



Governance

Ascalon Signpost Series



Governance

Best practice investment governance requires effective use of all of the tools and resources available to fulfil our fiduciary duty. Those tools and resources include people, policies, processes and technology. Governance should be ongoing and have a clear review framework. Ultimately, good governance should ensure investment decisions are made that will maximise your welfare.

We distinguish between compliance, which is important, and governance, which is a commitment to continuous improvement and great risk management. But our focus is on best-practice stewardship.

It involves constantly improving decision making and risk management, and critically, is guided by a transparent and sincere commitment to act in your best interests.

What do we mean by Governance?

Good investment governance requires the effective use of resources to solve an underlying investment issue. Ensuring great governance—which we call “best-practice stewardship” – is about using those resources to sincerely and transparently fulfil a fiduciary duty.

We make an important distinction between investment governance and investment expertise. Investment expertise is about having a clear and technical understanding of portfolio theory, investment practices and financial markets.

Investment governance, on the other hand, is about good processes, the effective use of investment professionals, clear and equitable investment policies and adoption of new technology and resources to deliver on your investment mission and objectives.

For us, implementing investment governance is just a beginning. We are focused on achieving best-practice stewardship—ensuring all levels of compliance, decision making, risk management and use of resources are guided by a transparent and sincere commitment to act in your best interests.

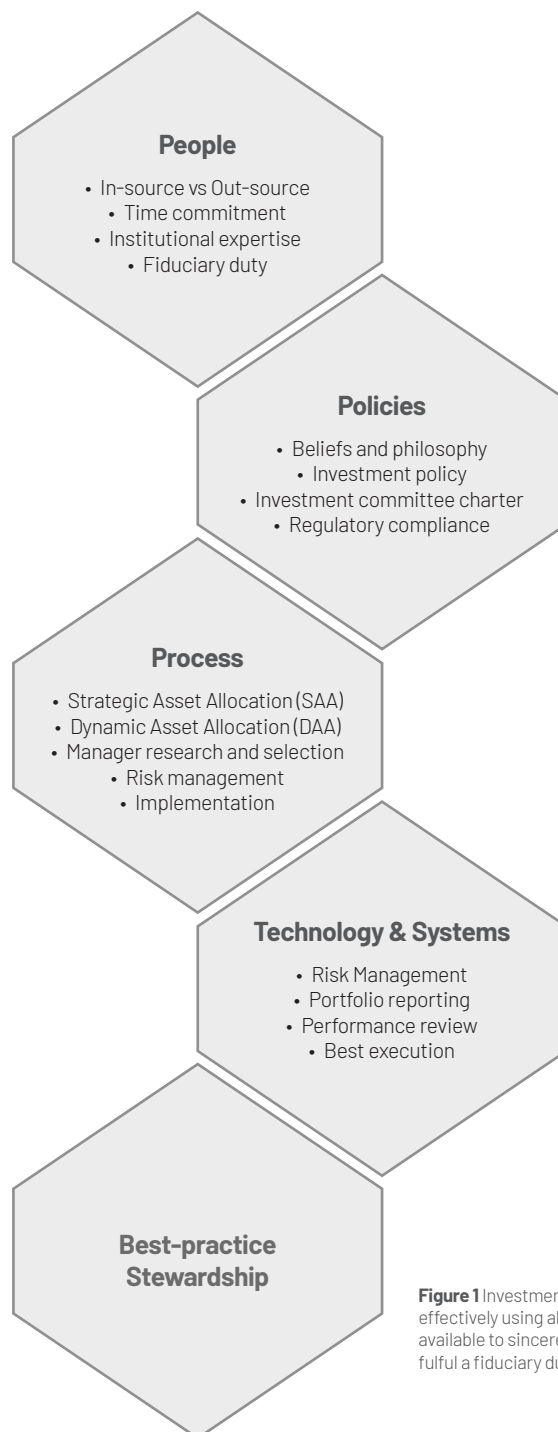


Figure 1 Investment governance is effectively using all of the resources available to sincerely and transparently fulfil a fiduciary duty.



How does Ascalon do Governance?

Best-practice stewardship is an ongoing process. It is inextricably linked to the investment process – while being distinct from investment expertise.

We distinguish between;

- **Compliance:** Compliance includes being clear about regulatory compliance. But that is not sufficient for best-practice stewardship.
- **Governance:** Governance requires a continuous commitment to improvement, to reviewing decision making frameworks, and for managing risk management
- **Best-practice stewardship:** Best-practice stewardship is effectively using all resources – people, policies, processes and systems – to fulfil a fiduciary duty clearly and transparently, and in your best interests. It is an ongoing exercise within a comprehensive framework. It is a dedication to continuous improvement, robust risk management, clear accountabilities and responsibilities, and disciplined, repeatable processes with a sincere and transparent goal of acting in your best interests.

