

Overview of BSA Asset Management



Find BSAAM on <https://MyBSA2.scouting.org>

Organization - BSA Asset Management, LLC (“BSAAM”)

- Mission is to provide professional, institutional class investment management services to Boy Scouts of America
- Formed in 2008 to manage BSA’s long-term investments and to serve as General Partner of the BSA Commingled Endowment Fund, LP, the vehicle open to BSA and local councils for investment of endowment funds, a high-quality, low-cost investment fund open and available to all local councils
- Full-time staff dedicated to investment management, including two CFA Charter holders
- BSAAM Board of Managers oversees all investment decisions for the funds managed by BSAAM
- Boy Scouts of America is the sole member (owner) of BSAAM (the LLC)
- BSAAM is governed by its Board of Managers who are volunteers appointed by the BSA National Executive Board

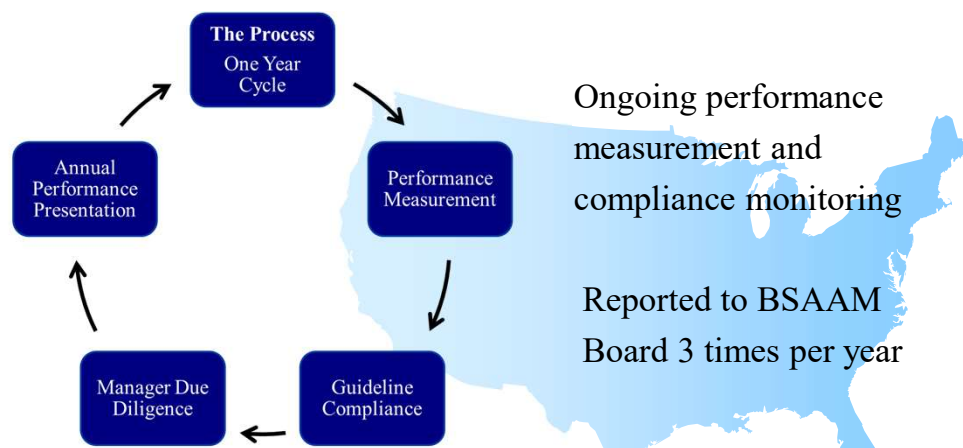
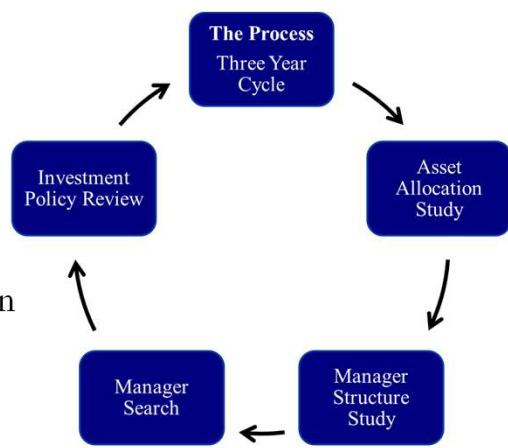
Funds & Trusts Under Management by BSAAM

- BSA Commingled Endowment Fund, LP
- BSA Master Pension Trust (holds assets of the BSA Retirement Plan for Employees)
- BSA Retirement Benefits Trust
- BSA Match Savings Plan - defined contribution retirement plan, BSAAM selects & monitors the fund options within the plan
- BSA National Select Endowment Funds

