



ALA CD #16.0

EBD #13.1

BARC #13.1

ET #13.1

2022 Virtual January Meeting

# **Endowment Trustee Report For the Council Information Session, PBA and the ALA Executive Board**

Mario Gonzalez – Senior Endowment Trustee

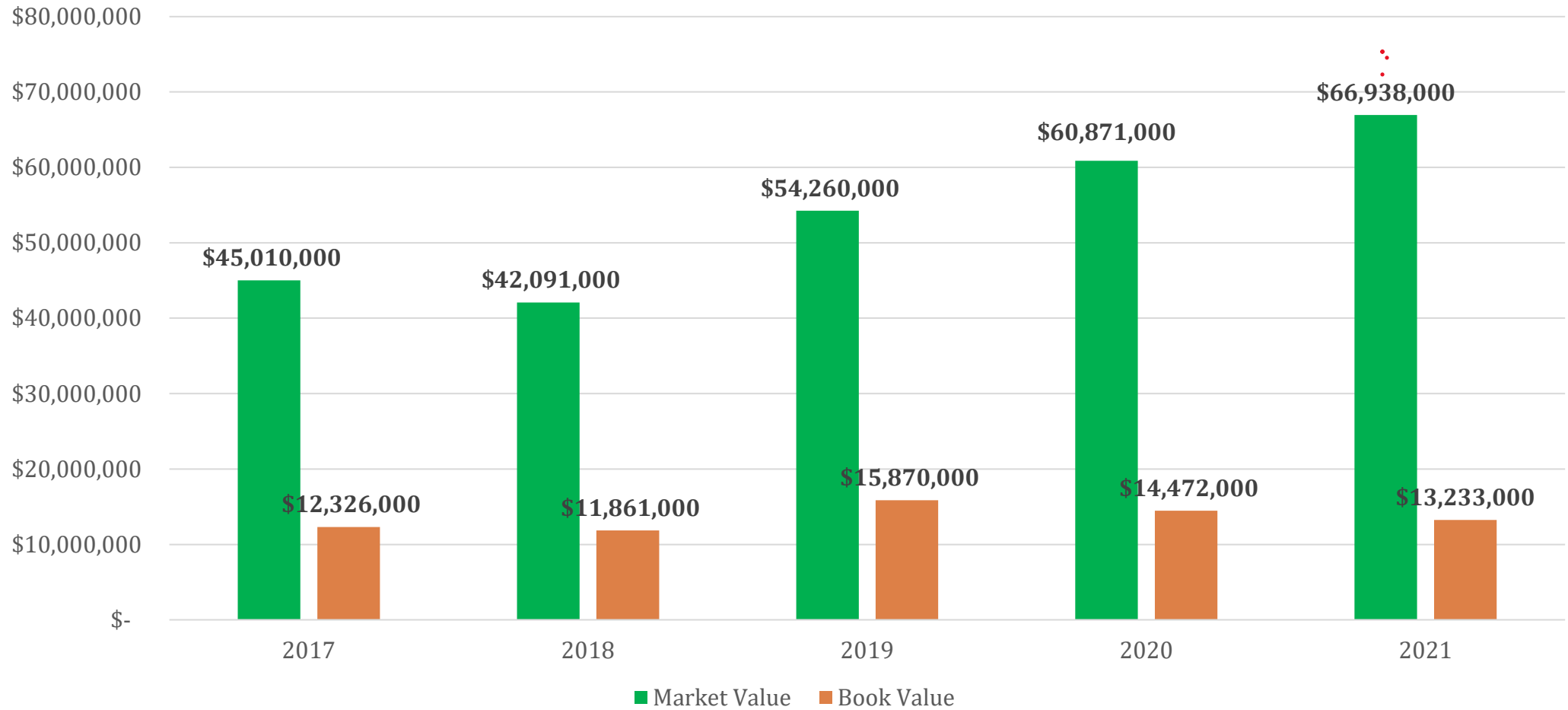
Virtual LibLearnX Meeting – Chicago, IL  
Tuesday – January 11, 2022 thru  
Wednesday – January 26, 2022

# Salient Points Influencing the Financial Markets

- 2021 was met with booming economic growth as expected.
- The Federal Reserve pivoted hawkishly at their December FOMC meeting, doubling the expected pace of tapering and signaling 3 possible rate hikes in 2022
- Inflation is at its highest in 31 years and is expected to get a great deal of attention in 2022
- Growing COVID-19 concerns will have a significant impact on the financial markets
- Supply chain issues are reducing company profits and are expected to continue into 2022 resulting in product shortages
- US companies continue to be financially healthy
- US unemployment rate is low at 3.9%

