



World
Education
Services

Investment Policy Statement

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Contents

- I.** Reimagining Stewardship of a Mission-Driven Organization **1**
- II.** Purpose of the Investment Policy Statement **2**
- III.** Key Investment Parameters **2**
- IV.** Asset Allocation Mix and Benchmarks **4**
- V.** Mission-Aligned Total Portfolio Approach **6**
- VI.** Roles, Responsibilities, and Authority **7**
- VII.** Transparency and Reporting **8**

Investment Policy Statement



I. Reimagining Stewardship of a Mission-Driven Organization

Founded in 1974, World Education Services Inc. (“WES”) is a non-profit social enterprise that supports the educational, economic, and social inclusion of immigrants, refugees, and international students. For nearly 50 years, WES has set the standard for international academic credential evaluation, supporting millions of people as they seek to achieve their academic and professional goals. Through decades of experience as a leader in global education, WES has developed a wide range of tools to pursue social impact at scale. From evaluating academic credentials to shaping policy, designing programs, and providing philanthropic funding, we partner with a diverse set of organizations, leaders, and networks to uplift individuals and drive systems change. Together with its partners, WES enables people to learn, work, and thrive in new places. Our organizational values are opportunity, inclusion, equity, enterprising, and expertise.

At WES, we seek to reimagine what stewardship and fiduciary duty mean for a mission-driven organization. As fiduciaries of WES, we are committed to the prudent stewardship of our assets beyond a duty of care for financial performance. We believe that stewardship of a social enterprise must reflect both our financial and mission objectives.

To achieve our mission and effect broader systems change, we deploy our social enterprise products, programs, policy, advocacy, and grantmaking. In addition, we can further activate all of WES’ resources—including our cash and investments—to achieve our ultimate mission and vision. It is the intent of the WES Board of Trustees (“Board”) and Management to optimize our investments for both risk-adjusted financial returns and risk-adjusted positive social and environmental impact.

To this end, we are committed to a 100 percent mission-aligned portfolio, with the goal of leveraging our full asset base to ensure WES’ financial sustainability, organizational growth, and positive social and environmental impact. Further, we seek to integrate

our organizational values, principles of Justice, Equity, Diversity, and Inclusion, and trust-based investing practices across who we invest in, what we invest in, and how we invest. This builds on the work WES has demonstrated over the past four years—from implementing negative and positive investment screens to building a catalytic impact investment portfolio.

Achieving 100 percent mission alignment is a multi-year journey that will involve learning and adapting along the way. We will continually assess our impact and financial performance and will course correct as necessary to ensure transparency and track our progress towards mission alignment.



II. Purpose of the Investment Policy Statement

This Investment Policy Statement (the “IPS” or “Policy”) governs the allocation of our assets (the “Portfolio”), activating all of WES’ unrestricted reserves (capital not restricted by external donors) in service of our mission. As a non-profit corporation formed under the laws of the State of New York, WES is subject to the New York Prudent Management of Institutional Funds Act (“NYPMIFA”) with respect to the management, investment, and expenditure of its funds. The IPS lays the foundation for us to align our assets with our mission in accordance with NYPMIFA, optimizing for both risk-adjusted financial returns and risk-adjusted positive social and environmental impact. The IPS includes mission-aligned Portfolio objectives, high-level asset allocation targets, accountability structures, and guidelines to steer WES’ mission investment program.

The intent of this Policy is to be specific enough to be meaningful, yet flexible enough to be practical. We seek to be at the forefront of mission-aligned investing and will periodically review and revise the Policy.



III. Key Investment Parameters

The following investment parameters are informed by WES’ unique social enterprise model. We have considered how much capital we expect to contribute to WES’ unrestricted reserves through our revenue-generating activities and the multiple use of proceeds we expect our cash and investments to support—such as ongoing operating expenses, core product development and ongoing transformation, new product development and new revenue streams, strategic investments, mergers and acquisitions, and social impact initiatives, including grantmaking, programs, policy and advocacy, and research.

