

Endowment Trustees Report

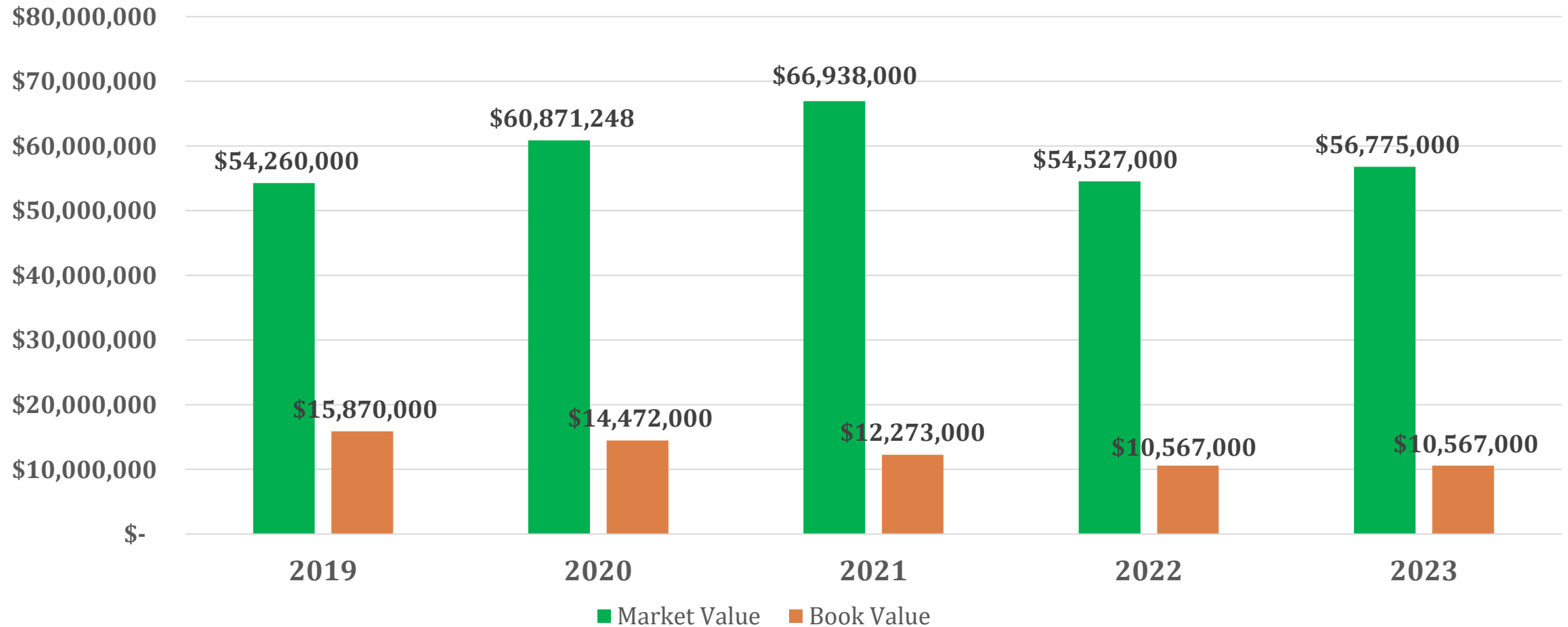
ET #13.2
BARC #13.2
EBD #13.2
2022 - 2023 Spring Meeting



Mario Gonzalez – Senior Trustee
April 11, 2023 - BARC/F&A
April 15, 2023 – Executive Board

