



2014-15 ET #6.4  
2014-15 EBD #13.1  
(2014 – 15 Fall Meeting)

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# Endowment Trustees Report to Executive Board

*(Long-Term Investment Fund)*

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Rod Hersberger – Senior Endowment Trustee  
Saturday – October 25, 2014

# Salient Market Points

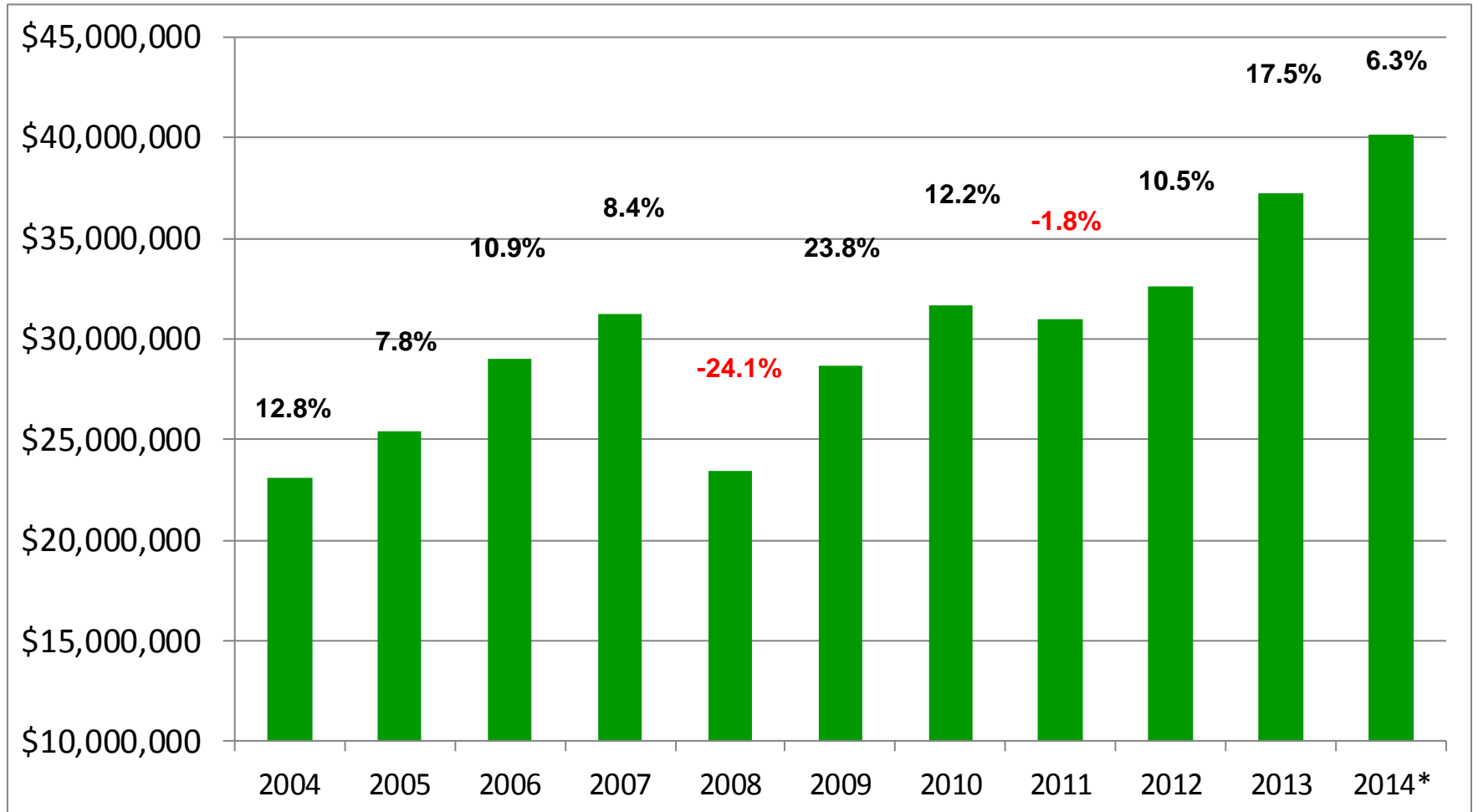
Exhibit #1

- Through August the equity and bond markets have rallied to all-time highs fueled by an accommodative monetary policy by the Federal Reserve
- Volatility measures declined over the summer across all asset classes, increasing the chances of a pullback – see current downdraft
- Bill Gross' departure from Pimco\* has shaken the markets
- European markets showing signs of recession as economic growth slows and unemployment increases
- US fiscal health continues to improve but faces the challenge of slowing global growth
- Cyclical sectors expected to outperform if the economy continues to strengthen, particularly technology, industrials and energy
- Emerging markets picking up momentum

\*On October 22<sup>nd</sup> the Trustees voted to end its relationship with Pimco (\$3.4 million) and hired Loomis Sayles.

