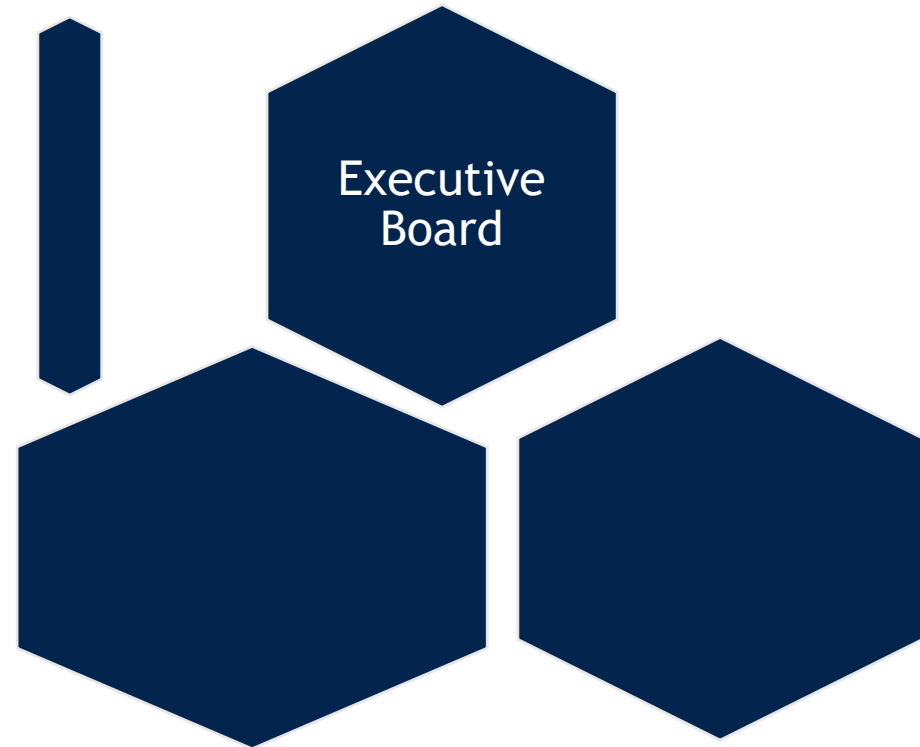


Endowment Trustees Report

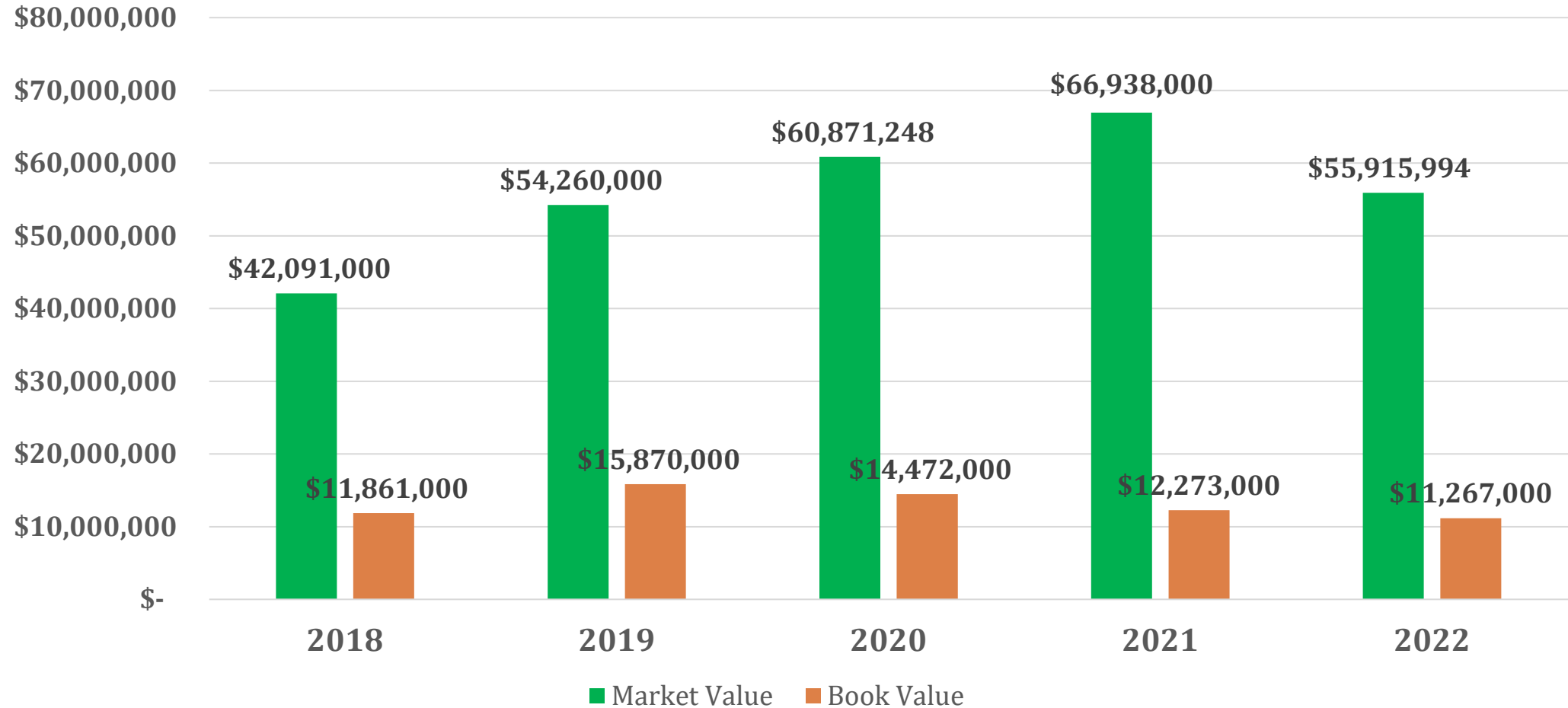
ET #13.0
EBD #13.0
2022 - 2023 Fall Meeting



