

Addendum to the AOU-COS Merger Report

Overview of Management Strategies and Outcomes AOU and COS Invested Funds

AOU and COS are actively managing their endowments to meet Council and Board approved investment and spending policies of their respective society. Each employs very different strategies given their circumstances.

Since 2008, COS wisely and prudently employed a conservative investment strategy that ensured the society would cover primary program costs from year to year. Preservation of the principal of the investment pool has been COS's goal, not growth. COS grew its endowment over the past ten years from a low of \$1 mil in 2008 to \$1.5 mil in 2014, while delivering on its programs. COS will forego spending on award programs, grants, etc. from time to time to ensure that funds are available for their highest priority, the publication of their journal. This represents effective and responsible financial management for COS.

Since 2008, AOU's investment strategy has focused on growth of its endowment, as indicated by the shift from its low of \$4.3 mil in 2008 to \$9 mil in invested funds in 2014. AOU is financially stable with healthy reserves to respond to periods of a down market, and the ability to invest strategically in program development to permit the society to grow. This represents effective and responsible financial management for AOU.

Since 2008, AOU's investment strategy for growth outperformed COS's strategy for preservation of principal by nearly 2 to 1. Figure 1 presents a comparison of endowment totals and the amounts released to annual operating each year. Figure 2 compares investment performance of the two societies under different investment regimes during the same period.

The important point for merger is this: AOU's capacity to incorporate and invest COS's funds within its investment pool, and safely grow it, can serve ornithology in a positive way. The outcome would be both stability and growth. As a merged organization, we can create the opportunity to make available more funds to support our combined membership and to promote ornithology overall.

Figure 1.

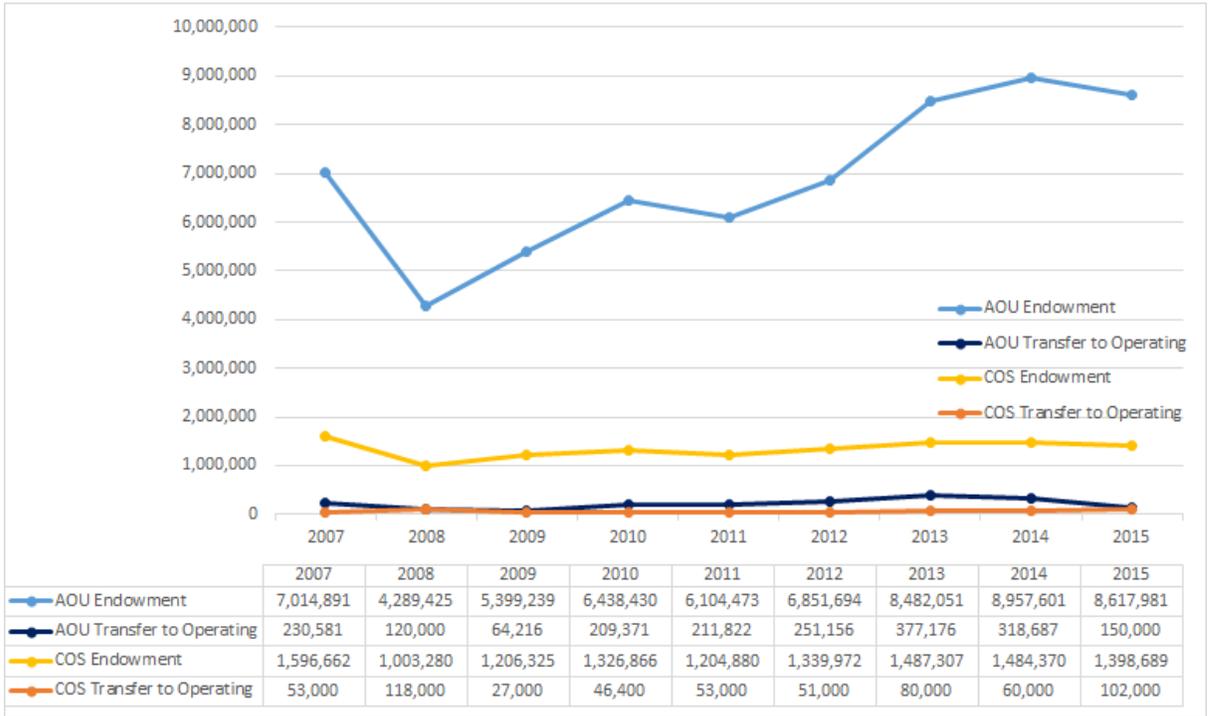


Figure 2.

