

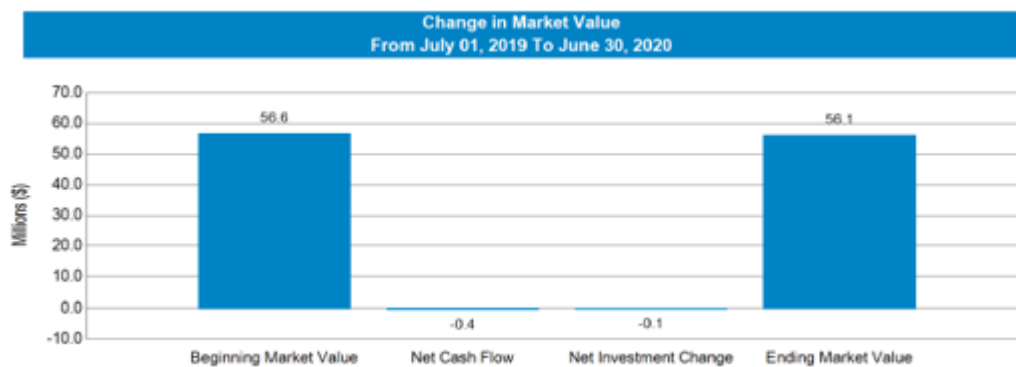
**GEOLOGICAL SOCIETY OF AMERICA &
GEOLOGICAL SOCIETY OF AMERICA FOUNDATION**

**REPORT FROM THE INVESTMENTS COMMITTEE
Fiscal Year 2020 (1 July 2019 – 30 June 2020)**

The Geological Society of America (GSA) and GSA Foundation (GSAF) Investments Committee is charged with investing and monitoring the performance of a diversified portfolio of stocks, bonds and alternative investments that nurture the strategic goals of the Society and the Foundation. GSA and GSAF combine their investable assets into one managed portfolio. All of GSA's and GSAF's investments are in commingled funds, selected on the basis of strategy, management style, and long-term records of reward versus risk, in consultation with our investment advisor, Ellwood Associates in Greenwood Village, Colorado ("Ellwood").

Performance of the Investment Portfolio during FY 2020

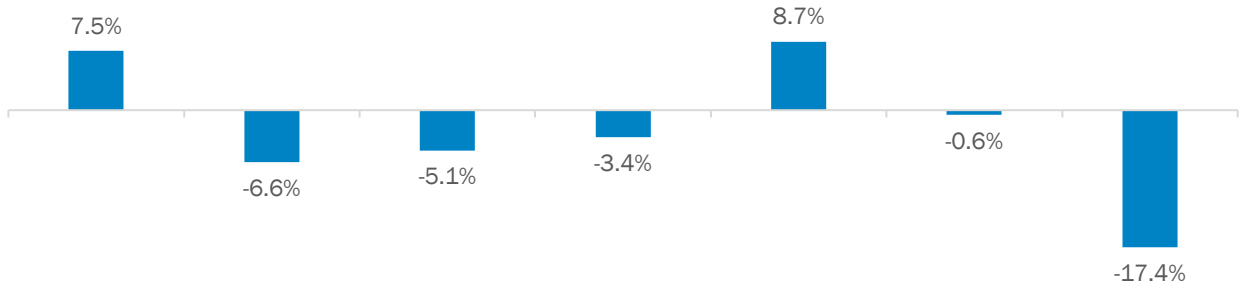
Fiscal Year 2020 returns were characterized by quite strong performance during the second half of calendar year 2019, and quite challenged performance during the first ½ of calendar year 2020. All told, the portfolio value of the combined portfolio was largely unchanged over the course of the fiscal year. The portfolio earned a total return of -0.2% for FY 2020, with a corresponding ending value of \$56.1 million. As a simplified point of reference and further update, the estimated 9/30/2020 portfolio market value is approximately \$58 million.



General Market Returns for FY 2020

Large Cap US stocks and high quality US bonds posted quite strong returns during FY 2020, whereas most other asset classes struggled. Gains were not broad, but rather were in a limited number of selective industries, particularly large high tech. Falling interest rates, in light of policy responses to COVID 19, drove strong fixed income returns. Among risk assets, markets distinguished between perceived winners (most notable large cap US stocks) and losers (most everything else, including Small Cap US stocks, international stocks, and commodities as examples) in a "stay at home" economy. Returns for FY 2020 are detailed in the exhibit below.

