



Surdna Foundation:

A Case Study on Endowment Transformation

April 2026

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Disclosures

Support for this research was provided by the Tipping Point Fund on Impact Investing and the Surdna Foundation.

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Research Methods And Acknowledgements

As part of its mission to build the market for system-level investing, The Investment Integration Project (TIIP) conducts in-depth case studies on institutional investors that have adapted their practices to better manage systemic risks and rewards. With a growing index of examples, TIIP seeks to provide the investment industry with the tools and guidance needed for adopting a system-level investing approach—looking beyond the impact of specific investments or portfolios to consider the broader context in which investments are made. System-level investors demonstrate a clear understanding that managing systemic risks is aligned with fiduciary duty and that it offers an additional lens for long-term value creation. By applying resources at key leverage points, investors have the potential to set new standards of action that can improve portfolio performance and resilience while supporting healthy and sustainable environmental, social, and financial systems.

The process for developing these investor case studies includes:

1. Research of publicly available information such as annual reports, investment policies, and news articles, complemented by internal documentation such as policies, memos, roadmaps, and performance results.
2. Interviews with key staff members and stakeholders to understand motivations, milestones, operational shifts, inflection points, and challenges.
3. Analysis of key findings and synthesis into a comprehensive overview that details the system-level investing strategy, techniques used, impact achieved, and future priorities.

We express our gratitude to the Tipping Point Fund on Impact Investing and the Surdna Foundation for supporting the development of this case study and to Don Chen, Adam Connaker, Tom Mitchell, Tracy Palandjian, Ommeed Sathe, Chavon Sutton, and Marc de Venoge for sharing their time and insights in interviews and consultations.

Greetings

Surdna's Path: Scaling, Deepening, Transforming

When I joined Surdna, I stepped into a century-old commitment to communities and a team determined to make our endowment a living expression of our mission. Under Don Chen's leadership, and in close partnership with our Board, Investment Committee, and Cambridge Associates, we have pursued a simple premise: the endowment should help build the conditions under which our grantees, investees, and communities can thrive—and in doing so, strengthen long-term portfolio performance.

This case study, commissioned by the Surdna Foundation, documents how that premise has reshaped our practice. We began by asking different questions: What system failures most constrain equitable prosperity? Which of those can capital help fix—and how? Where is investment the right lever, and where is it necessary to change the rules and infrastructure of the market itself? Those questions led us to treat the entire endowment as a site of intervention, not a carve-out: aligning governance around one investment committee; expanding sourcing to elevate overlooked managers and strategies; and embedding equity, worker voice, and accountability in diligence and engagement.

We organized our approach across three complementary roles the endowment can play:

- Scale institutional-quality strategies that any peer could adopt—meeting risk-adjusted financial expectations while broadening who and what gets financed.
- Deepen the opportunity set by backing next-generation theses and managers that extend the frontier of investible opportunities around racial and social equity.
- Transform the market infrastructure through catalytic investments and field building that establish new guardrails, norms, and shared tools.

Not everything should be financed the same way—or financed at all. Some of the highest-leverage moves come from grant funding the rails the field rides on: the public-purpose infrastructure that allows many investors to act more systemically and more effectively. That's why Surdna has supported the companies and organizations developing new models, including TIIP's frameworks and market guidance on system-level investing; The Shareholder Commons' work to align stewardship with the interests of diversified owners and the health of social and environmental systems; and The Predistribution Initiative's efforts to improve investment structures so that value creation is shared more fairly with workers and communities, to name just a few. Together, these efforts help investors move from idiosyncratic bets to system-level influence.



Adam Connaker

Our journey has also been one of partnership and learning. Cambridge Associates has been a critical collaborator—co-sourcing managers with us, testing new diligence approaches, and iterating on reporting so that equity, job quality, and community benefit aren't afterthoughts but core indicators of manager capacity. Internally, our program staff and investment team have strengthened the feedback loop between on-the-ground evidence and portfolio design, helping us identify where investment can unlock opportunity and where other levers—policy, standards, data—must come first.

We offer this case study in the same spirit that has guided Surdna's grantmaking for generations: use our voice, learn in public, and help the field move faster. You will see a process, not perfection; one that continues to evolve with market and community needs. If you are a foundation leader or investment committee member, I hope this report encourages you to adopt not only a program theory of change, but also a capital markets theory of change—one that aligns your endowment policies, programs, and practices that will make finance work for more people, more of the time.

Our aspiration is straightforward: to be good stewards of capital and of the systems that sustain its value. Foundations can and should do both. We are grateful to our partners—our grantees, managers, Cambridge Associates, and peer investors—who help us make progress to that aspiration. And we are committed to sharing what we learn so others can activate their own missions and contexts.

Sincerely,

Adam Connaker

Vice President of Investments, Surdna Foundation

Greetings

Transforming endowments, transforming systems

What if investors could do more than pick good managers or securities—what if they could help build better markets?

That's not a rhetorical question. It's the premise of system-level investing, and the through-line of The Investment Integration Project (TIIP). If CIOs and trustees want resilient portfolios, they must engage the structural drivers of risk and value, not just diversify around them.

Over the past decade, we've learned, sometimes the hard way, that the health of our portfolios is inseparable from the health of the systems that sustain them—environmental, social, and financial. Foundations are built to take the long view, yet too often their endowments are managed as if they float above the real economy.^{1 2 3}

This case study of the Surdna Foundation is a story about endowment transformation. It shows what happens when a foundation stops treating impact as a carve-out and starts treating the endowment itself as a strategic tool—a platform for scaling what works, deepening the opportunity set, and prototyping the market infrastructure we will need for the next economy.

That shift is not only compatible with fiduciary duty; it is demanded by it. It mirrors the stance I took in TIIP's 10-year portfolio review of the Rockefeller Brothers Fund: mission alignment and performance are not trade-offs but mutually reinforcing in a world where systemic headwinds shape every asset class.⁴

To do this credibly, foundations need a theory of change that addresses not only their programmatic goals to guide grantmaking, but also a capital markets theory of change to guide how the endowment influences the rules, norms, and purpose of finance as a lever for system change.

Most institutions, perhaps unsurprisingly, lack a capital markets theory of change or it is underdeveloped. It requires moving beyond “better stock picking” toward shaping market conditions—data standards, manager incentives, underwriting norms, accountability mechanisms—so that capital can price risk and opportunity more accurately and more fairly. This is the frontier I wrote about a decade ago under the banner of *New Frontiers of Philanthropy*: widening the toolkit and the roster of actors so private capital can serve public purpose at scale.⁵

Surdna's journey offers a practical example of how an institutional investor has adopted a systems approach, using its assets and voice together to achieve meaningful impact:

- Treat the endowment as an engine of Scale, Deepening, and Transformation—from market-rate strategies that any peer could adopt, to forward-leaning theses that expand the investable universe, to catalytic investments and field building that shift how markets value stakeholders.



