

Endowment Trustees Report



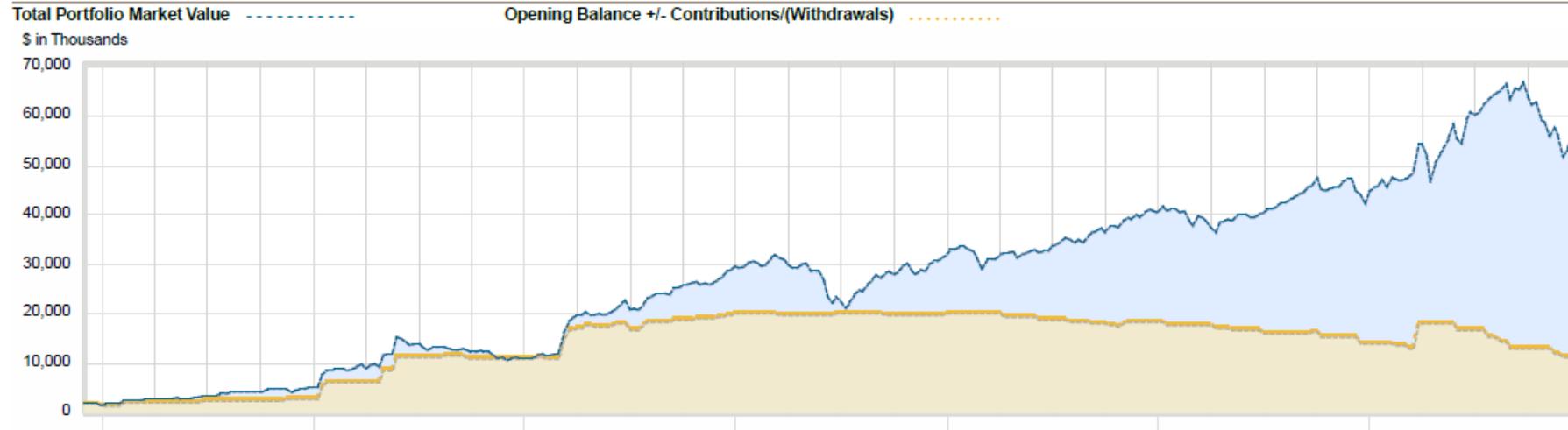
Mario Gonzalez - Senior Trustee
January 19, 2023
January 20, 2023
January 25, 2023

Endowment historical cash flows as of 12/31/2022

Portfolio Cash Flows and Performance: Yearly



Performance period: 10/17/1994 to 12/31/2022



Categories	1999	2003	2007	2011	2015	2019	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)	(1,706,910)	8,942,834
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	2,045,158	25,577,441
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	(12,748,005)	17,779,998
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	54,527,718	54,527,718
Time Weighted Return (%)	16.71	7.67	(2.89)	6.13	15.82	(4.04)	19.44	14.85	16.73	(14.85)	560.51

