Our Journey Towards Mission Alignment

A Roadmap for Family Foundations

WOODCOCK
FOUNDATION

2026

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For foundations, impact investing offers the promise of moving beyond grant dollars to dramatically increase the flow of capital into the solutions we care about.

That promise is being realized, with a growing universe of entrepreneurs designing new solutions and products aimed at delivering both impact and financial return. Capital flowing into the impact investing market grows each year, and ample data show that impact portfolios can match, and sometimes exceed, the financial returns of traditional portfolios. Yet, impact investing remains a niche activity among foundations, perhaps due to outdated perceptions that it's reserved for institutions with a large staff, specialized expertise, or an unusual appetite for risk. We believe otherwise. Impact investing is doable for foundations of every size, whether structured to exist in perpetuity, to spend down, or still undecided—and whether leadership already has impact investing expertise or not. We also believe it's worthwhile. It's an exercise in responsible stewardship and an opportunity to make meaningful progress towards mission.

This report, "Our Journey Toward Mission Alignment," shares nearly two decades of work and charts our learning and progress along the way. It began with a handful of early conversations and experimental bets, and it grew over time into a dedicated commitment and rigorous approach to managing our full endowment for impact. It has required buy-in from many stakeholders and contributions from many partners: our Trustees, our staff, and a wide range of advisors, peer foundations, and field-building networks who helped us learn as we went. You'll find their names and references to resources throughout this report because none of this work happens alone, and, thankfully, there's no shortage of partners ready to help.

We're sharing this journey so that other foundations, regardless of size or staff capacity, can see the road we took and envision a similar path for themselves. Your starting point may differ from ours, as may your partners, your process, and even your destination. Our hope is that laying out our path — including the experiments, lessons learned, and approaches that evolved— will make the destination feel less abstract and the first step feel more possible.

If there's one message we hope you take from this roadmap, it's that this work is doable. It is not about having all the answers up front, or arriving at a perfect solution, portfolio, or set of partners. It's about getting started, staying curious, making progress, and being willing to change course as you learn. We hope our journey helps you envision yours.

With enthusiasm for the road ahead,

Stacey Faella

EXECUTIVE DIRECTOR

About Us

The Woodcock Foundation is a family foundation committed to working toward a more equitable and sustainable world through strengthening our democracy, advancing educational and economic opportunity, and protecting our environment. Since 1996, we have deployed $115 million to 100+ organizations and enterprises, primarily in the areas of social enterprise & economic development, food systems, conservation and biodiversity, democracy & media, gender equality, and civil society more broadly. We have a staff of 3, a board of 7 individuals from within the family and the broader philanthropy and social impact community, and an AUM of $90M USD. ***The Foundation's approach to achieving impact is articulated through our Guiding Principles and Leadership Framework:***

Guiding Principles

01 Support constructive systemic change to improve society and the quality of life, locally, nationally, and internationally.

02 Support unusually able, innovative individuals who can contribute to such change.

03 Seek out leaders who are from the communities in which they are advancing solutions and/or have lived experience that informs their approach.

04 Take a comprehensive approach to creating positive impact that includes grants and investments, as well as the knowledge, skills, and relationships of staff and Trustees.

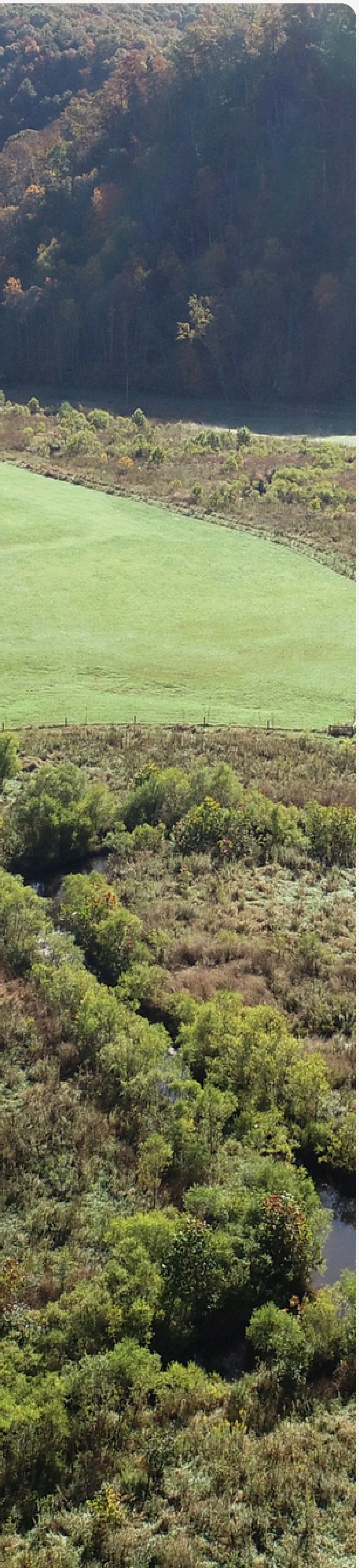
Leadership Framework

01 Woodcock provides funds to support ***individual leaders*** who are advancing innovative solutions through their organizations or enterprises.

02 Woodcock funds institutions that demonstrate ***leadership in their particular fields*** with model programs.

03 Woodcock seeks to be a ***leader in philanthropy*** through all of its activities:

- in identifying potential grantees;
- in leveraging its investments;
- in extending to grantees other resources through the Foundation's networks and combined experiences; and
- in collaborating with others to improve the practice of philanthropy.



Definitions

Impact investing

Making investments with the intention to generate positive, measurable social or environmental impact alongside a financial return. *(The GIIN)*

Mission-aligned investing/ values-aligned investing

An approach to investing that seeks to align investments with an investor's values, mission, or operational goals. This may include impact investing, mission-related investing, ESG integration, shareholder engagement, and other responsible investment strategies.

