



EBD #13.1
CD #16.0
BARC #13.1
2019 – 2020 Midwinter Meeting

Endowment Trustee Report

ALA Executive Board, Council, and Membership Membership Information Session

Patricia Wand – Senior Endowment Trustee

Midwinter Meeting – Philadelphia, PA
Saturday – January 25, 2020

ALA Endowment Trustees

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

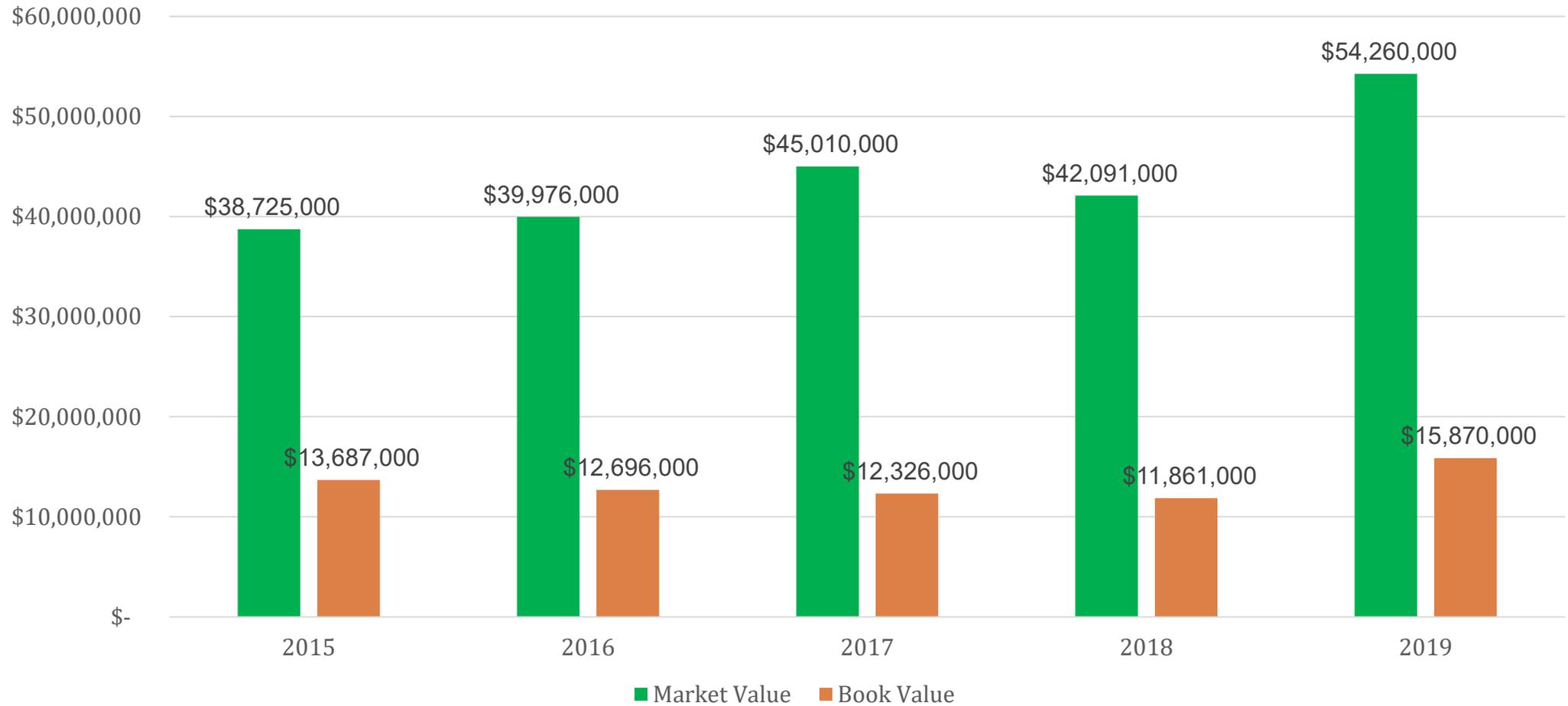


Charge

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.

