THE WALLACE FOUNDATION
INVESTMENT POLICY

Amended as of January 1, 2019

1. INVESTMENT GOAL
   The investment goal of The Wallace Foundation (the Foundation) is to earn a total return that will provide a steady stream of income to fund the grant making and operations of the Foundation in support of its mission while preserving the real or inflation-adjusted value of the Foundation’s total investment assets (the Total Portfolio) over long periods of time.

   In an effort to meet this goal, the Foundation maintains a diversified Total Portfolio that is invested in various asset classes and investment styles. As a prudent investor, the Foundation’s asset allocation plan considers the investment standards provided by government authorities and takes into account: general economic conditions; the possible effect of inflation or deflation; the expected tax consequences of investment decisions or strategies; the role that each investment or course of action plays within the overall investment portfolio of the Foundation; any special relationship or value of an investment to the mission of the Foundation; the expected total return of the portfolio, including both income and appreciation of investments; other resources of the Foundation; and the Foundation’s needs to make distributions and preserve capital.

2. INVESTMENT OVERSIGHT
   As described in the Foundation’s Investment Committee Charter, the Investment Committee oversees the management of the Foundation’s investment assets assisted by the Foundation’s staff. The Foundation’s Investment Committee and staff seek to manage and invest the Foundation’s assets in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. In fulfilling these responsibilities, the Foundation’s Investment Committee and staff: conduct regular reviews of its investment policy, asset allocation and investment risks to ensure they are appropriate; conduct regular reviews of the Foundation’s investment fees and expenses to ensure they are reasonable and appropriate; and make reasonable efforts to verify facts relevant to the management and investment of the Foundation’s assets. In addition, the Foundation’s staff meets regularly with each of its investment managers to ensure they are managing the Foundation’s assets appropriately and provides regular updates to the Investment Committee on the Foundation’s investment portfolios.

   The responsibilities of the Foundation’s Investment Committee are described in its Committee charter, which is provided in Exhibit A. The Investment Committee delegates some responsibilities to the Foundation’s investment staff, which may vary over time as described in the Committee charter in Exhibit A and the Asset Allocation Authority Matrix in Exhibit B.
3. POLICY PORTFOLIO

A. Definition

Our Policy Portfolio provides the underlying framework for our investment process. It is allocated among Asset Classes in a mix that is judged to be most appropriate for the Foundation from the perspective of potential return and risk over the long term. Our Policy Portfolio is the outcome of a process that reviews the following factors, among others:

- Long-term risk, return and correlation expectations for each Asset Class and reviews of global economic trends.
- Market Stress Tests that evaluate the expected returns and potential drawdowns for our current and prospective Policy Portfolio allocations in various economic scenarios.
- The results of our quantitative mean-variance optimization model, which identifies efficient asset allocations with expected returns that surpass those of all other portfolios for the same level of risk.
- Current valuations for each Asset Class relative to historical averages.
- Our projected spending for grants and expenses and the relative liquidity of our investments.

A key component of our Policy Portfolio is the establishment of ranges for each Asset Class – and for three aggregations of Asset Classes, namely Total Market Stocks, Total Growth, and Total Liquidity Reserve – that permit our investment staff to exercise their authority, within specified limits, to give a higher weighting to investments and managers with the most favorable outlooks. These ranges are set so their midpoints sum to 100 percent. The upper and lower ends of these ranges are used as triggers for rebalancing our Portfolio.

Our Policy Portfolio also enables us to measure the results of our investment decisions, with a focus on performance over rolling three- and five-year periods.

