

2010 - 11 ET #6.7

2010 – 11 EBD #13.2

(2010 – 11 Spring Meeting)



Endowment Trustees Report to Executive Board

(Long-Term Investment Fund)

Dan Bradbury – Senior Trustee
Saturday – April 9, 2011

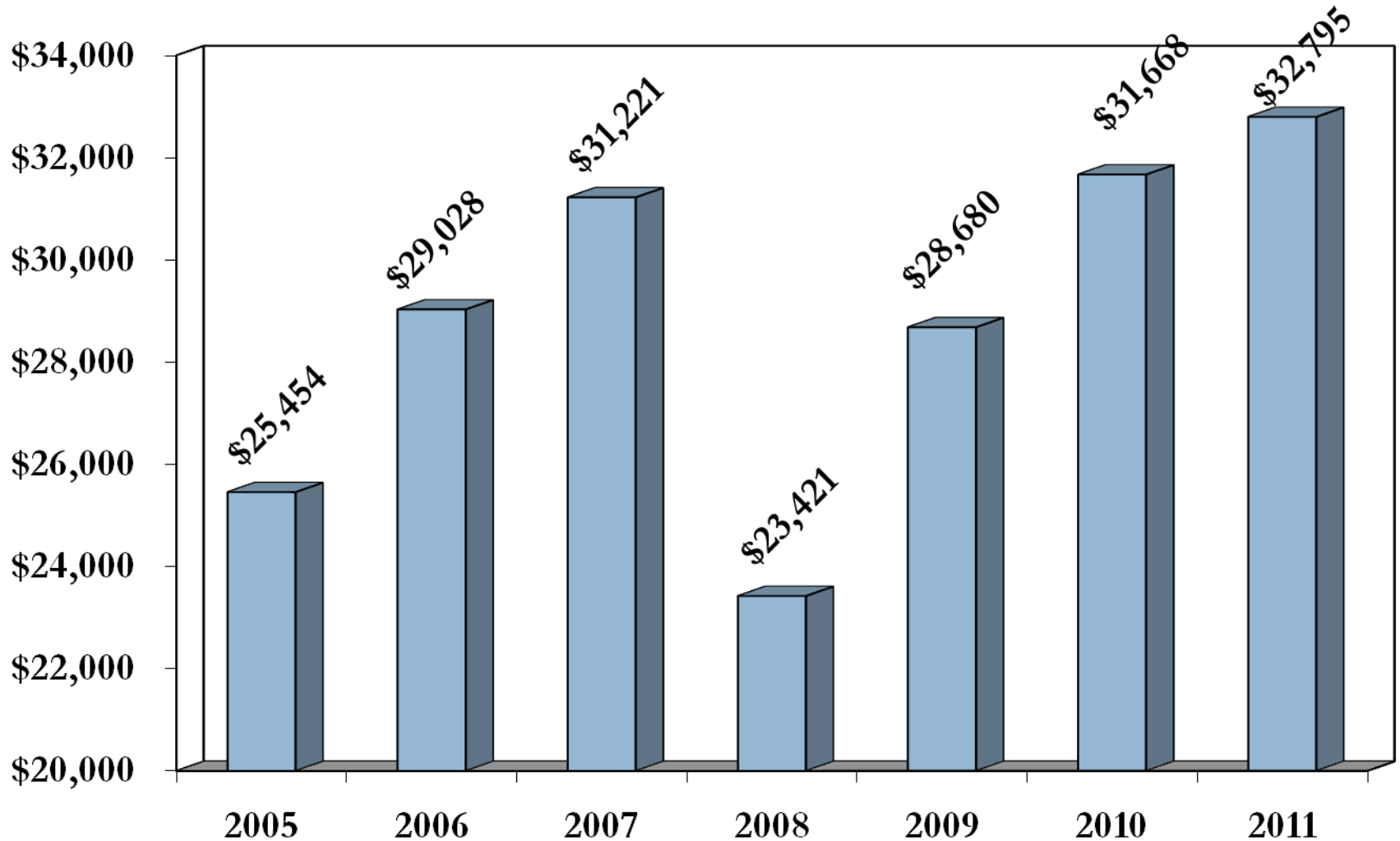


Market Flash Points

- 1st quarter of 2011 is potentially the best since 1998
- Market volatility still remains high
- Higher oil prices
- The Federal Reserve still on schedule (6-30-11) to ends its \$600.0 billion buying program for US Treasuries – they are the third largest buyer behind China and Japan.
- Federal deficit concerns becoming a major issue
 - Federal government shutdown threat
 - Long term
- Market results impacted by numerous uncontrollable events
 - Political unrest in the Middle East
 - Earthquake, Tsunami and Nuclear Meltdown in Japan

