LOGO or Masthead

Date

CONTACT ADDRESS

Dear CONTACT:

Thank you for engaging in preliminary discussions with us regarding your firm’s investment management advisory services. At this time, XXXX Foundation (the “Foundation”) seeks to hire a financial consultant to manage [its financial assets according to impact investing principles]. For the purpose of this selection process, we define impact investments as [values-aligned investments that generate competitive financial returns as well as social and/or environmental benefit].

**Objective**

XXXX Foundation seeks proposals for investment management advisory services. We seek a firm with experience in the growing field of mission-related investing, including socially responsible investing, impact investing, and shareholder advocacy in addition to standard advisory services for institutional clients. Advisory services include, but are not limited to, investment policy development, asset allocation, manager search, performance monitoring, impact reporting, trustee education, and philanthropic advisory.

**Foundation Purpose and Values**

XXXX Foundation is a [type] foundation founded in year, endowed in year, and representing the [insert relevant information on mission, goals, or context]. The current Board of Trustees leverages the Foundation as a catalytic capital platform through which they support positive change through impact investing, strategic grants, and original programs. In year, the Trustees committed to [100% values-alignment of the Foundation’s assets, resources, and activities, which includes X and Y].

**Investment Objectives and Financial Resources and Assets to be Managed**

XXXX Foundation’s investable assets total nearly [insert $$$]. Its investment objectives include:

1. Preserve and enhance the Foundation’s inflation-adjusted purchasing power while providing a relatively predictable, stable, and constant (in real terms) stream of returns in line with the Foundation’s spending requirements. It is understood that the return on the endowment will vary from year to year and will be measured over rolling five-year periods.
2. Support spending goal of a minimum of 5% of a twelve-quarter moving average of the market value of the endowment. This 5% figure includes disbursements made for grants and administrative expenses but is net of endowment management expenses.
3. Attain an average annual, inflation-adjusted total return (net of investment management fees) of at least CPI plus 4% over the long term, as measured over rolling five-year periods. The Foundation will focus on total return without regard to whether that return is in the form of income or capital appreciation.
4. The Foundation has a commitment to aligning 100% of the Foundation’s investments over time with its values. As such, the Foundation considers options for market-rate mission-related investments (MRIs) when it reviews asset allocation and conducts new manager searches. MRIs are expected to achieve financial returns that are competitive with the appropriate benchmark (determined based on the investment strategy) and reflect expense structures that are competitive with the MRI peer group.

**Financial Advisor Scope of Work**

The Financial Consultant is requested to provide the following professional investment services and guidance:

**1. *Revise Investment Policy Statement:***

a. Work with XXXX Foundation Board of Trustees to revise its Investment Policy Statement reflecting its risk tolerance, time horizon, financial return objectives and goal of applying MRI principles to the full portfolio.

***2. Initial Asset Allocation and Advisory:***

* Develop initial asset allocations across an appropriate range of domestic and international asset classes, including but not limited to equity, fixed income, cash, and alternative assets.
* Present appropriate, cost-effective account management options (e.g. separately managed accounts, no-load funds, exchange-traded funds, active and passive management.)
* Identify, screen, and recommend appropriate investment managers/vehicles for each asset class and account management option while ensuring 100% values-alignment is achieved without sacrificing competitive financial returns.
* Identify, report, and apply positive and negative Environmental Social and Governance (ESG) screens to investments in appropriate asset classes according to our investment policies.
* Advise us on community investing opportunities such as certificates of deposit with community development financial institutions, community development venture capital funds, microfinance funds, etc.
* Advise and assist us in participating in shareholder advocacy and engagement through stockholder resolutions and other vehicles and organizations.
* Develop appropriate risk management strategies.

***3. Ongoing Monitoring and Reporting:***

* Recommend strategic and tactical changes in asset allocation as appropriate, with in-person reviews no less than annually.
* Assess investment performance and submit monthly/quarterly/annual reports to XXX Foundation in agreed-upon, easily accessible formats; be available to consult with Foundation staff.
* Recommend, evaluate, and, if necessary, replace third party investment managers.
* Review and recommend changes to the Investment Policy Statement as appropriate in light of external changes in the overall market or changes in the investment and mission goals of XXXX Foundation.

**Selection Process and Timetable**

The selection process will be conducted in ## stages.

1. **XXXX: Deadline for Receipt of Proposal**. We ask you to send one electronic copy of your proposal on or by this date to the attention of Name, Title, and Email.
2. **XXXX: Invitation for 1st Round of Interviews**. XXXXXX
3. **XXXX. Meeting with Investment Committee.** Selected finalists will be invited to present to the Foundation’s Investment Committee by video- conference or in person on date and location. Finalists should be prepared to answer detailed questions regarding their proposals.
4. **XXXX: Estimated Date for Final Selection**. XXXXXXX

XXX Foundation has circulated this Request For Proposal (“RFP”) to ## candidate firms. The purpose of this RFP is to help the Foundation to gain an understanding of the potential financial consultant’s capabilities in investment strategy and client service and basic information on the firm’s size and structure. Initial RFP responses will be used to compare firms and as resource material for detailed discussions with a subset of the candidates.