William Burckart

A capital markets theory of change requires moving beyond “better stock picking” toward shaping market conditions—data standards, manager incentives, underwriting norms, accountability mechanisms—so that capital can price risk and opportunity more accurately and more fairly. – William Burckart, CEO, TIIP

- Embed equity and stakeholder voice into sourcing and diligence, not as afterthoughts but as leading indicators of manager quality and long-horizon value creation.
- Engage peers and standards setters to normalize practices that enhance performance and reduce systemic risk across the market, not just for one foundation.

Importantly, none of this asks trustees to choose between prudence and purpose. It asks them to recognize that prudence in a world full of systemic risks means investing in the conditions that make prudence possible—transparent data, fair access to capital, credible accountability, and real-economy outcomes that underpin durable cash flows. That is why the leading edge of institutional practice is migrating from idiosyncratic bets to system-level influence: re-stating investment beliefs, refreshing policies, rewiring governance, upgrading diligence, and reporting on learnings so that others can follow suit.

What you will see in the pages that follow is not a victory lap, but rather, a strategic roadmap. It documents Surdna’s intentional choices, and it invites creativity and improvement. If you are a foundation board member, CIO, or investment committee chair, here is my ask:

- Adopt a capital markets theory of change alongside program goals.
- Align your investment policy statement and governance so the endowment can drive system-level progress.
- Upgrade diligence processes to evaluate how managers contribute to (or detract from) healthy systems—equity, accountability, climate resilience, and democratic participation.
- Report what you learn so that the field compounds progress.

At TIIP, we believe the future of investing lies in bridging portfolios and systems—not as rhetoric but as routine. Surdna’s case shows the path: treat the endowment as a lever for institutional performance and an instrument for improving the financial system we all rely on. That is how foundations can honor their purpose, meet their fiduciary obligations, and help build markets worthy of long-term capital.

Sincerely,

William Burckart

Chief Executive Officer, The Investment Integration Project (TIIP)

About Surdna Foundation



Founded in 1917 by John Emory Andrus, the Surdna Foundation (“Surdna”) is one of the oldest family foundations in the United States and among the largest that remains family-led. Andrus built a diversified enterprise—best known for widely used digestive remedies—and invested in hard assets and early industrial ventures. He was a notable philanthropist, giving away approximately 45% of his wealth during his lifetime and through his estate. Today, Surdna is governed largely by descendants and manages roughly \$1.2 billion in assets, advised by Cambridge Associates.

Surdna’s vision is a just, equitable, and sustainable society in which all individuals can reach their full potential and all communities can thrive. In pursuit of this vision, its mission is to foster sustainable communities in the United States—communities guided by principles of social justice and distinguished by healthy environments, inclusive economies, and thriving cultures.

In addition to pursuing social and racial justice through its grantmaking, Surdna evaluates how its endowment can further those goals—helping to redefine what it means to be an institutional investor. Through its impact investments, Surdna aims to connect its values with its activities by deploying a spectrum of capital—from institutional-quality strategies to catalytic investments—to support diverse managers, build financial infrastructure, and transform the financial system to be more inclusive and equitable. It views capital markets as a powerful mechanism for enabling shared prosperity, but also a deeply flawed system that requires structural reform. Surdna uses its influence to confront those flaws head-on—investing in people, practices, and portfolios that challenge exclusionary norms and build more just and resilient systems.

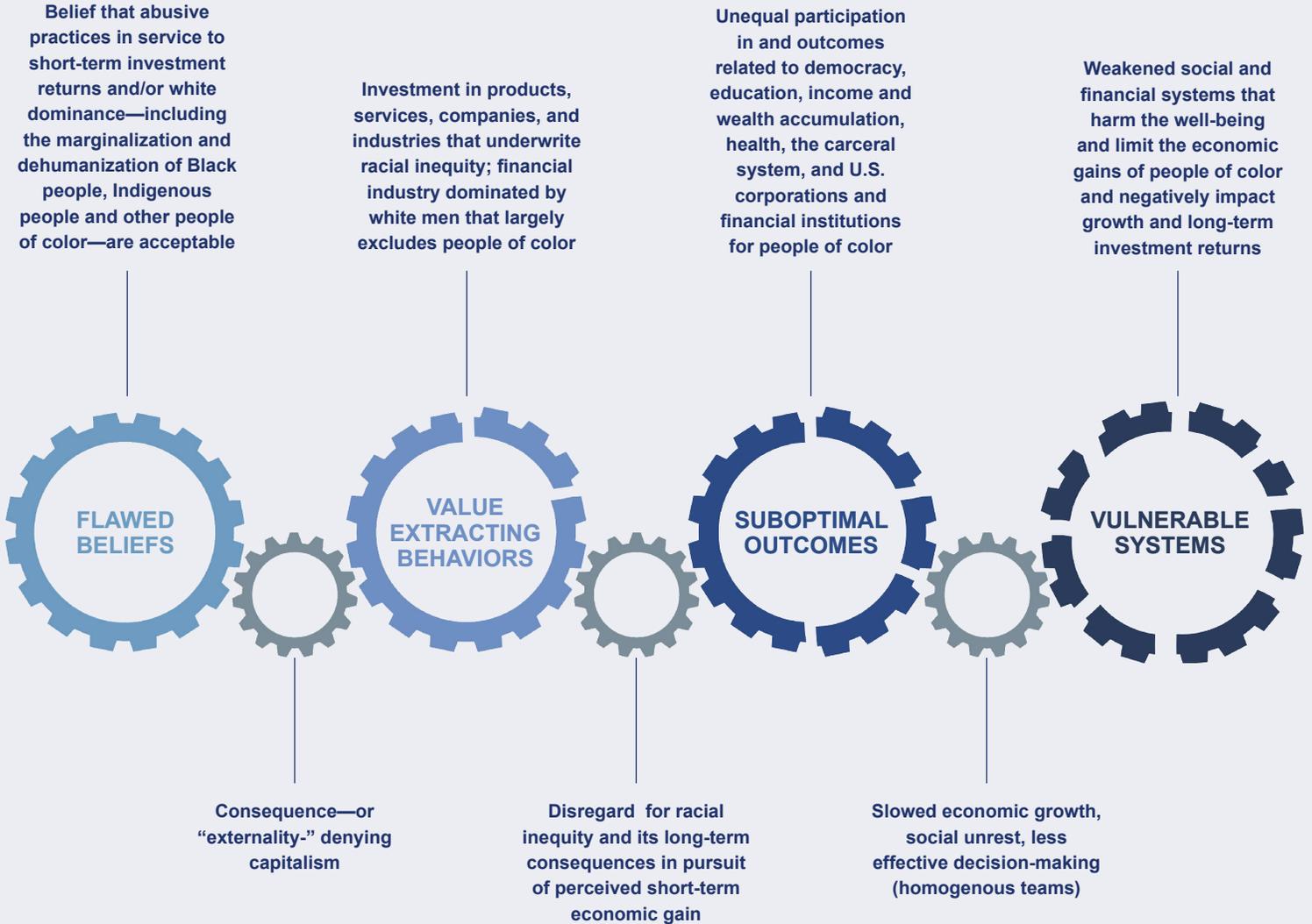
Reshaping capital markets for social and racial justice

