WEISSBERG FOUNDATION

Investment Policy Statement
September 2023

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I. PREAMBLE, MISSION, AND VISION

The Weissberg Foundation ("Foundation"), established in 1988, is a private family foundation rooted in the values and experience of our founder, Marvin Weissberg, who was the founder of commercial real estate development and management firm Weissberg Investment Corp. The Foundation envisions a world that recognizes inequities and actively seeks to dismantle structural racism by continuously building access, opportunity, and power so that all can thrive.

The Foundation's mission is to advance organizations and efforts building power of those most negatively impacted by racism, through funding, amplification, capacity building, and collaboration. We are committed to the values of listening and learning, racial equity and justice, and building power and community.

In line with our mission and values, this Investment Policy Statement deepens our ongoing commitment to being more mission-driven and impactful. Our investment strategy is designed to align 100% of our assets, including our Endowment, with our values and mission. We are committed to responsible investing that generates financial returns, which enables us to continue resourcing our partners and creates a positive social impact. We believe in the power of investment to advance equitable practices and outcomes and to build power in and prioritize funds for communities most negatively impacted by political, economic, and social systems. Further, the Foundation supports initiatives and companies that work to eradicate the policies and structures perpetuating these racial inequities in Virginia and its surrounding regions. With the changing of narratives around who can access power and breaking down systemic barriers that prevent people from doing so, the Foundation works toward a strong and sustainable culture and infrastructure of community power that advances racial equity.

Specifically, this Investment Policy Statement (IPS) provides the guidelines for the Foundation's investment activities. It outlines our investment objectives, asset allocation strategy, and the roles and responsibilities of our investment advisors. It also details our approach to mission-aligned investing, impact objectives, and shareholder advocacy.

We believe that this approach to investing will enable us to fulfill our mission, uphold our values, and contribute to the creation of a more equitable and just world.

A Note on the Current Investment Policy Statement

This IPS represents the Foundation’s current thinking as it relates to its investment strategy; however, there are several areas where the Foundation is in active learning and conversation. These include:

- Grappling with the idea of operating within the confines of a market system that is fundamentally flawed and ultimately contributes to the disempowerment of the very populations we center in the work of the Foundation.
- Interrogating the structures, policies, and advantages that enabled the origin and accumulation of the Foundation’s wealth. The Foundation is committed to using this knowledge to inform the utilization of the Endowment and our programming and investment strategy. We understand this work requires ongoing learning and continual questioning to influence and change these deeply embedded structures.
- Finally, individual foundations and outside entities have increasingly questioned the idea of perpetuity as it relates to individual foundations’ lifespans. Many foundations have made the decision to fully deploy their assets to the communities they support over a specified time frame. While the Foundation is aware of this movement, we are guided by Marvin’s intent, captured in the Weissberg family mission statement: “Marvin hopes the Foundation will bond the family across generations and help family members find their moral compass through shared learning, dialogue, and engagement around building a more equitable world.” The Foundation’s bylaws state, and the Board has affirmed, that it is our intent that the Foundation operate perpetually. We anticipate that the questions before the Board in the future will relate to the size of the asset base that is necessary to fulfill our Donor’s intent; not to whether the Foundation plans to exist in perpetuity.

The work of the Foundation toward mission alignment remains ongoing. As the Foundation deepens its learning across these areas, we anticipate updates to the IPS, as necessary.

II. INTRODUCTION

The Foundation supports its mission and its operations with the assets in its Endowment Portfolio (“Endowment”). All capital has an impact (positive, negative, and neutral), and the Foundation will evaluate this impact through the lens of our mission and economic opportunity and with attention to the broader public good. We acknowledge that capital markets perpetuate unequal access to opportunities, reinforcing and growing our society's social and economic inequities. Only through the intentional allocation of capital can we influence, expose, and change these existing conditions. Achieving racial equity and sustainability requires alignment of our Endowment with the Foundation's mission and vision. As such, the Foundation is pursuing 100% mission alignment via a Racial Equity Investing and Responsible Investment lens.

A fiduciary responsibility of the Foundation is to invest capital to maximize a rate of financial and social return in a way that advances access, opportunity, and power while not harming or detracting from its mission or vision. When applicable, the Foundation will prioritize investments in Black, Indigenous, and People of Color (BIPOC) opportunities, and the Sustainable Development Goals (SDGs) outlined below, which it aims to advance through its mission and vision.

III. PURPOSE

This Investment Policy Statement ("IPS") aims to set forth the objectives, policies, and guidelines that will govern the Foundation's investments. The IPS applies to all financial instruments, whether they are intended to produce above or below market rate returns.

This IPS will guide the Foundation's Board, Investment Committee ("Committee"), and Investment Advisor ("Advisor") in providing effective stewardship of the Endowment. As the steward of the funds, the Investment Committee of the Board of Trustees of the Foundation has adopted this IPS to achieve long-term total investment returns that are compatible with the Foundation's mission, risk profile, and the liquidity necessary to provide funds for the organization's grant-making, programmatic, and operational spending needs. This IPS will also clearly understand the Foundation's mission-aligned investment objectives, policies, and guidelines.

