

2020

CORPORATE RESPONSIBILITY REPORT

Moving missions forward by practicing stewardship that integrates environmental, social, and governance considerations into each step

ABOUT US

Commonfund was founded in 1971 as an independent asset management firm with a grant from the Ford Foundation. Together with or through its affiliates, Commonfund today manages customized investment programs for endowments, foundations and public pension funds.

Our two-part mission is to enhance the financial resources of our clients and to help them improve their investment management practices. Among the pioneers in applying the endowment model of investing to institutional portfolios, we provide extensive investment flexibility using independent investment sub-advisers for outsourced CIO (OCIO) engagements through Commonfund Asset Management as well as private capital solutions through Commonfund Capital.

All securities are distributed through Commonfund Securities, Inc., a member of FINRA. For additional information about Commonfund, please visit www.commonfund.org.

Unless noted, data shown in this report is as of June 30, 2020.

CONTENTS

*	3	A MESSAGE FROM OUR CEO
*	4	KEY FACTS
*	4	WHO WE SERVE
*	4	ASSETS
*	5	OUR MISSION
*	8	RESPONSIBLE INVESTING
*	8	UPDATE: SUSTAINABILITY AND THE "E" FACTOR
*	12	MANAGER PROFILE
*	13	THOUGHT LEADERSHIP
*	14	EVENTS & PROGRAMS
*	17	PARTNERS
*	18	COMMONFUND @ WORK
*	19	GENDER & ETHNICITY
*	22	EMPLOYEE WELLNESS

A MESSAGE FROM OUR CEO

MARK ANSON

The year 2020 was always destined to be challenging as investors wondered how much longer the global economy could continue to expand. And, indeed, it turned out that economic expansion did end, only not in ways that we would have anticipated. The issue of social justice—injustice, in reality—exploded with clear and disturbing focus. In addition, the human consequences of a global pandemic emerged as a stark and painful reality. Unfortunately, these two sicknesses combined to ravage our society.

In light of these challenges, it is all the more important for institutions and organizations to take actions to address the larger needs and aspirations of people the world over. For Commonfund this is a priority; we seek not just to behave responsibly but to serve as a role model and active leader in thought and action. This brings us to this document: Commonfund's 2020 Corporate Responsibility Report, our second biennial summary of ways that we are integrating socially responsible and sustainable practices into our organization. Let me introduce this report by summarizing our actions in response to the challenges of social justice and the coronavirus pandemic.

It is critical for every organization to embed diversity into its culture and belief system. In 2018, Commonfund established its Diversity and Inclusion Office (DIO) to address the issue of social injustice and the opportunity to build diversity in our organization and beyond. The mission of the DIO is to “consistently and intentionally promote and foster inclusion and equity across Commonfund and our investment process, thought leadership, and professional and organizational development.” More to the point, the DIO serves as a resource and clearinghouse of information about diversity in the asset management industry. You will find important information about this major corporate commitment on page 9 in the responsible investing section of this report.

Turning to the coronavirus pandemic, Commonfund has been proactive both internally and externally. Regarding the latter, we cancelled our annual Commonfund Forum in early March. It was not an easy or obvious decision as it was still in the early days of the virus but safety was our first priority. Subsequently, we repurposed our Forum content for our website and used a range of digital media to deliver information and insights designed to help nonprofits deal with the unprecedented financial and management challenges presented by COVID-19. These virtual events were attended by thousands of industry professionals, and we are delighted that we could share our knowledge with clients and industry peers.

Within Commonfund, in early March we closed all five of our worldwide offices and shifted to working remotely in response to the pandemic. This did not, however, interfere with “business as usual.” We continue to actively engage with our clients and in one week alone we participated in 35 client investment committee meetings. Spirits and energy remain high and have sparked employee outreach to help local foodbanks and community support groups wherever Commonfund is located. A formal survey of our staff resulted in a decision to keep our offices closed past Labor Day, but we will continue to monitor the situation and adjust as changing conditions warrant.

I have focused my opening comments in this 2020 Corporate Responsibility Report on social justice and the global pandemic. There is much more to report as you will see in the sections that follow, and I invite you to take a closer look at what Commonfund is doing in three areas in particular: responsible investing, thought leadership, and the workplace environment. While we are proud of what we have accomplished we are not patting ourselves on the back. All of us in society are on a long journey and there is much that we can improve individually and collectively. We know at Commonfund that we don't have all the answers—but rest assured we won't stop looking for them. Ultimately, we believe that despite the fault lines that try to divide us there is a shared sense of humanity that unites us.



