

IS AN OUTSOURCED CIO SOLUTION RIGHT FOR YOUR INDEPENDENT SCHOOL?



Fund Evaluation Group®
investment advisors

A competitive value proposition, achieved by extracting strong results from a program of investable assets, is essential for independent schools. Consequently, investment programs should be managed with the highest degree of fiduciary standards.

The outsourced Chief Investment Officer (outsourced CIO) service offered by Fund Evaluation Group, LLC (FEG) can help independent schools with that management. Backed by a team of professionals, our outsourced CIO program serves as an extension of your staff, providing the following advantages:

- **Strong governance and oversight** helps ensure independence and fiduciary peace of mind for internal business office staff and investment committee trustees.
- **A clearly defined decision-making framework** that helps investment committees focus on critical investment decisions and avoid the distractions of multiple investment managers and products.
- **Sensitivity to school-financing strategies** and the effects of endowment draws and debt covenants on the annual **operating budget**, results in a greater need for defining and monitoring liquidity parameters.

In short, an outsourced CIO can help your school build a true fiduciary-quality investment program, one supported by a strong oversight structure, an effective decision-making process, and reliable, always-ready resources.

Why Work with FEG as Your Outsourced CIO?

FEG's outsourced CIO service is backed by over 20 years of firm-wide investment experience and significant resources. Many of our investment professionals possess either a CFA or a Master's in Finance; it is these team members who could serve as an extension of your staff. Our investment professionals also benefit from the experience of working with organizations similar to yours—approximately 80 percent of our clients are nonprofits.

SERVICES:¹

Managed Solutions

- Outsourced CIO
- Hedge Funds
- Private Capital Funds

Consulting

- Portfolio Construction
- Performance Monitoring

Research

- Manager Search and Due Diligence
- Asset Allocation
- Capital Markets

INSTITUTIONAL CLIENTS:

Endowments, Public and Private Foundations, Corporate Retirement Plans, Banks, Insurance Companies, Not-for-Profit Organizations

ASSETS UNDER ADVISEMENT:

Approximately \$50 billion²

RESEARCH TEAM:

- Macroeconomic Analysis and Capital Market Assumptions
- Comprehensive Money Manager Research
 - Conducts Hundreds of Manager Meetings Annually

ESTABLISHED 1988

LOCATIONS:

Cincinnati, OH (HQ) with offices in Detroit, MI and Indianapolis, IN

¹ All solutions/services are not available to all clients.

² As of December 31, 2015. Assets under Advisement (AUA) include the assets of FEG and its affiliated entities. Some asset values may not be readily available at the most recent quarter end; therefore, the previous quarter's values were used for this calculation. The values may be higher or lower, depending on the current market conditions. These accounts are typically non-discretionary only. AUA includes both discretionary assets, over which FEG has full trading authority, and non-discretionary assets which we advise and make recommendations on, but may not have authority to execute or facilitate trades on behalf of the client. AUA includes approximately \$46 billion in non-discretionary assets. Assets under Management (AUM) includes approximately \$2.7 billion under discretion and approximately \$854 million under discretion in FEG affiliates.



BENEFITS OF FEG'S OUTSOURCED INVESTMENT SOLUTION FOR INDEPENDENT SCHOOL STAFF AND INVESTMENT COMMITTEES

IMPROVED FIDUCIARY OVERSIGHT

Utilizing robust planning tools, we work with investment committees to help define their goals, risk tolerances, and liquidity parameters. Then, fully accountable to the client, we operate within approved policy ranges to manage the program on their behalf. Investment allocation changes and supporting rationale are communicated directly to clients, demonstrating a clear communication process and contributing to stronger fiduciary piece of mind. Our discretionary service model can help enable fiduciaries to make sound and efficient decisions over time.

RESPONSIVE, DYNAMIC PROCESS

Our dynamic allocation process employs perspectives on valuation, sentiment, and fundamental factors to help manage total portfolio risk exposures. Enhanced by well-defined manager selection protocol for active and passive managers, our process strives to generate consistent excess returns over time.

ADMINISTRATIVE EFFICIENCIES

FEG's support structure is our dedicated Client Service, Trading, and Operational team. The team provides the back-office services—rebalancing, outsourced trading, performance reporting, cash flow administration, donor gift management, daily custodian oversight, and investment policy statement monitoring—that helps to enable staff to focus on the execution of the school's mission rather than the operational aspects of the investment program.

BETTER ALLOCATION OF TRUSTEE TIME AND RESOURCES

A sound fiduciary investment program is based on a number of critical decisions, including policy definition, portfolio design, and manager selection. Delegating this decision making frees up trustees' time and can help shorten the time it takes to implement decisions once they are made. This implementation shortfall issue is something that can be detrimental to an effective decision-making process, and FEG addresses it directly.

NON-TRADITIONAL INVESTMENT RESOURCES

Non-traditional (or alternative) investment products can play an important role in an investment program, but it is a challenging task to conduct the due diligence and scrutiny required to identify high-quality investment managers that will complement other traditional strategies. FEG has a dedicated team of alternative investment specialists that facilitate the rigorous planning required to define crucial liquidity parameters. Our outsourced CIO solution helps enable these allocations to be incorporated appropriately, supported by the necessary tools, experience, and resources.

TRANSPARENCY

FEG is responsible for performance under this service solution. All aspects of the investment program and underlying managers are transparent. Whether with traditional or non-traditional investment strategies, we utilize cost-effective investment vehicles when implementing your program.

IN SUMMARY

Ultimately, FEG's outsourced CIO program proposes a different way of governing. We serve as an extension of your staff, dedicated to providing an effective and efficient investment program for your independent school.

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Fund Evaluation Group, LLC, Form ADV Part 2A & 2B can be obtained by written request directed to: Fund Evaluation Group, LLC, 201 East Fifth Street, Suite 1600, Cincinnati, OH 45202 Attention: Compliance Department.



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HEADQUARTERS

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