KODA

Essential Questions for Board and Investment Committee Members

The basis for successfully investing non-profit reserves lies in addressing 10 key questions faced by all board and investment committee members.

At Koda, our experience - as trustees, directors, investment committee members and advisers to charitable and non-profit investors - leads us to believe that every non-profit board and investment committee can make more of their organisation's 'social capital' by paying attention to these essential questions.

These are not just questions to be asked at a group level. As the title suggests, they are questions to be asked by every board and committee member who acts in a fiduciary capacity. If there is one person in particular who should read this paper it is perhaps the person who believes someone else on their board or committee is better-qualified or in some way more responsible than they are when it comes to investment decisions. For that person, the questions represent an enormous opportunity to increase their organisational contribution whilst simultaneously reducing the risks to which they are exposed.

In drawing up a list of ten questions, Koda was conscious that readers may see room for others. We acknowledge there may be more and that opinions will differ when it comes to the order in which they should appear. We hope the value of asking the right questions outweighs the importance attached to their order. We have simply taken our own experience and put them in the order it seems logical for us to ask them in. We will be delighted to hear from people with different views. Our contact details are included for that reason.

We hope you get something from reading this paper. That said:

> "What counts, in the long run, is not what you read; it is what you sift through your own mind; it is the ideas and impressions that are aroused in you by your reading"
>
> **Eleanor Roosevelt**

Introduction

This paper is intended to help people who have taken up the challenge and responsibility of investing money for the benefit of others. This is, for most, unpaid work carried out in an environment where:

1. resources available for support and development are scarce
2. a desire to help achieve important objectives meets a desire to avoid personal and organisational risk
3. volatile and unpredictable markets have become the norm.

This is also a paper for people in a fortunate position. If your non-profit has a significant reserve or genuine endowment, you are in possession of a strategically valuable asset. An endowment is a precious resource. Reserves of any kind are obviously valuable, but more so when you consider some of the facts. For most non-profits, reserves remain outside the tax system, meaning there is no tax on income received or capital gains realised. Imputation credit refunds, accessible to many, are considered a valuable source of additional income. Investment income is passive income and together with capital growth its production allows a non-profit to generate additional funds (often untied) for the cost of a management or advisory fee. Reserves and endowments also help make non-profits more sustainable and increase their self-sufficiency.

Finally, managed well, endowments not only help an organisation to achieve its mission, they are used by savvy leaders to attract talent and funders. They can and have been used to demonstrate vision, ambition, strength, self-determination, predictable cash flow and sound management. This is important in an environment where government funding is under pressure and non-profits compete in a donor/sponsor market worth $8.61 billion per year*.

* Source: ABS 2012-13 NFP Satellite Accounts

Ten Essential Questions for Board and Investment Committee Members

An endowment is a strategic asset that should drive high performance in an organisation and attract more support. A poorly managed endowment can do the exact opposite of that. This creates enormous responsibility for individuals charged with overseeing the investment of non-profit money. This paper is concerned with helping those individuals to manage risk and achieve better outcomes.

Question 1. What is our mission?

As a non-profit you are defined by your mission. Everything you do has to support it. Aligning the management of your organisation's financial reserves to its core mission is your first task. Integrate your mission into the management of money. Let it be your guiding light for all major decisions.

Be careful not to fall into one of two common traps - not understanding the mission deeply enough, and adapting the meaning of the mission according to your own personal philosophy. As the song goes, "Just because you feel it doesn't mean it's there"*. The mission is the mission and it should form the basis of all important decisions. It is easy to dismiss a mission statement as mere words on a page. This may be true in many for-profit enterprises, where financial metrics trump grand mission or vision statements. A non-profit, however, cannot measure its success by financial metrics alone. Progress against the mission is what counts. Make sure you deeply understand and adhere to your mission at all times. If you cannot live with that idea, perhaps the mission needs to be reviewed - or perhaps it is time for you to review your own involvement?

* Radiohead, *There There*

"Deep internalized understanding of mission is key to being an effective trustee."