Investment Process

Asset allocation
study every 3 years

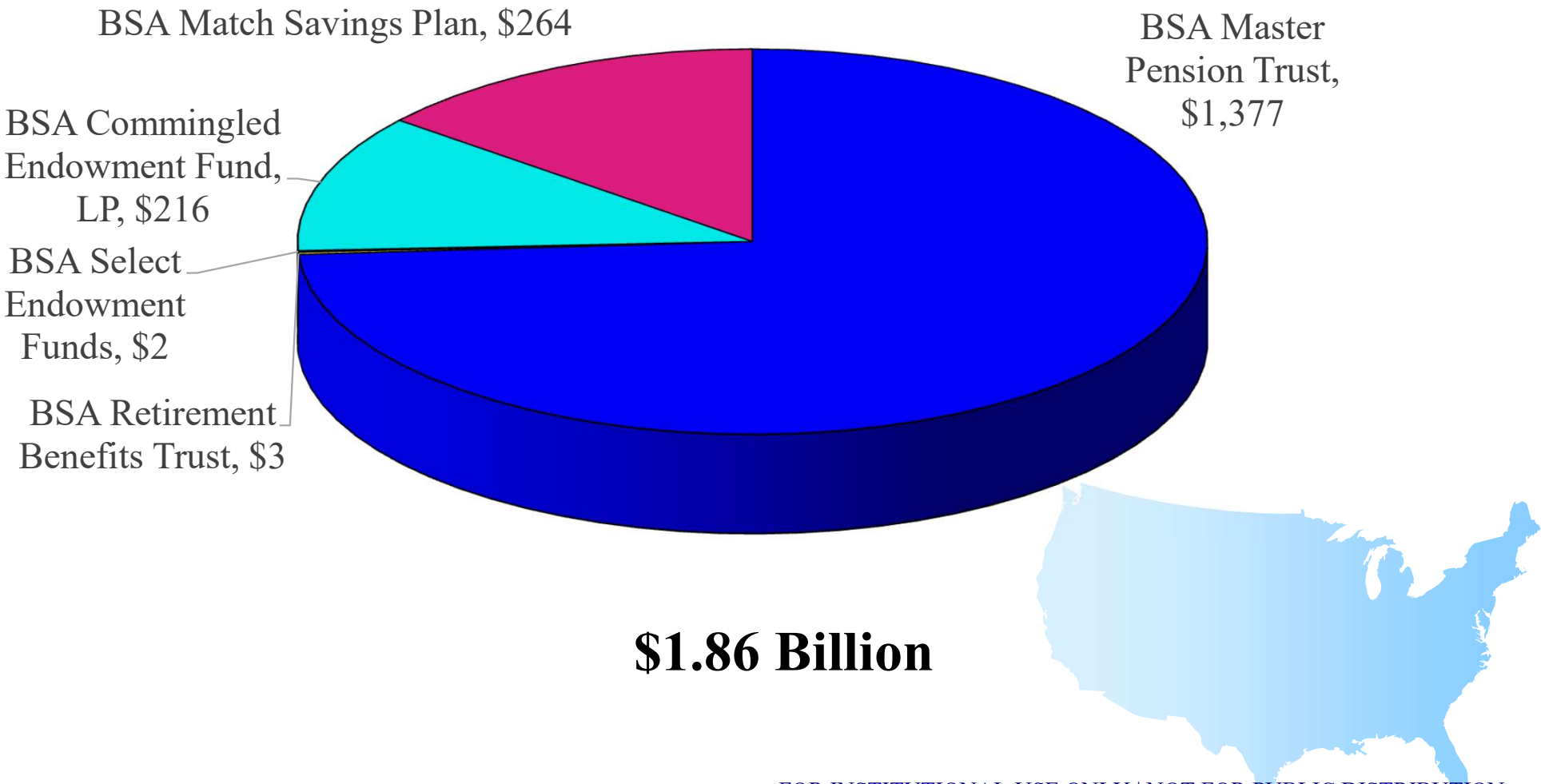
Return study and allocation
review in other 2 years