Surdna’s approach starts from a simple premise: capital markets are not neutral, and persistent inequities shape how risk and opportunity are priced. Markets routinely undervalue people of color, overlook community voice, and reinforce structures that limit participation and prosperity. These dynamics are not incidental—they affect growth, stability, and long-term returns. To better understand and address these failures, Surdna commissioned TIIP to examine racial inequity as a systemic risk and to map practical investor responses. In this framing, racial inequity is not an isolated social issue but a force that both shapes market outcomes and weakens the functioning of the financial system itself. When inequities are embedded in capital allocation, governance, and labor practices, they amplify volatility, constrain economic potential, and erode resilience across portfolios.

From an investment perspective, this means racial inequity cannot be diversified away. Like climate risk, its financial relevance can intensify rapidly and affect all asset classes at once. Addressing it therefore requires more than security selection. It calls for investors to align capital, stewardship, and influence with the health of the systems that underpin long-term value—using market-rate investments to demonstrate what works, and catalytic capital to test new tools, incentives, and norms where existing models fall short.

Capital flows remain heavily skewed: a study by the Knight Foundation used a sample representing \$82.24 trillion USD in assets under management (AUM)—including mutual funds, hedge funds, private equity and real estate—in the U.S.-based asset management industry, found that only 1.4% of total U.S.-based AUM

Figure 1. Racial inequity: flawed beliefs, value extracting behaviors, suboptimal outcomes, and vulnerable systems⁶



is managed by diverse-owned firms as of September 2021.⁷ This disparity underscores the structural inefficiencies Surdna’s approach seeks to correct. The macroeconomic case for racial justice is straightforward. Racial inequity has already suppressed U.S. growth: Citi estimates the loss from marginalization of Black Americans at roughly \$16 trillion in GDP from 2000 to 2020⁸—

while demographic change makes inclusive participation a precondition for future expansion as people of color become a majority of the U.S. population by 2050.⁹ Closing gaps yields significant measurable upside: narrowing racial wage differentials would lift consumption by hundreds of billions of dollars by mid-century and expand tax revenues; increasing higher-education

access for Black students alone would add tens of billions in lifetime earnings within five years; eliminating racial and ethnic health disparities could reduce annual healthcare spending by more than \$230 billion.¹⁰ In short, correcting capital markets' failures around race does not force trade-offs; it creates portfolio upside and resilience by enhancing demand, productivity, fiscal capacity, and human capital formation at scale.

Markets also transmit the costs of inequity through instability and firm-level performance. Large, persistent gaps in income, wealth, and power heighten social unrest, which macro studies link to lower growth, weaker confidence, and higher uncertainty;¹¹ such social instability can increase market volatility and uncertainty, create a general sense of economic instability, and negatively impact both individual stocks and investment opportunities across all asset class-

es. dressing it supports fiduciary responsibility. Investors who continue to exclude people of color from full participation, finance business models that entrench inequity, or dismiss long-term consequences in pursuit of short-term gain are, in effect, underwriting slower growth, greater volatility, weaker corporate performance, and diminished long-run returns.

Surdna's System-Level Investing Strategy: Rooted in Racial Equity

Surdna's work is guided by the awareness of systemic risks of racial inequity, classism, and other forms of exclusion that undermine social justice and economic resilience. Its approach, rooted in a deep commitment to racial equity, has evolved to encompass the broader goal of creating just and inclusive markets across gender, geography, age, and ability.¹⁴

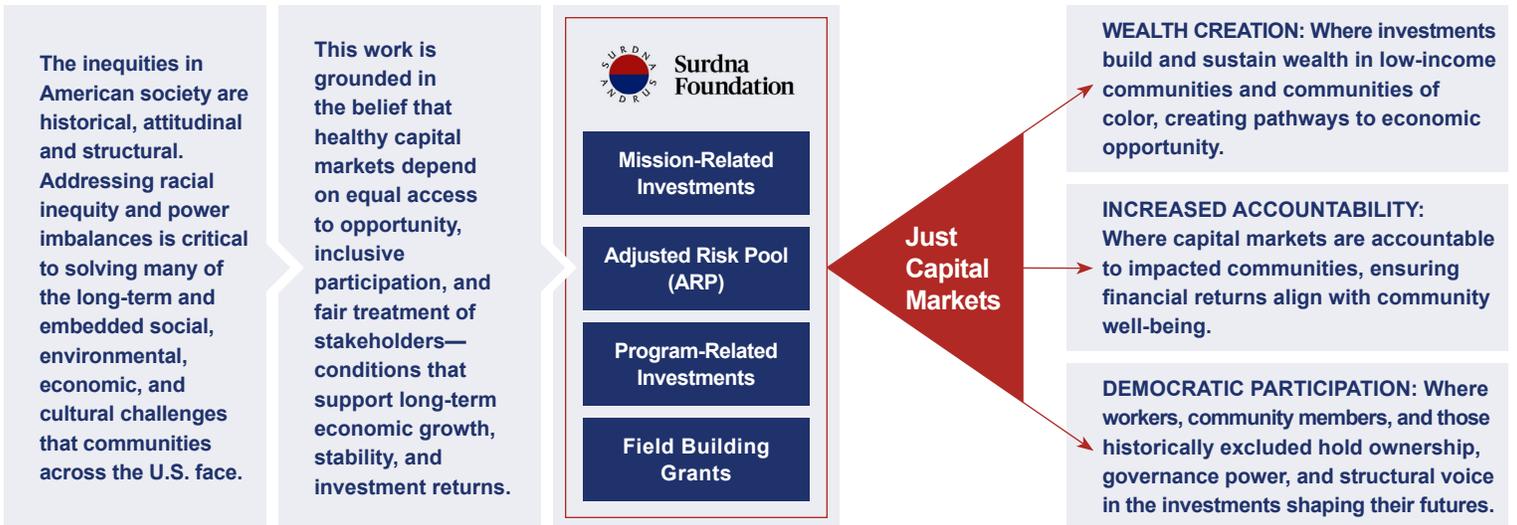
“Surdna’s commitment to racial and social justice is an ‘oath’ – a long-term pledge to stay grounded in vision, focused on root causes, and sustain a shared identity and purpose despite our differences and disagreements.”¹⁵ –Don Chen, President

es.¹² At the issuer level, inclusive governance and racially diverse teams correlate with better decision quality and profitability. Each 10-percentage-point increase in racial/ethnic diversity on senior teams is associated with higher earnings before interest and taxes (EBIT) margins, and top-quartile firms on diversity metrics are markedly more likely to outperform their peers.¹³

