Valentine Foundation Investment Policy Statement | October 2024

I. Statement of Purpose

This Investment Policy Statement ("IPS") establishes investment objectives, policies, guidelines, and eligible securities related to all assets available for investment held by the **Valentine Foundation**. More specifically, the IPS seeks to:

- Communicate investment objectives to the Board, staff, investment managers, donors, funding sources, and other relevant stakeholders.
- Clarify the delegation of duties and responsibilities concerning the management of investment funds.
- Integrate the organization's strategic plan into its investment portfolio.
- Document the investment philosophy and framework governing investment decisions and the criteria against which the investment performance will be measured.
- Confirm the policies and procedures that govern the expenditure of investment funds.
- Guide the ongoing oversight of the management of the organization's investments.

II. Delegation of Responsibilities

Responsibilities of the Board

The Board shall ensure that its fiduciary responsibilities concerning the proper management of the investment funds are fulfilled through the approval of the overall governance framework for the funds (documented in the IPS), approval of any outside advisors, and regular review of portfolio performance consistent with all policies and procedures documented in the IPS. Additional responsibilities may include:

- Approving the Investment Policy Statement (IPS) annually.
- Reviewing annual expenditures that directly draw from the investment fund.
- Overseeing the stewardship of the Valentine Foundation's investments.

Responsibilities of the Mission Aligned Investment Committee ("Committee")

The Committee is responsible for the development, recommendation, implementation, and maintenance of all policies related to the investment funds and shall:

- Regularly review the performance of the investment fund relative to appropriate market benchmarks.
- Review and vote on new and existing Community Investments.
- Prudently steward the portfolio of investments with the assistance of management and any necessary investment consultants and/or other outside professionals.
- Convene regularly to evaluate whether this policy, investment activities, risk management controls, and processes continue to be consistent with the Foundation's goals and objectives.

Responsibilities of Management

Management shall be responsible for the day-to-day administration and implementation of policies established by the Board and/or Committee and shall:

- Serve as the primary liaison between any investment advisors and/or other outside professionals.
- Ensure service providers adhere to the terms and conditions of their contracts and have no material conflicts of interest with the Foundation.
- Prepare and/or source from outside service providers periodic status reports to the Board and MAI Committee.
- Move money between the Foundation's accounts, grantees, and community investments.

III. Investment Objectives

The investment objectives of the Valentine Foundation are:

1. **Stability**: Invest funds to produce stability of the Foundation's spending and grantmaking goals.
2. **Capital growth**: Achieve long-term capital growth to outpace the annual spending rate plus inflation.
3. **Benchmark outperformance**: Outperform a broad-based asset allocation benchmark to ensure strong relative performance.

IV. Investment Considerations

All investments made by the Foundation must adhere to the following criteria:

1. **Mission Alignment**: 100% of investments must be aligned with the Foundation's primary impact lens of gender equity while acknowledging racial and corporate diversity & inclusion.
2. **Community Investment**: Allocate 20% of the total portfolio to community investments, with a portion concentrated in the greater Philadelphia area. Here is an evaluation rubric:

Points	Direct Investment Framework	Weak	Moderate	Strong
	Minority and/or women-owned, *with consideration to leadership and those being served*	**0 point** Not minority or women-owned or minority or women serving	**5 point** Minority or women-owned but not serving or not minority/women-owned but not serving	**10 point** Both minority or women-owned and minority or women-serving (product, employment, investors)
	Located in Philadelphia	**0 point** Not Local or serving	**5 point** Locally owned or serving	**10 point** Locally owned and serving
	Expected Risk/Return Efficiency	**0 point** Below market rate	**3 point** Comparable market rate return	**5 point** Opportunity for outperformance
	Time Horizon/Return of Capital	**0 point** >7 Years	**3 point** 3-7years	**5 point** <3 Years
	Community Impact	**0 point**	**5 point**	**10 point**

V. Asset Allocation Strategy

The portfolio shall be constructed with the following target allocations to balance risk and return over time:

Asset Class	Minimum (%)	Maximum (%)
Equities	**55%**	**80%**
Fixed Income	**5%**	**15%**
Direct Loans/Community	**15%**	**20%**
Real Estate	**5%**	**10%**
Cash	**2%**	**6%**

VI. Investment Parameters

The Valentine Foundation expects the investment advisor to recommend investments that are consistent with the Foundation's mission and policies. These investments prioritize companies with policies and histories of supporting gender justice and racial equity.

The investment portfolios shall include:

- Publicly traded equities (ETFs, Mutual Funds, and individual equities) on major exchanges or NASDAQ.
- Investment-grade debt securities of the U.S. government, its agencies, or U.S. corporations.

- Real estate investment trusts (REITs) that are listed on major exchanges.
- Domestic money market funds or government-guaranteed bank deposits.

Community Investment Portfolio (20%): Managed by the Mission Aligned Investment Committee, consisting of trustees and the Executive Director. Investments can include:

- Low- or no-interest loans to nonprofit organizations.
- Certified Community Development Financial Institutions (CDFIs).
- Non-extractive private loans/equity funds.
- B Corporations and other impact-focused entities.
- Venture capital and direct investments into the credit or equity of local companies and projects

VII. Spending Policy

The annual payout shall be calculated using a 20-quarter rolling average of the portfolio's fair market value as of December 31 of each year. The spending rate shall be reviewed annually by the trustees in alignment with the mission and long-term financial stability goals.

Funds for grantmaking shall first be sourced from current and accumulated income, then from the Charitable Lead Trust, and lastly, from the principal if necessary.

VIII. Policy Review and Revisions

This policy shall be reviewed and revised annually or as needed by the Board of Trustees to reflect any changes in the Foundation's strategy, financial position, or mission-aligned objectives.