



Escala

Not-for-Profit Investment Solutions





We provide objective, flexible and strategic investment services to not-for-profit organisations so they can deliver on their mission and vision.

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Through collaboration and personalised service, our investment solutions are tailored to meet defined organisational objectives.

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With our collegiate approach, expansive resources, and commitment to ongoing innovation, we are redefining excellence in investment management for the NFP sector.

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Welcome to Escala.



Providing Investment Solutions to Meet Defined Organisational Objectives

Our advisory service offers considerable experience assisting organisations in the NFP sector.

Having practical knowledge of the requirements, challenges and fiduciary obligations that need to be addressed by boards and sub-committees, we can help alleviate the pressures, particularly for those acting in a voluntary capacity.

Our dedicated NFP specialists work with you to develop a bespoke plan to meet liquidity and income requirements, optimise investment returns, and preserve capital over the long term.

They are supported by our Chief Investment Office (CIO) team, who provide guidance on strategic and tactical asset allocation and the selection of preferred fund managers.

The plan will be designed to address your ESG responsibilities, mitigate risks, meet liquidity and income requirements, optimise investment returns, and preserve capital over the long term.

You could see our role, in effect, as your Outsourced Chief Investment Office, helping make the investment decision-making process as simple and efficient as possible.



A Team to Support and Facilitate



We mitigate risk, benchmark targets and outcomes, optimise returns and facilitate compliance and good governance.

This support allows your organisation to continue operating efficiently and focus on fulfilling your charter.

We work within your operational structure, collaborating with the investment sub-committee on planning and implementation and reporting to the Board as required to ensure their full understanding of investment strategies, risk management, and compliance with legal obligations.

Our collegiate approach gives you access to the wealth of knowledge across our firm and global network of resources,, including asset class expertise and specialised investment and business insights.

Throughout the whole process, there is a focus on meeting your compliance requirements and maintaining good governance through accountability, transparency and integrity.

Understanding is at the Core of Our Approach



The first step we take is to gain a full understanding of your organisation’s operational profile and mission.

A fundamental part of the process is to review the current stakeholders, so roles and responsibilities are clearly defined, and there is an agreed approach to managing the investment portfolio.

We are well aware that the boards and investment committees of NFP organisations are often voluntary roles.

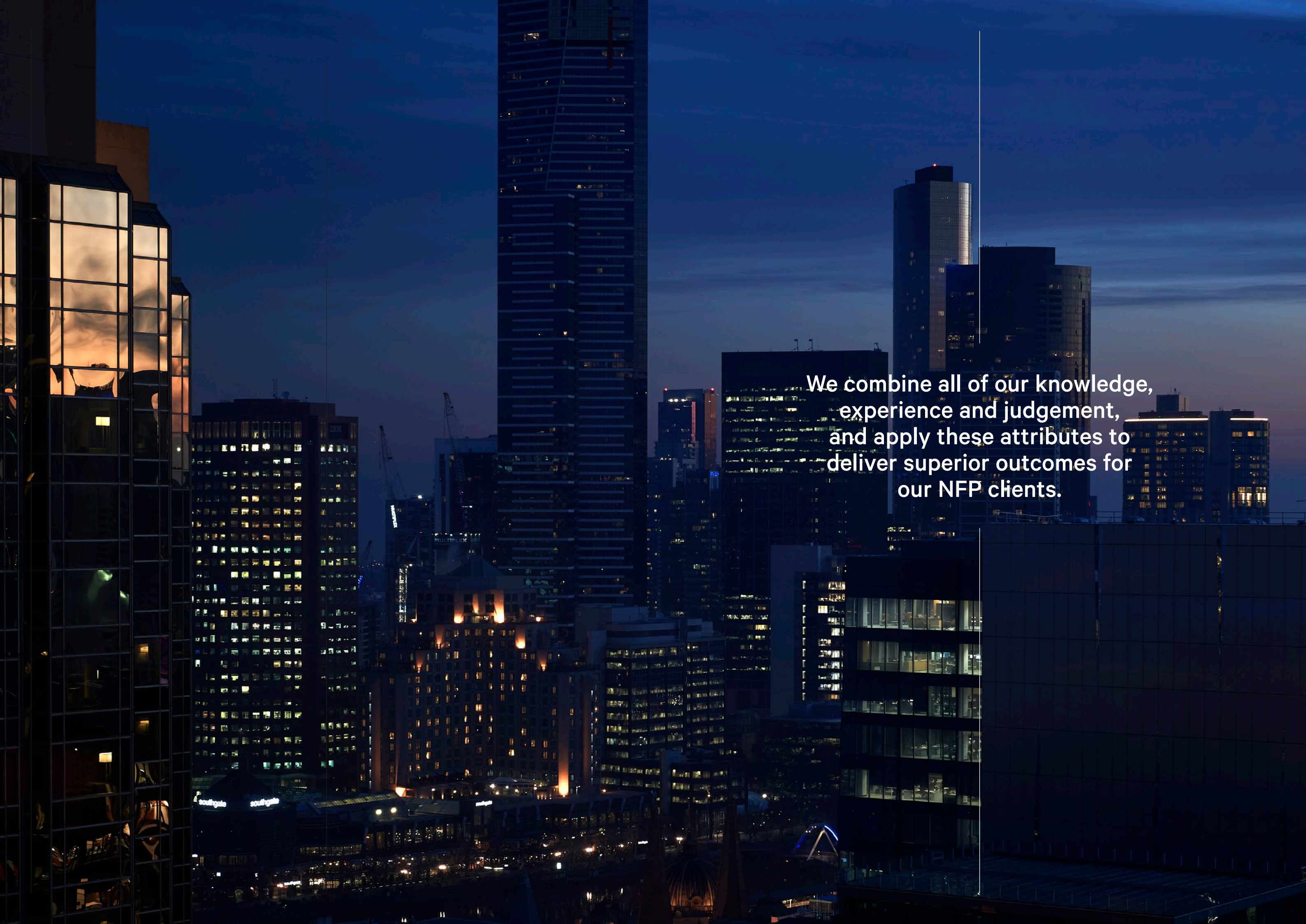
Working with your investment committee and other nominated charter members, we review your existing plan and help prepare an Investment Policy Statement.

