



MEMO

To: Jessica Trujillo , NJLA President
From: Ken Kaufman , NJLA Investment Subcommittee Chair
Date: 1/10/2023
Re: Meeting with NJLA's Investment Advisor, Indya Kellman,
Vice President, Lakeland Bank, Financial Advisor, RJFS

On Jan 9, 2023 , NJLA President and Treasurer and members of the Investment Subcommittee met with the organization's investment advisor, Indya Kellman. Present at the meeting were Jessica Trujillo , Allan Kleiman , Ken Kaufman, Mimi Hui, and Keith McCoy. Discussion items included a portfolio review for NJLA funds invested through Raymond James Financial Services, Inc. and ideas on investing the Dag Bulman bequest. The following summarizes the discussion:

Portfolio Review

Indya reviewed the deposit/withdrawal cash flows and investment performance for the NJLA endowment fund, scholarship fund, and unrestricted fund over the past few years from the time the accounts were opened until year end 2022.

The **endowment fund** is invested in a diversified portfolio of mutual funds from the American Fund family. The investment account was opened in September 2019 with an initial deposit of \$117,558. For the 3+ year period, there was an additional \$79 deposit in 2019 and a withdrawal of \$60,000 in 2020. Year end performance was mixed with a return of 11.87% for 2020 and 13.63% for 2021 and a 13.81% loss for 2022. Annualized performance from the time of initial investment to 12/31/2022 was 4.67%, and the account balance stood at \$71,670.

The **scholarship fund** is invested in a diversified portfolio of the same mutual funds as the endowment fund. The account was opened in August 2020 with an initial deposit of \$156,056.

Since then, there hasn't been any further deposits, while there were withdrawals of \$4,000 in 2020 and \$13,586 in 2021. Year end performance during the period was mixed with a return of 13.57% for 2021 and a loss of 13.67% for 2022. The resulting 12/31/2022 balance was \$149,239.

The **unrestricted fund** is currently invested in a diversified portfolio of exchange-traded funds (ETFs) from the iShares family, as well as two index tracked offerings from The Vanguard Group. The current investment account was opened in November 2021 after several months of the fund being not invested. Before that, the fund was invested through another account, which was opened in September of 2019. Year end fund balances were \$105,326 for 2019, \$207,062 for 2020, \$207,072 for 2021, and \$172,576 for 2022. Year end performance for 2022 was down with a loss of 16.59%, reflecting the challenging conditions in the general economy posed by inflation concerns.

Despite the difficulties the financial markets have faced recently, there was general agreement from the group that over the long term, the economic and financial outlook will turn favorable. Therefore, it was of the general opinion to stay the course with these investments for the three funds.

Dag Bulman Investments

The group discussed options for investing the \$300,000 bequeathed to NJLA from the estate of Learned "Dag" Bulman, depending on the four board approved uses of funds. As a result, the following suggestions were offered for each use:

Endowment Use - The \$100,000 earmarked for the NJLA endowment fund should be added to the existing Raymond James investment portfolio, which comprises a diversified holding of various mutual funds from the American Funds family. Indya recommended this option as it meets investment objectives of current income with long-term capital growth amid moderate risk tolerance. To formalize this suggestion, the Investment Subcommittee moved that it be added to the next Executive Board Agenda for approval.

Archives and History Project Use - Due to its two to three year time horizon, this \$80,000 should remain with the bank, but should also be transferred to an interest bearing instrument. Allan and Jessica, as signatories on the NJLA bank account, will explore options with the bank for obtaining suitable returns while the funds remain idle prior to releasing them for approved expenditures.

Current Funds Support Use - Due to its short-term time horizon, this \$45,000 should remain at the bank, but should also be transferred to an interest bearing instrument. Allan and Jessica, as signatories on the NJLA bank account, will explore options with the bank for obtaining suitable returns while the funds remain idle prior to releasing them for approved expenditures.

Mini-Grants for Section and Committee Projects Use - With a minimum of 10 years for this \$75,000 use to be fully expended, investment options beyond the bank should be explored.

Indya recommended income investments, such as annuities or US treasuries, which will provide protection from current downside risk and liquidity for annual funding needs. For this purpose, she will submit a detailed proposal for various options. When received, the Investment Subcommittee will meet to consider these and other options before making formal suggestions to the Executive Board.