**Response Instruction**

If your firm wishes to be considered as a candidate to undertake the Scope of Work outlined in the previous section, please respond to the attached questionnaire. We request that you answer the questions with detailed information and descriptions rather than pre-prepared responses. Descriptions of your firm’s background, staff, assets under management, and products should include only those capabilities and resources which are relevant to our portfolio and would be readily available to us. This consideration is particularly applicable to candidates from smaller investment units working within large institutions.

**Evaluation Criteria**

The proposals will be evaluated on:

* Organizational capabilities, especially expertise in mission-related investing
* Results of the consulting team with institutional clients similar to the Foundation
* Background and quality of the investment research and methodology
* Performance-reporting capabilities
* Quality of existing client relationships and references
* Competitive fees

**Confidentiality**

All information presented in this RFP, including information disclosed by the Foundation during the selection process, is strictly confidential. Information must not be released to external parties without the expressed written consent of the Foundation.

**Statement of Qualifications**

Please provide a concise narrative that addresses the qualifications outlined in the attached questionnaire. Be sure to provide specific details as requested.

We appreciate your interest in working with us and look forward to reviewing your proposal. Should you have specific questions about the RFP, please contact name and phone.

Sincerely yours,

Sign off

**XXX Foundation  
Financial Consultant Request for Proposal Questionnaire**

**Structure of the Proposal**

**1) History and Ownership:**

* Provide the name and contact information of the principal contact person for this proposal.
* Please provide a brief overview of the history of your firm and the ownership structure. Include a description of the type of clientele (defined by industry and size of portfolio), assets under management, number of private foundations for which your organization currently provides services, length of time of services, and range of asset values among your private foundation clients. What is the median account size in terms of total assets?
* Disclose any and all significant developments in your organization within the past three years such as a change in ownership, personnel reorganization, or new business ventures; disclose any changes anticipated over the next five years.
* How does XXX Foundation fit into your organization's client profile? Is it a typical client for your firm?
* Provide 3, 5, and 10-year historical investment performance for any client portfolios that you consider comparable to XXX Foundation. If possible, show these returns for a 60%/20%/20% public equity/fixed income/alternatives asset mix.
* Disclose any and all conflicts of interest for your firm, including financial or other affiliation with brokerage firms, banks, insurance companies, investment banking firms, or money management firms. If such affiliations exist, how does your firm protect against conflict of interest? How are each of these conflicts disclosed to clients?
* Are there any circumstances under which your firm or any individual in your firm receives compensation, finder’s fees, or any other benefit from investment managers or third parties? If yes, please describe in detail.
* Describe any material litigation, regulatory, or legal proceedings in which your firm, principals or employees are or have been involved at any time during the past five years.
* Attach your firm’s financial statement and describe its financial strength. Provide your firm’s total assets under management and number of accounts by asset class for the last three years.
* What sets your firm apart from the competition and allows your firm to generate superior performance and service?

**2) Qualification of Firm and Relationship Managers:**

* What type of experience does the key staff who would be responsible for the XXX Foundation account have, including any experience managing assets for private foundation clientele? Please include a brief bio for the principal contact(s).
* Describe the range of consulting services your organization provides to clients and note the number of years your firm has been performing investment services similar to those described in the Scope of Work.
* How many consultants does your firm have, and how are they organized functionally? What percentage of your professional staff (consultants and analysts) are women? What is the largest number of clients that any consultant on the team serves?
* Describe your firm’s experience in managing assets for private foundation clientele.
* Is your firm, or its parent or affiliate, a registered investment advisor with the SEC? Attach any available regulatory reports (e.g. SEC) about your organization.
* Who is the custodian for your client’s assets? Can clients choose a separate custodian or are custodial services packaged as are part of your firms’ services?
* Describe your securities trading capabilities and how they would relate to this portfolio. Describe how your firm minimizes trading costs.
* Describe the systems and procedures used to settle, monitor trades, and reconcile accounts with custodians.
* Describe your capabilities to structure and execute hedging strategies for concentrated stock positions.
* How do you assist institutional clients in meeting their fiduciary responsibilities? Describe your process and capabilities for education and training to keep clients apprised of trends and changes in the field.
* Describe the structure and organization of your firm’s research capability and how it is incorporated into the process. Also describe the integration of any third-party research services. How many buy-side research analysts are devoted exclusively to investment management research at your firm?
* Provide three client references that most closely relate to the Foundation, including the name, title of contact person, address, telephone number, and length of time your firm has managed their account.

