

# Contents

<b>Acknowledgments</b>	<b>xi</b>
<b>Introduction</b>	<b>xiii</b>
Organization of this Book	xiv
<b>CHAPTER 1</b>	
<b>The Investment Committee</b>	<b>1</b>
Standards to Meet	1
Committee Organization and Functions	3
Interaction of Committee and Adviser	10
Social Investing	15
In Short	17
<b>APPENDIX 1</b>	
Example of an Investment Committee's Operating Policies	17
<b>CHAPTER 2</b>	
<b>Risk, Return, and Correlation</b>	<b>21</b>
Return	21
Risk	27
Correlation	31
Risk-Adjusted Returns	32
Derivatives—A Boon or a Different Four-Letter Word?	34
In Short	38
<b>CHAPTER 3</b>	
<b>Setting Investment Policies</b>	<b>39</b>
Time Horizon, Risk, and Return	40
Policy Asset Allocation	42
Preparing a Statement of Investment Policies	47
In Short	52

<b>CHAPTER 4</b>		
<b>Asset Allocation</b>		<b>53</b>
Characteristics of an Asset Class		54
Asset Classes		58
Putting It All Together		70
In Short		79
<b>CHAPTER 5</b>		
<b>Alternative Asset Classes</b>		<b>81</b>
Liquid Alternative Assets		81
Illiquid Investments		91
Private Asset Classes		93
In Short		102
<b>CHAPTER 6</b>		
<b>Selecting and Monitoring Investment Managers</b>		<b>103</b>
Three Basic Approaches		103
Criteria for Hiring and Retaining Managers		107
Hiring Managers		111
Retaining Managers		118
In Short		122
<b>CHAPTER 7</b>		
<b>The Custodian</b>		<b>123</b>
Custodial Reporting		124
Management Information		125
In Short		126
<b>CHAPTER 8</b>		
<b>Evaluating an <i>Investment Fund's</i> Organization</b>		<b>127</b>
Investment Objectives		127
Asset Allocation		128
The Fiduciary Committee		128
The <i>Adviser</i>		129
<i>Investment Managers</i>		130
<b>CHAPTER 9</b>		
<b>Structure of an Endowment Fund</b>		<b>131</b>
The Total Return, or Imputed Income, Approach		131
“Owners” of the Endowment Fund		134
In Short		136

---

APPENDIX 9	
The Total Return or Imputed Income Method	137
<b>CHAPTER 10</b>	
<b>What's Different about Pension Funds?</b>	<b>139</b>
Pension Plan Liabilities	140
Investment Implications	141
In Short	142
<b>CHAPTER 11</b>	
<b>Once Again</b>	<b>143</b>
<b>Glossary</b>	<b>147</b>
<b>Bibliography</b>	<b>154</b>
<b>Index</b>	<b>155</b>
<b>About the Author</b>	<b>160</b>

<http://www.pbookshop.com>

<http://www.pbookshop.com>