



Endowments and Foundations Consulting

Course Goal

The participants will be able to deliver significant value and serve the unique needs and requirements of endowment and foundation clients.

Level of complexity: Intermediate

Course Overview

This program teaches advanced methods for institutional investment consulting with endowment and foundation clients. Course participants learn the unique dynamics of advising non-profit clients, the key principles of successful consulting and investment management, and best practices for maintaining a rewarding relationship. As a result of this program, certificate holders will be more likely to acquire and retain institutional clients, and provide better investment-consulting outcomes. The program director for this course is Scott Thayer, CIMA®, an investment management consulting professional with 35 years of experience working with endowment and foundation clients.

Faculty:

Program Director: Scott Thayer, CIMA®, Thayer Consulting; Investments and Wealth Institute Board member

- **Margaret Towle, Ph.D, CIMA®, CPWA®, CAIA**, Merrill Lynch Global Institutional Consulting; Editor-in-Chief, The Journal of Investment Consulting, Investments and Wealth Institute
- **Devin Ekberg, CFA®, CPWA®**, Managing Director of Education, Investments and Wealth Institute
- **John Nersesian, CIMA®, CPWA®, CFP®**, Head, Advisor Education, PIMCO US Global Wealth Management
- **Ardyth Neill**, President, Heifer Foundation

Modules:

Modular learning includes readings, lectures, case study, sample documents, supplemental videos. Learners must successfully pass the final quiz for each module in order to earn a certificate of completion and continuing education credit.

Module 1: Fundamentals of Non-Profit Organizations

Module 2: The Investment Policy Statement for Endowments and Foundation

Module 3: Portfolio Construction for Endowments and Foundations

Module 4: SRI/ESG and Impact Investing for Endowments and Foundations

Module 5: Performance Monitoring for Endowments and Foundations

Module 6: Outsourcing and Discretionary Management

Module 7: Serving Endowment and Foundation Clients

Total CE Hours: 13 hours (CIMA®, CPWA®, and RMA® certifications; 12 hours CFP® certification)



Module 1: Fundamentals of Non-Profit Organizations

Module Overview: In this module, participants will investigate some basic tenants of philanthropy. They will also learn about key characteristics of the non-profit sector, IRS requirements for non-profits and explore the various definitions of the terms *endowment* and *foundation*. This module concludes with an overview of UPMIFA, the Uniform Prudent Management of Institutional Funds Act and a description of the role the Board of Directors and Investment Committee play in making investment decisions for the organization. The reading for this module is a white paper published by the Greenwich Roundtable entitled *Best Governance practices for Investment Committees* which discusses not only Best Practices, but some basic operational tenants of investment governance and elements of the Investment Policy statement.

Instructor: Devin Ekberg, CFA®, CPWA®, Managing Director of Education, Investments and Wealth Institute

Learning Objectives

- Articulate the unique features, characteristics and structures of non-profit organizations.
 - Define philanthropy as it relates to endowments and foundations.
 - Identify general motivations for giving to philanthropic organizations.
 - Identify key characteristics of the non-profit sector.
 - Identify the requirements for non-profit status.
 - Define different types of foundations.
 - Identify the definition of an endowment.
 - Explain UPMIFA's purpose for the management and investment of funds held by endowments and foundations.
 - Identify the roles of key decision-making structures within a non-profit.
 - Relate Best Practices for investment committees to operational procedures and investment governance
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Module 2: The Investment Policy Statement for Endowments and Foundation

Module Overview: This module covers the structure of an IPS for an endowment or foundation client. This module also provides some additional in-depth insights into the application of UPMIFA in the IPS as well as techniques for interviewing members of Boards of Trustees and Investment Committees to develop an IPS that reflects the organization's goals and investment objectives. Participants will be provided with a sample questionnaire to use in conducting interviews and a model IPS for an endowment or foundation.

