

The Society for the Study of Evolution, Inc.
INVESTMENT POLICY STATEMENT
Updated 2023-2024, SSE Finance Committee

I. Introduction

The Society for the Study of Evolution (SSE) fund (hereafter referred to as the “Fund”) was created to provide perpetual financial support to The Society for the Study of Evolution (the “Institution.”). The purpose of this investment policy statement is to establish guidelines for the Fund’s investment portfolio (the “Portfolio”) in the areas that most influence investment returns and risks. The statement also incorporates accountability standards that will be used for monitoring the progress of the Portfolio’s investment program and for evaluating the contributions of the manager(s) hired on behalf of the Fund and its beneficiaries.

II. Role of the Finance Committee

The Finance Committee (“Committee”) is acting in a fiduciary capacity with respect to the Portfolio, and is accountable to the SSE Council for overseeing the investment of all assets owned by, or held in trust for, the Portfolio.

- A. This Investment Policy Statement (“Policies”) sets forth the investment objectives, distribution policies, and investment guidelines that govern the activities of the Committee and any other parties to whom the Committee has delegated investment management responsibility for Portfolio assets.
- B. The Policies for the Fund contained herein have been formulated consistent with the Institution’s anticipated financial needs and in consideration of the Institution’s tolerance for assuming investment and financial risk, as reflected in the majority opinion of the Committee.
- C. The Policies contained in this statement are intended to provide boundaries, where necessary, for ensuring that the Portfolio’s investments are managed consistent with the short-term and long-term financial goals of the Fund. At the same time, they are intended to provide for sufficient investment flexibility in the face of changes in capital market conditions and in the financial circumstances of the Institution.
- D. The Committee will review these Policies at least once per year, and recommend any changes to the SSE Council. Changes to the Policies can be made only by affirmation of a majority of the members of the SSE Council, and written confirmation of the changes will be provided to all Committee members and to any other parties hired on behalf of the Portfolio as soon thereafter as is practical.

III. Investment Objective and Spending Policy

- A. The Fund is to be invested with the objective of preserving the long-term, real purchasing power of assets while providing a relatively predictable and growing stream of annual distributions in support of the Institution.
- B. For the purpose of making distributions, the Fund shall make use of a total return based spending policy, meaning that it will fund distributions from net investment income, net realized capital gains, and proceeds from the sale of investments.
- C. Except in the case of an emergency (see III. D., below), the distribution of Fund assets will be permitted to the extent that such distributions do not exceed a level that would erode the Fund's real assets over time. The Committee will seek to reduce the variability of annual Fund distributions by factoring past spending and Portfolio asset values into its current spending decisions. Spending from the portfolio will be a maximum of 3% of the 3-year total portfolio market value average, calculated by the Treasurer on December 31st of the previous year. If the investment portfolio falls below \$3 million at any point in the year, the Treasurer will inform the Finance Committee, which will vote on whether spending will be suspended for the subsequent year. The Committee will review its spending assumptions annually for the purpose of deciding whether any changes therein necessitate amending the Fund's spending policy, its target asset allocation, or both.
- D. In the event of an emergency, such as a cancellation of the annual Evolution Meetings, the Finance Committee and SSE Council reserve the right to approve a distribution that is larger than 3% of the 3-year total portfolio market value average. Such a change in distribution would require a vote of both the Finance Committee and the SSE Council. The Committee and Council fully understand that a change in distribution is likely to erode the principal of the Portfolio, and are committed to returning to an annual distribution of no more than 3% as quickly as possible after the emergency.
- E. Periodic cash flow, either into or out of the Portfolio, will be used to better align the investment portfolio to the target asset allocation outlined in the Asset Allocation Policy at Section IV. A. herein.

IV. Portfolio Investment Policies

A. Asset Allocation Policy

- 1. The Committee recognizes that the strategic allocation of Portfolio assets across broadly-defined financial asset and sub-asset categories with varying degrees of risk, return, and return correlation will be the most significant determinant of long-term investment returns and Portfolio asset value stability.
- 2. The Committee expects that actual returns and return volatility may vary widely from expectations and return objectives across short periods of time. While the Committee

wishes to retain flexibility with respect to making periodic changes to the Portfolio’s asset allocation, it expects to do so only in the event of material changes to the Fund, to the assumptions underlying Fund spending policies, and/or to the capital markets and asset classes in which the Portfolio invests.

3. Fund assets will be managed as a balanced portfolio comprised of two major components: an equity portion and a fixed income portion. The expected role of Fund equity investments will be to maximize the long-term real growth of Portfolio assets, while the role of fixed income investments will be to generate current income, provide for more stable periodic returns, and provide some protection against a prolonged decline in the market value of Portfolio equity investments.

4. Under normal circumstance, cash is a temporary Portfolio holding that is used only as needed to cover short-term spending needs of the institution for programs and operations and/or to facilitate a planned investment strategy. With the goal of mitigating risk (e.g., cash holdings exceeding FDIC insurance limits) and enhancing earned income, cash may be contributed, in a short-term strategy for up to several months by investing in a money market or similar fund. Such cash investment will be held in a self-managed account¹; it is the responsibility of the Treasurer to monitor this balance.

5. Outlined below are the long-term strategic asset allocation guidelines, determined by the Finance Committee to be the most appropriate, given the Fund’s long-term objectives and short-term constraints. Assets will, under normal circumstances, be allocated across broad asset and sub-asset classes in accordance with the following guidelines:

Asset Class	Target Allocation	Minimum	Maximum
Equity	60%	55%	75%
Fixed Income	40%	25%	45%
Cash	0%	0%	10%

B. Diversification Policy

Diversification across and within asset classes is the primary means by which the Committee expects the Portfolio to avoid undue risk of large losses over long time periods. To protect the Portfolio against unfavorable outcomes within an asset class due to the assumption of large risks, the Committee will take reasonable precautions to avoid excessive investment concentrations. Specifically, the following guidelines will be in place:

¹ a self-managed account may be a money market account through SSE’s investment company, SSE’s bank, or another financial provider. This account however is not managed by SSE’s investment managers, but rather by the EVP and/or Treasurer with assistance from the SSE business office.