Our current Policy Portfolio is provided in Section 3.B. and definitions of our Asset Classes are provided in Exhibit C.
3. POLICY PORTFOLIO (continued)
   B. Asset Class Midpoints and Ranges

<table>
<thead>
<tr>
<th>PURPOSE</th>
<th>ASSET CLASS</th>
<th>MIDPOINT</th>
<th>RANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>Market Stock</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>United States</td>
<td>16</td>
<td>11-21</td>
</tr>
<tr>
<td></td>
<td>Developed Markets ex-US</td>
<td>10</td>
<td>5-15</td>
</tr>
<tr>
<td></td>
<td>Emerging Markets</td>
<td>6</td>
<td>3-9</td>
</tr>
<tr>
<td></td>
<td>Global</td>
<td>8</td>
<td>4-12</td>
</tr>
<tr>
<td></td>
<td>Total Market Stock</td>
<td>40</td>
<td>35-45</td>
</tr>
<tr>
<td></td>
<td>Special Equity</td>
<td>6</td>
<td>4-8</td>
</tr>
<tr>
<td></td>
<td>Hedge Funds</td>
<td>17</td>
<td>12-22</td>
</tr>
<tr>
<td></td>
<td>Private Assets</td>
<td>20</td>
<td>15-25</td>
</tr>
<tr>
<td></td>
<td>Total Growth</td>
<td>83</td>
<td>73-93</td>
</tr>
<tr>
<td>Diversification</td>
<td>Stable Return</td>
<td>4</td>
<td>2-6</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>Global Credit</td>
<td>7</td>
<td>3-11</td>
</tr>
<tr>
<td>Liquidity Reserve</td>
<td>US Government Bonds</td>
<td>5</td>
<td>2-8</td>
</tr>
<tr>
<td></td>
<td>Cash</td>
<td>1</td>
<td>0-2</td>
</tr>
<tr>
<td></td>
<td>Total Liquidity Reserve</td>
<td>13</td>
<td>5-10</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

As noted in the Foundation’s Investment Committee Charter in Exhibit A, Section B.1., the Investment Committee has delegated to the CIO the authority to hire and add assets to managers of all types and make commitments to private funds, subject to the investment policies, risk tolerances, reporting requirements, and all other policies approved by the Committee. As part of the Foundation’s policies, the Investment Committee hereby permits the CIO to invest up to 5% of the Total Portfolio in Cash on a 90-day basis, which can be renewed after notification to the Committee, as a result of temporary increases in the Foundation’s Cash Portfolio as a result of account liquidations, economic uncertainty or securities market crises.

4. INVESTMENT RETURN OBJECTIVES
   A. Total Portfolio Return Objective
   The primary long-term investment objective of the Total Portfolio is to generate a return net of all investment management fees that equals or exceeds the Employment Cost Index Plus 5.0% over rolling three- to five-year periods. This return will enable the Foundation to meet its mandated distribution requirements, while maintaining the purchasing power of its principal holdings. The returns on the Foundation’s investments will be evaluated on a total return basis, including both income and capital appreciation.
4. INVESTMENT RETURN OBJECTIVES (continued)

B. Market Portfolio Return Objectives

The long-term investment return objective for our portfolio of marketable investments (Market Portfolio) is to exceed the return of the Policy Portfolio for our Market Portfolio, which is comprised of the market benchmarks shown below, weighted in proportion to the midpoints of each Asset Class in our Market Portfolio, by 100 basis points.