Mario Gonzalez - Senior Trustee
October 17, 2022
October 22, 2022

Market and Book Value as of 8-31-22*

\$55,915,994



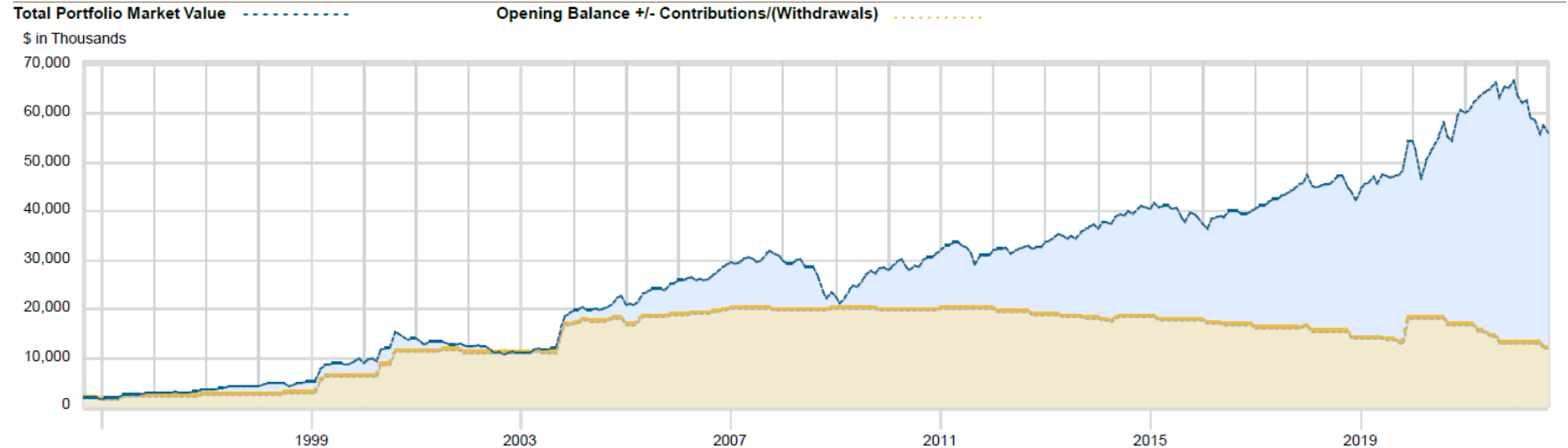
*Calendar year to date – 8 months. All other years are 12-month results

