

## Treasurer's Report to the Membership

*Fiscal Year 2014*

Dear Colleagues,

The fiscal year ending 30 June 2014 was an excellent one for the endowment, our best in three years. With an investment return of +16.35% that represents a gain of approximately \$800,000 our endowment passed a new milestone, the \$5-million mark, and now stands at a record \$5.67 million. What is especially wonderful is that this allows us to spend in the coming year approximately \$230,000 on our various programs of fellowships, publication subventions, grants, and prizes.

Our stock investments performed superbly during the fiscal year. The domestic funds ranged from +21.6% to +26.5%. The international funds ranged from +8.2% to +23.0%, with the two developed-market funds both at the very top of this span and the two emerging-market funds coming in at +8.2% and +14.1%. Our domestic bond funds performed excellently, especially considering the current zero-interest-rate environment, with returns from +3.3% to +8.8%. The one small investment in international bonds rose +2.4%. Our two investments in alternative approaches (commercial real estate and convertible bonds) did very well at +13.3% and +20.5%, respectively.

In these messages, I often compare our endowment's performance to that of the eight Ivy League schools. This year their returns and ours fall within a tight range from +15.4% to +20.2%. The AMS is one notch below the middle of the Ivies, with five schools above us and three below. However, when one looks at cumulative performance during the past six years since the global financial crisis, only two schools surpass our rise of +50.1%, Columbia (+63.0%) and the University of Pennsylvania (+53.7%), with the other six Ivies ranging from +46.4% to +21.9%. Viewed another way, this year we performed 1.3% below the average Ivy League endowment, while over the entire six-year period we are leading the average Ivy by 9.8%. (For more on the reasons behind this, see my message in the February 2014 *AMS Newsletter*.)

More recently, the endowment has received two major increases. Last November, the Board of Directors reviewed the Society's current accounts and contingency funds and determined that liquid assets were presently more than adequate. The Board had also

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recently identified the Eileen Southern Travel Fund as the endowment program most in need of additional funds. Putting two and two together, the Board decided to shift \$100,000 of liquid assets to the endowment, where it will reside in perpetuity; income from this principal will be dedicated to funding the Southern Travel Grants each year.

In addition, after the close of the fiscal year, a bequest of \$289,880 from the estate of Elizabeth Ann Keitel was given to the AMS in memory of her husband, Claude Palisca (see the August 2014 AMS Newsletter, p. 5). Her bequest is exceptional in three ways. Firstly, it is the second largest gift by an individual in the history of the Society. (The largest, from the estate of Manfred Bukofzer, was \$71,000 in 1971, which adjusted for inflation would be \$417,000 today). Secondly, it is the largest donation by anyone since our early days, when the generosity of Bukofzer, Kinkeldey, Plamenac, Reese, and others established our endowment. Thirdly, it is the first major gift in over forty years to be left unrestricted by the donor, giving us the freedom to be flexible and to keep redirecting the Keitel-Palisca fund long into the future in support of needs and goals of the Society that we cannot even imagine today.

Sincerely,

James Ladewig  
AMS Treasurer

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Calendar year membership tally: 3,432 (as of November 4, 2013)