

commonfund

# Commonfund Diversity, Equity, and Inclusion Policy

TO INTENTIONALLY  
PROMOTE AND  
FOSTER INCLUSION  
AND EQUITY ACROSS  
COMMONFUND AND  
OUR INVESTMENT  
PROCESS, THOUGHT  
LEADERSHIP AND  
PROFESSIONAL AND  
ORGANIZATIONAL  
DEVELOPMENT

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thought  
leadership  
research  
strategic  
partnerships

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# COMMONFUND

## DIVERSITY, EQUITY, AND INCLUSION POLICY

### MISSION STATEMENT/STATEMENT OF VALUES

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The Common Fund for Nonprofit Organizations, (together with its affiliates, “Commonfund”) established a [Diversity, Equity, and Inclusion \(DEI\) Office](#), with the mission to “intentionally promote and foster inclusion and equity across Commonfund and our investment process, thought leadership and professional and organizational development.”

The DEI office brings together the three core elements of Commonfund’s diversity, equity, and inclusion efforts: i) to include diverse managers within investment portfolios; ii) to advance the understanding of the value of diversity and inclusion in the asset management industry; and, finally, iii) to provide firm-wide opportunities for professional and organizational development. The DEI office is charged with fostering an environment at Commonfund that values different perspectives, challenges conventional thinking and maximizes the potential of all employees.

### HUMAN CAPITAL

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Commonfund is committed to fostering, cultivating and preserving a culture of diversity, equity, and inclusion.

Our human capital is our most valuable asset. The collective sum of the individual differences, life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities and talent that our employees invest in their work represents a significant part of our culture, our reputation and our achievements.

We embrace and encourage our employees’ differences in age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make our employees unique.

Commonfund's diversity initiatives apply to, but are not limited to, our practices and policies on recruitment and selection; compensation and benefits; professional development and training; promotions; transfers; social and recreational programs; terminations; and the ongoing development of a work environment built on the premise of gender and diversity equity that encourages:

- respectful communication and cooperation among all employees;
- teamwork and employee participation, encouraging the representation of diverse groups and perspectives;
- work/life balance through flexible work schedules to accommodate employee needs; and
- employer and employee contributions to the communities we serve to promote a greater understanding and respect for diversity.

All employees of Commonfund have a responsibility to treat others with dignity and respect at all times. All employees are expected to exhibit conduct that reflects inclusion during work, at work functions on, or off, the work site, and at all other company-sponsored events. All employees are also required to attend and complete annual diversity awareness training.

Any employee who exhibits any conduct or behavior contrary to Commonfund's policies may be subject to training, counseling or disciplinary action.

## **INVESTMENTS - DIVERSE MANAGER INITIATIVE**

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This component of the Diversity, Equity, and Inclusion Policy is referred to as the Diverse Manager Initiative (DMI). The purpose of the DMI is twofold:

1. to expand the prospective investment universe on behalf of clients – Commonfund wants to ensure it considers the broadest possible set of investment talent for client portfolios; and
2. to meet the specific requirements of those clients with diverse manager investment mandates.

To implement the DMI, Commonfund aims to include diverse managers in every manager search across asset classes. And to facilitate this objective, an internal team of investment professionals – the Diverse Manager Team (DMT) – has built and maintains a dedicated Diverse Manager Database comprising all diverse managers across all asset classes with whom the investment teams of Commonfund Capital, Inc. (CCI) and Commonfund Asset Management Company, Inc. (COMANCO) have had contact. The DMT also maintains a Diverse Manager Portal that allows diverse managers to submit presentations, performance and due diligence questionnaires. In addition, it maintains a dedicated email channel for diverse managers to communicate with the investment teams.

On a quarterly basis, the DMT aggregates a “known universe” of diverse managers across asset classes from various databases. It also updates Commonfund's proprietary diverse manager database. Manager reviews may include both portal submissions as well as manager meetings. Finally, the DMT updates the number of diverse managers with whom Commonfund is actively invested.

On a semi-annual basis the DMT confers with CCI's and COMANCO's investment teams to update the total assets allocated to actively invested diverse managers. These figures are often used in RFP requests.

On an annual basis, the DMT includes questions regarding diverse manager ownership and team diversity in manager due diligence questionnaires.

A definition of an “active” diverse manager is attached in Appendix A.