Prof. F. Warren McFarlan,
Joining a Non-Profit Board

Further questions to ask yourself:

- Do you know your organisation's mission by heart and does it guide your investment decisions?
- When was the last time you opened an investment committee meeting by discussing the mission of your organisation?

Question 2. Who are we accountable to?

As a fiduciary you are accountable for your actions. It is imperative you know exactly who you are accountable to. You may be accountable to multiple people, groups and entities - for example your board, your members or your beneficiaries. Perhaps you are also accountable to an Attorney General, a regulator like the ACNC or ASIC, or an agency like the ATO. Who else? It is important for the health and reputation of your organisation that you can answer this question.

It is also important to be clear about the exact nature of the accountabilities owed and the consequences that can result from failure or breach. Finally, it is important to distinguish those you are truly accountable to from other stakeholders who may feel you are accountable to them and from those people and groups you yourself may feel some obligation to.

Prudent management breeds trust and confidence. It also increases your ability to respond if and when you are asked to account for your actions - and that may make all the difference one day.

"Accountability breeds response-ability."

Stephen Covey

Further questions to ask yourself:

- Do you have a thorough understanding or a general awareness of who you are accountable to?
- What are the potential liabilities the organisation is exposed to?
- And what about you personally?

Question 3. Who else matters?

Fairly or unfairly your performance is likely to be judged by others, all the time. It may be easier to accept scrutiny from some than others, but it is essential to identify everybody who matters before you take any further action. After identifying relevant people and groups (which you may or may not like to refer to as stakeholders), the most important task is to work out where they are coming from. What is their position? What do they expect and how do they think about you and your organisation? With this insight it is much easier to carry out your duties on a board or investment committee in a manner your stakeholders appreciate.

A couple of points illustrate why this matters:

1. One group you are not accountable to but may wish to impress is the group in which your potential funders and supporters sit. Potential funders, particularly major philanthropic, corporate and government funders, want to know you are well managed and can manage money well. Understanding this gives you the opportunity to use your investment management approach as a way of building trust and confidence in your organisation. You want to show a potential supporter a well thought out and prudent approach to managing reserves. This is an important step towards answering the question 'Are you well managed?', a question legendary fundraiser Howard Stevenson lists as one of four a significant donor must always say yes to when considering a funding decision. In his excellent book Getting to Giving, Stevenson points out that you must always be ready to answer this question, whether it is expressly asked or not.
2. Lobbyists and media can take an interest in your work at any time. For example, take divestment issues relating to fossil fuel investments, which have been making headlines from Canberra to the Vatican recently. As a mission-based organisation with its own set of values and ethical standards does your current investment portfolio leave you potentially vulnerable in any way? Do you have a clear position? Is this position effectively documented and communicated? Do you have a process to follow in the event your position is challenged?
3. Last but not least, are you promoting your investment portfolio to your stakeholders as a strategic asset? Can you articulate how your endowment contributes to your mission and are you doing anything to overcome the common fallacy that a non-profit with reserves needs no support?

"Infamy, infamy, they've all got it in for me!"

Julius Caesar,
in *Carry On Cleo*

Further questions to ask yourself:

- Have you drawn up a comprehensive 'stakeholder' list and do you know where they are coming from?
- Have you prepared stakeholders for the volatility that comes with managing an endowment?
- What are other non-profits doing?
- Are you out of step with them?
- Is this an area your advisers can help you with?

Question 4. Do we have the right people on board?

As a non-profit you are defined by your mission. Everything you do has to support it. Aligning the management of your organisation's financial reserves to its core mission is your first task. Integrate your mission into the management of money. Let it be your guiding light for all major decisions.

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"Coming together is a beginning; keeping together is progress; working together is success."

Henry Ford

mission at all times. If you cannot live with that idea, perhaps the mission needs to be reviewed - or perhaps it is time for you to review your own involvement?

And yet it is hard. If you cannot hand-pick 'the right people' then deliberately working to build consensus is crucial:

> "Individual commitment to a group effort - that is what makes a team work, a company work, a society work, a civilization work."
>
> **Vince Lombardi**

This message carries hope for those who feel unable to construct their perfect team. To build consensus, look to your mission. The mission of your non-profit allows you to create a sense of people working towards a single overriding goal. Use this to your advantage.

