

Customized administrative solution



Non-profit with multiple sub-accounts

Client case study



The organization

A membership based non-profit association that provides voluntary professional services to a 400,000 strong member base. The association has over 35 specialty groups that have an in-depth focus on unique aspects of the professional services. The association has a combined investment pool of \$300m that is sub divided between the specialty groups. As a result, the association has over 35 investment sub-accounts, each with its own account setup, asset allocation, reporting and monitoring requirements. The specialty groups within the association manage and oversee their respective individual endowments.

Challenges

Prior to working with Russell Investments, the association managed the individual sub-accounts manually. On a quarterly basis, the group heads were asked to complete a form to request any asset allocation changes, fund transfers, deposits or withdrawals. These requests were then aggregated across all groups manually in the form of a spreadsheet and forwarded to the custodian for executing the trades. The client's central accounting team would compile the trading activity across all the subaccounts and manually enter all the trades into the general ledger system. This was a very manual and time consuming process, often prone to human error.

The association also had unique reporting needs. While the individual specialty groups needed to view detailed reports on their investment sub-account, the management of the association required consolidated reports for the entire asset pool. This created an administrative burden on the financial and accounting teams to prepare these detailed as well as consolidated reports on a quarterly basis.

The group heads were able to make asset allocation changes just once a quarter, based on a quarterly report manually compiled and distributed by the central team. As a result, they did not have a formal rebalancing policy that allowed them to rebalance their portfolios during the course of the quarter. In addition, the lack of visibility into the market value or performance of their investments limited their ability to manage their investments dynamically by responding to shifts in the market.

The association was keen to work with an investment provider who could help them better manage their investment program across the multiple sub-accounts as well as reduce their administrative burden so their staff could focus on mission driven activities.

Organization request

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Multiple objectives to manage



Customized sub-account reporting

Separate asset allocations for the multiple investment sub-accounts
Performance and accounting reports for all underlying sub-accounts as well as consolidated “roll-up” reporting for management and accounting systems



Streamlining and automating processes

Automating the manual processes to create efficiency
System generated accounting and performance reporting



Enhanced accessibility of account information

Ongoing visibility and daily access to their sub-accounts; access to more frequent reporting both at the sub-account level as well as the consolidated view



Improved investment oversight

Implementing a formal auto-rebalancing policy to maintain allocations within pre-determined target ranges
Ability to request and execute trades in response to market shifts rather than quarterly

Russell Investments' Administrative Services Solution

Drawing on a holistic and flexible suite of administrative services, we implemented an efficient solution to deliver a robust operational and reporting setup designed to work seamlessly with the association's existing systems and team. Our proposed solution was based on a thorough dialogue with the association's management, investment committee, finance and accounting teams to understand their specific needs. We then implemented a holistic and customized administrative solution for the association, outlined below.

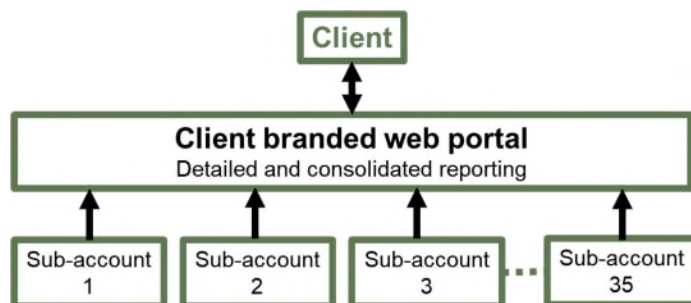
Customized sub-account reporting

Given the unique reporting, tracking and communication needs of the association to manage over 35 investment accounts, Russell Investments created separate investment sub-accounts for each of the specialty groups. In addition, we offered an automated solution by giving the association access to a customized website that:

- allows the association to track, manage, allocate and report on the investment details at the sub-account level and provides round the clock access to account statements
- provides them with consolidated “roll-up” reporting that integrates all of the association's investment assets and reflects the results of the total portfolio
- creates branded statements and web tools that allow the management and central teams to communicate more effectively with the specialty groups

Our flexible online reporting system was easily customized to the specific needs outlined by the association, which allowed them to:

- download their reports in a specific format and file type (.csv or excel) that integrates seamlessly with their general ledger system
- customize the reports to include certain fields specific to their internal systems, to enable cross referencing and integration with their existing systems
- provide fund level reporting to the central accounting team for reconciliation purposes
- access reports which provided a more granular view of their investments
- provide individual specialty group access for transactions, asset allocation changes, and rebalancing activity
- give password protected controlled access to all approved users within each sub-account; administrator was given permission to access all sub-accounts



Streamlining and automating processes

Working closely with the association’s internal staff, we provided solutions for streamlining and automating some of the prior manual processes. For instance, the process for asset allocation changes was simplified and automated, resulting in increased process efficiency and reduced administrative workload for the internal staff. The table below provides an example of the processes used by the association before and after working with us.

