

The move from DIY to OCIO



One foundation's experience strengthening
their ability to fulfill their mission

Inside:

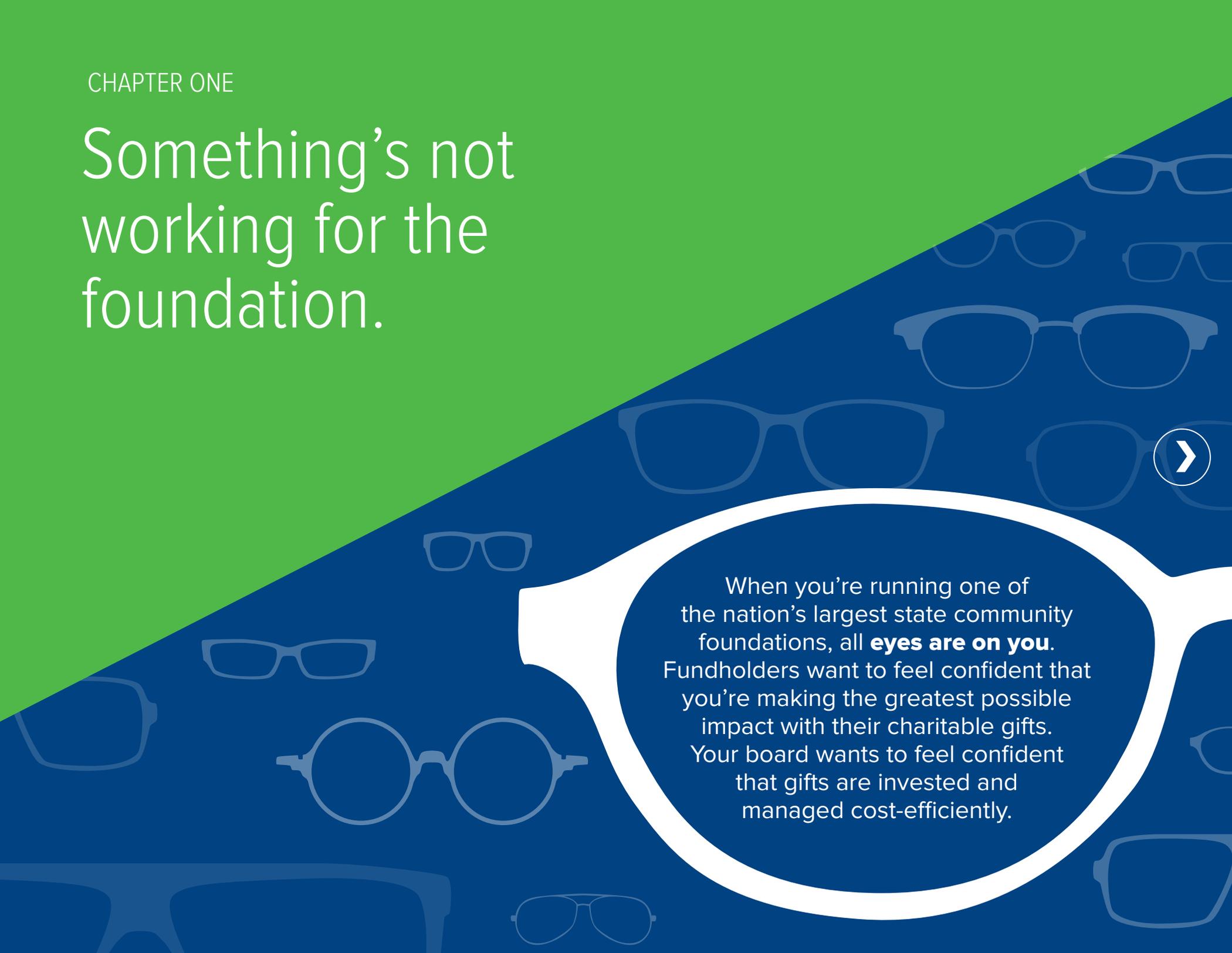
- › Why they decided to change
- › How the process worked
- › What it took to convince the committee
- › What made a difference

Important Information: This case study describes the attributes of a specific client that SEI has determined is comparable based on objective criteria, including organizational goals, asset size and industry sector. Any discussion of specific asset allocations is intended to help clients understand SEI's customized investment approach, and should not be regarded as a recommendation. Information concerning SEI's recommendations over the last year is available on request. The information expressed herein represents the current good faith views of the author(s) at the time of the original publication and has not been updated.