Market Value @ 2-28-11

Exhibit #1

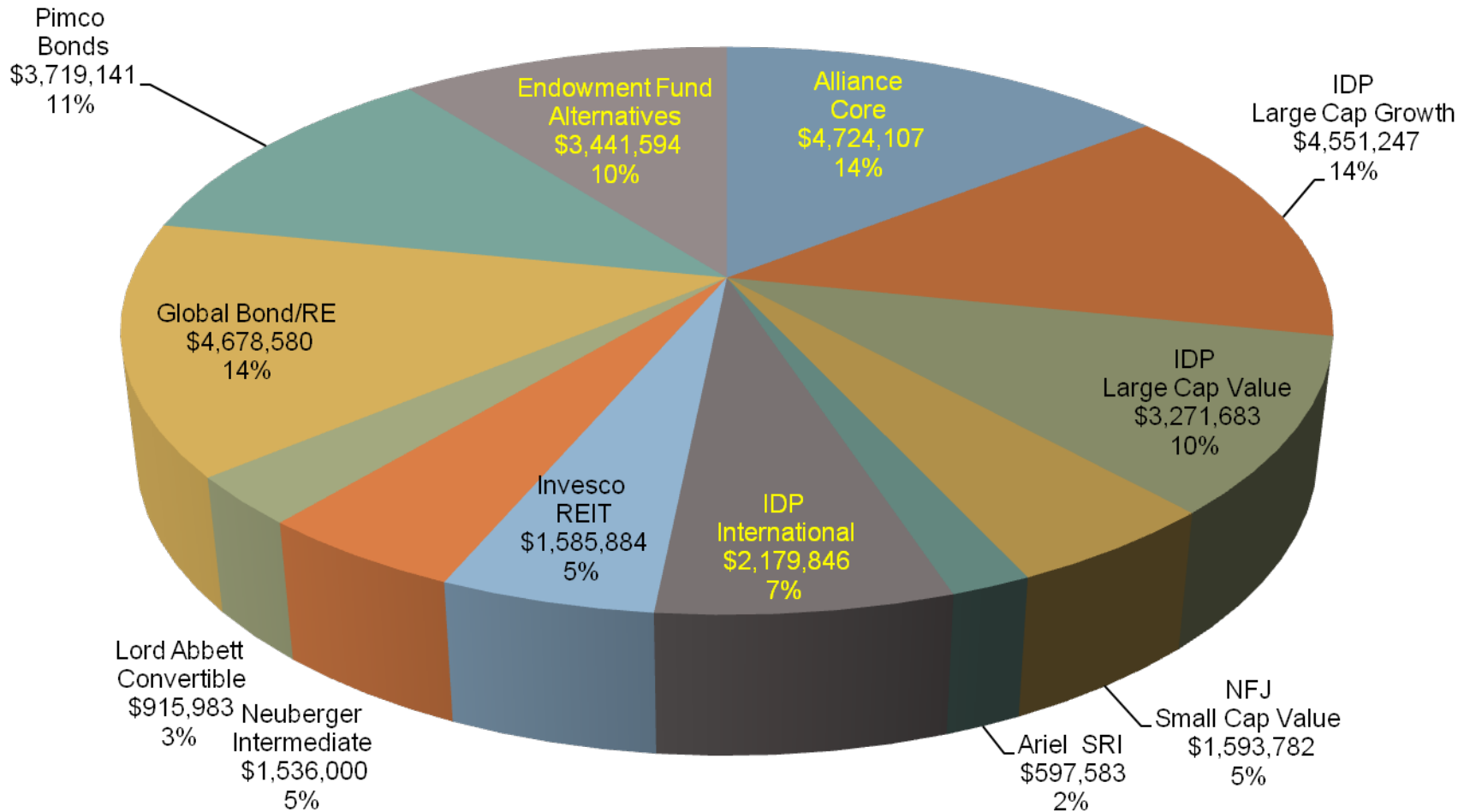


Endowment Fund Manager

Exhibit #2

Allocation & Style @ 2-28-11

\$32,795,430



Performance Gains – 2/28/11 (YTD Returns)

