

ENDOWMENT FUND FACT SHEET

(Long-Term Investment Fund)

Governing Authority

ALA Spending/Payout Policy 8.5.1 (see Treasurer's page)

Funding Expectations

Funding for every scholarship and award i.e. \$1,000, \$3,000, \$5,000 etc. or any other activity related to an endowment is dependent on funds being available at the time each is granted. As of the 2011 Annual Conference in New Orleans, the spending formula in policy 8.5.1 – the governing authority for the Endowment Fund - was revised to the following:

The annual spending formula in ALA policy 8.5.1 will be a range of “3% to 5% of the trailing five-year quarterly (20) rolling average of each funds calendar year end net asset balance.” The annual spending rate will be subject to an annual review and assessment by the ALA Endowment Trustees and the Finance and Audit committee with final approval by the ALA Executive Board. The current spending/payout rate for FY17 is 5%. Note that this rate is approximately one year in advance of the development of a particular budget i.e. the FY18 determined spending/payout rate will apply to the FY20 budget.

As a result of the revised spending/payout policy, funding will come primarily from the accumui29 tiomum

The Endowment Trustees conduct conference calls as needed to review the portfolio's performance.

Characteristics of Portfolio @ 12/13/17

Asset allocation between and among asset categories (stocks and bonds) has been identified as the key to achieving optimal performance or growth in a portfolio. As such the Endowment Trustees employ a strategy that provides for target ranges within each asset to adjust to market conditions.



Additionally, the Endowment Trustees employ the services of nineteen portfolio managers with different investing styles in order to minimize the risk.

