

The Fundamentals: Implementing an Investment Advisory and Consulting Solution

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When a not-for-profit organization decides to transition and implement an investment advisory and consulting solution, they are choosing an approach that will be customized to their specific objectives. Built upon a foundation of developing an optimized asset allocation with non-correlated asset classes, in depth investment manager due diligence, ongoing reporting and comprehensive advice, the not-for-profit can make informed decisions to evolve their portfolio to achieve their overall investment needs. The transition to an investment advisory and consulting solution is a gradual process built on trust and easing any anxiety that a Board or Investment Committee may have by undertaking such a change.

THE TRANSITION TO AN INVESTMENT ADVISORY AND CONSULTING SOLUTION

The transition to an investment advisory and consulting solution may begin at many stages within a not-for-profit's investment portfolio, however most engagements begin with an analysis of three years of prior investment manager and portfolio returns. By producing this report, Investment Committees can understand the historical risk/return characteristics of their portfolio, along with how their investment managers are performing against their relative benchmarks and peer groups, which will lead to committee members making better decisions in the future. The investment advisory organization is then able to educate and propose changes to the not-for-profit's asset allocation by introducing non-correlated asset classes, investment manager selection or replacement, and cash flow needs.

The investment advisory organization may also be able to increase a not-for-profit's capacity by reducing their workload by managing documentation requirements and fee negotiations (investment managers and custodians), along with hiring and firing investment managers. Many times, not-for-profits find these phone calls quite difficult due to the established relationship between the organizations. As an impartial third party, it is much easier for an investment advisory organization to relay the Investment Committee's decision to replace the investment manager.

“An investment advisory organization can increase a not-for-profit's capacity by reducing their workload, allowing them to focus on their broader mission and vision.”

THE VALUE PROPOSITION

Inevitably, having quality information allows committee members to make informed decisions that result in meeting long-term objectives. That is the ultimate value proposition of implementing an investment advisory and consulting solution! Also, in today's climate of increased transparency and accountability, the fiduciary responsibility of a committee member to the not-for-profit is paramount. It is imperative to demonstrate that a disciplined and consistent approach is inherent to the oversight of the not-for-profit's investment portfolio.

IS THERE AN “IDEAL” CHARITY PROFILE?

BULLWEALTH currently advises religious organizations, private school foundations, hospital foundations and national heritage organizations. Our client's portfolios range anywhere from \$10M – \$250M, having sufficient assets to take advantage of the benefits of an investment advisory organization. At these levels, BULLWEALTH can advise on your investment portfolio and add value to your overall organization.