



Governance

Institutional Investor Corporate Funds Roundtable

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Three Ways to Run a Fund

	Asset allocation	Managers
1 Cost minimizer	Mainly equities & bonds (eg 60% equities, 40% bonds)	Mainly passive
2 Diversity seeker	Diversity: >15% outside equities and bonds (eg 40% equities, 20% absolute return, 40% bonds)	Passive and active
3 Diversity and skill exploiter	Diversity: >30% outside equities and bonds (eg 20% equities, 40% absolute return, 40% bonds)	Very active: active risk ~ 20% of total risk

Three Levels of Fund Governance

Governance is: **Time** x **Expertise** x **Organizational Effectiveness**

① Limited	Single Board
② Middle-range	Investment Committee + staff
③ Advanced	CIO and Investment team