IV. DELEGATION OF AUTHORITY

A. Board

The Board retains ultimate discretion for the investment strategy and the selection of the Investment Advisor. Below are the specific responsibilities of the Board.

1. Approving the IPS and reviewing it annually.
2. Electing members of the Committee for the purpose of direct oversight of the investment strategy.
3. Retaining the Advisor(s) to assist in research, analysis, implementation, and monitoring of the investment strategy.

B. Investment Committee

As an extension of fulfilling its fiduciary responsibility, the Board delegates a portion of the day-to-day responsibility for monitoring the investment strategy to the Investment Committee (Committee). The specific responsibilities of the Committee are:

1. Establish sound and consistent investment guidelines, objectives, and benchmarks.
2. Monitor the IPS and make recommendations for modification to the Board as needed for approval (e.g., changes in distributions, asset allocation, program-related investments (PRI), market conditions, etc.) at a minimum of once per year.
3. Select, monitor, maintain, and terminate relations with the Investment Adviser, investment managers, custodians, banks, and other service providers. Selection and termination of the Investment Adviser requires a Board vote.
4. Work with the Investment Advisor to set asset allocation targets within the guidelines of this IPS.
5. Work with the Advisor to identify and/or review and approve appropriate Investment Managers and Direct Investments to implement the asset allocation targets and meet the Foundation’s impact goals. For Direct Investment amounts above $1,000,000, including the selling, purchasing, and/or repositioning of Real Estate, the Investment Committee will make a recommendation to the Board for approval.
6. Review at least quarterly and, ideally, monthly the status of the Endowment.
7. Continue to assess the alignment between the investment strategy, the IPS, and the Foundation’s strategic plan.

Please note that it is not required that Committee members have investment expertise.

The Committee shall make reasonable efforts to verify facts relevant to the management and investment of the funds and may incur only costs that are appropriate and reasonable in relation to the assets, the purpose of the Foundation, and the skills available to the Foundation.

C. Investment Advisor

Recognizing that the Board and Committee may not possess the resources, time, experience, or expertise to guide the investment strategy most appropriately, the Foundation may delegate a portion of its investment-related responsibilities to an independent Advisor.

Specifically, the Advisor shall be primarily responsible for:

1. Providing recommendations related to governance and implementation of the IPS.
2. Assisting the Board and Investment Committee in clarifying investment and impact objectives and setting the asset allocation.
3. Providing recommendations for Investment Managers and Direct Investments considered appropriate for implementing the asset allocation.
4. Advising on appropriate performance benchmarks.

5. Providing ongoing research, performance, and due diligence on Investment Managers and Direct Investments for implementing the asset allocation targets and impact goals.
6. Providing performance reports and social impact reports at least quarterly for the Committee and as needed by the Board.
7. Providing ongoing education on topics relevant to investment strategy for private foundations.
8. Ensuring that the investments of the Foundation's assets are in full compliance with all the applicable laws and regulations.
9. Meeting on a regular basis with the Committee to discuss the performance and social impact of the portfolio.

D. Investment Managers & Direct Investments

The Foundation may use Investment Managers utilizing different investment structures (e.g., separate accounts, mutual funds, exchange-traded funds, private placements, etc.) to buy and sell securities within the Endowment and execute a specific investment strategy. The Investment Managers shall be primarily responsible for the following:

1. Authority over a specific investment strategy
2. Accepting limited fiduciary responsibility

In some cases, the Foundation may establish direct relationships with a company and/or nonprofit organization investing without an intermediary (Investment Manager). These Direct Investments will be at the discretion of the Committee, subject to the restrictions of this IPS.

E. Custodian

Custodians are responsible for the safekeeping of the Foundation's assets. The specific duties and responsibilities of the custodian are:

1. Maintain separate accounts by legal registration.
2. Value the holdings.
3. Collect all income and dividends owed to the Endowment.
4. Settle all transactions (buy-sell orders) initiated by the Investment Managers.
5. Provide monthly reports that detail transactions, cash flows, securities held and their current value, and change in the value of each security and the overall portfolio since the previous report.

V. INVESTMENT GUIDELINES

Return Objective

The Foundation's investment objective is to support multi-year grants and program commitments, meet annual operational needs, and preserve the real value of the investment assets in perpetuity. Further, the Foundation seeks to achieve the highest positive social impact compatible with its long-term total investment return objectives, prudent risk, and the liquidity necessary to provide funds for the Foundation's multi-year grant-making and operational spending needs.

On an annual basis, financial asset returns will be compared with the below benchmarks (and others, to the extent that the Committee believes others to be helpful):

- Primary Benchmark: MSCI All Country World Index and Barclays Government/Corporate Intermediate Index
- US Treasury Bill Index
- Consumer Price Index (CPI)
- Other benchmark indices as deemed appropriate by the Investment Advisor.

The Committee can revisit the applicability of the preceding annually and select new benchmarks upon recommendation from the Investment Advisor and/or Committee.

Time Horizon
The Foundation is a long-term investor and expects to exist in perpetuity. The purpose of the Endowment is to fund the long-term sustainability of the Foundation.