Finally, identifying 'the right people' involves a look at the current state of affairs - a reality check, if you like. Certain situations call for particular skills and experiences. If you are recovering from financial difficulties you may need someone suited to the task of rebuilding trust and confidence. Likewise, if you are one year into a five year strategic plan you may need people with the skills to help you realise specific strategic objectives. Thus, asking whether you have the right people is an ongoing question.

Further questions to ask yourself:

- What scope do you have to bring in people with the right skills and experiences?
- Do you have clear role descriptions and clear succession plans in place for each position?
- What have you done recently to bring your board or committee members together around the mission of your organisation?

Question 5. Why are we investing?

This is where you identify the specific reasons you are investing the organisation's resources. If you don't know what the money is for, how can you hope to invest it properly? It sounds obvious, but many non-profits either struggle to define or agree on issues related to purpose. Many others lose sight of purpose from time-to-time for one reason or another.

Whatever the purpose, it must align with your mission. This is the start point. And a crucial question to ask as the merits of any purpose are weighed against other options is: could the money be better spent on something mission-critical now? Is it better to spend now or invest for the future? These are questions that must be asked and asked regularly.

Are you building, maintaining or spending down? Are you protecting capital or trying to grow it? Do you need certainty around income generation? Are you funding a building or paying salaries? Is there an important date when money is to be drawn on? Questions like these help determine the nature of the funds you are responsible for and consequently help you identify an appropriate risk profile and strategic asset allocation - cornerstones of your whole approach to investing.

The questions above point to the possibility that you may have money from different sources with different conditions and profiles attached to them. If so, are you managing them differently, according to their characteristics? To the degree that you have discretion you should separate (at least notionally) different monies into 'buckets'. Different buckets may require different strategies.

Although a purpose may be well defined, non-profit investors need to be prepared - within allowable limits - to change course when circumstances change. Adherence to mission is encouraged right throughout this paper, but that principle should not stop boards and committees from changing tack in the short term in order to secure the long term.

> "When the facts change, I change my mind."
>
> **John Maynard Keynes**

An example of this at work could be an independent school that decides to build an endowment:

If the school encounters enrolment challenges and decides it urgently needs a new science lab or sports centre to keep the school competitive, it may be justified in diverting funds from its endowment into a fund set up to finance the building work.

In this scenario the building account will see the funds managed according to a different approach and the endowment will suffer a setback. With the buildings built, the school may decide the endowment once again takes precedence, in which case further adjustments will be required. All of this may be appropriate and consistent with achieving the long term mission of the school.

Further questions to ask yourself:

- Is your understanding of what you are investing for based on what you know or what you were told?
- Are your decisions based on an agreed approach or prevailing opinions?
- Are group discussions dominated by the views of one or two individuals?
- If so, can your Chair help restore balance?

Question 6. Have we adopted the right strategy?

Good investment outcomes have their basis in sound strategic choices that can be clearly articulated.

The right strategy takes into account everything the organisation is, needs and faces. It is almost impossible to have no strategy - the challenge lies in consciously developing the right strategy and then ensuring you actually follow it. This requires discipline and sometimes courage. Once you have adopted a strategy it is important to follow it, unless there is a rational case for adopting a different one. In that scenario, it is a case of consciously adopting another one, not ditching the current one, or jumping onto a passing bandwagon.

Being conscious extends to being aware of what you may be doing accidentally. Consider that if you decide not to make a decision, you have still made a decision. A classic example of this is the investor who cannot make a decision to 'invest' and so remains in cash. They have, of course, made a decision to invest in cash and not in other asset classes. But they might not think of it like that. On the subject of cash, Warren Buffett once said:

> "People who hold cash equivalents feel comfortable. They shouldn't. They have opted for a terrible long-term asset, one that pays virtually nothing and is certain to depreciate in value."