***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 = \$10.6 million
 Investment Earnings = \$43.4 million

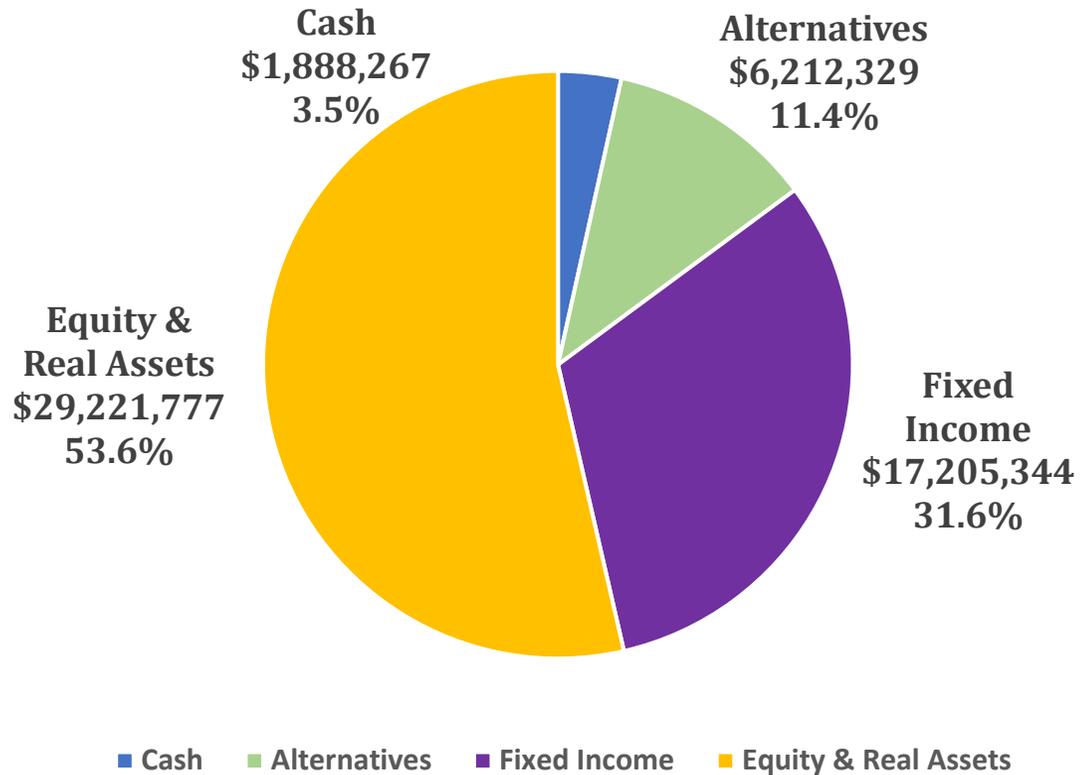


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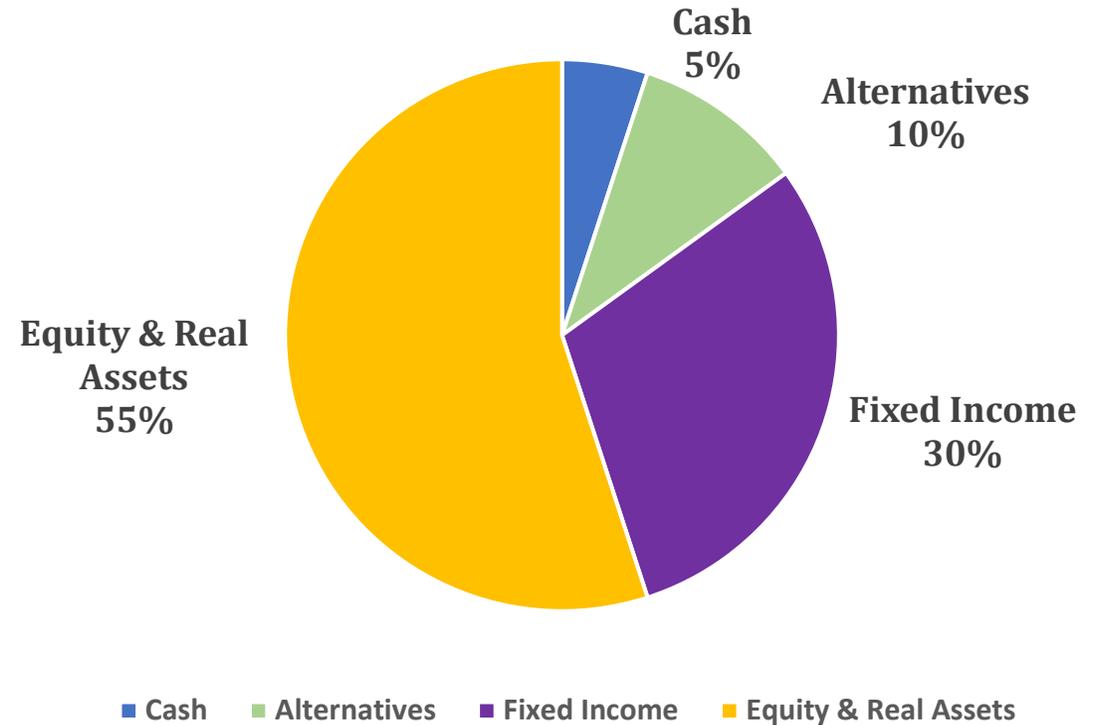
* Contributions/Withdrawals numbers only cover assets custodied as Merrill Lynch
Source: Merrill Lynch CRC Reporting System

