

THE INVESTMENT STEWARDSHIP ACADEMY

Virtual Program | Fall 2021

SYLLABUS



For over 25 years, the Commonfund Institute has pursued a mission to educate trustees, investment committees, and senior staff in the essential principles and practices of investment stewardship. The Investment Stewardship Academy is designed to develop and hone the knowledge and skills you need to succeed as a steward of long-term and perpetual capital. This online learning experience will help you master key policies and portfolio construction techniques and provide practical experience. You will learn from top practitioners, academics and experts in a series of on-demand and live lectures, discussions, and case studies. This year's curriculum is centered around the six principles of investment stewardship—core fundamentals focused on promoting best practices for fiduciaries.

The Six Principles of Investment Stewardship

The 6 Ps

1 PURPOSE

2 POLICY

3 PROCESS

4 PORTFOLIO

5 PEOPLE

6 PERSPECTIVE

COURSE OBJECTIVE

This course will examine the fundamentals for shepherding and growing the financial resources that enable institutional investors to achieve their mission and objectives over the long term—the six principles of investment stewardship—Purpose, Policy, Process, Portfolio, People and Perspective; also known as the 6 Ps. These six core principles of effective endowment management, which can be applied across the nonprofit sector, will be dissected to show how Institutions with a range of missions can maintain and grow a healthy endowment, as is essential to their long-term viability. The course will uncover how effective stewardship of the endowment is a discipline that is constantly evolving to support changing institutional needs, environmental factors and responses to developments in investment management.

LEARNING OBJECTIVE

Participants in this course will come away with an understanding of the 6 Ps and how they can use them in their own roles to effectively manage their endowment to achieve perpetuity of their institutions. They will be able to:

- determine how the endowment can support the fulfillment of their institution's mission,
- discuss the central role of the investment policy statement (IPS) and why integrating these policies is essential to the long-term health and goals of the institution,
- list key considerations that boards and staff use during manager selection and evaluation, portfolio and manager monitoring processes,
- distinguish between the key elements of asset allocation and why diversification is fundamental,
- have knowledge of what it takes to hold a successful meeting and how this can contribute to the overall success of the institution, and
- have an understanding of how to best position your institution for the long term and how different factors from regular IPS reviews to board and staff diversity can contribute to its long-term sustainability.

PURPOSE

The Role of an Endowment | Philosophies and Considerations

75 Minutes

A critically important asset for many nonprofit organizations is their endowment. For many institutions this pool of financial assets is the difference between fulfilling their missions and being forced to lower their aspirations or even ceasing to operate. This session will examine the purpose of an endowment and how it should deliver on the mission in the long term, why it is important to create a return objective and considerations your institution should take into account when developing one, as well as how to develop a risk profile for your portfolio.

LEARNING OBJECTIVE: Attendees will gain a thorough understanding of the purpose of an endowment and why having a long-term return objective and risk profile is important to fulfilling the institution's mission. They will also gain an understanding of the factors to consider when looking to develop a return objective and risk profile and how these things will contribute to the financial sustainability of their institution.

POLICY

Developing an Investment Policy Statement to Achieve Your Long-term Goals

50 Minutes

The central document guiding the management of a nonprofit institution's endowment—essentially, the strategic plan of the investment committee—is the investment policy statement (IPS). A well-constructed investment policy statement serves as the committee's contract with itself and the organization it supports. The IPS should be specific, embodying in concrete terms the best thinking of the board of trustees about the investment pool, its goals and its purposes; but it also needs to be sufficiently flexible to guide the board through environments that may be very different from those prevailing at the time of its adoption. Each institution's board must craft a statement that responds to the needs of the institution and the preferences and risk tolerances of the trustees. This session will explore the fundamentals of crafting an IPS and illustrate the importance that the institution's mission, capabilities and resources should play.

LEARNING OBJECTIVE: Attendees will learn the central role of the investment policy statement and why integrating investment return targets, spending rates and methodologies, asset allocation policy, risk management and liquidity levels is essential to the long-term health and goals of the institution.

PROCESS

Defining and Implementing Processes for Effective Boards

50 Minutes

The key elements of fiduciary structure and effectiveness at an institution are professionalism, the composition of the board, how engaged the board is and how transparent the organization is to its constituencies and beneficiaries—whomever has a stake in what the board is doing. Processes within the structure focus on the tasks the board must perform and the decisions it must make. How can your institution use the key elements to implement processes that help your boards and committees be most effective as they help steer the organization towards fulfillment of its mission as it relates to manager selection and evaluation, portfolio and manager monitoring and due diligence? How do the roles of the board, committee and senior staff differ?

This session will examine the role of boards, investment committees and senior staff and the processes by which they lead, serve, decide and communicate to the organization, and how they work together to set strategic priorities and strategic direction for the institution during the important processes of portfolio managing and monitoring.