# Market Value and Return @ 8-31-14\* **Exhibit #2**

\$40,174,341



\*Eight months ending 8-13-14 and unaudited.

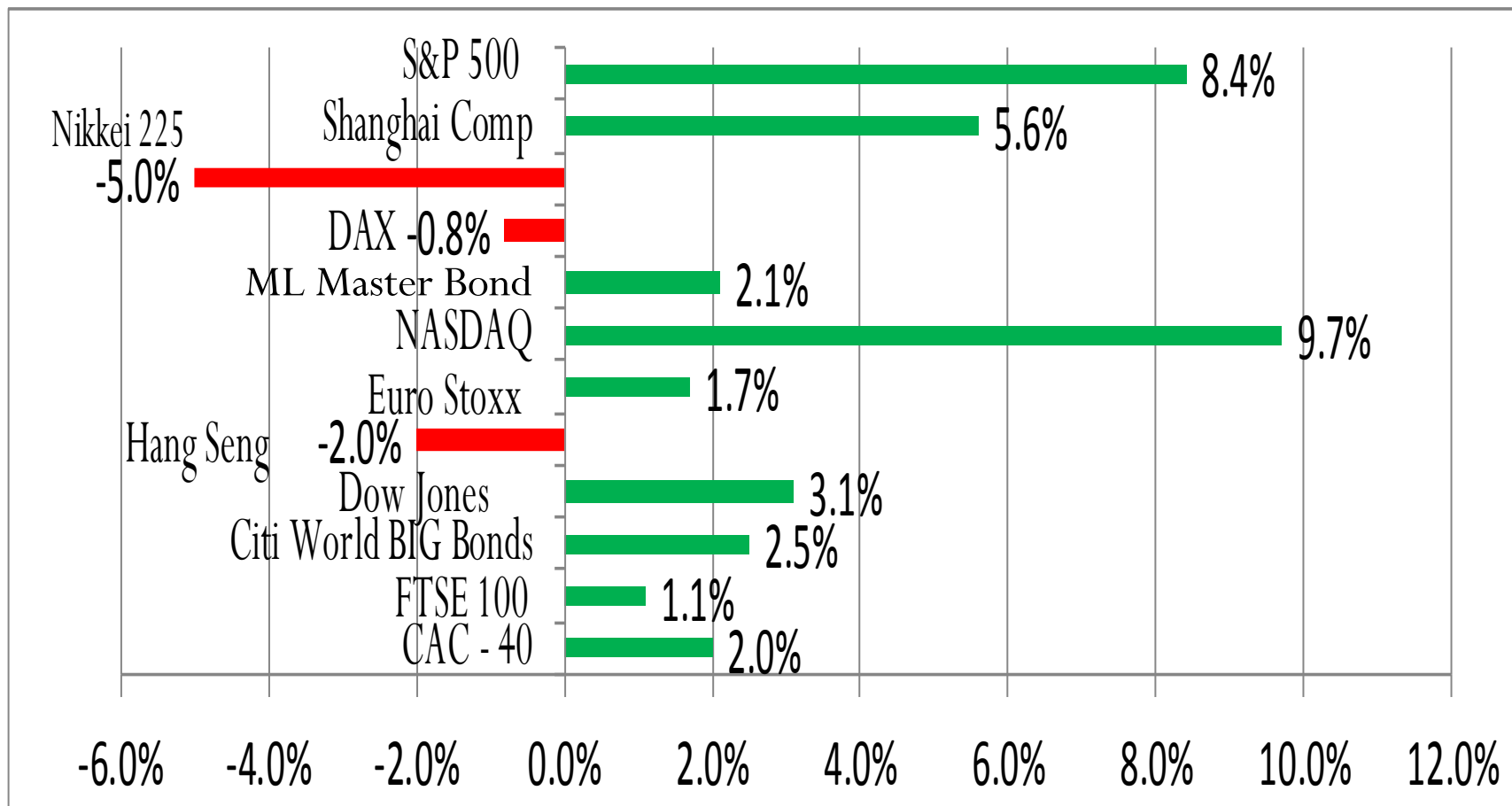
# Time Weighted Rate of Return

	<b>Opening</b>	<b>Contributions</b>	<b>Interest</b>	<b>Appreciation</b>	<b>Closing</b>	<b>ROR</b>	<b>ROR</b>
	<u>Balance</u>	<u>(Withdrawals)</u>	<u>Dividends</u>	<u>(Depreciation)</u>	<u>Balance</u>	<u>Period</u>	<u>Cumulative</u>
<b>3<sup>rd</sup> Quarter*</b>	\$ 39,559,016	\$ 129,677	\$ 109,908	\$ 375,740	\$40,174,341	1.2%	6.3%
<b>2<sup>nd</sup> Quarter</b>	\$ 37,623,081	\$ 630,918	\$ 159,034	\$ 1,145,983	\$39,559,016	3.4%	5.0%
<b>1<sup>st</sup> Quarter</b>	\$ 37,288,932	\$ (249,368)	\$ 140,389	\$ 436,059	\$37,623,081	1.5%	1.5%
<b>Total</b>	\$ 37,288,932	\$ 511,227	\$ 409,331	\$ 1,957,782	\$40,174,341	1.2%	6.3%

\*July and August only

# World Market Performance

- Calendar Year Market Returns @ 8-31-14



# 2014 Cash Flow

Description	\$ Amount
Beginning Balance (1-1-14)	\$37,288,932
Contributions/(Withdrawals) - Net	518,296
Interest and Dividends	409,311
Appreciation (Depreciation) – Net of Fees	<u>1,957,782</u>
Ending Balance (8-31-14)	\$40,174,341

# Manager Allocation and Style

<u>Manager</u>	<u>Value</u>	<u>%</u>
London Company -Lareg Cap Core	\$ 6,622,039	16.5%
Merrill Lynch Personal Advisor*	\$ 12,426,248	30.9%
Lord Abbett - Convertibles	\$ 1,264,622	3.1%
IDP - Large Cap Value	\$ 3,385,497	8.4%
The Endowment Fund - Alternatives	\$ 1,894,584	4.7%
IDP - International Value	\$ 4,557,180	11.3%
