Investment Consulting

INSTITUTIONAL INVESTORS – FIDUCIARY MANAGEMENT

ALLODIUM®
INVESTMENT CONSULTANTS

Investment management consulting defines the specific roles and responsibilities of the various investment service providers that help the investor to build a broadly diversified investment portfolio. This institutional governance approach to investment management emphasizes the use of an investment management consultant to help the investor to develop a comprehensive investment plan. In effect, this institutional investment management consulting model allows the investor to control the high level investment policy decisions while delegating the granular investment decisions to professional investment managers.

Primary Roles in the Institutional Investment Management Consulting Model

1. ***Investor:*** The primary responsibilities of the fiduciary investor are to develop and document financial goals and to define the risk profile of the portfolio. The investor should be prepared to monitor and supervise all service vendors and investment options and avoid prohibited transactions and conflicts of interest.

2. ***Investment Advisor (Investment Management Consultant):*** The fiduciary investor retains an objective, third-party investment advisor (investment management consultant) to assist in managing the overall investment process. Investment advisors can help investors with their fiduciary responsibilities by guiding them through a disciplined investment process. The investment advisor educates the investor and assists in the preparation, implementation and maintenance of the investment policy statement. In addition, the investment advisor conducts asset allocation studies, offers investment options with supporting research, helps implement diversification and asset allocation strategies, coordinates investment manager search processes, and provides ongoing investment manager reporting and evaluation.

> An investment management consultant is an investment professional who helps fiduciary investors set and meet long-term financial goals. There are three important reasons for hiring an investment management consultant:
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> 1. Knowledge that the client/investor does not have or cannot afford to develop internally.
> 2. Guidance and help with difficult decisions.
> 3. Third-party endorsement or validation of decisions and actions.

3. ***Investment Manager:*** Unlike trustees and investment advisors who *manage the investment process*, investment managers *make investment decisions* regarding security selection and price. They oversee the assets under their supervision according to the guidelines and objectives outlined in the prospectus, service or trust agreements. Investment managers exercise full investment discretion with regards to buying, managing and selling assets held in the portfolios and promptly vote all proxies.

4. ***Custodian:*** Custodians are responsible for the safekeeping of the portfolio's assets. They maintain separate accounts by legal registration, value the holdings, collect all income and dividends owed to the portfolio and settle all transactions initiated by the investment managers. Custodians also provide monthly reports that detail transactions, cash flows, securities held and their current value, change in value of each security, and the overall portfolio since the previous report.

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