

Investment Strategies for Eligible Funds

Madison Community Foundation's Third-Party Asset Management program allows approved investment advisors to continue managing their clients' charitable assets after they are gifted to MCF. MCF's Investment Committee has approved pre-established investment strategies for these funds, which participating fund managers must agree to follow.

How the Process Works

If your client is planning to open a new fund at MCF with at least a \$2 million initial contribution, they can ask to participate in the Third-Party Asset Management program. They will need to complete an Investment Adviser Recommendation Form naming you as the recommended investment advisor for their donor advised fund at MCF. You will then complete an application so that MCF can confirm eligibility via its due diligence process. (A sample application form can be found at madisongives.org/advisorapp.)

After your client signs their fund agreement and your participation in the Third-Party Asset Management program is approved, MCF will work directly with you to set up an MCF-owned account at your firm into which you will transfer the assets your client is using to create their fund. You will remain the custodian of these assets, but MCF owns the account.

Funds managed through the Third-Party Asset Management program need to conform to one of MCF's approved investment strategies. Once the fund is established, this strategy cannot be changed, so be sure to confirm the strategy with your client before they sign the fund agreement.

Through the program, you have discretionary authority under the Investment Management Agreement to invest these funds by:

- Following the strategic allocation requirements for the chosen strategy, as outlined below, as well as the terms of our Investment Management Agreement and our Investment Policy Statement.
- Only sharing performance or operational information with the account holder, MCF.

Investment Strategy Options

Donors can establish either endowed or non-endowed donor advised funds as part of the Third-Party Asset Management program.

Donors establishing **endowed funds** must follow a **Growth** strategy, targeting 70% equity and 30% fixed income, cash and cash equivalents

Donors establishing **non-endowed funds** may select a:

- **Capital Preservation** strategy, targeting a 100% allocation to fixed income, cash and cash equivalents,
- **Balanced** strategy, targeting a 40% allocation to equity and a 60% allocation to fixed income, cash and cash equivalents, or
- **Growth** strategy, targeting 70% equity and 30% fixed income, cash and cash equivalents.

Rebalancing the Portfolio

MCF expects advisors participating in the Third-Party Asset Management program to rebalance the Fund's portfolio regularly to maintain the policy allocation within the targeted ranges. You also can engage in tactical rebalancing to capture short-term market anomalies, as long as the trades don't violate the stated ranges for each asset class.

Learn More

If you would like to learn more about MCF's Third-Party Asset Management program or any of the ways we can help you support your clients in their charitable giving goals, we would be happy to help. Call us at 608-232-1763 or email legacy@madisongives.org