Endowment Fund Asset Allocation

Actual Allocation



Allocation Per Investment Policy Statement



Equity and Real Asset Allocation

Domestic Large/Mid Cap

		<u>% Domestic</u>	<u>% Portfolio</u>
iShares ESG Aware MSCI USA ETF	\$ 10,725,113	49.7%	19.7%
Nuveen ESG Large Cap Growth ETF	\$ 3,999,006	18.5%	7.3%
Vanguard Value ETF	\$ 4,079,854	18.9%	7.5%
Nuveen ESG Small Cap	\$ 1,782,931	8.3%	3.3%
Ariel Fund	<u>\$ 981,964</u>	<u>4.6%</u>	<u>1.8%</u>
Total	\$ 21,568,868	100.0%	39.6%

International Equity

		<u>% International</u>	<u>% Portfolio</u>
iShares ESG Aware ETF	\$ 2,719,204	51.1%	5.0%
GS GQG International Opportunities	<u>\$ 2,607,023</u>	<u>48.9%</u>	<u>4.8%</u>
Total	\$ 5,326,227	100.0%	9.8%

Real Assets

		<u>% Real Estate</u>	<u>% Portfolio</u>
Vanguard US REIT ETF	\$ 1,221,116	52.5%	2.2%
Nuveen Real Asset Income	<u>\$ 1,105,565</u>	<u>47.5%</u>	<u>2.0%</u>
Total	\$ 2,326,681	100.0%	4.2%

Fixed Income, Alternatives and Cash Allocation

Fixed Income				Alternatives and Cash			
		% <u>Fixed Income</u>	% <u>Portfolio</u>			% <u>Alternatives</u>	% <u>Portfolio</u>
Guggenheim Total Return	\$ 3,920,953	22.8%	7.2%	Blackstone 2015 Alts Trust	\$ 847,026	13.6%	1.6%
PIMCO Income	\$ 4,067,701	23.6%	7.5%	KKR 2016 Custom Equity Opportunities	\$ 856,277	13.8%	1.6%
Calvert ESG Short Duration	\$ 6,291,436	36.6%	11.5%	Blackstone 2018 Alts Trust	\$ 1,899,380	30.6%	3.5%
Lord Abbett Short Duration	\$ 2,925,254	17.0%	5.4%	JLL Income Property Trust	\$ 1,276,596	20.5%	2.3%
				The Endowment Fund	\$ 292,819	4.7%	0.5%
Total	\$ 17,205,344	100.0%	31.6%	Partners Group	\$ 1,040,232	16.7%	1.9%
				Total Alternatives	\$ 6,212,330	100.0%	11.4%
				Cash	\$ 1,888,267	100.0%	3.5%
				Total	\$ 8,100,597	100.0%	15.0%

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



		<u>% ESG/ Diversity</u>	<u>% Portfolio</u>
iShares ESG Aware MSCI USA	\$ 10,725,113	40.4%	19.7%
Partners Group	\$ 1,040,232	3.9%	1.9%
Calvert ESG Short Duration	\$ 6,291,436	23.7%	11.5%
Nuveen ESG Small Cap	\$ 1,782,931	6.7%	3.3%
Nuveen ESG Large Cap Growth	\$ 3,999,006	15.1%	7.3%
iShares ESG Aware ETF	<u>\$ 2,719,204</u>	<u>10.2%</u>	<u>5.0%</u>
Total ESG	\$ 26,557,922	100.0%	48.7%
Ariel Investments	\$ 981,964	27.4%	1.8%
GS GQG International	<u>\$ 2,607,023</u>	<u>72.6%</u>	<u>4.8%</u>
Total Diversity	\$ 3,588,987	100.0%	6.6%
Grand Total	<u>\$ 30,146,909</u>	<u>100.0%</u>	<u>55.3%</u>
Portfolio Total	<u>\$ 54,527,718</u>		

