

**HAYWOOD COUNTY SCHOOLS FOUNDATION  
REQUEST FOR INVESTMENT ADVISORY SERVICES  
2020**

**TELL US ABOUT YOUR FIRM**

* Briefly describe your organization, the year it was founded, location of its headquarters, ownership structure, key individuals and affiliations with other companies. What is your firm’s mission statement?
* Has your firm or any of its subsidiaries or affiliates been involved in any litigation or censure by the SEC, Department of Labor, or any other regulatory authority within the last 10 years? If so, explain in detail the nature of the litigation and the outcome/ resolution.
* Is your firm a registered investment advisor under the Investment Advisor’s Act of 1940? Please attach Parts I and II of your most recent ADV.
* Is your firm insured and/or bonded? If so, with whom and what are the time limits? What is your firm’s risk management procedure?
* Please describe any potential conflicts of interest your firm may have in serving as an investment manager of this account including market-making, corporate finance activities, sell side research or any other business activities that may be construed as a conflict of interest.
* Please provide biographies of all essential firm personnel that would be assigned to work with HCS Foundation including:
* Years of Service with the firm
* Education accomplishments
* Number and value of accounts each member manages
* Qualifications of each individual that will serve HCS Foundation
* Location
* Will your firm provide a primary point of contact for our organization? If so, can you identify the contact?
* Please provide a summary of the firm’s presence in North Carolina as it relates to client service and firm leadership.
* Please describe the firm’s customer service philosophy, policies and practices.
* Please provide the total number and variety of clients served by the firm, i.e. taxable entities, tax-exempt entities along with the portfolio size of each. What is the typical size of endowments and foundations that your firm administers, both locally, and, if applicable, nationally?
* What is the total value of assets under management?
* Please attach a list of at least three references of nonprofit clients of comparable size that would be directly served by the individual or team that would be assigned to us. Please indicate the general services provided for each. We anticipate contacting these references.

**INVESTMENT POLICY AND ASSEST ALLOCATION**

* Please explain what your portfolio management oversight type is e.g. oversight by an Investment Portfolio Committee (IPC); External Consultants, multiple specialized Investment Managers.
* Please provide a brief overview of your firm’s investment philosophy with regard to:
* Equity management
* Fixed Income management
* Cash management
* Would your firm isolate our portfolio – managing it separately? Or do you comingle/ aggregate all assets under your management in large investment pools?
* Please detail your firm’s approach to asset allocation, including how often you rebalance portfolios, and how often you recommend changes to the allocation.
* Do you employ an **external advisor** or **mutual fund managers**? What is the extent of their role? What is your firm’s position on indexing? Passive versus active management?
* Please describe the criteria you use to determine when a manager should be terminated.
* Please describe your firm’s research capability. Please indicate whether research is developed internally or if external research is used.
* What is your investment management platform type? (i.e. exchange traded funds (ETF), or Efficient Frontier, Modern Portfolio theory). Please explain how this applies to our investment portfolio.
* How would you invest our portfolio now (what kind of asset classes, percentages, strategy to keep up with the markets) given the volatile markets and the economic crises worldwide? If a recession exists and persists for 2 – 5 years, how would you alter your management strategies?

**RISK AND RETURN**

* **RETURN**: Using a balanced approach (60% equity, 35% fixed income and 5% cash), what is your performance history – annual return for 1 year, 3 years, 5 years, 7 years and 10 years? Explain how you calculated this – what asset classes/ holdings are included? Does your performance history include ALL your holdings under discretionary management? (Not weighted with best picks). Is this return NET of FEES?
* **RISK**: Using the same balanced approach, has your firm calculated what your firm’s 5 year actual **“beta” risk factor** is (where 1 = normal, < 1 = less risk, and >1 = more risky, e.g. .49 – 2.0…)?
* Have you measured how efficient your management is by determining where your portfolios lie on the **“Efficient Frontier”?**
* Is the diversified portfolio that makes up your firm’s performance history materially identical to what you would put us in?
* How many different **Asset classes** do you employ in your diversification plan?

**REPORTING AND REVIEW OF ACCOUNTS**

* Please provide an overview of reporting provided by your firm, including type of reporting available, delivery standards and time frame. How many business days after the end of a reporting period are the performance reports available? Can the reports be customized?
* Does your firm calculate performance measurement internally or use an outside vendor? Please describe the process. Are your performance composites GIPS (Global Investment Performance Standards)?
* How often will your firm meet with our Finance Committee and Board to provide investment updates and discuss results? What type of information does your firm normally provide during these updates? How accessible are the team members by phone, email or face – to – face meetings? Please attach a sample investment review.

**FEES**

* What is your **ANNUAL FEE** to manage $5 million? What is your **ANNUAL FEE** to manage $7 million? Does this cover all administrative and investment fees? Do individual managers each charge a percentage for handling transactions? Are such fees netted out of portfolio activity or billed directly? Are there any other undisclosed costs of which we should be aware?
* Please outline your firm’s proposed fee structure for this assignment. Clearly state all services included or excluded within the proposal.
* Will your firm receive any other form of compensation for managing this account? If so, what is the form of compensation?
* Are there account size minimums? Will accounts be aggregated for fee purposes?

**ADMINISTRATIVE AND ANCILLARY SERVICES**

* Please provide an overview of your administrative service unit, including any specialization or expertise in the administration of nonprofit organizations, with particular emphasis on public school institutions.
* Describe your firm’s experience in developing investment policies for endowments, foundations, and other not – for – profit entities.
* How else can your firm assist the Foundation in its purpose and goals?  
  + How can you assist us in setting up a charitable gift annuity program?
  + What kind of marketing support can you provide?
  + How will you participate in our planned giving efforts?
  + What kind of professional workshops might you propose to offer us? How many? How often?
  + How do you update your clients on industry trends and fiduciary responsibilities?
  + Can you advise us on a structured spending strategy to maximize our scholarship programs while still allowing us to grow our investments?
  + What are the costs/ fees associated with each type of consulting engagement?
* Does your firm currently have a charitable giving policy or give a % of your revenue to local charities?
* Is your firm willing to include the HCS Foundation in your charitable giving?

**What do you believe sets your services apart from the competition and what unique value added services could you provide for our organization?**