SHORELINE ASIA
ADVISORY • LEARNING • TECHNOLOGY

OUR IN HOUSE PROCESS

Board Investment Governance



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Disclaimer

Shoreline Asia's role under this process is limited to governance support and process management. Neither this document nor any associated assessments, reports or recommendations constitute investment advice. The decision whether or not to appoint an investment adviser rests solely with the Board or its duly authorised delegate.

Our investment governance process

Shoreline Asia has developed an in-house investment governance process and undertaken this work across a broad range of not-for-profits and charities. We help Boards and management teams establish investment policy, select an adviser suited to their organisation and maintain informed oversight of performance, risk and policy compliance.

This document explains how our process works, from understanding investment needs through to ongoing oversight. It connects the management of growth and income-generating investments with the organisation's purpose, financial commitments, risk appetite and responsibilities to stakeholders. The approach is tailored to each organisation, with clear Board decision points and documented outputs throughout.

Investment needs and policy

1 Understand investment needs and risk

We begin with a structured review of the organisation's investment drivers, working with the Board and responsible executives to understand:

- Capital and liquidity requirements, including when funds must be available for operating commitments or planned expenditure.
- Income needs, investment time horizons and the appropriate balance between capital preservation and growth.
- The Board's risk appetite and tolerance, informed by the organisation's capacity to absorb loss and meet its commitments.

Our process includes a Board-level investment risk review. This identifies the principal risks associated with the investment portfolio and informs an investment risk register, with controls, responsibilities, mitigations and review arrangements. The discussion also brings investment issues and assumptions into the open before policy and adviser decisions are made.

The risk register focuses on risks associated with a portfolio of growth and income-generating investments. It is separate from a broader organisational risk review.

Board decision point 1: We prepare a paper setting out the findings and how they inform the investment policy and adviser selection process.

2 Establish policy and delegated authorities

We translate the findings into an Investment Policy, or review an existing policy, for Board approval. This establishes the objectives and boundaries within which management and the appointed adviser or fund manager operate.

Policy area	What the policy establishes
Purpose and objectives	Investment principles, capital and income requirements, time horizons and return objectives.
Portfolio and risk	Portfolio structure, asset allocation and tolerances, liquidity requirements and risk limits.

Policy area	What the policy establishes
Investment boundaries	Permitted and restricted assets and any ethical, donor or other organisational constraints.
Authority and accountability	Decisions reserved to the Board, delegated authorities and adviser or fund manager limits.
Monitoring and review	Performance benchmarks, reporting, appointment and review protocols, and action when limits are exceeded.

Where appropriate, a complementary Capital Management Policy explains how capital is held and made available over the short, medium and long term.

Board decision point 2: The Board approves the Investment Policy.

We often present the findings and policy to the Board so members can discuss the approach and make an informed decision.

Adviser selection and transition

3 Select and appoint the adviser

Once the Investment Policy is approved, we prepare an expression of interest (EOI) that gives invited firms a common basis for responding. Assessment criteria are established in advance so responses can be compared consistently.

We identify suitably qualified firms, explain their suitability and work with the organisation to agree which firms to invite.

Each invited firm submits a written response and attends a structured interview or presentation. The same questions and assessment framework are used throughout.

To protect the integrity of the selection process, we recommend that panel members decline hospitality from participating firms while it is underway.

The EOI addresses matters such as:

- Fit with the Investment Policy and the proposed investment approach.
- Asset allocation, fund/security selection, investment vehicle e.g., unit trust, SMA etc.
- Past performance of similar portfolios.
- Qualifications, experience and continuity of key investment and relationship personnel.
- Experience with not-for-profit organisations and support available beyond portfolio management.
- Reporting capability and the clarity of performance, risk and policy compliance reporting.
- Relevant authorisations, recent reportable regulatory or compliance breaches, and conflicts of interest.
- Full fees and costs, including adviser, fund, platform, custody and transaction charges where applicable.

We consolidate the submissions across key measures, including asset allocation and total costs, to give the organisation a consistent basis for comparison.

The evaluation panel normally includes Doug Sumner, the CEO and/or CFO, and selected Board members. Each panel member uses an evaluation sheet to record scores and comments against the EOI questions.

We bring the written submissions and interview assessments together in a decision paper. It compares candidates across qualitative and quantitative factors, identifies material differences, presents a clear cost comparison and highlights matters to resolve before appointment.

The appointment decision remains with the organisation's authorised decision-maker or makers.

Board decision point 3: The Board or its duly authorised delegate decides which investment adviser to appoint.

4 Coordinate the transition

Following appointment, we coordinate an agreed transition plan with management and the selected adviser. This covers documentation, account and custody arrangements, asset transfers, responsibilities, costs and timing.

We track progress and unresolved issues through to completion, with attention to maintaining access to funds and establishing the first reporting cycle.

Completion checkpoint: The organisation confirms that the agreed transition is complete and reporting arrangements are in place.

Ongoing oversight and practical experience

5 Support governance and review

At an agreed frequency, usually aligned with Board or committee meetings, we prepare a tailored report for the Investment Committee or relevant Finance and Audit Committee. The report explains results against the organisation's own Investment Policy and objectives.

- Before each scheduled committee meeting, Doug Sumner and the responsible executive, usually the CFO, meet with the adviser to review performance, policy adherence and matters requiring attention.
- The report is included in the committee's meeting papers and covers performance against agreed benchmarks and objectives, risk exposures, liquidity, fees, policy exceptions and decisions required.
- Relevant adviser and management attestations address policy adherence, exceptions and corrective action.
- Doug Sumner attends the committee meeting in person or remotely to present the report and answer questions.

Ongoing support includes maintaining the investment risk register, an annual review of adviser performance and service, and assistance with ad hoc enquiries. Reporting frequency and review arrangements reflect the organisation's governance needs.

Experience across not for profits and charities

Our in-house process has been applied across a broad range of not-for-profits and charities. This experience informs how we adapt the work to different purposes, investment needs and governance arrangements, while retaining a structured approach to policy, adviser selection and oversight.

How we can assist

A clear investment policy, transparent adviser selection and purposeful ongoing review help Boards oversee their organisation's investments and hold advisers to account. Shoreline Asia provides the governance support and process management to put this approach into practice. We would be delighted to assist your Board and management team, and to discuss how our process can be tailored to your organisation's purpose, financial needs and governance priorities.

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