

# Woodcock Foundation

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2023

**INVESTMENT  
POLICY  
STATEMENT**



**WOODCOCK  
FOUNDATION**

WOODCOCK FOUNDATION | [woodcockfdn.org](http://woodcockfdn.org)



Woodcock Foundation's Investment Policy Statement (IPS) governs the allocation of our assets to support this mission.

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## MISSION

The Woodcock Foundation supports community development especially when there is an opportunity to improve the educational, economic and environmental circumstances of communities in need. Particular attention is given to programs that encourage and reward leadership, foster entrepreneurship and enhance the quality of life.

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## GUIDELINES

As Trustees, we aim to use our voices individually and collectively to:

- Support constructive systemic change so as to improve society and the quality of life, locally, nationally and internationally.
- Support unusually able, innovative individuals who can contribute to such change.
- Seek to take advantage of probable change and to influence it in constructive ways.
- Be alert to special situations where the family has particular interest, knowledge or access to exceptional skill.

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## INTRODUCTION

We, the Trustees, are committed to an impact-focused portfolio with the goal of leveraging our full asset base for both financial returns and positive social and environmental impact. Woodcock Foundation recognizes that impact investing may perform in-line with (and at times outperform) traditional investing.<sup>[1]</sup> We know that for some, impact investing is a financial tool with social considerations. For us, it is a commitment to stewarding a portfolio where every investment has a positive impact, an imperative for the systemic change needed to improve society and the quality of life around the world. Our commitment includes using our stock ownership to promote change from within through shareholder engagement.

Our IPS charts a path to achieving those goals by providing direction for the prudent management of Woodcock's assets. It identifies key factors and processes informing investment decisions related to our assets while providing a set of written guidelines for managing these investments to fulfill our financial and vision-related goals. This IPS reflects our current strategy and operational needs and is subject to change when necessary. As such, we will revisit this IPS as needed based on strategic shifts to Woodcock's priorities.



## ORGANIZATIONAL VISION

We recognize that grantmaking, while impactful and catalytic, is not sufficient to solve our world’s pressing issues. As a result, we aim to use all of the tools at our disposal. Our intention is to combine grantmaking, Program Related Investments (“PRIs”)/Catalytic Investments and market-rate investments to further the mission of the Foundation.

This Mission is the anchor for our IPS, making impact outcomes a key factor in how we assess each investment opportunity. Our IPS lays the foundation for us to align our assets with our Mission, optimizing for both risk-adjusted financial returns and risk-adjusted positive net impact.

## FIDUCIARY DUTY

As Trustees, we exercise discretionary authority and control over the management of the Foundation and the Foundation’s assets. We recognize that we have a duty to act with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. Individually and collectively, we want to act in the best interests of the Foundation and remain loyal to its mission, as opposed to acting in our own interest or the interests of the CEO/Executive Director we supervise.

## TIME HORIZON

The Trustees intend for Woodcock to have a long term investment horizon and believe that an impact focused portfolio, properly allocated, will generate the financial returns that will allow us to sustain our impact over this time horizon. While the Foundation has no requirement to operate in perpetuity we have chosen to steward the endowment of the Foundation as if this were the case.

## ASSET ALLOCATION<sup>[2]</sup>

Publicly Traded Equities/Real Estate	53%
Publicly Traded Fixed Income	18%
Private Investments	24%
PRI/Catalytic Investments	5%

## RISK TOLERANCE

We understand historical and prospective returns from the capital markets vary from one period to the next, sometimes dramatically. As a long-term investor, we are willing to accept this volatility in order to earn the necessary returns to meet our long-term spending and capital requirements. These requirements will be reviewed no less than every two years to make sure that the mix of publicly traded equities, real assets, private investments, PRIs, and fixed income is appropriate for the uses of the portfolio anticipated by the Trustees. A specific target allocation to PRIs reflects the potential for impact that these dollars often represent.

## LIQUIDITY NEEDS

We recognize that the financial markets may be volatile at times. We do not intend to alter our spending levels in response to market volatility. Our liquidity needs will be met by the cash and cash equivalents we hold as well as by the publicly traded securities in our portfolio. Liquidity needs play a crucial factor in determining our asset allocation mix. We will review our liquidity needs regularly. When we invest in less liquid investments, we expect to have a deeper impact and/or higher financial return.

## FINANCIAL RETURN TARGET

We have analyzed our grantmaking history and operational expenses. We plan to review both regularly. In recognition of the importance of catalytic investment, we have reduced our grant distribution target from 5% to 4.5% (excluding Partridge grants which end in 2025, and excluding PRIs) to allow for investments that may be as impactful as a grant, with little to no return expected beyond principal preservation. We hope to fund PRIs/catalytic investments with funds that have come from prior PRIs/catalytic investments, maintaining a 5% allocation. With the understanding that PRIs and certain program expenses count for IRS purposes toward our grant distribution, our average total distributions will not fall below the 5% requirement. We will aim for a return, net of advisory fees of 4-6% over the long term. This goal will change if the use of the portfolio changes.