Liquidity
The Foundation desires to maintain sufficient liquidity in the form of cash reserves to sustain 12 months of ordinary grant-making and operations, meet any capital call requirements or other unfunded liabilities of the investment program, and be reasonably positioned to take advantage of compelling investment opportunities that may be identified. Liquidity needs will be determined at least annually.

Risk
The Foundation recognizes that it is not possible to earn consistent returns above inflation without taking prudent investment risks. Achieving this return objective requires that the Foundation be willing to assume a moderate level of volatility and resulting asset value fluctuations.

The Board also recognizes that asset value fluctuations can create barriers to the Foundation's mission in the form of the potential for lower distribution amounts due to a reduced Endowment value. The Board aims to advance the Foundation's mission practically by evaluating and taking on categories of risk justified by expected value added over the long run. This value-added may be in the form of impact and financial return and/or risk mitigation.

Strategies
The long-term horizon of the investment assets allows for an allocation to investment equity-oriented strategies where the potential for risk-adjusted, long-term capital appreciation exists.

Other assets, including diversification strategies, will also be used to reduce risk and overall portfolio volatility.

The investment portfolio will be diversified across asset classes, including but not limited to domestic equity, international equity, emerging markets, real assets, private equity/venture capital, and fixed income.

Allowable Investments, included but not limited to:

1. Depository accounts (checking, savings, money market funds)
2. Federally insured certificates of deposit (with a preference for certificates of deposits from Minority Deposit Institutions, Community Development Financial Institutions, Community Development Banks, and other values-aligned financial institutions)
3. Money market funds investing in US Treasury and US agency debt instruments
4. Community Development Financial Institution Impact notes
5. Commercial paper
6. Repurchase agreements
7. US Treasury and US Agency debt instruments
8. Corporate debt
9. Public REITs
10. Exchange Traded Funds
11. Mutual funds
12. US-based and international private equity and venture capital funds
13. Separately Managed Accounts
14. Limited Partnership interests in hedge funds and real estate
15. Other alternative investments.
16. Commodities

Prohibited Investments

1. Derivatives for speculation (when not used for hedging and risk management) such as options, SWAPS, and futures.
2. Unregistered private securities.
3. Digital currencies
4. Short sales

   Issuer concentration shall not exceed 7% within the investment portfolio of each investment manager.

VI. MISSION-ALIGNED INVESTMENT APPROACH AND IMPACT OBJECTIVES

A. Investment Approach

The Foundation will manage its investments in order to optimize both traditional investment objectives and impact goals. Investing in enterprises that use inclusive and sustainable practices can reduce both financial and impact risks while also taking advantage of economic opportunities.

The Foundation is committed to building an Endowment that influences and benefits our stakeholders. This includes our Endowment, grantee partners, investment partners, and broader societal goals of reducing racial inequities. Our investment approach is centered around four primary areas of mission-aligned investing:

1. **Fund Investments that Matter**

   The Foundation seeks to proactively invest in strategies aligning with our racial justice mission. We integrate Responsible Investment criteria into our investment processes, using an affirmative screening and selection process. Our aim is to maintain risk-adjusted return characteristics similar to those of the whole portfolio. The Foundation will also consider investment strategies in intersectional economic and climate justice areas.

2. **Amplify Voices through Advocacy and Engagement**

   Where practical, the Foundation will engage its asset managers to vote proxies in alignment with its values and mission. We anticipate doing this in at least two ways:

   Active Ownership

   The Foundation will use shareholder advocacy and partnerships with grassroots organizations to drive corporate accountability, shift harmful practices, and create lasting systems change.

   Corporate Stewardship

   The Foundation will engage in mission-aligned corporate stewardship campaigns with grantees and grassroots organizations, incorporating leading initiatives and frameworks for responsible investment and environmental/social directives to advance justice for Black, Indigenous, and People of Color communities.

3. **Build Initiatives and Grow New Investment Opportunities**

   Kellogg, Knight Foundation, McKinsey, Harvard, etc. studies have demonstrated that diverse investment teams often have better financial outcomes and yield greater performance than the broader market. The Foundation seeks to integrate an explicit commitment to Racial Equity and Justice, Social Justice, and Equity, Diversity, and Inclusion into the management of all its material assets. It is committed to aligning its investments with its mission by advancing opportunities for investment with firms committed to (including but not limited to those owned and run by) people who reflect the diversity, equity, and inclusion the Foundation strives to advance, specifically, Black, Indigenous, People of Color, women, and LGBTQ+ managers.

Where practical, the Foundation will seek firms, strategies, and financial institutions that qualify under a range of metrics that will support increased opportunities for Black, Indigenous, People of Color, women, and LGBTQ+ people in the financial services sectors.

4. Collaborate to Build Partnerships and Co-Investment Opportunities

Shareholder Advocacy will also be used as an organizing tool and corrective mechanism in partnership with grass-roots advocacy and movement organizers to attain corporate accountability, shift harmful corporate practices, and create lasting systems change. Weissberg will join with others to encourage companies (and related asset managers), when appropriate, to either modify practices that are antithetical to the Foundation's mission or to improve products and services to advance its mission to build a genuinely representative economy.

