



LEGACY FUND



PHILOSOPHY

Professional expertise and diligent oversight are central to the efficient and effective management of The Pittsburgh Foundation's investments. The Foundation employs professional investment and portfolio managers for the ultimate benefit of the community it serves.

It is a core tenet in the management of our investments that markets are, generally speaking, efficient and that portfolio managers should seek to allocate across asset classes with the beliefs that investors are compensated for taking risk, that equity investments are expected to out-perform fixed income investments, that illiquid/private equities are expected to out-perform liquid/public equities, and that in markets or asset classes where active management cannot reasonably be expected to generate superior net-of-fees performance, passive management is most effective.

The Foundation does not attempt to engage in market timing, due to the unreliable nature of this practice. Instead, we believe that sound risk management is an essential component of any effective investment program with each decision and investment containing an element of risk, including the temptation to take no risk at all. Further, the Foundation seeks to align the investment of its assets with the charitable intent of the donor and the donor's fund, employing varying degrees of liquidity and risk as appropriate. The Foundation also seeks to identify and utilize the best practices which have stood the test of time in the best-managed endowments and foundations, including the prudent management of fees and the avoidance of conflicts of interest. To that end the Foundation employs open architecture principles and aspires to work with best-in-class advisors and managers throughout the investment process.

INVESTMENT STRATEGY

In its perpetual portfolios the Foundation seeks to achieve a return equal to the target spending policy (currently 5.5%) plus an incremental return in excess of inflation – measured as the Consumer Price Index for Urban Consumers. Additionally, the Foundation seeks to avoid the pitfall of home country bias and looks to take advantage of the opportunities available to long time horizon investors. Furthermore, the Foundation employs the well documented effects of diversification throughout its investment strategy. Consequently, the Foundation is invested in domestic, international and emerging market equities (both public and private). Equities are deemed to provide the best inflation adjusted growth component for the Foundation. In an effort to reduce volatility of returns and provide a core inflation component, the Foundation invests significantly in domestic fixed income assets including high yield and inflation protected bonds.

Finally, to capture the potential returns of uncorrelated assets which can also provide protection against inflation, the Foundation invests in real assets – both real estate and commodities – and hedge fund investments.

The Foundation does not directly engage in the use of leverage or derivatives at the portfolio level, but will allow their use by managers who have a demonstrated skill in managing their implementation.

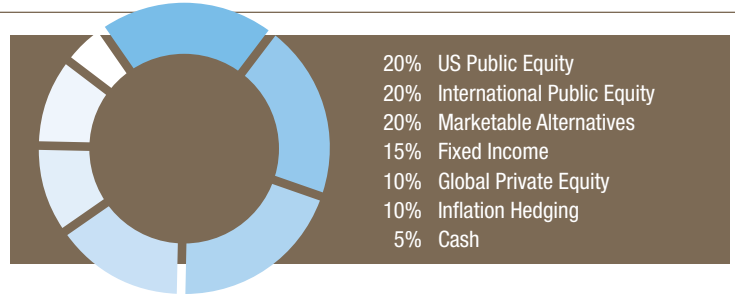
LEGACY FUND COMPONENTS

LEGACY PERPETUAL FUND

Long-term Capital Appreciation Investment Pool. The Legacy Perpetual Fund is a highly diversified portfolio invested across a broad array of asset classes including public and private equities, bonds, and hedge funds. The fund seeks to employ the best investment strategies that combine academic theory, informed market judgment and independent thinking which may include contrarian thinking.

With a perpetual time horizon the fund attempts to take advantage of long-term investment opportunities that may be illiquid in nature and may utilize strategies not available to all market participants. The fund has a target return of inflation plus 5%. Assets of the fund are fully exposed to market risks and may experience significant volatility and principal loss.

Estimated investment management fees: 31 basis points



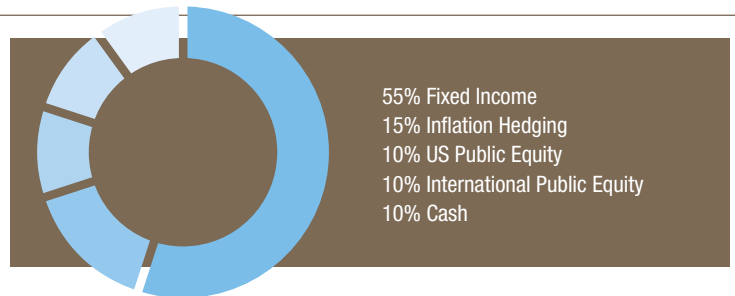
ASSET CLASS	TARGET ALLOCATION
Domestic Equities	20%
International Developed Equities	14%
Emerging Market Equities	9%
Private Equity	10%
Hedge Funds	25%
Inflation Hedge	10%
Fixed Income	12%

LEGACY INTERMEDIATE FUND

The Legacy Intermediate Fund is invested in a diversified portfolio of liquid assets designed to provide stable capital appreciation on a total return basis. The fund seeks to maintain pace with inflation with a target return of inflation plus 2%.

Assets of the fund are fully exposed to market risks and may experience volatility and principal loss. The volatility of the fund is expected to be lower than that of the Legacy Fund. This fund is appropriate for assets that will remain invested with the fund between three and seven years.

Estimated investment management fees: 11 basis points.

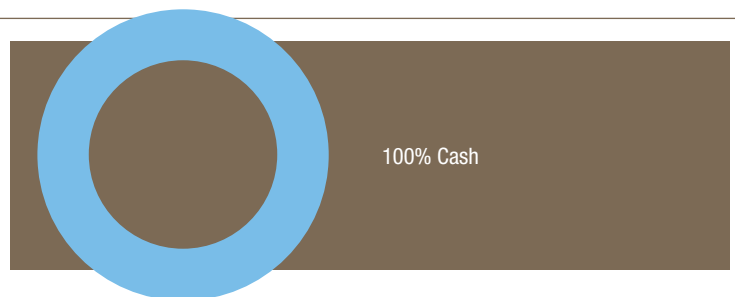


ASSET CLASS	TARGET ALLOCATION
Public Equities	25%
TIPS	15%
Fixed Income	45%
Cash	15%

LEGACY GRANTMAKING FUND

The Legacy Grantmaking Fund is invested solely in cash and cash equivalents with the stated intent to preserve capital. Assets invested with this fund are expected to be distributed as grants within two years.

Estimated investment management fees: 11 basis points.



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A copy of the official registration and financial information for The Pittsburgh Foundation may be obtained from the Pennsylvania Department of State by calling toll free, within Pennsylvania, 1.800.732.0999. Registration does not imply endorsement.