Process	Before	After	Benefit/Saving
Gathering change requests	A change form was emailed to all specialty groups approximately two to three weeks prior to quarterly due dates	System was setup to automatically send reminders to the group heads three weeks prior to due dates. The group heads could then simply logon to the web portal to submit their requests	Eliminated need for completing paper based forms as well as manually chasing and coordinating with specialty group heads
Consolidating requests	The completed forms were emailed to the finance team and recorded manually in an excel spreadsheet	The finance team could see all change requests and trading activity online and download the aggregate data	Two to three days of a finance team member’s time, which could now be reallocated to more meaningful tasks
Executing trades	Information on sales and/or purchases by individual specialty groups were compiled and emailed to the investment manager in the form of a spreadsheet	The system can now directly send electronic files to the custodian for trade execution	Half a day’s work to net all sales and purchase trading activity and communicate with the investment manager
Uploading trade activity into general ledger	The consolidated trading activity was sent to the central accounting team that had to then manually enter all trading activity into the general ledger system	The central accounting team could view consolidated trading activity online and download the aggregate data in customized format to enable a direct upload to their general ledger system	One to two days of work to manually input all trading activity into the general ledger system
Generating management reports and accounting statements	<p>Once the trading activity was uploaded to the general ledger, the accounting team would manually create individual account activity statements for each sub-account</p> <p>In addition, a consolidated report was also prepared manually for management review</p> <p>Finally, because of the manual work involved, the reports were only available once a quarter</p>	<p>Instead of relying on a manually compiled spreadsheet once a quarter, the heads of the specialty groups could now login anytime to a secure web portal and view market values and fund performance</p> <p>Accounting and investment performance reports are now available on a monthly basis, as opposed to only quarterly in the past</p> <p>The manual process of compiling consolidated reports was completely automated</p>	One person’s full-time workload in manually creating and distributing reports

Transforming resource drain to resource gain

Russell Investments understands that there is more to a well run non-profit than just a well managed investment program. By working with Russell Investments, the association has been able to leverage an efficient and flexible administrative services solution that is tailored to its precise needs and works seamlessly with its existing processes and people.

Our administrative services have provided the association with a customized sub-account setup, integrated accounting and performance reporting and robust processes to strengthen its investment program. As a result, the association has been able to shift the focus of its resources to more strategic decisions.

Improved investment oversight

Through the web portal, the heads of the specialty groups were able to request and execute trades online, instead of manually completing a form and sending it in. In addition, we worked with the individual groups to implement preset tolerance ranges around the policy asset allocation for all investment sub-accounts. Once a month, the system checks if the allocations have fallen outside of their tolerance range and automatically rebalances the accounts to bring them within the tolerance range. This auto-rebalancing process helped mitigate any potential risk from unintended asset allocation drifts.

Lastly, the portal allows increased communication between the individual groups by allowing the sharing of educational materials on investment strategies, market outlooks, trends and other resources that equipped the specialty group heads to implement a strong investment program for their constituents.

Results and client experience

Through our comprehensive administrative solution, the association has benefited from:

- customized and flexible reporting tailored to its specific needs
- efficiency from an automated process for tracking and reporting on multiple sub-accounts
- daily access to reporting through our online reporting portal
- streamlined delivery of investment education and market updates to all subgroups simultaneously

About Russell Investments

Russell Investments is a global asset manager with a unique set of capabilities that we believe is essential to managing your total portfolio and to meeting your desired outcome. At Russell Investments, we stand with you, whether you're an institutional investor, a financial adviser, or an individual guided by an advisor's personalized advice. We believe the best way to reach your desired outcomes is with a multi-asset approach that combines: asset allocation, capital markets insights, factor exposures, manager research and portfolio implementation.

For more information

Call Russell Investments at **866-739-7979** or
visit russellinvestments.com/nonprofit

Important information

This case study represents a unique situation faced by a non-profit association that wanted to work with an investment provider who could help them better manage their investment program across multiple sub-accounts as well as reduce their administrative burden so staff could focus on mission-driven activities. Case studies are problem-solving stories. We select a situation that is indicative of problems clients in this category are facing. The recommendations described do not represent a standard strategy or set of recommendations made for all advisory clients with similar issues. Each client has unique requirements, challenges, and constraints, and our advisory solutions are tailored to each client's specific needs. Every client's situation, experience and needs are different, and Russell Investments does not imply that the solution herein is appropriate for any other client.

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