

**BSA Investment committee annual report, 2022-2023**  
**Submitted 12 July 2023**

**BSA investment committee:**

Peter Crane (2023)

Cecilia Ezeanya, *Student Representative* (2023)

Ned Friedman (2023)

Kent Holsinger (chair, 2024)

Larry Hufford (2024) – liaison to Financial Advisory Committee

Janice Coons (2025)

Maia Thomas (pro bono financial adviser, 2025)

*Ex officio:*

Allison Miller (Treasurer, 2025)

Vivian Negron-Ortiz (President, 2023)

Heather Cacanindin (Executive Director)

**Overview:**

BSA investments have done well over the last year as recovery continues from pandemic-induced market lows. The overall value of the BSA investment portfolio was \$7,627,561 as of 30 June 2023.

The value of the Investment Portfolio on June 30 in the past five years is as follows:

2023 - \$7,627,561

2022 - \$6,945,685

2021 - \$8,025,407

2020 - \$5,944,267

2019 - \$5,654,026

While the current value of the portfolio is nearly \$2 million greater than it was in 2019, representing an annual rate of return of approximately 6 percent, it remains approximately \$400,000 lower than at its peak in 2021. A loss of approximately 13 percent in 2022 was followed by a gain of about 10 percent in 2023. For comparison, the S&P 500 had an annual return of approximately 8 percent from 2019 through 2023, a loss of approximately 11 percent from 2021 to 2022, and a gain of 13 percent from 2022 to 2023.<sup>1</sup>

It might appear that the Society's investments are underperforming, but the current asset allocation is 60 percent in equities and 40 percent in fixed income securities. The loss in 2022 was unexpectedly large, but performance over the last five years is substantially closer to that of a pure equity portfolio than might be expected. The 60:40 split between equities and fixed income is a substantially more conservative allocation than in the past, as requested by the Board. Nonetheless, the conservative allocation is consistent with the Society's interest in protecting its capital while ensuring growth in its portfolio over the long term.

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<sup>1</sup> Data from Robert Shiller's online archive: <http://www.econ.yale.edu/~shiller/data.htm>

**Society and Sectional Funds as part of Total Portfolio as of Sept 30, 2022\*:**

<b>MS Investment Portfolio:</b>	<b>\$6,496,241</b>
Designated Funds (BSA/Sections)	\$1,941,919
Undesignated Funds	\$4,554,322
<b>BSA Funds</b>	<b>\$1,502,331</b>
BSA Designated Funds	\$139,332
BSA Awards	\$1,420
BSA Endowment	\$513,714
BSA Restricted Funds	\$139,332
<b>Sectional Funds</b>	<b>\$439,588</b>
Sectional Accounts	\$118,216
Sectional Awards	\$163,042
Sectional Endowments/Restricted	\$158,331

*\*these figures will be updated again at the end of the fiscal year on September 30, 2023*

**Current activities:**

In 2021-2022 the Investment Committee shifted the investment portfolio to holdings that are consistent with Environmental, Sustainability, and Good Governance (ESG) guidelines. Investment consistent with these guidelines continues to support values important to BSA members as well as providing strong financial performance. Were the Society to need additional funds for operations, a conservative 4 percent draw on the 3-year running balance of unallocated funds would provide approximately \$227,416. The Board, Council, Finance and Investment Committees all agreed that a draw of up to 4 percent for operational support in FY2023 would be appropriate, if needed, as the changing publishing landscape and new publishing agreement with Wiley means that the investment account may be needed for operational support for the foreseeable future. Consistent with the BSA Investment Policy adopted in 2021, the Investment Committee believes that continuing to weight the Society's investments towards equities provides the best balance between growth of the endowment to provide future income and protection of the principal.

The BSA portfolio is invested in equities and fixed income securities with a nominal amount in cash. Cash arises from interest and dividends that have not yet been reinvested. The investment policy (adopted in Spring 2021) allows the portfolio to hold up to 5 percent in alternative investments, e.g., real estate or private equity. Our investment advisor recommended that we include alternative investments in the portfolio. After thoroughly considering the detailed proposal we received, the Investment Committee unanimously decided not to include alternative investments in the portfolio. We believe increasing the equity allocation to about 70 percent will provide investment performance consistent with BSA's goals while allowing the Investment Committee to monitor investments for consistency with ESG goals.

The Investment Committee continues to work with financial advisor Bryan Boesen at Morgan Stanley.