

### Challenge

A non-profit organization had \$2 million invested in short-term certificates of deposit at a local bank earning modest returns. The organization's investment committee invested exclusively in certificates of deposit in the past and was now questioning its investment strategy. Since the funds were long term in nature, the committee members were interested in a portfolio that could be invested for a longer time horizon to provide greater returns over time. However, they did not have any investment decision-making processes in place or an investment policy statement (IPS) to oversee the portfolio. In short, they weren't sure what their options were as fiduciaries or what steps would be prudent for them to take in the future. A board member introduced them to Allodium to develop a long-term investment plan.

### Recommendation

After several meetings with the investment committee members, Allodium learned about their investment objectives, risk tolerance and time horizon for the portfolio. The first and most important step was to help them to draft an investment policy statement (IPS). The purpose of the IPS was to document important information about the objectives of the portfolio and to also provide a roadmap for managing the portfolio in the future. Because Fi360's Prudent Practices® were incorporated within the IPS, the investment committee members were better able to understand their roles and duties as fiduciaries when they implemented the plan for their portfolio. They could also better



identify which roles could be delegated to independent financial professionals. In addition to helping the committee to develop the IPS, Allodium also provided a governance framework for the investment committee that included member bylaws, an annual governance calendar and a gift acceptance policy.

### Result

The investment committee members now have an investment policy statement customized to their situation and they have a better understanding of their fiduciary responsibilities. The IPS clearly defined how the funds could be invested, how the investments would be monitored, and how each fiduciary's role and duties should be executed in the future. This clarity gave them the confidence to choose an investment strategy that was more aligned with their objectives and values. They decided to delegate the investment selection and management responsibilities to Allodium as an objective, fee-only, investment advisor. Allodium's continued assistance through quarterly review meetings has helped the investment committee members to feel secure that they were meeting their fiduciary responsibilities.

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*This Case Study is a fictional scenario to illustrate the potential benefits of working with an Investment Advisor. Each investment plan should be tailored to a client's individual circumstances and therefore will generate unique outcomes. This Case Study is for informational purposes only and is not intended to be relied upon as an investment recommendation.*