FOR INSTITUTIONAL USE ONLY | NOT FOR PUBLIC DISTRIBUTION

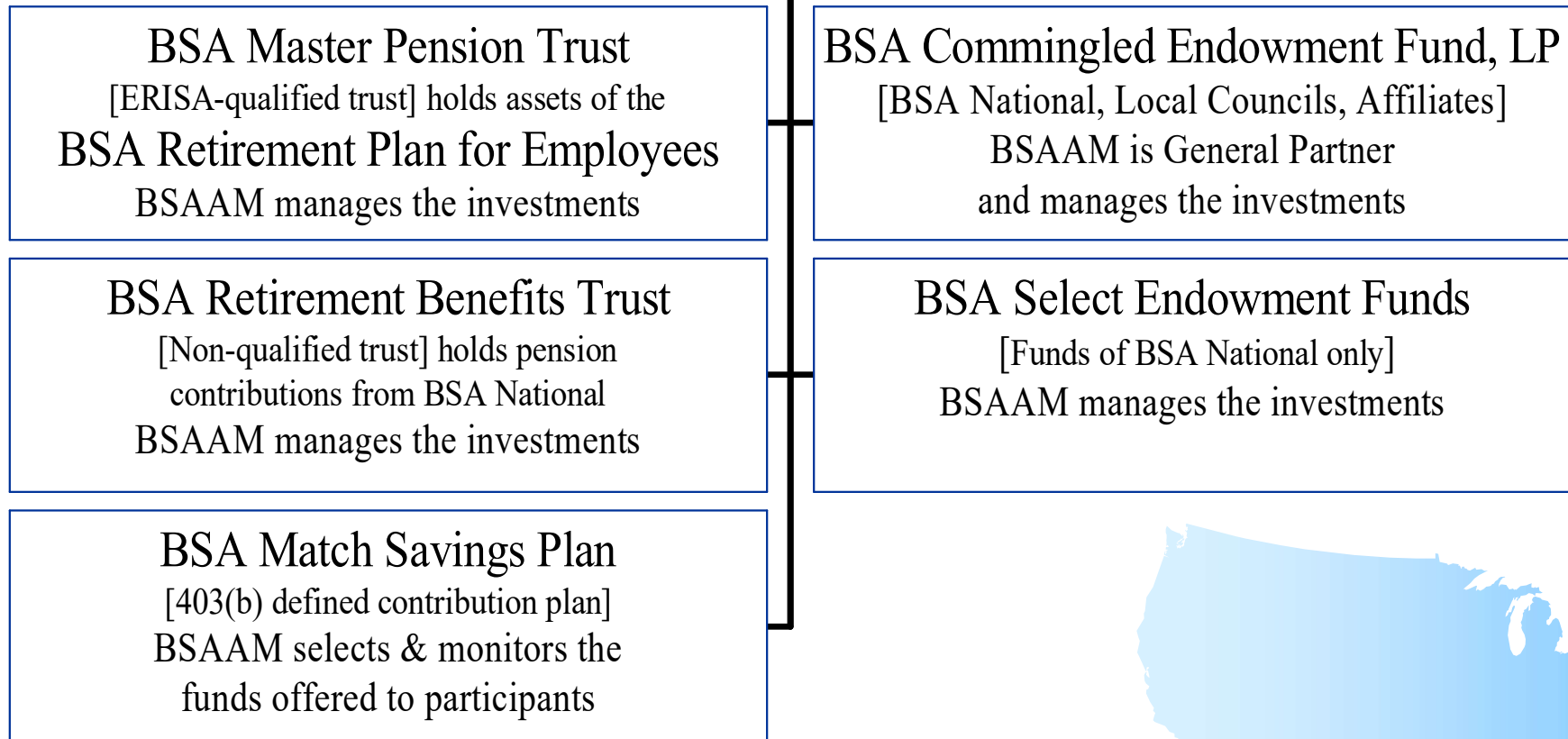
BSAAM Assets Under Management

As of June 30, 2024 (in \$ millions)



Governance Structure

BSA Asset Management, LLC
Governed by the Board of Managers*



* Board of Managers is appointed by BSA National Executive Board



BSAAM Board of Managers

June 2024

<u>NAME</u>	<u>TITLE</u>	<u>COMPANY</u>
Robert A. Bedingfield	Partner	Ernst & Young, LLP
Keith A. Clark	Chairman	Shumaker Williams, P.C.
Philip M. Condit	Former Chairman & CEO	The Boeing Company
Aubrey B. Harwell, Jr.	Managing Partner	Neal & Harwell Attorneys
Francis R. McAllister	Former Chairman & CEO	Stillwater Mining Company
Glen McLaughlin	President & CEO	Venture Leasing Associates
Gary E. Wendlandt	Former Vice Chairman	New York Life



BSAAM Officers and Staff

❖ Officers

- **President & Chief Executive Officer**
Joseph A. Zirkman, EVP & General Counsel, BSA
- **Vice President & Chief Investment Officer** Faisal A. Rajani, CIO BSA
- **Secretary & Chief Compliance Officer** Joseph A. Zirkman, EVP & General Counsel, BSA
- **Director of Compliance**
David W. Kline, Internal Audit BSA
- **Assistant Secretary**
Russ McNamer, Associate General Counsel, BSA

❖ Staff

- **Manager, Client Services & Operations**
Kenneth G. King
- **Director of Investments**
Zhouli “Pye” Yuan
- **Associate, Client Services & Operations**
<Open Position>