Instructor: Scott Thayer, CIMA®, Thayer Consulting

Learning Objectives

- Construct an IPS for an endowment or foundation that effectively incorporates investment committee concerns.
- Identify the relationship between the purposes of the IPS and the structure of the IPS for an endowment or foundation client.
- Identify the elements of an effective IPS.
- Explain the difference between discretionary and collaborative or non-discretionary investment management
- Define the purpose of UPMIFA legislation in managing an endowment or foundation's funds.
- Describe best practices for interviewing decision makers.
- Identify behavioral finance issues and their solutions.
- Identify the board/committee membership structure best suited for limiting the impact of behavioral bias on decision-making processes.



Module 3: Portfolio Construction for Endowments and Foundations

Module Overview: This module covers the methodology for working with a Board of Trustees and/or an Investment Committee to build a portfolio for an endowment or foundation client. The technique demonstrated incorporates Modern Portfolio Theory as a tool for communicating the concepts of risk, return and probability of successfully meeting investment objectives to committees and boards. The module also discusses the use of alternative investments to increase diversification, therefore, improving an organization’s probability of success in meeting investment targets even further. The module concludes by exploring both quantitative and qualitative factors for the evaluation of potential investment managers.

Instructor: Scott Thayer, CIMA®, Thayer Consulting

Learning Objectives

- Explain the process for creating an organization’s “risk budget”.
 - Identify the key MPT inputs to use in creating a portfolio for an endowment or foundation
 - Identify the changes to MPT inputs necessary to address the challenges inherent in including specific alternative investments in a portfolio.
 - Identify the effect that each type of alternative investment in a model portfolio has on the efficient frontier or portfolio risk/return profiles vs the efficient frontier or risk/return profiles of a traditional or normal portfolio or an expanded or normal diversified portfolio.
 - Explain the factors that lead to investment success for an endowment or foundation.
 - Identify the purpose of including alternatives in an endowment or foundation’s investment portfolio.
 - Identify qualitative and quantitative factors to apply in a search for appropriate investment managers.
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Module 4: SRI/ESG and Impact Investing for Endowments and Foundations

Module Overview: This module introduces basic definitions of SRI, ESG, Impact Investing and Program Related Investing. Definitions of environmental, social and governance (ESG) non-financial risks are also discussed along with the changing perception of ESG investing and qualitative and quantitative factors for evaluating non-financial aspects of investments.

Instructor: Margaret Towle, Ph.D, CIMA®, CPWA®, CAIA, Editor-in-Chief, The Journal of Investment Consulting

Learning Objectives

- List the approaches for investing with social impact that are available in the endowment and foundation space
 - Define various non-financial risks and the time horizons for those risks.
 - Identify quantitative and qualitative measures for evaluating ESG factors in investments.
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Module 5: Performance Monitoring for Endowments and Foundations

Module Overview: The participants will cover the components of a quarterly performance monitoring document in addition to other types of performance monitoring that may be requested by an endowment or foundation client.

Instructor: Scott Thayer, CIMA®, Thayer Consulting

Learning Objectives

- Identify common sections of a quarterly performance monitor and the purpose of each section.
 - Identify the objective of each benchmark included in a performance monitor.
 - Identify the different types of performance monitoring documents and their purposes.
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Module 6: Outsourcing and Discretionary Management

Module Overview: The basics of discretionary management are covered including the reasons for the current trend toward discretionary management and outsourcing with endowments and foundations, the advantages of discretionary management for a client organization and the business infrastructure necessary for a consultant to operate an effective discretionary management business.

Instructor: Scott Thayer, CIMA®, Thayer Consulting

Learning Objectives

- Define discretionary management as it relates to an endowment or foundation.
 - Identify the reasons for the trend toward discretionary
 - List the advantages of discretionary management over collaborative management for the endowment or foundation.
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Module 7: Serving Endowment and Foundation Clients

Module Overview: This portion of the course focuses potential needs of and requests from endowment and foundation clients and specific issues in working with larger and smaller endowments and foundations. Participants will review the process of responding to endowment/foundations' RFPs and review a sample RFP that lists many of the possible questions a consultant might be asked in competing for endowment/foundation business. Finally, the module will review the components of an effective final presentation.

Instructor: Scott Thayer, CIMA®, Thayer Consulting

Learning Objectives

- Identify the unique needs of a foundation or endowment client and mechanisms for meeting those needs.
- Recognize questions that may be asked on an RFP.
- Recognize the requirements of an effective final presentation