Mission-related investments

Market-rate, or financially competitive, investments that support the mission of the foundation by generating a positive social or environmental impact. *(Mission Investors Exchange)*

Program-related investments

An investment for which the primary purpose is to accomplish a charitable purpose, with production of income not serving a significant purpose. *(IRS)*

Catalytic capital

Patient, flexible, and/or risk-tolerant capital that generates positive impact. Catalytic capital generally unlocks additional sources of capital and/or generates economic activity and wealth creation. *(MacArthur Foundation)*

Integrated capital

The coordinated and collaborative use of different forms of capital (equity, loans, gifts, loan guarantees, grants, etc.) to support an enterprise that's working to solve complex social and environmental problems. *(RSF Social Finance)*

Shareholder engagement & advocacy

Strategies investors use to influence corporate policies, practices, and disclosure on environmental, social, governance, and other material issues. Strategies include proxy voting, shareholder proposals, direct dialogue with company leadership, collaborative engagement, and support for active investment managers.

SECTION 1

We Are Not Using All of Our Tools

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We Are Not Using All of Our Tools

Why do Family Foundations Exist?

Over the years, the family foundation sector – particularly in the U.S. – has undergone incredible growth. The first family foundation was founded in 1907 to study social problems and share those findings with the public.[1] Since then, they have evolved to become a center for innovation and action – pioneering new solutions and tools, reaching communities that were previously unserved, and channeling wealth as a force for good.

We define these organizations as foundations "whose funds are often derived from members of a single family...have at least one family member serving as an officer or board member of the foundation and...play a significant role in governing and/or managing the foundation."[2] While how they operate may have changed over time, their purpose has not. They serve as mission-driven institutions, tasked with the responsibility of bringing that mission to life. Family foundations are positioned to be incredibly nimble, creative, and catalytic, pioneering new solutions to solve systemic problems.

To do this most effectively, these organizations have the opportunity to employ multiple tools that will create real change. Like many traditional foundations, family foundations typically pursue impact through philanthropy, engaging in grantmaking to deploy capital directly to the causes and communities they serve. But more are finding that grantmaking is not enough. There is a range of tools available to family foundations to maximize that impact by going beyond grant dollars and engaging their endowments to support their mission.

Many of these tools use market-based principles to deliver a double bottom line – both impact and financial returns. Impact is the reason they exist, and driving financial returns ensures they can continue to do so (among myriad other benefits for those receiving investment, like debunking misperceptions of risk or pioneering new solutions). If we are paying attention, we can use our resources to activate an outsized amount of capital for the solutions we care about. If we aren't, we may be indirectly causing harm – supporting companies and sectors that undermine the work we are trying to do, and our mission overall.

Operationalizing the mission across the organization means using every tool in our toolbox, and considering which tools are appropriate for each of the unique problems we're trying to solve. Our options are diverse, and we're focused on maximizing our mission at every opportunity.

The 5% v. 95% Paradigm — and Why It Has Evolved

To continue to support the deployment of dollars for mission-related purposes, in perpetuity, many family foundations operate with endowments. These endowments often represent the bulk of the organization's assets, and they focus on making investments that maintain and, often, responsibly grow the foundation's total assets. In responsibly growing the endowment, foundations ensure they can continue to support their programs for many years to come. Historically, about 95% of the assets were housed in the endowment without consideration of impact, invested traditionally in capital markets to achieve a growth goal. Meanwhile, 5% was deployed directly for impact via grants. But this dichotomy is increasingly outdated. The newer way of thinking about these various pools of capital is to integrate mission across ***all of them.***

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1 https://philanthropynewyork.org/sites/default/files/resources/History%20of%20Philanthropy.pdf
2 https://cof.org/foundation-type/family-foundations

There is growing understanding of the challenges inherent in concentrating impact with 5% of the foundation's endowment and ignoring it for the 95%. All investments have an impact, whether positive or negative, known or unknown. Mission alignment across your whole portfolio ensures that you know what your capital is doing. As stewards of change, committed to making a positive impact in the communities we work in, knowing and caring about what we own is a core part of our stewardship.

Due in large part to new approaches like mission-aligned and ***impact investing***, foundations can leverage their investments to minimize negative impact while maximizing positive impact. Using various tools across a spectrum of risk, return, and impact considerations, 100% of an organization's assets can support its mission.

Mission Alignment in Action

Let's imagine a family foundation is focused on creating quality jobs. The organization's legacy dates back to the Industrial era, where corporate behemoths grappled with how to harmonize the advent of innovative assembly-line automation with the humans needed to run them. The lessons from this era were important – quality jobs that build confidence, offer security, protect and promote health & wellness, and offer a livable wage are key determinants of an enterprise's success. But despite 5% of the foundation's assets going towards quality jobs, what if the bulk – the 95% –is supporting companies facing major human rights abuses? Or workforce violations? Or treating human labor as deeply disposable?

> **Quite simply, any of the gains made by the 5% are quickly eroded by the harms perpetrated by the 95%.**

Looking at the Evidence: Impact Investing and Financial Performance

There is a common and pervasive misperception that mission-aligned investing results in financial losses. Increasingly, we are seeing that the opposite is true. Evidence continues to emerge that MRI portfolios can - and do - outperform traditional ones. This finding shouldn't be surprising. Enhanced impact due diligence adds depth to the classic risk frameworks. Often, it includes an expanded set of material factors and criteria that look for risks lurking around corners.

The proof is in the performance. Many of our peers have witnessed this first-hand. At the Surdna Foundation (one of the oldest and largest family foundations, with over $1.2Bn USD in assets), their MRI portfolio returned "more than 12% annually, outperforming the total endowment by over 5.5%."[3] At the Rockefeller Brothers Fund, a ~$1.3Bn USD family foundation, their mission-aligned portfolio (which is currently 99.7% fossil-free), has outperformed the benchmark over the last 10 years.[4]

At the Woodcock Foundation, we have achieved 92.5% mission alignment to-date, across our whole endowment. In public equities, our core global equity portfolio, which has a Sustainalytics low-carbon designation, ***returned 12.37%*** since 2011, outperforming the MSCI ACWI ***benchmark***, which ***returned 10.76%*** over the same time period.[5] Our longest-held impact-aligned manager ***returned 9.96%*** since our initial investment in 2007 — outpacing the same index ***roughly two points annually***, further demonstrating that a mission-aligned strategy can outperform.