Market and Book Value @ 12-31-19*

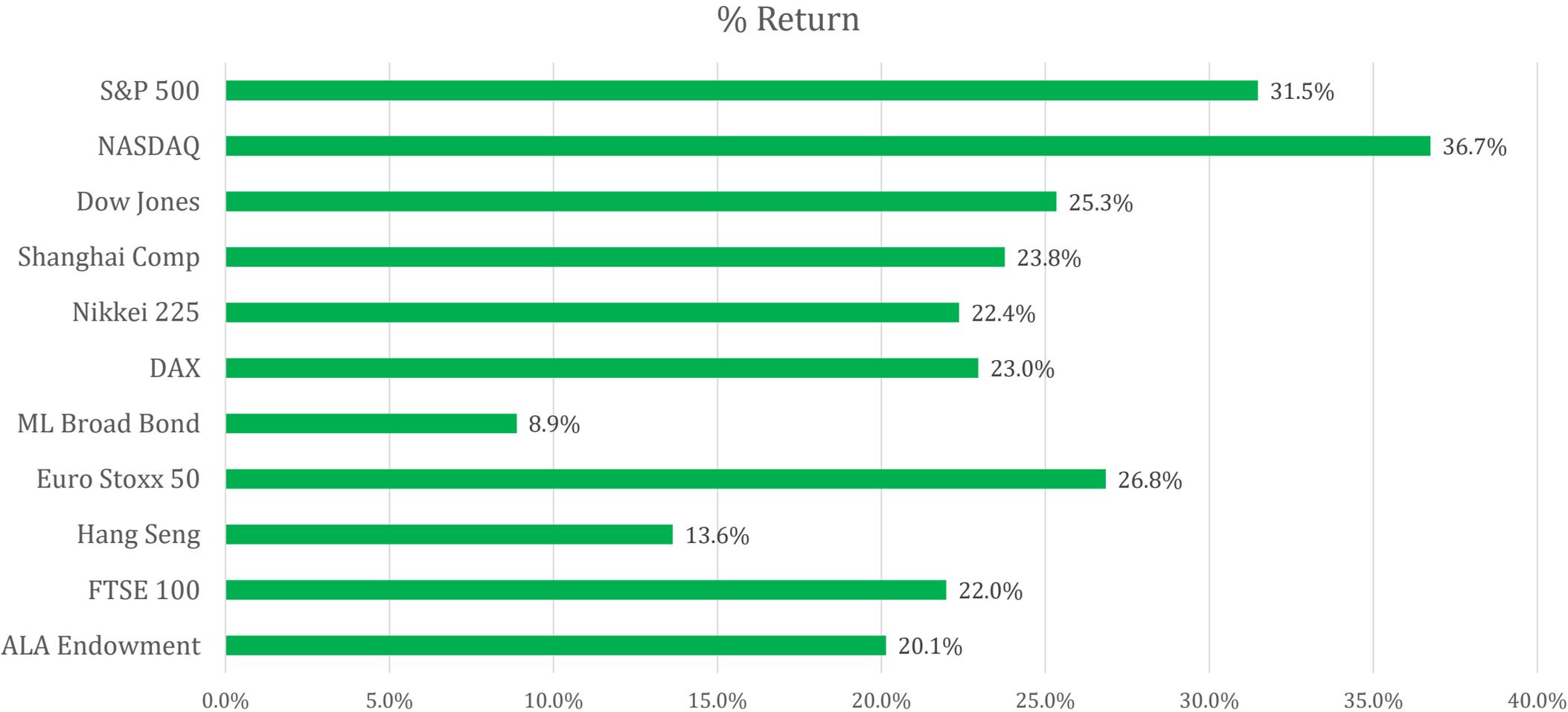
\$54,260,268



*Calendar year to date (twelve months) through 12-31-19

World Market Performance

Calendar Year Market Returns @ 12-31-19



Time Weighted Rate of Return

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%
Total	<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>	<u>NA</u>	<u>19.44%</u>

*Rate of Return

Managers, Styles, and Allocations

<u>Manager</u>	<u>Value</u>	<u>%</u>	<u>Annual Performance</u>
Equity Income & Growth - ETF	\$ 9,976,312	18.4%	27.7%
Clearbridge ESG - Large Cap Core	\$ 12,946,552	23.9%	32.5%
Merrill Lynch Personal Advisor* - (MLPA)	\$ 23,436,854	43.2%	- Next Slide -
The Endowment Fund/KKR/Blackstone - Alternatives	\$ 4,518,227	8.3%	**
Capital Group - International	\$ 2,660,728	4.9%	28.6%
Cash	<u>\$ 721,595</u>	<u>1.3%</u>	-
Total	<u>\$ 54,260,268</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.