<table>
<thead>
<tr>
<th>PURPOSE</th>
<th>ASSET CLASS</th>
<th>BENCHMARK</th>
<th>MIDPOINT WEIGHT AS A PERCENT OF</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>MARKET PORTFOLIO</td>
</tr>
<tr>
<td>Growth</td>
<td>Market Stock</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>United States</td>
<td>S&amp;P 500</td>
<td>20.00</td>
</tr>
<tr>
<td></td>
<td>Developed Markets</td>
<td>MSCI EAFE</td>
<td>12.50</td>
</tr>
<tr>
<td></td>
<td>Emerging Markets</td>
<td>MSCI EM</td>
<td>7.50</td>
</tr>
<tr>
<td></td>
<td>Global</td>
<td>MSCI ACWI</td>
<td>10.00</td>
</tr>
<tr>
<td></td>
<td>Total Market Stock</td>
<td></td>
<td>50.00</td>
</tr>
<tr>
<td>Special Equity</td>
<td>MSCI ACWI</td>
<td></td>
<td>7.5</td>
</tr>
<tr>
<td>Hedge Funds</td>
<td>HFRI FOF Strategic</td>
<td></td>
<td>21.25</td>
</tr>
<tr>
<td></td>
<td>Plus 50 basis points</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Market Growth</td>
<td></td>
<td>78.75</td>
</tr>
<tr>
<td>Diversification</td>
<td>Stable Return</td>
<td>HFRI Composite</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Plus 50 basis points</td>
<td></td>
</tr>
<tr>
<td>Fixed Income</td>
<td>Global Credit</td>
<td>BC Aggregate Bond</td>
<td>8.75</td>
</tr>
<tr>
<td>Liquidity Reserve</td>
<td>US Government</td>
<td>BC US LT Treasury Bond</td>
<td>6.25</td>
</tr>
<tr>
<td></td>
<td>Cash</td>
<td>BoA 91-Day T-Bill</td>
<td>1.25</td>
</tr>
<tr>
<td></td>
<td>Total Liquidity Reserve</td>
<td></td>
<td>16.25</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td>100.0</td>
</tr>
</tbody>
</table>
4. INVESTMENT RETURN OBJECTIVES (continued)

C. Private Portfolio Return Objectives

The long-term investment return objective for our portfolio of private investments (Private Portfolio) is to exceed the End-to-End benchmark (customized to match its actual sector and vintage year allocation) of the Private Portfolio of our Policy Portfolio.

<table>
<thead>
<tr>
<th>PURPOSE</th>
<th>ASSET CLASS</th>
<th>BENCHMARK</th>
<th>PRIVATE PORTFOLIO</th>
<th>TOTAL PORTFOLIO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>Private Assets</td>
<td>End-to-end dollar-weighted index customized to match actual vintage year allocation</td>
<td>100.00</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td><strong>100.0</strong></td>
<td><strong>20</strong></td>
</tr>
</tbody>
</table>

5. ASSESSING INVESTMENT RISK

The Foundation regularly assesses its Total Portfolio for the risks identified below by conducting the reviews described:

A. Strategic Risk Reviews for our Total Portfolio

1. Total Portfolio Inflation-Adjusted Market Value Review

Comparing the current market value of our Total Portfolio to the market value we would expect to have if our Total Portfolio had generated a return, net of fees, equal to our benchmark, the Employment Cost Index Plus 5.0%, over designated periods. This metric enables us to evaluate changes in the purchasing power of our Total Portfolio.

2. Asset Allocation Review

Comparing our current Asset Allocation to the midpoints of our Policy Portfolio. This metric highlights the over- and underweights in our Total Portfolio.

3. Correlation and Beta Review

Monitors the sensitivity of our Total Portfolio and each Asset Class to global stock market movements, as measured by their correlation and beta metrics to the MSCI ACWI Index.

4. Liquidity Review

Reviews the liquidity of our Total Portfolio in comparison to our Liquidity Coverage Ratio Policy, as provided in Exhibit D, to ensure that our Foundation has the ability to meet its cash needs for grants, expenses and capital calls at all times.
5. ASSESSING INVESTMENT RISK (continued)

B. Strategic Risk Reviews for our Market Portfolio

1. Risk-Adjusted Performance Review
   Reviews the ratio of our Market Portfolio returns to their realized volatility in
   comparison to our Market Portfolio Benchmarks over the trailing three and five years.
   This metric enables us to assess the quality of our risk-adjusted returns.

2. Policy Portfolio Market Scenario Review
   Evaluates how our current Market Policy Portfolio might have performed in selected
   historical market stress scenarios, such as the global financial crisis in 2008.

C. Strategic Risk Reviews for our Private Portfolio

1. Capital Call and Distribution Review
   Enables us to monitor fluctuations in the net cash flow of our Private Portfolio.