COMMONFUND KEY FACTS

\$23.8

BILLION IN ASSETS
UNDER MANAGEMENT

50

YEARS OF OPERATION

5

GLOBAL OFFICES

1381

INSTITUTIONAL CLIENTS

160

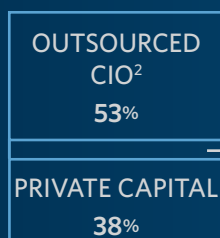
EMPLOYEES

A+

2020 PRI
SCORE¹

ASSETS

BY SOLUTIONS



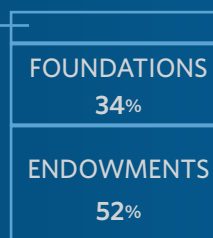
PORTFOLIO
SOLUTIONS
9%

BY INSTITUTION SIZE



HEALTHCARE
PENSIONS
OTHER
14%

BY TYPE



WHO WE SERVE

13%

OF OUR CLIENTS ARE
ENGAGED IN PUBLIC SERVICE



88%

OF OUR CLIENTS ARE
MISSION-BASED ORGANIZATIONS



95%

OF OUR CLIENTS ARE
NONPROFIT ENTITIES



¹Commonfund 2020 PRI Assessment Report. Rating for 01. Strategy & Governance (29 stars out of a possible 30 stars from 10 indicators). Bands range from "A+" (top band) to "E" (lowest band).

²See Important Notes | Outsourced Chief Investment Officer (Outsourced CIO)

OUR MISSION

To enhance the financial resources of our clients by delivering exceptional performance, service and insight.

Performance

Unwavering focus on performance, helping our partners navigate the complexities of investing.

Service

Providing asset management services focused on nonprofits for five decades.

Insight

Knowledge sharing, educational programs, and research that promote good governance and investment practices.

RESPONSIBLE INVESTING

Commonfund is cognizant of the challenges associated with sustainable investment, including data collection, consistency and measurement. Yet, we remain committed to a three-part sustainability investment process.

01

Integration into Investment Process

Commonfund expects and encourages our external managers to engage with companies across a range of considerations, including ESG factors. We incorporate ESG into our external manager selections and monitoring processes.

02

Alignment with Mission

Commonfund understands that each institution with whom we work has a unique mission. We work closely with each client to craft a portfolio that aligns their investments with their mission.

03

Impact to Accelerate Change

For institutions that want to use their portfolio to accelerate change in their community, we design a plan to incorporate that requirement into the portfolio.

**WE WORK WITH
NUMEROUS
INVESTORS TO
ADVISE, DEVELOP
AND IMPLEMENT
PORTFOLIO
SOLUTIONS THAT
ALIGN WITH THE
PRIORITIES OF EACH
ORGANIZATION**

CORE TO OUR MISSION

In 2013, Commonfund became a signatory to the Principles for Responsible Investment (PRI). In doing so, Commonfund affirmed its corporate commitment to the importance of environmental, social and governance (ESG) investment criteria. As a mission-based investor, Commonfund is a reliable source of thought leadership for institutions that are considering the integration of ESG standards into their investment programs. And we remain an advocate for protecting investors' best interests; for example, Commonfund recently became a signatory to a PRI letter to the U.S. Securities and Exchange Commission opposing proposed rules that would negatively impact shareholder rights

Long before the PRI milestone, Commonfund addressed social issues that were important to our clients. For example, Commonfund responded to institutions' concerns about apartheid by launching South Africa Free Funds in the 1980s. In the years since, we have worked with numerous investors to advise, develop and implement portfolio solutions that align with the priorities of each organization. We use the three-part framework noted on the prior page to integrate sustainability and stewardship into our investment process.

In its current investment guidelines Commonfund does not exclude particular industries, geographic regions or strategies based on responsible investing factors; rather we take these factors into consideration as part of our fundamental investment analysis where they have the potential to impact the value of portfolios. We ask that each of our managers also consider these factors as part of their investment process and we include questions to that effect in our annual due diligence questionnaires.

OUR INVESTMENT MANAGERS

**70 percent of our
managers consider
ESG in their
investment process**

**While 15 percent
are PRI signatories**

	FIRMS	CONSIDER ESG IN INVESTMENT PROCESS (%)	PRI SIGNATORY (%)
EQUITIES	19	84	53
FIXED INCOME	19	84	53
HEDGE FUNDS	25	56	8
REAL ASSETS	15	73	13
PRIVATE CAPITAL*	424	70	12
TOTAL	502	70	15

*Includes private equity, venture capital, natural resources, and real assets and sustainability strategies.

ESG INTEGRATION

Consideration of ESG factors is part of Commonfund's standard investment analysis process across all asset classes and is subject to oversight by the Investment Committee.

MONITOR



As a part of our manager due diligence, ESG considerations are reviewed alongside more traditional indicators such as team, strategy, performance and terms of investment.