This is not to say an investment in cash is inherently bad; indeed it may be wholly appropriate and/or necessary. The issue is more that investors need to be aware of the consequences of their actions even when they believe they are avoiding risk. For many medium and long term non-profit investors, inflation is the silent enemy. What is risk? What is safe? What is the long term effect of an overly conservative approach? These are all important questions for the non-profit investor.

Wherever you are on the risk/return scale, it is vital to be realistic - and patient. A trap some non-profit investment committees fall into is forgetting that they are not here to maximise annual returns but to support the mission. If there is even a suggestion that your investment policy speaks of low risk and high target returns, a review is certainly in order. As a general comment, regular reviews are necessary in any event because your strategy is a response to the changing environment in which you operate.

What else can derail a prudent strategy? Not following it is a common mistake. As this can happen by accident as well as design, it may be worth checking the current alignment of your strategy to your policy and your policy to your portfolio. Some organisations have done this and found themselves guilty of taking what might be described as the easy option…

> "A ship is safe in harbor, but that's not what ships are for."
>
> **William Shedd**

It is easy to see how a non-profit investment committee might gravitate to comfortable positions and outcomes in the face of challenges they are not typically rewarded for taking on. The message nonetheless is don't pick safety over what the mission requires you to do.

Broad concepts like safety and risk need to be clarified with discipline. Comprehensive risk profiling is one of the fundamental tasks a board or committee must undertake. Ask yourself, what is the right level of risk to assume? What returns can we realistically expect with this level of risk? What level of volatility can we tolerate? What effect does our investment timeframe have on our approach and how do we match our approach to our spending and liquidity needs?

No discussion of non-profit investment strategy is complete without mentioning imputation credits. Their value is well known. The question investors need to ask is whether the franking credit tail is wagging the strategy dog? Put simply, seeking franking credit income from Australian equities should be a function of, not the basis of, your investment strategy and asset allocation.

Further questions to ask yourself:

- Is your strategy still relevant?
- Is it possible that by trying to avoid risk you are exposing your organisation to risk of a different kind?
- Are recent decisions and current holdings consistent with your agreed strategy?
- To what extent do personal concerns or external pressures unduly influence strategy and/or execution?

Question 7. Do we have the right policy framework in place?

Good governance can be the difference between failure and success. It is important to develop a robust on-boarding process for new board and committee members. If time and money are available non-profits should invest in education and development for all committee members to ensure they are equipped with the skills and information they need to perform at a high level.

An investment policy statement is the foundation of a non-profit's investment governance. A written investment policy forces you to be systematic, disciplined and deliberate. It creates accountability and clarity. It helps new people and preserves organisational memory. It also helps colleagues stay on the same page and reduces the likelihood of people revisiting issues at every meeting.

As the saying goes, "You've met one charity, you've met one charity". Every non-profit is different and in some way unique, so make sure you tailor your investment policy to the particulars of your organisation. All too often, someone on a non-profit investment committee is dispatched to obtain a policy from somewhere else and all too often that policy (which may be from somebody's golf club or superannuation fund) is adopted with only a few minor changes.

What you should think about when drafting your policy is worthy of a separate paper. At a high level, you need to start by including your mission. The purpose for which you are investing should also be up near the front as should a statement clarifying the source of your powers and any limits or obligations you are under.

Having set the scene, you should then cover your strategy and objectives. Choosing the right objective(s) is crucial. Defining them clearly is equally important. Many advisers and managers will attest to the difficulties they have faced when presented with unrealistic, ambiguous or contradictory objectives. How you express your objective(s) can have a big impact on outcomes. You also need to think about setting appropriate benchmarks. Your advisers should be able to bring their professional expertise to bear here, so make sure you consult with them. Likewise, when it comes to the critical question of asset allocation, your advisers should be able to help you to find and express acceptable parameters.

Many non-profits aim to generate an inflation-linked annual return. CPI is almost always used to measure inflation, but is CPI the right measure for you? What is the inflation rate in your sector? Sectors like Health and Education have inflation rates in excess of CPI, so maybe CPI is not a reliable indicator for non-profits working in those areas.