Endowment historical cash flows as of 8/31/2022

Portfolio Cash Flows and Performance: Yearly



Performance period: 10/17/1994 to 08/31/2022



| Categories | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | Entire Period |
|----------------------------------|------------|------------|-------------|------------|------------|-------------|------------|-------------|-------------|--------------|---------------|
| Opening 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 | 66,937,475 | 1,623,562 |
| Contributions/(Withdrawals) (\$) | (732,294) | 519,511 | (877,651) | (991,964) | (369,494) | (2,053,057) | 4,009,133 | (1,448,275) | (3,772,171) | (1,006,452) | 9,643,291 |
| Interest/Dividends (\$) | 1,213,067 | 1,396,836 | 1,497,064 | 1,252,452 | 1,214,040 | 1,528,605 | 1,190,682 | 1,631,792 | 2,260,553 | 1,060,987 | 24,593,270 |
| Appreciation/(Depreciation) (\$) | 4,174,694 | 1,529,812 | (2,629,543) | 1,030,899 | 5,039,768 | (3,285,121) | 6,969,361 | 6,303,367 | 7,701,942 | (11,076,016) | 19,451,987 |
| Closing 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 | 55,915,994 | 55,915,994 |
| Time Weighted Return (%) | 16.71 | 7.67 | (2.89) | 6.13 | 15.82 | (4.04) | 19.44 | 14.85 | 16.73 | (14.98) | 559.50 |

***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 = \$11.3 million
 Investment Earnings = \$44.0 million

Endowment Asset Allocation as of 8/31/2022

| Asset Allocation | | | | | | |
|--|---------------|-----|--------|--------|-----|-----|
| | Value | Min | Actual | Target | Max | +/- |
| Equity & Real Assets | \$ 30,711,985 | 30% | 55% | 55% | 70% | 0% |
| Domestic Large/Mid Cap | \$ 22,698,913 | 20% | 41% | 40% | 50% | 1% |
| S&P 500 Fossil Fuel Reserves Free | \$ 11,154,327 | | 20% | | | |
| Clearbridge Large Cap ESG | \$ 8,629,282 | | 15% | | | |
| Nuveen ESG Small Cap | \$ 1,839,789 | | 3% | | | |
| Ariel Fund | \$ 1,075,515 | | 2% | | | |
| International Equity | \$ 5,465,299 | 0% | 10% | 10% | 20% | 0% |
| Capital Group International | \$ 2,160,925 | | 4% | | | |
| Domini ESG International | \$ 1,007,916 | | 2% | | | |
| iShares ESG Aware MSCI EAFE ETF | \$ 1,025,252 | | 2% | | | |
| GS GQG International Opportunities | \$ 1,271,206 | | 2% | | | |
| Real Assets | \$ 2,547,772 | 0% | 5% | 5% | 15% | 0% |
| Vanguard U.S. REIT ETF | \$ 1,377,013 | | 2% | | | |
| Nuveen Real Asset Income | \$ 1,170,759 | | 2% | | | |
| Fixed Income | \$ 17,688,230 | 25% | 32% | 30% | 65% | 2% |
| Guggenheim Total Return | \$ 4,118,691 | | 7% | | | |
| PIMCO Income | \$ 4,217,047 | | 8% | | | |
| Calvert ESG Short Duration | \$ 6,366,137 | | 11% | | | |
| Lord Abbett Short Duration | \$ 2,986,356 | | 5% | | | |
| Alternatives | \$ 6,542,487 | 0% | 12% | 10% | 25% | 2% |
| Blackstone 2015 Alts Trust | \$ 862,875 | | 2% | | | |
| KKR 2016 Custom Equity Opps | \$ 867,284 | | 2% | | | |
| Blackstone 2018 Alts Trust | \$ 2,120,671 | | 4% | | | |
| JLL Income Property Trust | \$ 1,330,674 | | 2% | | | |
| Partners Group Private Equity (Master Fund) <i>New</i> | \$ 1,019,544 | | 2% | | | |
| The Endowment Fund | \$ 341,438 | | 1% | | | |
| Cash | \$ 973,293 | 0% | 2% | 5% | 10% | -3% |
| Total | \$ 55,915,994 | | 100% | 100% | | |