B. Investment Objectives

Endowment

The Foundation's current investment strategy is to maintain and grow the market value of the Foundation's investments in perpetuity while allowing for appropriate grant expenditures as defined by the IRS. The long-term investment objective for the Foundation is to earn a minimum of Consumer Price Index ("CPI") + 5% over a full market cycle. Exhibit I details the Foundation's spending policy.

By no later than year-end 2026, 100% of the Endowment will incorporate the impact investment strategies outlined above (responsible, sustainable, and thematic). The Foundation will carve out up to 10% of the Endowment for Impact First and program-related investments as defined in the asset allocation guidelines.

Impact Goals

The Weissberg Foundation believes that integrating Responsible Investing criteria into investment decisions will result in mission alignment, risk mitigation, and positive, measurable impact. Further, Responsible Investing will result in long-term positive financial performance, reduce asset volatility through risk mitigation inherent to investing over the long term, and reduce reputational risks to the Foundation. The Foundation further seeks to inform the behavior of companies, asset managers, and the philanthropic sector and influence the flow of capital toward racially and socially just initiatives while avoiding any actions that may undermine them. To this end, all investments should actively seek to:

Increase (or include where practical) exposure to funds, companies, and industries engaging in business practices that address the following themes:

- Economic Justice: Progressing toward an economy where fair treatment, prosperity, and justice go hand-in-hand rather than in opposition to one another.

- Racial Equity: Financial and economic inclusion and dismantling systemic and institutional racism.
- Land Justice: Centering ecological, social, and racial justice in decisions about how land is used, loved, and governed by people, specifically marginalized groups seeking redress, financial autonomy, and independence.
- Environmental Justice: Eliminating the unfair exposure of underserved and marginalized communities to harm from hazardous waste, resource extraction, and other harmful land uses.
- Gender Equality: Empowering women and/or the LGTBQ+ community to positions of workplace leadership.
- Other themes and business practices in alignment with the Foundation's mission.

The portfolio will also exclude (or, where impractical, significantly reduce) exposure to companies and industries engaging in the practices below:

- Direct investments if fossil fuels (shale oil, tar sands, coal, oil & gas drilling/production)
- Environmental violations
- Prison industrial complex
- Migrant detention
- Toxic air and water pollution
- Predatory lending
- Weapons of war and gun manufacturers
- Deforestation
- Exploitative labor practices
- Bribery, corruption, and fraud violations
- Other industries and business practices that negatively impact Black, Indigenous, People of Color, women, and LGBTQ+ people.

The Foundation will continue to monitor and evolve its investment practices and policies to support mission alignment and advance more inclusive, just, and equitable systems. Over time, the Foundation anticipates excluding certain industries and corporate practices engaged in harmful practices to communities from its mission-aligned investing approach.

C. Thematic Investments

The Foundation will also consider thematic investments such as private impact funds that positively impact the mission to build sustainable wealth in Black, Indigenous, and People of Color communities and address systemic social challenges with priority on the well-being of the Commonwealth of Virginia and surrounding regions.

Thematic strategies include:

- Private real asset impact funds – entail, but are not limited to, opportunities to build wealth through home ownership and to provide a path toward homeownership, including wealth building, workforce housing, affordable housing, and/or environmental improvements.
- Community Impact Notes – private fixed-income investments targeting loan activity in geographies aligned with our grantmaking commitments.
- Community Development Financial Institutions – enterprises that provide savings, loans, and other financial services to under-banked communities.

D. Catalytic Investments

The Weissberg Foundation values employing the full range of impact capital levers to advance positive outcomes for communities.

To that end, the Foundation will make Catalytic Investments that reflect the Foundation's highest principles to shift power and capital to Black, Indigenous, and People of Color in the Commonwealth of Virginia and its surrounding regions. Catalytic investments are investments that are more patient, risk-tolerant, concessionary, and flexible than conventional capital. They are generally deployed via private equity instruments, hybrid debt, or guarantees.

The Foundation's Catalytic Investments will have a specific objective of Black and Indigenous wealth building, racial equity, and land justice in service of self-determination for political, cultural, and economic power for Virginians, by example, farmers and landowners who experienced discrimination due to structural racism including predatory policies and practices.

The process and timeline for developing the rationale, issue areas, assessment criteria, and other key metrics for the Catalytic sleeve will be determined over time.

VII. VIEW OF RISK

The Foundation wishes to mitigate and manage all risks, both financial and impact, in the Endowment and will seek to achieve this through the following measures:

1. Asset Class Diversification

The Foundation strives to diversify its asset class exposure in such a manner as to pursue its target return objective with reasonable volatility. Such asset class diversification should also reflect attention to other investment risks, such as risks due to interest rate fluctuation, limited liquidity or transparency, sector or security concentration, currency and other macroeconomic factors, and geopolitical and catastrophic event risk.

