



# Custom Managed Pools

If your fund at The Community Foundation has assets of \$500,000+, you may elect to have your investment advisor continue his/her involvement with your investments through the creation of a Custom Managed Pool. A Custom Managed Pool is an **investment pool created for investment of your Fund's assets only, advised by an investment professional recommended by you.** It has the advantage of employing an investment strategy that considers your unique grantmaking time horizon and investment objectives.

“*It takes expertise and strategic thinking to effectively implement a long-term charitable plan for families. It's important for clients to be able to lean on local experts that are experienced in philanthropy and can provide guidance on how to make a positive impact in the community.*”

— **John B. Magevney** (pictured above), CFP, Founding Partner at Callan Family Office who advises a Custom Managed Pool at The Community Foundation

## GETTING STARTED:



1

You or your investment advisor contacts the Foundation about originating a Custom Managed Pool for a new or existing Fund at the Foundation.

2

Foundation staff conduct due diligence on your investment advisor. Once approved, we work with your investment advisor to design an investment strategy that considers your grantmaking time horizon, return objective, risk tolerance, and values-based objectives, if any.



3

The Foundation's Investment Committee approves origination of the Custom Managed Pool and its strategic asset allocation.

4

The Custom Managed Pool is funded to an account established by the Foundation, and your investment advisor is given discretion in manager selection for the pool.



## Who oversees investment of Custom Managed Pool assets?

The Foundation's Board of Trustees has the ultimate fiduciary responsibility for all invested assets of the Foundation. As with all assets, the Foundation is the sole owner of all Custom Managed Pool assets and they remain under the control of the Foundation. The Board has delegated authority to the Investment Committee to originate Custom Managed Pools and to ensure all assets are invested consistent with the policies and objectives of the Foundation.

Custom Managed Pool advisors, managers, and custodians are subject to oversight by the Foundation's Investment Committee and the Board, and can be changed by the Committee or Board at any time, in their sole discretion.

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### What expenses are charged to my Custom Managed Pool?

The Custom Managed Pool will bear all its own investment expenses as well as any costs incurred by the Foundation that are directly related to the Fund (e.g. investment and manager fees).

*Note: the Foundation does not charge an additional fee for oversight of Custom Managed Pools.*

### What reporting will I receive on my Custom Managed Pool?

Quarterly, your Custom Managed Pool net investment earnings will be reported to you on your fund statement. If you wish to have details on the performance, you may contact the Foundation's VP of Finance, Erin Broderick, for additional information. Importantly, because these invested assets are owned by the Foundation, you will not receive statements directly from your broker/custodian nor have log-in access to investment accounts owned by the Foundation.

### What conditions are set for engagement of my investment advisor?

Investment advisors for Custom Managed Pools generally have discretionary authority to implement the strategic asset allocation, with the authority to engage and terminate managers for the pool. The following conditions apply.

- The recommended advisor must agree to abide by the Foundation's Investment and Spending Policy for Investment Program and a separate written investment policy statement for the Custom Managed Pool, including agreed-upon benchmarks as approved by the Investment Committee.
- The Investment Committee will monitor and evaluate the Custom Managed Pool performance over time and may terminate an advisory relationship for matters such as failure to comply with the Foundation's investment policies and/or continued underperformance against agreed-upon benchmarks. In such case, the donor will be asked to recommend an alternative investment option for their fund.
- For Custom Managed Pools under \$10 million, manager selection is limited to those with a lock-up period, if any, of not more than one year.

### How does the Foundation ensure funds are managed ethically and legally according to IRS rules?

- The Foundation will not allow Fund assets to be invested with an advisor or manager that would result in an "excess benefit transaction" as defined in U.S. I.R.C. Sec 4958, Taxes on Excess Benefit Transactions.
- The Foundation will not pay any advisor or any other third party a commission or fee for bringing someone who creates a fund to the Foundation.



George Egan leads The Community Foundation's Investment Committee.

### How do I get started?

Because of the customized nature of this option, you will be asked to sign a written waiver and release agreement that releases the Foundation from any and all claims related to investment of your Fund's assets in a Custom Managed Pool, including but not limited to any claim based on losses incurred by the Fund, failure to achieve similar performance results as the Foundation's other investment pools, or breach of fiduciary duty in engaging Custom Managed Pool advisor, managers or custodians.

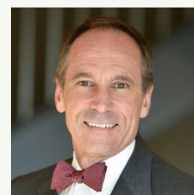
### May I recommend changes in the investment strategy to my investment advisor?

The Foundation has fiduciary responsibility and control over invested assets of the Foundation, and will work closely with your investment advisor to implement a custom strategy for your fund's assets and to monitor success. Accordingly, any recommended changes you may have to the investment strategy should be directed to the Foundation.

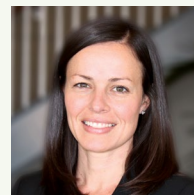
### What are my investment options beyond my lifetime?

A donor may recommend the Foundation continue the Custom Managed Pool advisor relationship after their death.

For more information, contact:



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**THE COMMUNITY  
FOUNDATION**  
— FOR NORTHEAST FLORIDA —  
*Giving Back. Forever Forward.*