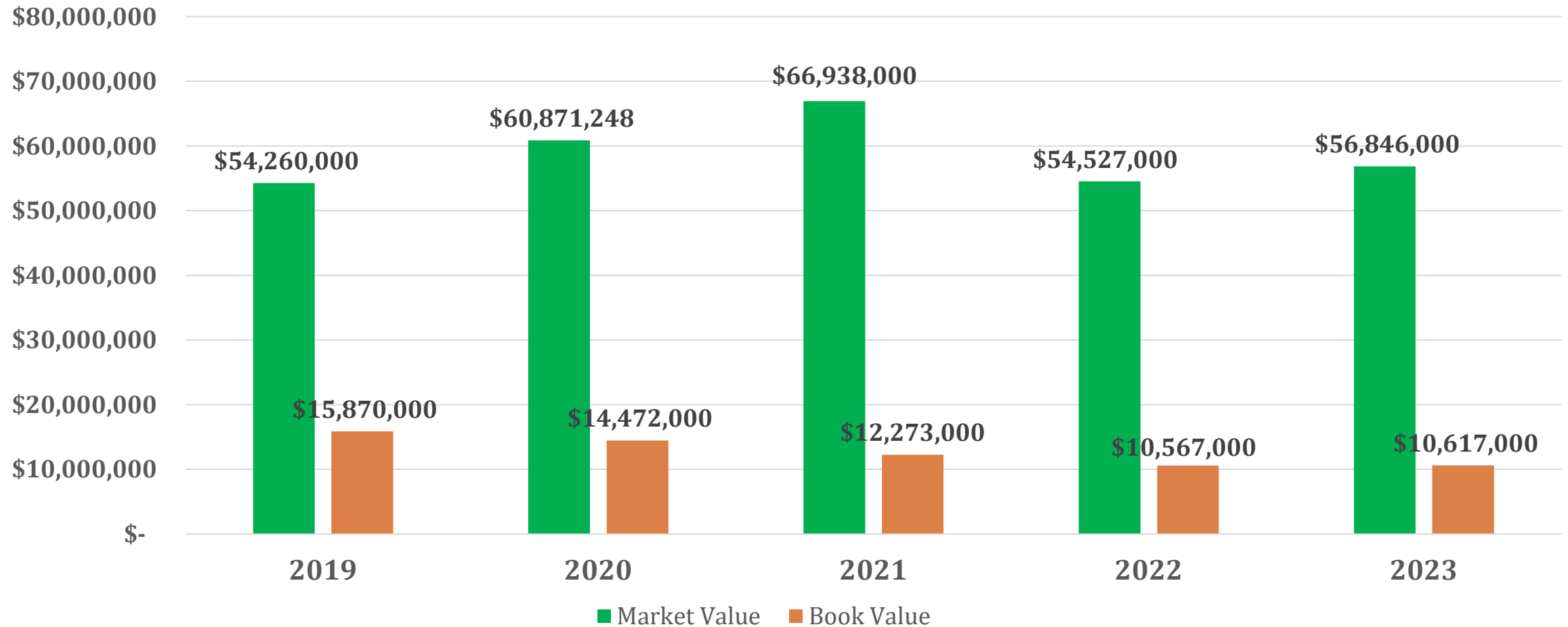
June 23, 2023 - BARC/F&A

June 24, 2023 – Membership Information Session

June 26, 2023 – Executive Board

Market and Book Value as of 5-31-23*

\$56,846,000



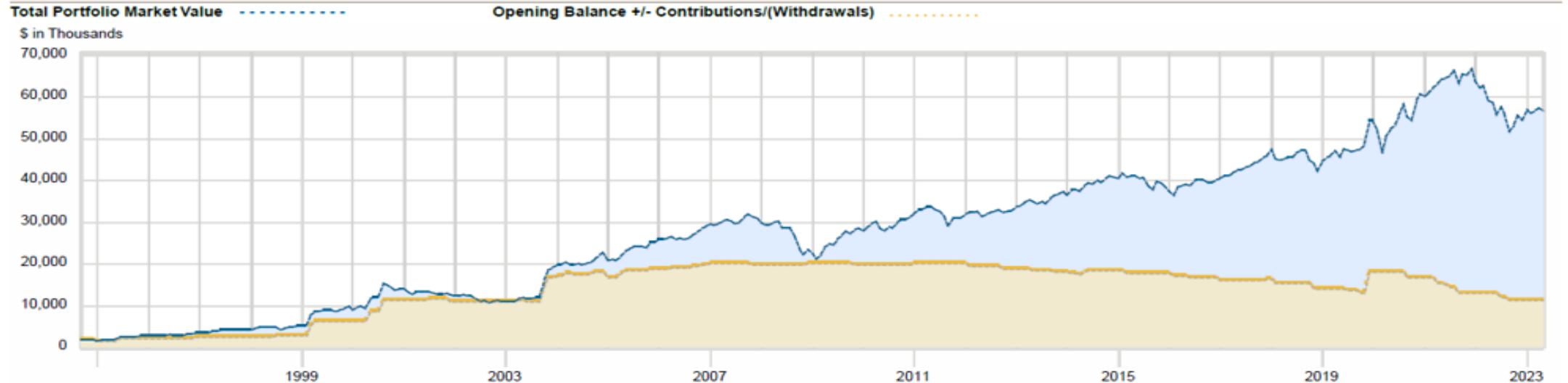
*Calendar year to date – 5 months.

