



Consulting to Endowments and Foundations

Institutional Consulting Group

Common challenges

Every foundation and endowment is unique, but many are guided by the same underlying purpose.

Whether you've established a private foundation or support your community through an educational or charitable organization, your focus is often on making a meaningful difference close to home.

At NWMG, we see how this dedication to community shapes not only individual legacies, but also the strength and character of communities across the country.



Common challenges (continued)

One of the most significant challenges foundations and endowments face is stewarding assets in a way that supports the mission—not just today, but well into the future.

The financial landscape has grown increasingly complex, often demanding more time, information, and specialized expertise than most trustees or committees can reasonably maintain on their own. For those serving in a fiduciary role, the concept of being “prudent” carries particular weight. Trustees are held to a standard of care that reflects the judgment and diligence of a knowledgeable, thoughtful investor.

Beyond fiduciary responsibility, many organizations must also navigate ongoing distribution requirements. Private foundations are required to make annual payouts, while public nonprofits must manage endowed funds under UPMIFA—particularly during periods when market values fall below historical levels.

Finally, trustees and administrators face the ongoing challenge of ensuring future projects are funded with dollars that maintain their purchasing power. This requires regular review of portfolio structure so assets are positioned to keep pace with inflation while continuing to support meaningful grantmaking over time.

An uncommon response

At Nicholson Wealth Management Group, we partner with fiduciaries to navigate complex financial decisions with clarity, discipline, and confidence.

Our fiduciary-centered process is designed to help organizations remain focused on their mission while adapting to evolving markets and long-term responsibilities. Through this approach, we help institutions:

Develop	Thoughtful, effective investment strategies designed to navigate changing global markets while aligning with each organization's unique goals.
Select	Experienced, professional investment managers aligned with the portfolio's objectives and risk profile.
Monitor	Portfolio progress relative to stated goals, with an emphasis on risk-aware outcomes and consistency over time.
Adjust	Portfolio strategies as managers, markets, or organizational priorities evolve.

Spending policy

Every foundation's mission is unique, and that mission ultimately determines how much the organization needs—and is able—to spend. Developing a spending policy is often one of the most challenging steps in the planning process, yet it is essential to creating a cohesive investment policy and an effective asset allocation strategy.

Trustees must clearly define charitable objectives, realistically assess current and future resources, and establish a budget that can be sustained over time.

For most foundations, a sustainable spending policy is one that can support the mission indefinitely without eroding endowed assets. This typically means setting a spending rate modestly below the portfolio's average real rate of return—after accounting for inflation. At Nicholson Wealth Management Group, we work alongside trustees to design spending policies that thoughtfully balance current grantmaking needs with the long-term preservation of assets.

Once a spending policy is established, it becomes the foundation for investment strategy and asset allocation decisions. From there, we help guide the development of an investment policy designed to support the mission today and for generations to come.

Our role

At Nicholson Wealth Management Group, every engagement begins with a thoughtful review of the fund's investment policy, objectives, and guidelines—developed in close collaboration with trustees and key decision-makers.

We start by revisiting the organization's mission, which serves as the foundation for all long-term decisions. From there, we meet with the board or investment committee to discuss risk tolerance and long-term expectations. These conversations help ensure a shared understanding of income needs, desired asset allocation, acceptable levels of risk, policy constraints, and other key considerations.

This collaborative process allows us to develop an investment strategy designed to align with the fund's mission while increasing the likelihood of meeting its objectives within the appropriate time horizon and risk framework.



Investment policy and guidelines

As partners to your fund, we work with you to review and clarify investment goals, objectives, guidelines, and risk tolerance for the assets entrusted to your care.

We believe the development and ongoing review of the Investment Policy Statement is one of the most important steps in long-term investment success. It serves as the foundation for the entire investment program—providing clear direction, alignment, and discipline for all investment-related decisions.

Key components

Key components we look for in an investment policy statement:

- 1 Defined fiduciary roles within the investment decision-making process.
- 2 Clear responsibilities of investment managers and other service providers.
- 3 Well-articulated investment objectives aligned with the fund's mission.
- 4 Specified asset classes eligible for investment.
- 5 A clearly defined asset allocation framework.
- 6 Outlined risk parameters for the fund, including considerations such as liquidity and quality.
- 7 Established criteria for evaluating performance at both the fund and manager level.
- 8 A stated time horizon for achieving the fund's objectives.

The importance of a written investment policy statement

A written Investment Policy Statement (IPS) is a vital tool for establishing clear, realistic expectations for investment performance and for evaluating results over time.

Because trustees and key decision-makers often change, the IPS provides continuity. It serves as a lasting reference point—documenting past decisions, reinforcing long-term objectives, and acting as a valuable onboarding resource for new trustees.

The IPS also gives investment managers a clear framework for decision-making by defining the portfolio's goals, objectives, and guidelines. This clarity supports their ability to fulfill co-fiduciary responsibilities in a disciplined and consistent manner.

At Nicholson Wealth Management Group, we believe regular review of the IPS is essential to ensuring alignment and accountability. That's why we are committed to both the thoughtful development and ongoing review of the IPS as a cornerstone of sound governance and effective investment oversight.