As part of Commonfund's due diligence process we ask potential managers a series of questions about whether and how they integrate analysis of financially material ESG factors into their investment process. These questions are included in Commonfund's due diligence questionnaire, which managers complete prior to initial hire and then update annually or, in private capital programs, when a reinvestment decision is being made. We also inquire about these issues during on-site visits to our managers and regular calls throughout the year.

MEASURE



We have conducted periodic and targeted reviews of our portfolios to assess their exposure to ESG factors and are in the process of refining our approach to this aggregate portfolio analysis. Where relevant, Commonfund may use research provided by third-party specialists to analyze the risks and opportunities that ESG factors may pose for our portfolios.

MANAGE



Identifying and valuing the impact of ESG factors on performance and risk is particularly difficult. In partnership with our managers, Commonfund is undertaking original research to evaluate the impact of ESG factors on investment portfolios and to determine the most effective methods to address these issues. In addition to the manager due diligence process described here, once a manager has been approved for investment Commonfund may negotiate provisions with the manager addressing whether and how ESG factors will be reflected in the construction of the portfolio; reporting on the impact of ESG factors within the portfolio; proxy voting; and any targets relating to ESG integration.

UPDATE

Sustainability and the "E" Factor

In our previous Corporate Responsibility Report, we presented a summary of research by a Commonfund team seeking to identify and isolate a new factor associated with the environmental sustainability of a stock (or a portfolio of stocks) and answer a long-simmering question: Do ESG initiatives add value, subtract from it or are they neutral? Applying machine learning and other quantitative techniques, the team was able to identify an "E" factor to screen both individual companies and ESG managers. Validation and testing

indicated that it could accurately identify and categorize relatively "green" stocks and managers with more than 98 percent accuracy. The team—Mark Anson, Deborah Spalding, Kristofer Kwait and John Delano—authored an article about the research, entitled "The Sustainability Conundrum," and it was published in the March 2020 issue of The Journal of Portfolio Management. Subsequently, the article was republished in a sister publication, The Journal of Impact and ESG Investing.

THE MISSION OF THE DIVERSITY AND INCLUSION OFFICE IS TO INTENTIONALLY PROMOTE AND FOSTER INCLUSION AND EQUITY ACROSS COMMONFUND AND OUR INVESTMENT PROCESS, THOUGHT LEADERSHIP, AND PROFESSIONAL AND ORGANIZATIONAL DEVELOPMENT.

DIVERSITY AND INCLUSION OFFICE

In latter 2018, Commonfund established a Diversity and Inclusion Office (DIO) in recognition that we needed to take active steps to advance the implementation of social equity and inclusion within our own workforce, the managers we work with and to serve as a center for thought and guidance on issues of diversity, equity and inclusion.

Among its first initiatives, the DIO launched a Diverse Manager Portal in 2019 designed to receive due diligence materials from women and minority managers investing in equities, fixed income/credit, real estate and hedge funds. This outreach program expanded our Diverse Manager Database to 224 managers and accelerated the inclusion of diverse managers in client portfolios, providing our clients with access to a broader array of investment talent. This action also led to our first Diverse Manager Day, when nine diverse managers were invited to make presentations to the Commonfund investment team. This year the Portal has been expanded to include submissions from private equity, venture capital, and real assets and sustainability managers.

The 224 managers currently in the database are categorized into the following buckets: Private (56), Alternatives (67), Fixed Income (26) and Equities (75).

Two additional examples serve to illustrate the many avenues available to the DIO as it implements its mission. One is the issuance of a resource guide for Commonfund trustees, leadership team and employees seeking to educate themselves about a wide range of social justice topics and to provide an outlet of support for organizations engaged in this area of social action. The second is a series of professionally-led training sessions designed to raise employee awareness of hidden, unconscious biases and prejudices that exist within society.

We are investing with diverse managers* across every strategy in our client portfolios.

STRATEGY	# OF MANAGERS
EQUITY	3
FIXED INCOME	2
DIVERSIFYING STRATEGIES	3
PRIVATE CREDIT	1
PRIVATE EQUITY	5
VENTURE CAPITAL	3
REAL ESTATE	3
NATURAL RESOURCES	3
TOTAL	23

*Commonfund diverse managers are generally defined by 33 percent or greater diverse ownership at the time of investment. Private investment manager ownership stakes may be diluted over time. Diverse managers include U.S. citizens who are people of color, women, veterans, people with disabilities and "others" not captured by the preceding categories. The number of diverse managers invested in Commonfund client portfolios can change at any time and there is no guarantee that the number will remain the same or grow.