Market and Book Value as of 3-31-23*

\$56,775,000



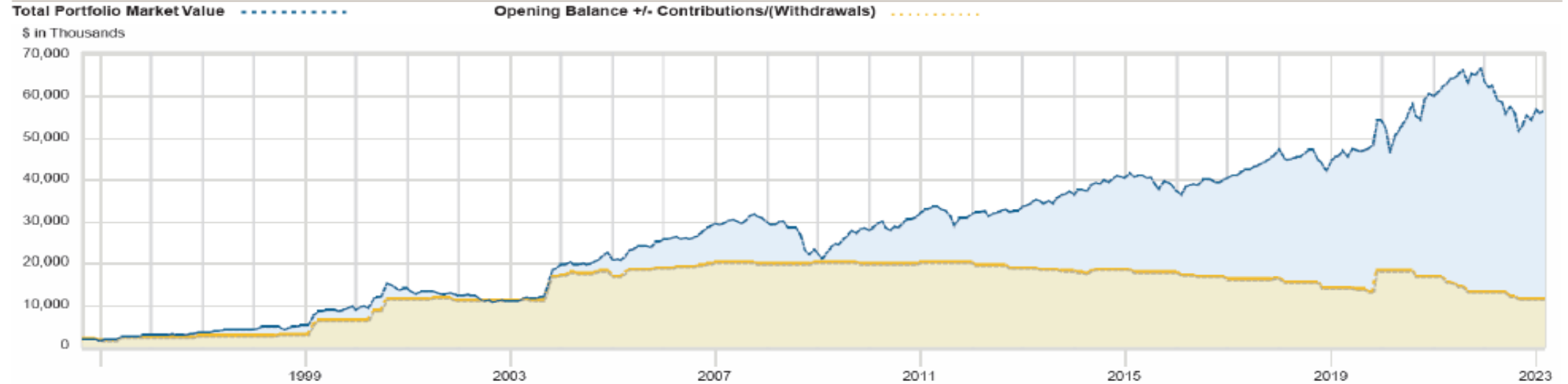
*Calendar year to date – 3 months.

Endowment historical cash flows as of 3/31/2023

Portfolio Cash Flows and Performance: Yearly



Performance period: 10/17/1994 to 03/31/2023



Categories	2014	2015	2016	2017	2018	2019	2020	2021	2022	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	60,747,152	66,937,475	54,527,718	1,623,562
Contributions/(Withdrawals) (\$)	519,511	(877,651)	(991,964)	(369,494)	(2,053,057)	4,009,133	(1,448,275)	(3,772,171)	(1,706,910)	213	8,943,046
Interest/Dividends (\$)	1,396,836	1,497,064	1,252,452	1,214,040	1,528,605	1,190,682	1,631,792	2,260,553	2,045,158	460,523	26,037,963
Appreciation/(Depreciation) (\$)	1,529,812	(2,629,543)	1,030,899	5,039,768	(3,285,121)	6,969,361	6,303,367	7,701,942	(12,748,005)	1,786,642	19,566,640
Closing Balance (\$)	40,735,091	38,724,962	40,016,349	45,900,664	42,091,092	54,260,268	60,747,152	66,937,475	54,527,718	56,775,096	56,775,096
Time Weighted Return (%)	7.67	(2.89)	6.13	15.82	(4.04)	19.44	14.85	16.73	(14.85)	4.12	587.73

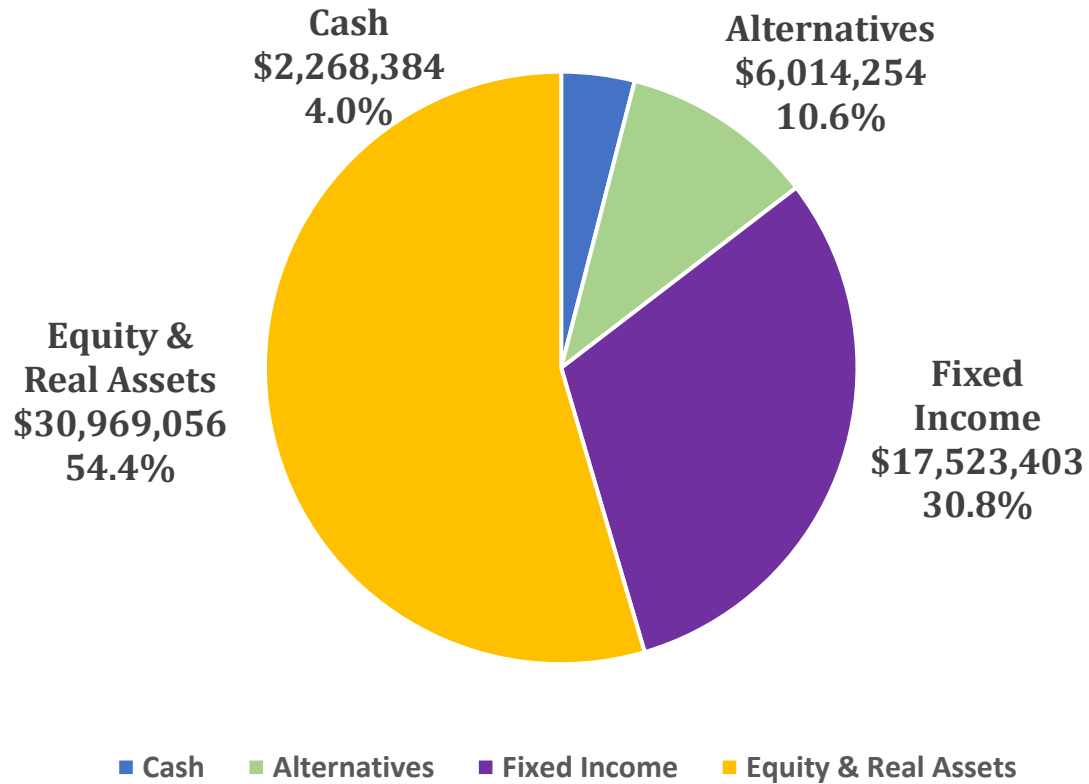
***Book Value is the net total of contributions and withdrawals made by ALA. Contributions/withdrawals will increase or decrease both Book Value and total portfolio value by identical amounts.**