2. Responsible Investment Integration

Informed by the UN Principles of Responsible Investing, prevailing socially responsible investing wisdom suggests an economically efficient, sustainable, global financial system is a necessity for long-term value creation. Related research supports the conclusion that investment managers integrating responsible investment analysis to construct portfolios can achieve competitive, market-rate returns while meeting the fiduciary duty requirements. Investing in companies with good governance, integrity, and accountability to both people and the planet, alongside rigorous financial analysis, lowers investment risk while adding to the potential for financial outperformance over the medium to long term.

3. Diverse Investment Managers and Management Teams

Extensive studies from McKinsey, Harvard, etc., have shown that diverse teams have better financial outcomes. The Foundation will evaluate all strategies based on the diversity of the investment team and/or management. The Foundation will also engage with Investment Managers to advocate for diversity on their teams and in the companies in which they invest.

The Foundation believes that investing with diverse investment managers is consistent with the Foundation's principles. To this end, the Foundation employs an integrated and intentional approach to invest with diverse investment managers (Black, Indigenous, and People of Color, LGBTQ+, and Women ownership, investment teams and/or leadership).

The Foundation assesses manager diversity across five areas:

- Ownership: Diverse peoples, specifically Black, Indigenous, and People of Color, Women, LGBTQ+ people, and persons of underrepresented communities, hold "Majority Ownership" of the firm (defined as 50% or more).
- Leadership: Where 25% of the voting members of the Investment Committee and/or portfolio management team are Black, Indigenous, and People of Color, Women, LGBTQ+ and other persons from communities under-represented in the finance industry.
- Diversity and Inclusion Practices: Where the firm has a formal statement of Diversity and Inclusion and has adopted hiring policies to attract, retain, and train Black, Indigenous, and People of Color, Women, and persons from communities underrepresented in the finance industry at all levels in the firm.
- Outcomes: Where the firm's investment strategy intentionally avoids investment in industries that exploit Black, Indigenous, and People of Color, Women LGBTQ+, and persons of underrepresented communities.
- Next Generation Pipeline: Where the Foundation makes intentional efforts to promote diverse people to senior roles of leadership.

4. Avoiding Investment Manager Concentration

The Foundation also considers the risk of concentrating assets with a single Investment Manager. In general, the Foundation strives to allocate no more than 15% of the Endowment to any one Investment Manager. At the discretion of the Committee, the Foundation may exceed the 15% threshold if the Investment Manager is implementing a passive strategy that mimics the performance of a specified market index.

F. Fiduciary Duty

By moral and legal imperative, the Board's fiduciary duty encompasses three central obligations:

- Duty of care to facilitate prudent stewardship of the Foundation's capital and to extend that duty of care to beneficiaries by providing capital to enterprises that are aligned with the mission and contribute broadly to society;
- Duty of loyalty to ensure the impartial execution of all of the Foundation's dealings; and
- Duty of obedience to benefit the public and the mission of the Foundation, as declared in the mission statement and vision.

These duties, taken together, underlie the Foundation's IPS and are applicable across all investees and meaning that the Endowment's performance on impact goals is no less critical to fulfilling the Foundation's fiduciary duty than the Endowment's performance on investment objectives.

Management and investment decisions about an individual asset will not be made in isolation but rather in the context of the portfolio as a whole and as part of an overall investment strategy with risk, return, and mission-aligned objectives suited to the funds.

In managing the funds, the Foundation will incur appropriate and reasonable costs concerning management of the Foundation's assets.

VIII. ACTIVE OWNERSHIP, SHAREHOLDER ADVOCACY, AND CORPORATE STEWARDSHIP

The Foundation will amplify the voices of other like-minded investors, and the Foundation's mission and values, by using equity stakes in companies to attempt to influence its management and policies. The issue areas the Foundation will address are labor rights, equal pay, employee practices, workforce diversity, and trade practices. The Foundation may also work in coalition with others, pushing to influence corporate behavior from within.

Where practical, the Foundation will engage its asset managers to vote proxies in alignment with its values and mission.

IX. INVESTMENT MANAGER SEARCH, SELECTION, AND REVIEW

A. Investment Manager Selection

The Advisor(s) will use the following criteria to evaluate and select each Investment Manager and Direct Investment:

- Company/Fund Manager (e.g., impact intent, financial sustainability, stage of company, company-wide alignment)
- Team (e.g., compelling leadership/diversity, support of strategy, ethical conduct, implementation ability/continuity)
- Strategy (e.g., measured impact, profitable proposition, business model + opportunity set, sound and repeatable strategy)
- Impact (e.g., impact thesis or purpose, measurement & reporting, path to achieving impact, mission perception and drift)
- Performance (e.g., history of adding risk-adjusted value, repeatable & consistent returns, investment instrument, operational expenses
- Investment Structure (e.g., seniority, investment terms, liquidity, and exit potential, cost)

When evaluating the impact of program-related and impact-first investments, the Advisor and Staff will assess the same metrics and standards used in the grant-making portfolio

B. Investment Review

Investments shall go on "Review" when the Advisor(s) is concerned about a material change in any of the following factors:

- Company (e.g., changes in ownership, new strategic direction, loss of assets)
- Team (e.g., new portfolio manager, high analyst turnover, lack of succession plan)
- Strategy (e.g., change in methodology, deviation in implementation, no longer relevant)
- Impact (e.g., thesis changes, mission drift, impact no longer relevant or declining)
- Financial Condition (e.g., deteriorating financial ratios, lack of repayment, declining cashflow)
- Performance (e.g., persistently poor security selection, failure to compensate for risk, delinquency)

When an investment is on "Review," the Advisor(s) shall work to monitor the ongoing suitability of the investment in question, both on its own merits and in relation to other investments in the same asset style that may be more suitable.

