Executive Summary

OUTSOURCED CHIEF INVESTMENT OFFICE (OCIO)

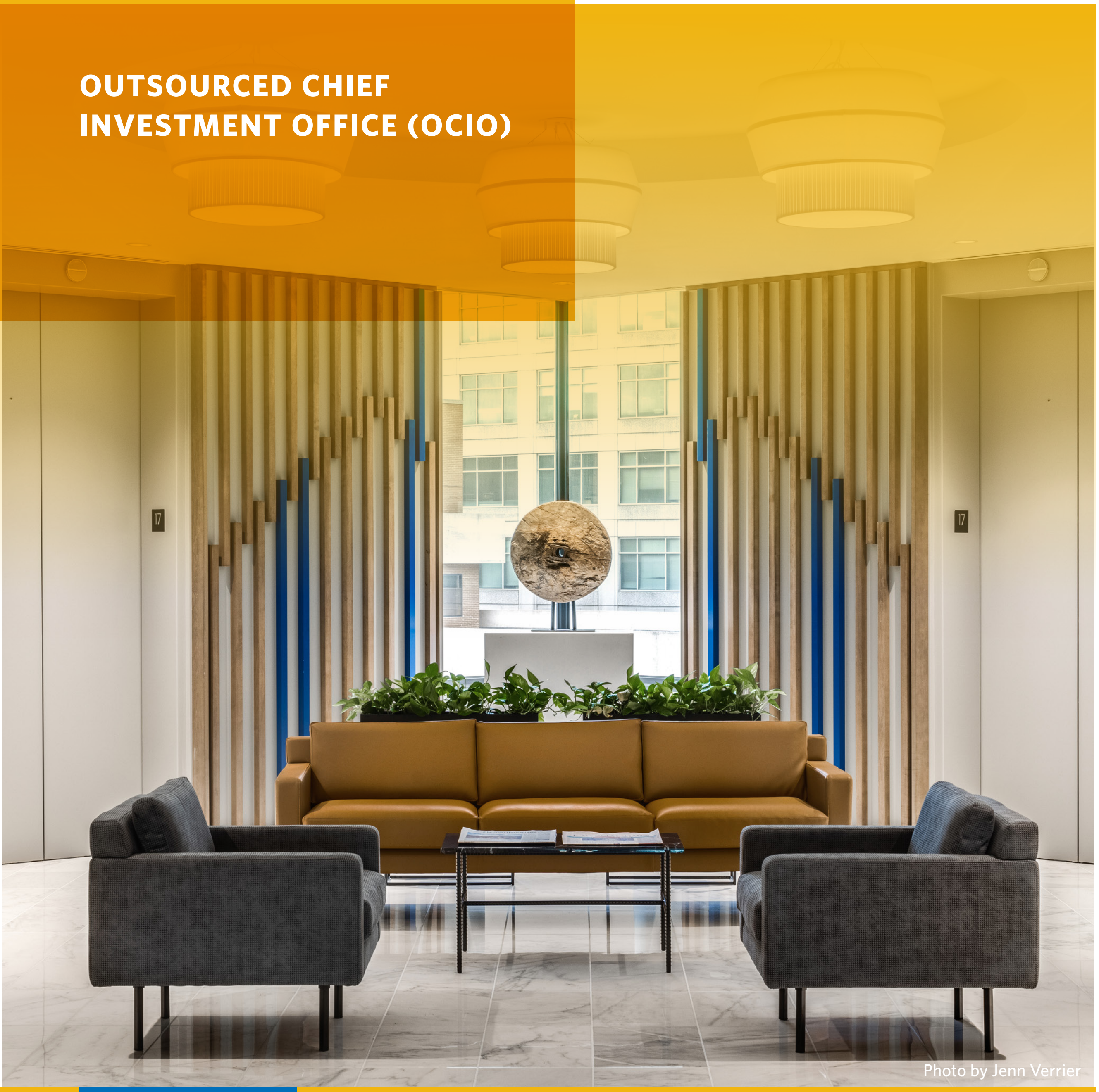

Photo by Jenn Verrier

STRATEGIC INVESTMENT GROUP (STRATEGIC) WAS FOUNDED 36 YEARS AGO AS A PURPOSE-BUILT OUTSOURCED CHIEF INVESTMENT OFFICE (OCIO) acting as an "investment department for hire" building customized portfolios for the unique needs of clients. Our proprietary process combines active portfolio management, rigorous risk management, and open architecture manager selection.