Book Value = \$10.6 million

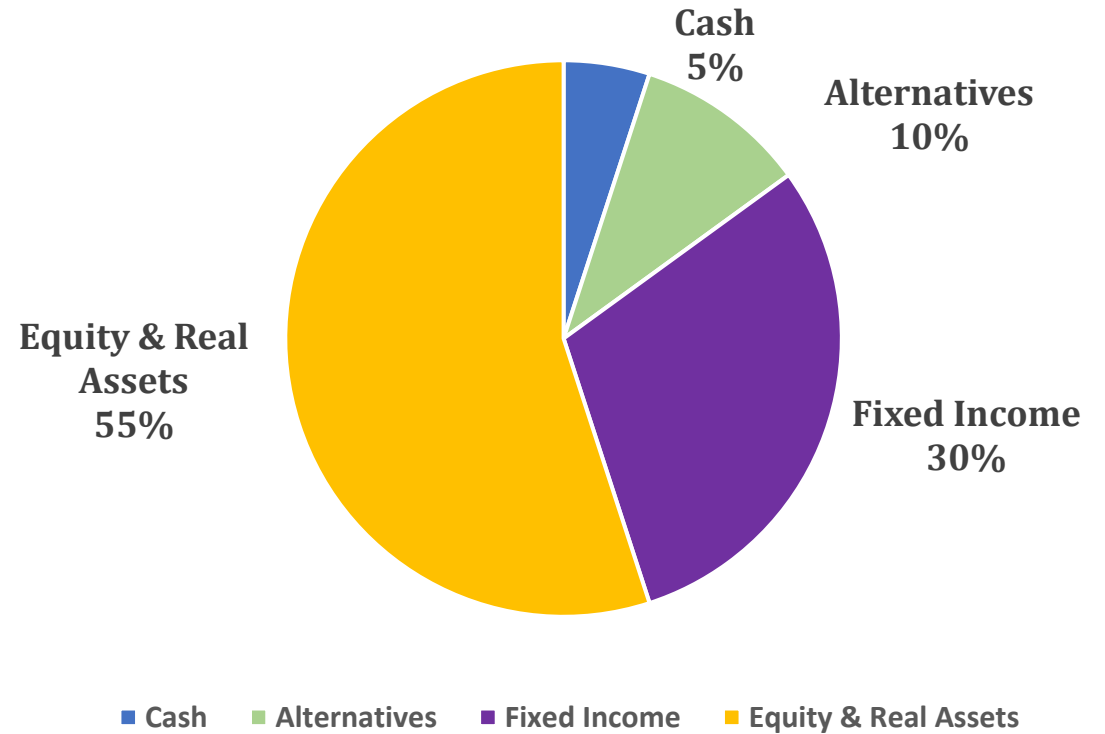
Investment Earnings = \$45.6 million

Endowment Fund Asset Allocation

Actual Allocation



Allocation Per Investment Policy Statement



Equity and Real Asset Allocation

Domestic Large/Mid Cap

		%	%
		<u>Domestic</u>	<u>Portfolio</u>
iShares ESG Aware MSCI USA	\$ 11,446,448	50.0%	20.2%
Nuveen ESG Large Cap	\$ 4,559,309	19.9%	8.0%
Nuveen Small Cap ESG	\$ 1,847,092	8.1%	3.3%
Vanguard Value ETF	\$ 4,014,167	17.5%	7.1%
Ariel Fund	<u>\$ 1,048,269</u>	<u>4.6%</u>	<u>1.8%</u>
Total	\$ 22,915,285	100.0%	40.4%
% ESG & Diversity	\$ 18,901,118	82.5%	