U.S. Large Cap	U.S. Small Cap	International Developed	Emerging Markets	Fixed Income	Hedge Funds	Commodities
S&P 500	Russell 2000®	MSCI EAFE	MSCI Emerging Markets	Barclays Aggregate	HFRI Fund Weighted Composite	Bloomberg Commodities

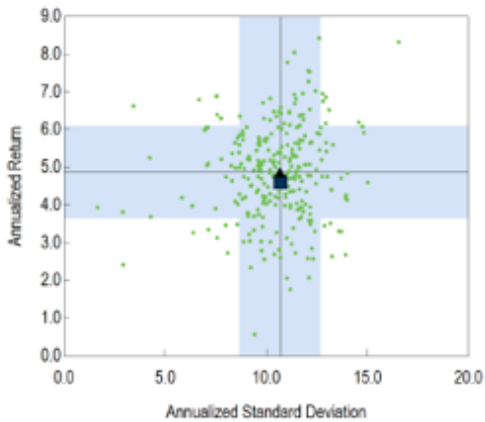


3 and 5 Year Trailing Risk / Return Comparison

The portfolio earned trailing annualized returns of 4.6% and 4.8%, on a trailing three-year and five-year basis, respectively. The investment environment has been quite challenged over this period of time, as most asset classes have not earned returns sufficient to achieve the portfolio’s CPI +5% return objective.

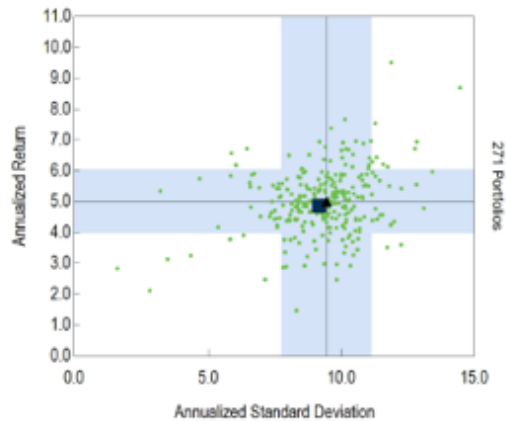
The portfolio’s performance is further detailed as the square in the charts below. The charts below compare the portfolio to a universe of over 250 foundations with portfolio assets of >\$50 million (represented by the green dots in the exhibits below). The portfolio has performed in-line with the universe median, with a comparable risk profile. As a point of additional reference, the portfolio has generally performed among the top half of institutions over calendar years 2015 – 2019.

Annualized Return vs. Annualized Standard Deviation
3 Years Ending June 30, 2020



- Total Fund
- CPI+5%
- ▲ Universe Median
- 68% Confidence Interval
- InvMetrics All Foundation > \$50mm Net

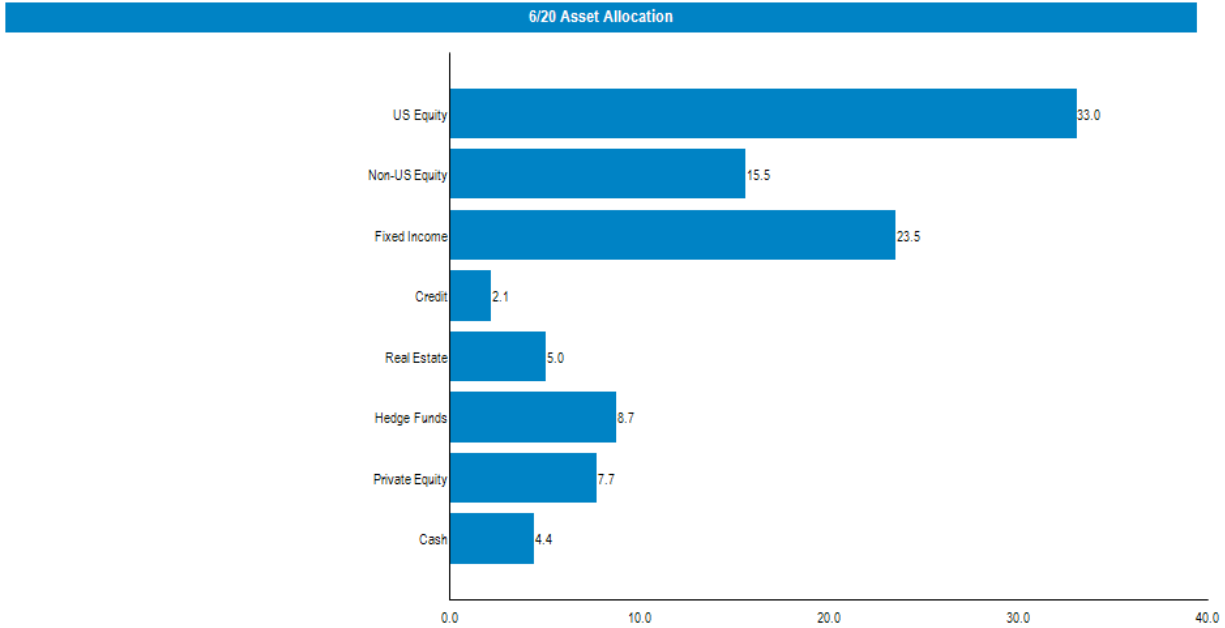
Annualized Return vs. Annualized Standard Deviation
5 Years Ending June 30, 2020