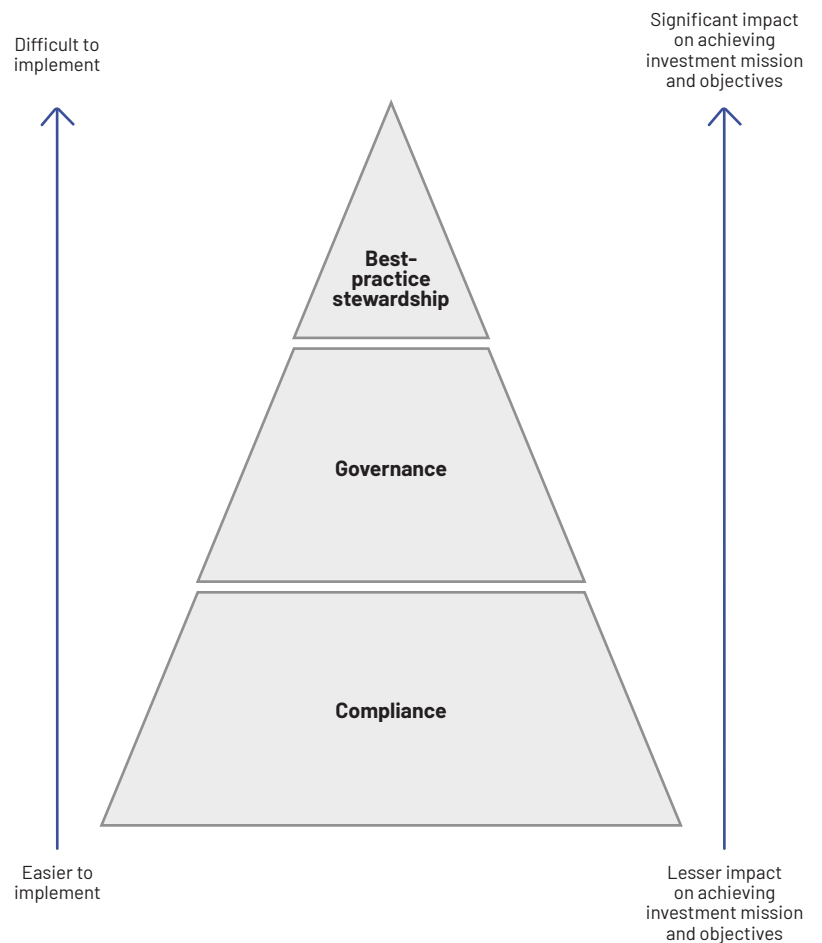


Figure 2 Best-practice stewardship is difficult to achieve but important for achieving investment mission and objectives.



Why should you rely on our best-practice stewardship?

Our best-practice stewardship framework links inextricably with our investment expertise and investment processes. Each of the parts of our process can be broken down to show a commitment to your mission and objectives.

- **Clarity around mission and objectives:** Our governance process starts with understanding the objectives, how they link to investment beliefs and what that means for your required portfolio risk, risk capacity and risk tolerance.
- **A robust Investment Policy:** A common understanding of how your portfolio will help you achieve your investment mission and objectives is a critical part of the governance process.
- **A flexible opportunity set:** Our single, consistent investment engine helps drive you toward your goals, and our flexible execution ensures your journey is the right one for you.
- **A consistent implementation process:** We have a clear, repeatable governance process that consistently aligns the roles and responsibilities to your investment objective.
- **Ongoing, disciplined oversight:** We have a formal oversight committee that goes beyond just considering compliance and investment reporting to formally take on accountability to superintend the governance process.
- **Transparent reporting and monitoring:** Governance should be measurable, monitored and reported to show commitment to achieving your mission and objectives.

Our commitment is to building, maintaining and improving our clear framework linking our investment expertise to best-practice stewardship and your best interests.

Our best-practice stewardship framework links inextricably with our investment expertise and investment processes.

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|----------|-------------------------------|----------|-----------------------------------|
| 1 | Mission and objectives | 4 | Manager selection |
| 2 | Portfolio construction | 5 | Investment committee |
| 3 | Asset Allocation | 6 | Monitoring & reporting |

Figure 3 Best-practice stewardship is an ongoing process that runs throughout every part of the investment process.