

# INVESTMENT MANAGER DIVERSITY REPORT

September 30, 2016



**SVCF holds diversity and inclusion as fundamental core values.** We seek to demonstrate these values across all aspects of our operations, including the staff we hire, the programs we fund and the projects we implement. In 2014, SVCF challenged itself to explore how it could engage more people of color and women managers across its investment portfolio. This report highlights our second year of results.

As committed advocates for greater investment manager diversity, we made a commitment to share our progress and experiences. Our goal in sharing the data is to encourage other foundations and endowed institutions to take action toward more inclusive investment practices. We invite you to visit [siliconvalleycf.org/manager-diversity](http://siliconvalleycf.org/manager-diversity) to learn about emerging best practices. Together, we can transform our institutions and our communities by building a more diverse and inclusive economy.



Emmett D. Carson, Ph.D.  
CEO and President

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## Progress Report

At the date of this report, SVCF's investment committee, in partnership with our advisor, Colonial Consulting, has hired nine diverse managers, tripling the number we employed in 2013. Assets deployed to these managers have increased 118 percent, to \$114 million, on a base of \$1.4 billion advised by our investment consultant. During this period, Colonial has steadily increased the number of diverse managers recommended to its clients, resulting in a 367 percent increase in assets deployed, to \$700 million. In addition, 18 percent of Colonial's first-time manager meetings in 2015 were with firms that are majority owned by people of color or women. These data and other trends are presented in the accompanying charts.

## Manager Engagement

SVCF's investment staff and Colonial Consulting continue to identify and engage with new diverse managers across all asset classes. Prospective managers are directed to Colonial Consulting for consideration through a rigorous and highly selective due diligence process. Managers are encouraged to contact Colonial Consulting directly through the company's website at [colonialconsulting.com/investment-consulting-contacts](http://colonialconsulting.com/investment-consulting-contacts).

## Our Approach

This initiative began by asking our investment consultant tough questions about the lack of diversity among those managing our portfolio and among the managers recommended to us for consideration. These key questions were – and continue to be – grounded in our mutual conviction that smaller, skilled investment managers with a differentiated view outperform their peers, and our shared rejection of the idea that identifying a diverse pool of high-performing minority and women investment managers is somehow contradictory to the goal of maximizing returns.

More recently, we modified our investment policy statement to require the investment consultant to maintain an inclusive process for sourcing, evaluating and recommending investment managers across race, ethnicity and gender, and to annually report the number of diverse managers evaluated, recommended and hired across the consultant's client base.

**Each year, the investment consultant is required to report on three key metrics:**

- 1. The number of meetings with diverse managers**
- 2. The number of diverse managers recommended across all clients**
- 3. The number of diverse managers hired across all clients**

We also track the number of diverse managers hired by SVCF and the assets we deploy to those diverse managers. By collecting this data, we expect to see whether barriers to sourcing, selecting and hiring diverse managers are occurring. If all endowment managers were to collect and share this data, we could collectively begin to address institutionalized race and gender biases across the field.

We are encouraged to see growing interest in inclusive investment practices on the part of foundations and nonprofits, and from professional associations and institutional investment conferences. Over the past two years, SVCF's investment staff has shared our experience and practices with like-minded investors at numerous forums, including:



100 women in  
hedge funds<sup>®</sup>



Fiscal & Administrative  
Officers Group  
For Community Foundations



THE ASSOCIATION OF  
Asian American  
Investment Managers

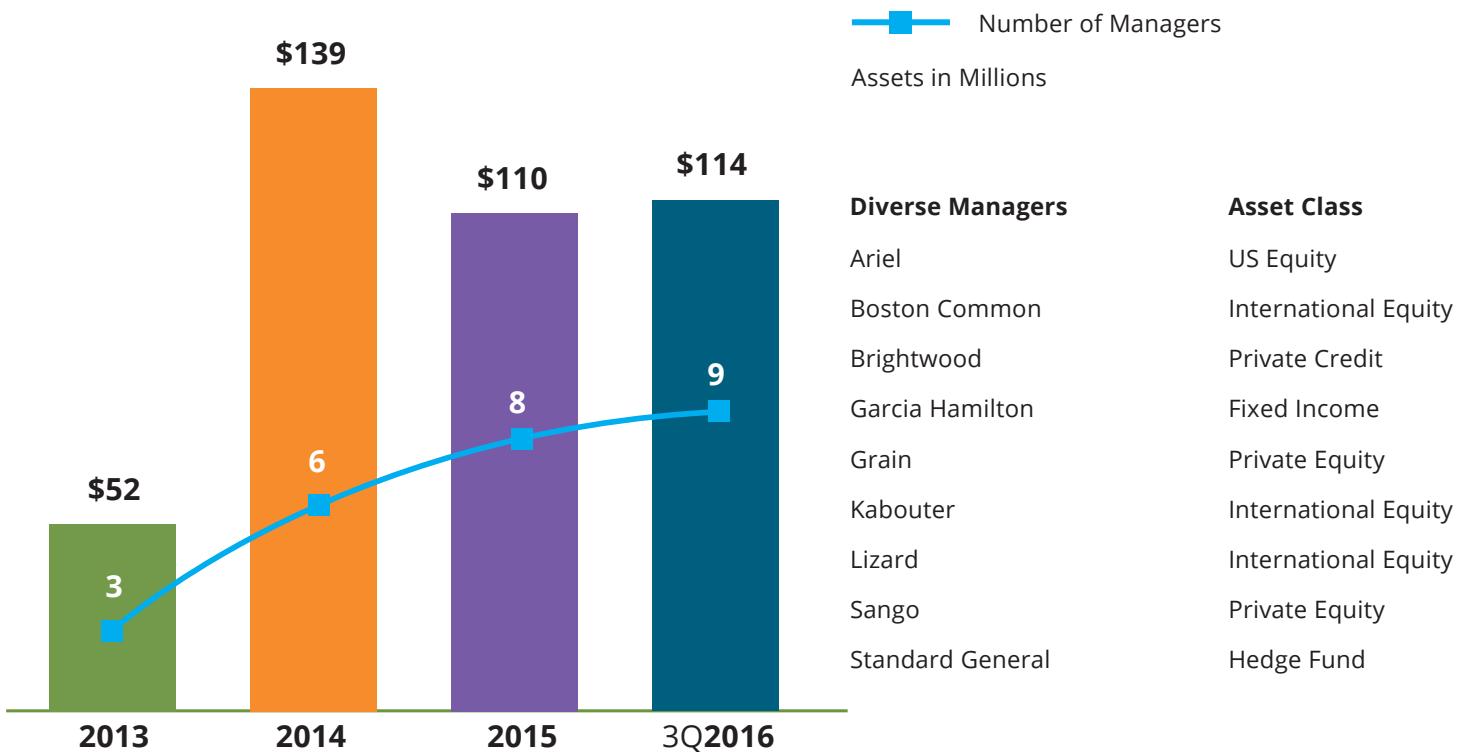


National Association of Securities Professionals

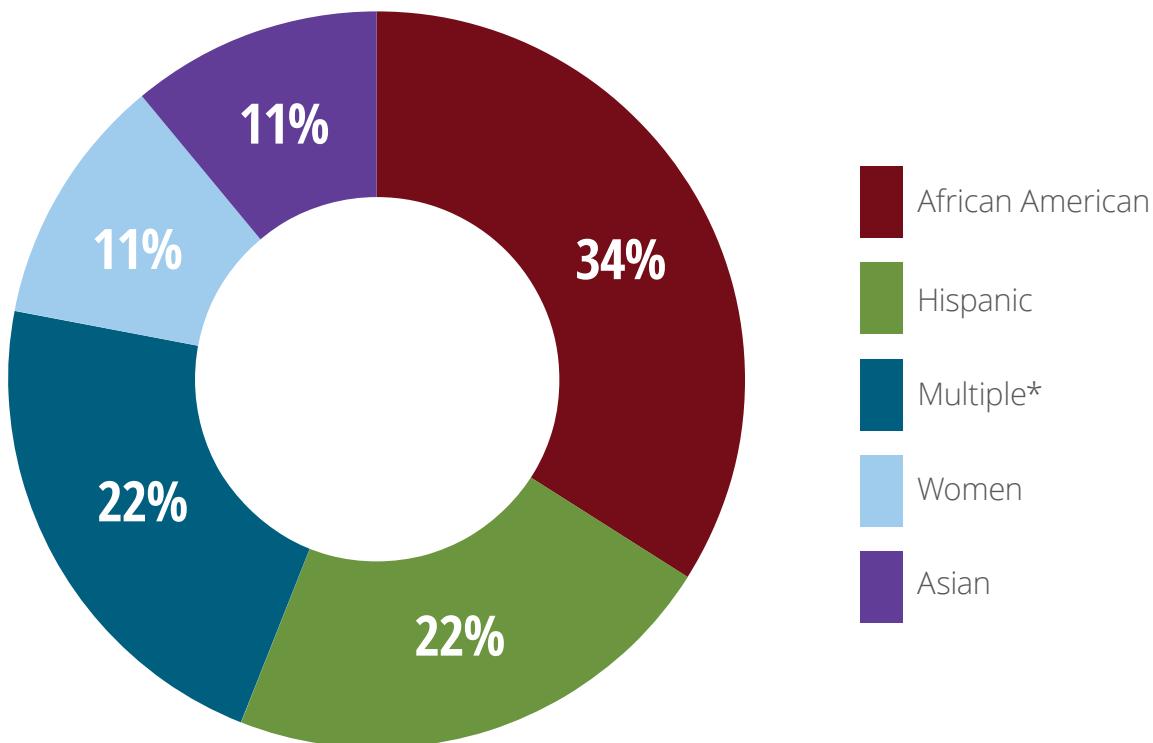


As the examples of diverse practices grow across the field, we look forward to the opportunity to share and learn best practices with others.