# Market and Book Value as of 12-31-21\*

## \$66,938,000



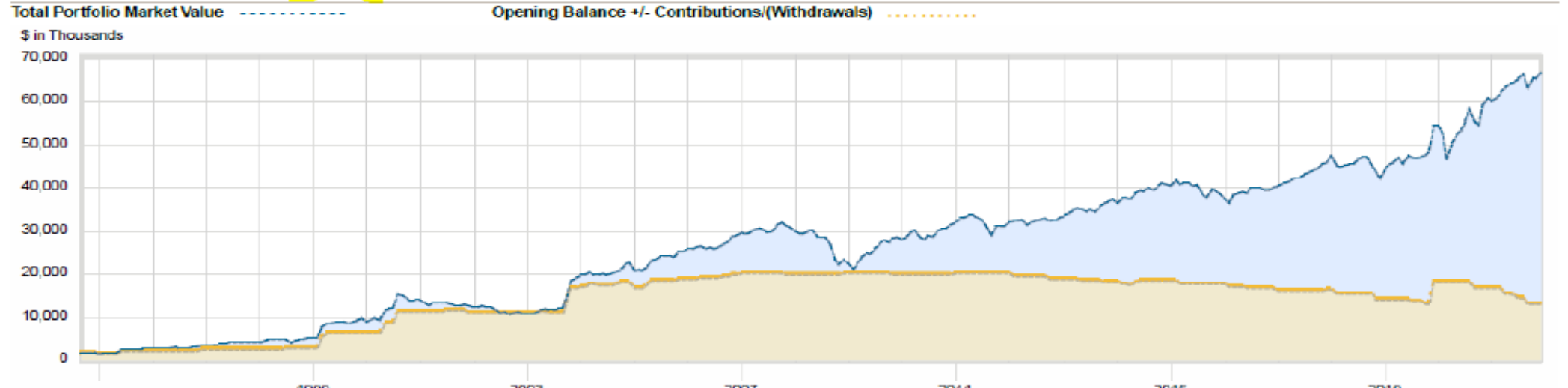
\*Calendar year to date – 12 months.

# Endowment Historical Cash Flows as of 12/31/21

## Portfolio Cash Flows and Performance: Yearly



Performance period: 10/17/1994 to 12/31/2021



Categories	1999	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Entire Period
Opening Balance (\$)		30,958,281	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	1,623,562
Contributions/(Withdrawals) (\$)		(1,307,336)	(732,294)	519,511	(877,651)	(991,964)	(369,494)	(2,053,057)	4,009,133	(1,448,275)	(3,772,171)	10,649,743
Interest/Dividends (\$)		1,219,543	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	23,532,283
Appreciation/(Depreciation) (\$)		1,762,978	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	30,528,003
Closing 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	66,937,475
Time Weighted Return (%)		9.88	16.71	7.67	(2.80)	6.13	15.82	(4.04)	19.44	14.85	16.73	675.74

Book Value = \$12.3mil  
 Investment Earnings = \$54.1mil

# Time Weighted Rate of Return

## Year-To-Date 12-30-21

<u>Period</u>	<u>Opening Balance</u>	<u>Contributions (Withdrawals)</u>	<u>Interest &amp; Dividends</u>	<u>Appreciation (Depreciation)</u>	<u>Closing Balance</u>	<u>ROR Period</u>	<u>ROR Cumulative</u>
December - 2021	\$ 65,284,718	X	x	x	\$ 66,937,475	TBD	TBD
November - 2021	\$ 65,705,498	\$ 5,302	\$ 167,231	\$ (593,331)	\$ 65,284,718	(0.65%)	13.24%
October – 2021	\$ 63,305,341	\$ 0	\$ 191,042	\$ 2,209,116	\$ 65,705,498	3.79%	13.89%
September - 2021	\$ 66,616,708	\$ (1,485,000)*	\$ 243,255	\$ (2,069,622)	\$ 63,305,341	(2.8%)	10.10%
August – 2021	\$ 65,097,367	\$ -	\$ 171,071	\$ 1,348,271	\$ 66,616,708	2.33%	12.92%
July – 2021	\$ 64,619,939	\$ (450,540)	\$ 74,768	\$ 863,206	\$ 65,097,367	1.46%	10.59%
June – 2021	\$ 64,270,831	\$ (642,633)	\$ 165,687	\$ 826,054	\$ 64,619,939	1.54%	9.13%
May - 2021	\$ 63,238,014	\$ -	\$ 53,778	\$ 979,039	\$ 64,270,831	1.63%	7.59%
April - 2021	\$ 62,097,229	\$ (1,238,590)	\$ 71,558	\$ 2,307,817	\$ 63,238,014	3.82%	5.96%
March -2021	\$ 60,871,248	\$ -	\$ 119,930	\$ 1,106,057	\$ 62,097,229	2.01%	2.14%
February – 2021	\$ 60,159,389	\$ 50,000	\$ 100,933	\$ 560,926	\$ 60,871,248	1.1%	0.13%
January – 2021	\$ 60,747,153	\$ -	\$ 12,419	\$ (600,182)	\$ 60,159,389	(0.97%)	(0.97%)
<b>Total</b>	<u>\$ 60,747,153</u>	<u>\$ (2,276,461)</u>	<u>\$ 1,371,672</u>	<u>\$ 6,937,351</u>	<u>\$ 66,937,475</u>	<u>NA</u>	<u>TBD%</u>

\*Includes the second “Transfer with Terms” (internal loan - \$1.5 million) for FY22 budget support.