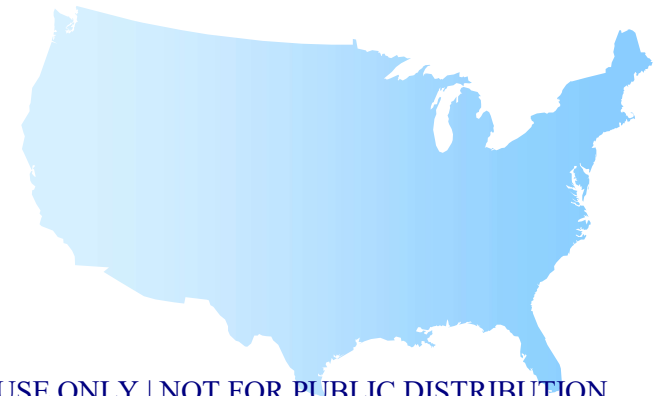
BSAAM's Professional Service Providers

❖ General

- Investment Consultant - LCG Associates
- Trustee/Custodian - The Northern Trust Company
- Investment Managers (particular to each fund/trust)

❖ Specific to BSA Commingled Endowment Fund, LP

- Audit & Tax Service - PricewaterhouseCoopers
- Fund Accounting Service - Northeast Retirement Services
- Directed Trustee, BSA Endowment Master Trust - Global Trust Company





BSA Commingled Endowment Fund, LP



BSA Endowment Fund History Prior to 2008

- BSA's endowment was founded in 1932
- By 2008, was over \$350 million with 50+ unique BSA endowments invested in a single pool of assets
- Overseen by BSA Finance Committee
- Followed a high-quality, institutional class investment process
- Investment performance history since 1980
- Low cost with *historical* total fees about 0.45% annually
- In 2007, legal work undertaken to open fund to local councils



BSA Commingled Endowment Fund, LP Formation & History

- Legal entities formed in early 2008:
 - **BSA Asset Management, LLC** (“BSAAM”) and its Board of Managers
 - **BSA Commingled Endowment Fund, LP**, BSAAM is General Partner
- BSA National became the first limited partner, placing its endowment assets in the LP effective May 1, 2008
- LP retained BSA National’s performance history
- Opened to local council investment (May 2008)
- Hoosier Trails Council – first local council to invest (July 2008)
- Added private equity mandate in summer 2008 (additional costs but performance net of costs has met/exceeded expectations)

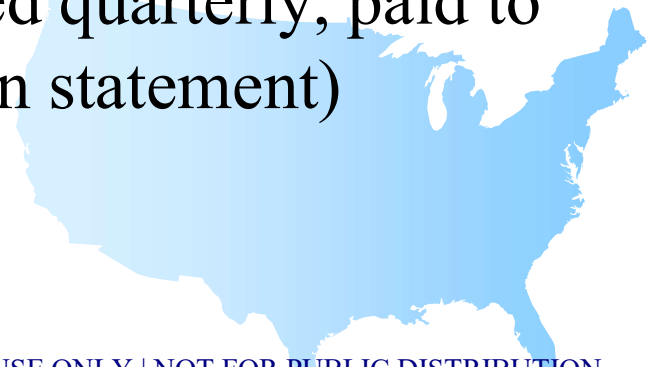
BSA Commingled Endowment Fund, LP Structure & Objective

- Designed specifically to support the typical BSA spending policy between 4%-5% of rolling 3-year average market value
- Long-term net return target of 6.5% (4.5% spend + 2% inflation)
- High quality, institutional investment process
- Formal asset allocation study performed every 3 years
- BSAAM is General Partner, manages the Fund and the asset allocation – takes that work off the plate of the local council
- Low costs through economies of scale – BSAAM has almost \$2 billion in assets under management
- Very low BSAAM advisory fee: 0.08% to 0.10% annually



