

Challenge

Natalie, president of the board of directors of a nonprofit foundation, came to Allodium seeking some investment advice. The foundation had recently formed an investment committee and they wanted to make sure the committee members were meeting their fiduciary responsibilities. They also wanted to organize their investment decision-making process. Natalie told us they “didn’t know what they didn’t know” about investment management and that they needed help.

Recommendation

Natalie and the other members of the investment committee met with Allodium to learn how to define and document their foundation and investment portfolio objectives. We helped them complete a “SAFE” evaluation (Self-Assessment of Fiduciary Excellence) which uncovered several areas in their investment decision-making process that needed to be improved based on F360’s Prudent Practices for Investment Stewards handbook. Learning about these gaps helped the committee understand that they needed more structure in how they reached investment decisions.



To provide structure for the members of the investment committee, we recommended creating committee bylaws, fiduciary acknowledgement letters, a conflict of interest policy, a standard meeting agenda, a meeting minutes template, a gift acceptance policy and an annual governance calendar.

To assist with the ongoing management of their investment portfolio, we recommended developing an investment policy statement (IPS) which would serve as a guide in managing their assets. We used the F360 Toolkit™ to evaluate their current mutual fund lineup and provided several recommendations to increase their portfolio diversification while lowering the expenses of their investment managers.

Result

Natalie and the investment committee accepted our recommendations for their foundation governance and we created the suggested documents to help them to get organized. After they completed the project, the investment committee members felt that they had an understanding of their fiduciary responsibilities and had acquired the tools that they needed to meet the challenge. The foundation also retained Allodium as an investment management consultant to advise them on their investment portfolio on an ongoing basis and to help them to implement their investment decision-making process going forward.

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