Learn More

To learn more about us and download our **Fiduciary Insights** series, which is dedicated to issues relevant to fiduciary best practices and responsibilities, please go to strategicgroup.com/our-thinking/research and publications. Topics include, "***Building Blocks and Costs of an Internal Investment Office***", ***Climbing to the Top: Approaches and Outlook for Active Management in Institutional Portfolios***", "***How Many Eggs? How Many Baskets - Factors that Inform Optimal Diversification in a Multimanager Portfolio***", "***Comprehensive Asset Liability Management: A CALM Approach to Investing Healthcare System Assets***", "***What is the Role of the IC When Hiring an OCIO***", "***The Art and Science of Manager Termination***", "***Developing a Culture of Good Governance: A Committee Self-Evaluation***", "**Common Symptoms of Poor Governance**", "***Understanding Fees***", and "***Does Outsourcing Mean I Lose Control?***".

To learn more about OCIO, visit OCIO.org, an innovative website launched by Strategic, dedicated to advancing OCIO services through education, advocacy, and insight. **OCIO.org is intended as a resource to help existing and potential clients of OCIOs understand and maximize the benefits of an OCIO relationship.** The website also seeks to highlight and preserve the distinctive features of the OCIO business model and promote best practices across the industry.

SCAN TO VISIT OUR WEBSITE

SCAN TO VISIT OUR EDUCATIONAL WEBSITE

EXECUTIVE SUMMARY

Strategic Investment Group

Strategic Investment Group partners with clients to provide sophisticated, customized investment solutions, traditionally only available to multi-billion-dollar investors. Our mission has always been to provide the same type of comprehensive customized fiduciary investment solutions to organizations that do not choose to, or do not have the ability to, build this capability internally. This frees clients from the day-to-day business of managing investment portfolios so that they can focus on their core mission. **We become our client's investment office and function seamlessly as an extension of their staff.**

Quick Facts About Us

- Pioneer in dedicated OCIO Solutions since **1987**
- Conflict-free business model
- **95** employees
- Senior investment team leadership with an average of **27 years** of experience and **13 years** of collaboration
- **34** discretionary OCIO relationships representing **$27.4** billion in assets under management
- SEC-registered investment adviser
- Client mix of pensions, nonprofits (endowments, foundations, and healthcare systems), sovereign wealth funds, and family assets

Why Strategic Investment Group?

Strategic strives to deliver a transformational impact to all the clients we serve. The unique combination of the following foundational traits sets Strategic apart from other firms. Any of these in isolation are important yet not sufficiently compelling; however, the combination of the four coalesces to magnify the impact for clients.

1. INTENTIONAL FIRM DESIGN

- This is all we do. We have no conflicting business lines or competition for firm resources.
- We choose to serve a small number of clients so everyone can get the attention and customization they deserve.
- Our team-based structure heightens durability and leads to more comprehensive insights and greater comfort for our clients.

2. DYNAMIC COLLABORATION

- Our clients see us as part of their team and this partnership leads to better outcomes.
- Enterprise risk management amplifies impact.
- We value and uphold the mission of each client.

AUM, performance, and client counts are as of December 31, 2023. Staff information is as of March 1, 2024.

PAST PERFORMANCE IS NOT A GUARANTEE OF FUTURE RESULTS.

3. RIGOROUS EXECUTION

- We seek access for all clients to managers with the agility to produce strong returns.
- Our unique portfolio construction resources and skills optimizes alpha and reduces risk.
- Disciplined, persistent, and nimble implementation adds potential for operational alpha.