- Total Fund
- CPI+5%
- ▲ Universe Median
- 68% Confidence Interval
- InvMetrics All Foundation > \$50mm Net

Asset Allocation / Positioning:

The portfolio is diversified, investing across multiple asset classes and strategies, rather than concentrate or be overweight in a limited number of sectors. The portfolio does not hold any individual stocks, but rather Invests through various funds. This strategy is “by-design” from a risk-based perspective to achieve proper diversification and investment management and oversight. The portfolio emphasizes public and private equity to invest for growth, to satisfy the portfolio’s return objective of maintaining purchasing power after the 5% calculated distribution and inflation.



GSA/GSAF Investment Portfolio Balances:

The table below details out the investment portfolio balances for the Foundation and for the Society. The Foundation’s share of the total portfolio value was 43.15% as of 6/30/2020, equating to \$24.2 million. The Foundation’s portion of the portfolio grew by roughly \$1 million during the Fiscal Year. GSA’s share was 56.85% as of 6/30/2020 (\$38.1 million).

GSA/GSAF Investment Portfolio Balances, 2002-2019								Society only
Period ending:	GSA portion	GSAF portion	Total (excl PIF)	Percentages		CPI	Yr CPI%	CPI-adjust (constant \$)
				GSA	GSAF			
6/30/2020	31,887,593	24,199,644	56,087,237	56.85%	43.15%	257.80	0.65%	23,995,159
6/30/2019	33,230,519	23,195,083	56,425,602	58.89%	41.11%	256.14	1.64%	25,493,029
6/30/2018	31,296,876	20,339,624	51,636,500	60.61%	39.39%	252.01	2.88%	23,977,887
6/30/2017	29,850,013	17,909,017	47,759,030	62.50%	37.50%	244.95	1.62%	23,221,728
6/30/2016	27,439,397	16,053,760	43,493,157	63.09%	36.91%	241.04	1.01%	21,187,996
6/30/2015	27,695,388	16,203,531	43,898,919	63.09%	36.91%	238.64	0.12%	21,657,076
6/30/2014	26,873,949	16,078,639	42,952,588	62.57%	37.43%	238.34	2.07%	20,862,443
6/30/2013	24,080,341	13,931,569	38,011,911	63.35%	36.65%	233.50	1.75%	18,501,176
6/30/2012	22,460,908	11,622,860	34,083,768	65.90%	34.10%	229.48	1.67%	17,206,330
6/30/2011	23,126,110	11,816,096	34,942,206	66.18%	33.82%	225.70	3.53%	18,159,550
6/30/2010	19,446,288	9,369,792	28,816,080	67.48%	32.52%	218.00	0.90%	15,121,143
6/30/2009	17,296,931	7,686,931	24,983,862	69.23%	30.77%	215.70	2.60%	13,133,952
12/31/2008	16,762,247	6,649,188	23,411,435	71.60%	28.40%	210.20	0.10%	12,942,925
12/31/2007	26,173,958	7,373,390	33,547,348	78.02%	21.98%	210.00	4.10%	22,366,963
12/31/2006	24,381,362	6,595,579	30,976,941	78.71%	21.29%	201.80	2.50%	21,483,232
12/31/2005	22,139,506	5,784,057	27,923,563	79.29%	20.71%	196.80	3.40%	19,787,190
12/31/2004	21,344,918	4,863,221	26,208,139	81.44%	18.56%	190.30	3.30%	19,668,465
12/31/2003	19,320,372	4,382,063	23,702,435	81.51%	18.49%	184.30	1.90%	18,284,238

