FINANCIAL RETURNS ADDENDUM
2025 Year-End

AS OF DECEMBER 31, 2025

In the spirit of transparency, we disclose the financial returns of our impact and values-aligned endowment. We hope to illustrate the financial sustainability of such an approach. We have constructed our portfolio to manage liquidity needs and eventual sunsetting – and we monitor our portfolio returns to ensure we are on track. This is not meant to advocate for our specific strategy - every investor's needs and requirements will vary – but our experience demonstrates that impact investing and positive financial performance are not mutually exclusive.

Calculating private portfolio returns is often imprecise. There are multiple holdings that self-report estimated valuations, for example. We've done our best to provide accurate estimates, but please read this with the understanding that there may be some variance, particularly as funds mature and/or exit. We welcome any questions or comments.

OVERALL RETURN

The total portfolio, *excluding private equity but including all remaining private and publicly traded securities, was up 9.6% in 2025 and 9.2% annualized over the last 3 years. Private equity, which is reported separately using Total Value to Paid in Capital (TVPI) was 1.1x.*

The Private Impact Portfolio, excluding private equity, resulted in an aggregate estimated return in 2025 of 4.6%. Over the last 3 years it averaged 4.2%. This also excludes the publicly traded portfolio performance.

PORTFOLIO OVERVIEW

The SK2 Fund endowment had $26.4M under management at the end of 2025. $16.2M or 61% was held in direct private commitments (our "impact portfolio"), spread over 60 investees. The remainder of the endowment is invested in publicly traded stocks, bonds, and funds (our "values portfolio").

We believe much greater impact is possible through direct private investments, while we generally expect higher returns and increased liquidity from the publicly traded portfolio. Finding the right balance between both is essential to ensuring SK2 meets its operational and sunset goals, but the common thread for all investments is impact and values alignment.

SK2'S ENDOWMENT PERFORMANCE, BROKEN DOWN BY ASSET CATEGORY:

CASH FOR IMPACT

Money Market and Certificate of Deposit (CD) instruments with local, regional, and national banks and credit unions, often Community Development Finance Institutions (CDFIs) with mandates to make loans to minority and historically disinvested populations--those who struggle to access capital from big banks and mainstream lenders. SK2 has 7 holdings in Impact Cash, totaling over $2M.

The return for our cash investments in 2025 was 2.9%. Over the last 3 years the annualized return was 2.8%.

FIXED INCOME

This category includes two investment types:

1. **Direct small business loans** made to individual social enterprises, overwhelmingly in emerging economies. We have 16 small business investments in this category totaling $428K. The average loan term is 3.4 years. The direct loans returned 4.2% in 2025 and 3.9% over the last 3 years.
2. **Fixed Income funds** make loans to social enterprise of varying size, aligned with SK2's mission. We have 21 funds in this category totaling $6.9M. Average loan term is 6.3 years.

The aggregate estimated return for our fixed income investments in 2025 was 5.1%. Over the last 3 years it averaged out to 4.8%.

IMPACT REAL ESTATE

Direct investments in real estate. This can include support for affordable housing, green buildings, regenerative agriculture, or accessible financing for a high impact organization. We currently have 2 small business investments in this category totaling $539K. Average loan term is 11.2 years.

The aggregate estimated return for our impact real estate investments in 2025 was 2.0%. Over the last 3 years it was 2.0%.

PUBLIC EQUITIES

Publicly traded stocks and bonds and funds screened and selected for ESG (environmental, social, and governance) leadership in their industries. In addition, SK2 (through As You Sow) and our largest public equity fund managers are very active in progressive shareholder advocacy. Public equity holdings currently total approximately $12M.

The aggregate return for public equity investments in 2025 was 13.4%. Over the last 3 years it returned 12.1%.

▶ PRIVATE EQUITY FUNDS

Investments in venture funds investing in social enterprise. These positions are often challenging to calculate returns from, as the value of the largely illiquid underlying investments can be somewhat subjective and volatile. The funds have 10+ year terms and typically target market rate returns. The bulk of our private equity fund investments are 4-5 years into their tenure.

The estimated return for the private equity investments in the portfolio as of 2025 is 1.1x Total Value to Paid in Capital (TVPI). This measures realized distributions and unrealized portfolio value relative to the amount of capital contributed by SK2 Fund.

FINAL THOUGHTS

We remain confident that the above allocations and returns will enable us to meet our expenses while maximizing impact over the long term. This is our goal, to activate all of our assets to accelerate a transition to a more equitable and sustainable world.

BLACK FARMER FUND

SK2 Fund wishes to thank our advisory, co-investment, and advocacy partners for their shared commitment to catalyzing greater social and environmental impact.

3rd Creek

PO Box 45334
Boise, ID 83711 USA

SK2 FUND

info@sk2fund.org
sk2fund.org

SK2 Fund is a 501(c)(3) organization.