It's important to note that our public equities allocation underperformed over a shorter window ***(2020 – Q1 2026)***, with the core portfolio ***returning 13.12%*** annually since 2020, compared to a ***benchmark of 15.33%***. This portfolio includes positions concentrated in two active managers we continue to monitor. This is a reminder that though the portfolio can perform well overall, each underlying investment may not, and we have a role to play in digging deep to understand where performance is lagging and how we can support those managers.

Our real asset portfolio ***returned 3.76%*** since inception in 2022, ahead of the Dow Jones Equity All REIT at ***1.89%***, and our fixed income portfolio ***returned .61%*** since 2020, versus ***negative .26%*** for the Bloomberg US Aggregate.

Our mission-related investments — ***34 funds*** invested in between 2021 and 2025 — look to be on track for their vintage but are still too new to meaningfully judge. These funds typically run ten-plus years, and we'll have a clearer picture as the funds mature.

92.5%
Mission alignment across our whole endowment, to-date

12.37%
Core global equity portfolio return since 2011

9.96%
Returns since 2007 from longest-held impact-aligned manager

3.76%
Real asset portfolio return since 2022

0.61%
Fixed income portfolio return since 2020

34 Funds
Private impact investments between 2021 - 2025

3 https://surdna.org/impact-report-2018-2024/
4 https://www.rbf.org/news/new-tiip-study-shows-rbf-mission-aligned-investing-outperformed-market-shaped-field
5 The core public equities portfolio has a fossil fuel involvement level 91% below benchmark. This portfolio reporting excludes our investment in Generation Investment Management, which is reported on separately.

SECTION 2

What is Our Duty?

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What is Our Duty?

Exploring Fiduciary Duty

As mission-aligned and impact investing have gained traction among philanthropies, a debate has emerged about whether applying these approaches runs afoul of the ***fiduciary duty*** that boards, trustees, and foundation investment managers commit to adhere to when stewarding capital. This debate points to a greater need to differentiate between the duty to maximize shareholder profits in a corporate context and the nature of fiduciary duty in the charitable foundation context.

Some skeptics claim that considering anything beyond financial performance – the risk-adjusted growth of assets – is a breach of that duty. But for us, that is a fundamental misunderstanding of the three key components of fiduciary duty for charitable foundations.

The first necessary component of fiduciary duty is the ***duty of care***, which requires board members and trustees to make decisions that "pursue the organization's interests with reasonable diligence and prudence."[6] The second is the ***duty of loyalty***, which requires that trustees place the interests of the organization above their own.[7] And the third is the ***duty of obedience***, which requires board members to "comply with the applicable federal, state, and local laws, adhere to the organization's bylaws and policies, and serve as guardians of the organization's mission."[8]

Duty of Care

Requires board members and trustees to make decisions that "pursue the organization's interests with reasonable diligence and prudence.

Duty of Loyalty

Requires that trustees place the interests of the organization above their own.

Duty of Obedience

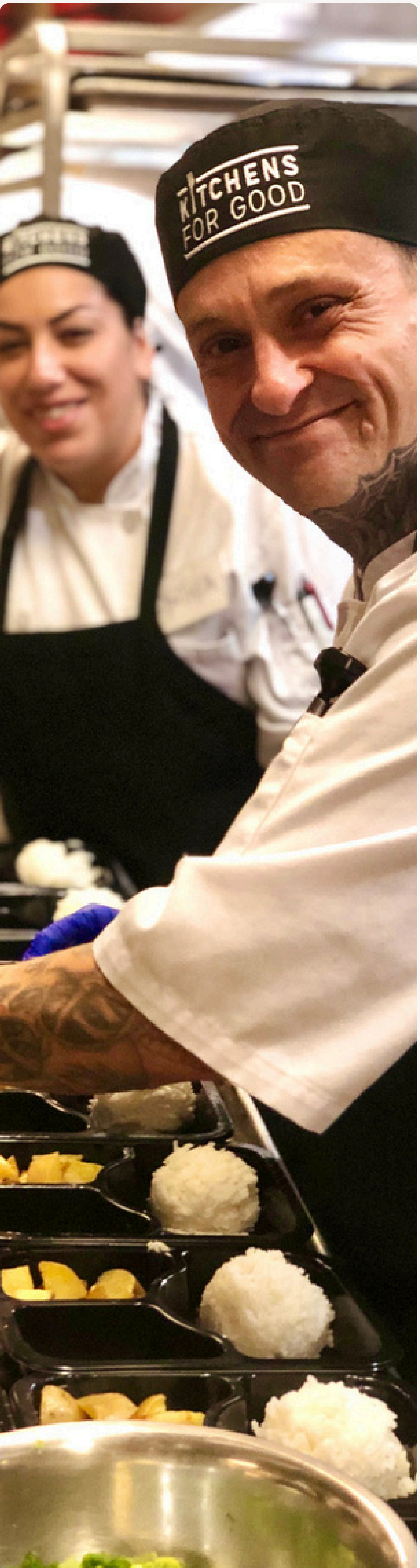
Requires board members to "comply with the applicable federal, state, and local laws, adhere to the organization's bylaws and policies, and serve as guardians of the organization's mission."

It is important to note that fiduciary duty does not explicitly call for profit maximization, nor does it require singularly considering risk-adjusted financial returns in investment decision-making above all else. In fact, in 2015, the IRS issued specific guidance to private foundations grappling with the contradictory opinions about how to treat this duty. That guidance confirmed that in the investment selection process, managers are not required to select only investments that offer the best financial results, provided that they continue to honor their overall fiduciary duty. Meanwhile, fiduciaries are instructed to guard the mission, and the IRS guidance specifies that charitable purpose may be considered as part of investment decision-making.

[6] https://www.law.cornell.edu/wex/reasonable
[7] https://www.commonfund.org/blog/three-fundamental-duties-of-nonprofit-boards
[8] https://boardsource.org/resources/legal-duties-nonprofit-board-members/

IRS Notice 2015-62

"When exercising ordinary business care and prudence in deciding whether to make an investment, foundation managers may consider all relevant facts and circumstances, including the relationship between a particular investment and the foundation's charitable purposes. Foundation managers are not required to select only investments that offer the highest rates of return, the lowest risks, or the greatest liquidity so long as the foundation managers exercise the requisite ordinary business care and prudence under the facts and circumstances prevailing at the time of the investment in making investment decisions that support, and do not jeopardize, the furtherance of the private foundation's charitable purposes."