PROXY VOTING

Commonfund takes its obligation to vote proxies seriously. As a manager-of-managers, we direct our managers to vote proxies on our behalf. Commonfund’s proxy voting policy explains that Commonfund is a signatory to the Principles for Responsible Investment and believes that environmental, social and governance factors may have a material impact on investment performance. Accordingly, Commonfund asks its managers to consider whether ESG factors are material to the investment performance of a company in question and to support proposals addressing such factors when those factors are material.

DIRECT CLIENT SUPPORT

A number of clients and prospective clients have asked how their investment policy statement (IPS) can be amended to accommodate responsible investing strategies. In response, Commonfund has prepared a rider that can be inserted into the IPS of institutions that are seeking to engage in socially responsible investing (SRI), ESG investing, impact investing, or total or partial divestment of fossil fuel-related investments.

Commonfund has also created a tool for clients seeking to integrate responsible investing (RI) into their investment portfolio and broader organization. This “Roadmap to an Effective ESG Program” assists boards of trustees and investment committees as shown below.

CONFLICT OF INTEREST POLICY

Commonfund established a policy on conflicts of interest that covers all employees, trustees, officers and directors of Commonfund and its subsidiaries, and broadly prohibits entering relationships or transactions with service providers to Commonfund without prior permission of the appropriate supervisor or body. It further directs all covered persons to avoid any relationships or transactions that cause conflicts, or the appearance thereof, with the best interests of Commonfund or its investment programs.



RESPONSIBLE AND SUSTAINABLE INVESTING STRATEGIES

The Commonfund Capital environmental sustainability strategy targets market rate financial returns by investing globally in private companies investment opportunities in three primary areas focused sectors:

- Renewables – late stage development/pre-construction solar, and wind, and battery storage systems assets, development, pollution control and distributed generation
- Food, agriculture and water – assets and operating companies incorporating permanent and row crops, agribusiness, food systems, protein, and dairy, and/or water
- Resource efficiency – buyout and growth equity exposures in companies focused on energy efficiency, recycling, waste reduction and smart buildings, mobility infrastructure inputs, substitution, and recycling and reuse

In addition to targeting market rate financial returns, there would be an intent to measure and capture an environmental metric associated with the fund investments. These metrics would be reported back to investors on a regular basis.

The potential environmental benefits of sustainable investing include reduced carbon emissions, improved energy efficiency, enhanced food production, better water quality and access, and pollution reduction.

The Commonfund Screened Global Equity strategy invests in public companies around the world and is benchmarked to the MSCI All Country World Index. The strategy is designed for investors wishing to exclude investments that are generally inconsistent with the socially responsible investment guidelines established by the United States Conference of Catholic Bishops (USCCB) or in the tobacco, alcohol and gaming industries.

Commonfund has the ability to include a suite of institutional quality ESG screened global, regional and country-specific strategies in the custom portfolios it constructs for clients based on their specific requirements.

Commonfund Active in Industry, Academic Venues

Commonfund continues to be actively engaged in various organizations associated with responsible investing and diversity in the investment industry.



Managing Director Mark Bennett serves on the PRI Hedge Fund Advisory Board.



Commonfund Institute Executive Director Cathleen Rittreiser serves on the National Association of College and University Business Officers (NACUBO) Advisory Group on Leadership Diversity and its Committee on Women Leaders.



Deborah Spalding, Co-Chief Investment Officer, holds a lecturer appointment at the Yale School of Forestry and Environmental Studies and teaches a graduate seminar on Forest and Ecosystem Finance. She also serves on the Advisory Board of the Yale Center for Business and the Environment and joined the board of OS-C, an open source collaboration community, to build a software platform to measure climate change risks and to promote capital flows into climate mitigation and resilience.



CEO Mark Anson serves on the Board of Directors of the Toigo Foundation, a nonprofit that seeks to build stronger, more diverse organizations through the inclusion and advancement of under-represented talent.



Commonfund Asset Management Company CEO Tim Yates serves on the Advisory Board of Girls Who Invest, which seeks to bring more women into portfolio management and leadership roles in the asset management industry.

**WE WORK WITH DOZENS OF ASSET MANAGERS
AROUND THE WORLD. EACH BRINGS A UNIQUE SET
OF SKILLS AND INVESTMENT STRATEGIES
TO THE PORTFOLIOS THAT WE CONSTRUCT
FOR OUR INVESTORS.**

MANAGER PROFILE



Stellex Capital Management is a private equity firm that invests in middle market companies in North America and Europe through its offices in New York, Detroit and London. The firm is a hands-on investor with deep operational experience in its target industries—manufacturing and basic industries; industrial and business services; defense, aerospace and government services; automotive; consumer products; and distribution and transportation. Stellex Capital was founded in 2014 by managing partners Ray Whiteman and Michael Stewart—proven investors with long and successful track records.