Impact Objectives

We believe in growth for impact. WES' goal is to pursue a 100 percent mission-aligned investment program, which through intentional investments and active ownership aims to create positive impact and limit negative impact with respect to WES' values and mission. In addition to supporting WES' mission, vision, and goals, mission investments seek to advance intersectional areas of racial, gender, economic, and environmental justice. WES intends to have 100 percent of its assets invested in a mission-aligned way by 2030.

Financial Objectives

WES seeks to maintain long-term purchasing power to sustain and enable growth of its social enterprise model. For the total cash and investments Portfolio, WES' financial return target is a total real return—defined as inflation-adjusted, net of fees and taxes—of 4 to 5 percent over a long-term horizon. This target could differ if interest rates change over the course of a full investment cycle.

Time Horizon

The Board intends for WES to have a long-term investment horizon with the goal of optimizing both risk-adjusted financial returns and risk-adjusted positive impact over multiple market cycles. Our Board assumes that WES will operate in perpetuity, on condition that this aspiration does not obstruct our ability to fulfill our mission and vision. The assumption of operating in perpetuity will be reviewed periodically and is subject to change if the Board deems it appropriate.

Risk Tolerance

WES considers our risk tolerance to be moderate to medium. We understand that historical and prospective returns from the capital markets vary, sometimes dramatically, from one period to the next. As a long-term investor, we recognize this volatility in order to earn the necessary returns to meet our long-term spending and capital requirements. WES takes steps to mitigate the effects of market volatility on our short-term capital needs by holding a certain level of assets with a low performance correlation to the market and maintaining a certain amount of assets with a high degree of liquidity.

Liquidity Needs

To ensure that the volatility of capital markets does not have a negative impact on spending levels in any single year, we maintain enough liquidity within our Portfolio—in cash and equivalents as well as in public market investments—for operating expenses for at least a rolling six-month period. Our liquidity needs play a crucial factor in determining our asset allocation mix. When investing in less liquid investments, we expect to earn a premium in either higher financial returns or greater positive impact.

IV. Asset Allocation Mix and Benchmarks

Our investment activity is diversified across asset classes, investment types, and geographies. This diversification positions WES to achieve its short-term and long-term capital needs, as well as meet its key investment parameters above. Our cash and investments are divided into three tranches:

- 1. Short- and intermediate-term reserve and capital needs:** The primary goal for these funds is to serve as a six-month operating reserve to cover WES' daily cash requirements. Funds should be invested in highly liquid, mission-aligned financial instruments to serve the day-to-day operational requirements of WES.
- 2. Multi-year reserve for Social Impact activities:** The primary goal for these funds is to cover anticipated expenses related to WES' programmatic, policy and advocacy, grantmaking, and other Social Impact initiatives on a multi-year basis. The funds will be invested in financial instruments with sufficient liquidity to be drawn upon annually. As funds are spent down, we will replenish the reserve. Timing is to be determined by the WES Board and confirmed in the WES Strategic Plan.
- 3. Long-term core portfolio:** The long-term portfolio goal is to achieve Portfolio diversification and strong financial and impact returns over a long-term duration of 10 years, and longer in certain cases.

The table below shows an integrated asset mix across WES' total Portfolio, presenting relevant financial benchmarks and asset allocation targets and ranges across both public and private markets. The Portfolio will be diversified across geographies and asset classes, including but not limited to cash, public equities, fixed income, real assets, private equity, venture capital, and catalytic capital.

The overall WES benchmark will be a composite of the asset class benchmarks noted below, weighted by their target allocation as per the asset allocation mix. The benchmark will be adjusted as appropriate to ensure that it is reflective of the use of public and private investments in the overall asset mix.