1. With the exception of fixed income investments explicitly guaranteed by the U.S. government, no single investment security shall represent more than 5% of total Portfolio assets.
2. With the exception of passively managed investment vehicles seeking to match the returns on a broadly diversified market index, no single investment pool or investment company (mutual fund) shall comprise more than 20% of total Portfolio assets.
3. With respect to fixed income investments, the minimum average credit quality of these investments shall be investment grade (Standard & Poor's BBB or Moody's Baa or higher).

C. Rebalancing Policies

It is expected that the Portfolio's actual asset allocation will vary from its target asset allocation as a result of the varying periodic returns earned on its investments in different asset and sub-asset classes. The Portfolio will be re-balanced to its target normal asset allocation under the following circumstances:

1. Utilize incoming cash flow (contributions) or outgoing money movements (disbursements) of the portfolio to realign the current weightings closer to the target weightings for the portfolio.
2. The portfolio will be reviewed quarterly to determine the deviation from target weightings. During each quarterly review, the following parameters will be applied:
 - a) If any asset class (equity or fixed income) within the portfolio is +/-5 percentage points from its target weighting, the portfolio will be rebalanced.
3. The investment manager shall act within a reasonable period of time to evaluate deviation from these ranges.
4. The investment manager with discretionary authority to manage the assets may rebalance the portfolio at any other time if it deems it appropriate to do so.

D. Other Investment Policies

Unless expressly authorized by the Committee, the Portfolio and its investment managers are prohibited from:

1. Purchasing securities on margin, or executing short sales.
2. Pledging or hypothecating securities, except for loans of securities that are fully collateralized.

3. Purchasing or selling derivative securities for speculation or leverage.
4. Engaging in investment strategies that have the potential to amplify or distort the risk of loss beyond a level that is reasonably expected given the objectives of their portfolios

E. Ethical Investing Policy

The Society for the Study of Evolution is committed to investing in ways that support companies whose business practices promote environmental sustainability and social justice and whose governance promotes transparency and fairness. The SSE will use these values to guide investment decisions.

Environmental values: The Society for the Study of Evolution favors investment in companies that

- Foster the protection of biodiversity.
- Contribute to preservation of a safe, liveable, and stable climate.
- Commit to decreasing the risks associated with climate change.
- Limit the use and discharge of toxic chemicals and pollutants into the environment.
- Encourage practices that avoid overexploitation of terrestrial, aquatic, and natural resources.

Social values: The Society for the Study of Evolution favors investment in companies that

- Respect and promote human rights, dignity, and well-being.
- Protect personal data and respect customer privacy.
- Foster an inclusive environment for all workers regardless of background, beliefs, or personal characteristics.
- Improve and adopt anti-racist and other anti-discriminatory policies.
- Follow practices that respect the dignity and rights of workers, including the ability for collective action by workers.
- Strive to reduce disparities in economic and educational opportunities, including in the communities that they operate in.
- Respect the autonomy and voices of local communities and indigenous people.

Governance values: The Society for the Study of Evolution favors investment in companies that

- Have a leadership team and Board of Directors reflecting the diversity of communities they serve.
- Ensure that financial reports are regularly reviewed by external auditors overseen by Board members who are not employed by the company.
- Follow international standards to guard against fraud and corruption.
- Commit to fair wages, benefits, and equitable sharing of profits.

V. Monitoring Portfolio Investments and Performance

The Committee will monitor the Portfolio's investment performance against the Portfolio's stated investment objectives. Once a year, the Committee will formally assess the Portfolio and the performance of its underlying investments as follows:

A. The Portfolio's composite investment performance (net of fees) will be judged against the following standards:

1. The Portfolio's absolute long-term real return objective
2. A composite benchmark consisting of the following unmanaged market indices weighted according to the expected target asset allocations stipulated by the Portfolio's investment guidelines:
 - a) U.S. Equity: CRSP US Total Market Index or a similar broad domestic equity index
 - b) Non-U.S. Equity: FTSE Global All Cap ex US Index or a similar broad international equity index
 - c) U.S. Investment Grade Fixed Income: Bloomberg Barclays US Aggregate Float Adjusted Index or similar broad domestic fixed income index
 - d) Non-U.S. Investment Grade Fixed Income: Bloomberg Barclays Global Aggregate ex-US Float Adjusted RIC Capped Index or similar broad international fixed income index
 - e) Cash: Citigroup 3-Month T-Bill Index

B. The performance of professional investment managers hired on behalf of the Portfolio will be judged against the following standards:

1. A market-based index appropriately selected or tailored to the manager's agreed-upon investment objective and the normal investment characteristics of the manager's portfolio.
2. The performance of other institutional outsourced investment managers having similar investment objectives (e.g. the NACUBO study of college endowments).

C. In keeping with the Portfolio's overall long-term financial objective, the Committee will evaluate Portfolio and manager performance over a suitably long-term investment horizon, generally across full market cycles or, at a minimum, on a rolling five-year basis.

D. Investment reports shall be provided by the investment manager(s) on a (calendar) quarterly basis or as more frequently requested by the Treasurer. Each investment manager is expected to be available to meet with the Finance Committee once per year to review portfolio structure, strategy, and investment performance.

Approved this __31__ day of ____January_____, 2024

Signature