



# Hiring an OCIO: Take the “T” Test

If your board or investment committee has decided that the outsourced chief investment officer (OCIO) model makes sense for your nonprofit or foundation, the Glenmede “T” test can help you evaluate potential OCIO providers.

## **TIME-TESTED** Philosophy

Your OCIO’s investment philosophy should be well-articulated, research-driven and time-tested; their investment process should be explainable and disciplined. The OCIO should clarify where ideas are generated, who evaluates them and how portfolios are constructed. Their philosophy and process should be steady over the long term.

*An OCIO serves as a comprehensive fiduciary partner, providing investment policy development, asset allocation modeling, portfolio implementation and rebalancing, performance reporting and other services.*

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## **Experienced TEAM**

The OCIO should have robust experience. The provider should be familiar with the distinct administrative needs of OCIO clients and have a deep understanding of their particular challenges. Look for an OCIO with “depth of team,” that is, a provider with access to experts and one that leverages the resources necessary to bring the best thought leadership and education to nonprofits.

*An OCIO structure provides a comprehensive solution well-suited for an organization lacking internal financial resources or a larger institution seeking access to niche investment managers, private investments and risk management.*

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## **Fee TRANSPARENCY**

The OCIO should be clear and transparent about the services offered and any fees that may be assessed based on the services provided, including account-level and underlying manager fees, and any additional costs. An all-in fee analysis should be provided at least annually throughout the relationship.

*While there are costs associated with hiring an OCIO, the professional oversight, alignment with portfolio spending goals and time savings often are common reasons organizations partner with an OCIO.*

## **TRUE Value**

Your OCIO should act as an extension of your team and resources. The team should complement and enhance your organization's existing efforts in the areas of governance, transition and leadership succession planning, grantmaking, donor stewardship and planned giving. These services should bring significant value to the relationship and make the job of your board and staff easier.

*An effective OCIO partner advises on educational objectives, leadership transition, next-generation engagement, governance best practices and more.*

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## **TRACK Record**

The OCIO should have a history of helping nonprofits and foundations meet their goals and objectives. The OCIO should demonstrate the ability to preserve principal, achieve capital appreciation and generate a total return to meet your distribution/spending requirements, in excess of inflation, over the long term.

*An OCIO implements an asset allocation strategy and selects managers aligned with an organization's long-term investment goals, following the guidelines of the investment policy statement.*

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If you are interested in learning more about the benefits of partnering with an OCIO, please contact Glenmede's Endowment & Foundation Management Team at [EFsolutions@glenmede.com](mailto:EFsolutions@glenmede.com).

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