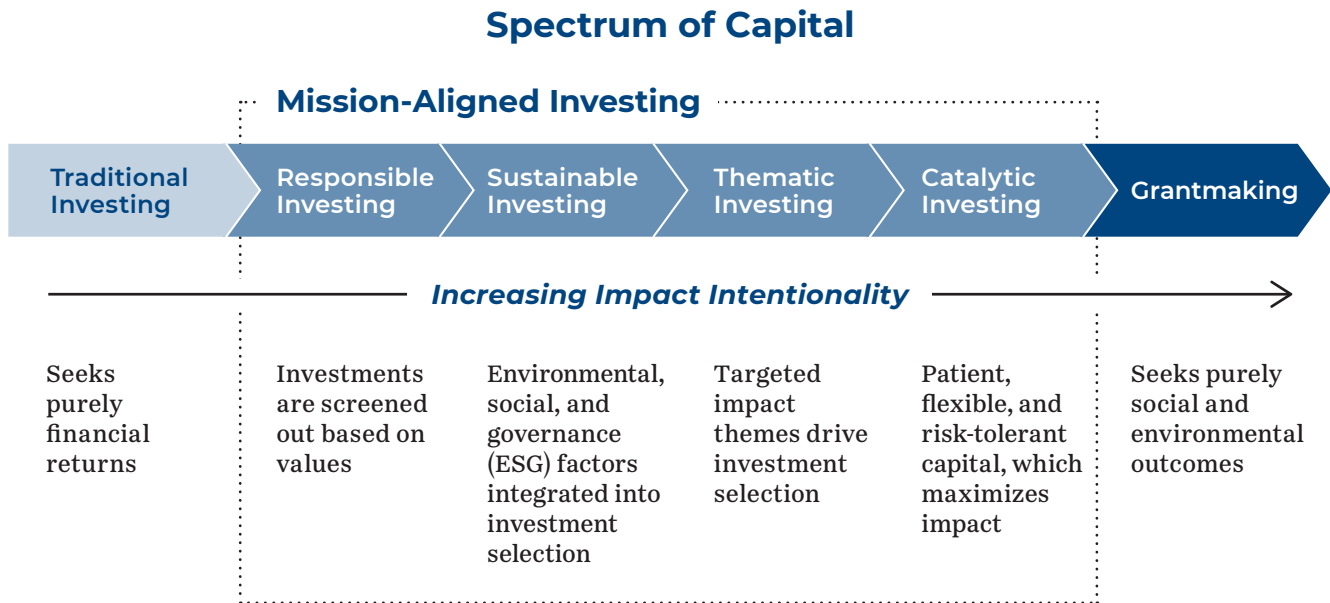
Asset Class	Target	Target Range	Financial Benchmark
Cash	20%	10–20%	ICE BofAML U.S. 3-month Treasury Bill
Public Equity	22%	20–30%	MSCI All Country World Index (ACWI)
Fixed Income	3%	3–10%	Bloomberg Barclays U.S. Aggregate
Real Assets	10%	5–15%	75% Private Real Estate: MSCI REITs 25% Private Natural Resources: Bloomberg Commodity Index
Private Equity	30%	25–35%	Cambridge US Private Equity Index
Catalytic Capital	15%	10–20%	Custom benchmark related to actual allocation

Rebalancing of the Portfolio will be assessed whenever asset allocation exceeds the allowable range or significant cash flows occur. Rebalancing may be deferred if market conditions or operational considerations warrant.

WES will also develop an impact measurement and management framework and identify appropriate impact benchmarks to assess the Portfolio. Those will be summarized in a separate impact dashboard. Our processes will continue to evolve as the tools to measure impact improve with time and impact data become available more widely.

V. Mission-Aligned Total Portfolio Approach

WES seeks to adopt a total portfolio approach, integrating mission alignment across our entire cash and investment Portfolio. We utilize approaches across the spectrum of capital—including responsible, sustainable, thematic, and catalytic investing.



WES adheres to the following definitions of our key mission investment approaches:

- **Responsible investing** excludes (or, where impractical, significantly reduces or monitors) exposure to companies and industries as follows:
 - De minimis active exposure to private prisons and migrant detention involvement, coal, tobacco, civilian firearms, human rights abuses, labor rights controversies, bribery, corruption, and fraud violations
 - 10 percent maximum of total portfolio in oil and gas firms
 - Monitor exposure to adult entertainment, alcohol, gambling, defense, predatory lending, and opioid manufacturers
- **Sustainable investing** positively integrates environmental, social, and governance (ESG) factors into our investment selection; engages in active ownership efforts, shareholder advocacy, and corporate stewardship to influence corporate policies and practices.