Endowment historical cash flows as of 5/31/2023

Portfolio Cash Flows and Performance: Yearly



Performance period: 10/17/1994 to 05/31/2023



Categories	1999	2003	2007	2011	2015	2019	2023	Entire Period
Opening Balance (\$)	37,288,932	40,735,091	38,724,962	40,016,349	45,900,664	42,091,092	54,260,268	1,623,562
Contributions/(Withdrawals) (\$)	519,511	(877,651)	(991,964)	(369,494)	(2,053,057)	4,009,133	(1,448,275)	8,993,119
Interest/Dividends (\$)	1,396,836	1,497,064	1,252,452	1,214,040	1,528,605	1,190,682	1,631,792	26,304,700
Appreciation/(Depreciation) (\$)	1,529,812	(2,629,543)	1,030,899	5,039,768	(3,285,121)	6,969,361	6,303,367	19,320,995
Closing Balance (\$)	40,735,091	38,724,962	40,016,349	45,900,664	42,091,092	54,260,268	60,747,152	56,846,260
Time Weighted Return (%)	7.67	(2.89)	6.13	15.82	(4.04)	19.44	14.85	587.75

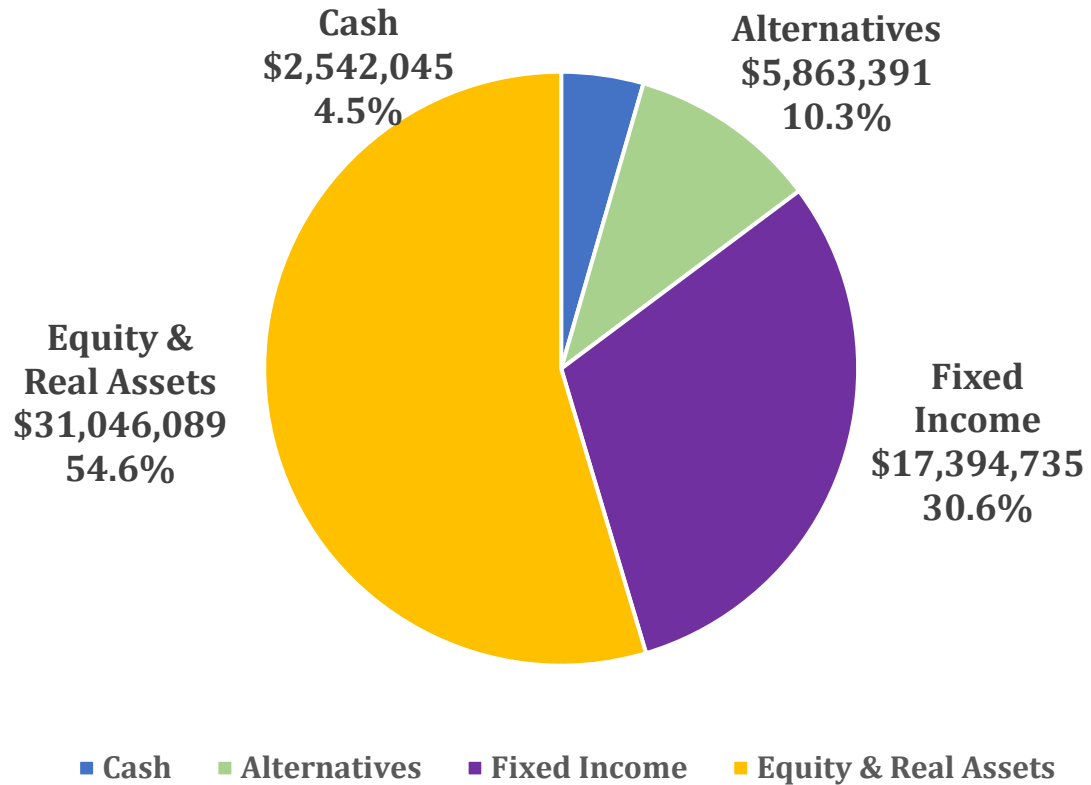
***Book Value is the net total of contributions and withdrawals made by ALA. Contributions/withdrawals will increase or decrease both Book Value and total portfolio value by identical amounts.**