4. REAL RESULTS

- Our senior investment team's experience working together for an average of 13 years spans multiple market cycles.
- Adding value when clients need it most. While past performance is not a guarantee of future results, Strategic has a live, verifiable, long-term track record of delivering compelling added value, net-of-fees, for over 35 years.
- Entrusted with the assets of foundations, endowments, pensions, and healthcare systems with varied needs demands that we strive to add value in every single asset class.

What Does Strategic Deliver?

We have been refining our approach to investment management for over 36 years with the aim of building enduring partnerships with our clients through the design of customized investment solutions, a high level of service, and sustained net-of-fee value added.

We believe these distinguishing features make Strategic a compelling partner capable of delivering the benefits of a fully resourced investment office:

- **Experience that Matters: 35-year track record** of providing customized OCIO investment solutions with expertise in aligning our clients' portfolios with their values and missions since 1989.

- **Investment Excellence:** Long-term record of outperformance for real clients with a robust and repeatable investment process. Our **36 investment professionals,** led by a seasoned and stable leadership team with an **average of 13 years with the firm** and **27 years of industry experience**, combine deep experience with fresh ideas to create superior, customized portfolios for our clients.

- **Deliberate Structure:** With **34 discretionary OCIO relationships** representing **$27.4 billion in assets under management,** we offer our clients deep resources, manager access, and considerable purchasing power that benefits all clients. Our client-to-investment professional ratio ensures the high touch, personalized service that clients expect from Strategic.

Strategic's Investment Process

Our investment process is highly disciplined and based on a quantitative assessment of fundamental valuations, sources of risk, and the main drivers of added value.

The combination of these elements is how we have generated consistent outperformance:

How Strategic Adds Value	Philosophy	Investment Process
Asset Allocation	Calibrate an asset allocation that has the highest probability of ensuring success	■ Build a foundation of strong governance and education for effective collaboration ■ Become part of the fabric of your organization to understand the strategic plan and the enterprise risks
Access	More sources of alpha generate a more consistent pattern of performance	■ Enable access to what we believe to be best-in-class managers in every asset class ■ Utilize skill and resources to source diversified sources of alpha
Portfolio Construction	Take intentional risk that has the highest probability of reward in every asset class	■ Optimize alpha while reducing risk
Ongoing Stewardship	Continually fight for every basis point we can add to clients' returns	■ Provide rebalancing and tactical tilts ■ Initiate timely manager hiring and firing decisions ■ Maintain robust risk management ■ Directly manage Futures, ETF's, Treasuries, and alpha overlays ■ Identify Opportunistic investments, particularly in times of dislocation

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Scope of Services

Because we work with a small and select group of clients, one of our greatest strengths is our ability to develop a customized investment program and client-service relationship to best meet the unique needs of each and every one of them. **The services we provide include:**

Designing Customized Policy

- Investment policy development
- Setting objectives and constraints
- Setting strategic asset allocation
- Asset/Liability studies
- Development of SRI/ESG policies, if desired

Develop Active Posture

- Setting active asset allocation
- Asset class structuring
- Manager sourcing, due diligence, selection and monitoring, contract negotiations and execution, monitoring, terminations and transitions

Implement

- Risk management and risk budgeting
- Liquidity management
- In-house trading for efficient passive exposure (*e.g.*, ETFs, Treasuries)

Back Office Administration

- Coordination with service providers (*e.g.*, custodians, managers, auditor)
- Performance measurement and reporting
- Cash management, capital call/ distribution management
- Extensive audit support

Client Service

- Dedicated relationship management team that works with a small number of clients
- Comprehensive and customized monthly and quarterly reports
- Investment Committee meetings and material preparation
- Client Portal

Education

- Research papers on fiduciary and investment topics
- Open invitation to quarterly Investment Committee meetings and annual Client Conference
- Online and Onsite educational events
- Donor and Board education and support

We strive to build enduring partnerships with our clients by strengthening their investment programs through a dynamic, value-enhancing investment process, sound governance framework, and world-class client service. For more information, please visit **strategicgroup.com** or contact us. **We are always happy to share more about the transformational work we do for our clients, whose average tenure is 10 years.**

Why Partner with an Investment Office?

To obtain a broad range of experienced resources and strengthen investment governance.