## Assets Deployed by SVCF to Diverse Managers

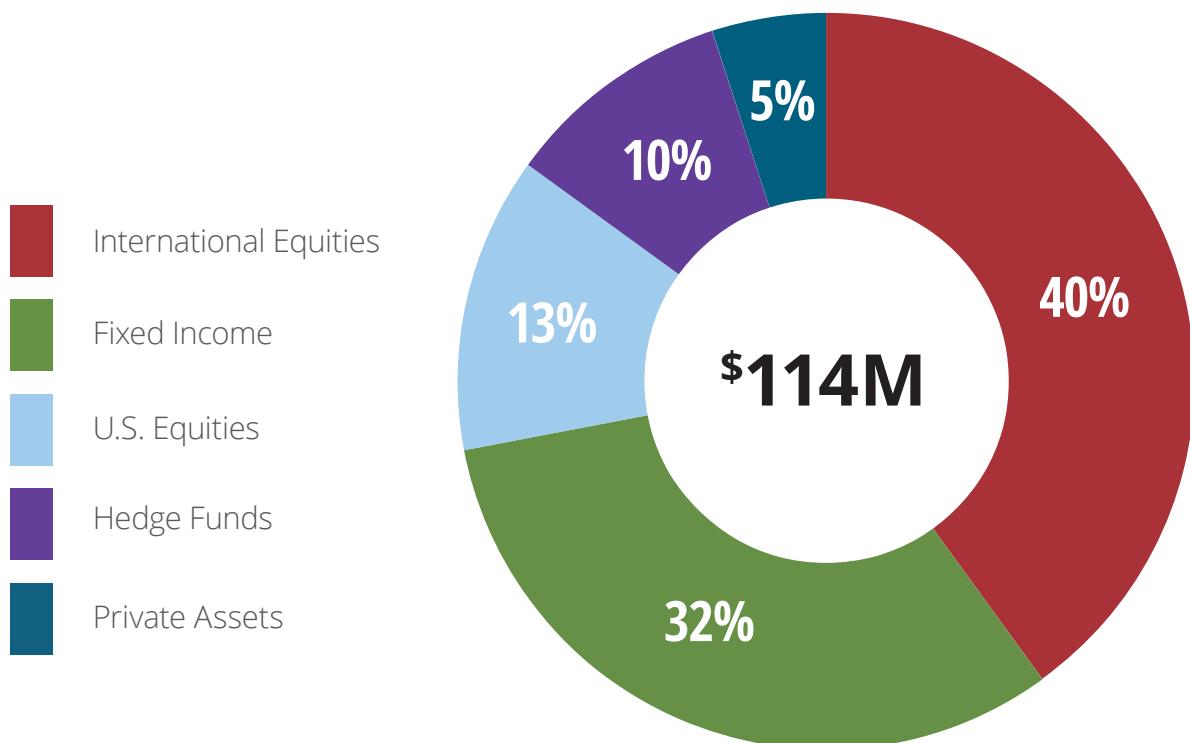


## Diversity of Managers

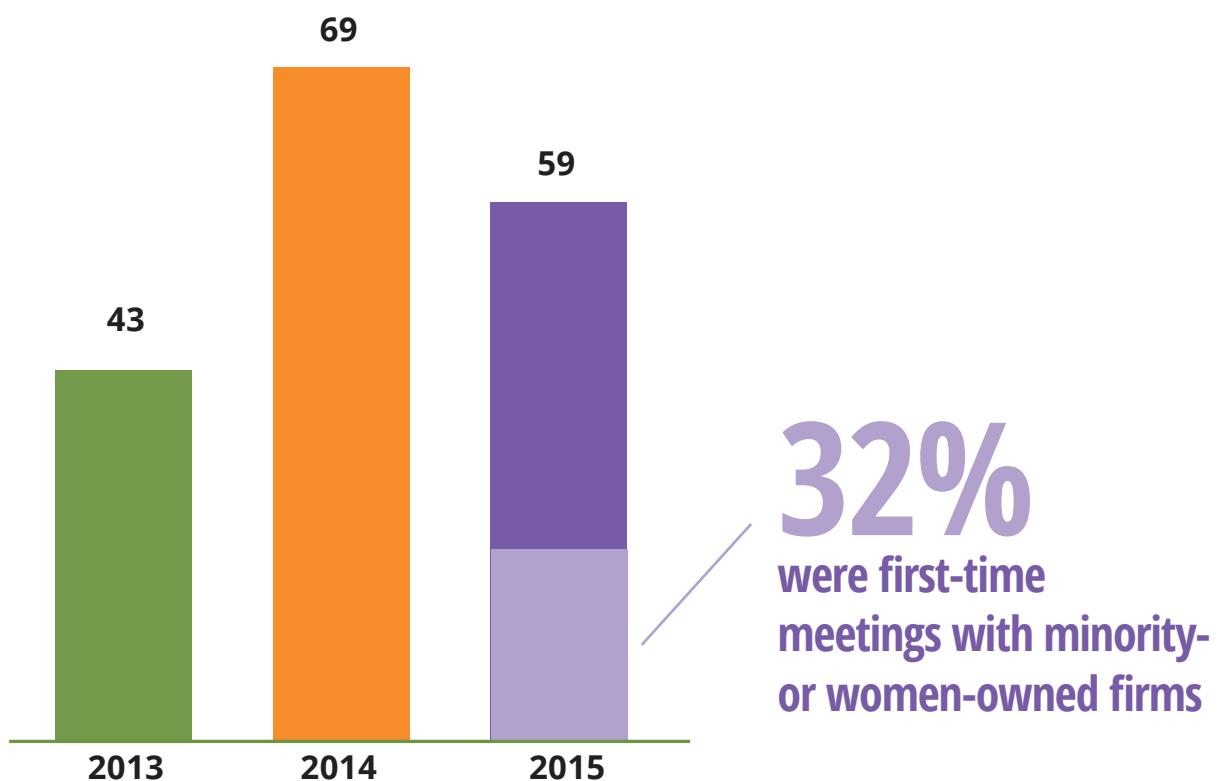