For universal owners and long-horizon allocators, the implication is clear: ignoring racial inequity amplifies system-level risk and ad-

Surdna's approach does not redefine financial performance or relax expectations around risk-adjusted returns. Rather, it reflects a conviction that long-term financial performance depends on understanding how investments affect—and are affected by—the communities, workers, and systems on which economic value ultimately rests. Impact considerations are therefore treated as sources of decision-relevant information that help investors better assess risk, resilience, and opportunity over time, not as substitutes for financial discipline.

Figure 2. Surdna’s capital markets theory of change



To advance this transformation, Surdna uses three impact investing pools to influence how capital markets function, allowing it to target different time frames for change (see Figure 3 below).

Figure 3. Three levers for advancing just capital markets

Mission-Related Investments (MRI)	Adjusted Risk Pool (ARP)	Program-Related Investments (PRI)
Opportunities to invest in proven impact strategies that meet risk-adjusted return targets of institutional investors.	Opportunities to invest in emerging theses or strategies that repair linkages between markets and social justice.	Opportunities to challenge norms, fill structural gaps, and create a financial system that works for more people.
SCALE (1-3 years)	DEEPEN (3-10 years)	TRANSFORM (10-20 years)

Underwriting applied research, guidance, and tools that institutional investors can use for impact investing—spanning across all three investment pillars to strengthen the broader field.

Values in Action: From Mission to Market Practice

In the early 1990s, Surdna began asking its investment advisor, Cambridge Associates, to proactively source opportunities to invest in minority- and women-owned firms—an early signal that the endowment should reflect the foundation’s mission. This was not about taking more risk because it could, but about recognizing historical bias in capital allocation and broadening the opportunity set. These conversations with the board, staff, and Cambridge Associates, offered a natural foray into the more ambitious mission-alignment of the endowment and, ultimately, an investment strategy and goals specifically focused on equity.

In 2017, Surdna initiated an internal process to explore a more formalized approach to mission alignment and impact investing. After nine months of discussion, as well as several preceding years of capacity building, Surdna publicly committed to allocate \$100 million (approximately 10% of the endowment at the time) to impact investments.

The strategy emerged from a values-driven recognition that historical bias distorts who and what gets financed. By establishing additional pools of capital, Surdna sought to widen participation in financial markets and interrogate its own biases, initially focusing on underfunded women and people of color managers. This learning expanded into reconnecting capital markets with capital-starved communities and working toward new norms for inclusion and accountability.

This values orientation—anchored in justice, participation, and accountability—frames the endowment not as a static pool of assets but as a dynamic tool for institutional learning and market transformation. To support a cutting-edge endowment that mirrors the financial goals of the endowment and the best practices of impact investing, Surdna’s approach includes a few defining features:

- **Integrated governance:** One investment committee governs the entire endowment, including the three impact investing capital pools. This approach integrates impact investments into the endowment as a tool for innovation and reimagining. The three impact pools serve to test new processes, build new relationships, and explore new markets with the intent to scale through the endowment, rather than creating a separate carve-out.
- **Streamlined collaboration.** Surdna hired a dedicated director of impact investing

to guide its strategic approach to mission alignment and strengthen connectivity between the foundation and its consultant. The director also leads PRI diligence with the program teams, enabling shared learning across grantmaking and investing.

- **Shared mission and goals.** Surdna revamped its investment policy statement to connect its impact investing pools with its endowment as well as its programmatic work.

In 2021, Surdna surpassed its \$100 million target allocation for impact investments. As of December 2025, total commitments have topped \$240 million with \$53 million cash already returned for grantmaking and operations, underscoring that financial performance and impact delivery can be pursued in tandem. Surdna’s MRI investments have outperformed the broader endowment since inception, returning 11.1% annually.¹⁶

Shifting Investment Practices To Increase Equity

Embedding Systemic Awareness in Investment Policy

Surdna's investment beliefs are anchored in an understanding of how systemic issues perpetuate social and environmental challenges for communities and how investment decisions can either perpetuate or address those challenges.¹⁷ This framing has been reinforced in various ways, such as the refinement of Surdna's mission statement, which centralizes social justice as a decision making lens; board retreats and working groups that offer forums for determining how to align the endowment's priorities with system-level goals; and public disclosures and thought leadership that articulate its commitment to support democratic institutions, climate stability, and social equity as foundations of long-term portfolio performance and societal health.

As part of the formalization of its impact investing strategy, in 2019 Surdna revised its Investment Policy Statement (IPS). The relatively simple IPS provides guidelines for using the foundation's intellectual, social, and financial capital to pursue its goals of "fostering new ideas, enabling change of failed systems, and improving the lives of those most marginalized in our society."¹⁸ Surdna's understanding of systemic issues and their consequences for stakeholders is a driving force behind its ambitions to create more equity in capital markets. For the endowment, this largely means focusing on investment opportunities that create positive impact instead of using negative screens.

By targeting systemic challenges, just as its grantmaking teams do, the endowment draws on program staff expertise in social and racial justice. For example, Surdna's use of PRI and ARP investment capital to spur innovation in

the financial ecosystems serving small business is grounded in insights from its program teams about how small business ownership can serve as a genuine wealth-building vehicle for entrepreneurs. This program expertise guides their investment focus toward innovations in lending products that address structural barriers to sustainable wealth creation. The endowment therefore serves as a critical lever to "create new opportunities for the Foundation to expand its impact and effectiveness."¹⁹ With a mandate that is deliberately sector-agnostic, the endowment is able to explore creative applications of the social justice mission. Investments have spanned areas including ensuring access to healthy food and quality jobs, supporting the equitable transition to a low carbon economy, increasing equity in ownership and leadership across gender and race, and more—all with the objective of improving access and fairness that have been informed by systemic bias and discrimination. Surdna believes that by investing in somewhat unconventional ways, it can help to shift the role of finance as a tool for achieving strong financial returns and meaningful environmental and social outcomes.