*Highlighted cells indicate ESG focused investment

**Highlighted cells indicate Diverse-Owned Investment Manager

** Blackstone 2015 & 2018 commitment: \$2,000,000. KKR commitment: \$750,000

Total ESG Allocation (Including Diverse Owned Mngr.) = 60%

Source: ML CRC reporting system

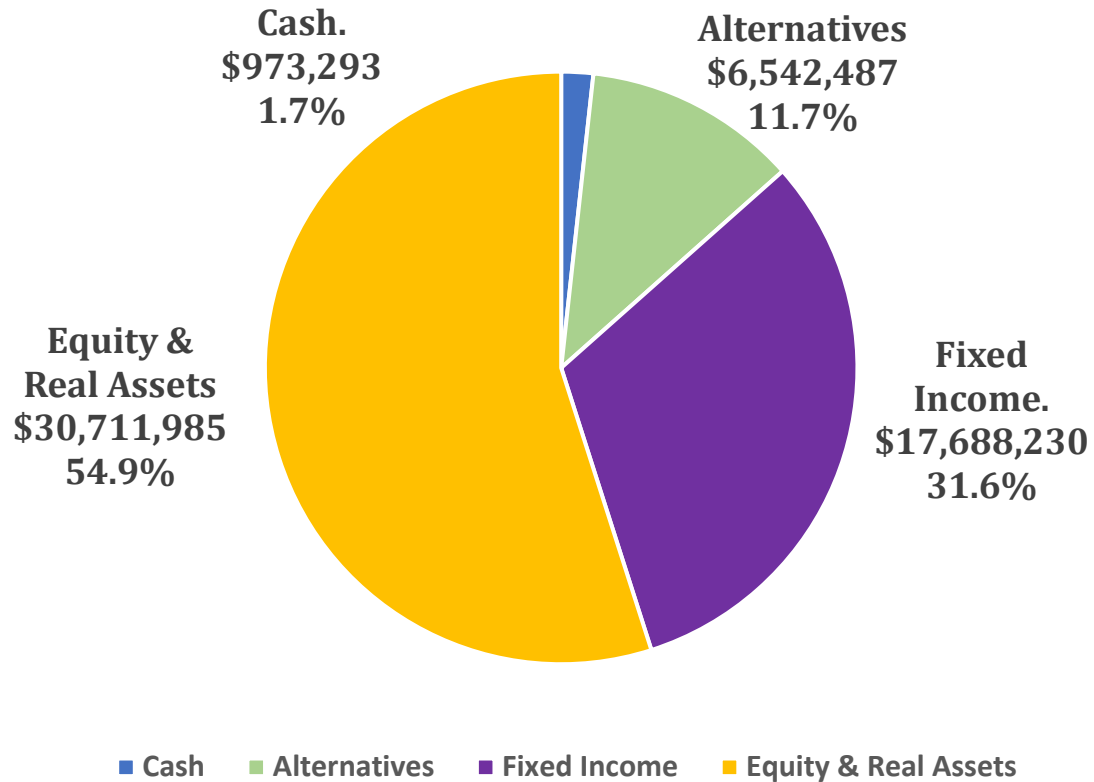


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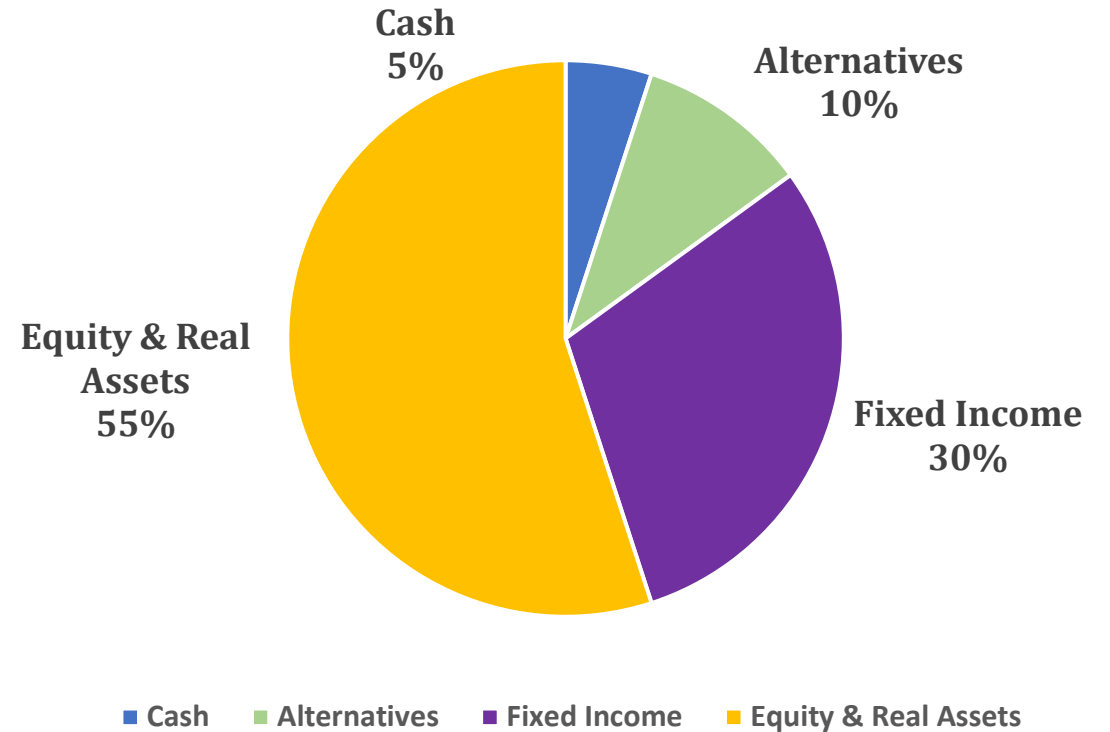
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Endowment Fund Asset Allocation