\*Firm ownership includes multiple categories. For example, an ethnic female or multiple ethnic partners

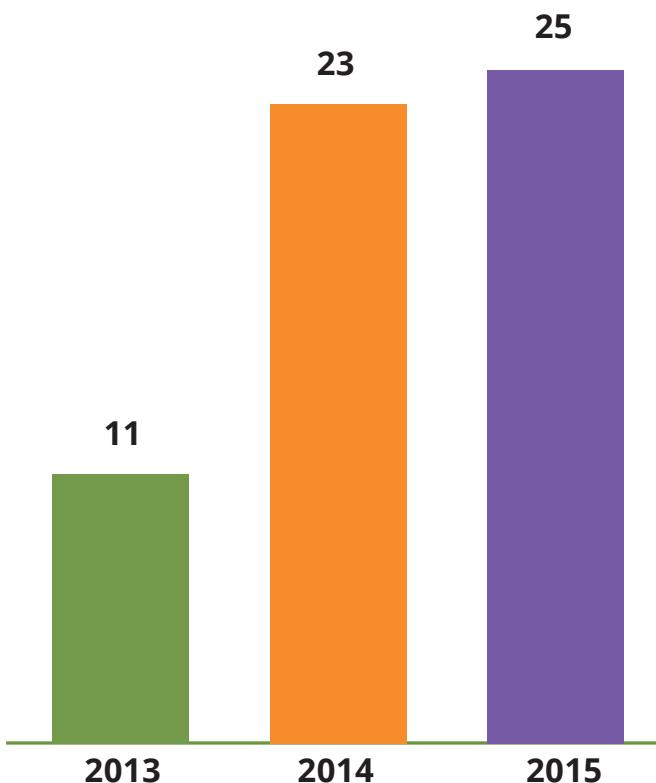
## Assets Deployed to Diverse Managers by Asset Class