2. Capital Commitments
   Monitors the unfunded commitments of our Private Portfolio.

D. Tactical Risk Reviews at the Investment Manager Level

1. Valuation
   Reviews the pricing procedures and valuation policies used by the Foundation’s
   investment managers and custodial trustee before accepting a reported value as fair
   value, and classifies its investments in a fair value hierarchy that conforms to the
   guidance provided by the Financial Accounting Standards Board (FASB).

2. Due Diligence
   Conducts due diligence meetings with the Foundation’s investment managers to review
   their investment staffs, strategies, performance and valuation policies and procedures.
   The Foundation also inquires about the service providers, including auditors, prime
   brokers, fund administrators and custodial trustees, for the Foundation’s private
   investment funds as part of its due diligence process.

3. Leverage
   Prohibits the use of leverage in the Foundation’s separate accounts and monitors the
   leverage used by the private investment funds in which the Foundation invests.

4. Derivatives
   Permits its separate account managers that invest in marketable securities denominated
   in foreign currencies to invest, within prescribed limits, in foreign currency futures,
   options and forwards for currency hedging purposes.

The Foundation monitors the exposure to these and other derivatives, such as interest rate and
credit default swaps, in the private investment funds in which it invests.
5. ASSESSING INVESTMENT RISK (continued)
   D. Tactical Risk Reviews at the Investment Manager Level (continued)

   5. Counterparties
   Inquires about the credit quality of the counterparties used by the Foundation’s managers and conducts an independent check against S&P and Moody’s ratings for these firms.

   6. Securities Lending
   Does not permit securities lending in its separately-managed investment accounts and inquires about the securities lending activities of its private investment funds.

   7. Currency
   Monitors the currency exposure in the Foundation’s separate accounts and private investment funds.

6. SECURITY SELECTION LIMITS FOR MANAGERS

   A. The Foundation’s separate account managers are prohibited from purchasing securities that will create unrelated business taxable income as defined in Section 512 of the Internal Revenue Code of 1986, as amended. This precludes the acquisition of debt financed property including the purchase of securities on margin. However, the Foundation may invest in private investment funds in strategic asset classes that are expected to increase the Foundation’s investment returns and portfolio diversification, including Private Equity, Private Real Estate, Private Energy and Hedge Funds that may generate unrelated business taxable income. The Foundation monitors the unrelated business taxable income generated by the private investment funds in which it invests on a regular basis.

   B. Investment managers are prohibited from investing in any securities which would jeopardize the tax-exempt status of the Foundation as defined in Section 4944 of the Internal Revenue Code of 1986, as amended.

   C. The Foundation’s separate account managers are prohibited from purchasing non-marketable private placements due to their illiquidity. The Foundation monitors the holdings of non-marketable private placements in its private investment funds.

7. PROXY VOTING

   Investment managers will vote proxies for the Foundation in accordance with their respective proxy voting policies.

   The Foundation reviews quarterly reports from each of its separate account managers that describe the proxies voted on the Foundation’s behalf for the quarter and year-to-date and reviews the proxy voting policies of each of its separate account managers annually.
8. **DIRECTED BROKERAGE COMMISSIONS**
Managers are permitted to direct brokerage commissions on their own behalf provided that they have verified that the Manager’s directing of commissions:

- Will not hamper the Manager’s ability to secure the best execution of trades.
- Will fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934. The safe harbor is available only if the Manager has determined in good faith that such amount of commission was reasonable in relation to the value of the brokerage and research services provided by the broker or dealer. Research services are defined as advice regarding the value of securities, the advisability of investing in securities and their availability, and reports on companies, industries, economic trends, portfolio strategy recommendations, and performance measurement services.

Managers are further required to submit quarterly reports which describe the uses of any directed brokerage commissions generated for the Foundation’s accounts.

9. **CUSTODIAL TRUSTEE AND PERFORMANCE MEASUREMENT FUNCTIONS**
A. The Foundation will retain an independent firm to provide custodial trustee services for its separate accounts, which include maintaining records of assets held, executing trades for investment managers and collecting interest and dividends. The custodial trustee will provide monthly reports of assets held, security transactions, income and tax-based capital gains to the Foundation.

