A SOPHISTICATED DATA AGGREGATION & REPORTING SOLUTION

Helping Community Foundations Accelerate Growth

- Complete and accurate performance reporting is essential to the responsible oversight of a charitable organization.
- Collecting and processing account information can present significant operational challenges for organizations working with multiple local financial advisors who retain management of donor assets.
- Mason offers a sophisticated solution for multi-advisor data aggregation and reporting that can overcome administrative challenges and open the door to accelerated growth in advisor managed donor assets.

Addressing the Challenge

Community foundations can grow their assets in several ways. One effective, but operationally challenging way, is through donor-retained funds managed by local investment advisors. Such funds are typically in the form of “donor advised funds” or another community foundation fund with a special purpose.

While attracting donations managed by local advisors can initially fuel asset growth, at a certain point administrative challenges from overseeing an increasing number of externally managed portfolios can begin to constrain the level of donations foundations can accept and manage efficiently.

When a foundation has just a few – less than five to ten outside managed funds – the performance and accounting reporting process is usually manageable at the staff/committee level. However, once an organization begins to generate more interest and momentum, growth can be exponential from five to ten to dozens and even hundreds of funds with different investment advisors, custodians, asset allocation models, and benchmarks. Funds managed by local advisors may be structured in multiple ways as shown in the scenarios below or in myriad other ways.

	Separately Managed, Stand-Alone Portfolio	Core Endowment	Single Advisor	Multi-Advisor	Single Donor	Multiple Donors	Simple Asset Allocation	Multi-Asset Class Asset Allocation
Scenario 1	x		x		x		x	
Scenario 2	x		x			x	x	
Scenario 3	x		x			x		x
Scenario 4	x			x		x	x	
Scenario 5	x			x		x		x
Scenario 6		x		x		x		x

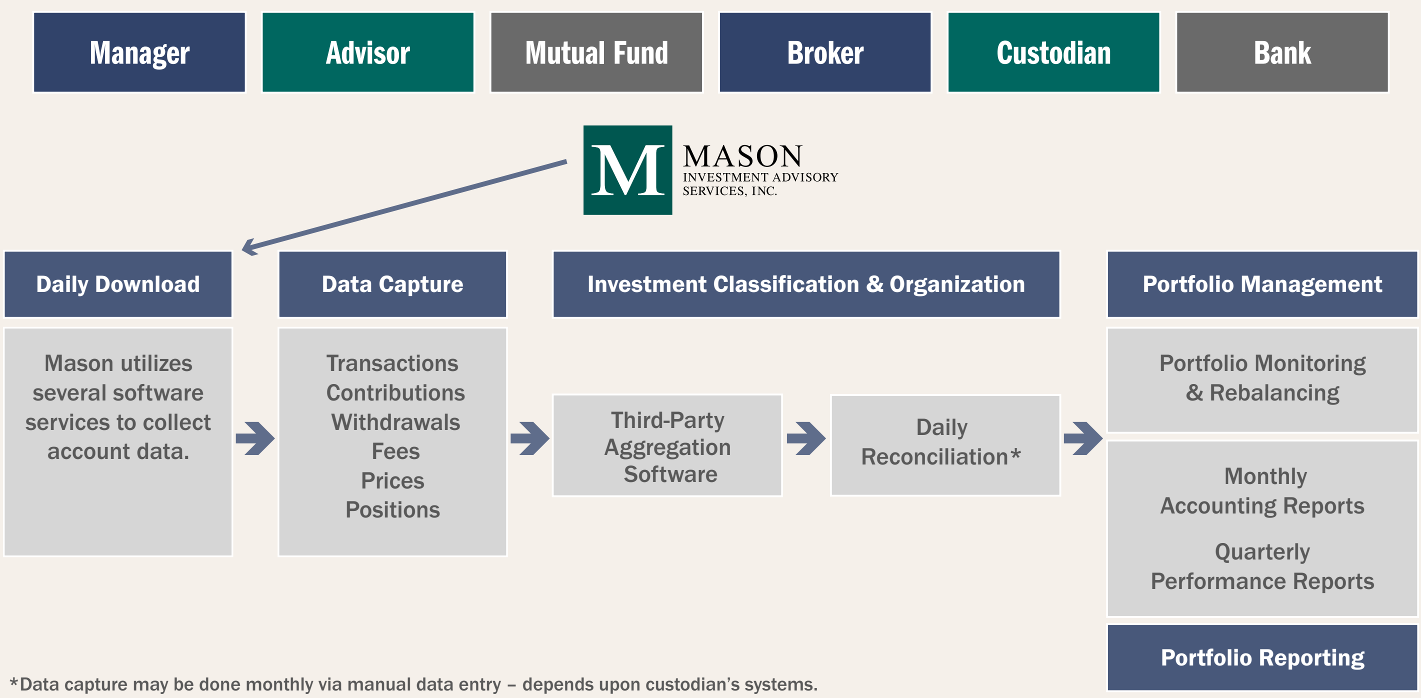
The dramatic rise in complexity resulting from all these variations leads to a breaking point at which an organization's growth can be stunted due to the lack of an efficient reporting process. Hesitation to add more funds creeps in as internal squabbling about the strain on staff time and focus grows.

