

BSA Investment committee annual report, 2021-2022

Submitted July 20, 2022

BSA investment committee:

Elizabeth Kellogg (chair, 2022)

Ned Friedman (2023)

Peter Crane (2023)

Kent Holsinger (2023)

Larry Hufford (2024) – liaison to Finance Committee

Cecilia Ezeanya (student representative, 2023)

Ex officio:

Lucinda McDade (Treasurer)

Maia Thomas (pro bono financial adviser, 2022)

Cindi Jones (President)

Heather Cacanindin (Executive Director)

Overview:

BSA investments have lost value in the last year as the war in Ukraine, economic struggles in the US and the pandemic have all played a role to create a turbulent market. The overall value of the investment portfolio was **\$6,945,685** which is a significant (13.5%) decrease from last year.

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

2022 - \$6,945,685

2021 - \$8,025,407

2020 - \$5,944,267

2019 - \$5,654,026

2018 - \$5,115,488

Thus, the recent decrease follows the upward trend of several previous years.

The current allocation is 58% in equities, 40% in fixed income and preferreds and 2% in alternatives and cash. This is a substantially more conservative allocation than in the past.

Society and Sectional Funds as part of the Total BIP Actuals as of September 30, 2021 (end of FY2021)

TOTAL MS Investment Portfolio	\$7,912,191
Designated Funds (BSA/Sections)	\$2,125,405
Undesignated Funds	\$5,786,786
BSA Designated Funds	\$174,845
BSA Awards	\$1,834
BSA Endowment	\$640,050

BSA Restricted Funds	\$757,245
SUBTOTAL BSA Funds	\$1,573,974
Sectional Accounts	\$144,705
Sectional Awards	\$206,500
Sectional Endowments/Restricted	\$200,226
SUBTOTAL Sectional Funds	\$551,431

**these figures will be updated again at the end of the fiscal year on September 30, 2022*

Current activities:

Our portfolio continues to be invested 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.

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

Looking forward:

It is clear from the changing publishing landscape and the new contractual agreement in the works between BSA and Wiley, that at least in the near-term, the Society will experience a significant decrease in publishing revenue. There is agreement among the Investment Committee, the Board and the Finance Committee that per the statement in our Investment Guidelines, the BSA may need to begin using up to 4% of the unallocated in the investment portfolio. It would not be unusual for an organization to use a bit of its investment earnings to run its programs and activities and this has been discussed and approved by the Investment Committee for years when the funds are needed.