Investment Policy

Objectives

1. To produce a long-term real (inflation adjusted) rate of return that provides sufficient funds to meet the Foundation’s:
   a. Legally required grantmaking target
   b. Reasonable and necessary expenses
2. To invest in a well-diversified global investment portfolio that produces an attractive rate of return relative to its risk consistent with the requirements above.

General Standards of Care

The management and investment of the Foundation’s assets shall meet the standards of care outlined by the Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) and Treasury Regulations Section 53.4944-1(a)(2) (regarding “jeopardizing investments”). Highlights of the UPMIFA standards include the following:

a. In managing and investing its assets, the Foundation may incur only costs that are appropriate and reasonable in relation to its assets, the purposes of the Foundation and the skills available to the Foundation.

b. The Foundation’s assets shall be managed and invested in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

c. Among other factors, the following must be considered in the management and investment of the Foundation’s assets:
   i. general economic conditions,
   ii. the possible effects of inflation or deflation,
   iii. any expected tax consequences,
   iv. the role each investment or investment course of action plays within the overall investment portfolio,
   v. the expected total return from income and appreciation, and
   vi. the needs of the Foundation to make distributions and preserve capital.

d. Decisions regarding individual assets must not be made in isolation, but rather in the context of the Foundation’s portfolio of investments as a whole and as part of an overall investment strategy that has risk and return objectives reasonably suited to the Foundation.

e. Absent special circumstances, the Foundation’s investments must be diversified and, subject to the standards outlined above, may be invested in any type of investment.

f. The Foundation is authorized to delegate the management and investment of the Foundation’s assets to outside investment managers, provided that in selecting, retaining and reviewing the performance of such managers
the Foundation acts in accordance with the standard of good faith and prudence referenced in paragraph b above.

The Treasury Regulations require that Foundation managers shall exercise ordinary business care and prudence, under the facts and circumstances prevailing at the time of making each investment, in providing for the long- and short-term financial needs of the Foundation to carry out its charitable and educational purposes.

Avoidance of Self-Dealing

The management and investment of the Foundation’s assets shall also comply with the Foundation’s Policy on Self-Dealing, taking into account the private letter ruling issued by the Internal Revenue Service to the Foundation concerning the retention of GP Brinson Investments by the Foundation.

Endowment Benchmark

The Multiple Markets Index (MMI), a diversified global markets index, is the “normal” portfolio for the Foundation. The portfolio’s risk and return will be measured against the MMI over a full market cycle. The MMI composition and ranges are shown below:

<table>
<thead>
<tr>
<th>Market Allocation</th>
<th>Normal Weight</th>
<th>Ranges (95% Frequency)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Equities</td>
<td>55%</td>
<td>+/- 30%</td>
</tr>
<tr>
<td>Developed Markets</td>
<td>48.1%</td>
<td></td>
</tr>
<tr>
<td>Emerging Markets</td>
<td>6.9%</td>
<td></td>
</tr>
<tr>
<td>Private Markets</td>
<td>5%</td>
<td>+/- 5%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>10%</td>
<td>+/- 5%</td>
</tr>
<tr>
<td>Global Bonds</td>
<td>25%</td>
<td>0 to +30%</td>
</tr>
<tr>
<td>High Yield Bonds</td>
<td>3%</td>
<td>0 to +10%</td>
</tr>
<tr>
<td>Emerging Market Debt</td>
<td>2%</td>
<td>0 to +10%</td>
</tr>
<tr>
<td>Cash Equivalents</td>
<td>0%</td>
<td>0 to +50%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

From time to time, the Board of Directors may adopt one or more benchmark index components within each market allocation class to ensure proper representations of that asset class.

Expected Long-Term Real Rate of Return

The expected long-term real (inflation-adjusted) rate of return for the MMI is between 4.0% and 4.50% per annum over a full market cycle. The actual rate of return the Foundation will experience will vary considerably depending on market conditions and active investment management strategies.
Investment Management

1. The Board of Directors retains the right to secure and release external investment managers for the Foundation. The Board of Directors may choose to delegate this authority to the appropriate Director or staff member.

2. Prior to the hiring of any investment manager, the Foundation shall enter into an investment management agreement detailing the investment guidelines, reporting requirements and fees.

3. Periodically, representatives of the investment manager shall meet with the Foundation’s Directors and/or staff to review the portfolio.

Approved: May 9, 2012