X. REVIEW OF INVESTMENT POLICY STATEMENT

A. Review and Modification of Investment Policy Statement
The Board and the Committee shall review the IPS at least once a year to determine if modifications are necessary or desirable.

B. Meetings with Investment Advisor(s)
The Advisor(s) is expected to meet at least quarterly with the Committee to review market strategy, portfolio structure, and investment results. If requested, the Advisor(s) will meet more often with the Board or Committee.

Additionally, on a timely basis, the Advisor(s) is expected to proactively inform the Committee in writing of any significant changes to an Investment Manager's ownership, portfolio management process, or style or if other material concerns have become evident. For Direct Investments, the Advisor(s) will proactively inform the Committee when the recent performance of the investment and/or financial condition of the investee indicates the investee's inability to service the investment.

C. Board Reports
The Committee will update the Board at every meeting, highlighting any significant changes to the investment portfolio.

D. Performance Measurement
The Committee requires a quarterly performance report on the performance of the Endowment versus appropriate market asset class benchmarks and on the performance of individual Investment Managers versus their stated market benchmarks or the stated return objective of the Direct Investment.

E. Impact Measurement
The Committee requires a quarterly impact report, which shows the Endowment's holdings in the Impact Management Project Matrix, and how it aligns with MSCI's ESG Sustainable Impact Metrics.

1. Impact Monitoring and Reporting

Impact investing is a rapidly evolving field, and so too are methods for evaluating, measuring, and reporting impact and mission-alignment. The Foundation will endeavor to work with managers and Advisors that exhibit best practices in these areas. The Committee will make efforts to receive the best available information regarding impact and report to internal and external stakeholders as appropriate.

It is an aspirational goal to set practical and measurable targets for the portfolio's mission alignment and impact achievement.

XI. STANDARD OF CARE

In exercising its responsibilities, the Investment Committee and Investment Advisor will act in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances, which shall not be deemed to prevent a person with special skills or expertise from using those skills or that expertise in carrying out their work on the Investment Committee. The Foundation’s external Investment Advisor is being selected in reliance upon their representation that they have special skills or expertise, and the advisor will use those skills and expertise in carrying out their work for the Foundation.

Any Investment Advisor to which management and investment authority are delegated owes a duty to the Foundation to exercise reasonable care, skill, and caution to comply with the scope and terms of the delegation.

EXHIBIT A: STRATEGIC ASSET ALLOCATION POLICY

A. Asset Allocation Asset Bands

The Foundation and its Advisor shall consider the asset classes outlined below. The Foundation and its Advisor shall also respect the asset class constraints described below for each broad asset class.

B. Target Asset Allocation

The Foundation’s overarching objective is to optimize for positive social impact. Informed by the Croatan Institute, the Foundation recognizes that certain asset classes may provide higher positive impact outcomes, particularly as it relates to advancing racial equity, than other asset classes. Consistent with its ethos to build access, opportunity and power within communities, the Foundation will continue to review its asset allocation practices at minimum every three years.

At all times, the Foundation and its Advisor shall define a target asset allocation(s) consistent with the Foundation’s investment objectives for the Endowment and the guidelines presented in this IPS.

The target allocation(s) shall be documented as Exhibit A to this IPS. As the target allocation(s) is modified by the Committee, it shall be updated in Exhibit A without requiring a re-approval of these investment policies.

Quarterly reports shall document the Foundation's target allocation of the Endowment and compare it to the actual allocation.

Endowment Fund			
Asset Class	**Minimum**	**Maximum**	**Target**
Global Equities (US & Non-US)	50%	80%	50%
Global Fixed Income	10%	40%	12%
Real Assets	0%	20%	8%
Private Equity & Debt / Venture Capital	0%	25%	15%
Catalytic/PRI Investments	0%	10%	10%
Cash & Cash Equivalents	0%	5%	5%

C. Rebalancing
At least quarterly, the Investment Advisor(s) shall provide the Foundation with a comparison of the actual asset allocation to the target asset allocation for the Endowment as defined in Exhibit II of this document.

Should the actual allocation to any asset class deviate by more than 10% from the target allocation for that asset class, then the Committee shall discuss the appropriateness of rebalancing that asset class in light of both macroeconomic factors and the Foundation's activities as well as impact goals.

When the Foundation makes significant withdrawals or deposits to the Endowment, the Investment Advisor shall provide a recommendation of how those monies should be deposited or withdrawn to further align the Endowment with the target allocation(s) in Exhibit A.

Asset Allocation Guidelines
Investment Managers in each asset class will be evaluated within the context of the investment strategies outlined above.

The Investment Advisor will diversify investments among asset classes, providing a balance to enhance the portfolio's total return while attempting to avoid undue risk concentration.