Actual Allocation



Allocation Per Investment Policy Statement



Equity and Real Assets Manager Allocation

Domestic Large/Mid Cap

| | | <u>% Domestic</u> | <u>% Portfolio</u> |
|----------------------------------|---------------------|-----------------------|------------------------|
| S&P 500 Fossil Fuel Reserve Free | \$ 11,154,327 | 49.1% | 19.9% |
| Clearbridge Large Cap ESG | \$ 8,629,282 | 38.0% | 15.4% |
| Nuveen Small Cap ESG | \$ 1,839,789 | 8.1% | 3.3% |
| Ariel Fund | <u>\$ 1,075,515</u> | <u>4.7%</u> | <u>1.9%</u> |
| Total | \$ 22,698,913 | 100.0% | 40.6% |

International Equity

| | | <u>% International</u> | <u>% Portfolio</u> |
|------------------------------------|---------------------|----------------------------|------------------------|
| Capital Group International | \$ 2,160,925 | 39.5% | 3.9% |
| Domini International ESG | \$ 1,007,916 | 18.4% | 1.8% |
| IShares ESG Aware EFT | \$ 1,025,252 | 18.8% | 1.8% |
| GS GQG International Opportunities | <u>\$ 1,271,206</u> | <u>23.3%</u> | <u>2.3%</u> |
| Total | \$ 5,465,299 | 100.0% | 9.8% |

Real Assets

| | | <u>% Real Estate</u> | <u>% Portfolio</u> |
|--------------------------|---------------------|--------------------------|------------------------|
| Vanguard US REIT ETF | \$ 1,377,013 | 54.0% | 2.5% |
| Nuveen Real Asset Income | <u>\$ 1,170,759</u> | <u>46.0%</u> | <u>2.1%</u> |
| Total | \$ 2,547,772 | 100.0% | 4.6% |

Fixed Income and Alternatives/Cash Manager Allocation

| Fixed Income | | | | Alternatives and Cash | | | |
|----------------------------|---------------|---------------------|------------------|--------------------------------------|-------------|---------------------|------------------|
| | | % | % | | | % | % |
| | | <u>Fixed Income</u> | <u>Portfolio</u> | | | <u>Alternatives</u> | <u>Portfolio</u> |
| Guggenheim Total Return | \$ 4,118,691 | 23.3% | 7.4% | Blackstone 2015 Alts Trust | \$862,875 | 11.5% | 1.5% |
| PIMCO Income | \$ 4,217,047 | 23.8% | 7.5% | KKR 2016 Custom Equity Opportunities | \$867,284 | 11.5% | 1.6% |
| Calvert ESG Short Duration | \$ 6,366,137 | 36.0% | 11.4% | Blackstone 2018 Alts Trust | \$2,120,671 | 28.2% | 3.8% |
| Lord Abbett Short Duration | \$ 2,986,356 | 16.9% | 5.3% | JLL Income Property Trust | \$1,330,674 | 17.7% | 2.4% |
| | | | | The Endowment Fund | \$341,438 | 4.5% | 0.6% |
| Total | \$ 17,688,231 | 100.0% | 31.6% | Partners Group | \$1,019,544 | 13.6% | 1.8% |
| | | | | Total Alternatives | \$6,542,486 | 87.1% | 11.7% |
| | | | | Cash | \$973,293 | 12.9% | 1.7% |
| | | | | Total | \$7,515,779 | 100.0% | 13.4% |