Commonfund has a long history of partnering with diverse managers and it continues to be an important component of our investment programs today as we scour the world in search of the best investment talent. Stellex Capital Management, a majority African American owned firm, is just one example of our commitment to diverse and emerging managers. Another example is our proprietary database of diverse managers in which we track over 200 managers across all major asset classes and strategies. While all of these managers can be considered for inclusion in our portfolios, we never compromise on the criteria that we use to evaluate managers or the due diligence standards that we require when considering an investment with a manager, diverse or otherwise. We believe this institutional quality process is critical to our fiduciary duty. Further, it reinforces our experience that diverse managers can and do compete effectively on a level playing field with any of the best managers around the world.

THOUGHT LEADERSHIP

From Commonfund's earliest days a central element in its mission has been thought leadership, promulgation of best practices and professional development.

**COMMONFUND
COMMENCED
OPERATIONS IN 1971
FUNDED BY \$2.8
MILLION GRANT
FROM THE FORD
FOUNDATION.
OF THAT TOTAL,
\$500,000 WAS
SET ASIDE FOR
A PROGRAM OF
RESEARCH AND
PUBLISHING.**

In 1999, we formed Commonfund Institute to serve as the focal point for its research and publishing activities.

Today, the Institute is led by Executive Director Cathleen Rittreiser.

Under the aegis of the Institute, Commonfund has greatly expanded its educational and professional development activities. The Institute provides in-person and online seminars for trustees and other leaders of nonprofit organizations, often focusing on ESG factors.

The Institute also publishes white papers about best practices in responsible investing and supports research efforts around ESG factors by collaborating in industry initiatives.

EVENTS & PROGRAMS

AMONG THE MAJOR, ONGOING EVENTS AND PROGRAMS DEVELOPED
AND MANAGED BY THE INSTITUTE ARE THE FOLLOWING

FORUM

Commonfund Forum—held annually for more than 20 years—is recognized as the leading investment conference specifically for a range of institutions, from educational endowments, foundations and pension funds to healthcare systems, charities and other selected investors.

In 2019, 400 senior business and financial managers and directors/trustees attended the event, which was held in Orlando. Among the many sessions was “Why Diversity Makes Us Smarter,” presented by a thought leader and expert in diversity and inclusion, Katherine Phillips of Columbia Business School. In addition, the 2019 Forum was a carbon neutral event. Commonfund engaged a carbon finance consulting firm to assist with this project. The conference generated 411 tons of carbon. Commonfund, in turn, purchased carbon credits that are funding an exciting project—Kariba REDD+ in Zimbabwe, Africa. The funding will reduce carbon output by an equal amount, thereby making Forum net zero emissions.

The 2020 Forum was cancelled owing to coronavirus safety concerns. The Institute has followed up, however, with papers, webinars and similar actions to disseminate information, much of it focused on responsible investing.

BENCHMARK STUDIES

Benchmark Studies are annual or semi-annual surveys of the investment management and governance policies and practices of major segments comprising the overall nonprofit sector. The studies are:

Council on Foundations-Commonfund Study of Investment of Endowments for Private and Community Foundations® (CCSF) – a comprehensive survey of private and community foundations sponsored jointly with the Council on Foundations

Commonfund Benchmarks Study® Independent Schools Report (CSIS) – a survey of independent day and boarding schools, K – 12, conducted jointly with the National Business Officers Association

Commonfund Benchmarks Study® of Healthcare Organizations (CSHO)– a similar study focused on nonprofit hospitals and healthcare systems

HIGHER EDUCATION PRICE INDEX®

The Commonfund Higher Education Price Index (HEPI) is an annual inflation index designed specifically to track the main cost drivers in higher education. It serves as an essential planning tool for college and university financial and investment management, helping decision-makers understand the future budget and funding requirements to maintain real purchasing power through time.

INVESTMENT STEWARDSHIP ACADEMY

The Investment Stewardship Academy is an immersion in the essential principles and practices of managing long-term and perpetual capital. Taught at the Yale Schools of Management, this annual workshop provides participants with a foundation in policy, portfolios and processes, and is taught by leading practitioners, academics and subject matter experts. Included in the 2019 curriculum were two presentations entitled “Allocating for Mission: Planning for Preservation and Profit” and “Navigating ESG: Opportunities and Challenges.”

The 2020 Academy was cancelled owing to the coronavirus.