Our Approach to Fiduciary Duty

At the Woodcock Foundation, considering our organization's mission in investment decision-making is not in contradiction to our fiduciary duty - it's a necessary part of it. Our understanding of fiduciary duty is that due diligence and prudent decision-making are the key drivers of our decision-making – not profit maximization – and that loyalty and obedience to the organization's mission are expected, not discouraged.

"

There is a pervasive concern that impact investing is too risky or produces returns that are too low to be prudent. As we referenced earlier, there is plenty of data that demonstrates that this is not necessarily the case. Even for perpetual foundations, it's feasible to have an impact-first allocation that intentionally accepts higher risk or lower return in exchange for impact.

> ***Our objective is to generate sufficient returns each year across the endowment as a whole to cover our grantmaking and operating expenses. We allocate 5% of the endowment to impact-first investing, aiming to recover invested capital without additional return at the portfolio level, and we balance the return difference with our grantmaking budget. For the rest of the endowment, which is all committed to mission alignment, we set a return target sufficient to cover our costs."*** [9]

Stacey Faella

EXECUTIVE DIRECTOR
IN IMPACT ALPHA

9 https://impactalpha.com/six-barriers-keeping-foundations-from-impact-investing-and-how-to-overcome-them/

To help to codify our perspective on fiduciary duty, we included language directly in our Investment Policy Statement (IPS). As a document, the IPS is powerful. It outlines the goals and expectations of our investment portfolio and offers that guidance both internally to our various decision-makers and to our investment management partners.

Our text on fiduciary duty reads as follows:

> *"We, the Trustees, are committed to an impact-focused portfolio with the goal of leveraging our full asset base for both financial returns and positive social and environmental impact. Woodcock Foundation recognizes that impact investing may perform in-line with (and at times outperform) traditional investing.*
>
> *We recognize that we have a duty to act with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. Individually and collectively, we want to act in the best interests of the Foundation and remain loyal to its mission...*
>
> *The Trustees intend for Woodcock to have a long-term investment horizon and believe that an impact-focused portfolio, properly allocated, will generate the financial returns that will allow us to sustain our impact over this time horizon.[10]"*

[10] https://woodcockfdn.org/wp-content/uploads/Woodcock-2026-IPS_Approved-.pdf

Navigating Our Impact-First Objectives with a Perpetuity Objective

Foundations need to set prudent return expectations for their endowments. This is what allows them to meet their annual grantmaking and operational needs. But that means something different than profit maximization at all costs. When we remember that one of our key goals is to pursue our mission, it's also critical to use our capital as flexibly and catalytically as we can.

That's why we allocate 5% of our endowment to impact-first investing. This is in addition to our grantmaking budget, which essentially doubles the impact-first capital that we put to work each year. This particular allocation is specifically interested in deploying capital as catalytic – testing new solutions, providing anchor capital in undercapitalized markets, supporting fund managers and entrepreneurs looking to solve problems in new ways, and so much more. Our opportunity set is the mission-aligned moments that traditional investors and capital markets miss or ignore –they are focused on investing in the status quo, and the high-impact potential doesn't justify the risk/return trade-off for them. The goal for this subset of capital is to recover our invested capital, without additional return at the portfolio level.

We think about this portfolio as a flexible tool we can use to supplement grantmaking. We can invest in solutions that can return capital more sustainably than grants, but not quite on par with traditional investments, or to support proof-of-concept emerging funds that can scale through traditional markets. Using impact-first capital as critical risk-taking investment – like through program-related investments (PRIs) – sends the right signals to the market without putting undue burden on our partners or our portfolio.

For the rest of our endowment, which is all committed to mission alignment, we set a risk-adjusted return target that is sufficient to cover our costs and meet our goals.

What are PRIs?

Program Related Investments – or PRIs – are made to help an organization achieve its mission. These investments emerged as a form of philanthropic activity in response to the Tax Reform Act of 1969.[11]

According to the IRS, a qualifying PRI:

01 Must maintain the primary purpose of advancing the foundation's charitable objectives.

02 Ensures neither the production of income nor appreciation of property is a significant purpose.

03 Cannot be used directly or indirectly to lobby or for political purposes.

Private foundations may make these investments, many of which generate little to no financial return, and successfully avoid consideration as a "jeopardizing investment" if they follow these criteria.

PRIs are often made by foundations to leverage commercial financing for high-value projects, strengthen the capacity of recipient organizations, and support organizations through difficult economic cycles.[12]

11 https://www.cdfifund.gov/system/files/documents/(19)-faqs-about-program-related-investments.pdf
12 Ibid

SECTION 3

Our Early Experience: Learning and Taking Bets

SECTION 3

Our Early Experience: Learning and Taking Bets

2005

First Discussions on Microfinance and Social Enterprise

We had a history of grant funding social enterprises and impact investing intermediaries. In December of this year, one of our Trustees expressed interest in exploring PRIs, specifically related to Microfinance, to one of our prior grantees (Calvert Foundation, now Calvert Impact Capital) – what would an investment, instead of a grant, in one of our partners look like?

2006

First MRI — Blue Orchard Loans for Development

We made our first MRI – of $500K USD - to Blue Orchard Loans for Development (BOLD). This investment in BOLD offered securitization of 20+ loans to microfinance institutions (MFIs) in 13 developing countries. In turn, those MFIs extended small loans to micro-entrepreneurs. Our investment yielded a 5.9% annualized return from 2006 through 2010.

2007

Learning from Others

• Luther Ragin, VP for Social Investing at F.B. Heron joined us to share the learnings from their journey. At the time, Heron was at 24% mission alignment across their full portfolio; about 75% of those investments sought market-rate returns.

• While exploring how we could build a thoughtful mission alignment journey, we made our first MRI in Global Equities, with a $3M investment with Generation Investment Management.

2008

First PRI

Following our preliminary conversation in 2005, we made our first PRI to Calvert Impact Capital to support Pro Mujer, a nonprofit organization that helps provide financial inclusion to low-income women across Latin America.