Designing Capital Pools for Systemic Leverage and Long-Term Stewardship

As aforementioned, Surdna's impact investing strategy deploys three primary capital pools, enabling it to advance social and racial justice from multiple angles and across different time horizons. These pools, with slightly different risk appetites and objectives, allow Surdna to back emerging managers and innovative strategies whose participation in institutional portfolios is critical to confronting bias and discrimination—and ultimately to work toward just capital markets. This structure also clarifies the

Table 1. Surdna’s impact investing capital pools

Capital Pool	Features	Strategic Role	Examples
Mission-related investments (MRI)	Institutional-quality, mission-aligned strategies that meet risk-adjusted return expectations and are a fit for institutional investor portfolios.	Scale (1–3 years)	<ul style="list-style-type: none"> • Venture capital investments in startups seeking to reduce emissions and improve the environmental resilience of communities and systems • Healthcare technology and services that address health disparities affecting underserved populations
Adjusted risk pool (ARP)	Proven structures being applied to new sectors or markets to link social justice to capital markets. Seeking risk-adjusted returns with strong potential to reach marketable scale but some uncertainty due to nascency.	Deepen (3–10 years)	<ul style="list-style-type: none"> • Homeownership strategy to acquire and restructure financing with high interest rates and predatory terms • Buyout fund acquiring lower-middle market companies through employee stock-ownership plans
Program-related investments (PRI)	Catalytic investments, field building, and engagements that have capital markets potential and prototype future market infrastructure.	Transform (10-20 years)	<ul style="list-style-type: none"> • Debt and equity to benefit low-income people with a focus on racial equity and closing the wealth gap • Innovative community-governance models and capital for small business ecosystems in historically excluded markets.

role of different types of capital, helping Surdna “align the right type of capital to ideas that best enable [its] mission.”²⁰ While each pool carries a distinct purpose and time horizon, all are managed within Surdna’s broader risk, return, and liquidity parameters appropriate for a perpetual endowment. This framework, while not unique to Surdna, offers a broader illustration of how institutional investors can design capital strategies for system-level influence.

For Surdna, maintaining a long-term balance of risk, return, and liquidity remains essential—it is part of being a responsible steward of a perpetual endowment. What distinguishes its approach is the recognition that systemic factors such as equity, climate stability, and accountability shape those same risk-return

dynamics over time. Rather than separating financial performance from social and environmental outcomes, Surdna integrates them: understanding that systemic risks are investment risks, and systemic resilience is a foundation for enduring returns.

As a perpetual endowment, Surdna is necessarily a participant in the global economy across asset classes, geographies, and market. Rather than viewing asset classes as optional tools to be selected for specific social purposes, Surdna recognizes that each asset class already plays a role in shaping economic outcomes. Its approach therefore focuses on how the endowment, as a whole, can reinforce a more resilient and inclusive global economy while maintaining appropriate diversification,

liquidity, and return objectives. This perspective encourages intentional stewardship across public and private markets alike—recognizing that capital allocation, governance expectations, and engagement practices in every asset class contribute to the broader systems that underpin long-term portfolio value.

To that end, Surdna intentionally structured its impact investing strategy across three capital pools to balance financial discipline, learning, and market transformation. Mission-related investments (MRI) anchor the approach by scaling institutional-quality strategies that meet risk-adjusted return expectations while advancing social justice within existing market structures. The Adjusted Risk Pool (ARP) extends this logic by testing how market-centric tools can be adapted to address persistent inequities, while the Program-Related Investment (PRI) pool creates space to reimagine market rules, incentives, and infrastructure where prevailing models fall short. Together, the three pools operate as a coherent system—scaling what works,

ginalized and underrepresented communities. Simply put by Don Chen, “Impact funds led by women and people of color aren’t high risk... they’re dramatically overlooked and tremendous opportunities.”²¹ Surdna’s impact investing strategy provides a framework for it to confront bias and disregard for social and environmental externalities in exchange for more sustainable capital markets and a sustainable world. This strategy is therefore critical to the pursuit of its social justice mission.²²

Furthermore, impact investing has provided insights for Surdna’s investment approach in the overall endowment. As Adam Connaker notes, “While there are great investments that address specific racial disparities...we need to carry the practices of analyzing and addressing racial impact to all our investments.”²³ Surdna believes that understanding the inherent effects of investment decisions on communities makes for better investing. This applies to Surdna, to its managers, and to its investment advisor.

“We back managers who can win access to deals and hold a line on values when it’s hard—their compass has to point to contributing to a positive world.”²⁴ –Adam Connaker, Director of Impact Investing

deepening what is emerging, and transforming what must change for capital markets to support long-term resilience and justice.

Confronting bias in manager selection

For Surdna, investing for social equity is better investing. It seeks to fill gaps in its blind spots and see the full range of opportunities that are available, many of which lie in historically mar-

To support its focus on equity considerations, Surdna was the first client to pilot Cambridge Associates’ Social and Environmental Equity (SEE) framework, which rates a manager’s intentionality and practice on systemic equity issues and informs ongoing engagement priorities. Organized into three main categories of information, the SEE framework is a tool for understanding a manager’s strategic alignment with Surdna’s mission and values.

Figure 4. Social and Environmental Equity (SEE) framework focus areas

Strategy	Founders	Products & Services
<p><i>What is the manager’s strategic focus, impact ethos, and intended outcomes? How are these expressed in portfolio decision-making?</i></p>	<p><i>Who is being backed and what is the intentionality of that support?</i></p>	<p><i>Who benefits from the products and services offered (with a specific focus on underserved populations)?</i></p>

While Surdna was the first client to implement the SEE framework in its due diligence process and annual impact assessments, today four Cambridge Associates clients leverage the tool. Surdna’s board and Investment Committee have expressed notable enthusiasm about the framework and encouraged the investment team to expand its application. Surdna’s support has been an essential driver of Cambridge Associates’ development of this framework and other tools for assessing equity, wealth creation progress, and climate justice guardrails.

Building Manager Capacity: From Emerging Talent to Systemic Influence

Surdna’s approach to building manager capacity is rooted in a conviction that transforming capital markets requires new thinking—and that new thinking most often comes from emerging managers who are not yet fully embedded in prevailing market norms. The foundation is therefore intentionally unafraid to invest early: at one point, approximately 85% of the impact portfolio was committed to Funds I, II, or III. These early commitments are not only a source of capital, but a way to establish voice, presence, and credibility for managers whose ideas and practices have the

potential to reshape how markets value impact, sustainability, and justice.

