

**Philadelphia City Fund Investment Management Services RFP
Questions and Responses related to the RFP**

Questions from prospective applicants are in black text, while the Philadelphia City Fund's responses are in green text.

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Prior to preparing a response to the RFP, we just had a couple questions to get a little better idea of what was anticipated from the project background section [Section C]:

1. Can you give us a sense of how much of the \$2-3 million the organization anticipates maintaining liquid for supporting near-term grantmaking and operational needs, and an estimate of what historically these annual amounts are?

The organization's operational and programmatic cash needs are managed separately from the assets included in this RFP. The \$2–3 million investable pool represents funds that are not required for near-term spending. As a result, we do not anticipate needing to maintain a specific liquidity level tied to day-to-day operations.

Liquidity expectations for the investable assets will be guided by our Investment Policy Statement, including our long-term objectives, risk tolerance, and spending approach. Historically, our annual operational and grantmaking needs have been met entirely outside of this investable pool.

2. Can you provide more context and clarity about what is meant by the component of the desired outcome for the fund related to exploring additional charitable components?

The Philadelphia City Fund has a long history of supporting community initiatives across the region through various mechanisms, including proceeds from the Philadelphia Marathon Weekend. As we build and steward our investable assets, the Fund is exploring ways to expand our capacity for community giving. The “additional charitable components” referenced in the desired outcomes relate to the potential for the investment portfolio to support or enhance this mission—whether through increased annual grantmaking, mission-aligned investment approaches, or other forms of community benefit. Any such goals or parameters will be guided by, and ultimately reflected in, our Investment Policy Statement, ensuring alignment between our financial strategy and our charitable purpose.

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In preparing our proposal, we would appreciate clarification on a few items to ensure alignment with the Fund's governance framework and forthcoming Investment Policy:

1. **Liquidity & Cash Flow Planning**

Does the Fund anticipate a defined 12–24 month liquidity forecast for grantmaking and operational expenditures that should inform the strategic asset allocation framework?

This is a two-fold question. No, our investable assets are not intended to support operational expenditures. The liquidity needs of our operating budget are managed entirely outside of the investable pool.

With respect to the investable assets, any withdrawals to support our grantmaking objectives will follow the parameters outlined in our forthcoming Investment Policy. The spending approach, liquidity expectations, and long-term objectives for this pool will be clearly defined within that policy.

2. Return Objective & Spending Policy

Has the Finance Committee established a target return objective and/or anticipated annual distribution level that should inform portfolio construction?” This will be outlined in our forthcoming Investment Policy, which has been drafted but will be further developed in partnership with the selected investment consultant.

3. Mission-Aligned Definition

Could the Fund provide additional guidance regarding the intended scope of “mission-aligned” investing (e.g., ESG screening, regional allocation preference, thematic strategies, or impact-oriented vehicles)?

At this stage, the Fund has not finalized the specific scope of mission-aligned investing it intends to pursue. Given the size of our investable pool, we anticipate that mission alignment will be expressed primarily through broadly accessible, diversified vehicles such as ESG-screened or socially conscious public market funds, rather than bespoke private investments, which are typically illiquid, may be expensive, and require scale.

Our intent is to prioritize an approach that, at minimum, seeks to “do no harm” by avoiding investments that conflict with our values, while also exploring opportunities that lean toward socially conscious or community-beneficial investing. As our Investment Policy is developed in partnership with the selected investment consultant, we expect to further refine the appropriate tools and strategies that best support the Fund’s charitable purpose within the scale of our portfolio.

4. Benchmark Framework

Does the Fund anticipate adopting a blended benchmark aligned to strategic asset allocation, or should applicants propose an appropriate benchmark structure as part of their submission?

At this stage, we believe it is most helpful for applicants to propose an appropriate benchmark framework as part of their submission, including examples of benchmarks they have used or would recommend for a portfolio of this size and structure. This will allow us to evaluate each firm’s approach and ensure alignment with our forthcoming Investment Policy.

5. Custodial Considerations

Has the Fund identified a preferred custodian or account structure for investment assets, or should this be incorporated into the proposed implementation framework?

The Fund has not identified a preferred custodian or established a specific account structure for the investment assets. Applicants should incorporate their recommended

custodial arrangement and account structure into their proposed implementation framework.

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You mentioned “integrate mission-aligned and regionally focused investment principles” in your description. We were wondering if you could expand a little on exactly what was meant by this phrase, as we would like to ensure we can invest your assets with your specific, mission-focused principles in mind.

At this stage, the Fund has not finalized the specific scope of mission-aligned investing it intends to pursue. Given the size of our investable pool, we anticipate that mission alignment will be expressed primarily through broadly accessible, diversified vehicles such as ESG-screened or socially conscious public market funds, rather than bespoke private investments, which are typically illiquid, may be expensive, and require scale.

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1. May we please obtain a copy of your current IPS [Investment Policy Statement]?

The Fund has started to work with its Finance Committee to draft an investment policy based on initial internal discussions, however because the policy is still in its preliminary form, we do not currently have anything that could be shared publicly or with external parties. The goal is to further develop the policy in partnership with the selected investment consultant so that a final version can be presented to our Board of Directors for approval.

2. We offer a fee break for nonprofits at \$5M+ in AUM [Assets Under Management]. May we submit multiple allocations and fee structures (at \$3M and at \$5M) to show the impact of the discount at and above \$5M?

Applicants may submit any information that will aid the Philadelphia City Fund in its review of the submitted proposals, however please note that we currently hold \$2–3 million in assets that could be invested.

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The RFP references mission-aligned investing as well as regionally focused investment principles in a few places. In our experience working with non-profits, we have seen this defined in a few different ways whether it be investment restrictions on only holding certain assets (common examples are ESG screenings and religious affiliated screenings) or placing a bias on investing in businesses in a specific region (i.e. public and private direct investment in the Philadelphia region). I took a read through your mission statement on your website which was helpful, but I wanted to

ask what mission-aligned investing and regionally focused investment principles meant to you? Any color or context would be helpful to ensure we put our best foot forward with our submission.

At this stage, the Fund has not finalized the specific scope of mission-aligned investing it intends to pursue. Given the size of our investable pool, we anticipate that mission alignment will be expressed primarily through broadly accessible, diversified vehicles such as ESG-screened or socially conscious public market funds, rather than bespoke private investments, which are typically illiquid, may be expensive, and require scale.

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