**IN THE TWO YEARS
SINCE OUR PREVIOUS
CORPORATE
RESPONSIBILITY
REPORT, OUR STAFF
MEMBERS HAVE
BEEN ACTIVELY
RESEARCHING AND
WRITING ABOUT
A WIDE RANGE OF
SUBJECTS RELATED
TO DIVERSITY AND
SUSTAINABILITY
WHILE ALSO
SPEAKING AT OR
PARTICIPATING IN
CONFERENCES AND
EVENTS ADDRESSING
THE SAME TOPICS.**

RESEARCH

The Sustainability Conundrum	5 Steps to Success in Private Capital
Diversity, Equity, and Inclusion: Staying the Course in Uncertain Times	Stormy Markets, Steady Institutional Investors
Intergenerational Equity and Sustainable Investing	Principles of Investment Stewardship for Nonprofit Organizations
Impact Investing – A Market Matures	Viewpoint Responsible Investing: Evolution, Not Resolution
Diversity and Inclusion on Nonprofit Boards Is Effective Stewardship	2020 Investor Survey: Private Markets Sentiment
Applying the Endowment Model to Diversity and Inclusion	Diverse and Emerging Manager Programs: Worth Doing Well
Integrating ESG into Private Equity Portfolios – What Questions to Ask	ESG Investing Becomes Mainstream
Looking at Gender Lens Investing	In Remembrance
What are the Differences Between SRI and ESG?	Museums and Cultural Institutions: To Accept or Not to Accept, That is the Question
Viewpoint: Actions Speak Louder than Data	Nonprofit Leaders Spotlight Dimple Abichandani, Executive Director of GSF
The 5 Top Stewardship Imperatives	Nonprofit Leaders Spotlight Rochelle Witharana, Chief Financial Officer, California Wellness Foundation
Donor Advised Funds: Changing the Philanthropic Landscape for Higher Education	Traits of High-performing Boards ... and Steps Toward Becoming One
Private Market Investing vs. Public Market Investing: What's the Big Difference?	Why ESG is a risk management tool and a growth sector for investors
Getting Started in Responsible Investing	Diversity and Inclusion Resource Guide
Responsible Investing – Read All About It	

CONFERENCES & EVENTS

WAVE Conference: Male Perspective on Gender Diversity

High Water Women Impact Investing Symposium

Yale University Executive MBA Lunch Colloquium

OS-Climate Stakeholder Roundtable, Impact Capitalism Summit

Global Impact Investing Network (GIIN) Annual Investor Forum

Invest Responsibly – What it Means for Hedge Funds

Women in the World Summit

ESG panel at SuperReturn Energy Global Infrastructure Conference: “Bringing infrastructure ESG and sustainability issues into the mainstream”

Women in Alternative Investments Career Forum 2019

SEO Alternative Investments Conference (AICON) | New Initiatives to Promote Diversity in the Investment Industry

LPGP Connect, Women in Private Credit

100 Women in Finance

NAIC Annual Conference

UAW Trust, Diverse and Emerging Manager Forum

GCM Small and Emerging Managers Conference

Toigo Groundbreakers Women in Leadership Summit

Morgan Stanley 2019 Private Wealth Management Women's Summit

TRS Emerging Manager Conference

SuperReturn International, “ESG and Financial Returns”

SuperReturn Energy, “ESG, are we just paying it lip service?”

PensionBridge ESG Summit

MEDIA

Interviewed by Pensions & Investments (P&I) about Commonfund's ESG roadmap for investors thinking about incorporating ESG into their investment programs

Video interview with Fundfire: ESG Getting “Real Air Time” at College Board Tables

Interviewed by P&I: Commonfund Helping Prep Clients for “Profound” Changes

AssetTV interviews with diverse managers:

- Sengal Sellasie, Co-CEO and Co-founder of Brightwood Capital Advisors
- Phil Bronner, Co-founder of Ardent Venture Partners

Interviewed by P&I about responsible investing: More Fund Executives Look at ESG Investing as a Logical Extension of Their Missions

Barron's: “To Make Money in Sustainable Investing, Don't Just Buy Stocks with High ESG Ratings.”

PARTNERSHIPS & ORGANIZATIONS

Commonfund participates in, is a member of, or has committed to various initiatives and principles that address business and sustainability matters that we believe are important. These relationships extend the reach of our influence and allow us to collaborate with other leading organizations that embrace shared ideals. Examples include:

- Association of Governing Boards of Universities and Colleges (AGB)
- National Association of College and University Business Officers (NACUBO)
- National Business Officers Association (NBOA)
- Council on Foundations
- Council for Advancement and Support of Education (CASE)
- The Association of Boarding Schools (TABS)
- The Alternative Investment Management Association (AIMA)
- Diverse Asset Management Initiative
- National Association of Investment Companies

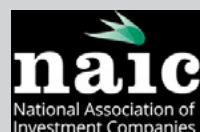
SIGNING THE RACIAL EQUITY PLEDGE

Commonfund is a signatory to the 2020 Belonging Pledge—A Commitment to Advance Racial Equity sponsored by the Confluence Philanthropy, a network of nonprofit organizations whose mission is “to transform the practice of investing by aligning capital with community value of sustainability, equity and justice.” The pledge recognizes that racial equity belongs throughout the investment process and that change can occur with commitment, goals and measurable benchmarks.