Surdna’s team works directly with managers to provide feedback, encouragement, and field-facing support as they refine their approaches and grow toward institutional scale. Cambridge Associates complements this work by leading sourcing and diligence for MRI and ARP investments—working with Surdna to co-source in priority areas—and by engaging managers on operational excellence, ESG integration, and impact practices. This partnership identifies investors with fresh approaches, support them early, and help them become the next generation of managers shaping more just and resilient capital markets.

Surdna further reinforces this approach through hands-on engagement, including participation on impact advisory councils where its social justice expertise can directly inform investment practice. Together, Surdna and Cambridge Associates engage managers on equity-related considerations such as who benefits from products and services, how employee voice is incorporated, and how job quality and wealth creation are defined and measured. These dialogues translate Surdna’s theory of change into day-to-day in-

vestment practice and contribute to shared field infrastructure by strengthening the ecosystem of managers aligned with the foundation’s mission.

Another aspect of Cambridge Associates’ engagement responsibilities is climate risk analysis. Leveraging quantitative and qualitative data such as the percentage of companies with formal net zero and emissions reduction targets, it engages with managers on the implementation of those targets in service of bringing Surdna’s portfolio in line with industry benchmarks. Additionally, it engages with managers on climate transition plans, prioritizing investments in managers that have a strong understanding of climate risks and opportunities particularly related to climate justice.

Beyond capital allocation and engagement, Surdna supports managers with resources that help them scale and institutionalize their practices—for example, participating on impact advisory committees, sponsoring impact verification through BlueMark or impact measurement through 60 Decibels, and fostering mentor relationships between emerging and established managers. Surdna also enables managers to pursue independent studies or academic evaluations that strengthen the evidence base for their impact theses. As its impact investing program grows, Surdna views these tools as important complements to capital—deepening learning, strengthening practice, and reinforcing the role of finance in addressing systemic challenges.



IMPACT HIGHLIGHT:
Ashé Cultural Art Center in New Orleans uses culture to foster human development and civic engagement, producing over 350 music, theater, dance, spoken word, drum circles, and multi-disciplinary events a year.

Building The Field For Just Markets

In the early years of mission-related investing (MRI) and program-related investing (PRI), the field lacked shared definitions, legal comfort, and even basic market maps. Alongside peer foundations, Surdna's early field building grants helped address this gap by underwriting applied research and guidance that other institutional investors could actually use. A prominent example was support for the nonprofit consulting firm FSG's foundational analyses—work that gave CIOs and trustees common language and baseline data about how foundations were deploying investment tools alongside grants. That scholarship, notably *Compounding Impact: Mission Investing by U.S. Foundations* (2007), became a widely cited resource for boards testing whether and how to integrate mission into endowment practice. It directly advanced Surdna's conviction that systems change requires investing not only in deals but also in the market's shared knowledge base.²⁵

Equally important, FSG's legal guidance, *A Brief Guide to the Law of Mission Investing* (2008), established that market-rate MRIs made from endowments are consistent with fiduciary duty.

The foundation supports peer initiatives and networks, standards-setting and public goods to change the norms, incentives and information flows that determine how capital markets operate. This enables investors to act prudently and systemically in pursuit of equitable outcomes.

Catalytic Capital That Shifts Market Perception and Participation

Surdna's impact investing program was initially motivated by a desire to address bias and inequity in the investment management industry—specifically, the severe underrepresentation of women and people of color among institutional fund managers. Having focused on women- and minority-led enterprises for decades, Surdna recognized that disparities in who controls capital were shaping which entrepreneurs ultimately receive it. Impact investing provided a more structured framework for addressing this bias, beginning with managers and later expanding to a broader understanding of capital access and participation across the market.²⁶

“If you look at the whole sector, about 1% of all fund managers of all institutional investors are women or people of color in total, which is shocking. You would have to work really hard in any aspect of our society, in any institution or sector or industry segment in our society to be able to find something that is so non-diverse.”³⁵ – Don Chen, President

This reduced hesitation among Boards and legal counsel, paving the way for broader adoption across the sector. Surdna's subsequent grantmaking in industry infrastructure extended this logic.

Given the dramatic underrepresentation of women and people of color in investment management, Surdna understands that supporting these managers may mean investing in first

time funds or funds that do not have established track records or deep investor networks. The foundation believes in the importance of being a first mover, whether committing to a Fund I or committing to the first closing of a fund. Surdna's catalytic investments provide critical validation of managers and their strategies, which can equip them with greater credibility for future fundraising. With its long history as both a philanthropic institution and institutional investor, its endorsement carries significant weight as an LP for new investment teams. It is generous with its support and frequently serves as a reference for other LPs considering investments in these funds.

An impact investing strategy that allows for early stage, catalytic investments also offers a unique context to familiarize other investors with new managers. In one example, Surdna invested \$1 million in a manager's \$10 million Fund I and was the only Cambridge Associates client in the fund. When the manager raised a subsequent \$140 million fund, 45% of commitments were from Cambridge Associates' clients.²⁷ By making space for experimentation and patience, Surdna allows Cambridge Associates to interact with new managers to help them become more marketable, ultimately influencing the way that capital is allocated.

As a result of its intentional focus on early funds and managers, up until very recently 85% of Surdna's private MRI portfolio investments have been in Funds I, II, or III. The impact investing program has enabled Surdna to invest where the endowment has traditionally not, supporting over 25 Fund I's to date. Furthermore, within just a few years, Surdna raised its commitments to diverse-owned firms from under 15% to approximately 36% across the entire endowment.²⁸

Measuring What Matters: Tracking Wealth, Accountability, and Democratic Voice

Surdna believes that understanding the impact of its investment dollars on communities is critical to achieving its mission and being a positive force in the world. This includes evaluating its own actions, the actions of the managers it invests in, and the actions of its investment advisor.

Surdna targets three broad impact goals through its investments, grantmaking, and other activities:

- 1. Wealth Creation:** Build wealth and opportunity in low-income and underrepresented communities.
- 2. Accountability:** Strengthen community and investor mechanisms to hold markets accountable for equitable outcomes.
- 3. Democratic Participation:** Expand shared ownership and decision-making power in the economy.

