

BSA Investment committee annual report, 2020-2021
Submitted July 6, 2021

BSA investment committee:

Elizabeth Kellogg (chair, 2022)
Ned Friedman (2023)
Peter Crane (2023)
Kent Holsinger (2023)
Larry Hufford (2022) – liaison to Finance Committee
Ian Gilman (student representative, 2021)

Ex officio:

Lucinda McDade (Treasurer)
Maia Thomas (pro bono financial adviser, 2022)
Cindi Jones (President)
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 endowment was **\$8,025,407** as of June 30, 2021.

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

2020 - \$5,944,267
2019 - \$5,654,026
2018 - \$5,115,488
2017 - \$5,017,958
2016 - \$4,450,349

Thus, the current value continues the upward trend of previous years.

The current allocation is 66% in equities and 34% in fixed income and preferreds. This is a substantially more conservative allocation than in the past, as requested by the Board.

Society and Sectional Funds as part of Total Portfolio:

MS Investment Portfolio \$8,025,407

Designated Funds (BSA/Sections) \$1,773,712

Undesignated Funds \$6,251,695

BSA Designated Funds \$144,908

BSA Awards \$1,515

BSA Endowment \$530,003

BSA Restricted Funds \$647,973

SUBTOTAL BSA Funds \$1,304,400

Sectional Accounts \$119,830

Sectional Awards \$172,129

Sectional Endowments/Restricted \$177,353

SUBTOTAL Sectional Funds \$469,311

Current activities:

A major accomplishment of the last year was a formal shift in our portfolio to investments that are consistent with Environmental, Sustainability, and Good Governance (ESG) guidelines. For our portfolio we are meeting these guidelines by exclusion; that is, we do not invest in companies that fail to meet our criteria. Specifically, we are avoiding investment in companies in the oil and gas industry, chemical industry, and that perform poorly on measures related to the environment and human rights. Those areas are not fully excluded but they constitute only about 1% of our total investments.

Another success was an update of the BSA Investment Policy document, which was approved by the Board in March of 2021. Major changes include:

- A statement of the BSA mission, which guides all policy.
- An explicit statement of allocation to equities, fixed income, cash & equivalent, and alternatives.
- A statement that investments should consider ESG criteria.

We continue to work with financial advisor Bryan Boesen at Morgan Stanley.

Looking forward:

A continuing challenge for the IC is the lack of guidance for future use of the endowment. It remains unclear if our goal is long-term aggressive growth or generation of sustainable income, and if the latter, what the amount of that income should be. We hope that the strategic planning process will provide some answers going forward.