This articulates the investment objectives and benchmarks, risk tolerances, liquidity controls, and asset selection criteria.

With input from our CIO team, we then develop a strategic investment plan, ranging across agreed asset classes and geographical regions, and select the preferred investment and risk managers, with all decisions based on our best-in-class approach to ESG matters.

Our entire advisory process, including fees and remuneration, is highly transparent to ensure all investment decisions are in your organisation’s best interests.

Overall, you can be sure you will receive service excellence and tailored solutions that meet your needs.



We combine all of our knowledge,
experience and judgement,
and apply these attributes to
deliver superior outcomes for
our NFP clients.

Creating your Investment Policy Statement



The Investment Policy Statement (IPS) is designed to address the objectives, constraints, unique circumstances and overall procedures that govern your organisation's investment-related activities.

It defines the responsibilities of all stakeholders in your investment program and sets out the investment objectives, risk tolerances, liquidity controls, and asset selection criteria.

Care is taken that the IPS can be easily understood and executed by all relevant parties; is specific enough to provide guidance but not be overly restrictive; and incorporates the ESG views of the organisation.

An additional benefit is that the drafting process can help identify any weaknesses and gaps between actual and best practices and between expectations and realities, which can then be addressed.

The IPS is reviewed annually to ensure that the content remains aligned with your organisation's purpose and long-term objectives.

A Proactive Outsourced Chief Investment Office



Our Chief Investment Office is the bedrock of our strategic investment planning and tactical asset allocation process, enabling our advisory team to develop and manage client portfolios with surety and confidence.

While advice across the entire range of asset classes can be provided, the focus can be on specific assets according to the agreed investment plan.

Another key aspect of the CIO advisory services is the assessment and selection of preferred fund managers, with ongoing oversight of their performance and suitability.

Procedures can also be put in place to identify potential investment risks and provide mitigation and response strategies.

We provide ample opportunity for organisations to apprise themselves of the data and detail flowing from our CIO team's research process, so their understanding is well informed.

Easily accessible information is available across different platforms providing fortnightly, monthly, quarterly and annual communications. Areas covered include financial markets, economics, asset classes and geopolitical news.

The CIO team's commentaries look to the past for context, report on the present, and include their forecasts for the future.

An Investment Approach Matched to Organisational Needs



An important aspect of a bespoke investment plan is to create a benchmark for required returns and volatility that reflects your organisation's objectives and risk profile.

Performance across asset classes tends to vary in extent and time of contribution, so the aim is to smooth the returns across the portfolio.

As the funds are either generally not replaced or carry a known liability stream, the focus is on long-term capital preservation.

To this end, our approach is to participate without bias in any particular source of return and mitigate the risk of macro trends such as interest rates, inflation or exchange.