International Equity

		%	%
		<u>International</u>	<u>Portfolio</u>
iShares ESG Aware ETF	\$ 2,971,518	52.3%	5.2%
GS GQG International Opportunities	<u>\$ 2,707,475</u>	<u>47.7%</u>	<u>4.8%</u>
Total	\$ 5,678,993	100.0%	10.0%
% ESG & Diversity	\$ 5,678,993	100.0%	

Real Assets

		%	%
		<u>Real Estate</u>	<u>Portfolio</u>
Vanguard US REIT ETF	\$ 1,229,407	51.8%	2.2%
iShares Global Infrastructure ETF	<u>\$ 1,145,372</u>	<u>48.2%</u>	<u>2.0%</u>
Total	\$ 2,374,779	100.0%	4.2%

Fixed Income, Alternatives and Cash Allocation

Fixed Income				Alternatives and Cash			
		% Fixed Income	% Portfolio			% Alternatives	% Portfolio
Guggenheim Total Return	\$ 4,390,131	25.1%	7.7%	Blackstone 2015 Alts Trust	\$ 782,838	9.5%	1.4%
PIMCO Income	\$ 4,357,208	24.9%	7.7%	KKR 2016 Custom Equity Opportunities	\$ 794,264	9.6%	1.4%
Calvert Short Duration ESG	\$ 4,355,062	24.9%	7.7%	Blackstone 2018 Alts Trust	\$ 1,859,600	22.5%	3.3%
iShares ESG Total US Bond	<u>\$ 4,421,002</u>	<u>25.2%</u>	<u>7.8%</u>	JLL Income Property Trust	\$ 1,222,518	14.8%	2.2%
	Total \$ 17,523,403	100.0%	30.9%	The Endowment Fund	\$ 276,250	3.3%	0.5%
% ESG & Diversity	\$ 8,776,064	50.1%		Partners Group	<u>\$ 1,078,783</u>	<u>13.0%</u>	<u>1.9%</u>
				Total Alternatives	\$ 6,014,253	72.6%	10.6%
				Cash	<u>\$ 2,268,384</u>	<u>27.4%</u>	<u>4.0%</u>
				Total	\$ 8,282,637	100.0%	14.6%
				% ESG & Diversity	\$ 1,078,783	13.0%	

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	\$ 11,446,448	33.2%	20.2%
Calvert Short Duration ESG	\$ 4,355,062	12.6%	7.7%
Nuveen Large Cap ESG ETF	\$ 4,559,309	13.2%	8.0%
Nuveen Small Cap ESG	\$ 1,847,092	5.4%	3.3%
iShares ESG Total US Bond	\$ 4,421,002	12.8%	7.8%
iShares ESG Aware MSCI EAFE ETF	\$ 2,971,518	8.6%	5.2%
Partners Group	<u>\$ 1,078,783</u>	<u>3.1%</u>	<u>1.9%</u>
Total ESG \$	30,679,214	89.1%	54.1%
Ariel Fund	\$ 1,048,269	3.2%	1.8%
GS GQG International Opportunities	<u>\$ 2,707,475</u>	<u>7.8%</u>	<u>4.8%</u>
Total Diversity \$	3,755,744	11.0%	6.6%
Total ESG and Diversity \$	<u>34,434,958</u>	<u>100.0%</u>	<u>60.7%</u>
Total Portfolio \$	<u>56,775,096</u>		