2010

Board Memo on 'MRIs, PRIs, and Confusion'

In April, our Board Chair wrote a memo to our Trustees entitled 'MRIs, PRIs, and Confusion.' The goal was to clearly distinguish the purpose and objectives of MRIs vs PRIs and how each helps to achieve our mission.

2012-2014

IPS Update; Additional Investments

We made updates to our Investment Policy Statement (IPS) to include clear mission-related considerations:

> *"The investment advisor is expected to select managers who have demonstrated competitive investment performance. While the Trustees seek superior investment returns in all asset classes, the Trustees also prefer investment advisors who incorporate environmental, social, and governance factors in the construction of their portfolios."*

Gender Lens Investing

• As our Board became better-versed in mission alignment, we also expanded our definition, including a primer on gender-lens investing in board materials to push our thinking on how we can have impact.

• Pushing our thinking also meant asking the right questions on the impact we're having. With the inclusion of these new tools, it was important that we didn't neglect our original field-building intentions, ensuring the impact investing ecosystem was robust.

2015

New IRS Guidance; New PRI Process; MIE Bootcamp

• To remove any doubt about using these tools, we engaged our legal counsel to learn more about the newly issued IRS guidance on foundation investments, specifically consideration of charitable purpose being met as a key part of "generating returns" (alongside financial returns).

• Based on what we learned, we designed a new process, investment memo, due diligence checklist and more to support the operationalization of this tool, with efficiency and rigor.

SECTION 4

Getting Strategic and Going All In

04

SECTION 4

Getting Strategic and Going All In

Choosing Impact Over Convention: Building Our PRI Fund

Given the nature of how family foundations are capitalized, many find themselves enjoying capital infusions across the organization's lifespan. What do we do with this extra capital? We faced such a choice in 2016, with additional resources coming into our endowment. We had choices to make – would we simply add it to our balance and invest in the future? Would we bolster our grantmaking budget? Or would we choose to do something new?

By this point, we had some rich early learnings from our impact investing journey, which included a deeper understanding of the limitations of grantmaking. Grants themselves can be constraining, limiting the activities an organization can engage in with philanthropic capital. Risk-tolerant investment capital, on the other hand, sends different signals to the market. It can combat outdated perceptions of risk, anchor new solutions or teams, help disrupt the status quo, and so much more.

So, we decided to embrace those learnings, choosing to increase the amount of impact-first capital to match what we were seeing: more and more investment opportunities that could absorb it. For our Board, PRIs had the unprecedented ability to build organizational credibility by bolstering investment track-record, creating access to capital that was otherwise unavailable in traditional markets, and seeding innovation. In response to the opportunity we saw, our Trustees approved a $3M PRI fund intended to complement our grantmaking, which would be overseen by staff.

The goal of the fund was simple – deploy capital in a diversified way (in terms of geography, risk, term, etc.) to recoup our principal. Investments would be made into a mix of opportunities – both within and outside existing program areas to support both new and established areas of interest and provide fuel for leading-edge innovations. Creating a dedicated fund gave staff the runway to thoughtfully plan how much time and resources would be necessary to diligence these opportunities.

Deploying the PRI Fund — Lessons in Patience

Before we started, we set a goal of deploying the full $3M in capital in 18 months. In reality, it took us twice as long. We deployed that initial capital across 14 investments and found this work to be incredibly time consuming. We had to curate the right pipeline and conduct thorough due diligence, all of which was constrained by limited staff capacity as a small team, as well as moving along our own learning curve.

We have seen this pattern of slower deployment mirrored by our own investees, many of which have exceeded their own planned investment period.

As we look back, we learned some important lessons:

01 To do this work effectively, patience is essential. Finding the right investments requires the same evaluative rigor as traditional investing– even if the returns we're looking for are multiple: financial and social/environmental.

02 To meet our portfolio goal of recovering our initial capital and recycling it over time, a balanced allocation was a challenge. We needed a mix of investment types (debt and equity), with different return profiles and time horizons. We also observed a mix of outcomes - some delivered impact but with lower returns, others returned our capital but with limited impact. Still others outperformed on both dimensions! Over time, we realized we had to finely adjust our risk profiles to get the right combination of return and impact.

03 Indexing entirely on low-interest debt is missing the real opportunity. There is a misconception that impact-first opportunities are constrained to debt. But equity vehicles can also champion impact-first objectives. The real analysis is on the risk-adjusted return; can we take on higher risk? If so, equity may be worth pursuing.

04 Additionality is key. Even when we feel our capital is abundant, it remains small relative to the capital markets. We need to think carefully about the opportunity cost of our capital – impact or otherwise. Additionality is a helpful framework to assess whether our capital is uniquely suited to crowding in others: "If not for our investment, would this have happened?" "This" can be defined in myriad ways – co-investment, impact outcomes, proof of concept, market expansion, and other outcomes.

A Case Study in Martha's Vineyard

One of our early PRI Fund investments was to help create a commercial fishing permit bank. Across New England, the rising cost of permits and quotas had pushed small-boat fishermen off the water, concentrating the right to fish among those who could afford to buy in. The permit bank addressed this directly: a nonprofit buys quotas and leases them to local, independent fishermen at below-market rates — much as a land trust holds land so a community can keep using it. The model was still early, which was much of its appeal. A new permit bank on Martha's Vineyard needed patient, risk-tolerant capital to launch, and conventional financing was not structured for it. Our PRI was part of a blend of grants and low-interest debt, assembled across several foundations by the nonprofit Catch Together, that funded the Trust's first major permit purchase for scallop quota. The result was not just one transaction but a working proof of the model, and the capital structure that allowed other funders to participate.

The Advisor Search — The Decision That Changed Everything

We had done a good job of getting started, being experimental and reflecting on how we were doing through dedicated commitments, like the PRI Fund. As of April 2019, our endowment was 43% mission-aligned, with much of it in the public markets. We had 5.5% of our assets in mission-aligned private investments, and that included our PRIs.