**JLL (5.6%), Endowment Fund (2.1%), KKR/Blackstone & the Partners Group TBD

Merrill Lynch Personal Advisor

Managers, Style, and Allocations

			Annual
<u>Manager</u>	<u>Value</u>	<u>%</u>	<u>Performance</u>
Principal Midcap Fund	\$ 2,815,263	12.0%	42.9%
Calvert Short Duration	\$ 2,742,911	11.7%	6.5%
Doubleline Total Return	\$ 2,527,507	10.8%	5.8%
Guggenheim Total Return	\$ 2,492,160	10.6%	4.7%
Lord Abbett Short	\$ 2,484,585	10.6%	5.5%
Domini Impact International	\$ 1,129,442	4.8%	17.0%
Lazard International Strategic	\$ 1,252,596	5.3%	21.6%
Nuveen ESG Small Cap	\$ 1,625,399	6.9%	27.1%
Nuveen Real Asset Income	\$ 1,356,481	5.8%	21.4%
Oakmark International	\$ 1,235,204	5.3%	24.2%
Pimco Income Fund	\$ 2,401,550	10.2%	8.0%
Vanguard Real Estate	<u>\$ 1,373,756</u>	<u>5.9%</u>	28.9%
Total	<u>\$ 23,436,854</u>	<u>100.0%</u>	

**Endowment
Performance
as of 8-31-19***

<u>Annualized Benchmark Comparison</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
Gross Returns	3.2%	8.5%	6.1%	8.2%
Net Returns	2.6%	7.8%	5.5%	7.6%
Benchmark 1 Policy	4.4%	8.0%	6.4%	9.1%
Benchmark 2 Inflation - Consumer Price Index + 4%	4.0%	5.9%	6.1%	5.6%
<u>June 30, 2018 NACUBO Peer Comparisons**</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
ALA Endowment	9.9%	6.8%	8.1%	6.8%
Endowments under \$25 million	7.6%	6.2%	7.5%	5.8%
Endowments \$25 million - \$50 million	7.5%	6.0%	7.0%	6.1%
Endowments \$51 million - \$100 million	7.7%	6.0%	7.0%	5.7%
Endowments \$101 million - \$250 million	7.9%	6.0%	7.1%	5.6%
Endowments \$251 million - \$500 million	8.5%	6.1%	7.3%	5.7%
Endowments \$501 million - \$1 billion	8.7%	6.2%	7.4%	5.6%

*Top half of chart as of 8-31-19

**Source: 2018 study of college & university endowment returns

Proceeds from sale of ALA Headquarters



<u>Gross Sale Price*</u>	\$ 6,750,000
• Consultant fees	(\$ 270,000)
• 2 months rent @ old headquarters	(\$ 110,000)
• Deposit***	(\$ 250,000)
• Other Expenses	<u>(\$ 24,000)</u>
<u>Net Proceeds from Sale</u>	\$ 6,096,000
• Transfer to Endowment	(\$ 5,000,000)
• Transfer to WC**	<u>(\$ 1,000,000)</u>
<u>Remaining Balance</u>	\$ 96,000

*Sale price subject to increase provided additional/future investment criteria are met.

ALA Working Capital account, which provides interest income to General Fund. *To be reimbursed at a later date

Endowment Trustee Activity – 2019-2020

Rebalanced portfolio to meet target asset allocation for fixed income to the minimum level of 25%

- Liquidated investment in the AQR Long/Short equity fund and reallocated equally among portfolio's five fixed income managers. (\$1.4 million – 3%)
- Equities (65.9%), fixed Income (24.9%) and Alternatives (9.2%)

Plan for maintaining balance of \$50,000 for small endowed accounts

Examine Endowment Trustee operations and expenses

Expand Trustee education based on 2018-2019 Strategic Review

- Sr. Trustee attended Commonfund Investment Stewardship Academy
- Participated in Commonfund Investment Survey to collect personal responses, analyze results, and compare to peer group investors

Published electronic *Policy and Procedure Manual* on Endowment Trustee web page



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.