Pooled Income Fund Review:

The Investments Committee also oversees the Pooled Income Fund (PIF). PIF is part of the GSA Foundation. Donors that gift substantial monetary contributions to the Foundation during their lifetimes can receive quarterly cash payments of the interest income until death, at which time the original donation is assigned to and becomes part of the regular investment portfolio of the Foundation.

The primary investment goal aims to optimize direct income (interest, dividends) relative to capital gains, the latter of which are not distributed to the donors.

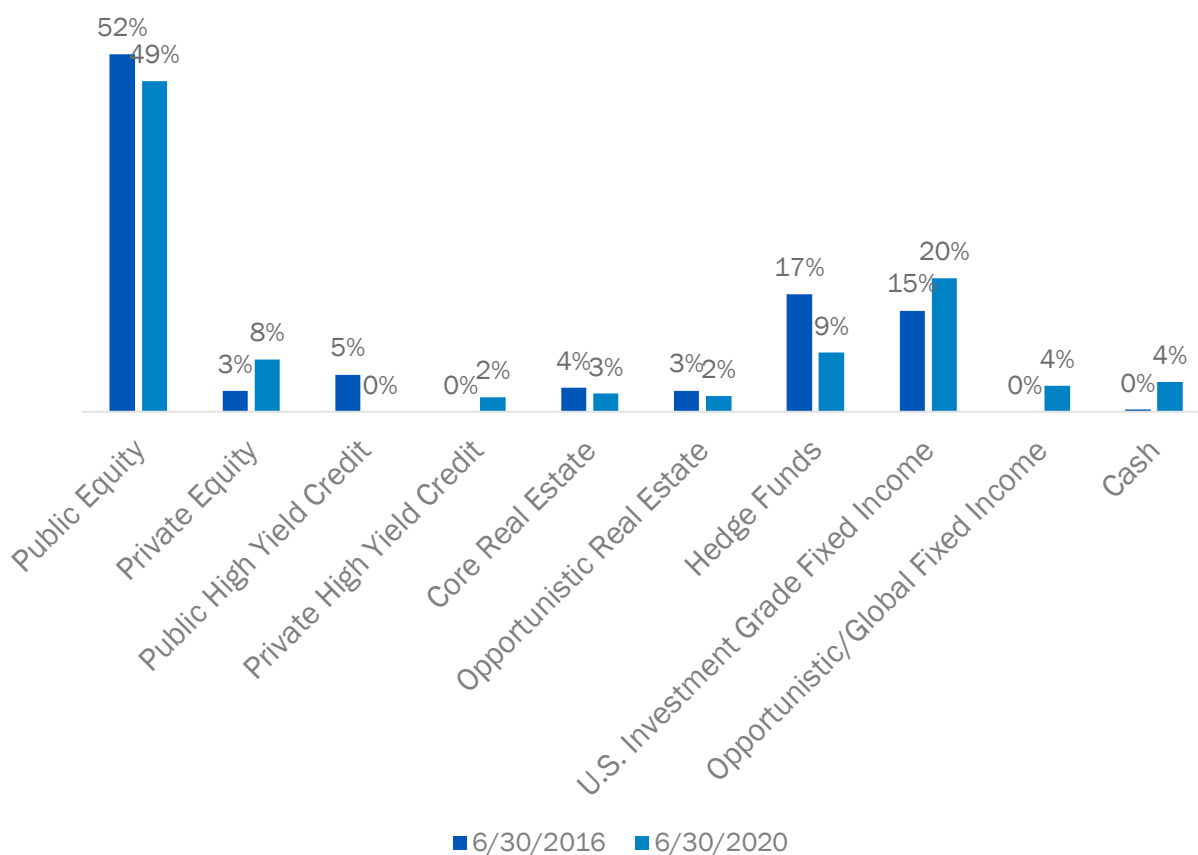
The market value of GSAF's Pooled Income Fund investments appreciated by 3.4% this past year. The Pooled Income Fund is structured to generate income with low levels of risk, primarily investing in fixed income. The overall size of the PIF has been steadily decreasing over the years because no new funds are being received and transfers out to the Foundation as participants pass away.