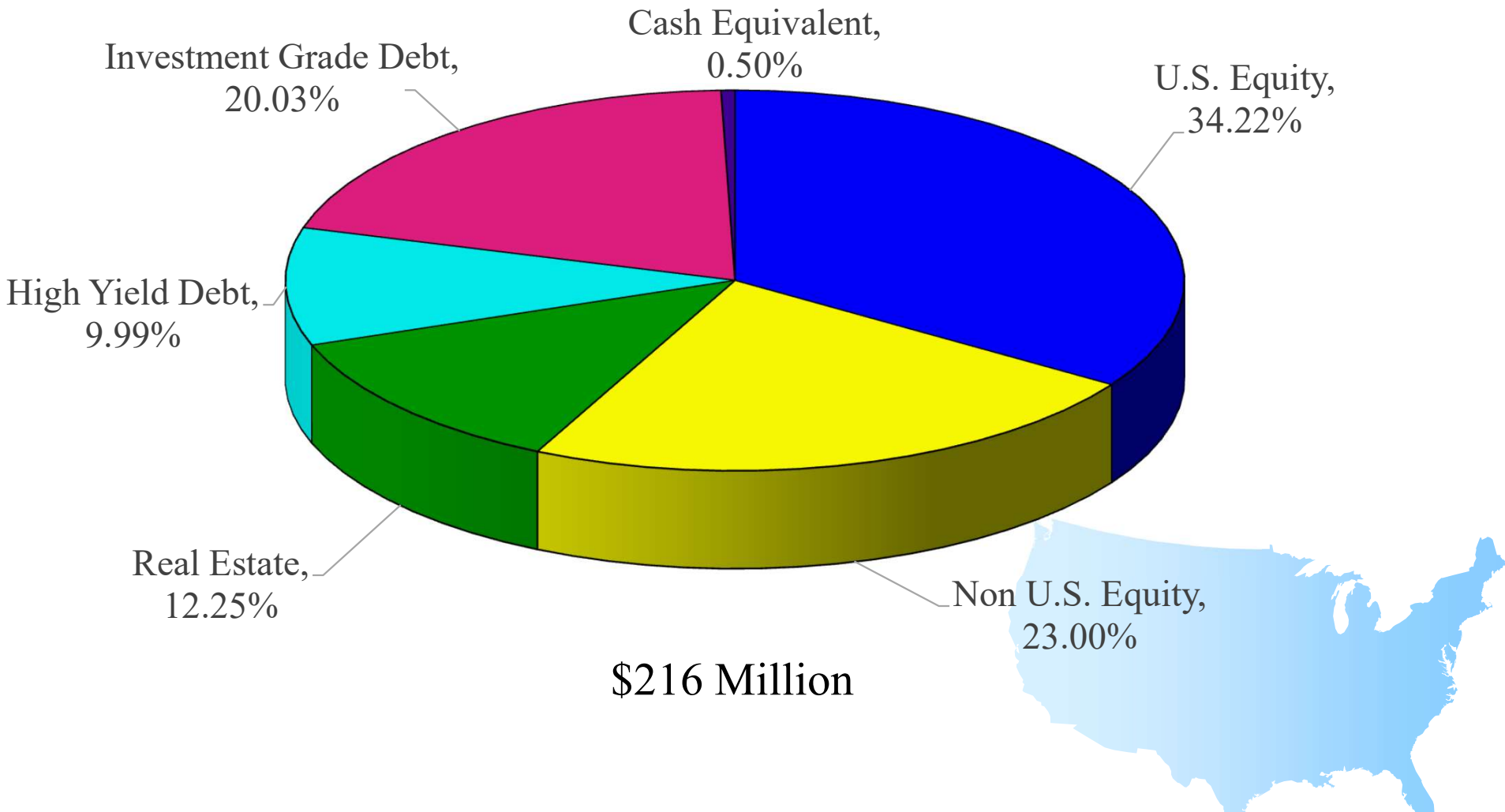
BSA Endowment Master Trust

- For council trusts that require or desire a corporate trustee
- Global Trust Company (GTC) is the directed trustee
- BSA Endowment Master Trust, with GTC as Trustee, is a limited partner in the BSA Commingled Endowment Fund, LP
- Each participant in the Master Trust owns a pro rata share of the Master Trust's interest in the LP
- Monthly account statement
- GTC's trustee fee is 0.15% per year; charged quarterly, paid to GTC from the account (separate line item on statement)