<u>Managers</u>	<u>Market Value</u>	<u>%</u>	<u>Returns</u>	<u>Index</u>
Alliance - Core	\$ 4,724,107	14.4%	6.9%	5.9%
IDP - Large Cap Growth	\$ 4,551,247	13.9%	4.3%	5.9%
IDP - Large Cap Value	\$ 3,271,683	10.0%	5.2%	6.0%
NFJ - Small Cap Value	\$ 1,593,782	4.9%	5.6%	5.2%
Ariel Capital - SRI	\$ 597,583	1.8%	7.6%	5.6%
IDP - International	\$ 2,179,846	6.6%	4.8%	5.6%
Invesco - REIT	\$ <u>1,585,884</u>	<u>4.8%</u>	8.0%	8.9%
Total Equity Managers	\$ 18,504,132	56.4%		
Neuberger - Intermediate	\$ 1,536,000	4.7%	0.3%	1.1%
Lord Abbett - Conv Bonds	\$ 915,983	2.8%	2.5%	4.3%
Global Bond, Real & Social	\$ 4,678,580	14.3%	2.3%	0.0%
PIMCO - Bonds	\$ <u>3,719,141</u>	<u>11.3%</u>	0.7%	1.3%
Total Fixed Income Managers	\$ 10,849,704	33.1%		
Endowment Fund* - Alternative	\$ <u>3,441,594</u>	<u>10.5%</u>	2.0%	2.3%
Total Portfolio Value**	\$ <u>32,795,430</u>	<u>100.0%</u>	<u>3.6%</u>	<u>4.0%</u>

*Returns for the Endowment Fund are reported on a 30 day lag basis. As such this represents their performance through 1-31-11. additionally, it is a fund of funds hedge fund.

**The ALA composite index is comprised of the 55% Russell 3000, 35% Merrill Lynch Domestic Master and 10% MSCI EAFE

Asset Allocation Strategy

Exhibit #4

ASSET ALLOCATION STRATEGY		POLICY GUIDELINES @ 12-31-10			
		Min	Target	Actual	Max
Domestic Large/Medium Cap Stocks		30%	40%	38.3%	50%
	Alliance Bernstein - Core			14.4%	
	IDP - Large Cap Value			10.0%	
	IDP - Large Cap Growth			13.9%	
	Ariel - SRI			0.0%	
Domestic Small/Medium Cap Stocks		0%	5%	4.9%	10%
	NFJ - Small Cap Value			4.9%	
Alternative Investments		0%	10%	10.5%	15%
	Endowment Fund			10.5%	
International Equity		5%	10%	6.6%	15%
	IDP - International			6.6%	
Real Estate Investment Trust (REIT)		5%	5%	4.8%	15%
	Invesco			4.8%	
Investment Grade Fixed Income		20%	30%	34.9%	50%
	Neuberger Intermediate			4.7%	
	Global Fixed			16.1%	
	Lord Abbett			2.8%	
	PIMCO - Bonds			11.3%	
Cash and Cash Equivalents		0%	0%	0%	5%
				100%	

Recent Tactical Moves in the Portfolio

Actions

- Reduced US fixed income holdings by 4% (\$1.2 million) by trimming Pimco from 15% of the portfolio to 11%.
- Increased US equity holdings by 4% (\$1.2 million) by adding 2% (\$600,000) to Alliance, the Large Cap Core manager and 2% (\$600,000) to the IDP Large Cap Growth manager.

Rational

- Market conditions suggest an overweighting of real assets*.
- There is an increased expectation by the market and analysts that S&P earnings will grow from \$95 per share to \$100 per share.
- Emerging markets are mired in country specific problems related to rising inflation.
- Monetary and fiscal easing leading toward expected higher inflation, which should benefit real assets

*Real assets added to the portfolio in November – Global Bond, Real Assets