

Investment Committee Update – 1/24/2023

The Investment Committee met on January 12, 2023 to review annual performance and consider a proposal from Morgan Stanley to change our asset allocation so that we would increase our exposure to alternative investments up to 20%. Alternative investments consist of commodities, real estate, hedge funds and private equity funds.

While adding more alternatives as part of our portfolio might mitigate the losses we are currently experiencing in this market, the Investment Committee does not plan to make this change. Our understanding is that we could not apply the ESG screen to alternative investments. BSA wants to maintain and uphold our commitment to investing in funds that are socially conscious and do not undermine the mission of the Society.

They will keep the current Investment Policy guidelines in place which allows for up to 5% in alternatives as part of our overall portfolio.

The committee remains focused on the infinite time horizon of this portfolio and its overall growth, while acknowledging that it may be necessary to tap into the earnings of the portfolio on an annual basis to supplement BSA operating expenses.

The committee felt overall that our current exposure to fixed income assets was a bit too high. We have asked Morgan Stanley to prepare some comparison scenarios that have the following asset targets:

- 65 equities/35 Fixed Income portfolio,
- 65 Equities/30 Fixed Income/5 Alternatives portfolio, and
- 70 Equities/30 Fixed Income

Submitted by Kent Holsinger and Heather Cacanindin