Book Value = \$10.6 million
 Investment Earnings = \$45.6 million

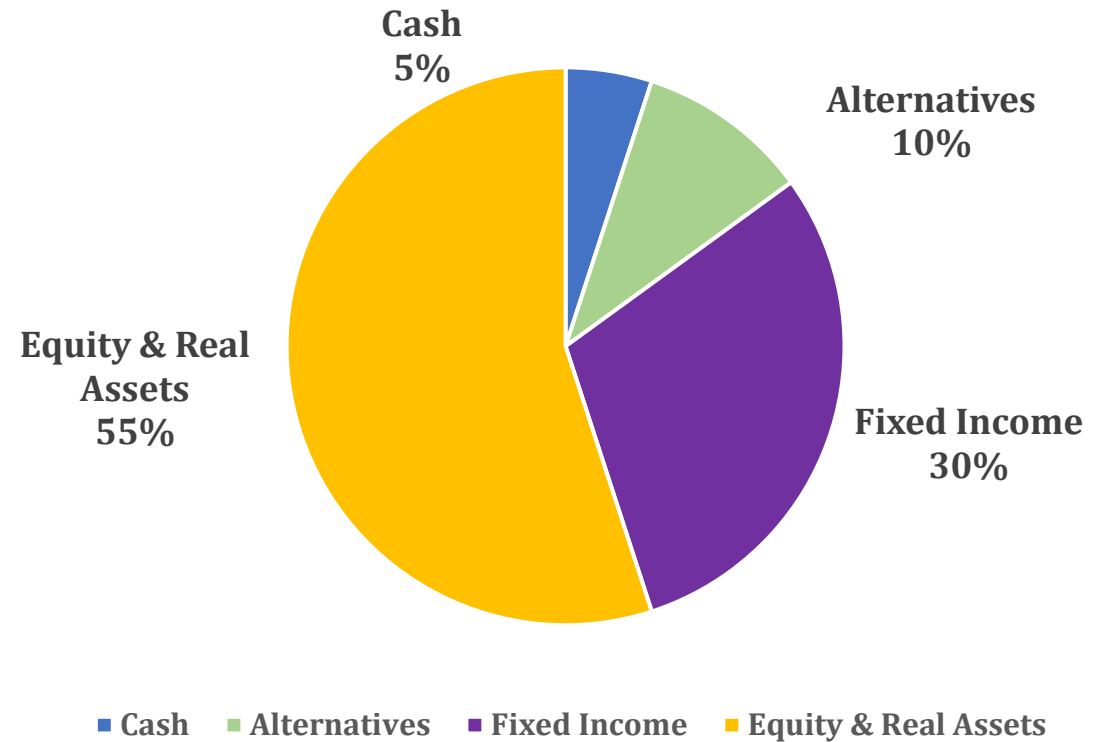


Endowment Fund Asset Allocation

Actual Allocation



Allocation Per Investment Policy Statement



Equity and Real Assets Allocation

Domestic Large/Mid Cap

		% <u>Domestic</u>	% <u>Portfolio</u>
iShares ESG Aware MSCI USA ETF*	\$ 11,635,007	50.4%	20.5%
Nuveen ESG Large Cap Growth ETF*	\$ 4,740,078	20.5%	8.3%
Nuveen ESG Small Cap*	\$ 1,793,364	7.8%	3.2%
Vanguard Value ETF	\$ 3,917,090	17.0%	6.9%
Ariel Fund*	\$ 989,996	4.3%	1.7%
Total	\$ 23,075,535	100.0%	40.6%
*% of ESG & Diversity	\$ 19,158,445	83.0%	

International Equity

		% <u>International</u>	% <u>Portfolio</u>
iShares ESG Aware ETF*	\$ 2,935,532	51.7%	5.2%
GS GQG International Opportunities*	\$ 2,738,866	48.3%	4.8%
Total	\$ 5,674,398	100.0%	10.0%
*% of ESG & Diversity	\$ 5,674,398	100.0%	

Real Assets

		% <u>Real Assets</u>	% <u>Portfolio</u>
Vanguard US REIT ETF	\$ 1,184,400	51.6%	2.1%
iShares Global Infrastructure ETF	\$ 1,111,756	48.4%	2.0%
Total	\$ 2,296,156	100.0%	4.0%