In a board meeting that same month, we turned to discuss our PRIs more deeply. We had noticed that many of our investees were struggling with leadership turnovers. In fact, there seemed to be a dearth of candidates who bridged financial skills with a deep understanding of the social and environmental outcomes needed to solve our most pressing challenges. And the ones that were in the market were being chronically ignored by asset owners. Perhaps it was time to practice what we preach and explore our own financial management with impact at the center. We felt that, while working with our existing advisors to expand their capabilities across impact strategies would be catalytic field-building work, an undertaking of that size would be too big for a small team like ours.

We reached out to partners who had expertise in running searches for impact advisors. While searching for a dedicated impact partner, we continued to work with our existing advisors to deepen our environmental, social and governance (ESG) depth by utilizing various screens. With help from our search partners, we crafted an RFP that clearly articulated what we were searching for, including but not limited to:

An Endowment strategy that complements our grantmaking approach, in service of our mission.

A firm with expertise in mission-related and impact investing, evidenced by its diligence process and by a demonstrated commitment to reporting on both financial and impact outcomes.

Advisory services in investment policy development, asset allocation, manager search, performance monitoring and trustee engagement.

Nine months after we began this conversation, we chose our new partners. We landed on two firms – one with deep public markets expertise and the other in private markets. Both had exhibited the necessary bench strength to integrate impact into their investment processes, albeit in different ways.

Over the course of our advisor search, we recognized there was significant expertise in the advisory community, and with the right partners, 100% portfolio mission-alignment was within reach. We did not set a timeline upfront and instead worked to map out a plan for operationalizing the transition of our portfolio. ***6 years in, we're now at 92.5% mission alignment.***

What We Learned

Undergoing an advisor transition is hard work, and it's not without complexity. Before your board can choose an advisor, it needs to agree on its ambition. Setting goals can, and should, be subjective. In a board meeting along the way, we had a split between those who were enthusiastic about impact investing and others who were more cautious about our ability to generate competitive returns. Our choice of advisors heavily weighted the ability of a firm to balance its commitment to impact with its ability to achieve competitive returns. See Section 7 for some of the questions you should resolve internally, with all of your stakeholders, before you embark on an advisor search.

SECTION 5

What We've Learned

SECTION 5

What We've Learned

Lesson #1
It Has to Be Someone's Job

Pursuing a values-aligned strategy is worthwhile - and it's hard work. Before embarking on your journey, it's important to remember that owning this strategy must be someone's job. It can't be done part-time, or with 5% of the time of 10 different people within the organization. You need to identify a lead, make it part of their mandate, and evaluate their success. It requires tough conversations about capacity – can someone really do this internally or do you need to bring in outside help?

If you go the internal route, you need to provide your Lead with the time, space, and resources to succeed. That means budget and patience for them to do the job they've been tasked to do. It also may still mean bringing in outside help to take on specific pieces of the work. Within the investment world, there are specialists across themes and asset classes. There is also a skill divide between impact-first investors and finance-first investors. Be open to adding to your bench as needed.

On the investment side, there are lots of options to pursue, so you need to think through the best fit for your organization overall – not just for your values-aligned strategy. If you are happy with your OCIO and they are good at delivering most of what you need, consider a subadvisor or independent consultant to build out impact integration. You don't always need a one-stop shop (though these groups do exist, and they do this work well). Remaining flexible in adding the talent you need as you need it will ensure you're not biting off more than you can chew in the beginning.

Lesson #2
Progress Requires Patience

When we established our PRI Fund, we set a goal of deploying $3M in 18 months, but it actually took double that time. Our investees also needed more time to deploy. As an organization, our primary goal is to use our capital to make real change, and that means we need to consider how to deploy it carefully. Rushing to spend will just get us further away from our objectives. Set your board's expectations accordingly. It may take longer than you think, but that doesn't mean it's going wrong. Use your annual IPS review to revisit the portfolio as a whole, checking in on how things are going without being overly prescriptive on how fast.

Lesson #3
The Board's Role vs. the Staff's Role

The roles of the Board (or the organization's Trustees) and Staff are different. The Board's role is to set the ambition, establish the constraints, and make the strategic decisions: How much mission alignment do we want? What are we willing to accept in terms of trade-offs? What tools are in scope? Who do we trust?

These questions need to be answered before staff can put a plan into place. Once they are answered, it's critical that boards set staff up for success. Empower staff with the resources and authority to make decisions, pivot quickly when needed, create opportunities for iteration, and build a culture of trust.

For staff, their role is to build the organization's capabilities, manage the relationships, conduct due diligence, and bring decisions to the board with enough information to act, often in partnership with consultants and/or advisors. Staff diligence is not a substitute for board conviction. And board conviction cannot be a substitute for staff capacity. Both are necessary to ensure success.

Lesson #4
Don't Be Afraid to Change and Then Change Again

In 2025, we transitioned our investment advisor once again. Our first advisor transition was about realizing our interest in impact investing and unlocking our potential. Our second transition was about rightsizing those capabilities to our institution and building operational pragmatism.

In time, we became more sophisticated and evolved our strategies. As we deployed more capital and expanded our impact toolkit, we needed a more holistic approach from our investment advisors and a more robust back office – the latter of which was important for a lean team like ours.

With our second transition, we employed the same principles from our first. We re-evaluated our investments with our new partners, which has led to diversifying our fixed income to bond issuers and managers with deeper impact and commitments to new high-conviction mission-related investments. We refined our Investment Policy Statement to make our impact commitments even clearer, and we expanded our strategy to fund philanthropic collaboratives that encouraged peer learning and action – ensuring that we were sharing our lessons along the way.

Lesson #5
The Journey is Not Done at '100%'

Building a holistic and compelling mission-aligned strategy requires constant monitoring, inquiry, and learning in order to deepen that impact. While we've set a target for 100% portfolio mission-alignment, meeting it is not the end of our work. We have to create moments of reflection and learning, drawing on our lessons from one part of the work and integrating them in other places. Think of your strategy as a living lab, offering you real insights on what it takes to do meaningful work.