Endowment Asset Allocation as of 3/31/2023

Asset Allocation						
	Value	Min	Actual	Target	Max	+/-
Equity & Real Assets	\$ 30,969,056	30%	55%	55%	70%	0%
Domestic Large/Mid Cap	\$ 22,915,284	20%	40%	40%	50%	0%
iShares ESG Aware MSCI USA ETF	\$ 11,446,448		20%			
Nuveen ESG Large-Cap Growth ETF	\$ 4,559,309		8%			
Vanguard Value ETF	\$ 4,014,167		7%			
Nuveen ESG Small Cap	\$ 1,847,092		3%			
Ariel Fund	\$ 1,048,269		2%			
International Equity	\$ 5,678,992	0%	10%	10%	20%	0%
iShares ESG Aware MSCI EAFE ETF	\$ 2,971,518		5%			
GS GQG International Opportunities	\$ 2,707,475		5%			
Real Assets	\$ 2,374,780	0%	4%	5%	15%	-1%
Vanguard U.S. REIT ETF	\$ 1,229,407		2%			
NEW iShares Global Infrastructure ETF	\$ 1,145,372		2%			
Fixed Income	\$ 17,523,403	25%	31%	30%	65%	1%
Guggenheim Total Return	\$ 4,390,131		8%			
PIMCO Income	\$ 4,357,207		8%			
Calvert ESG Short Duration	\$ 4,355,062		8%			
NEW iShares ESG Adv.Total USD Bond Market ETF	\$ 4,421,002		8%			
Alternatives	\$ 6,014,254	0%	11%	10%	25%	1%
Blackstone 2015 Alts Trust	\$ 782,838		1%			
KKR 2016 Custom Equity Opps	\$ 794,264		1%			
Blackstone 2018 Alts Trust	\$ 1,859,600		3%			
JLL Income Property Trust	\$ 1,222,518		2%			
Partners Group PE (Master Fund)	\$ 1,078,783		2%			
The Endowment Fund	\$ 276,250		0%			
Cash	\$ 2,268,384	0%	4%	5%	10%	-1%
Total	\$ 56,775,096		100%	100%		

Source: ML CRC reporting system

Issues Influencing the Financial Markets

- Concerns continue to unfold over a possible recession
- Federal Reserve is expected to pause rate increases in Q2 as economic data, employment stats, inflation, and housing all point to weakness
- Bond prices have begun to rise reflecting the expectation of a recession
- Bonds are expected to outperform in the first half of the year, with equities taking over in the second half
- Leading indicators surrounding employment continue to weaken, suggesting a higher unemployment rate over the next year
 - 10.8 million job openings vs. 5.6 million job seekers

Endowment Trustee Activities

- Completed the update of the ALA Investment Policy Statement (IPS)
- Approved a spending/payout rate of 5% from the endowment in support of the FY24 ALA budget
- Reviewed with the Executive Director the need to include the endowment fund as one of the revenue pillars of the planned “Pivot Strategy”
- Reaffirmed the need to keep ESG/DEI* investing as a portfolio priority
- Discussed the selection of a new Senior Endowment Trustee
- Discussed and approved the request by an Endowment Trustee to be reappointed for a second term
- Reviewed with the Investment Adviser the impact of the recent bank failures on the endowment, and there is none
- Adjusted the drawdown timeframe to the first quarter of the same fiscal year for which the endowment allocation is approved by the Trustees



*Environmental, Social and Governance aka socially responsible investing. Diversity, Equity and Inclusion

ALA Endowment Trustees

CONTACT: mgonzalez@passaicpubliclibrary.org

Mario Gonzalez, Senior Trustee – 2023

Peter Hepburn, Treasurer – 2025

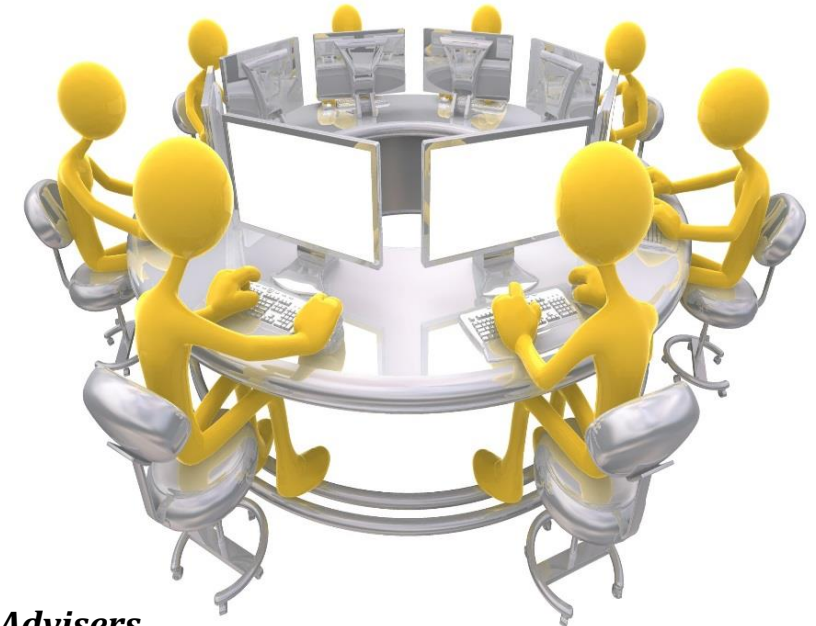
Brett Bonfield – 2024

Rhea Lawson – 2023

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.