# Asset Allocation @ 12-31-21

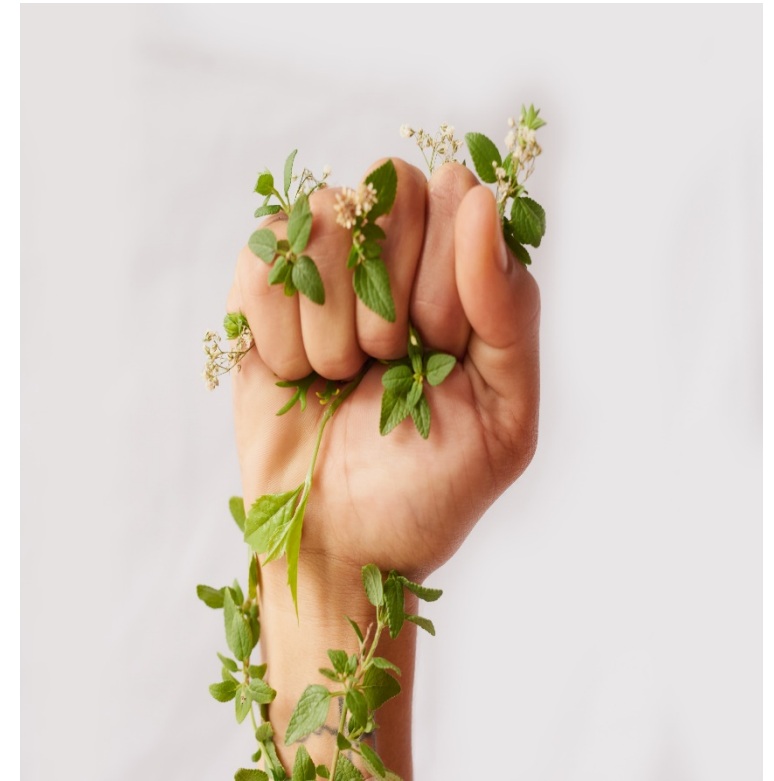
Asset Allocation						
	Value	Min	Actual	Target	Max	+/-
<b>Equity &amp; Real Assets</b>	\$ 43,413,472	30%	65%	55%	70%	10%
<b>Domestic Large/Mid Cap</b>	\$ 32,844,055	20%	49%	40%	50%	9%
S&P 500 Fossil Fuel Reserves Free	\$ 13,635,898		20%			
Clearbridge Large Cap ESG	\$ 11,888,640		18%			
Principal Mid Cap	\$ 3,811,671		6%			
Nuveen ESG Small Cap	\$ 2,191,368		3%			
Ariel Fund (New)	\$ 1,316,478		2%			
<b>International Equity</b>	\$ 7,533,210	0%	11%	10%	20%	1%
Capital Group International	\$ 3,377,734		5%			
Domini ESG International	\$ 1,332,804		2%			
Lazard International	\$ 1,333,225		2%			
GS GQG International Opportunities	\$ 1,489,447		2%			
<b>Real Assets</b>	\$ 3,036,208	0%	5%	5%	15%	0%
Vanguard U.S. REIT ETF	\$ 1,717,528		3%			
Nuveen Real Asset Income	\$ 1,318,679		2%			
<b>Fixed Income</b>	\$ 16,009,176	25%	24%	30%	65%	-6%
Guggenheim Total Return	\$ 3,204,385		5%			
PIMCO Income	\$ 3,103,358		5%			
Double Line Total Return	\$ 3,183,950		5%			
Calvert ESG Short Duration	\$ 3,347,821		5%			
Lord Abbett Short Duration	\$ 3,169,662		5%			
<b>Alternatives</b>	\$ 5,834,543	0%	9%	10%	25%	-1%
Blackstone 2015 Alts Trust	\$ 1,094,802		2%			
KKR 2016 Custom Equity Opps	\$ 1,068,677		2%			
Blackstone 2018 Alts Trust	\$ 2,058,779		3%			
JLL Income Property Trust	\$ 1,204,787		2%			
The Endowment Fund	\$ 407,498		1%			
<b>Cash</b>	\$ 1,680,284	0%	3%	5%	10%	-2%
<b>Total</b>	\$ 66,937,475		100%	100%		