Decisions regarding the allocation targets or the inclusion of new asset classes will be made when such action is expected to increase the expected return and/or reduce the risk of the portfolio or when deemed appropriate by the Investment Committee. Expected return, risk, and correlation, and these characteristics' overall impact on the Endowment, will be analyzed before such asset classes can be included.

The asset allocation should allow for:

- A diverse portfolio without undue concentration in any single asset class
- The attainment of the Foundation's financial and mission-alignment objectives; and
- Enough flexibility to adapt to various market environments.

A. Global Equity

Global Equity strategies generally will focus on traditional "long-only" equity. However, there may be strategies considered by the organization that use short sells, restricted stock, options, futures, or other hedging or derivative-based techniques for risk management purposes only (excluding such strategies that are used for speculation and/or not utilized for hedging and risk management).

B. Global Fixed Income

Fixed income consists of government, corporate, municipal, asset-backed, and collateralized mortgage securities. Traditional fixed income managers may purchase unrated bonds and bonds rated below investment grade if the average credit rating of their portfolios is "BBB" or better, as rated by the major credit rating agencies.

Maturity, return, and duration shall be a consideration in the selection of fixed income Investment Managers.

C. Real Assets

Real assets represent tangible assets such as real estate, infrastructure, natural resources, or collectibles. The organization will consider the suitability of such investments based on the investment's ability to meet the return and risk management objectives of the Portfolios. In addition, the organization will consider liquidity, transparency, fees, regulatory oversight, the use of leverage, and other potential liabilities.

*The Foundation currently owns real estate donated by the Founder that is not included in this asset allocation. At such time that any real estate property is converted to cash, that cash will then be subject to the asset allocation bands. Until the real estate ownership of the Foundation is significantly reduced to less than 10%, no additional real estate assets will be added without Committee and Board approval.

D. Alternative Investments

The organization will consider the inclusion of strategies to improve risk management and help strive to meet return objectives. Such investments might include hedge funds strategies, currencies, financial futures, rates, derivatives, equities, fixed income, arbitrage, or other niche trading strategies private equity, and private debt. Prior to investment in such strategies, the organization will consider liquidity, transparency, fees, regulatory oversight, the use of leverage, and other potential liabilities.

E. Cash and Cash Equivalents

Cash investments will achieve a competitive return while maintaining liquidity, high credit quality, and stability of principal. Cash and Cash Equivalents are (a) in deposits that are FDIC-insured, (b) in obligations guaranteed by the US Government, or (c) in obligations (bank deposits, commercial paper, or similar) that are rated AAA (long-term) or at least A-1 (short-term), or equivalent ratings from at least one nationally recognized statistical ratings organization.

F. Alternative Investments

The Advisor may consider for recommendation the inclusion of strategies to improve risk management and help strive to meet return objectives. Such investments might include hedge funds, strategies based on financial futures, currencies, rates, derivatives, equities, fixed income, arbitrage, or other niche trading strategies. Prior to investment in such strategies, The Advisor(s) will consider liquidity, transparency, fees, regulatory oversight, the use of leverage, and other potential liabilities.

G. Cash

Cash investments will achieve a competitive return while maintaining liquidity, high credit quality, and stability. Cash and Cash Equivalents are (a) in deposits that are FDIC-insured, (b) in obligations guaranteed by the US Government, or (c) in obligations (bank deposits, commercial paper, or similar) that are rated AAA (long-term) or at least A-1 (short-term), or equivalent ratings from at least one nationally recognized statistical ratings organization.

H. Catalytic, Program-Related and Impact-First Investments

The Foundation will follow the IRS guidelines for program-related investments, which are:

- The primary purpose of the investment is to further the Foundation’s charitable purpose.
- The production of income or asset appreciation is not a significant purpose (below market rate return).
- The investment will not be used to influence legislation or take part in political campaigns.

The intention is for the program-related investments to fill financing gaps, address market failures, and promote innovative ideas in the areas of the Foundation’s strategic priorities. The Foundation’s Catalytic, Program-Related and Impact-First investments will fill a role that traditional capital may consider too risky or, otherwise, not meet the criteria for traditional market funding.

For Impact-First investments, the Foundation’s primary consideration for the investments will be to address the key priorities as identified in the Foundation’s mission and vision but could also have an above-market rate return.

The Committee may consider the financing instruments outlined below in each asset class for both program-related & impact first investments. The target return for all Catalytic investments is the expectation of full repayment (return of principal), recognizing that the intent is leveraging capital for specific outcomes and/or redistributing benefits across stakeholders and communities.

Rebalancing
An asset class is within an acceptable range if the current allocation is within the lower and upper bands, as displayed above. The actual allocation will be reviewed not less than twice per year (under normal circumstances) but may be changed at any time (as long as allocations are within acceptable ranges) based on the judgment of the investment adviser and/or the judgment of the Finance and Investment Committee.

If an asset class allocation should move outside of its acceptable bands or might be reasonably expected to do so in the future, the Investment Advisor shall notify the Investment Committee promptly. Working in concert, the Investment Committee should work with the Investment Advisor to understand the reason for being outside the acceptable bands and agree to a reasonable plan to restore the allocation back within the acceptable bands.