Risk posture and asset allocation

We begin the asset allocation process by understanding your perspective—not by presenting a predetermined portfolio. A thoughtful assessment of risk helps build alignment among key decision-makers and creates a clear point of reference for future discussions.

The outcome of this process is a defined equity range that serves as the foundation for portfolio construction. Because equity exposure is a primary driver of both expected return and volatility, establishing this range allows for informed, disciplined decision-making.

Working within agreed-upon risk parameters, we evaluate a range of efficient portfolio options to identify an asset mix aligned with your goals, time horizon, and liquidity needs. In doing so, we balance quantitative analysis with practical judgment—combining the science of portfolio construction with experience, perspective, and common sense.

Manager selection

At Nicholson Wealth Management Group, manager selection is grounded in independent, objective research and a disciplined evaluation process.

Our approach is designed to be free from conflicts of interest. We do not receive compensation from investment managers for inclusion in searches or evaluations, allowing recommendations to remain focused solely on alignment with your objectives and fiduciary standards.

Beyond traditional quantitative and qualitative analysis, our process incorporates deeper due diligence—combining research, experience, and judgment to identify managers best suited to support the portfolio's goals.



Manager evaluation

Effective manager research goes beyond attempting to predict market outcomes. Instead, it focuses on identifying investment managers whose philosophy, process, and discipline align with a client's specific goals and needs.

While quantitative data is an important starting point, it tells only part of the story. We believe meaningful, value-added research comes from a deeper evaluation of qualitative factors—such as team structure, investment philosophy, decision-making discipline, portfolio implementation, and the overall stability of the firm.

These qualitative assessments are a critical part of our manager evaluation process. They allow us to better understand how managers operate across market environments and how well they align with the long-term objectives of the portfolios we oversee. This depth of insight is a key way we add value as partners to our clients.

- Past results are not indicative of future outcomes.
- It is important to distinguish between returns and performance.
- Returns reflect absolute results.
- Performance reflects risk-adjusted results measured against appropriate benchmarks and evaluated over multiple market cycles to reduce time-period bias.
- The strength of an advisor's people, process, and organization is a more meaningful indicator of long-term success.
- Our perspectives are intended to inform long-term decision-making, not to predict short-term market outcomes.

Our Goals

Provide unbiased perspectives

Our objective is to offer independent, objective insights into an advisor's ability to add value on behalf of our clients.

Commit to thorough due diligence

Ongoing evaluation of investment managers remains central to our process, ensuring continued alignment with portfolio objectives.

Differentiate managers thoughtfully

A key goal is to clearly articulate meaningful differences among managers. Even within the same investment style, managers may exhibit distinct characteristics relative to one another and to their benchmarks.

Distinguish skill from circumstance

Understanding the drivers of performance is critical. Short-term outperformance may reflect favorable conditions rather than skill, just as periods of underperformance do not necessarily indicate a lack of discipline or expertise.

Portfolio construction and ongoing manager due diligence

Selecting high-quality managers is only the first step. What truly differentiates our approach is how those managers are thoughtfully combined within a portfolio to work together efficiently.

By focusing on the portfolio as a whole—not just individual components—we seek to build complementary manager pairings that enhance diversification and improve the overall risk/return profile. Too often, managers are assembled strictly by category with limited consideration for how they interact with one another.

Our manager research examines how strategies have performed together across a range of economic and market environments. Rather than relying solely on broad style labels such as “value” or “growth,” we look more deeply at underlying investment approaches and behaviors.

This refined approach allows for greater diversification and more resilient portfolio construction, while ongoing due diligence helps ensure continued alignment as markets and strategies evolve.

Portfolio construction and ongoing manager due diligence *(cont.)*

These fine-tuned portfolios require even greater due diligence on an ongoing basis to ensure that chosen managers adhere to the specific style and strategy that defined their role in the portfolio structure. The Global Manager Research team continually monitors the activities of managers, focusing on quantitative and qualitative measures and rigorous testing criteria. These more finely structured portfolios require ongoing, disciplined due diligence to ensure each manager remains aligned with the role they were selected to play.

We continuously monitor managers using both quantitative metrics and qualitative insights, applying rigorous evaluation standards to confirm adherence to stated investment styles, strategies, and risk parameters as market conditions evolve.



Record-keeping and reporting

Even the most thoughtful investment process depends on clear, accurate reporting. Without meaningful performance records and effective communication, it becomes difficult for fiduciaries to evaluate results or make informed decisions.

Our quarterly reporting is designed to support fiduciary responsibilities by presenting relevant information in a clear, logical, and easy-to-understand format. These reports are built to help trustees and committee members quickly assess progress, understand results, and stay aligned with established objectives.

Our reporting typically includes the following components:

Capital Markets Review

An overview of economic conditions and capital market activity for the most recent quarter, year-to-date, and longer-term periods.

Executive Performance Summary

A high-level view of portfolio performance compared to custom and absolute benchmarks, along with manager-level results measured against appropriate style benchmarks across relevant time horizons.

Asset Allocation Summary

A comparison of target policy allocations versus actual portfolio positioning as of quarter-end.



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