B. The Foundation will also retain an independent firm to provide performance measurement services, which include independent calculation of investment manager returns, comparisons to indexes and the calculation and review of relevant portfolio characteristics.

10. **WITHDRAWALS**
Withdrawals from the Foundation’s accounts may be made at the request of representatives of the Foundation, as authorized by the Foundation’s Investment Committee.
EXHIBIT A

INVESTMENT COMMITTEE CHARTER

The Investment Committee of the Foundation’s Board of Directors (the Committee) oversees the management of the Foundation’s assets. The Committee is authorized to:

Section A: Duties and Responsibilities of the Committee

1. Review and approve appropriate investment policies and guidelines for the Foundation’s assets, including allocations among various asset classes, derivative strategies and practices, risk tolerances, and other strategic matters, including development of overall investment targets and benchmarks for each asset class.

2. Recommend to the Board of Directors, jointly with the President, the hiring or firing of the Chief Investment Officer (CIO).

3. Approve the design of the incentive compensation plan for the investment staff (including performance benchmarks) and recommend changes to the plan to the Governance and Compensation Committee.

4. Jointly with the President, conduct the annual performance review of the CIO, and recommend changes in compensation and payouts under the incentive compensation plans to the Governance and Compensation Committee.

5. Delegate investment functions, including without limitation, authority to delegate to the CIO the authority to: hire and fire investment managers and make commitments to private funds, subject to certain limitations and requirements, as provided in Sections B.1. and B.2.; and hire and fire investment research consultants, subject to certain limitations and requirements, as provided in Section B.3.

6. Review and approve: the hiring, firing and budgets for the governance-related investment service providers of the Foundation, which include the following services: private fund accounting; performance measurement; custodial trust; outside legal; and any other services that the Committee may designate. These are classified as governance services since they have important roles in either the valuation and performance measurement of the Foundation’s total portfolio or our compliance with US and foreign investment-related laws and regulations.

7. Review and approve budgets for investment consultant and research services that provide information and advice on the global markets, asset allocation strategies and analysis of individual asset classes. These services are not considered governance services since they do not have a role in the valuation and performance measurement for the Foundation’s total portfolio or our compliance with US and foreign investment-related laws and regulations. The hiring and firing of these service providers has been delegated to the Foundation’s CIO, as described in Section B.3.
8. Annually review all direct and indirect investment fees and fee rates paid by the Foundation for the prior year to ensure they are reasonable in comparison to relevant benchmarks and other factors, including: investment management and carried interest fee rate benchmarks provided by independent industry consultants; and comparisons to investment consulting fees paid by foundations within our investment peer group.

9. Review and approve the Foundation’s investment due diligence procedures that are designed to verify: the existence and proper valuation of the Foundation’s assets, the continuity of key staff at the Foundation’s investment managers and compliance by the investment managers with the Foundation’s investment policies and guidelines.

10. Review the Foundation’s liquidity and cash management practices.

11. Report to the Board of Directors on the investment performance of the Foundation’s total portfolio and the actions taken by the Committee.

12. Approve the Foundation’s investment wire transfer controls.

13. Engage and work directly with appropriate expert advisors as necessary or advisable, including the expenditure of funds for the retention of such advisors.

14. Review disclosures by Board and staff members related to Foundation investment activity that could potentially give rise to a conflict of interest, and follow the Conflicts of Interest procedures described in the Board Member Code of Ethics and Staff Code of Ethics policies, respectively, and promptly report any such determinations made to the Audit Committee.

15. Periodically review the Committee’s responsibilities and recommend any changes to the Governance and Compensation Committee.

16. Perform such other functions as the Board of Directors shall designate from time to time.

The management liaison to the Investment Committee shall be the Chief Investment Officer.