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

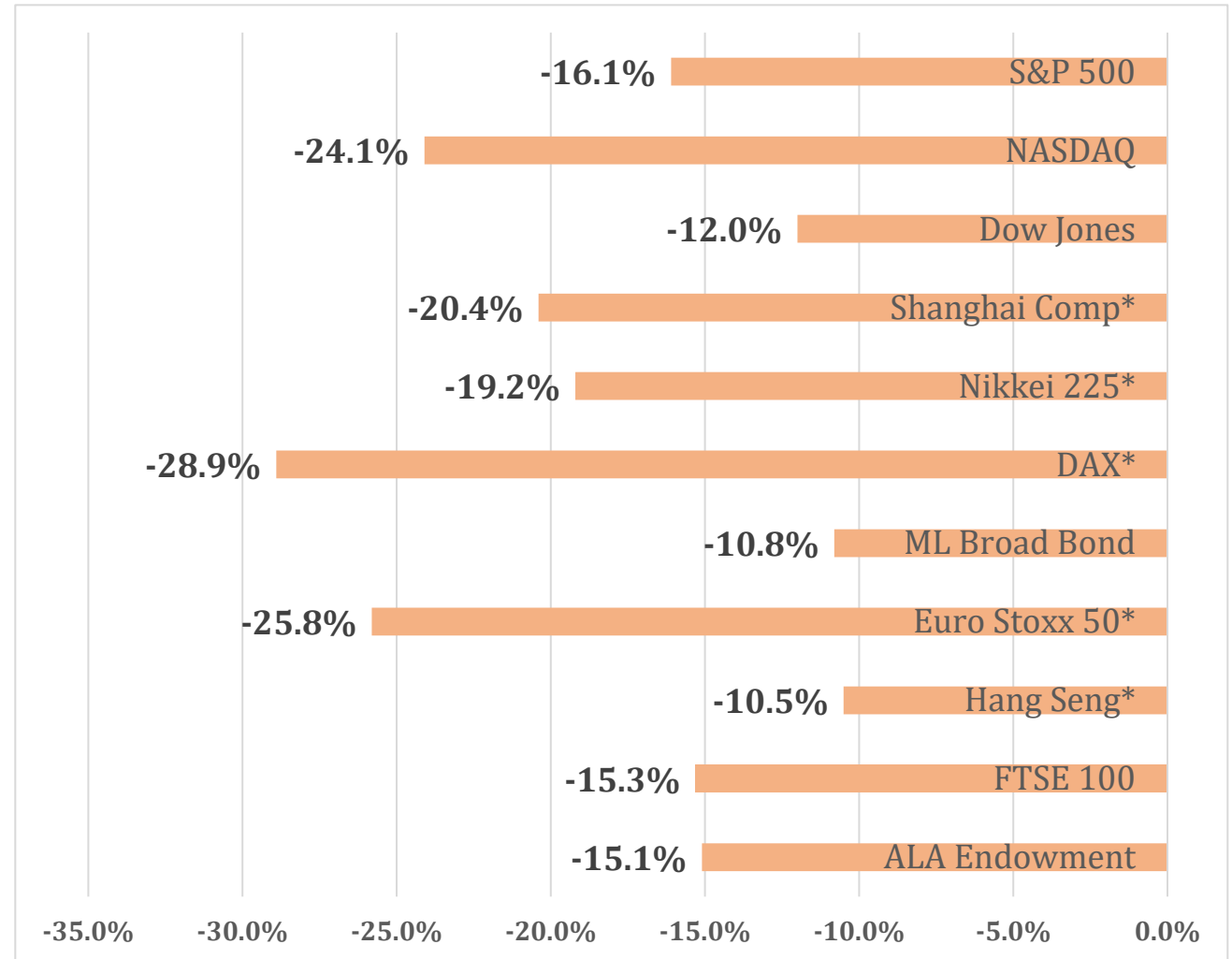


| | <u>Portfolio Value</u> | <u>% of ESG Portfolio</u> | <u>% of Total Portfolio</u> |
|-----------------------------|------------------------|---------------------------|-----------------------------|
| S&P 500 Fossil Free Reserve | \$11,154,327 | 33.4% | 19.9% |
| Clearbridge Large Cap ESG | \$8,629,282 | 25.8% | 15.4% |
| Calvert ESG Short Duration | \$6,366,137 | 19.1% | 11.4% |
| Nuveen Small Cap ESG | \$1,839,789 | 5.5% | 3.3% |
| Domini ESG International | \$1,007,916 | 3.0% | 1.8% |
| iShares ESG Aware ETF | \$1,025,252 | 3.1% | 1.8% |
| Partners Group | <u>\$1,019,544</u> | <u>3.1%</u> | <u>1.8%</u> |
| Total ESG | \$31,042,247 | 93.0% | 55.5% |
| | | | |
| Ariel Investments | \$1,075,515 | 3.2% | 1.9% |
| GS GQG International | <u>\$1,271,206</u> | <u>3.8%</u> | <u>2.3%</u> |
| Total Diversity | \$2,346,721 | 7.0% | 4.20% |
| | | | |
| Grand Total | <u>\$33,388,968</u> | <u>100.0%</u> | <u>59.7%</u> |
| Portfolio Total | <u>\$55,915,994</u> | | |

Issues Influencing the Financial Markets

- July provided a positive breather after a difficult first half of 2022, but the market continues to slow down
- Significant strength in the U.S. labor market continues to support a soft landing for the economy
- The Ukraine/Russia war continues to dampen the global growth outlook
- Inflation is expected to be persistently higher for longer than expected
