



# TEN KEY QUESTIONS TO ASK WHEN SELECTING AN ENDOWMENT AND FOUNDATION ADVISOR

Engaging a financial partner who understands your nonprofit is one of the best things you can do to help fulfill your organization's long-term mission and make a lasting impact. But finding the right fit can be challenging. Here are some key questions to ask to ensure your nonprofit is paired with the optimal team. Before asking these questions, consider what needs your organization has and what matters most to achieving your mission.

## **[1] DOES THE ADVISORY TEAM AND FIRM SERVE YOUR ORGANIZATION IN A FIDUCIARY CAPACITY?**

- Does your advisor abide by and provide written affirmation of the SEC's Investment Advisers Act of 1940 governing fiduciary duty?
- Do your money management firms engage in investment banking, underwriting, insurance, and lending, which may lead to potential conflicts when acting as your fiduciary?

## **[2] DOES THE ADVISORY TEAM PROVIDE UNCONFLICTED RESEARCH?**

- Does your manager conduct independent research?
- Does your advisor operate in your organization's best long-term interests?

## **[3] ARE THE SERVICES PROVIDED BY YOUR ADVISORY TEAM CUSTOMIZED?**

- Does the advisory team begin with your organization's priorities and goals, instead of a one-size-fits-all approach?

## **[4] WHAT RESOURCES DOES THE FIRM DEDICATE ON YOUR ORGANIZATION'S BEHALF?**

- Does your advisor provide personal service, but lack scale and expertise?
- Can your advisor readily tap into global specialists within their firm, but lack intimate knowledge of your mission?
- Ideally, a firm should have the best of both worlds—a service culture of a small boutique and the benefit of global scale.

## **[5] HOW OFTEN DOES THE ADVISORY TEAM MEET WITH THE PORTFOLIO MANAGERS WHO ACTUALLY MANAGE YOUR ORGANIZATION'S MONEY?**

- Are your investments outsourced to different managers who may be unaware of the other components of your portfolio?
- Can your portfolio managers communicate with each other?
- Does your advisor have direct access to the decision makers, not marketers?

**[6] HOW DOES THE ADVISORY TEAM ADD OPERATIONAL VALUE?**

- Does your advisor enhance returns with dynamic risk management, continuous rebalancing, and avoidance of security overlap?
- Can your advisor provide operational, policy and governance, and donor development support?

**[7] ARE THE FEES PAID TO YOUR ADVISOR TRANSPARENT AND WELL UNDERSTOOD?**

- Do you pay an all-inclusive fee with no additional costs for advisory services, custody, or commissions?
- Are you charged separate fees for risk management, planning, and analysis?
- Can you choose between fixed fees based on the portfolio's value and performance-based fees?

**[8] IS THE CLIENT EXPERIENCE TAILORED TO YOUR ORGANIZATION'S PREFERENCES?**

- Is your advisor willing to customize their client service based on your organization's preferences and at a frequency that best suits your needs?

**[9] HOW DOES THE FIRM DELIVER ITS THOUGHT LEADERSHIP AND RESEARCH?**

- Do you have online access to cutting-edge research—blogs, podcasts, and deep dives—on markets, investment themes, and industry trends specific to nonprofits?
- Does your advisory team provide access to other investment professionals, philanthropic experts, and like-minded nonprofits?

**[10] DOES THE ADVISORY TEAM AND FIRM SEEM LIKE A GOOD FIT FOR YOUR ORGANIZATION?**

- Do the answers to these questions provide comfort that your advisory team and investment management firm are putting your organization's needs first?