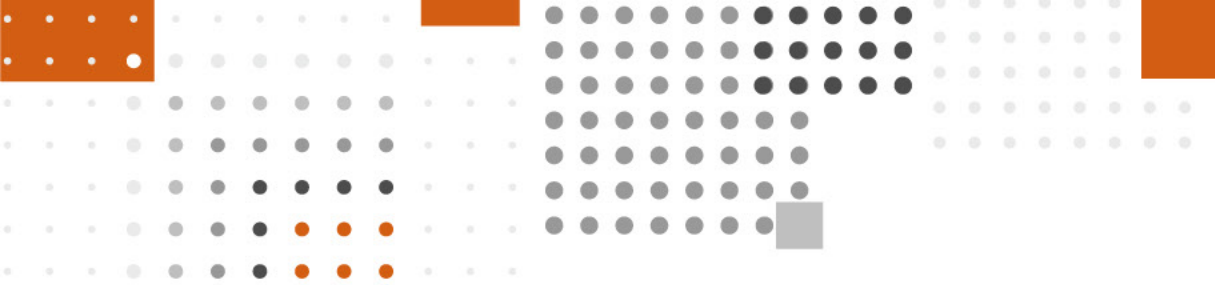


CASE STUDY**ADOPTING THE
OCIO MODEL**



EXECUTIVE SUMMARY

While we can and need to discuss many OCIO-related topics, a picture is worth a thousand words so to speak. Our goal is to make this complex subject easier to understand and implement.

In this case study, we provide the objectives, actions and outcomes of a real-life client in choosing to outsource to OCIO management for the first time. As you read further, the goals of the process in looking to outsource were to consider investment and service options and establish appropriate and transparent fees. The client was successful in this process as you will see below.

THE CLIENT

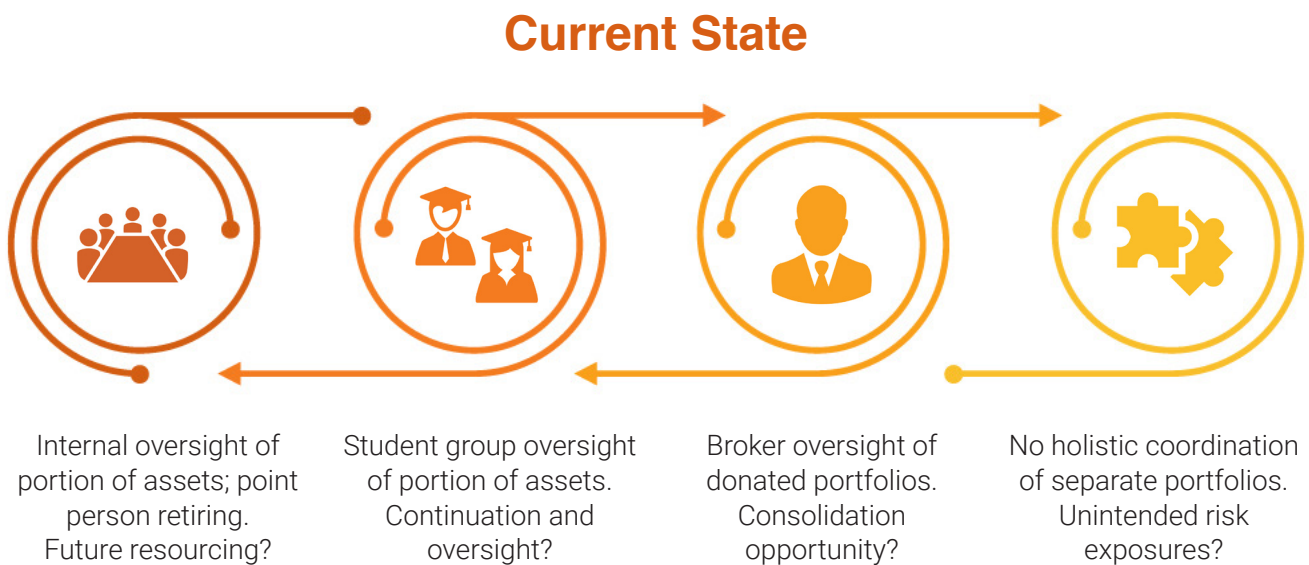
The client is a midwestern higher education institution with midsize foundation and charitable investment pools. These pools serve the important purposes of supporting scholarships, faculty chairs and other campus projects.

THE CHALLENGE

The client's current state consisted of fragmented managed accounts implemented partially internally by staff and some externally by various brokers, some on a discretionary and some on a non-discretionary basis. Implementing a more wholistic and single oversight solution via OCIO for management of the investment programs was desired to provide better oversight and aligned with the institution's goals. Negotiating preferred pricing and having full transparency over fees was also needed. Each of these was intended to improve fiduciary governance and be better stewards of the mission critical assets.