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CHAPTER ONE

Something's not working for the foundation.



When you're running one of the nation's largest state community foundations, all **eyes are on you**. Fundholders want to feel confident that you're making the greatest possible impact with their charitable gifts. Your board wants to feel confident that gifts are invested and managed cost-efficiently.



And you?

The pressure's all yours.



Your investment committee is a top-notch group of professionals—but they're volunteers. Volunteers with a few hours once a quarter to offer oversight and set policy. You might have a consultant, but how often—and with what intensity—is she able to focus on what's going to happen today, tomorrow? How can she even make recommendations and decisions in a timely way?

Sound familiar?

This is the real story of an actual foundation president.

A president with **1,300** fundholders to answer to, and a board dedicated to improving the quality of life in the state they love.





“Our previous process wasn’t working,” the president said. “With the rapid changes in investing, a consultant without much authority outside the committee, and a committee that could get together only a couple times a year—we weren’t keeping up. **We needed to make investment decisions in a week, not in six months.**”



So our under-pressure president broached the topic of an OCIO.

At first, he received pushback.

Concerns about how it would work. Concerns about committee volunteers' roles. But they soldiered on with research, pitches and presentations. The investment committee learned a lot. Assumptions were broken open, myths busted, concerns toppled.

They need to be experienced in OCIO—not just enthusiastic beginners.

They need to be experienced with the needs of community foundations—which are different from those of a college or a hospital or a worker's union.

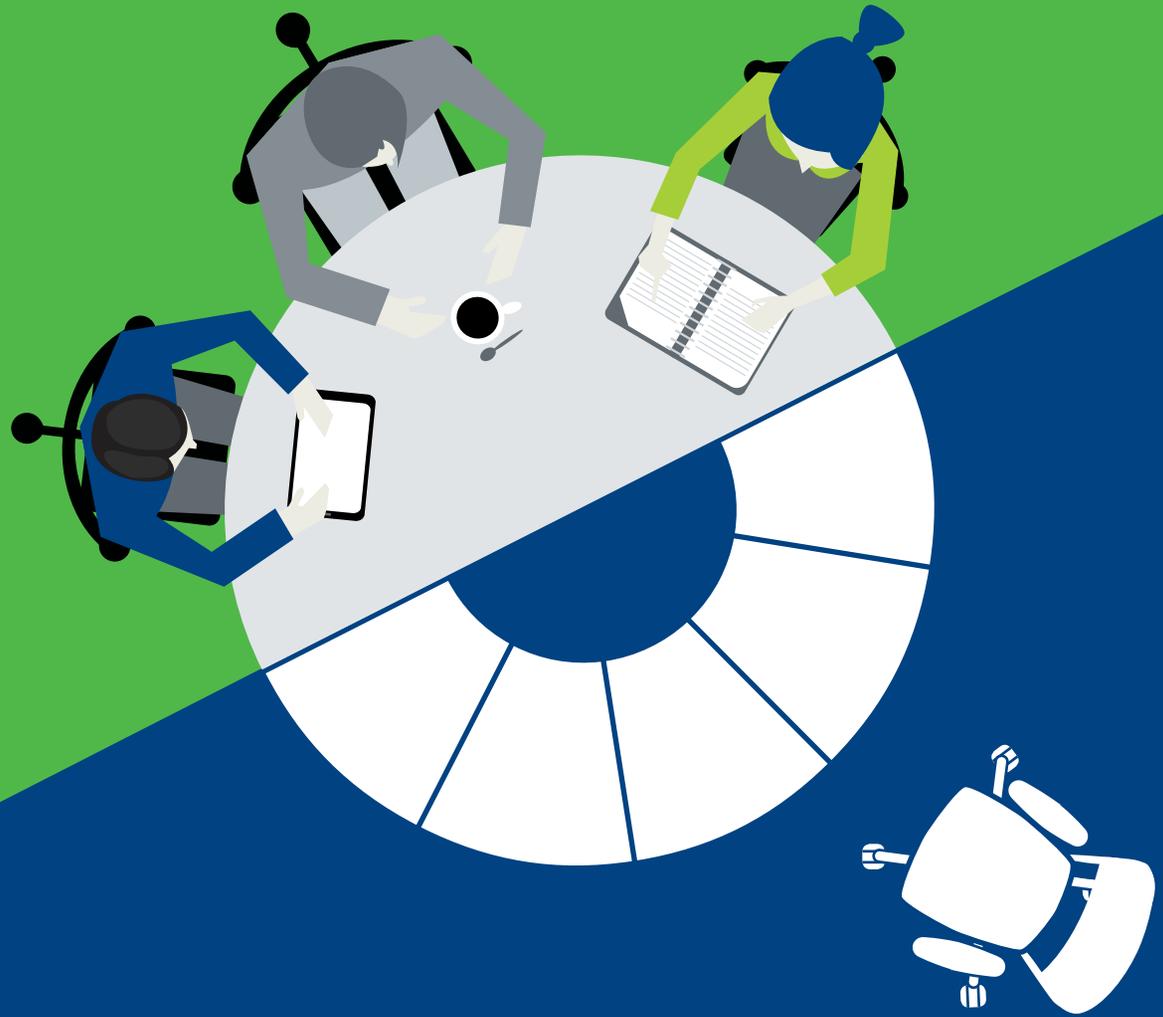
They need to understand that they're not just serving us as a foundation, but they're serving our 1,300 fundholders who also have a vested interest—this nuance of our organization can't be overlooked.