LEARNING OBJECTIVE: Registrants will be able to differentiate between the roles and responsibilities of the board, investment committee and senior/investment staff and will be able to list key considerations that boards and staff use during manager selection and evaluation, portfolio and manager monitoring processes. They will also be familiar with effective ways to conduct ongoing oversight and due diligence of providers and the portfolio.

PORTFOLIO

A Framework for Understanding the Building Blocks of a Successful Portfolio | Traditional Asset Classes

50 Minutes

Constructing and overseeing an investment portfolio is at the heart of endowment management—the nucleus around which everything revolves. If the strategic document behind the portfolio is the investment policy statement, the most fundamental tenet underpinning a wide range of decisions is asset allocation. With that comes the challenge of choosing a strategic asset mix that will generate the returns necessary to support the agreed-upon spending policy at an acceptable level of risk, all while taking into account your institution's need for liquidity. This session will examine the traditional asset classes and what to consider when allocating to them, the benefits of adding them to your portfolio and the effects that they could have on the long-term growth of your endowment.

LEARNING OBJECTIVE: Attendees will learn the elements of allocating to traditional asset classes in diversified portfolios and how the investment policy statement comes in to play. They will be able to distinguish how traditional asset classes add value to the endowment and why it is important to implement these strategies for long-term success—and the benefits of combining this asset classes with others that are relatively uncorrelated.

A Framework for Understanding the Building Blocks of a Successful Portfolio | Alternatives

110 Minutes

This session will examine the challenge of choosing a strategic asset mix to generate the returns necessary to support the agreed-upon spending policy at an acceptable level of risk, all while taking into account the institution's need for liquidity. It will uncover the importance of allocating to alternative asset classes, the benefits of adding them to your portfolio and the effects that they could have on the long-term growth of your endowment.

LEARNING OBJECTIVE: Attendees will learn the elements allocating to alternative asset classes in diversified portfolios and how the investment policy statement comes in to play. They will be able to distinguish how both alternatives/illiquid investments, combined with traditional asset classes can add value to the endowment and why it is important to implement both strategies for long-term success—the benefits of combining asset classes that are relatively uncorrelated.

How to Build a Diverse Manager Program

50 Minutes

There is a growing interest in investing in diverse managers, but it has been slow to translate into significant increases in capital allocations to these managers. Even if there is willingness, it takes planning and implementation, as well as a strong partnership from the board, senior staff and any third-party investment partners. Emerging and diverse manager programs can be effective, but they

need to be structured carefully to realize the potential benefits. This session will examine the benefits to investing in diverse managers and highlight the steps your institution should take to make progress towards it.

LEARNING OBJECTIVE: Participants will walk away with an understanding of how investing in diverse managers will aid in the success of their portfolio and what they can do to start the conversation about implementing a diverse manager strategy/program at their own institutions.

ESG Roadmap | Where Policy Intersects Portfolio

50 Minutes

ESG and environmentally sustainable investments are increasingly capturing the attention of the institutional investment community. These types of investments can enhance a portfolio, reduce volatility, provide greater resilience and gain exposure to secular growth trends. In this session, we'll examine our ESG roadmap and highlight the reasons you should consider adding ESG into your IPS, what questions you should ask and how you and your organization should go about implementing strategies into your portfolio.

LEARNING OBJECTIVE: Participants will be able to highlight how ESG adds to diversification and why it should be considered, as well as the steps they should take when considering implementing ESG strategies into their own portfolios.

PEOPLE

How Good Governance Correlates with Positive Investment Performance

50 Minutes

Trustees are no longer passive participants outside of mainstream decision-making and policy formulation and how well the boards they serve on function will make a big difference in the fortunes of the organizations they guide. Based on our work with hundreds of institutions over the past 50 years, we believe that good governance is not only critical to the health of the institution itself, but also to the positive performance of the endowment. In a new study that Commonfund embarked on earlier this year, with Chris Merker, Executive Director of Fund Governance Analytics, we set out to highlight the correlation between good governance and positive investment performance. Merker's governance diagnostics are derived from decades of research and evaluation and they have been used extensively to analyze the governance practices at many organizations. He will speak to the results of this ground-breaking research that focused on governance practices at higher education institutions and detail similar trends in work he has done with foundations and public pension funds.

LEARNING OBJECTIVE: Attendees will gain an understanding of the critical governance factors identified by Chris Merker and Fund Governance Analytics and how they correlate with investment performance at institutions, as well as how they can implement them in their own roles.