PARTNERS



COUNCIL on FOUNDATIONS



Signatory of:



COMMONFUND @ WORK

At Commonfund, employees are our greatest asset. We strive to attract talent from the broadest pool to foster innovative thinking and unique points of view.

**PROMOTING A
WELCOMING AND
SAFE ENVIRONMENT
HAVE ALWAYS BEEN
A PRIORITY, BUT
RECENT EVENTS
HAVE SURFACED NEW
WAYS OF AFFIRMING
OUR COMMITMENT
TO OUR PEOPLE AND
OUR COMMUNITIES**

The coronavirus outbreak and demands for social justice have raised the bar on corporate social responsibility everywhere.

This mandate embraces outreach and external initiatives but also a greater commitment to internal policies and practices that promote a welcoming environment and safeguard employee health and well-being. In both thinking and practice, Commonfund was well ahead of the curve in this regard, but that only set the stage for an effective response that included new ways of affirming our commitment to our people and our communities.

**WORKING
SAFELY DURING
THE PANDEMIC**

Like those of many organizations, Commonfund’s offices closed as the coronavirus pandemic spread. Later on, as the contagion appeared to ease in certain geographies, Commonfund formally surveyed staff about returning to the office environment. The majority of employees responded with a wait-and-see position as working remotely proved no hindrance to the conduct of business. The subsequent rise in coronavirus cases in many parts of the country confirmed the veracity of this approach, but Commonfund will continue to monitor the situation.

JUNETEENTH

Commonfund has declared June 19—the date in 1865 when Texas became the last state to accept the Emancipation Proclamation—a permanent holiday for its staff. Although not an official holiday in states where Commonfund has offices, Commonfund believes the date should be recognized.

**DIVERSITY, EQUITY
AND INCLUSION**

In recent years, our effort to increase diversity among our employees has shown encouraging progress. Women represent 41 percent of our employees and 8 percent of our managing directors. In addition, 25 percent of our operating committee are women. Our diversity makeup is well ahead of published research documenting the proportion of women serving in executive positions in the global financial services industry. While our diversity statistics are above industry averages, we recognize much more still needs to be done.

GENDER & ETHNICITY

Women represent 41 percent of our employees and 8 percent of our managing directors.

25 percent of our operating committee members are women.

NUMBERS IN PERCENT (%)	2014	2018	2020
MEN	58	59	59
WOMEN	42	41	41
WHITE	86	79	82
ASIAN	8	8	8
BLACK	4	7	4
HISPANIC	2	6	5
TWO OR MORE RACES	*	*	1

*Commonfund did not track this category until 2020.

An Intern Program with a Difference

We are dedicated to increasing the number of women in the asset management industry.

Each year Commonfund recruits a group of college and high school students for its summer intern program, both at Wilton headquarters and the New York City office. In 2019, the group of 14 included 44 percent women and 56 percent diverse candidates, including a scholar from the Girls Who Invest program—a nonprofit dedicated to increasing the number of women in portfolio management and executive leadership in the asset management industry. Commonfund has partnered with Girls Who Invest since 2016, the year after its founding. For our 2020 intern program, half of our recruits were women.

A Better Chance, founded in 1963, is another organization represented in the summer intern program. “ABC” helps place academically talented students from disadvantaged areas in some of the nation’s finest independent and public schools, Wilton High School being among the public school participants. In 2019, a student participating in the Wilton ABC program supported Commonfund’s legal department, while a former Wilton ABC student, now in college, worked on the New York City business development team.



Kaylin Hu

GEORGETOWN UNIVERSITY,
GIRLS WHO INVEST,
SUMMER INTERN 2020

“My summer experience at Commonfund enabled me to gain a better understanding of the complexities of the private capital space, particularly the intense due diligence process behind selecting managers as well as various trends among funds. I also had the benefit of interacting with Rachel Clivaz, a GWI Alum who now holds a fulltime position with Commonfund Asset Management.”

