



FUND INVESTMENT & ADMINISTRATION

INVESTMENT OF YOUR FUND

The Pittsburgh Foundation is committed to prudent investment management programs and fiscal policies, which it believes will lead to the long-term growth of endowment fund principal and will also provide a consistent level of annual grants to charity.

Our Investment Committee, which is appointed by the Foundation's Board of Directors, is charged with designing, administering, and monitoring the results of these investment programs and fiscal policies. At regular intervals, the Foundation's Investment Committee evaluates the performance of the portfolio and the component investment managers relative to stipulated benchmarks and against national peer institutions.

Our investment goal is to maximize total return in any combination of its income or capital appreciation components. We believe this approach provides the fewest constraints on our investment managers and therefore, puts us in a better position to demand superior investment performance results.

INVESTMENT PROGRAMS

The investment programs of The Pittsburgh Foundation provide donors with the flexibility to align the investment risk of their charitable fund with their intended philanthropic purpose. The primary investment program is the Foundation's Legacy Funds - three investment strategies consisting of a Perpetual Fund, Intermediate Fund and Grantmaking Fund - across which a charitable fund can be allocated.

In addition to the Legacy Funds program, for donors with an existing investment advisory relationship, the Foundation may be able to work with that advisor either through the American Funds program or a customized approach.

PERFORMANCE REPORTING

Performance on the investment of all funds are reported net of investment management fees on a quarterly basis. Performance is reported only for quarters during which an investment was held for the entire quarter. Summary performance reports are provided separately from the Fund Statement.

Performance is reported on a total investment fund basis. Individual component fund performance will vary depending upon the actual cash flows of donations and grants. Participation in the returns of the fund are based on a monthly time weighted average.

SPENDING POLICY

If we are to satisfy our organizational mission, this total return investment strategy must be complemented by what is commonly known as a spending policy. A spending policy determines the percentage of the fund balance available for grantmaking and other fund expenses in the coming year. The spending policy rate is set each year by the Board of Directors and is aimed at satisfying two complementary goals:

- To maximize grant dollars to address community needs. The practical application of the spending policy results in a Grantmaking Budget for each fund.
- To ensure, over time, that the growth of each fund's principal assets meets or exceeds the annual advance in the Consumer Price Index. As a result, grant distributions from each fund to charity ten years from now will have the same purchasing power as today's grants.

HOW THE SPENDING POLICY RATE IS APPLIED

Depending on the fund type, the spending policy rate ranges from 5.0 to 5.5 percent of a rolling 36 month average of the principal market value of each fund. Each September 30th, the grantmaking budget for every fund is calculated for the following year.

Accordingly, donors can, but are not required to suggest grants out of this amount in the following year, plus any unspent dollars from the current year. Additionally, donors whose funds allow for invasion of principal are not limited to the spending policy amount.

ADMINISTRATIVE GRANT

There is no charge for establishing a fund at The Pittsburgh Foundation. Generally, funds managed by the Foundation are charged an annual TPF administrative grant, which varies depending on the type of fund established. This administrative grant is calculated on an annual basis, using the rates listed below applied to a rolling 36 month average of the total market value of each fund, and deducted from the fund's principal balance quarterly.

The TPF administrative grant schedule is as follows:

| FUND TYPE | ADMINISTRATIVE GRANT | COMMENT |
|-------------------|----------------------|--------------------------|
| Agency Endowment | 0.85% | Fund minimum is \$50,000 |
| Designated | 0.85% | |
| Donor Advised | 0.50% to 1.00% | See attached schedule |
| Field of Interest | 1.10% | |
| Medical Research | 1.50% | Fund minimum is \$25,000 |
| Scholarship | 1.50% | Fund minimum is \$25,000 |
| Undesignated | 1.10% | |

FUND ACCOUNTING AND CONTRIBUTIONS

For record-keeping purposes, charitable funds at the Foundation will be comprised of the balances in the Legacy, Intermediate and Grantmaking investment funds. The initial allocation is set at the formation of the fund on the Investment Option Worksheet. This allocation will change over time as each balance experiences its own investment returns and cash flows. As subsequent contributions are received the donor may allocate contributions to each investment option, provided the balance in the Legacy Perpetual Fund remains above \$10,000.



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ADMINISTRATIVE GRANT SCHEDULE

The Pittsburgh Foundation Administrative Grant Calculation

Administrative grant is based on the twelve quarter average market value of your fund. There is a \$250 annual minimum administrative grant for all funds.

Administrative Grant Schedule for Donor Advised Funds

| ASSET VALUE | RATE |
|--------------------------|-------|
| \$ — 1,000,000 | 1% |
| \$1,000,001 — 2,000,000 | 0.85% |
| \$2,000,001 — 5,000,000 | 0.70% |
| \$5,000,001 — 10,000,000 | 0.60% |
| \$ > 10,000,001 | 0.50% |

ADMINISTRATIVE GRANT SCHEDULE EXAMPLES

Calculated on a \$10,000 fund is:

| ASSET VALUE | RATE | ANNUAL ADMINISTRATIVE GRANT |
|-------------|------|-----------------------------|
| \$10,000 | 1% | \$250* |

Calculated on a \$15,000 fund is:

| ASSET VALUE | RATE | ANNUAL ADMINISTRATIVE GRANT |
|-------------|------|-----------------------------|
| \$15,000 | 1% | \$250* |

Calculated on a \$25,000 fund is:

| ASSET VALUE | RATE | ANNUAL ADMINISTRATIVE GRANT |
|-------------|------|-----------------------------|
| \$25,000 | 1% | \$250 |

Calculated on a \$500,000 fund is:

| ASSET VALUE | RATE | ANNUAL ADMINISTRATIVE GRANT |
|-------------|------|-----------------------------|
| \$500,000 | 1% | \$5,000 |

Calculated on a \$3,000,000 fund is:

| ASSET VALUE | RATE | ANNUAL ADMINISTRATIVE GRANT |
|-------------|-------|-----------------------------|
| \$1,000,000 | 1% | \$10,000 |
| \$1,000,000 | 0.85% | \$8,500 |
| \$1,000,000 | 0.70% | \$7,000 |
| \$3,000,000 | | \$25,500 |

Calculated on an \$11,000,000 fund is:

| ASSET VALUE | RATE | ANNUAL ADMINISTRATIVE GRANT |
|--------------|-------|-----------------------------|
| \$1,000,000 | 1.00% | \$10,000 |
| \$1,000,000 | 0.85% | \$8,500 |
| \$3,000,000 | 0.70% | \$21,000 |
| \$5,000,000 | 0.60% | \$30,000 |
| \$1,000,000 | 0.50% | \$5,000 |
| \$11,000,000 | | \$74,500 |

*Minimum administrative grant of \$250 applies.