Other considerations include linking your investment policy to your organisational cash flow profile and making sure you have covered any reporting requirements you have to observe, plus anything you require from your advisers.

You are a mission-based organisation, so your governance framework should extend to the three dimensions of investing - risk, return and impact. While true impact is hard to measure for non-profits, there are steps that can be taken reasonably easily. Your investment policy is the place to state clearly an ethical position and/or make a statement on the impact your organisation wishes to have through its investment choices. The biggest issue with this question is probably a practical one. Ethical positions are usually a combination of non-negotiables and preferences. With preferences, investment committees often adopt a pragmatic position when faced with the reality of producing acceptable returns from a much smaller 'investable universe'.

The benefits of a well considered policy are obvious. An organisation can take comfort from knowing all aspects of investing have been addressed; leaders can consistently articulate why a chosen path has been taken; short term issues are more likely to be viewed in a long term strategic context; the framework helps to build trust and confidence in stakeholders and other supporters; clear positions are established in potentially challenging areas like ethical or impact investing.

> "The one who adapts his policy to the times prospers."
>
> **Niccolo Machiavelli**

All of the issues and questions highlighted in this section arise in the real world. Constant change means you need to ensure you have a process for reviewing your board charter and policy on a regular basis. If nothing else, your investment policy should be consulted at every meeting (adding a copy to meeting papers is a good idea) and all charters and policies should be formally reviewed on an annual basis.

Further questions to ask yourself:

- Do you use your governance framework to drive outcomes or merely to manage risk?
- Was your investment policy tailor-made or is it a re-worked version of someone else's?

Question 8. Do we really understand our powers and duties?

> "The best advice I ever got was that knowledge is power and to keep reading."
>
> **David Bailey**

There is no substitute for reading your governing documents. If you learn one thing as a trustee it is that you must know your trust deed inside out. In fact, it is absolutely essential to not just read your governing documents (which may include obscure or hard to locate items - e.g. deeds of amendment, codicils, constitutional amendments, additional rules, etc.) but to make sure you have thoroughly understood and correctly interpreted them. The same principles apply to external sources - state and federal laws, ATO guidelines, regulatory requirements and legal precedents, for example.

Sadly, many trustees and directors are not informed to the level they should be and this leaves them and their organisations exposed. Those who feel they have nothing to worry about in this regard are probably the ones most at risk.

A good general test for boards and committees is to measure their governance against what the Australian Charities and Not-for-Profits Commission lists as the main as the duties of board members*, namely, to act in the best interests of your charity and for a proper purpose; to act with reasonable care and diligence; not to use information or your position improperly; to disclose and manage conflicts of interest; to manage financial affairs responsibly; not to allow a charity to operate while insolvent.

* Australian Charities and Not-for-Profits Commission: Governance for Good publication

Further questions to ask yourself:

- Can you list all the sources of your powers and duties?
- When was the last time you actually read your governing documents?
- Are you breaching the terms of your constitution, your policies or perhaps the terms of a bequest?
- If you are managing bequest money, when was the last time you actually read the Will?
- Trustees, do you consider all of the so-called Prudent Person principles whenever you make an investment decision, as required of you by law?

Question 9. Do we have the right advisers?

Advisers can add or subtract considerable value. Take the time to choose them wisely.

An important step in the process of choosing wisely is to run a robust, transparent and competitive tender process. The process must allow you to test advisers against your criteria, but it should also allow them to put their best foot forward. Be clear and open - withholding information is almost always going to be counter-productive. Try to look beyond obvious issues like fees and recent performance. To the extent possible, make sure you remove any potential personal and organisational conflicts. Similarly, look out for any evidence the adviser may be conflicted. And make sure you are going to get what's on the tin. For example, ask whether the people who turn up to pitch for your business will be the people who actually advise you and with whom you will have an ongoing relationship.

A good adviser must make an effort to deepen their understanding of you, your organisation, its mission and the broader environment in which you operate. Go beyond asking whether a particular adviser is experienced in managing non-profit money, to enquire whether they truly understand and contribute to your sector.