GOVERNANCE

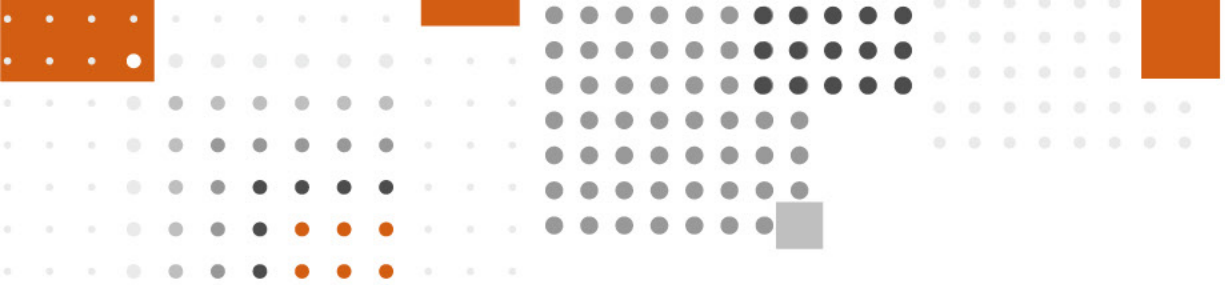
An institution working through its board, investment and finance committees, and finance and development staff has a significant challenge in meeting their fiduciary role and responsibilities in overseeing the selection of their OCIO provider. Good stewardship of these asset pools can lead to better donor relations and development opportunities.



Objectives

- ✓ Obtain external OCIO expertise rather than employ internal resources
- ✓ Single, integrated oversight structure
- ✓ Consolidate portfolios
- ✓ Hire consultant to lead search





INVESTMENTS & FEES

OCIO due diligence and implementation is becoming more challenging given the growth in the number of firms providing OCIO services and the complexity of their solutions. The charges for such services often involve multiple levels of fees, some of which may not be readily apparent. Asset allocation decisions affect the return and risk profiles predominantly, but the implementation of these decisions is where the rubber meets the road.

Current State



Non-integrated investment portfolios; potential overlapping exposures.



Limited use of alternatives and passive strategies; unintended return and risk profile.



Older investment policy statement with no comprehensive monitoring of implementation; need to update and monitor.



Questionable alignment of investment program's goals with institutional goals; implementation of social policy.

Objectives

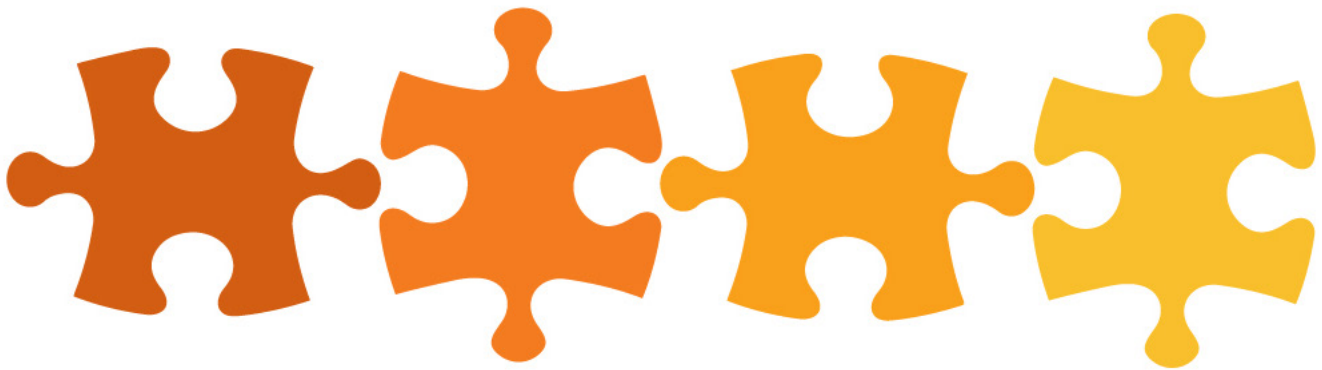
- ✓ Comprehensive, wholistic investment line-up review; evaluate resulting return and risk profile
- ✓ Assess use of indexing, alternatives and ESG
- ✓ Update investment policy statement and establish monitoring process
- ✓ Establish appropriate fees with full transparency



PROCESS & OUTCOMES

Now let's take a look at what happened leading to a constructive outcome for the client.

Actions



Completed goals and objectives questionnaire; start with the end in mind for better decision making through-out process.

Internal education on objectives and process; institutional buy-in.

Full RFP with 8 firms; explore and assess different firms' approaches and service offerings available.

Conducted finalist meetings with 5 firms; more in-depth follow-up with 2, including reference checks.

Outcomes

- ✓ **Hired one provider for endowment and another for reserves given different objectives; obtain manager diversification**
- ✓ **Comprehensive asset allocation and investment line-up revamp; assess return and risk expectations' impact on spending policy and risk tolerance**
- ✓ **Re-wrote investment policy statement; establish monitoring process**
- ✓ **Established competitive fees with full transparency**
- ✓ **Agreed to review OCIO selection and performance annually, with formal benchmarking review planned in 3-5 years**



CONCLUSION

Institutions benefit by adopting a formal due diligence process for OCIO selection. Thoughtful process leads to better, intended outcomes. Having an independent consultant lead the process ensures objectivity and expertise.

Effective oversight serves the institution in meeting its fiduciary roles and being the best stewards of its valuable assets. This in turn can lead to better donor relations and development opportunities.



Let PlanPILOT guide you through
the time and effort-consuming process of
selecting or evaluating an OCIO provider.

[Learn More](#)

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OCIO consulting services or visit www.planpilot.com/ocio.