The Surprising Science of Meetings: Committee Decision-Making and Group Dynamics

50 Minutes | 1.0 CPE Credit | Group Internet Based

Dr. Steven Rogelberg discusses his best-selling book, *The Surprising Science of Meetings*, and new research conducted during COVID around virtual and hybrid meetings. His work brings a sharp and strategic light to an activity typically taken for granted—the meeting. Sadly, most meetings fail to engage us, or even worse, blatantly disregard our time. There is now a meeting science that can bring solutions forward to solve the meeting “problem.” Dr. Rogelberg, a highly decorated and award-winning researcher, speaker, and teacher shares an exciting evidence-based path for nonprofits, boards, teams, committees, and leaders to realize the true potential of meetings and assure ROI on what is a massive investment of time.

LEARNING OBJECTIVE: Participants will walk away from this session with an understanding of the key components of effective meetings at the board, committee and staff level and how they can use these factors to help advance the mission of their organization.

PERSPECTIVE

Considerations for Ensuring the Health and Well-Being of Your Organization

50 Minutes

Perspective is defined as the ability to understand what is important and what isn't. As a fiduciary, it is critical to your role to recognize and put into practice what is important for the longevity of your institution. We've outlined three areas we think are most important in ensuring the health and advancement of your organization. In this session, we'll examine these three points in detail and provide strategies participants can use to implement them in their own organizations.

- Thinking strategically and positioning for the long term while staying flexible and remaining open to new ideas.
- Committing to reviewing the investment policy statement every two years.
- Why and how diversity of experiences, backgrounds and points of view strengthens investment committee and organizational effectiveness.

LEARNING OBJECTIVE: Attendees will learn ways to strategically position their institution for the long term, the importance of an IPS review and what that review should and should not include, and how diversity can add to the effectiveness of the board and the organization as a whole.

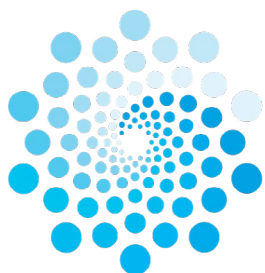
COURSE REVIEW

How the 6 Ps of Investment Stewardship Work Together

30 Minutes

This session will be a short review about how the 6 Ps come together to help institutions meet their missions as they work towards achieving intergenerational equity and why participants should implement these practices into their own roles as fiduciaries.

About the Academy



The Investment Stewardship Academy program is a series of lectures and discussions that provide participants with important insights into the investment challenges their organizations face and the information and skills to confront them. This year's course provides an immersion in the guiding fundamentals of managing long-term capital. The program will illuminate how these core tenets can guide participants in their role as fiduciaries of their institutions.

Commonfund Institute Online



Commonfund Institute Online is a platform that was developed with our educational mandate in mind and for the sole purpose of delivering educational content to fiduciaries of institutional investors. The Investment Stewardship Academy 2021 sessions will be the first content to be offered through this new virtual platform. Our intention is to continue to add more in-depth content to the 6 Ps curriculum for 2021, in order to produce a robust online-learning tool and resource for nonprofit finance staff, boards, investment committees, etc. We hope you enjoy the Commonfund Institute Online experience.

Continuing Education Credits



Commonfund is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State Boards of accountancy have final authority on the acceptance of individual courses for CPE credit.

The Investment Stewardship Academy 2021, is an intermediate level, Group Internet Based program. Field of study is: Special Knowledge—Technical. Prerequisites include an intermediate knowledge of basic investment terminology and practices. Registrants must be institutional investors or have an affiliation with, be employed by or hold a seat on the board/investment committee of a nonprofit institution.

See Important Notes for additional information about collecting CPE credits.

NOTE: Number of credits subject to change based on agenda topics and schedule.



New York, NY	Tel (646) 348-9201
San Francisco, CA	Tel (415) 433-8800
London, United Kingdom	Tel +44 020 8126 1628
Beijing, China	Tel +86 10 5759 3200 Tel +86 10 5759 3208
15 Old Danbury Road Wilton, CT 06897	Tel 888-TCF-Main Tel (203) 563-5000 www.commonfund.org

IMPORTANT NOTES FOR CPE CREDITS:

- To ensure participants are prepared for the offerings reference materials may be provided to accompany the course as pre-reading or post-reading but are not required.
- Records of attendee participation will be kept for 5 years. An electronic file of all program attendees will be updated at the conclusion of each program and will contain the following information: name, institutional/nonprofit affiliation, address, phone, email address, employer, job title, number of CPE credits earned by participants and the date and location of the program. Additionally, for each program, the program agenda, pre-reading and presentation materials, evaluation forms, results of program evaluations and the names of all instructors and their bios will be retained for 5 years.
- If Commonfund finds it necessary to cancel any program or session it will notify the registrants of such program/session immediately via email and/or phone. Complaints regarding registered sponsors may be addressed to the National Registry of CPE Sponsors through its web site: www.nasbaregistry.org.
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If you have any questions, please call Allison Kaspriske at (203)563-502 [9:00 AM to 5:00 PM ET, Monday—Friday] or send an email to allison.kaspriske@commonfund.org.