**Section B: Delegations to the Chief Investment Officer**

The Committee hereby delegates to the CIO the authority, within the asset classes approved by the Committee, to:

1. Hire and add assets to managers of all types and make commitments to private funds, subject to the investment policies, risk tolerances, reporting requirements, and all other policies approved by the Committee and the following additional limitations:

   a. **Limitations on Passively-managed Index Fund Investments**

      The Foundation’s investments in passively-managed Index Funds may be increased or decreased by the CIO subject to the limit that the total investments in the relevant Asset Classes, including passively-managed Index Fund accounts and actively-managed accounts, remain within the ranges provided in Section 3.B. of the Foundation’s Investment Policy at the time of investment.
b. **Limitations on Actively-managed Investments**

The Foundation’s CIO is authorized to make investments in Actively-managed accounts within the limits provided in Exhibit 1.

**Exhibit 1**

Limitations on Actively-managed Accounts
Legend: Stock; **Hedge Funds**; Fixed Income

<table>
<thead>
<tr>
<th>Market Assets Class</th>
<th>Per Account</th>
<th>Maximum Invested Assets Plus Subsequent Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market Stock</strong></td>
<td>$50 million</td>
<td>$75 million</td>
</tr>
<tr>
<td><strong>Hedge Funds</strong></td>
<td>$30 million</td>
<td>$50 million</td>
</tr>
<tr>
<td><strong>Fixed Income</strong></td>
<td>$50 million</td>
<td>$100 million</td>
</tr>
<tr>
<td><strong>Private Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sub-Asset Class</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private Equity</td>
<td>$20 million</td>
<td>$75 million</td>
</tr>
<tr>
<td>Private Energy &amp; Real Estate</td>
<td>$20 million</td>
<td>$50 million</td>
</tr>
</tbody>
</table>

These limitations on amounts apply to the total value (including the proposed investment) with the fund or manager at the time the investment is made; they are not limits to which the investment must be reduced if market appreciation increases the assets under management by the fund or manager. Investments in multiple products at a single Market Asset Manager are permitted. However, the total assets invested with a single Market Asset Manager should generally not exceed 10% of the Foundation’s Total Portfolio. Increases above that level are permitted on a temporary basis if they are caused by market appreciation.

2. Fire managers of all types and asset classes, and to withdraw proceeds from terminated managed accounts for transfer to other approved accounts of the Foundation, without limitation.

3. Hire and fire investment consultants and research services that provide information and advice on the global markets, asset allocation strategies and analysis of asset classes, subject to remaining within the budgets for these services approved by the Committee. These services are not considered governance services, as described in Sections A.7 and A.8.
Section C: Other Responsibilities of the Chief Investment Officer

The Committee hereby designates the following additional responsibilities of the CIO:

1. Reporting Responsibilities
   The CIO will provide the Committee with reports on the performance of the Foundation’s Total Portfolio and each Asset Class and investment manager at each Committee meeting and quarter end. In addition, the CIO will provide an analysis of the performance and prospects for each individual Asset Class and investment manager in the portfolio at least annually.

2. Adherence to the New York Not-for-Profit Corporation Law
   In carrying out his or her duties, the CIO shall adhere to the guidelines set forth in the New York Not-for-Profit Corporation Law Sections 554 (“Delegation of Management and Investment Function) and 552 (“Standard of Conduct in Managing and Investing in Institutional Funds”).

Approved by the Investment Committee on October 29, 2018 with an Effective Date of January 1, 2019
# EXHIBIT B
## ASSET ALLOCATION AUTHORITY MATRIX

