

Endowment Governance Best Practices

All stakeholders need to understand how your college's assets are invested and how the investments fit into the institution's overall financial landscape. There is a straightforward framework enabling institutions to embrace best practices.

Harpwell outlines these principles below. Regardless of your size, the keys to successful endowment management are the same! With the proper structure in place, your endowment can thrive! Harpwell postulates this structure because many nonprofits don't have the luxury of having seasoned financial professionals on their investment committee who can give confidence in the direction of your investments! This framework provides the foundation for success regardless of the financial acumen of committee members.

Harpwell loves a structured investment program, and we believe, with the proper structure in place, your prospects of long-term investment success are improved! For the sake of brevity, we will limit our discussion to the three P's: Policy, Performance and People. Reach out for a comprehensive overview if you feel you need a deeper dive.

POLICY

Your Investment Policy Statement (IPS) is the most important driver for success! The IPS is the key ingredient that aligns your investments with your mission and goals. Is your endowment funding scholarships with a perpetual time horizon or is it more of a rainy-day fund? Is your reliance on distributions from the endowment critical for the sustainability of the college? These are just two of the plethora of considerations stakeholders need to assess in developing their IPS. Harpwell has helped countless institutions align their IPS with their mission as we fully appreciate its importance. The IPS also outlines protocols for meetings, communications, and other responsibilities.

PERFORMANCE

The IPS outlines the policy benchmark which is a critical component of a successful investment program. The benchmark provides for the yardstick for performance, and it drives an overwhelming portion of the variation in both performance and volatility. It aligns the portfolio with your goals and your appetite for risk.

PEOPLE

While you don't need an investment committee comprised of seasoned financial professionals, you do need stakeholders who embrace their civic role as a fiduciary. Being a fiduciary means you put the organizations priorities ahead of yours and this principle is paramount.

Harpwell, a boutique investment firm dedicated to serving smaller nonprofits (\$2MM to \$\$80MM). Specialization brings distinct advantages. We love our niche and invite you to reach out if we can be a resource.