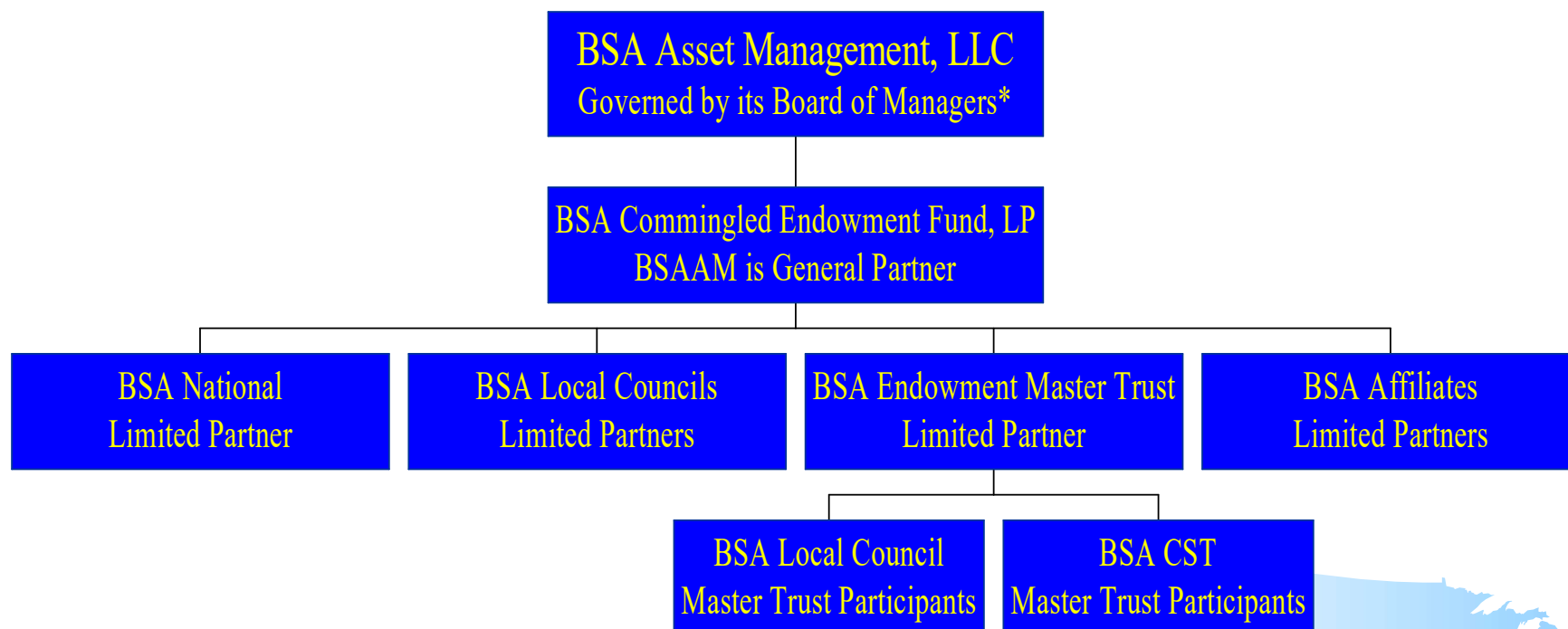
Asset Allocation

As of June 30, 2024



Governance Structure

BSA Commingled Endowment Fund, LP



* Board of Managers appointed by BSA Executive Board

Legal Structure

BSA Commingled Endowment Fund, LP

Why the LP Structure?

- Pooling of assets provides economies of scale and lower costs
- LP structure provides each Limited Partner protection from the other Limited Partners
- Protection of the LP structure was proven out during BSA's restructuring
- BSAAM is the General Partner and manages the LP – takes the asset allocation work off the plate of the local council
- Provisions of the Philanthropy Protection Act of 1995 mean both BSA Asset Management, LLC (the company) and the BSA Commingled Endowment Fund, LP are exempt from SEC registration



BSA Commingled Endowment Fund, LP participants

As of June 30, 2024, there are 53 Local Councils participating in the Fund as Limited Partners or as participants in the BSA Endowment Master Trust, plus BSA National, BSA Foundation and The Scout Executives' Alliance



Summary: Why BSA Asset Management?

- ➡ Strong leadership and formal governance – BSAAM Board of Managers
- ➡ Full time investment staff dedicated to asset management
- ➡ Independent investment consultant
- ➡ Well-defined, high quality institutional process with effective execution
- ➡ Clear mandates for external investment managers with regular performance evaluation and continual guideline monitoring
- ➡ Fund's long-term asset allocation designed to support spending rate up to 4.5% annually (without eroding corpus) target net return of 6.50% annually includes 2% allowance for inflation
- ➡ Very low advisory fee: 0.08% to 0.10% annually
- ➡ Trust option available at low trustee fee (0.15% annually), if needed
- ➡ Council spends less time managing endowment assets, can focus more time on growing endowment and delivering the program