<table>
<thead>
<tr>
<th>PURPOSE</th>
<th>INVESTMENT COMMITTEE ASSET CLASS</th>
<th>CIO SUB-ASSET CLASS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>United States Stock&lt;br&gt;Developed Markets ex-US Stock&lt;br&gt;Emerging Markets Stock&lt;br&gt;Global Stock</td>
<td>No Sub-Asset Classes</td>
</tr>
<tr>
<td>Special Equity</td>
<td>Biotech Stock&lt;br&gt;Energy Stock</td>
<td></td>
</tr>
<tr>
<td>Hedge Funds</td>
<td>Long/Short Equity&lt;br&gt;Credit&lt;br&gt;Multi-strategy</td>
<td></td>
</tr>
<tr>
<td>Private Assets</td>
<td>Private Equity&lt;br&gt;Buyout/Growth Equity&lt;br&gt;Venture Capital&lt;br&gt;Secondary Funds of Funds&lt;br&gt;Primary Funds of Funds&lt;br&gt;Private Energy&lt;br&gt;Private Real Estate</td>
<td></td>
</tr>
<tr>
<td>Diversification</td>
<td>Stable Return</td>
<td>Global Macro Systematic Relative Value</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>US Government Bonds&lt;br&gt;Global Credit&lt;br&gt;Cash</td>
<td>No Sub-Asset Classes</td>
</tr>
<tr>
<td>Liquidity Reserve</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
EXHIBIT C
ASSET CLASS DEFINITIONS

The definitions for each of our Asset Classes are provided beginning below.

1. Market Stock Asset Classes
   Investments with managers that invest in exchange-traded equity and equity-like securities (e.g., common stock, preferred stock, and convertible bonds) of public companies. The Foundation has four Market Stock Asset Classes, whose midpoints and ranges are approved by the Foundation’s Investment Committee, as noted in Section 3.B. of the Investment Policy.

   United States Stock
   Developed Markets Ex-US Stock
   Emerging Markets Stock
   Global Stock

   The Foundation has hired Stock managers that focus their investments on public companies that are domiciled and traded in the geographic regions shown above.

2. Special Equity
   Investments with managers that provide superior risk-adjusted returns in strategies and structures that do not fit well in other asset classes due to high volatility, illiquidity, or both. Managers in this asset class generate returns that significantly exceed the returns of the major global stock market indexes over long periods of time with high volatility. These managers often experience significant market value drawdowns over time periods of varying length due to the idiosyncratic nature of their investment universes. Investment firms that specialize in Market Stocks in the Biotech or Energy sectors are examples of managers in this category.

3. Hedge Fund
   Investments with managers pursuing several different investment strategies intended to produce returns largely correlated with the equity markets at lower risk, typically using a combination of leverage, short sales, hedging with derivatives, arbitrage, and private investments. The funds share similar legal and fee structures, usually involving a degree of illiquidity and the presence of both management fees and carried interests. Permitted Growth Hedge Fund sub-asset classes include:

   • Long/Short Equity
     Long and short equity investments in publicly-held companies.

   • Credit
     Investments in distressed and restructuring company debt and post-reorganization equity.
• **Multi-Strategy**
  Investments in Long/Short Equity, Credit, Relative Value (focuses on valuation discrepancies in the relationship between equity, fixed income and other securities) and Event Driven (investing in companies that are currently, or have the potential to be, involved in corporate transactions).

4. **Private Assets**
Investments in illiquid limited partnerships and similar funds that make direct investments in private companies or real estate or conduct buyouts of public companies that result in the delisting of those companies from market exchanges. We invest in several types of Private Assets as described below.

• **Buyout/Growth Equity**
  Control or Minority investments in mature private or public firms that may be undergoing fundamental changes in operations or strategy or need additional capital for growth. Target companies generally have profits, positive cash flows and assets that can serve as collateral for debt, which is important since high levels of leverage are common for this strategy. Unit economics are generally evaluated by potential investors using traditional financial statement and cash flow analyses.

• **Venture Capital**
  Minority investments in private companies that generally do not have a commercial grade product and cannot support debt. The main categories include:

  **Early Stage Venture** focuses on a product or service concept conceived by an entrepreneur. Investments are made in companies that generally have no revenues or profits, negative cash flows and limited assets. Because these are first institutional investments in startup companies, initial investments are often Series A investments below $5 million.

  **Late Stage Venture** invests in companies with some revenues and, in some cases, profits and assets. Because these are follow-on institutional investments in startup companies, the initial investments are often Series C investments less than $10 million.

• **Private Energy**
  Investments in illiquid limited partnerships and similar funds that make direct investments in energy companies and/or energy projects, including exploration, production, refining and transportation.