Mason's solution, if implemented early in the process, may alleviate the issues described above and facilitate a seamless and frictionless growth trajectory. The Multi-Advisor Data Aggregation and Reporting Service automates the data collection and performance reporting processes, saving time, reducing errors, and enhancing insight into an organization's holdings.

The Multi-Advisor Data Aggregation and Reporting Service includes the following core functions:

- Data download and capture
- Investment classification and organization
- Portfolio reporting
- Portfolio management

Mason's Data Aggregation Solution



Automated Data Capture

Using multiple third-party aggregators, Mason establishes direct data feeds with each local investment advisor and the custodian(s) they use for their clients' assets. From these feeds, we download all relevant account data daily including security information, prices, and positions as well as transactions related information such as contributions, withdrawals, fees, and charges. If a data download is not possible electronically, we manually enter data to ensure a comprehensive view of all assets.

Multi-Level Investment Classification & Organization

Once the client's raw information is in our system, we categorize and group investments by asset class, style, and percentage for each local advisor's portfolio. We also assign appropriate benchmarks for each individual investment type and set benchmarks and reference points at the asset class and portfolio level as well.

Consolidated, Customized Portfolio & Performance Reporting

On a monthly and quarterly basis, we provide a suite of accounting and performance reports designed for staff, committee, and board use. Organizations still receive monthly brokerage statements and trade confirmations from each local advisor for their internal control and account tracking purposes.

Our internal reporting team manages the reporting process in concert with your dedicated Mason consultant. Reports are generally available within 6-10 business days following a month or quarter end. Depending upon the level of service, reports may be presented to our clients in-person or via web conference on a quarterly or other basis. Please note, for accounts that require manual data entry, reports take longer to produce.

Our customized, third-party performance reporting system:

- Captures virtually all transactions, including contributions, withdrawals, donations, fees, and charges from all investment accounts and custodians.
- Calculates discounted cash flow money-weighted rate of return calculations on each of your funds and managers, as well as on the portfolio by asset class and in total.
- Calculates time-weighted returns at the portfolio level for more relevant comparisons to certain reference points and benchmarks.
- Calculates daily-weighted performance and reference point/benchmark information.
- Provides a fiduciary screen for compliance with your investment policy statement by showing your policy target versus your current percentage allocation to each asset class.
- Presents performance net-of-fees.

Post Reconciliation Review Process

Some securities transactions may have different trade dates and settlement dates. For example, a bond transaction may take place towards the end of one month but not settle until the early days of the following month. When these situations occur, we will notify the staff and will make the appropriate adjustments for future reports. Our monthly reconciliation process and other internal processes are in place for detection of such discrepancies.

Service Level Options

We offer three levels of service. Our first level of service includes detailed monthly and or quarterly reports for staff and committee review. Our second level of service is more comprehensive and includes advice on how to structure a new local advisor program or revise an existing one. Mason's consultants will interact with your local advisors to communicate allocation adjustments, portfolio rebalancing actions, or other changes desired by the staff/committee. Mason can facilitate the onboarding of new advisors and will help to structure these new relationships efficiently. Your Mason consultant will meet with your staff/committee quarterly to review your program and to provide policy compliance reports. Our third level of service includes everything from level one and level two and adds in a layer of local advisor discretionary portfolio management.

To learn how Mason's institutional consulting and OCIO solutions can help your organization, please contact Will Thorpe at 703-716-6000 or wthorpe@masoncompanies.com.