## IMPACT GOALS

From an impact perspective, the five family members want to use all of the Foundation’s tools to support our Mission. Through grants, PRIs and market investments, our aim is to:

Be catalytic. We want to support change beyond granting or investing by partnering with organizations. We hope that we add value to those organizations beyond the check that we write. We call that “punching above our weight”. Within and across our specific areas of interest and focus, we try to connect the diversity of our partner organizations who may have complementary perspectives and solutions that have not been realized. We recognize and accept that failure is a necessary part of the process needed to produce change.

## SHAREHOLDER ENGAGEMENT

Woodcock intends to leverage its stock ownership by using both proxy voting and shareholder resolutions to influence company decision making. Greater corporate transparency can reduce risk to a company’s brand and profits and ultimately shareholder value.

The following are our top issue areas:

- Agricultural Reform/ Food Systems
- Biodiversity
- Climate/Environment
- Conservation
- Democratizing Internet Access
- Democracy/Voting Rights
- Economic Equality/Inclusive Economy
- Gender/Racial/Intersectional Equity
- Leadership Development
- Social Justice

As we invest in and grant to these issue areas, we are looking for leaders who can articulate a vision, get others involved in the vision, and sell the vision. We also recognize that these issue areas do not exist in silos and seek intersectional approaches to achieving positive impact across multiple issues. It is less about the “what” and more about the “how”.

From these issue areas, we are most focused on:

- Climate and Environment
- Democracy
- Inclusive Economy
- Intersectional Equity
- Food Systems
- Social Justice

From a divestment standpoint, we do not wish to be invested in these categories except in those cases where investment allows us to leverage a shareholder engagement opportunity:

- Private Prisons
- Oil/Gas/Pipeline
- Gambling
- Civilian Weapons
- Animal Testing  
*(no non-pharma testing allowed)*

We, the Trustees, recognize that impact in public markets can have multiple entry points. We will leverage a holistic divestment and engagement approach and select managers accordingly. Woodcock, in collaboration with our Investment Advisors and other service providers may directly participate in shareholder engagement that aligns with our Mission and contributes to shareholder value.



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## ROLES AND RESPONSIBILITIES

The Trustees are responsible for overseeing the prudent management of Woodcock's assets which includes approving investment decisions, grantmaking and the hiring of Investment Advisors.

It is our responsibility as Trustees to ensure that our portfolio meets our objectives. Notwithstanding this agreed-upon Investment Policy Statement, the Trustees reserve the right to act according to our best judgment as to what actions are in the best interest of Woodcock and our stakeholders, even if on rare occasion those actions do not adhere to all the principles outlined in this IPS.



## REFERENCES

- [1] Nordea Equity Research published an [analytic research report](#) in 2017 concluding that there is “solid evidence that ESG matters, both for operational and share price performance” and that the “relative performance of the top versus bottom ESG performers amounted to as much as 40% in 2012-15”.

A 2017 [TIAA \(\\$1 trillion AUM asset manager\) analysis](#) of leading RI (Responsible Investing) equity indexes over the long term found no statistical difference in returns compared to broad market benchmarks, suggesting the absence of any systematic performance penalty.

Morgan Stanley Institute for Sustainable Investing [examined performance data](#) for 10,228 open-end mutual funds and 2,874 Separately Managed Accounts (SMAs). In the scope of their review, they ultimately found that investing in sustainability has usually met, and often exceeded, the performance of comparable traditional investments. This is on both an absolute and a risk-adjusted basis, across asset classes and over time.

Morningstar is a leading investment research provider in the traditional financial world. Their [2019 report](#) concludes that sustainable/responsible funds and indexes perform on par with comparable conventional funds and indexes, despite theory suggesting otherwise.

A groundbreaking [Harvard Business School study](#) found significant outperformance correlated with material industry-specific sustainability metrics (2,307 unique firms using 20 years of historical returns data).

In 2015, Deutsche Asset & Wealth Management, in conjunction with researchers from the University of Hamburg, [analyzed 2,250 individual studies](#) of the relationship between ESG data and corporate financial performance. From this analysis, the researchers concluded that improvements in ESG performance generally lead to improvements in financial performance.

A comprehensive [Oxford University review](#) of empirical studies published in 2015 found that 90% of studies show that sound sustainability standards lower firms’ cost of capital; 80% of studies show that companies’ stock price performance is positively influenced by good sustainability practices; and 88% of studies show that better E, S, or G practices result in better operational performance.

[A survey](#) conducted by three German researchers of about 2,200 empirical studies exploring the relationship between ESG criteria and corporate financial performance found that roughly 90% of the studies found a nonnegative relationship, and the majority of studies found positive correlations.

- [2] Asset allocation is a target. There can be a range of +/- 5% at any one time.