

The Greenwich Roundtable

The Greenwich Roundtable Defines the Vetting Process of Investment Consultants for Long-Term Funds

GREENWICH, CT, March 16, 2016 – The Greenwich Roundtable®, a non-profit research and educational organization, has released a white paper for boards and investment committees explaining the screening processes investment committees should establish before hiring discretionary or non-discretionary consultants. The white paper provides general principles applicable to all organizations and details how investment committees can apply them. The white paper also describes methods for committees to ‘know thyself’ and accurately assess their resources and their needs.

The Greenwich Roundtable®, highlights a decision-making framework for delegation and outsourcing. The white paper effectively builds on its efforts at governance reform based on the principle that investment committees should govern, not manage. Delegation and outsourcing is the natural next step after investment committees recognize that they are ill equipped to make investment decisions. Delegation of authority is vital to the success of long-term funds according to the paper, which cites the formation of investment consulting firms as an invaluable resource in assisting long-term funds with asset allocation, manager selection and reporting.

“Governance reform, market complexity and the emergence of the outsourced chief investment officer is creating a sea-change at the highest levels of institutional investing,” said Steve McMenemy, executive director of the Greenwich Roundtable®. “Selection is everything. Not all consultants are equal; some are better than others in delivering excess returns and it is imperative that investment committees have a screening process in place.”

The paper lists a variety of methods investment committees should use to delegate authority between committee members and discretionary/non-discretionary consultant(s), pairing levels of discretion with levels of accountability for fund performance.

“The rapid evolution of the discretionary consultant field over the last decade has paralleled the increasing complexity of long-term portfolios,” stated William Jarvis, executive director of the Commonfund Institute and chairman of the Greenwich Roundtable’s Education Committee. “We hope this paper will serve as a guide to trustees and committee members who are considering whether and how to use a consultant for their own portfolio.”

Added Rusty Olson, former director of pension investments for Eastman Kodak Company, and editor of this year’s white paper, “A better understanding of these principles puts a spotlight on the need to prudently match staff resources (depth and skill set) with investment approach and portfolio complexity. The evolution of US public pension and

large tax-exempt funds in the twenty-first century will be defined by how this matching is accomplished.”

The Greenwich Roundtable® is a leading not-for-profit research and educational organization comprised largely of long-term investors who invest in sophisticated strategies. The purpose of the Greenwich Roundtable is to develop best investing practices and to provide cutting-edge information on non-traditional investing.

Information about obtaining copies of the white paper is available at www.greenwichroundtable.org.

###

For more information on the Greenwich Roundtable®:
Connie Houseknecht
[\(203\) 625-4508](tel:(203)625-4508)

Media Contact:
Steve Bruce / Bradley Gifford
ASC Advisors
(203) 992-1230