In our view, asset allocation is the most important portfolio management decision an investor makes.

This is supported by academic research* that shows more than 90 percent of the variability of a portfolio's returns can be explained by the strategic asset allocation. Tactical management of the asset allocation and manager selection make up the remaining 10 percent.

Discipline and rigour are critical to ensuring all relevant data is captured and adopted consistently across the firm, enabling our long-term investment performance to be optimal and repeatable.

* Source: P. Brinson, L. Randolph Hood, & Gilbert L. Beebower. (1986). Determinants of Portfolio Performance. Financial Analysts Journal, 42(4), p.39-44

Approach to Responsible Investing



As guardians of capital, we take a holistic approach to creating a sustainable future for our clients.

Sustainability is about thinking intergenerationally and considering how we can contribute to a better world on behalf of our clients.

Proper oversight of environmental, social and governance issues is an integral factor in driving portfolio returns.

Fund managers who take into account ESG issues are better able to identify the longer-term risks and opportunities in their markets.

A robust responsible investment process will highlight risks that could lead to capital erosion in the future.

We are constantly vigilant about any ESG issues within portfolios or with the fund managers themselves. Monitoring for issues is part of our ongoing fund manager due diligence process.

When ESG issues are flagged, they are investigated, discussed and assessed quickly.

We hold our managers to the highest standards, and we expect them to do the same with their underlying portfolio companies.

Our Responsible Investment Annual Report provides a snapshot of how each fund is adhering to ESG principles.

Managing Investment Risk for Optimal Long-Term Outcomes



Portfolios are subject to continuous monitoring and oversight to ensure risk is managed efficiently and effectively.

To achieve this, three critical components must be present: a clear process, individual accountability, and good governance.

At all stages of the asset allocation process, we have a specified process, defined accountabilities, and an oversight function.

Responsibility for setting and reviewing our clients' strategic asset allocation sits with our Chief Investment Officer, supported by our Investment Committee.

Portfolios are stress-tested against extreme events to uncover hidden biases, and an asset allocation review is conducted annually.

Responsibility for fund manager selection sits with the asset class specialist within the CIO team, supported by our Approved Product List Committee.

Risk at the manager selection level is managed by rigorous oversight. All our externally managed funds are also monitored quarterly for performance, with deeper due diligence conducted annually.

Reporting to Suit your Needs



We have a proprietary reporting system that offers both standard and bespoke quarterly reviews, ensuring transparency and compliance with governance obligations. Reports can be tailored to address the metrics required by your organisation.

Our standard quarterly review is available online to nominated personnel via a secure view-only platform.

The review encompasses:

- portfolio valuation by asset class
- asset class allocation
- portfolio performance
- investment movements
- income and tax credits
- tax summaries, including income and expenses
- realised and unrealised CGT
- cash transactions
- transaction history
- estimated income.

In our bespoke quarterly review, we identify potential risks and provide mitigation and response strategies in relation to asset allocation, underlying fund performance, and portfolio balancing. We also review portfolio performance against agreed benchmarks.

Security in Safe Custody



All assets managed on behalf of our clients are held on trust by a custodian and are not attached to our assets and liabilities, nor to those of the custodian.

Your managed assets may be held on trust with our preferred custodian, Clearstream Australia Limited. Owned by Deutsche Borse AG, Clearstream is one of the world's largest settlement and custody firms for domestic and international securities and maintains strong long-term ratings from major international rating agencies (as at June 2021).

The security of your assets is paramount. There is no higher priority for us than leading the industry with our practices in this respect.

Up-front Fee Disclosure, No Commissions



Recognising the impact of fees on NFP cash flows, we offer fee options to ensure our advice and services are cost-effective.

The fees will depend on your total assets under management and other factors such as the complexity of your portfolio, the regularity of reviews, and any additional services provided. The fee will typically be a percentage of your portfolio value, calculated daily and charged each month.

If a portion of your portfolio is allocated to Australian and international equities via a Separately Managed Account, an additional fee will be charged by the fund manager. When we buy or sell securities or other financial products, brokerage may be charged.

The firm's revenue comes from payments by our clients for the services we provide, together with the normal placement fees received on new equity and debt issues.

Our remuneration system does not involve commissions. Advisors receive a salary and, if applicable, a bonus based on a percentage of the revenue generated by the firm's clients. Any bonus does not influence advice given. It is payable after meeting a compliance hurdle and is based on goals that measure overall contribution to the business.

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Expansive resources.
Profoundly personal.