Fixed Income, Alternatives and Cash Allocation

Fixed Income

		<u>% Fixed Income</u>	<u>% Portfolio</u>
Guggenheim Total Return	\$ 4,342,272	25.0%	7.6%
PIMCO Income	\$ 4,319,681	24.8%	7.6%
Calvert Short Duration ESG*	\$ 4,346,550	25.0%	7.6%
iShares ESG Total USD Bond*	<u>\$ 4,386,232</u>	<u>25.2%</u>	<u>7.7%</u>
Total Fixed Income	\$17,394,735	100.0%	30.6%
*% of ESG & Diversity	\$ 8,732,782	50.2%	

Alternatives and Cash

		<u>% Alternatives and Cash</u>	<u>% Portfolio</u>
Blackstone 2015 Alts Trust	\$ 692,970	8.2%	1.2%
KKR 2016 Custom Equity Opps	\$ 783,155	9.3%	1.4%
Blackstone 2018 Alts Trust	\$ 1,806,118	21.5%	3.2%
JLL Income Property Trust	\$ 1,203,901	14.3%	2.1%
The Endowment Fund	\$ 276,250	3.3%	0.5%
Partners Group*	<u>\$ 1,100,996</u>	<u>13.1%</u>	<u>1.9%</u>
Total Alternatives	\$ 5,863,390	69.8%	10.3%
Cash	<u>\$ 2,542,045</u>	<u>30.2%</u>	<u>4.5%</u>
Total Alternatives and Cash	\$ 8,405,435	100.0%	14.8%
*% of ESG & Diversity	\$ 1,100,996	13.1%	

Environmental, Social and Governance (ESG) and Diversity Portfolio Holdings



	<u>Portfolio Value</u>	<u>% of ESG and Diversity Portfolio</u>	<u>% of Total Portfolio</u>
iShares ESG Aware MSCI USA ETF	\$ 11,635,007	33.6%	20.5%
Calvert Short Duration ESG	\$ 4,346,550	12.5%	7.6%
Nuveen ESG Large Cap ETF	\$ 4,740,078	13.7%	8.3%
Nuveen ESG Small Cap	\$ 1,793,364	5.2%	3.2%
iShares ESG Total US Bond	\$ 4,386,232	12.7%	7.7%
iShares ESG Aware MSCI EAFE ETF	\$ 2,935,532	8.5%	5.2%
Partners Group	<u>\$ 1,100,996</u>	<u>3.2%</u>	<u>1.9%</u>
Total ESG	\$ 30,937,759	89.2%	54.4%
Ariel	\$ 989,996	2.9%	1.7%
GS QGQ International Opportunities	<u>\$ 2,738,866</u>	<u>7.9%</u>	<u>4.8%</u>
Total Diversity	<u>\$ 3,728,862</u>	<u>10.8%</u>	<u>6.6%</u>
Total ESG and Diversity	<u>\$ 34,666,621</u>	<u>100.0%</u>	<u>61.0%</u>
Total Portfolio	<u>\$ 56,846,260</u>		

Endowment Asset Allocation as of 5/31/23

Asset Allocation						
	Value	Min	Actual	Target	Max	+/-
Equity & Real Assets	\$ 31,046,089	30%	55%	55%	70%	0%
Domestic Large/Mid Cap	\$ 23,075,536	20%	41%	40%	50%	1%
iShares ESG Aware MSCI USA ETF	\$ 11,635,007		20%			
Nuveen ESG Large-Cap Growth ETF	\$ 4,740,078		8%			
Vanguard Value ETF	\$ 3,917,090		7%			
Nuveen ESG Small Cap	\$ 1,793,364		3%			
Ariel Fund	\$ 989,996		2%			
International Equity	\$ 5,674,398	0%	10%	10%	20%	0%
iShares ESG Aware MSCI EAFE ETF	\$ 2,935,532		5%			
GS GQG International Opportunities	\$ 2,738,866		5%			
Real Assets	\$ 2,296,156	0%	4%	5%	15%	-1%
Vanguard U.S. REIT ETF	\$ 1,184,400		2%			
NEW iShares Global Infrastructure ETF	\$ 1,111,756		2%			
Fixed Income	\$ 17,394,735	25%	31%	30%	65%	1%
Guggenheim Total Return	\$ 4,342,272		8%			
PIMCO Income	\$ 4,319,681		8%			
Calvert ESG Short Duration	\$ 4,346,550		8%			
NEW iShares ESG Adv.Total USD Bond Market ETF	\$ 4,386,232		8%			
Alternatives	\$ 5,863,391	0%	10%	10%	25%	0%
Blackstone 2015 Alts Trust	\$ 692,970		1%			
KKR 2016 Custom Equity Opps	\$ 783,155		1%			
Blackstone 2018 Alts Trust	\$ 1,806,118		3%			
JLL Income Property Trust	\$ 1,203,901		2%			
Partners Group PE (Master Fund)	\$ 1,100,996		2%			
The Endowment Fund	\$ 276,250		0%			
Cash	\$ 2,542,045	0%	4%	5%	10%	-1%
Total	\$ 56,846,260		100%	100%		
*Highlighted cells indicate ESG focused investment						
**Highlighted cells indicate Diverse-Owned Investment Manager			Total ESG Allocation (Including Diverse Owned Mngr.) = 61%			