Evidence shows that the third goal—increasing democratic participation—is one of the most effective ways to address racial inequities. Recognizing and valuing the agency of individuals and communities impacted by injustices is essential to creating an inclusive economy in which all people can shape the direction of the economy and benefit from economic growth and prosperity. For institutional investors, making progress toward this goal includes supporting entrepreneurs of color to fill their potential as leaders, creators, and innovators.²⁹

Surdna maintains an in-house program team of social justice experts that are leading conversations in the industry about racial equity and the ownership economy.³⁰ It integrates equity con-

siderations throughout its investment process, from its due diligence policies, to providing resources and ongoing support, and piloting more nuanced impact measurement tools to gather insight on wealth creation outcomes.³¹ While one of its portfolio evaluations is reviewing where its investments dollars end up geographically, one of the more challenging exercises is measuring the contribution of its investments to community health, largely due to the difficulty of collecting community level data.³²

Surdna's impact evaluations are currently only shared in internal documents, but it has made significant strides in recent years in partnership with Cambridge Associates on customizing its impact reporting to reflect its mission and impact goals. In 2023, it started conducting portfolio analysis based on the Social and Environmental Equity (SEE) framework and diving into one thematic area of focus per year—most recently, health equity—to reveal opportunities in the portfolio and inform priorities moving forward. Distinctly, Surdna's focus on root causes and systems thinking has guided its intentional approach to first define systemic issues of focus, then explore solutions to those problems, rather than the other way around. Surdna exemplifies systems-level investing by observing where capital markets fail and targeting strategic intervention points for change.

Funding the Rails: Building Shared Infrastructure for a More Just Financial System

When Surdna committed to impact investing, it also set out to help grow the field—recognizing that building the marketplace is just as critical for success as the individual investments that it makes. The foundation likes to use metaphors of “funding the rails that they ride on” and “building the infrastructure.” Its field building efforts take the form of establishing standards for what impact investing entails, conducting data collection research, and supporting the development of tools for understanding how financial investments translate into impact outcomes. By participating in industry organizations as a thought leader, “Surdna is really trying to create a growing community of practitioners who talk to each other and share stories about how they're achieving impact or even some of the challenges that they face and work through some of those problems together.”³³ Surdna's President, Don Chen, is co-chair of the U.S. Impact Investing Alliance's Presidents' Council on Impact Investing and serves on the Board of Directors for the Center for Effective Philanthropy. Surdna participates in and provides input to peer initiatives (e.g., the Intentional Endowments Network's tools and SSIR/MIE dialogues) and supports infrastructure builders (e.g., Better Markets) to better align market rules with public purpose.

“We take our civic responsibility really seriously. In other words, we try to be a good citizen. And so in addition to benefiting from impact investing, when we're making financial returns, we also recognize that we have a role to play in supporting the field of impact investing.”³⁶

– Don Chen, President

“Many of us who care about diversity, equity, inclusion, the environmental, social, governance, dimensions of investing, we also want to use our voices more and take collective action to stand up for these practices. Not just because we are free to do under the Constitution, but very importantly, because they generate great returns. These are ways to generate excellent financial returns because there’s tremendous opportunity out there. We want to make sure that investors have the latitude to be able to do that, to take in information that can help them address systemic risk. And also take advantage of untapped market potential and very talented individuals and companies that are doing this work.” – Don Chen, President

In addition to its intellectual capital, Surdna also leverages its financial capital for field building by allocating grant funding to key organizations that are building the tools and resources that investors need to adopt impact investing and implement best practices.³⁴

One of the main objectives of Surdna’s field building activities is to redefine the purpose of finance as a tool for addressing systemic risks. Through collaborative work and convening, Surdna believes that investors can help build a financial system that works better for everyone, especially communities of color and low-wealth communities that have been historically marginalized. For example, Surdna spends considerable time and resources discussing new standards of practice with industry peers and has provided comments on emerging tools. Chen contributed to an essay series by Stanford Social Innovation Review (SSIR) and Mission Investors Exchange (MIE) along with ten other foundation presidents to share their

organizations’ efforts to embed racial equity considerations into their institutions and investment practices.

As an institutional investor with influence on the broader field, Surdna has the opportunity to use its voice to advance what they believe is a better model of a financial system. One of its most impactful messages has been its urge to reevaluate how investors assess risk, specifically in women and people of color managers are evaluated. While many investors have intentionality, Surdna puts belief into practice. By shifting its policies and practices, it has found great value in knowledge sharing, trust building, and connectivity with peers to build momentum around impact investing. Through its collaborative approach, willingness to make early and catalytic investments in underrepresented fund managers, and public calls for systemic reforms in both philanthropy and finance, Surdna serves as a beacon of an integrated system-level approach to pursuing social equity and racial justice.

Proof Of Concept

Performance, Equity, And Systemic Returns

Surdna's system-level investing approach acknowledges market inefficiencies, particularly as it relates to overlooking and undervaluing women and people of color managers. It takes seriously its responsibility as a steward of capital to not only minimize harm but also to create positive impact. Surdna's impact extends far beyond its grantmaking, and even its impact investing. It uses its voice to elevate the importance of equity across all sectors of the economy and society, demonstrating that new standards of practice in manager selection and engagement and knowledge sharing with peers will lead to better and more equitable investing. "What that means in some cases," says Don Chen, "[is] helping to establish very high standards for what impact means [and] really understanding how financial investments can translate into that social impact that we seek in all different sectors."³⁷