- The Federal Reserve continues to signal its intention to aggressively raise interest rates to contain inflation
- Oil and gasoline prices have dropped
- Uncertainty over the outcome of the mid-term elections in November

Returns for the World's Major Indices



*These are the ETF versions of the European/Asian benchmarks which better reflect the performance of these market vs their standard benchmarks i.e. DAX, Euro Stoxx 50, Nikkei 225 etc. due to currency conversion.

Endowment Trustee Activities

- Following best business practices, the Trustees are in the process of reviewing Request for Information/Proposals for investment advisor services
- We solicited 14 managers for submission and received 12
- Of the 12 submissions received, we have dwindled the field to 4
- Final invitations will be sent out to the finalists
- A final decision will be made at the Trustee's next meeting to be held November 1-2, 2022 in Chicago at ALA headquarters
- Provided an orientation to our newest Trustee, Peter Hepburn, ALA Treasurer
- Finalizing the revision of the Investment Policy Statement



ALA Endowment Trustees

CONTACT: mgonzalez@passaicpubliclibrary.org

Mario Gonzalez, Senior Trustee - 2023

Brett Bonfield - 2024

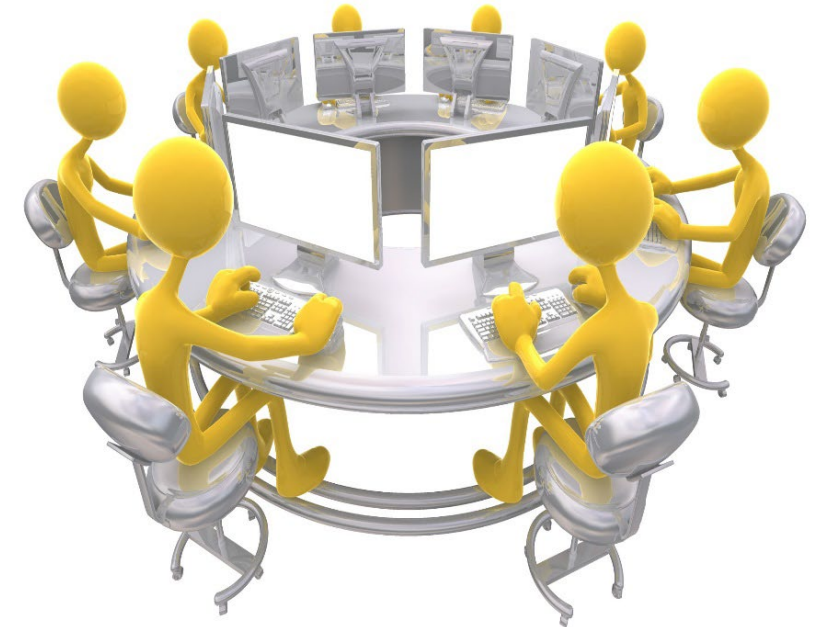
Peter Hepburn, Treasurer - 2025

Rhea Lawson - 2023

James G. Neal - Renewed to 2025

Janice Welburn - Renewed to 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.