Once you start working with advisers, you really need to do just that - work with them. A good relationship should be based on trust, good communication, and a clear understanding of who does what. As the chair of a non-profit investment committee once remarked "Your job is to propose, ours is to question".

How proactive is your adviser? Have they introduced you to new ideas like impact investing and redefining policy in terms of risk return and impact? What else do they do for you? Do they offer education and development and do they show a willingness to meet with people in other parts of your organisation? How good is their communication with you? Is their reporting flexible and tailored to your requirements? If not, why not? When did they last review your investment policy and strategy with you, or do they wait for you to initiate this type of activity? These are just a few of the questions that you should consider when reviewing or appointing an investment adviser.

Finally, however much faith you place in an adviser, remember that you can delegate but you cannot abrogate. The responsibility for decisions rests with you. The following quote, while directed at trustees, is relevant for anyone acting in a fiduciary capacity:

> "It is for advisers to advise and for trustees to decide."
>
> **Walker, J**
> in Scott v National Trust, 1998

Further questions to ask yourself:

- Does your adviser understand your organisation, your mission and your sector?
- When was the last time you reviewed their overall performance?
- What do you consider more important, price or value?

Question 10. Do we operate effectively as a group?

Even with 'the right people' on board a non-profit board or committee must regularly ask itself whether it is operating as well as it could be. Ultimately, what people do individually and collectively - not good governance or a whiz bang strategy - determines the outcome.

Ideally your work as a group will resemble what Tennyson called "One equal temper of heroic hearts" If not, perhaps you can find time in your agenda to reflect on your approach, how you work together and its relevance to what your organisation is trying to achieve. This involves coming back to the mission and to current realities and asking whether the way you work supports the former and faces into the latter.

The Chair of a board or committee is always central to any discussion about how effectively a group works. Rather than restating here the role of a non-profit Chair, it may be useful to ask what each and every individual can do to improve their effectiveness. It may help to look at some of the common behavioural issues seen around the non-profit table. See how you fare in relation to this quick test:

- Do you ever take a passive role on the basis you can rely on others to take responsibility?
- Are you guilty of assuming expertise in another sector qualifies you as an expert in this one?
- Do you ever view non-profit investing through the lens of your personal investor profile?
- Do you have a good record of attendance at investment committee meetings?
- Do you ever switch off during discussions that lead up (eventually!) to decisions?
- Do you let one or two voices dominate the conversation? (Are you one of those voices?!)
- Have you ever been guilty of 'leaving your brain at the door' (something those from the for-profit world are often accused of when entering the non-profit room)?

> "Whenever you find yourself on the side of the majority, it's time to pause and reflect."
>
> **Mark Twain**

Working effectively means working together but it also means thinking independently. A good board or committee will have people who question the status quo. A good Chair will encourage free and open debate. There will be no fear and no sacred cows. When people can raise any topic and look forward to having it debated in a healthy and robust manner, you have a platform for effective work. Great minds do not think alike!

> "Strategy requires thought, tactics require observation."
>
> **Max Euwe**

Your group's operating rhythm has to include ongoing monitoring, review and reflection and a willingness to adapt to changing circumstances. Does it? If not, why not? Much of the review work can occur as things happen. Other tasks, like formal performance reviews, should be made part of your annual operating cycle.

Another question to ask yourself in relation to your modus operandi is, do your observations form part of a strong feedback loop? Perhaps you learn more by accident than design. If so, consider changing the way you operate, to give yourself the opportunity to consciously apply learnings as the environment around you changes and evolves.

Further questions to ask yourself:

- Do you work with or around your governance framework?
- When was the last time you reviewed the way you work?
- How often do you formally review board skills and performance?
- What can you learn from looking at how high performing teams operate?

Conclusion

Sometimes asking the right questions can be more important than having all the right answers.

There is enormous value in taking time out from doing to review, reflect and think. Thinking strategically, honestly and with compassion is something all non-profit directors and committee members should dedicate themselves to. Honest conversations and robust debates should be at the heart of their work. Likewise, reviewing group dynamics and operational effectiveness should be a priority agenda item for any high performing board or committee.