**3) Investment Policy:**

* Describe your investment “style” and how you implement this in managing client portfolios, including your firm’s asset allocation approach and methodology. Please provide a proposed asset allocation recommendation. Please describe your investment research capabilities, both in terms of unaffiliated managers and in-house investment management.
* If you use unaffiliated managers, please describe the firm’s process for evaluating and selecting such managers, including the qualifications of the people who implement this process.

**4) Impact Investing (including Socially-Responsible Investing, Mission-Related Investing, etc.):**

* Describe your firm’s overall investment philosophy as well as your specific approach to Impact Investing and Shareholder Advocacy.
* How many market rate impact investments (i.e. socially-responsible investments, mission-related investments, etc.) do you offer? How many are in your clients’ portfolios? Please describe the criteria upon which you base these offerings, your philosophy and approach (if not covered above).
* Provide the total number of managers in your database, the source of the information, the style groups available, the number of managers included in each style group, the types of information it contains, and how often it is updated.
* If the database is proprietary, describe how manager information is solicited, how it is corroborated, and the frequency with which it is updated. Does your organization receive fees or other considerations from managers who wish to be included in the database? If so, please explain.
* If a third party provides the database, who is the vendor? How is manager information solicited, how it is corroborated, and how frequently is it updated? Does the vendor receive any compensation for manager inclusion in database? If so, please explain.
* Describe your firm’s use of positive and negative screens or other approaches and with which asset classes. What are the appropriate benchmarks for these strategies?
* Does your firm vote client proxies or employ a third party to vote proxies? Upon what criteria do you base proxy voting?
* Does your firm engage in shareholder resolutions either directly or on behalf of clients? Please describe.
* Do you provide any separate reporting of social and environmental impacts of investments?

**5) Reporting:**

* Briefly summarize your standard approach to reporting. Please provide a typical performance report.
* Describe the frequency and types of reports sent to clients (e.g.: monthly, quarterly)
* What online reporting and services do you offer?
* What benchmarks do you employ to measure your investment results?
* How frequently would you recommend meeting to review investments and fund performance? How would these meetings be conducted (e.g. in-person, conference call, other)?
* Do you produce electronic data for form 990-PF preparation?

**6) Transition and Distributions:**

* If applicable, please describe how you will manage the transition from our current investment manager and describe related transition costs, if any.
* Please describe the timeliness of distributions from investment accounts to clients. How far in advance of when cash distributions are needed do clients need to authorize a transfer of funds? What is the security protocol required to authorize a transfer?

**7) Fees:**

XXX Foundation is seeking a transparent fee structure that identifies material cost and expense items rather than an “all-in” fee structure.

* Please describe all proposed fees and costs entailed in your firm’s provision of the services outlined in the Scope of Work. Provide detail on all services included in the standard advisory fee, and itemize any additional fees for transactions, travel, etc.
* Attach a Fee Schedule which clearly identifies all transaction fees and differentiates core fees from optional fees for additional services. Indicate which fees are negotiable or otherwise variable. Fees should be presented as a percentage of assets under management.
* Describe your billing practices. Does your firm offer discounts for non-profit organizations?
* Attach a copy of your firm’s standard consulting contract and indicate if your firm is willing to customize the consulting contract to reflect the needs of XXX Foundation.
* If there are additional fees charged for services related to preparing or modifying the Foundation’s Investment Policy, performing asset allocation studies, conducting manager searches, or vetting direct investments the Foundation may present for review please describe those fees in detail.
* Does your firm receive any fees or other compensation or revenue-share from any investments that are or will be contained in our account and, if so, are they used to reduce client costs?
* What is your fee structure? Please provide information on all the fees we are likely to incur.
* Are there any additional costs associated with custody of client assets (e.g. transaction fees, etc.)?

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***Additional questions***

* Please describe your firm’s commitment to diversity, equity, and inclusion and how that is demonstrated in daily practices.
* How does your firm define social and/or environmental impact?
* Please describe your firm’s experience making specifically program related investments and mission-related investments for private foundations of our size.
* Please describe your firm’s experience managing existing program related investment portfolios and/or mission-related investment portfolios for private foundations of our size.
* Please describe your firm’s experience sourcing deals, including both direct and indirect.
* What percentage of your clients’ public equities are screened using ESG criteria?
* Please describe what proportion of your clients are leveraging your impact investing services.
* Please describe your approach to impact measurement and management and how you communicate this to clients.
* Have you ever fled or co-fled a shareholder resolution on behalf of your clients (if applicable)? If so, how many? On what environmental or social issues?
* In which of the following asset classes does you firm make impact investments? Please share any details, including whether the investments are a direct or indirect
  + Private debt
  + Private equity
  + Public debt
  + Real assets
  + Equity-like debt
  + Deposit/cash equivalent
  + Public equity
  + Loan guarantee