



INVESTMENT ADVISOR EVALUATION AND INVESTMENT ADVISOR SEARCH PROCESS

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Evaluating an Investment Advisor, and selecting a new one, are two of the most important decisions an individual or organization will make when it comes to stewarding assets. It is critical to choose an advisor who has an unbiased approach to building a portfolio and a shared commitment to achieving social and environmental impact with financial return.

About Impact Finance Center

Impact Finance Center (IFC) is a multi-university nonprofit academic center that identifies, trains, and activates philanthropists and investors to become impact investors. IFC provides non-conflicted investor education and advisory services to asset owners who want to leverage the best practices of governance practiced by leading sovereign wealth funds, endowments, and pension funds. Specifically, we use a process that integrates investment beliefs, evidenced-based decision attribution evaluation, and impact to ensure that the asset owner has a transparent and impactful path forward.



“It’s super rare to get world class portfolio advice from someone who doesn’t have their hand in your pocket. It’s rarer to get a whole new framework for thinking about donations and philanthropic work. Rarest of all is a combination of clear next steps and a challenge to take action. Stephanie Gripne and John O’Halloran of Impact Finance Center deliver a trifecta.” — John Kauffman



“Watching Stephanie map an overview of the diverse strategies and creative possibilities for moving money towards positive impact was by far the best, most action packed, cogent, eye opening presentation and overview of the field that i have ever experienced.” Joel Solomon, Author - Clean Money



Case Study: AJL Charitable Foundation

In 2018-19, AJL Charitable Foundation (\$15M) hired Impact Finance Center (IFC), a nonprofit providing non-conflicted investment education and advisory services, to evaluate its existing Investment Advisor. IFC guided AJL's Board through a process to develop its Investment Beliefs Statement. Investment Beliefs are best governance practices of sovereign wealth funds, endowments, and pension funds that have not yet been adopted by most asset owners. IFC surveyed the Board to assess individual assumptions and values. With each member having a different level of understanding of investing and impact fundamentals, the surveys highlighted a need for more education. IFC provided additional education and facilitation that resulted in consensus.

AJL and IFC met with AJL's Investment Advisor to share the new Investment Beliefs Statement. After having the Investment Advisor provide an evidenced-based attribution evaluation, AJL determined its existing Investment Advisor had, over 7 years, excessively charged AJL more than \$230,000 to underperform by about \$1.4 million. In addition, those investments were in companies that undermined the foundation's commitment to diversity, equity, and inclusion. Because there was such a mismatch between AJL's new strategy and the services offered by AJL's Investment Advisor, AJL's Board decided to part ways with their Investment Advisor. AJL continued working with IFC to lead a search for a new Investment Advisor that was mission-aligned through values and experience, and was critical to scaling impact for Colorado youth and families.

IFC created and implemented a two-part Investment Advisor Search Process that included expressions of interest and a request for proposals. IFC sent expressions of interest to more than 400 investment advisors; fifty-one expressed interest. IFC invited ten proposals, of which nine firms required technical assistance to make governance upgrades that would make them eligible for the final interview. IFC led the board through an interview process where we interviewed three firms and also designed the process to evaluate and select the Investment Advisor. IFC is supporting AJL through the transition process. Additionally, AJL recently completed its first PRI with CASA of the 7th Judicial District in Montrose, CO. Please see <https://impactfinctr.co/dei> for a detailed description of AJL's journey to evaluate and search for a new Investment Advisor.



DR STEPHANIE GRIPNE: Ph.D., Founder and CEO, Impact Finance Center and Impact Investing Institute. As Founder and CEO of Impact Finance Center, Stephanie is the creative force behind several social enterprises to accelerate the movement and move \$1T in investment capital into social ventures doing well by doing good. Lauded by Forbes as “the Steve Jobs of impact investing”, Stephanie is continuously innovating IFC’s model, which serves as an accelerator for asset owners, by identifying, educating, and activating early adopter philanthropists and investors who want to become impact investors.

John O’Halloran: IFC Senior Advisor. An accomplished executive and institutional investment management industry thought leader, John leads IFC’s governance, investment beliefs, and decision-based attribution evaluation efforts. The previous Chairman and CEO of Rainier Funds, a \$20B institutional money manager, John now works tirelessly to promote IFC, help direct its strategy for growth, and develop its impact investing curriculum. He enjoys leading boards and investment committees to be better stewards and make better informed decisions through a process of defining success, choosing how they will implement, and who will make portfolio level decisions along with respective accountability measures.

Erika Seth Davies: IFC Senior Advisor, and Founder Racial Equity Asset Lab. Erika Seth Davies has been a nonprofit leader for 20 years with extensive experience in development and fundraising, program design, collaboration and partnership management, and racial equity advocacy. She is the founder of The Racial Equity Asset Lab (The REAL) and has served as the Chief of Staff of the Baltimore Community Foundation as well as Vice President, External Affairs of ABFE where she designed the SMART Investing initiative, the first effort of its kind to incorporate a DEI approach to foundation endowment policy and practice. Erika founded The REAL as a venture that centers racial equity in impact investing with the goal of leveraging the networks, research and data, investor education, and effective strategies to shift capital, address racial wealth disparities, and improve the material conditions of black and other communities of color.