

INVESTMENT COMMITTEES AND GOVERNANCE

What characteristics are most valuable in those serving on investment committees?

When forming a new committee or adding new members to an existing one, diversity of view and thought is beneficial to the committee's construct and participation; simultaneously mitigating a "group think" outcome to decision-making. This also creates opportunity for exposure to additional networks and relationships that may benefit the organization's cause over time. Retired committee members can also continue to serve as connections in this respect.

An absence of conflicts of interest between members of the committee and the mission of the organization or investment advisor should also be primary requirements; contribution of time; dedication to furthering the organization's goals; the ability to lead with integrity; and investment knowledge and familiarity with the responsibilities carried by investment stewards are all key characteristics members should embody.

Additionally, for a committee to make effective decisions in a timely matter, being cognizant of the committee's size is also of utmost importance. Diversity of thought is essential, but not to the point that it impedes progress.

When selecting an investment advisor, what should investment committees be most focused on?

The committee's primary focus should be on the advisor's willingness to accept or share with the committee fiduciary responsibility supported by a clearly defined process. Experienced and credentialed advisors often lend a robust combination of education and tenure, surrounded by a deep, experienced advisory team that provides extensive investment research capabilities and resources. Lastly, the advisor should have a clear and thorough succession plan that protects the committee/institution's continuity of service and the client-advisor relationship.

What responsibilities should an investment committee expect their investment advisor to oversee and/or facilitate?

As mentioned, committees should expect their advisor to undertake fiduciary responsibility and daily oversight of the organization's investments and portfolio. With this, committees and their members are allowed the necessary time and flexibility to focus their energies on the long-term, strategic, mission-related objectives of the institution and its assets.

Further, committees should expect their advisor to assist in: the development of an investment policy statement (IPS) to codify long-term objectives and spending needs on behalf of the institution; set strategic and tactical asset allocation targets and parameters for the portfolio; provide ongoing portfolio and risk management; and accept responsibility for manager research, selection, and monitoring.

Is there anything in the advisor/investment committee relationship that investment committees should be aware of?

Yes. Your chosen advisor(s) and team are dedicated professionals and fiduciaries committed to the institution and its investment objectives. That said, while the committee and advisor share in fiduciary responsibility, their respective roles are different. A committee's role should focus on identifying the long-term strategic objectives of an institution's investment portfolio including identifying overall risk tolerances; setting spending policies; investment return goals; and long-term strategic asset allocation parameters. The investment advisor(s) responsibility lies in understanding risk tolerances, annual draw requirements, return goals, and long-term strategic asset allocation parameters, with which they are able to prudently manage the investment portfolio, tactically allocating capital to appropriate asset classes and investment managers.

What are the key elements investment committees should prioritize in their work?

While the selected advisor should be an integral part of facilitating the development of a comprehensive investment policy statement to guide the organization's needs and objectives, committees should ultimately be responsible for defining the portfolio itself, its purpose, investment goals, spending needs, and related liquidity requirements. In addition, committees' attention should be directed toward setting strategic long-term asset allocation policies and parameters and carefully supervise selected investment advisor(s), investment manager(s), and custodian(s) to ensure adherence to stated investment policies and parameters.



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Lisa is a Senior Investment Advisor and a key member of the Institutional Advisory Practice at The Colony Group, with more than 20 years of investment experience. She works closely with her non-profit clients, providing consulting and investment advisory services and ensuring their adherence to the fiduciary process in support of the organization's mission. Lisa supports the community enrichment missions of our institutional clients and is an advocate for women serving on the boards and in leadership positions. Lisa is an Accredited Investment Fiduciary® and also serves on The Colony Group's Investment Committee, tasked with conducting manager searches, due diligence, and assisting in the development of asset allocation strategies.



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As Institutional Marketing Manager, Sarah generates prospective business content and collateral for Colony's various business segments and supports prospective client opportunities, campaigns, and communications. Sarah also provides marketing communication support to merger prospect opportunities as well as new partner integration. Additionally, Sarah contributes to Her Wealth by Colony, Colony's Diversity, Equity, and Inclusion efforts, and Colony's Net Positive Pledge.

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