Appendix





Contact Information

Address: 1325 W Walnut Hill Lane, S403
Irving, TX 75038

Phone: 972.580.2065 (BSAAM)

Fax: 469.913.6803

Email: bsaam@scouting.org

Attn: Ken King
Director, Client Services & Operations

Email: Kenneth.King@scouting.org

Phone: 972.580.2078 (Direct)



Frequently Asked Questions

- Is there a minimum investment? **No**, the guideline minimum is \$250k but each council's facts/circumstances are considered
- Can councils have input on the investments? **No**, BSAAM has sole discretion on the investments in the LP
- Does the council still need an investment committee? **Yes**
- Does the council have to invest all their endowment with BSAAM? **No**
- When can councils take distributions? **Quarterly; wired to council's bank account on last business day of the quarter (March / June / September / December)**



Frequently Asked Questions

- What paperwork is required to sign up?
 - LP Agreement, Subscription Agreement, Subscriber Questionnaire (limited partnership interest)

OR

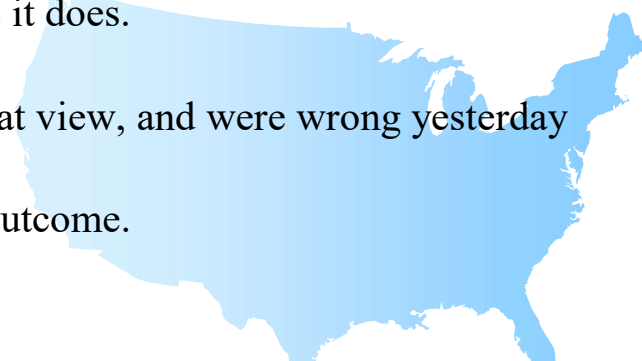
- Trust Merger & Adoption Agreement, Trust Questionnaire (merge existing trust into the BSA Endowment Master Trust)

Some may need both an LP interest and a Master Trust interest.

- What does the fee include/additional fees? BSAAM's advisory fee is charged to the LP; other costs charged to the LP include auditor, custody bank, consultant, investment managers, tax preparation, etc. The GTC trustee fee of 0.15% (paid to GTC) applies only to an interest in the BSA Endowment Master Trust.

Investment Philosophy

- ☞ **Diversification** – Spreading assets into more asset classes in a systematic and well reasoned way will always reduce your risk.
- ☞ **Efficiency** – By in large, all publicly available information is priced into securities. There is more opportunity to add value in less active and less widely followed asset classes.
- ☞ **Contrarianism** – Always be aware of investor psychology in the marketplace. It is almost always a mistake to do what the crowd is doing.
- ☞ **Skepticism** – New investment approaches come and go like fashion styles.
- ☞ **Open Mind** – Balance skepticism with open mind for new investment opportunities.
- ☞ **Conservatism** – Be modest in your assumptions and expectations.
- ☞ **Humility** – Recognize the market is always right in all things.
- ☞ **Defensiveness** – Consider the potential effects of long-term down markets, recognizing that shorter-term market moves will generally be mean reverting.
- ☞ **Cyclicity** – The market cycle will always exist.
- ☞ **Valuation** – What you pay is always important.
- ☞ **Timeframe** – Apply expectations to timeframes long enough for them to be valid.
- ☞ **Mechanism** – An investment approach must have a reason for working as it does.
- ☞ **Emotion** – Emotion and investments do not mix.
- ☞ **Forecasters** – The ones that are right today generally have always held that view, and were wrong yesterday and will probably be wrong tomorrow.
- ☞ **Decision-making** – You can't judge the correctness of a decision by the outcome.
- ☞ **Speculation** – High-velocity hedge funds are not about investing.