All asset allocations will be reviewed and targeted for balancing/rebalancing at least annually.

EXHIBIT B: SPENDING POLICY

I. Purpose
The spending policy represents the guidelines and the administration of the annual distribution that is withdrawn from the Endowment and made available for grant-making each year. It provides a means for Staff, Board, and Committee members to follow a consistent path for meeting the needs of the Foundation’s mission, vision, and grantee partners.

II. Annual Distribution

The Foundation's policy is to spend a minimum of 4-5% of assets each year on grants. Annual distributions for programmatic and administrative-related expenses (operations, taxes, and investment management fees) will be limited to 1-2%, for a total annual budgeted spend of 6%.

There may be times when grantee needs supersede the perpetuity requirement of the Endowment, and/or the economy is in a downturn. In those times, the Investment Committee, in consultation with the Advisor, will review the impact to the endowment of an additional 1% grantmaking spend and present its evaluation to the Board.

The Investment Committee will review the spending policy annually to ensure the spending rate is consistent with the Foundation's goals for positive social impact, annual grantmaking, and operational needs.

For purpose of calculating the annual spending rate, the Foundation will use a rolling 5-year average of the Endowment's fiscal year-end value. Consistent with Foundation's goal to optimize its long-term social impact, this method reduces the volatility of grantmaking distributions year-over-year, especially during short-term, heightened market volatility.

EXHIBIT C: KEY WORD GLOSSARY

Asset Allocation - a long-term portfolio strategy that involves choosing asset class allocations and rebalancing the allocations periodically. An SAA strategy is used to diversify a portfolio and generate the highest return rate at a given risk tolerance. Target allocations in the SAA strategy depend on several factors, including investor risk tolerance, time horizon, liquidity, impact targets, and return objectives.

Exchange-Traded Fund (ETF) - ETFs or "exchange-traded funds" are exactly as the name implies: funds that trade on exchanges, generally tracking a specific index. When you invest in an ETF, you get a bundle of assets you can buy and sell during market hours—potentially lowering your risk and exposure while helping to diversify your portfolio.

Impact - A change in an outcome caused by an organization. An impact can be positive or negative, intended or unintended.

Impact Investments - Investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return.

Investment Policy Statement (IPS) - A document that communicates the Foundation's investment goals and the strategies that will serve as guideposts for managing the Endowment. This policy document:

- Provides appropriate guidance on portfolio construction and ongoing management,
- Helps maintain focus on the mandate and assists in avoiding deviations due to changing market conditions,
- Serve as a critical tool in maintaining focus on stated mission-aligned investing objectives.

Liquidity - Liquidity refers to the efficiency or ease with which an asset or security can be converted into ready cash without affecting its market price. The most liquid asset of all is cash itself.

Mission-Aligned Investing - Any investment activity that measurably furthers the Foundation's vision of dismantling structural racism by building access, opportunity, and power so that all can thrive and advance racial, economic, and environmental justice.

Mutual Funds - A mutual fund is a company that pools money from many investors and invests the money in securities such as stocks, bonds, and short-term debt. The combined holdings of the mutual fund are known as its portfolio.

Racial Equity Investing – From Croatan Institute: The practice of redirecting capital to support communities of color with an explicit objective of increasing financial and economic inclusion and dismantling systemic and institutional racism, both in measurable ways.

Rebalancing - The process of realigning the weightings of a portfolio of assets. Rebalancing involves periodically buying or selling assets in a portfolio to maintain a desired level of asset allocation, risk, or impact exposure.

Responsible Investing – An investment strategy that seeks to generate both financial and sustainability value - variously referred to as sustainable investing, ethical investing, double- or triple-bottom-line investing, Environment, Social Governance (ESG), Socially Responsible Investing (SRI) and Investing for Sustainability Impact (IFSI).

Responsible Investment Integration - Explicit and systematic inclusion of Responsible Investing issues in investment analysis and investment decisions to better manage risks and improve returns.

Responsible Investment Screening - Applying filters to lists of potential investments to rule companies in or out of contention for investment based on an investor's preferences, values, or ethics.

Risk Tolerance - The degree of variability in investment returns that an investor is willing to withstand in their financial planning. Risk tolerance is an important component in investing. You should have a realistic understanding of your ability and willingness to stomach large swings in the value of your investments; if you take on too much risk, you might panic and sell at the wrong time.

Separately Managed Account (SMA) - A separately managed account is a portfolio of assets managed by a professional investment firm. SMAs offer more investment strategy, approach, and management style customization than mutual funds and ETFs do. SMAs offer direct ownership of securities and tax advantages over mutual funds. Investors must do due diligence before committing to a money manager whose discretionary services cost 1% to 3% of assets in the portfolio.

Stakeholders – A person, entity, or environment that can affect and/or be affected by the Foundation's work. Stakeholders may be internal or external, such as volunteers, staff, Board members, vendors, grantees, partner organizations, communities, and the environment.

Sources: Impact Management Project, Tideline, Non-profit Quarterly, United Nations Development Program, Bivium Capital Partners and Westfuller.