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YourQ&A: What's the Investment Committee's Role?

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Question

What should the role of the investment committee be?

Questioner: Investment Executive, Institutional Consultant, Midwest

Answer



Ian Kennedy is the global director of research at Cambridge Associates.

While the exact role of the investment committee varies based on the level of staff resources and available talent, there are some core responsibilities that apply to committees of all institutions:

- First, the committee must have a clear understanding of their fiduciary responsibility to manage the investment process rather than manage the portfolio itself. Its members must know that such an approach is in the institution's best interests over the long term.
- The committee should be responsible for setting policies and evaluating the portfolio. When qualified professionals are employed, implementation (including manager selection) may be delegated to staff or consultant.
- The committee should oversee the provision of sufficient internal and external resources. This should be done to support the investment process, as well as to ensure that the committee is receiving adequate, timely and accurate management information on portfolio risk and return.
- The committee should also make sure that a proper record of its deliberations is

maintained.

- Finally, the committee should monitor and respond to any changes in the institutional investment environment. For example, if a need for more demanding audit and reporting requirements emerges, the committee should follow up accordingly.

YourQ&A is your opportunity to get your pressing questions answered by industry leaders.

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