IDP - Large Cap Growth	\$ 6,636,793	16.5%
Pimco - Fixed Income	<u>\$ 3,387,379</u>	<u>8.4%</u>
<b>Total</b>	<b>\$ 40,174,341</b>	<b>100.0%</b>

\*MLPA is a platform under which ALA can access different managers in the form of mutual funds and ETF's. There are 8 different managers in this account.

IDP – Institutional Discretionary Portfolio

SRI – Socially Responsible Investing

# Asset Allocation Strategy

Exhibit #7

ASSET ALLOCATION STRATEGY		POLICY GUIDELINES @ 6-30-14			
		Min	Target	Actual	Max
<b>Domestic Large/Medium Cap Stocks</b>		30%	40%	51.4%	50%
	London Company - Core			15.6%	
	IDP - Large Cap Value			8.1%	
	IDP - Large Cap Growth			16.4%	
	Goldman SMID			4.6%	
	Principal Mid Cap			4.4%	
	Ariel - SRI			2.3%	
<b>Domestic Small/Medium Cap Stocks</b>		0%	5%	4.7%	10%
	NFJ - Small Cap Value			4.7%	
<b>Alternative Investments</b>		0%	10%	5.6%	15%
	Endowment Fund			5.6%	
<b>International Equity</b>		5%	10%	11.6%	15%
	IDP - International			11.6%	
<b>Real Estate Investment Trust (REIT)</b>		5%	5%	5.3%	15%
	Invesco			5.3%	
<b>Investment Grade Fixed Income</b>		20%	30%	26.1%	50%
	Corporate Fixed Income			9.5%	
	Global Fixed			5.6%	
	Lord Abbett			3.1%	
	PIMCO - Bonds			7.9%	



# Recent Allocation Changes

Exhibit #8

- Total Equity & Real Assets Remain at 70% - However:
  - Domestic equity goes from 53% to 49%
  - Real assets goes from 6% to 10%
- No change international equity
- No change in fixed income
- No change in alternative investments