\*Highlighted cells indicate ESG focused investment

\*\*Highlighted cells indicate Diverse-Owned Investment Manager

# Environmental, Social and Governance (ESG) Portfolio Holdings

	<u>Portfolio Value</u>	<u>% of Portfolio</u>
S&P 500 Fossil Free Reserve	\$ 13,635,898	20.4%
Clearbridge	\$ 11,888,640	17.8%
Calvert Short Duration	\$ 3,347,821	5.0%
Nuveen Small Cap ESG	\$ 2,191,368	3.3%
Domini International	<u>\$ 1,332,804</u>	<u>2.0%</u>
Total	<u>\$ 32,396,531</u>	<u>48.4%</u>



# Change in ESG %

	<u>12/31/2021</u>	<u>9/30/2021</u>	<u>Difference</u>	<u>% Change</u>
<b>S&amp;P 500 Fossil Free Reserves Free</b>	\$ 13,635,898	\$ 12,307,064	\$ 1,328,834	9.75%
<b>Clearbridge</b>	\$ 10,908,808	\$ 11,888,640	\$ (979,832)*	-8.98%
<b>Calvert Short Duration</b>	\$ 3,347,821	\$ 3,401,157	\$ (53,336)	-1.59%
<b>Nuveen Small Cap ESG</b>	\$ 2,191,368	\$ 2,268,047	\$ (76,679)	-3.50%
<b>Domini International</b>	<u>\$ 1,332,804</u>	<u>\$ 1,282,138</u>	<u>\$ 50,666</u>	<u>3.80%</u>
<b>Total ESG</b>	<u>\$ 32,396,531</u>	<u>\$ 31,147,046</u>	<u>\$ 269,653</u>	<u>0.83%</u>
<b>Total Portfolio</b>	<u>\$ 66,938,000</u>	<u>\$ 63,305,000</u>	<u>\$ 3,633,000</u>	<u>5.43%</u>

\*\$1.2 million transferred from Clearbridge to fund the new manager Ariel at September meeting.



# Future Endowment Trustee Activities

- Update the 2019 Policy and Procedure Manual
- Review the goal of ESG investments
- Analyze disbursement of funds from endowment
- Enhance relationship with Development Office to raise funds for endowment book value
- Review of ALA's investment adviser Merrill Lynch
- RFP for the ALA investment adviser
- Review process for selecting Endowment Trustees



# ALA Endowment Trustees

**CONTACT:** [mgonzalez@passaicpubliclibrary.org](mailto:mgonzalez@passaicpubliclibrary.org)

**Mario Gonzalez, Senior Trustee - 2023**

**Brett Bonfield - 2024**

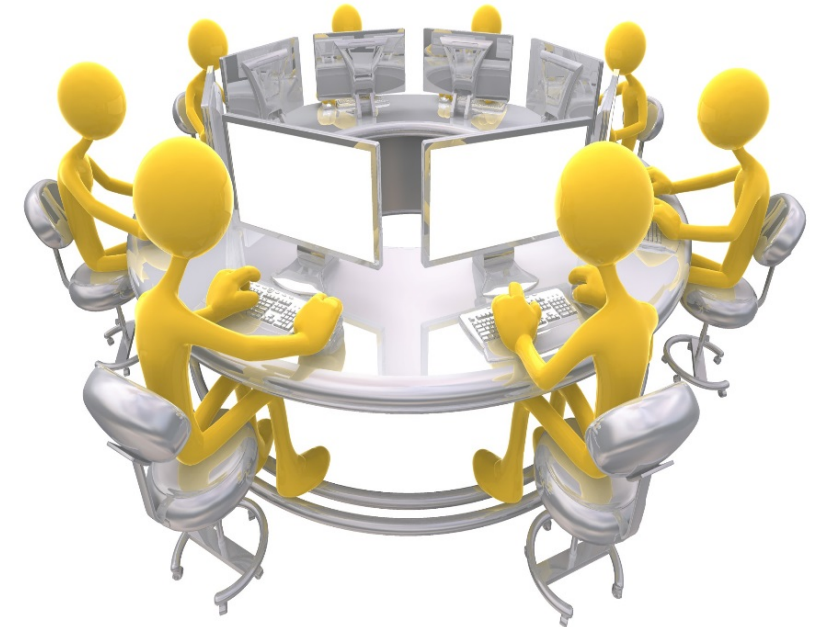
**Maggie Farrell, Treasurer - 2022**

**Rhea Lawson - 2023**

**James G. Neal - 2022**

**Janice Welburn - 2022**

**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; create endowment operating procedures; select endowment investments managers; report endowment status to the Executive Board, Council and Membership.