**MINORITIES AND
WOMEN COMPRISE
45 PERCENT OF OUR
BOARD, AND OUR
THREE NEWEST
MEMBERS ARE
MINORITIES OR
WOMEN**

**OUR EMPLOYEES
HOLD VOLUNTEER
BOARD OR
COMMITTEE
POSITIONS
AT NEARLY 80
MISSION-BASED
ORGANIZATIONS**

COMMITMENT TO GOOD GOVERNANCE

As a private nonprofit organization, Commonfund is governed by a Board of Trustees whose members are elected by our member institutions at our annual meeting. The board has fiduciary responsibility with respect to our investment programs and is responsible for oversight of all aspects of our business and operations. Commonfund is committed to the principles of sound governance, including:

- Independence from Commonfund’s senior management as board members are elected by member institutions (the exception being Commonfund’s President, who serves as an ex-officio member)
- An Audit and Risk Management Committee that is charged with oversight of financial reporting and audits; all members of the committee must be independent
- The Compensation Committee is responsible for reviewing the President’s performance and establishing his/her compensation on an annual basis. The Committee also approves the compensation arrangements of the other administrative officers and senior executives, as well as the fairness and equanimity of employee compensation overall.
- Nominations of board members are made by the board’s governance committee, whose members are independent of management

Commonfund has consistently stressed the importance of diversity and inclusion in governance. Minorities and women comprise 45 percent of our board, and all three of the board’s newest members are minorities or women.

COMMUNITY OUTREACH AND SERVICE

Commonfund staff members contributed more than \$5,000—matched by Commonfund—to Person-to-Person, an outreach to people in need in Stamford, Norwalk and Darien, Connecticut as well as greater Fairfield County. Employees also volunteered at “P2P” food and clothing drives. Two Commonfund employees also serve as P2P board members. More widely, Commonfund contributed to foodbanks in Los Angeles, San Francisco, New York, Boston and Washington, D.C. to help those in need.

Commonfund employees also serve a wide range of mission-based organizations, as they hold volunteer board or committee positions at nearly 80 organizations that support: education, culture, environmental preservation, social services, local government, health and religious organizations as well as organizations promoting leadership by women and minorities in the financial services and asset management industry.

EMPLOYEE WELLNESS

A BALANCED PORTFOLIO

COMMONFUND UNDERSTANDS THE IMPORTANCE OF WORK/LIFE BALANCE AND THE BENEFITS OF SUPPORTING OUR EMPLOYEES' HEALTH AND WELL-BEING. WE DO THAT IN SEVERAL WAYS:

Wellness

A Wellness Committee, established in 2018, that works to promote physical and emotional wellness throughout the firm by organizing fitness challenges, providing wellness incentives for employees and offering classes and seminars on nutrition, healthcare, mindfulness and overall well-being.

Offering free annual on-site flu shots.

Healthy and Sustainable Food Options

Offering healthy food choices—including vegetarian, vegan, locally grown and organic—in our cafeteria at Wilton headquarters.

Partnering with Field Goods to offer employees access to sustainable small farms and local artisans. Field Goods is a subscription service that delivers an array of farm fresh produce and pantry staples to the office each week to employees who choose to become a member.

Fitness

Encouraging physical fitness by maintaining an on-site, free of charge fitness center and sponsoring an annual employee fun run and volleyball team for those in the New York City Office.

Childcare

Access to on-site childcare at Wilton headquarters.

IMPORTANT NOTES

In this report we refer to the Common Fund for Nonprofit Organizations (our parent company) and one or more of its affiliates, including Commonfund Holdings, Inc., Commonfund Asset Management Company, Inc., Commonfund Capital, Inc., and Commonfund Securities, Inc., collectively as “Commonfund” or “the firm”, “we” or “our”, as the context requires.

MARKET COMMENTARY

Any opinions, assumptions, assessments, statements or the like (collectively, “Statements”) regarding future events or which are forward-looking, including regarding portfolio characteristics and limits, constitute only subjective views, beliefs, outlooks, estimations or intentions of an Investment Manager, should not be relied on, are subject to change due to a variety of factors, including fluctuating market conditions and economic factors, and involve inherent risks and uncertainties, both general and specific, many of which cannot be predicted or quantified and are beyond an Investment Manager’s or an Investment Product’s control. Future evidence and actual results (including actual composition and investment characteristics of an Investment Product’s portfolio) could differ materially from those set forth in, contemplated by, or underlying these Statements, which

are subject to change without notice. There can be no assurance and no representation is given that these Statements are now, or will prove to be accurate, or complete in any way. The Investment Manager undertakes no responsibility or obligation to revise or update such Statements. Statements expressed herein may not be shared by all personnel of Commonfund.

OUTSOURCED CHIEF INVESTMENT OFFICER (OCIO)

There is no legal or regulatory term defining “OCIO” or “outsourced chief investment officer” services, and the meaning of such term varies from one individual to another. Accordingly, such services have been defined for purposes hereof to mean the management of (i) an institution’s long-term or operating reserves (“Reserves”) pursuant to an investment management agreement executed between a registered investment advisor and such institution (or, in certain limited circumstances, through a fund or separate account structure intended to achieve comparable objectives) and (ii) all or substantially all of an institution’s Reserves, with advice related thereto being provided to such institution by a registered broker-dealer and which advice is solely incidental to the conduct of such broker-dealer’s business or to its brokerage services.

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