



THE PITTSBURGH  
FOUNDATION™

# The Pittsburgh Legacy Fund

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## Philosophy

Professional expertise and diligent oversight are central to the efficient and effective management of The Pittsburgh Legacy Fund (PLF). The PLF is managed utilizing a combination of academic theory, informed market judgment and independent thinking, which may include contrarian strategies.

It is a core tenet in the management of the fund that markets are, generally speaking, efficient and that the fund seeks 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 fund does not attempt to engage in market timing, due to the unreliable nature of this practice. Instead, the fund believes 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.

The fund seeks to 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

The PLF seeks to achieve a return equal to the target spending policy (currently 5%) plus an incremental return in excess of inflation – measured as the Consumer Price Index for Urban Consumers. Additionally, the fund 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 fund employs the well documented effects of diversification throughout its investment strategy.

Consequently, the fund 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 fund. In an effort to reduce volatility of returns and provide a core inflation component, the fund invests significantly in domestic fixed income assets including high yield and inflation protected bonds.



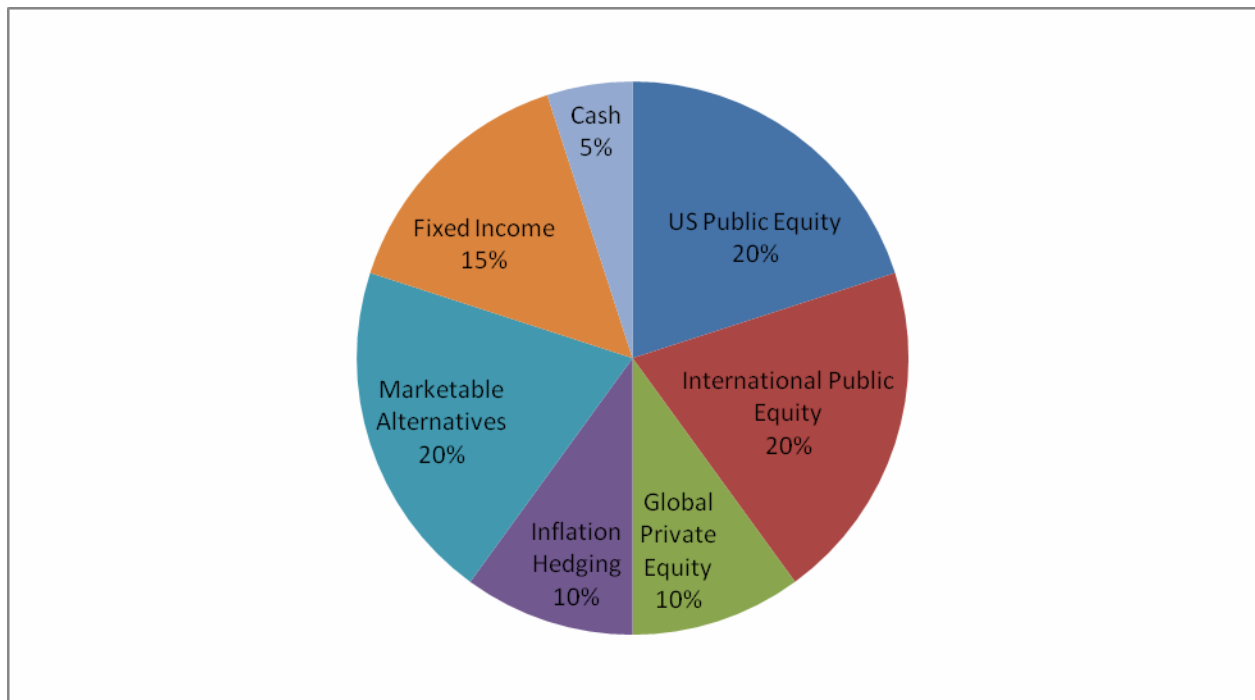
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Finally, to capture the potential returns of uncorrelated assets which can also provide protection against inflation, the fund invests in real assets – both real estate and commodities – and hedge fund investments.

The fund seeks to maintain a zero cash balance and does not directly engage in the use of leverage or derivatives.

### Asset Allocation

Although the asset allocation of the fund will change as the strategic view of the markets change, the current asset allocation of the fund is outlined below.



