Commonfund Institute
Education, professional development, research

- **About the firm**
  - Founded in 1971 by the Ford Foundation, $26 B AUM, Offices in CT, NY, SF
  - Two main businesses (OCIO, Private Equity)
  - DEI mandate (Human Capital, Diverse Managers, Thought Leadership)

- **Why the Institute?**
  - The firm's mandate to support field building activities and learning
  - Dedicated to the advancement of investment knowledge (and related topics)
  - Promotion of best practices in endowment management, fiduciary duty, working with staff and committees

- **How do we do this work?**
  - Research and dissemination (articles, blogs, other collaborations)
  - Partnerships (trade associations, academia, think tanks, etc.)
  - Benchmark studies (collect, analyze, and disseminate findings)
  - Conferences, seminars and convenings (Forum, Investment Stewardship Academy, Commonfund Institute Online)

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Stages of Diverse Manager Investments

Stage 1: Gather information

- Ask the question

- Request regular reporting

Stage 2: Set an intention

- Define diversity for your organization

Stage 3: Establish an investment policy objective

- Formalize the intention

- Decide on structure for diverse manager inclusion

Stage 4: Measure and re-evaluate progress

- Set a target range

- Re-evaluate as program develops over time

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Case Study -Stage 1
Information Gathering

Organization Type	Operating Charity
Mission	Heart health
AUM	$800MM
Approach	Request diverse manager exposure on an annual or more frequent basis
	No target established
	No IPS reference

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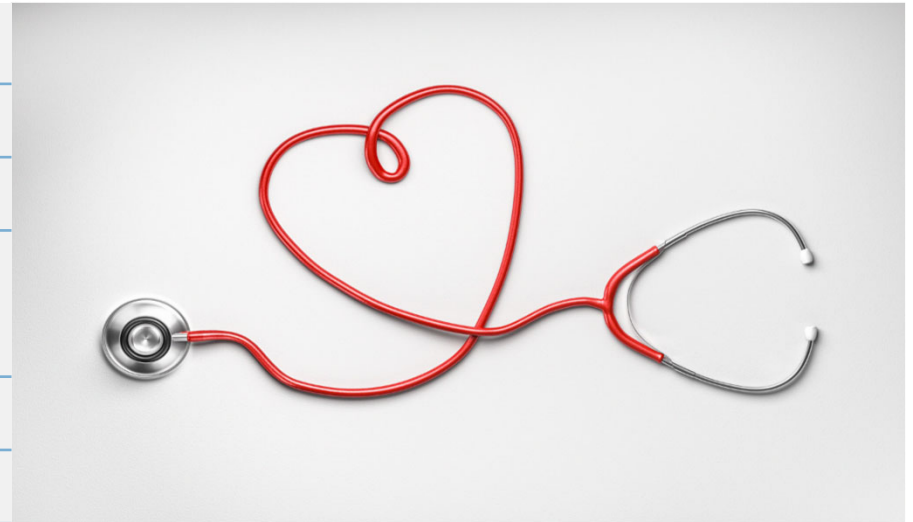
Case Study – Stage 2
Setting an intention

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Organization Type	Regional Foundation
Mission	Gender and racial equity
AUM	$26MM
Diversity Approach	Formed task force to determine what ESG and DEI mean to them; met with peer organizations to understand other approaches
	No target established
	No IPS reference

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Case Study – Stage 3
Establishing an investment policy objective

Organization Type	Private Foundation
Mission	Social justice
AUM	$550MM
Diversity Approach	Established focus on Black and Latine managers only
	No dedicated target to diversity in IPS but added language to express mission
	Incorporated diverse managers with 50%+ ownership into each asset class allocation
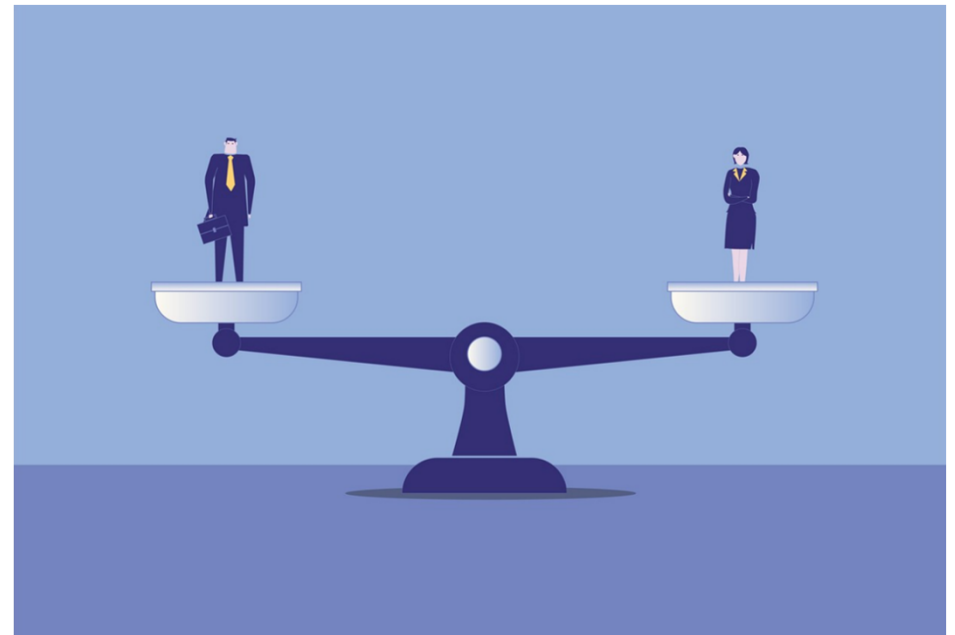
Case Study – Stage 3, example 2
Determining the program structure

Organization Type	Operating charity with regional focus
Mission	Enriching lives through art and nature
AUM	$490MM/ $40M
Diversity Approach	Segregated $40M endowment to support BIPOC art acquisitions*
	IPS supports diverse and local manager hires
	50% ownership threshold

* BIPOC is an acronym for Black and Indigenous People of Color

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Case Study – Stage 4
Measuring progress

Organization Type	Historically black university foundation
Mission	Support the financial needs of the university and its students
AUM	$140MM
Diversity Approach	Use a broad definition of diversity that includes women, people of color, people of indigenous heritage, people with disabilities and veterans
	Set target range in IPS that evolved as diverse assets grew
	Incorporated diverse managers with 20%+ ownership into each asset class allocation

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Key Take-aways

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Key Take-aways
Considerations for the Board and Investment Committees

a **Mission alignment**

- Do you know your diverse manager exposure?
- Establishing a preference or target?
- Mission Related Investment or Impact?

b **Defining Diversity**

- Who do you include?
- What is the focus?
- How do you think about global managers?

c **Considerations when measuring diversity**

- Percent ownership
- Percentage leadership
- Profit Share
- Overlapping identities
- Team composition

d **Reporting on diversity**

- Number of managers
- Diversity type
- Asset class exposure
- Firm AUM invested/ Number of managers invested

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Key Take-aways
Implementation considerations

(a) Comingled or stand-alone program?

(b) Liquidity considerations

- Privates
- Lock ups
- Small cap

(c) Diversified across asset classes

- Marketables can be implemented with relative speed
- Privates require vintage diversification

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Gratitude and Questions

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