Pooled Income Fund Portfolio Balances 2008-2019				
Calendar Year	Market Value	Transfers to Foundation	Distributions to Participants	
2019	\$ 40,204	\$ 8,198	\$ 1,318	
2018	\$ 48,054		\$ 1,344	
2017	\$ 46,536		\$ 1,021	
2016	\$ 46,396	\$ 307,503	\$ 4,463	
2015	\$ 362,518		\$ 11,934	
2014	\$ 368,341		\$ 9,235	
2013	\$ 359,822	\$ 145,410	\$ 15,100	
2012	\$ 495,707	\$ 143,250	\$ 24,046	
2011	\$ 641,396	\$ 14,950	\$ 23,715	
2010	\$ 620,041		\$ 25,037	
2009	\$ 574,650		\$ 29,006	
2008	\$ 566,157	\$ 80,252	\$ 23,131	

Outlook / Change in Positioning:

Market performance thus far has been quite challenging, as investors have struggled with the health and economic impact of COVID-19, and massive uncertainties across multiple, global and domestic, market sectors. For additional Ellwood commentary on market performance, please click [here](#). Additional commentary on alternative asset class performance is detailed [here](#).

The Committee has sought to continue to reduce risk and diversify the portfolio towards Alternatives during the past fiscal year. These activities are detailed in the chart below. Please note the trend toward increasing allocations in Private Investments (including Private Equity and Private Credit as examples), and away from Hedge Funds, has been occurring over the past several years. Additionally, note that the portfolio is emphasizing lower volatility assets, most notably Investment Grade Fixed Income, in the current market environment. The Committee will continue to seek to identify asset classes that offer attractive risk-adjusted returns, with particular focus on Private Investments.



Investment Committee Membership and Operation

The Investments Committee consists of members from both the Society and GSA Foundation that have been approved by GSA Council. The Committee meets by phone or in person four or more times a year to review the financial and operational performance of the portfolio, and consider changes recommended by our external Investment Advisor (Ellwood Associates) and Committee Members to the investment portfolio.

The Committee, along with its investment advisor, maintains a vigilant outlook to respond to the dynamic

and challenging economic and geo-political landscape. Guiding principles include five- to ten-year outlook, preservation of capital, the embracement of and respect for risk, and compliance with investment policies. The portfolio is invested in accordance with a written investment policy approved jointly by the GSA Council and the GSA Foundation Board of Directors.

Members of the Investment Committee for FY 2018-19 are: Richard Berg (GSA Treasurer), Bruce Clark, Carl Fricke (Chair), Eric Henry, Tom Holzer (GSAF Treasurer), Peter Lipman, Michel Manship (GSAF), Steve Farrell, and Thayer Tutt. Vicki McConnell, Jack Hess and Tom Haberthier participate as non-voting members.

In Conclusion

All told, the portfolio value of the combined portfolio was largely unchanged over the course of the fiscal year. The portfolio earned a total return of -0.2% for FY 2020, with a corresponding ending value of \$56.1 million. As a simplified point of reference and further update, the estimated 9/30/2020 portfolio market value is approximately \$58 million.

The portfolio earned trailing annualized returns of 4.6% and 4.8%, on a trailing three-year and five-year basis, respectively. The investment environment has been quite challenged over that period as most asset classes have not earned returns sufficient to achieve the portfolio's CPI +5% return objective. The portfolio has earned 7.1% from 9/30/2002 through 6/30/2020. As an aside, the portfolio's CPI+5% return objective has also been 7.1% annualized over this same period.

All Investment Committee members, GSA and GSAF ex-officios, and our Investment Advisor Paul Schreder (Ellwood), deserve particular thanks for exceptional service. Besides volunteering their valuable time, and providing insightful commentaries and well-founded independent opinions at quarterly meetings, they are often contacted at other times throughout the year for perspectives and advice.

We believe that the Society's investments are on a fundamentally sound foundation and are being responsibly managed.

Respectfully submitted,

Carl Fricke

Carl Fricke, Chairman, GSA's and GSAF's Investments Committee, 15 September 2020