An OCIO can help fiduciaries fulfill their wide-ranging and complex responsibilities. The key is to partner with a co-fiduciary dedicated to helping design and implement investment policies tailored to your particular objectives, mission, willingness to bear risk, and changing circumstances, yet one that makes sure all clients benefit from the firm's best ideas. **The ideal OCIO relationship is a seamless extension of an institution's fiduciary bodies and internal staff, complementing them with the additional resources needed to steward investments effectively.**

Benefits of an Investment Office Partnership

Partnering with a seasoned OCIO, like Strategic, brings many benefits, including: enhanced performance potential, comprehensive portfolio management, a robust governance process, and back-office support.

- **Improve Performance Potential:** An OCIO can help construct a cost-efficient portfolio that strives to achieve return objectives at the least cost and with the minimum amount of risk.
- **Streamlined Governance:** By taking on the responsibility of the day-to-day management of the investment portfolio, an OCIO increases the efficiency and agility of decision-making and simplifies oversight.
- **Save Time and Cost:** CIO outsourcing eliminates the need to recruit and retain a fully staffed internal investment office and can save money by making the portfolio management process more efficient.
- **Expanded Resources:** An OCIO provides the resources and capabilities needed to manage complex investment portfolios, such as: asset allocation modeling; experience in evaluating and managing the full range of asset classes, capacity to implement complex investment strategies and risk management analytics, legal staff to negotiate and execute agreements with managers, and back-office services.
- **Achieve Broader Goals:** An OCIO provides the analytical tools needed to quantify the impact of a range of potential investment outcomes on the institution's financial ability to achieve its strategic objectives.

10 Key Considerations for Finding the "Right" OCIO

Prior to making the decision to hire an OCIO provider, the selection committee should make sure it has confirmed the key aspects of the proposed partnership as understood by the organization. **Although every organization will have specific requirements, some concerns are universal. We hope that the following guide points help you in making this important decision.**

❶ **Philosophy** - Is there alignment and enhancement of investment philosophy?	☐	❻ **Access** - Do all clients get *pro rata* access to constrained managers, or are some clients favored?	☐
❷ **Roles** - What will be the candidate's roles and responsibilities?	☐	❼ **Big Firm vs. Boutique** - What is the difference in overall support between a candidate with many clients to a select few?	☐
❸ **Implementation** - How will the candidate implement the portfolio and handle legacy investments?	☐	❽ **Team** - Will the candidate specify the members of the team and their commitment?	☐
❹ **Enterprise Risk** - Does the candidate take an enterprise view of the portfolio and organization?	☐	❾ **Conflicts** - Does the board understand all the ways the candidate will get paid?	☐
❺ **Asset Allocation** - Do the candidate's asset allocation assumptions and proposals make sense (not overly aggressive or conservative)?	☐	❿ **Dedicated to OCIO** - Is the candidate's team deep and does it have at least a 10-year succession plan?	☐

Strategic Investment Group

Strategic, a pioneer in dedicated Outsourced CIO (OCIO) solutions since 1987, offers a comprehensive service platform for managing customized portfolios for institutional investors. Our proprietary process combines active portfolio management, rigorous risk management, and open architecture manager selection.

Strategic functions as our clients' investment partner and co-fiduciary, effectively becoming an extension of their resources. Clients are then free to focus on their core businesses, while we focus on providing the highly specialized portfolio management expertise that clients need to meet their investment goals. Depending on a client's needs and preferences, Strategic can orchestrate the management of an entire portfolio comprising multiple asset classes, focus on specific asset classes, such as alternatives (e.g., venture capital/private equity, real estate, and/or hedge funds) or international investments, or manage strategies with high potential for adding value. Customized liability-driven investing (LDI) solutions, whether through an integrated total portfolio approach or a targeted long-duration strategy, are also available, as are solutions that address mission-related investment objectives.

We strive to build enduring partnerships with our clients by strengthening their investment programs through a dynamic, value-enhancing investment process, sound governance framework, and world class client service. Our mission is to empower investors through experience, innovation, and excellence.

For more information, please email us at inquiries@strategicgroup.com.

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