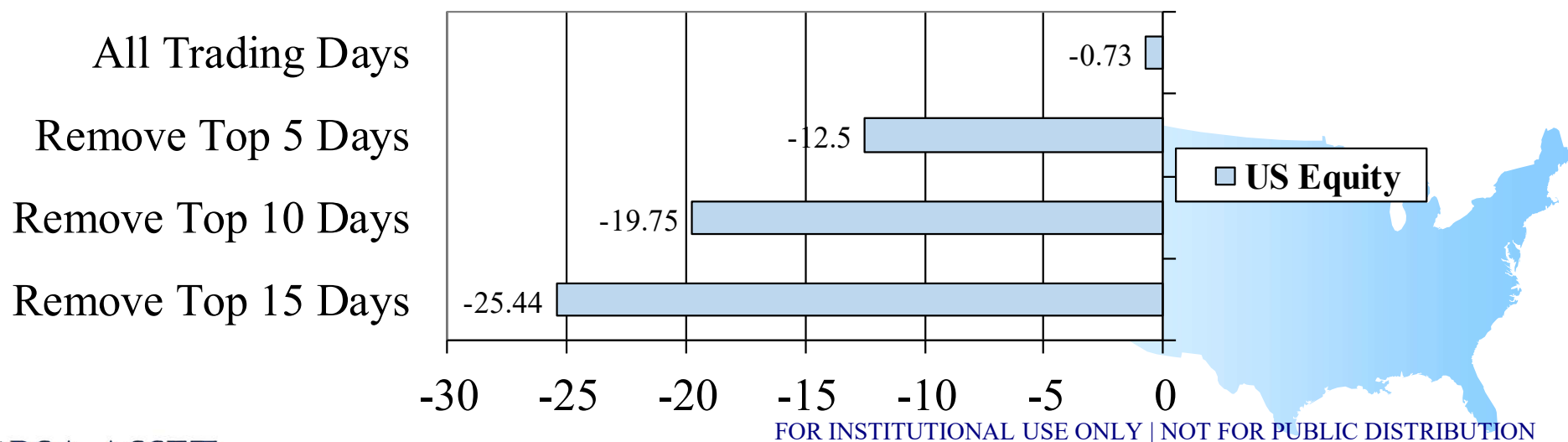


Does Market Timing Work?

☞ U.S. Equity Markets – S&P 500

- Calendar 2015 return of -0.73%
- Remove 5 largest daily gains drops return to -12.50%
- Remove 10 largest daily gains results in a loss of -19.75%
- Remove 15 largest daily gains results in a loss of -25.44%

☞ Similar tactical challenges in all high volatility asset classes



Bios

Faisal A. Rajani, CFA
Chief Investment Officer, BSA Asset Management, LLC

Faisal Rajani is CIO of BSAAM. He is responsible for all BSA national council funds, including defined benefit, defined contribution, endowment, foundation, general liability and retiree benefit funds. He is also responsible for those local council endowments that have pooled their endowment funds with the national office through the BSA Commingled Endowment Fund, LP. Prior to joining BSA's investment team in 2007 he was the Website Administrator for the Boy Scouts of America since October 2003.

Mr. Rajani holds a Bachelor of Science in Management Information Systems from the University of Texas at Arlington, a Master of Business Administration in Finance from the University of Texas at Dallas, and the professional designation of Chartered Financial Analyst. He is a member of the CFA Institute and the CFA Society of Dallas Fort Worth.

Kenneth G. King
Manager, Client Services & Operations, BSA Asset Management, LLC

Ken King serves as the main point of contact serving local councils that invest with BSAAM and those interested in learning about the opportunity to invest. He is also responsible for assisting the CIO in the operations of managing all Boy Scout national office funds and local council endowments. Prior to joining the Boy Scouts in August 2011 he was Vice President and Relationship Manager with Wells Fargo Institutional Retirement and Trust in Dallas, Texas. Prior to joining Wells Fargo in May 1997, he was Assistant Vice President and Client Service Officer with Bank of America Institutional Trust in Dallas. His trust and investment experience dates back to 1989 when he began his career with Actuarial Consultants, Inc. in Dallas.

Mr. King holds a Bachelor of Business Administration in Finance from the University of North Texas, and the professional certification Pension Administrator 1 from the American Society of Pension Professionals & Actuaries.



Bios

Zhouli “Pye” Yuan, CFA, FRM, CAIA, CIPM
Director of Investments, BSA Asset Management, LLC

Pye Yuan is BSAAM’s Director of Investment, reporting to the CIO. He supports the CIO in conducting research and analysis. Prior to joining BSAAM in January 2015, he served most recently as Investment Analyst Intern for the Meadows Foundation in Dallas during 2013 while pursuing his graduate degrees which were received in 2014.

Mr. Yuan holds a Bachelor of Business Administration in Finance from Michigan Technological University and a Master of Science in Finance and a Master of Science in Information Technology Management, both from The University of Texas at Dallas, and the professional designation of Chartered Financial Analyst, Chartered Financial Risk Manager, Chartered Alternative Financial Analyst and Certificate in Investment Performance Measurement.