- **Thematic investing** invests in themes that are aligned with WES’ mission, such as global mobility, access to education, economic mobility, gender equity, and racial equity.
- **Catalytic investing** is patient, flexible, and risk-tolerant. It often represents impact-first investments driving capital to communities that have been overlooked and underinvested in due to structural barriers, demonstrating new models and markets, and unlocking additional capital for impact at scale. Through catalytic investing, we also seek to demonstrate trust-based and participatory investment practices.

Note, these approaches are not mutually exclusive, and we expect them to often intersect. For example, a public equities portfolio can exclude private prisons and engage on Board diversity and political spending.

Finally, throughout the Portfolio, WES will seek to **integrate an intentional Justice, Equity, Diversity, and Inclusion lens** across whom we invest in, what we invest in, and how we invest. For example, we will support fund managers who have historically been underrepresented in the asset management industry, such as Women, Black, Indigenous, Latino, People of Color, Migrants.



VI. Roles, Responsibilities, and Authority

There are multiple participants in the investment process, each with their own set of responsibilities and duties:

- The **WES Board of Trustees** (“Board”) has the ultimate authority for ensuring that our Portfolio meets our objectives and the Board is accountable for the prudent management of WES’ cash and investments. The Board approves and periodically updates our IPS and has appointed an Investment Committee to oversee the implementation of this Policy. Notwithstanding this agreed-upon IPS, the Board reserves the right to act according to its best judgment as to what actions are in the best interests of WES and our stakeholders, even if on rare occasions those actions do not adhere to all the principles outlined in this IPS. Discretion over investment decisions across asset classes will be determined by delegation of authority tables that the Board has signed off on and periodically revisits.
- The **Investment Committee** (“IC”) is a committee of the Board with delegated authority to oversee the prudent management of the Portfolio, including approving investment decisions, hiring Investment Advisor(s), and selecting Investment Managers. WES may appoint external expert advisors to provide guidance and support to the IC

in governing WES' asset base. The IC may also consider delegating some degree of discretion to external advisors.

- The **Management Team**, including selected members of WES' Executive Leadership Team, is responsible for the day-to-day implementation of this IPS, assessing financial and reputational organizational risk, making investment recommendations, and reporting to the IC.
- The **Investment Advisor** may be a consultant, an advisor directly to WES, or a registered investment advisor overseeing one or more diversified, multi-manager vehicles used as part or all of the investment solution. The Investment Advisor is responsible for monitoring the activities of our Investment Managers and reporting compliance with the guidelines stated in this IPS. The duties of the Investment Advisor also include monitoring and reporting on our full asset base, recommending process and policy improvements, conducting Investment Manager reviews and searches, and assisting the Management Team and IC throughout the investment process.
- The **Investment Managers** are accountable for managing the portion of our asset base for which they have been given responsibility by following the guidelines of this IPS along with any custom contractual provision unique to their mandate, exercising care, skill, and diligence that can reasonably be expected from a prudent investor at all times.
- The **Community and Investee Partners** are proximate leaders with relevant lived, learned, and labored experience. These Partners offer additional guidance and input on the catalytic investing tranche of WES' mission investing approach to help achieve the organization's mission and impact goals.

VII. Transparency and Reporting

The Management Team and any Investment Advisor(s) will prepare a quarterly investment report for the IC on the financial metrics listed below as well as an annual report for the Board on key impact metrics, both outputs and outcomes, as available. The quarterly investment report shall include:

- Inventory of Portfolio investments as of the date of the report and percentage mix of the Portfolio by type of investment, including asset allocation targets
- The market value as of the date of the report and the change compared to the previous period

- The rate of return on investments less all costs for each type of investment and the whole Portfolio, compared to an appropriate benchmark
- Any addition to or withdrawal from the Portfolio during the period

To ensure greater accountability of our mission investments and demonstrate our mission-aligned approach to the field, we seek to be transparent about our Policy and Portfolio. WES will publish its IPS and other relevant information on its mission investment activities, such as impact profiles of Portfolio companies, to its website. The Management Team will also share high-level reporting and updates with investee partners and the field to hold ourselves accountable and uphold impact integrity. ●



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