### Investment Committee Members

The Investment Committee of The Pittsburgh Foundation provides the strategic direction and oversight for the PLF. It is composed of some of the region's best endowment managers and investment professionals. Bios of the investment committee are presented below:

**David McL. Hillman**, Treasurer of The Pittsburgh Foundation's Board of Directors and Investment Committee Chair, is President and Partner of PNC Equity Partners, a private equity fund. Mr. Hillman joined the management training program of PNC's affiliate, PNC Bank, in 1976. He held several positions in the Corporate Banking Division and in 1982 joined PNC's newly-formed Equity Management Corp as



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its co-founder. A Director of Tangent Rail Corporation, Porcelain Industries, The Hilsinger Company, Bacharach, Inc. and The Orthotics Group, Mr. Hillman is also a Board member of The August Wilson Center for African American Culture and the Carnegie Hero Fund Commission.

**Gregory Curtis**, Chairman of the Board of Directors of the Pittsburgh Foundation and an ex-officio member of the Investment Committee, is Chairman of Greycourt & Co. Inc. Greycourt is a \$10 billion firm providing investment advisory services to substantial families and select endowments. Mr. Curtis is a past Chair and current member of the Board of Visitors and Governors of St. John's College in Annapolis, Maryland and Santa Fe, New Mexico. He is also a past Chair and founding Director of The Investment Fund for Foundations.

**William S. Dietrich II** is Chief Investment Officer of the Dietrich Charitable Trusts. He is former Chairman of Dietrich Industries, Inc., a subsidiary of Worthington Industries and Managing Director of Mallard Ltd. A former U. S. Marine, Mr. Dietrich holds an A.B. degree from Princeton University and M.A. and Ph.D. degrees from the University of Pittsburgh. In addition to Worthington Industries, he serves on a number of boards including, Carnegie Mellon University, Greater Pittsburgh Council of the Boy Scouts of America, Chatham College, Pittsburgh Life Sciences Greenhouse, Pittsburgh Symphony Society, the University of Pittsburgh and UPMC Health System.

**Dwight Keating** is Vice President and Chief Investment Officer of the Claude Worthington Benedum Foundation. Previously, he was a Vice President and Director of Five-J Energy. Dwight served as Chairman of the Mining and Reclamation Association of America, and served on the Executive Committee of the National Coal Association. He served as a member of the West Virginia State Board of Investments. He presently serves on the Investment Committees of the Pittsburgh Cultural Trust, University of Pittsburgh, Carnegie Mellon University, and the Strategic Investment Fund, Inc., a private real estate fund. He also serves on the Finance Committee of the Diocese of Wheeling-Charleston. Dwight received his undergraduate degree from Georgetown University and his MBA from Columbia University.

**Amy Krueger Marsh** is Treasurer & Chief Investment Officer of the University of Pittsburgh. Ms. Marsh joined the University of Pittsburgh as Treasurer in 1999 and added the position of Chief Investment Officer in 2006. She is responsible for management and oversight of the University's financial assets and liabilities, including the University's endowment and operating funds, its tax-exempt bond issues and note program, and its daily cash management. From 1983 to 1999, Ms. Marsh was a commercial banker with Mellon Financial Corporation, where she held various management, marketing and lending positions in corporate banking, structured finance and capital markets. Prior to joining Mellon, Ms. Marsh was a manager with AT&T Long Lines in Chicago. She received her M.M. from the Kellogg Graduate School of Management, Northwestern University in 1981 and her A.B. from Wittenberg University in 1978.



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**Peter F. Mathieson** is President and Managing Director of Guyasuta Investment Advisors, a Pittsburgh asset management firm that he helped to found in 1994. Mr. Mathieson is also a Director of The Buhl Foundation, The Pittsburgh Cultural Trust and The Bucknell University Alumni Board.

### **Cambridge Associates**

Cambridge Associates will be acting as the primary investment consultant to The Pittsburgh Legacy Fund, providing investment strategy advice, investment manager due diligence, performance reporting and analytics services to the Investment Committee and staff of the Foundation.

The firm, headquartered in Massachusetts, is a privately held independent consulting firm that provides consulting and investment oversight services to more than 850 clients worldwide. They strive to support global institutional investors and private clients meet or exceed their investment objectives by offering proactive, unbiased advice grounded in intensive and independent research.

Widely recognized as a leading investment consulting firm to sophisticated investors, Cambridge Associates places special emphasis on avoiding conflicts of interest and maintaining independence from money management firms.

For additional information on Cambridge Associates, please visit their website at:

<http://www.cambridgeassociates.com>.

### **BNY Mellon**

The Bank of New York Mellon (BNY Mellon) will be the custodian of the assets of The Pittsburgh Legacy Fund. BNY Mellon is a global financial services company and a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing asset and wealth management, asset servicing, issuer services, clearing services and treasury services worldwide. Headquartered in New York City, BNY Mellon has approximately \$19.5 trillion in assets under custody and administration.

For additional information BNY Mellon and the custody services that they provide please visit their website at: <http://www.bnymellon.com/products/assetservicing/custodyservices.html>.