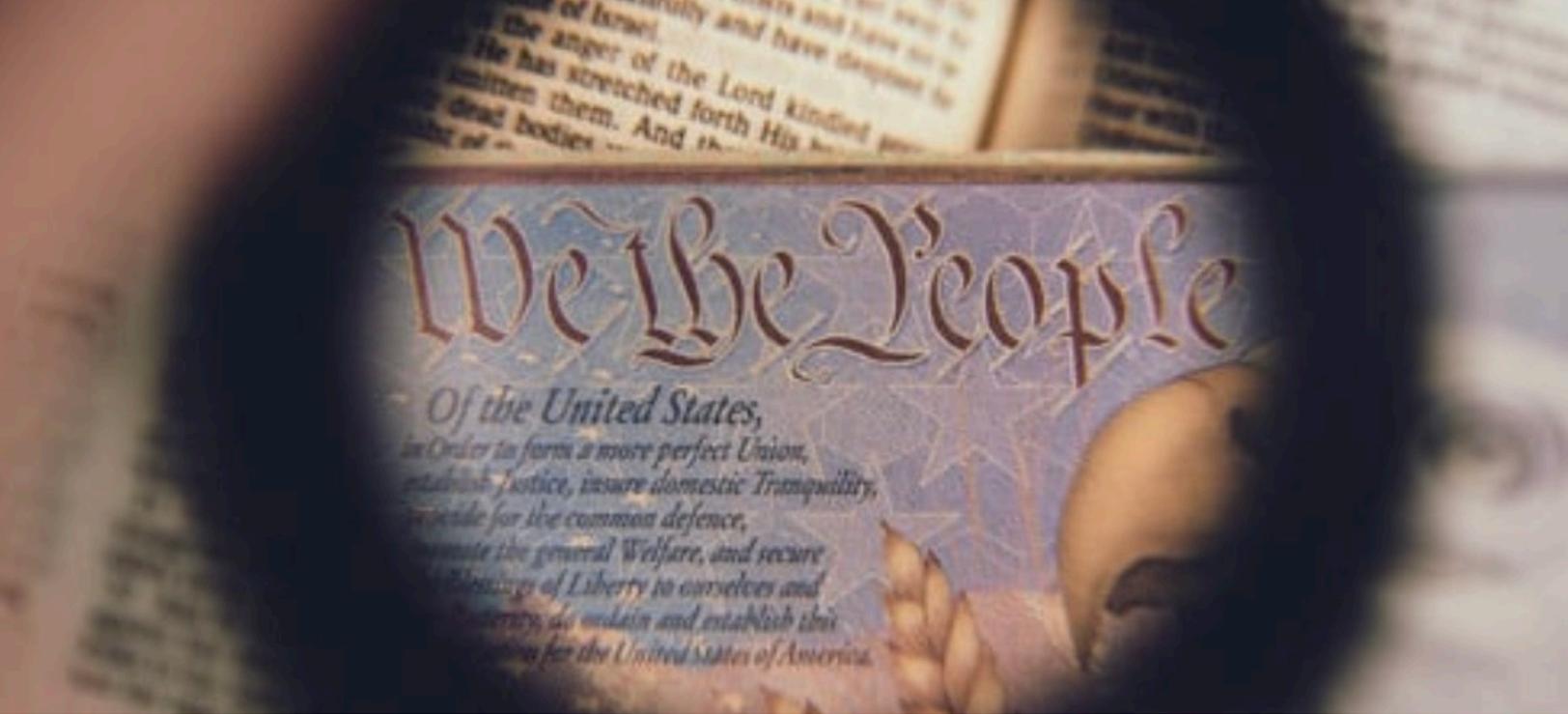
fund. That figure rose to 73% when including third and fourth funds.³⁹ "First-time managers and managers who are women or people of color tend to generate strong performance," Chen says. "And as a result, our impact portfolio has outperformed the rest of the endowment," says Chen.

As part of the formalization of its impact investing strategy, in 2019 Surdna revised its Investment Policy Statement (IPS). The relatively simple IPS provides guidelines for using the foundation's intellectual, social, and financial capital to pursue its goals of "fostering new ideas, enabling change of failed systems, and improving the lives of those most marginalized in our society." Surdna's understanding of systemic issues and their consequences for stakeholders is a driving force behind its ambitions to create more equity in capital markets. For the endowment, this largely means

Surdna's impact investments, which have an outsized focus on emerging managers and diversity in ownership and leadership, have been the highest performing financial subset of the endowment.

It's no secret that new managers—typically women and people of color, given the financial sector's track record of disparate funding—generate strong financial returns and thus significant opportunity. Don Chen cites, "Research shows that first time managers actually tend to outperform established managers because they tend to be hungrier." In a Cambridge Associates study from 2019, new and developing fund managers consistently rank as some of the best performers.³⁸ Between 2004 and 2016, 53% of the top performing venture capital funds were run by emerging managers operating either their first or second

focusing on investment opportunities that create positive impact instead of using negative screens.⁴⁰ As of 2024, 67% of MRI assets are managed by firms owned by women or people of color. Across the endowment, the portion of assets invested by firms owned by women or people of color increased from 15% to 36%.⁴¹ Equitable practices in capital allocation and outperformance are not mutually exclusive. Rather, this data is helping to reshape how the endowment—and peers—view emerging and diverse managers, thus expanding the norms of what institutional portfolios can and should include.



The Next Chapter

Scaling Impact, Deepening Insight, And Strengthening The Field

While the past decade has been rooted largely in experimentation, the financial case has proven strong, as has stakeholder support to continue expanding impact investing in the endowment. Surdna continues to express strong appetite to advance this work and continuously refine the mental and strategic framework of its approach.⁴² Going forward, the foundation will be focused on integrating its learnings across all endowment decision making. The portfolio has proven it can achieve strong financial discipline while adding meaningful impact to Surdna. Now the team will need to expand from pilot program to permanent embedded discipline.

Surdna's challenges will be in charting an approach for the next market cycle, particularly as it redeems capital and managers evolve. Surdna expects to ramp up its impact measurement capacity to establish a deeper understanding of

manager impact performance as well as its own progress toward achieving its impact goals. It will continue to support the work of field building organizations, recognizing that the industry still needs more tools to understand the relationship between impact investing and social impact on the ground, as well as more tools to assess the relationship between the diversity of people and backgrounds and financial performance.⁴³

Lastly, given the unpredictable political and regulatory environment, Surdna has doubled down on the importance of investors using their voices and standing strong in their values. Investors have the leverage to shape capital markets—either perpetuating inequities or building systems that enable broader prosperity. Surdna's approach demonstrates that the latter path is both principled and financially sound.

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About TIIP

The Investment Integration Project (TIIP) is a boutique consulting firm that helps institutional investors: (1) understand how portfolio performance is intertwined with the health of environmental, social, and financial systems; (2) shape the structures and norms influencing those systems; and (3) embed systems-aware decision-making across all strategies and operations.

Established in 2015 by Steve Lydenberg and William Burckart—who coined the term system-level investing and co-authored the first book on the topic, *21st Century Investing: Redirecting Financial Strategies to Drive Systems Change* (Berrett-Koehler Publishers: April 2021)—TIIP’s pioneering thought leadership has enabled the alignment of investment practices with the long-term health of the systems underpinning value creation.

At the center of TIIP’s work is SAIL (Systems Aware Investing Launchpad), an enterprise management and data platform that enables investors to integrate system-level investing across strategy, implementation, and reporting. TIIP also offers customized services—Total Portfolio Activation, Total Portfolio Implementation, and Total Portfolio Review—to help clients benchmark progress, enhance portfolio design and stewardship, and apply system-level thinking in practice.

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Author Acknowledgement

This report was researched and written by TIIP's Melissa Eng, William Burckart, Monique Aiken and Jessica Ziegler with design support from Alex Lumelsky at SKY Creative.

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