Our portfolio evolves as the field evolves. Take our investment in Calvert Impact Capital. Beginning in 2009, we provided grant funding to Calvert Impact Capital (previously Calvert Foundation). Our goal at the time was to use philanthropic capital to help them prove that they could deliver impact investing products that channeled capital to under-resourced communities and reach organizational sustainability. Once they did, our support changed. We made a $250,000 program-related investment in their Community Investment Note program – a debt product that allows both institutional and retail investors to invest across a variety of impact themes. Our note supported the Women Investing in Women initiative, which was at the time a new initiative that added gender-specific indicators in response to research highlighting the power of investing in women. Again, they were successful. The note product has scaled, and the Note has grown from $250 million in AUM in 2012 to over $600 million today. So, again, we pivoted, approving an investment of roughly $1.4 million in the Note out of our fixed income allocation in a testament to the Note's track record of both financial and impact performance. Each investment taught us something new about how we could add value to the same organization that was growing in real-time, while also meeting our goals. Our engagement changed as both of our organizations did. A thoughtful reflection process will help you identify the opportunities in your portfolio for unlocking new and unprecedented levels of impact.

SECTION 6

The Tools We Picked Up Along the Way

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Tool 1
Values Alignment, Exclusions, and Screens

Once our new advisors were on board, our first task was to look internally. In coordination with our partners, we undertook a values alignment exercise. This was a structured conversation about what we cared about, where we drew lines, and what trade-offs we were willing to accept.

Given the size of the public equities portfolio, we saw a need to shift our attention there. We landed on several critical exclusions: Adult entertainment, Animal testing (non-pharma), Controversial and predatory lending, For-profit prisons, Fossil fuel inventories, Fossil fuels, Gambling, Oil sands, Shale oil and gas, Thermal coal, Tobacco, Weapons and all Armaments. For the first time ever, we also had a conversation about impact in our fixed income allocation. How could we integrate impact into both public and private debt issuances? Were certain sectors well suited to this instrument? With guidance from our advisors, we decided to focus on environment and include education, water and sewer systems, transportation, healthcare, and affordable housing.

Once we landed on these impact areas, it was time to codify them in our IPS. Within the IPS, we emphasized the following:

01 Our commitment to an impact-focused portfolio that leveraged our full asset base for both financial and impact returns.

02 Our understanding that impact investments may perform in-line with (and at times, outperform) traditional investments.

03 Our commitment to steward a portfolio where every investment has a positive impact (which is necessary to achieve true systemic change).

Within the first year of implementing these values, we saw our portfolio grow from 43% mission-aligned to 77%. In addition to more investment alignment, we also established greater clarity on ***how*** that alignment is happening, and the decisions we needed to make to get there. With the regular reporting we were now receiving across our portfolio, we felt we had the right infrastructure to explore additional tools at greater scale.

Tool 2
Catalytic Capital

A key value for us across this journey was to use all of the tools available to us to pursue our Foundation's mission. One of the unique ways family foundations can do this is by using ***catalytic capital***.

Catalytic capital can take on many different forms, but the below are some of the characteristics we often see:

01 Investments that take on disproportionate risk versus others.

02 Accepting concessionary returns in service of outsized impact (often referred to as impact-first).

03 Leveraging investment capital from players who would not usually engage in these types of transactions.

04 Patient capital that requires a longer-term commitment than traditional investors.

05 Flexible capital that can be used for multiple purposes, so long as they are in service to the investee's goals.

06 Demonstrating additionality – "if not for this capital, then the results wouldn't happen." (NOTE: additionality can come in many forms, not just financial returns. Some investors use catalytic capital to help prove other solutions/models and consider the replication of those models a sign of success.)

Allocating 5% to Catalytic Capital

In addition to our grantmaking dollars, we allocated an additional 5% to catalytic capital. To keep ourselves accountable for using this capital where it can be best leveraged, we set clear targets for ourselves. First, the financial objective for these investments was to recover our principal – the capital we initially invested (though additional returns are always possible). Our impact goals were to ensure each investment aligns with our mission, helping organizations prove their solutions and models, supporting first-time teams, and supporting underserved markets. We also had to ensure that what we were catalyzing was clear and well-aligned. For us, this was new investment theses, opportunities to exercise a higher risk tolerance vs. other investors, offering first-loss capital for new and untested but promising ideas, crowding in other capital, and supporting entrepreneurs and individuals who were traditionally overlooked by conventional finance.

This commitment to a 5% allocation unlocked an increase over time. What started as a $3M experiment grew 50% to a $4.5M allocation in 2026. Today, we no longer treat it as a carveout but rather a critical piece of our full portfolio. By starting small, we learned how to find the right kinds of deals, conduct due diligence, align these investments with our strategy, and measure their performance. We were supported along the way by industry peers and partners who have dedicated time and resources to ensure that foundations across the country can access PRIs and other forms of catalytic capital as a key tool to achieve impact.

As we had done in the past, it was important to codify this commitment into our IPS. In 2022, our goals of both 100% mission alignment of our endowment and a 5% allocation to catalytic capital were added to our IPS.

Tool 3
Mission-Related Investments

The goal of mission-related investments is to contribute to the social and environmental goals we care about, while targeting competitive financial returns. As we've described throughout this report, we're committed to using all of our assets to move the needle, and we have relied on partners to identify opportunities to advance our goals.

Here are two examples of mission-related investments from our portfolio:

Lyme Conservation Opportunities Fund

The Lyme Conservation Opportunities Fund invests in sustainable forestry, mitigation banks, and targeted conservation real estate, which protects and rehabilitates land that provides vital ecosystem services like flood control and water purification. Our $250K investment enabled 1.3 million acres to be certified to Sustainable Forestry Initiative standards; protect 500,000 acres through conservation easements; observe a 20%+ reduction in chemical use in forestry operations; increase carbon sequestration through easements and mitigation banks; and fund a five-year ESG initiative with annual reporting against environmental and social goals. Since we made this investment in 2020, the fund has realized a 12.84% return on our investment (as of Q1 2026).

Rose Affordable Housing Preservation Fund VI

The Rose Affordable Housing Preservation Fund VI aims to preserve and improve affordable housing in high-demand markets. Our $750K USD investment supported the preservation of 17,000 affordable housing units, specifically serving individuals at our below <50% of area median income (AMI). We intentionally selected a fund that pursued housing and environmental goals. Building units were green certified, helping to reduce emissions intensity while protecting the housing supply - offering healthy and affordable homes that need it the most. Since we made this investment in 2023, it's still too early to assess performance.

