Date: July 17, 2013

To: Executive Committee (EC) and Council of the Botanical Society of America (BSA)

From: BSA Investment Committee (IC)

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Mackenzie Taylor (IC member), Creighton University, Omaha, NE mackenzietaylor@creighton.edu; (402) 280-2157

Re: Annual Report of the Investment Committee (IC) for 2012-2013 regarding the BSA Endowment Fund

❖ Since the previous 2011-2012 Annual Report, the IC has during 2012-2013:
  • monitored monthly the BSA Endowment Fund (EF) invested with Morgan Stanley Smith Barney (MSSB) in Des Moines, IA, and reviewed reinvestments by MSSB;
  • on February 2, 2013 The BSA IC has discussed and voted on the recommendation from Bill Dahl dealing with partitioning a portion of the BSA Endowment for awards and other initiatives. The vote on the recommendation was a unanimous YES;
  • supplied MSSB with a series of questions regarding the investments during Spring 2013;
  • received both the answers to the questions and an Investment Portfolio Review from MSSB dated May 31, 2013 prior to June conference call;
  • had one IC conference call on June 20, 2013 with MSSB (Bryan Boesen, CFP, CIMA, Vice President – Wealth Management) in Des Moines, IA;

❖ Comparison of this year’s value with the EF values for the four previous years

As of June 30, 2013 the EF value was $4,128,564 (this represents a 9.01% increase from last year (see below). This increase was due to major changes in the economic conditions during the past year. The EF has increased 51.5% from its low point (see below) of June 2009.

  ➢ June 30, 2012 the EF value was $3,787,307
  ➢ June 30, 2011 the EF value was $3,915,427
  ➢ June 30, 2010 the EF value was $3,108,492
  ➢ June 30, 2009 the EF value was $2,724,682
The BSA Endowment Fund Assets (as of 6/30/13) as invested by MSSB are divided into the following categories:

- Cash, Deposits, Money Market Funds $163,990.52
- Stocks $1,767,694.79
- ETFs & CTFs* $1,561,808.10
- Corporate Fixed Income $81,196.32
- Government Securities $84,145.36
- Mutual Funds $469,741.41
- Net Unsettled Purchases/Sales $9,987.56

$4,128,564.06

*ETF = exchange-traded fund; CTF = commodity (exchange) traded fund

As of May 31, 2013 the EF continues to be divided into two parts within BSA accounting: Unrestricted funds (82% of total EF = $3,182,294); and Restricted funds (18% = $697,152) that represent BSA section and special award funds.

Society and Sectional Funds as part of Endowment

- TOTAL MSSB Funds $3,879,446.38*
- Unrestricted Funds (82%) $3,182,294.21
- Restricted Funds (18%) $697,152.17
- Cash $77,406.32
- Allotments $8,363.43
- Awards $212,522.56
- Endowments $397,180.38

*June 30, 2013 total is $4,128,564.04

Summary of previous MSSB monthly totals from January 2012 through June 2013
The EF total management fee for this last fiscal year (2012) was $60,341. This represents 1.54% of the average portfolio value.

BSA Total Giving (includes Endowment) and Endowment Giving During 2012-2013 and Special Endowment Drive Spring 2013

- October 2012- June 2013 BSA (8 months, BSA Office time frame)
- Total giving in all categories = $22,736 - 218 individual donors
- All Endowment Giving 2012- June 2013 + Special Spring 2013 Endowment Drive = Total Endowment donations = $12,699 - 151 gifts (8 donors contributed 2x)

<table>
<thead>
<tr>
<th>Donor Giving Level</th>
<th>October 2012- June 2013 All Endowment Giving*</th>
<th>Spring 2013 First Annual Endowment Drive**</th>
<th>Donors All Society Giving</th>
</tr>
</thead>
<tbody>
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<td>$10,000 or less</td>
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<td>Total Donors</td>
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<td>Total Contributions</td>
<td>$12,699</td>
<td>$6,664</td>
<td>$22,736</td>
</tr>
</tbody>
</table>

*This column includes all contributions to the endowment (including**)

Finally, I would like to thank Elizabeth (Toby) Kellogg (BSA President) and Amy Litt (BSA Treasurer) for serving on the IC during this past year. Their terms expire as of this annual meeting. I would especially like to thank Joe Armstrong who has been a faithful and important committee member since the inception of this committee many years ago. He will become a member of the Development Committee. The remaining committee members (Russell Chapman, Bill Dahl, Mackenzie Taylor and Rachel Meyer) have provided excellent service to the BSA through this committee during the past year.

Thank you all.
The chair or any member of the IC present will be willing to answer questions about the EF. You are invited to attend the IC meeting on Sunday morning, July 28, 9-10 am in a Parlor room (to be designated)/Riverside Hilton (Session MO2).

Respectfully submitted,

Harry T. (Jack) Horner, IC Chair