Issues Influencing the Financial Markets

- The debt ceiling battle in Congress is over i.e., completed before the deadline but does not significantly alter the fiscal or economic outlook
- The buzz surrounding “Artificial Intelligence (AI)” continues to grow
 - Industrials expect greater adoption of AI applications requiring greater power density
 - Industry leaders like NVIDIA have expanded product pipelines
- AI spending will likely occur within the broader capital expenditures spending cycle on automation, reshoring, “Green”, etc.
- The new Bull Market case for stocks is productivity
- Federal Reserve paused rate increases during their June meeting as economic data, employment stats, inflation, and housing all point to weakness
- April job openings rose unexpectedly by 358K to 10.1 million vs an expected decline to 9.4 million
- ESG/Sustainable investing continues to receive serious challenges from states around the country i.e., Idaho and Oklahoma, etc.

Endowment Trustee Activities

- Held an initial discussion with the ALA Investment Adviser (Merrill Lynch) on the potential impact of the “Artificial Intelligence (AI)” on the portfolio and the market
- After reviewing and discussing applicants for the open Endowment Trustee position, forwarded a recommendation to the Executive Board
- Reviewed with management the process i.e. timeline for the application of future spending/payouts drawdowns from the endowment
- Reaffirmed the need to keep ESG/DEI* investing as a portfolio priority
- Received approval from the Executive Board on the recommendation to reappoint Endowment Trustee Rhea Lawson for a second three-year term
- Invited directors and leaders from Blackrock and the Partners Group to discuss ESG/Sustainable investments and private equity



ALA Endowment Trustees

CONTACT: mgonzalez@passaicpubliclibrary.org

Mario Gonzalez, Senior Trustee – 2023

Peter Hepburn, Treasurer – 2025

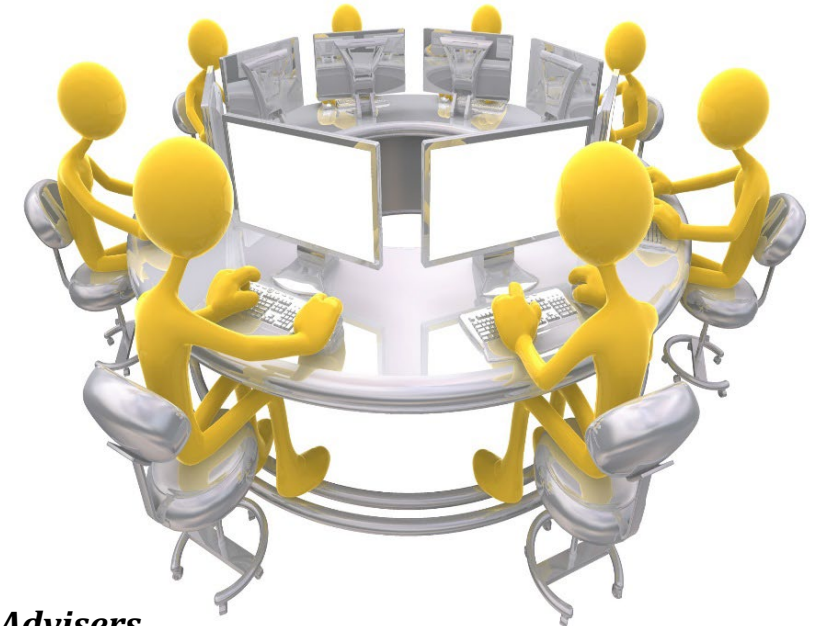
Brett Bonfield – 2024

Rhea Lawson – 2026

James G. Neal – 2025

Janice Welburn – 2025

Shali Zhang – 2024



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

Charge

To hold, invest, reinvest and disburse endowment funds; select endowment investment managers; report endowment status to the Executive Board, Council and Membership.