Endowment Asset Allocation as of 12/31/2022

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NEW

Asset Allocation							
	Value	Min	Actual	Target	Max	+/-	
Equity & Real Assets	\$ 29,221,777	30%	54%	55%	70%	-1%	
Domestic Large/Mid Cap	\$ 21,568,869	20%	40%	40%	50%	0%	
iShares ESG Aware MSCI USA ETF	\$ 10,725,113		20%				
Nuveen ESG Large-Cap Growth ETF	\$ 3,999,006		7%				
Vanguard Value ETF	\$ 4,079,854		7%				
Nuveen ESG Small Cap	\$ 1,782,931		3%				
Ariel Fund	\$ 981,964		2%				
International Equity	\$ 5,326,227	0%	10%	10%	20%	0%	
iShares ESG Aware MSCI EAFE ETF	\$ 2,719,204		5%				
GS GQG International Opportunities	\$ 2,607,023		5%				
Real Assets	\$ 2,326,681	0%	4%	5%	15%	-1%	
Vanguard U.S. REIT ETF	\$ 1,221,116		2%				
Nuveen Real Asset Income	\$ 1,105,565		2%				
Fixed Income	\$ 17,205,344	25%	32%	30%	65%	2%	
Guggenheim Total Return	\$ 3,920,953		7%				
PIMCO Income	\$ 4,067,701		7%				
Calvert ESG Short Duration	\$ 6,291,436		12%				
Lord Abbett Short Duration	\$ 2,925,254		5%				
Alternatives	\$ 6,212,329	0%	11%	10%	25%	1%	
Blackstone 2015 Alts Trust	\$ 847,026		2%				
KKR 2016 Custom Equity Opps	\$ 856,277		2%				
Blackstone 2018 Alts Trust	\$ 1,899,380		3%				
JLL Income Property Trust	\$ 1,276,596		2%				
Partners Group PE (Master Fund)	\$ 1,040,232		2%				
The Endowment Fund	\$ 292,819		1%				
Cash	\$ 1,888,267	0%	3%	5%	10%	-2%	
Total	\$ 54,527,718		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
Source: ML CRC reporting system

Total ESG Allocation (Including Diverse Owned Mngr.) = 55%

Total ESG allocation will increase after Feb. '23 Meeting

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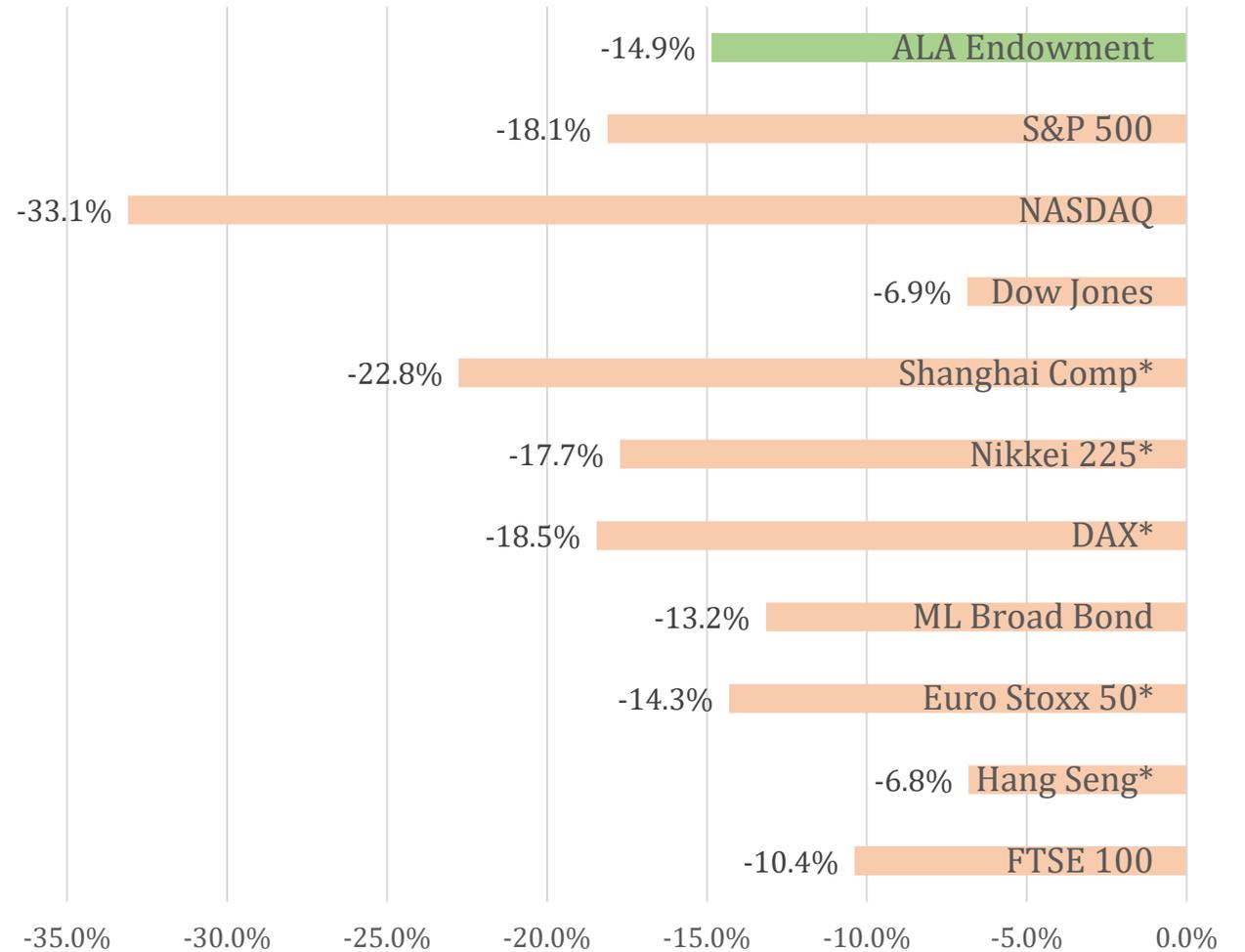
Issues Influencing the Financial Markets