• **Private Real Estate**
  Investments in illiquid limited partnerships and similar funds that make direct investments in the management or development of commercial, industrial, and residential real estate projects and land.
5. **Stable Return**
Managers that generate positive, mid-single digit returns over long periods of time with moderate volatility. These managers often minimize volatility due to their use of sophisticated hedging strategies. Investment firms that specialize in Global Macro Systematic and Relative Value strategies are examples of managers in this category, as noted in the definitions provided below.

- **Global Macro Systematic**
Investments in strategies that rely on mathematical, algorithmic models that analyze movements in global economic variables or prices. The two major types of models include: fundamental models that seek to predict the impact of economic variables on equity, fixed income, currency and commodity markets; and CTA models that seek to identify trends in prices. Managers that use these strategies rely primarily on their models with limited scope for staff judgment on portfolio positioning.

- **Relative Value**
Investments in a range of strategies that analyze spreads between securities that share financial and economic characteristics to identify deviations from historical relationships. These investments benefit when discrepancies in these spreads are recognized by the market.

6-8. **Fixed Income – Liquidity Reserve**
The next three asset classes, US Government Bonds, Global Credit and Cash, constitute the Portfolio’s Liquidity Reserve. These are investments with managers that use traditional fixed income investment strategies in global investment grade and high yield markets. These managers generate returns with moderate volatility and low sensitivity to global equity markets. They may invest in government, corporate, asset-backed and other fixed income sectors and related derivatives. These managers do not use short sales or private investments but may use derivatives for hedging purposes. The funds in which we invest in these asset classes have daily liquidity, management fees, no carried interest and two types of structures: 1) separate accounts under custody with the Foundation’s custodial trustee; and 2) mutual fund structures that have management fees with no carried interests.

6. **US Government Bonds**
Investments in fixed-interest debt securities issued and backed by the full faith and credit of the US government or by its agencies with maturities ranging from 6 months to 30 years.

7. **Global Credit**
Investments in a broad range of securities issued by governments, government agencies, corporations, and financial institutions in the United States and other countries. These securities include investment grade, high yield, defaulted debt, and preferred stock. They may be publicly or privately traded and carry a fixed, floating, or zero-coupon structure. The final maturity of such investments is generally one to thirty years but may extend longer.

8. **Cash and Cash Equivalents**
Investments in high quality obligations that mature within two years, including US government and agency securities, certificates of deposits and time deposits of US and foreign banks, commercial paper, and other high-quality obligations of US or foreign companies.
EXHIBIT D

LIQUIDITY COVERAGE RATIO POLICY

The Foundation defines:

- Liquid Assets as assets that can be converted to cash in six months or less; and
- Coverage Ratio as Liquid Assets divided by the sum of the Foundation’s unfunded Private Asset commitments plus 10% of the current endowment value.

Ten percent of the current endowment value represents two years of projected spending at the Foundation’s target draw of 5%. If a severe market downturn occurs and persists without at least a partial recovery, the Foundation would reduce grant spending – making the dollars represented by 10% of the beginning endowment value likely to cover more than two years of spending. The Coverage Ratio will enable the Foundation to develop a “glide path” to reduce grants while minimizing the harm to the programs it supports.

The following actions will be taken based on the Coverage Ratio:

<table>
<thead>
<tr>
<th>Coverage Ratio</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.2 and above</td>
<td>The only restrictions on new Private Asset commitments that apply are those listed in the Delegation of Authority limits in the Committee charter.</td>
</tr>
<tr>
<td>1.5 to 2.2</td>
<td>Delegated authority to the CIO to make new Private Asset commitments is suspended; new commitments to Private Assets require IC approval</td>
</tr>
<tr>
<td>Below 1.5</td>
<td>Moratorium on new Private Asset commitments</td>
</tr>
<tr>
<td></td>
<td>Consider sales of some limited partnership interests in Private Assets on the secondary markets</td>
</tr>
</tbody>
</table>