Investing reserves on behalf of a non-profit is a privilege and an opportunity but also a responsibility and a challenge. Meeting the challenge and the responsibility requires a fiduciary mindset and a willingness to thoroughly address all aspects of a steward's role. Although challenging, addressing the questions posed in this paper should also be hugely rewarding for people investing on behalf of non-profit organisations. The benefits are many and varied and for that reason we hope this paper offers plenty of encouragement.

This paper offers those responsible for investing non-profit money the opportunity to mitigate personal and organisational risk. It also encourages them to increase their personal and organisational contribution. The ultimate aim of risk management and performance improvement is to support what is most important. In this case, that is helping worthy organisations make a positive impact in our community.

Investable reserves represent a strategically valuable asset that can really help a non-profit achieve its mission. Mission is all-important for a non-profit. So, board and investment committee members must be able to articulate why they are investing and how their approach to investing supports the mission of their non-profit or charity.

How to use this paper

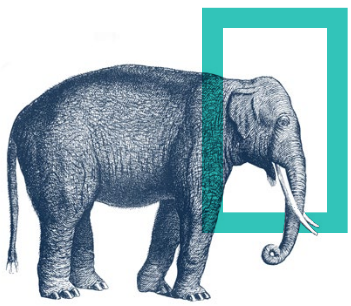
- Circulate it to your board or committee or table it at your next meeting
- Invite Koda's Philanthropy & Social Capital team to present it at your next meeting
- Send it to other non-profit investors via email or LinkedIn
- Give it to new or inexperienced board or committee members
- Use it as the basis of a conversation with your advisers
- Contact us to discuss appointing Koda as your investment adviser

About Koda Capital

We act as an investment adviser to philanthropic, charitable and non-profit organisations. We go beyond the provision of tailored investment services, to provide expert advice on best practice, governance, regulation, investment strategy and relevant trends in the sector.

At Koda we are taking an innovative approach to wealth management - an approach that puts your needs first. We are proud to be pioneers, offering professional services unencumbered by pre-existing ownership structures and practices. Our sole focus is giving our clients tailored financial solutions that are well-informed, independent, and transparent.

We are proudly independent, highly specialised, experienced and client focused.



Koda's four point Commitment to Clients

1. We will always be independent, and free from conflicts of interest that could affect our advice.
2. We will always put our clients' best interests ahead of any other considerations, particularly in respect of any investment or product we recommend.
3. We will agree, in writing, the services we will provide and deliver those services to the standards we promise. Our clients will have access to the best solutions available - not just a list of solutions restricted by commercial relationships.
4. We will only earn fees which are paid directly and transparently by our clients, and if we were to receive any commissions they will be fully rebated to our clients for their benefit. We will detail the basis on which the fees are charged and will discuss them with clients at any time. Clients have – and will always have – full discretion to choose the type of fee structure that works best for them: be that on a fee for service basis, transaction basis, or asset basis. We believe that as advisers we should be rewarded according to the strength of our client relationships and the success of our financial strategies, not by our ability to promote specific products.basis, or asset basis. We believe that as advisers we should be rewarded according to the strength of our client relationships and the success of our financial strategies, not by our ability to promote specific products.

About the Author

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David is responsible for Koda's non-profit and philanthropic client business and for the firm's impact investing service. He chairs Koda's Non-Profit & Responsible Investment Group and sits on Koda's Partnership Committee David has over 30 years industry experience, having worked overseas with Coutts & Co. and Merrill Lynch and in Australia with Perpetual and JBWere, where he led philanthropic & non-profit advice businesses.

David currently serves on several charity boards and advisory councils and is a co-founder and Chair of Plus One, which provides free professional development opportunities to charity leaders. He has significant experience of chairing and serving on endowment and investment committees, overseeing charitable funds in a fiduciary capacity.

David has studied non-profit governance at the AICD and the Harvard Business School. He is a professionally qualified trustee with significant experience of establishing, managing, investing and distributing trusts and foundations.

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