Photo courtesy of Jonathan Rose Companies

Since 2005, we have been making steady progress towards 100% alignment. As of May 2026, our portfolio is ***92.5% mission-aligned***. And while working towards 100% portfolio mission-alignment is important, it's also important to ensure the portfolio is having the right intended impact.

Tool 4
Shareholder Engagement

There is much discussion around shareholder engagement and whether it's a useful tool for foundations to further our goals. For us, this is a clear yes. While divestment (negative screening) is a tool for mission-alignment, engagement is a tool for impact. One of the key rights shareholders have is to use their voice. If our goal is to change the system, we must engage in it – not sit on the sidelines.

In 2021, we made a commitment to leverage our stock ownership by using the practice of shareholder engagement to influence corporate decision-making where improved environmental, social, and governance outcomes align with improved financial performance. Greater corporate transparency can reduce risk to a company's brand and profits and ultimately shareholder value. Using the tools of proxy voting, resolutions, and investing with active managers also ensures that we are agitating for change from within. Our shareholder engagement priorities map directly to our Impact Focus areas, and we look for partnership opportunities to combine forces to exercise our shareholder rights. The tool of proxy voting in particular is low-hanging fruit for foundations.

It's a simple step to ask that your managers vote your proxies in alignment with sustainable voting guidance.

Engagement in Action: Conagra

Since 2021, Woodcock Foundation has leveraged its stock ownership in partnership with As You Sow, a non-profit leader in shareholder advocacy, co-filing, and endorsing a variety of mission-aligned resolutions. In 2021, we endorsed a resolution requesting greater disclosure of pesticide use in Conagra's agricultural supply chains. The company agreed to conduct a risk assessment and reduction related to their use of supply chain pesticides, which supported our organization-wide goal of halting biodiversity loss and soil erosion, and improving water quality in supply chains in order to help protect the planet we all need to survive and thrive. Since the company agreed to our requests, we withdrew our resolution, which is a successful outcome in the shareholder engagement process.

Tool 5
Integrated Capital as the North Star

What does an Integrated Capital strategy involve? An integrated approach is about the use of various different tools across your portfolio, and sometimes even in the same transaction, to help deliver meaningful impact. At its core, it shifts the focus away from focusing too narrowly on finding solutions using a specific tool and instead asks "what's the best tool to solve this problem?" With the rise of new and creative tools, Integrated Capital creates a framework to continue to return to our primary objectives, followed by our willingness to throw anything and everything at it.

Here's how it works in practice: you use all of the tools in your toolkit to achieve a particular objective, aligning the right tools to the right solutions. Let's say that one of your primary goals is to ensure that every individual has access to nutritional and affordable food systems – as consumers, workers, communities, and suppliers. You might make grants into organizations that focus on effective food systems policy. You may also consider PRIs in enterprises that are supporting farmland transitions from conventional to organic and regenerative practices. And you may make investments directly into publicly listed companies and use shareholder engagement to request increased disclosure about environmental impacts in the supply chain. All of these types of capital deployment are integral in moving the needle on your broader objective.

SECTION 7

Where You Can Begin

07

Where You Can Begin

Asking the Right Questions

During this report, we have referenced the importance of having the right kind of conversations with your stakeholders. To get started, consider organizing separate conversations with your Board, Staff, and your Advisor(s).

For Your Board

01 What problem are we trying to solve?

02 What do we believe about fiduciary duty? (and have we talked with Legal Counsel, our advisors, and our peers about this?)

03 How much mission alignment do we want? (specific scope — not vague aspirations)

04 What are we willing to accept in terms of trade-offs? (return, tracking error, liquidity)

05 Who is going to own this? (both at the Trustee and staff levels)

06 Do we want shareholder engagement to be a part of our advisory relationship?

07 Do we want impact-first or catalytic investments in our portfolio, and what is our tolerance for loss?

For Your Board and Staff

01 Do we want impact-first or catalytic investments in our portfolio, and what is our tolerance for loss?

02 Do we have the bandwidth to support a shareholder engagement strategy?

03 How important is place-based investing to our mission?

04 Do we want the ability to bring deals we have sourced independently to our advisors for diligence?

05 How much bespoke research capacity do we need — or can we work within our advisor's existing impact themes?

For Your Advisor

01 Do you have values-aligned capabilities? What are they?

02 Is shareholder engagement part of your capabilities?

03 Can you make impact-first or catalytic investments?

04 Do you have place-based expertise? Where?

05 Can we bring you deals for diligence, or do we have to work through your platform?

06 Can you conduct bespoke research on the impact goals, objectives, and themes we care about, or do we need to find outside support to help us map this?

Learning More and Building Your Community

There are myriad resources available to equip your staff, trustees, and partners with the information needed to learn more. Here are some of the ones we've used.

Networks and Communities for Learning and Practice

- Mission Investors Exchange
- Confluence Philanthropy
- Toniic
- National Center for Family Philanthropy

Sector Insights & Publications

- The Global Impact Investing Network, Publications page
- ImpactAlpha Industry News and Dealflow
- Rockefeller Philanthropy Advisors, Impact Investing Handbook
- Spectrum Impact, Impact Investing Strategy Toolkit and ESG Pocket Guide
- T25 List of Transformative Investment Opportunities
- ImpactAssets 50 (IA50)
- National Center for Family Philanthropy, Impact Investing Navigator

From the Woodcock Foundation's Website

- Our Investment Policy Statement
- Our Catalytic Investments and Strategies and Investments across the Endowment

Additional Insights from Woodcock and our Staff

- The Case for Impact Investing by Small and Mid-Size Family foundations, Stanford Social Innovation Review, 2017
- How foundations can use impact investments to leverage their grant capital, ImpactAlpha, 2023
- Demystifying Shareholder Engagement, Impact Entrepreneur, 2024
- The Time to Embrace Impact Investing is Now, National Center for Family Philanthropy, 2025
- Six barriers keeping foundations from impact investing — and how to overcome them, ImpactAlpha, 2026

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