

Overview

At the beginning of a relationship, Syntrinsic facilitates conversations with the Investment Committee, Staff, and other stakeholders to develop a better understanding of the organization and the mission. Ideally, we would work on answering the list of questions below during these meetings to promote a healthy discussion and decision between all the stakeholders regarding the business strategy, governance, impact and investment objectives, manager selection, review, and stakeholder relations. The questions below are by no means exhaustive and are meant to start to the conversation.

Once we have answered the questions below, Syntrinsic will update or create policies (e.g., investment, operating reserves and/or spending). We strive to make policies an effective training tool for all stakeholders (i.e., new Trustees, Committee members) and a communication and accountability tool for the Advisor. Syntrinsic facilitates the entire process, developing recommendations and tracking changes until the organization is comfortable that the policies accurately reflect the investment and impact strategy and the process. Once the policies are created, Syntrinsic would present a summary report to the Board alongside the policies for approval.

Business Strategy

- What is the organization's strategic plan and vision?
- What is the organization's current financial picture?
- Is it the goal of the organization to last into perpetuity or achieve the mission over a specific period of time?
- What is the organization's revenue model? How reliant is the organization's revenue on fundraising, internal operations, grants (foundation & government), events, etc.?
- What are the near-term and long-term financial and spending needs of the organization?
- How does the organization think about operating reserves (e.g., months of operating expenses, present value of future needs)?
- How does the organization envision using these portfolios to support the business?
- Does the organization want to have a separate operating reserves policy or include that policy with the Investment Policy Statement?
- If the organization has multiple portfolios, what are the triggers that causes funds to move from one portfolio to another, if any?

- If the portfolios have specific spending requirements is there a separate spending policy or will the spending requirements be included in the Investment Policy Statement?

Governance

- How do the Board and Committee make decisions? What decisions can be made through a vote by the Committee and what decisions need Board approval?
- How does the Committee work with the Advisor? What is the frequency of meetings? What type of education would the Committee like the Advisor to provide?
- How does the Advisor engage with the Board? Education sessions, periodic portfolio reviews?
- Who controls investment decisions (e.g., setting allocations and/or selecting managers)?
- How does the Staff and the Committee make decisions?
- How does Advisor work with the Staff? Regular meetings? Cash flow needs? Rebalancing? Trade Notifications?
- How does the organization's stakeholders (e.g., community partners, customers, future Board members, etc.) know that the organization is a good steward?

Impact

- What outcome would the organization like the investments to contribute towards (e.g., broader goals such as the SDGs, mission, values, etc.)?
- What "effect" or "impact" does the organization want to have through the investment portfolios?
 - Avoid Harm - investments reduce negative outcomes
 - Benefit Stakeholders - investment generate various effects on positive outcomes
 - Contribute to Solutions - investment generates one or more significant effects on positive outcomes
- If the organization has more than one portfolio, does the organization want to have the aforementioned effect on all of the portfolios, or different?
- What is the desired target population and sectors that the organization is trying to influence?
- How much financial return, social impact, and impact risk will the organization accept?

- Does the organization want to keep some companies that may cause harm in the portfolio for either direct or indirect shareholder engagement purposes?
- If the organization is a grant-making organization, how does the investment portfolio complement the established grant-making programs and strategies?
- If desired, how can the organization become a catalyst to mobilize interest from the community?
- Does the organization want to have a carve out for investments that may have a lower than market return but have a higher anticipated impact? If so, what percentage?

Investment Objectives and Philosophy

- Based on the near-term and long-term financial needs of the organization, what are the investment return needs of each portfolio?
- How does the Committee define financial risk (e.g., price volatility, drawdown, shortfall risk, etc.)? How will the organization mitigate those risks?
- Does the Committee believe that integrating environmental, social, and governance factors in investment decision-making potentially decreases risk and improves returns? Is this also a method for impact?
- What are the best asset classes, investment vehicles, and strategies to help the organization achieve both investment and impact objectives?
- What role do alternative investments play in the portfolios (e.g., conservative, moderate, and aggressive)?
- What are the liquidity needs of the differing portfolios?

Investment Managers

- How important is it to the organization to use diverse managers in the portfolio? If so, how does the organization define diversity? Does the organization want to target a specific percentage to diverse managers?
- What role do passive investments play in the portfolio? If focused on active investments and/or exclusionary screening, how much tracking error is the organization willing to endure?
- If the organization would like to include alternative investments, what are the different types of alternative investment strategies (e.g., long/short, macro, hedged equity, venture, impact, etc.) that can be used?
- What quantitative and qualitative criteria will the Advisor use to evaluate investment managers?

- How important is it for the organization to grow new/undersupplied capital markets?
- Is the organization willing to look at shifting traditional due diligence frameworks to allow for capital to new/undersupplied capital markets such as track records and assets under management?
- For manager recommendations, does the Committee want the Advisor to bring just one recommendation or a couple for the Committee to choose?

Review

- How does the organization hold the Advisor and investment managers accountable?
- What is the process for reviewing and/or terminating managers?
- What benchmarks will be used to assist in evaluating the effectiveness of the investment portfolio at the portfolio, asset class, and manager levels?
- How often does the organization want to review performance reports that include the aforementioned benchmarks?
- Does the organization want to compare the investment portfolio against peer organizations, if so, how often?
- What tools will the organization use to measure impact (e.g., MSCI reports, As You Sow, manager impact reports, Impact Manager Framework, etc.)?

Stakeholder Relations/Engagement

- Does the organization want to provide periodic reports to stakeholders (i.e., community partners, customers, donors, etc.)? If so, will those reports be both qualitative and quantitative?
- Would the organization like the Advisor to ghost write and produce these reports?
- How often would the organization like to have education/engagement sessions on investing and the portfolio for stakeholders? Would the organization like the Advisor to create and drive these sessions with input from Staff?
- If the organization is embarking on an impact investing journey, how will the organization document this journey and share with the community. if desired?
- Would the organization like the Advisor to source and diligence community investments? If so, would the organization be open to the Advisor making introduction on co-investment opportunities as well?