They need to be willing to do communications with our fundholders, visit with them and explain the investment approach.



CHAPTER TWO

SEI is invited
to the table.



Our reaction?
**What a great
opportunity!**

We share the values of this community foundation.



- › Helping our clients achieve lasting success is why we invest so intentionally in innovation.
- › At our heart, we believe in improving our communities. SEI employees have a passion for philanthropy, social responsibility and diversity. Through multiple employee-led initiatives, they channel and direct that passion into action.

We were suited to pitch for so many reasons.

It was important that the foundation work with a highly experienced OCIO. **We are one of the first and largest—with 25 years of best practices and strategic thinking.**



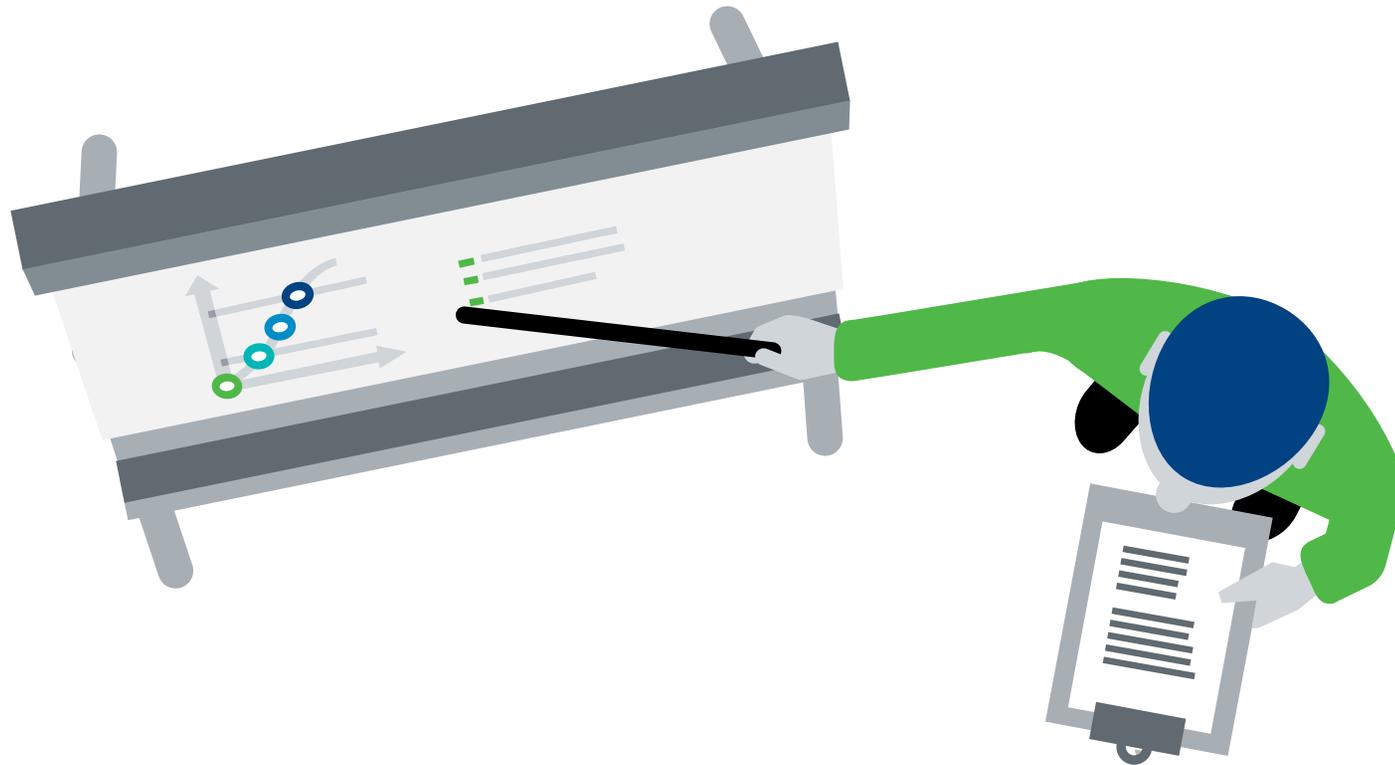
We were suited to pitch for so many reasons.



They needed a team who knows community foundations are different. **We took on our first foundation client in 1995, and now we support a variety of community foundations in achieving their missions.**



We were suited to pitch for so many reasons.



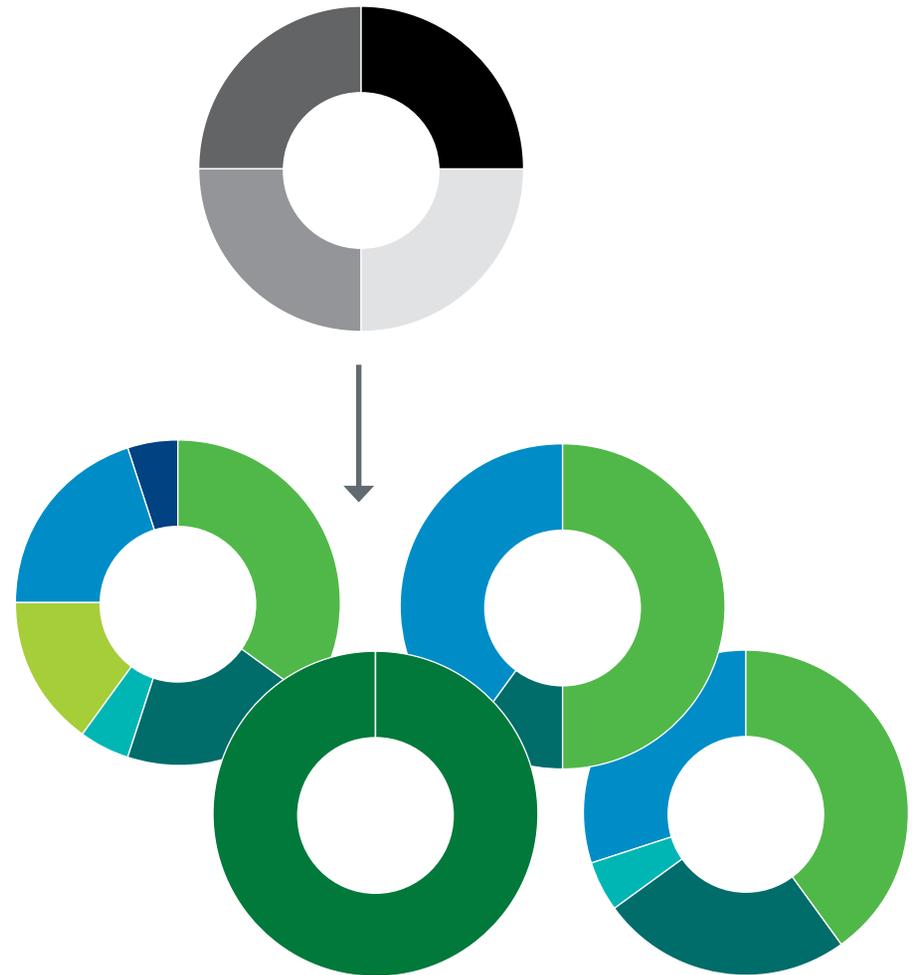
They wanted an OCIO to understand service—not just to the foundation, but to the fundholders. **We believe in providing material and face-to-face support to help fundholders of all levels of sophistication understand the value of the investment strategy we proposed.**