## Meetings with Diverse Managers by SVCF's Consultant

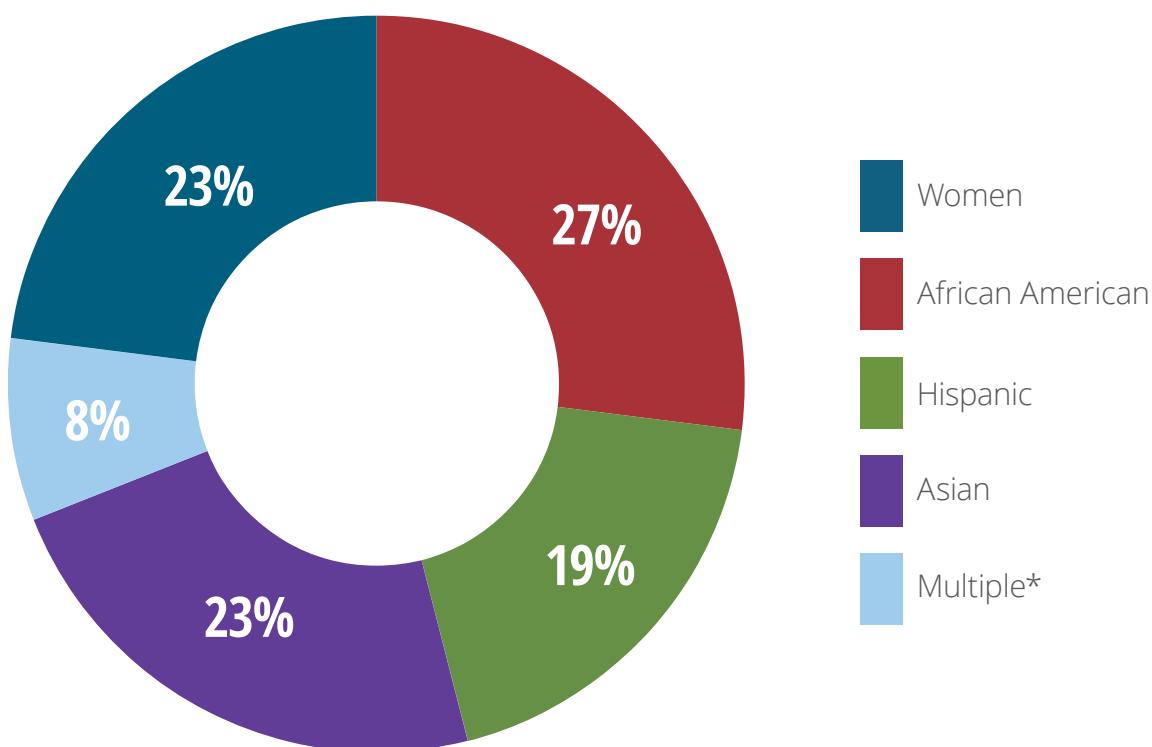


## Number of Recommendations Across all Clients



**\$700M**  
Committed to  
Diverse Managers  
**367%**  
Increase over Two Years

## Diversity of Consultant Recommendations



\*Firm ownership includes multiple categories. For example, an ethnic female or multiple ethnic partners

## Take Action

- 1 **Ask** key questions: Is your portfolio diverse? Is your process inclusive?
- 2 **Engage** trustees, staff and consultant: Discuss importance of diversity, inclusion, transparency and accountability
- 3 **Measure** key metrics: managers evaluated, recommended and hired
- 4 **Report** progress: share practices and learnings with the field



For more information, visit  
[siliconvalleycf.org/manager-diversity](http://siliconvalleycf.org/manager-diversity)

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## About Silicon Valley Community Foundation

Silicon Valley Community Foundation advances innovative philanthropic solutions to challenging problems. As the largest community foundation in the world, we engage donors and corporations from Silicon Valley, across the country and around the globe to make our region and world better for all. Our passion for helping people and organizations achieve their philanthropic dreams has created a global philanthropic enterprise committed to the belief that possibilities start here.

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