- 2022 Year in Review -

- Federal Reserve aggressively raised interest rates to fight inflation
- Russian invasion of Ukraine further worsened inflationary pressures
- China spent most of the year imposing strict COVID -19 closedown policies, which crimped production of raw materials and goods worldwide
- Inflation is subsiding
- Energy stocks fared well during 2022
- After a slow start, the second half of 2023 is expected to provide a better economic outlook
- Greenwashing*: The Trustees are aware of and are monitoring charges against companies and funds

*The act of providing the public or investors with misleading or outright false information about the environmental impact of a company's ESG involvement.

Returns for the World's Major Indices for 2022



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

Endowment Trustee Activities

- Via an RFI process, the Trustees elected to retain the Investment Adviser services of Merrill Lynch
- Approved Endowment Trustee selection Guidelines and Criteria, ET #6.7.1
- Finalize a revision of the ALA Investment Policy Statement (IPS)
- Hired three new portfolio managers
 - Replaced SPDR S&P 500 Fossil Fuel Reserves Free ETF with the iShares ESG Aware MSCI USA ETF
 - Replaced Clearbridge LCG SMA with the Nuveen ESG Large-Cap Growth ETF and the Vanguard Value ETF
- Rebalanced the international asset class



ALA Endowment Trustees

CONTACT: mgonzalez@passaicpubliclibrary.org

Mario Gonzalez, Senior Trustee – 2023

Brett Bonfield – 2024

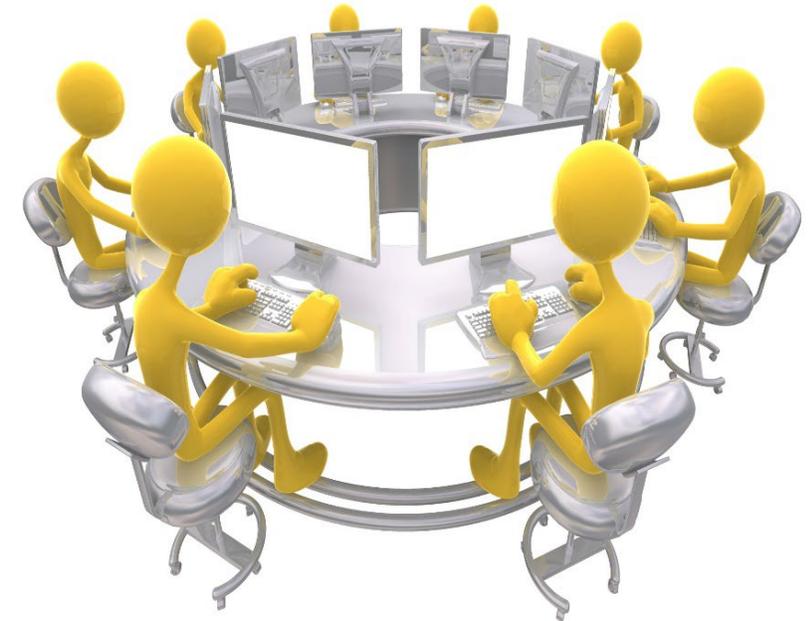
Peter Hepburn, Treasurer – 2025

Rhea Lawson – 2023

James G. Neal – 2025

Janice Welburn – 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.