A foundation's focus must always be on cost-efficiency, reduced fees, minimized risk and volatility, and strong support for mission. **We develop cost-efficient models designed for just this purpose.**

This proposal was cut out for us.

We learned the foundation had offered only one investment pool for all donations—and the very volunteers who had only a few hours every few months were the fiduciaries overseeing the pool. They barely had time to adequately monitor the 15 investment managers, fund performance and risk levels, let alone research and evaluate new investment strategies and handle organizational issues.

We proposed four pools for them—all customized to their goals, with different targeted allocation models, and all providing opportunity for donors to choose how they felt their funds would be best invested.



Dive into the data.

See last page to request your copy.

There is no assurance that the asset allocation shown was actually accepted and implemented by the client.

The secret sauce? Our multi-manager approach.

We have 100 professionals focused *daily* on what the investment committee used to be able to do once every three or four months. They're researching and monitoring managers in our custom investment strategies. This helps the foundation feel more confident that the pools are designed to achieve the various objectives they set and are actively managed on an ongoing basis. For each of the pools, we also performed in-depth analysis, including stress testing, to help them understand the impact of key investment decisions on the portfolio.

All this—at a lower cost than they were paying before. In fact, we reduced their overall investment costs by an estimated **24%.***

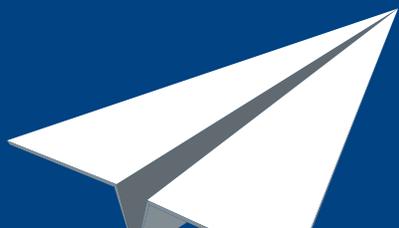
And, we provided materials and meetings for board members, committee members and even fundholders. Some were more investment savvy than others, but overall, we believe this helped provide all parties with an “aha! moment.”

*Results may not be typical for all accounts.



CHAPTER THREE

Foundation president believes they're an OCIO trendsetter.



His investment committee supported the OCIO move 100% despite their skittish start. “I believe the OCIO model is a trend we’ll see more of in institutions, the president said. “Investments are just so much more complex than they were 20 years ago, and you simply can’t do it on weekends. I believe this is the next iteration of professionalizing the investment environment.”

“Look,” says the president, “A lot of people can and do and will do investments well. **We believe this OCIO structure gives us the best chance to succeed.**”

Want to dig deeper?

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Email us at institutions@seic.com

Next steps:

I want to learn more.

Read more about the OCIO model and how it can benefit nonprofits at seic.com/OCIO

We're interested in making a change.

Check out our helpful RFP tool and resources at seic.com/rfp

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