## **STRATEGIC DIVERSE MANAGER INDUSTRY PARTNERSHIPS**

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Commonfund seeks to collaborate with other institutions that prioritize diverse manager investment initiatives to help expand its pipeline of investment prospects and its network of diversity contacts.

Current relationships include:

- [Toigo Foundation](#);
- [Diverse Asset Managers Initiative](#) (DAMI);
- [National Association of Securities Professionals](#) (NASP);
- [New America Alliance](#) (NAA);
- [National Association of Investment Companies](#) (NAIC);
- [Seizing Every Opportunity](#) (SEO);
- [Hispanic Heritage Foundation](#); and
- [Girls Who Invest](#)

Commonfund participates in industry conferences focused on diversity as attendees, panelists and speakers. Commonfund believes it is important to stay connected and to continue to expand relationships with other industry and investment professionals to expand its understanding, knowledge and network focused on diverse managers.

## THOUGHT LEADERSHIP

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At Commonfund, we recognize that in order to create sustainable momentum, we must continue to shape and express our point of view - diversity, equity, and inclusion should be advanced in our industry. We focus on two main thought leadership approaches:

- research to advance the field; and
- strategic trade association partnerships.

## RESEARCH TO ADVANCE THE FIELD

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In partnership, Commonfund Institute works on projects that build on the knowledge base focused on diversity, equity, and inclusion in both the nonprofit sector and the asset management industry more broadly. The Commonfund Institute works to add Commonfund's perspective and voice to important conversations focused on, but not limited to, investment in diverse managers, diverse talent pipelines in the financial services industry, diversifying nonprofit boards, and investing with a gender and race equity lens. The Commonfund Institute also shares content and perspectives at Commonfund-sponsored convenings (e.g., Forum, Investment Stewardship Academy) and on the Commonfund website.



## STRATEGIC TRADE ASSOCIATION PARTNERSHIPS

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Commonfund understands that there are many institutions and organizations working on diversity, equity, and inclusion efforts. We want to be with others who care about this work and share resources and tools with others. The Commonfund Institute has several existing trade association partnerships and continues to seek new partnerships to develop research and tools.

Some examples of existing relationships include:

- [Council on Foundations](#) (COF, Private and Community Foundations);
- [National Business Officers Association](#) (NBOA, Independent Schools);
- [National Association of College and University Business Officers](#) (NACUBO);
- [Intentional Endowment Network](#) (IEN); and
- [Association of Governing Boards](#) (AGB).

Commonfund has many additional strategic partnerships and will continuously explore opportunities to partner on more than one aspect of its diversity, equity, and inclusion work.

## OVERSIGHT AND ADMINISTRATION

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The DEI office reports to the Operating Committee of Commonfund, comprising the CEO and senior leaders of the firm responsible for driving the strategic direction of the organization. In addition, the office also reports periodically directly to Commonfund's [Board of Trustees](#).

## **APPENDIX A – COMMONFUND DIVERSE MANAGER CODIFICATION**

### **DIVERSE OWNERSHIP DEFINITION**

Commonfund defines diverse managers to include investment firms with 33% or greater ownership by any combination of women, African Americans, Latinx, Asians, veterans or people with disabilities. This definition applies to managers with whom Commonfund has an active investment. For private capital managers, this measure is based on ownership at the time of initial commitment.

### **DIVERSE TEAM DEFINITION**

Commonfund believes it is also important to recognize the value of diverse teams. Commonfund monitors the composition of manager teams and expects managers to expand the diversity of their teams over time.

### **ACTIVE INVESTMENTS**

An active investment is defined as an investment with a Net Asset Value (“NAV”) of greater than \$1. For the purposes of clarity, for marketable investments, any manager for whom a full redemption notice has been given would be considered inactive as of the final redemption date, and regardless of any holdback for audit purposes. This means that in the case of a hedge fund which has gate provisions, it would be considered active until the last redemption had been met, excluding any holdback for audit purposes. Private investments, where there is no longer an expectation of distributions and the manager itself has terminated the fund, would be considered inactive, regardless of whether it has technically been dissolved.

### **REPORTING OF PERFORMANCE**

Performance reporting for all diverse managers includes all designated managers until the investment relationship is formally dissolved.



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References in this brochure to "Commonfund", "we" or "our" are to The Common Fund for Nonprofit Organizations, Commonfund Asset Management Company, Inc., Commonfund Capital, Inc., Commonfund Securities, Inc. and/or one or more affiliates thereof, as the context requires.

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