



## Investment committees—Making a difference

Perspectives on what it takes to succeed

### Attributes of effective committee members

William McNabb

Over the last 25 years, Vanguard has worked with all types of investment committees, and many of our leaders have served on them as well. We've seen committees that have struggled to meet their goals and committees that really made a difference.

So are effective committee members born or made? While some people seem to have a natural talent for the role, most of the good ones have learned on the job.

In this video, we asked some of Vanguard's leaders for their perspectives on the attributes that effective committee members share. As you'll see, the responses are incisive, far-ranging, and sometimes surprising.

Lucy Momjian:

When I think about the characteristics of an effective committee member, I think about somebody first who's a good general thinker; a good general business person.

Reginald Waller:

You want to have someone who is passionate about the mission of the organization. I think that is one of the most important things.

Rebecca Cuff:

Reads the last minutes, takes time to prepare and comes to the meeting thinking about questions and maybe issues that they need to bring to the table.

## Attributes of effective committee members

Jeff Molitor:

A really effective committee member is a good listener. And also asks good questions.

Alba E. Martinez:

They're committed to continuously deepening their understanding of the organization, its culture, its history, its work as well as the investment goals and objectives for the organization.

Kamila Williams:

Someone that understands the true fiduciary responsibility of serving on an investment committee.

Joel Dickson:

Try as best you can to leave your biases at the door. We're all working for the good of the organization, and to be objective and not bring sort of your own personal bias to the table, is very important when making these types of decisions for the ongoing benefit of the organization

William McNabb:

I think it's really important for committee members to understand the goals that the particular investment group is trying to achieve. And it can be a wide range. You know if some pools of money are trying to achieve preservation of capital, others have a forever time frame and are trying to grow that capital base. But whatever the right goal is, everyone has to be on board with what they're trying to achieve.

Patrick Burke:

It's important for an effective committee member to make sure they understand what the policy statement says it should do and follow it, in good times and bad.

Jeff Molitor:

You really have to have people who think in a longer-term perspective, because for any pool of money, it's a long term game. Whether you're talking about defined benefit, or you're talking about sovereign wealth fund, or you're talking about a government pension fund, whether you're talking an endowment.

## Attributes of effective committee members

Wendy Simenson:

When you work on a committee, you always have to try and remember it's the risk proclivities of the mission of the organization and not your own, that you have to be concerned with. Define risk in terms of them meeting their objectives; not what you're doing in your portfolio at home.

John J. Brennan:

It's interest and commitment. It's the willingness to debate and have an open mind. And at the end of the day, it's that gut level commitment to serving the ultimate beneficiaries, whether it's a pension plan in the Netherlands, you know, a nonprofit in South Philadelphia. And I think that's what makes the great committee member is the sense that you're there, irrespective of location or type of fund, to serve a beneficiary.

All investments are subject to risk.

CFA® and Chartered Financial Analyst® are trademarks owned by CFA Institute.

© 2010 The Vanguard Group, Inc. All rights reserved.