



We seek to form strong, collegial and collaborative relationships with the people we serve.



EDUCATION  
GRANTEE

**Mikva Challenge**

Mikva's Teen Health Council empowers teens to develop and promote policy changes involving critical health issues in their schools.



EDUCATION  
GRANTEE

**Chicagoland  
Entrepreneurial Center - 1871**

CEC helps promising entrepreneurs build businesses that promote economic development and civic leadership in the Chicago area.





BOARD SPECIAL  
INTEREST GRANTEE

**National Museum of Wildlife Art**

Since 2003, the Foundation's grants have helped the Museum enrich and inspire appreciation and knowledge of humanity's relationship with nature.



## PRESIDENT'S LETTER

Despite the enormous odds that face educators, researchers, program providers and sector advocates, our grantees and significant segments of the wider nonprofit sector continue to generate remarkable programs, findings and outcomes.

Dear Friends and Colleagues:

In my February President's letter that currently appears on our newly redesigned website, I summarized some of the important projects and initiatives we recently completed. These include the accomplishment of our 15<sup>th</sup> year of grantmaking in which we surpassed the \$50 million mark in aggregate grants; our Board's strategic review of our focus areas and goal statements; and the full implementation of an annual grant portfolio review process. While the letter highlighted our work over the past year, it did not address recent developments in the nonprofit sector that I believe merit comment.

As I review our grant portfolio and think about the myriad of issues our grantees seek to address every day, I cannot help but feel a sense of awe for the immense dedication and commitment that is exhibited in the face of what are sometimes daunting challenges. It is a privilege to work in a field that exhibits such a broad-based commitment to enhancing human knowledge and potential.

That being said, the work of the non-profit sector is never easy and frequently full of setbacks as new ideas are tested and often fall victim to unanticipated circumstances and outcomes. Impact can rarely be measured in the short term as solutions are typically observed over a period of years.

The work is hard enough without the distraction and obstacles that tend to accompany public sector infighting, miscalculation and blunder. In Illinois, we have become the poster child of public sector dysfunction, although in

many ways Springfield is merely a microcosm of the equally discouraging situation in Washington, D.C.

Many nonprofits also encounter undue friction with their own stakeholders. Despite the need to work with governing boards that sometimes fail to understand the complex dynamics of running a successful nonprofit; funders that may seek an inappropriate level of influence over programmatic priorities; or pundits that constantly suggest "better" ways to deliver services; most nonprofits manage to produce extraordinary results.

While it would be easy to use this platform to point fingers, that is not the message I seek to convey. My goal is to highlight the fact that despite the enormous odds that face educators, researchers, program providers and sector advocates, our grantees and significant segments of the wider nonprofit sector continue to generate remarkable programs, findings and outcomes. Those of us who are fortunate enough to work in the sector and see these results on a regular basis should do more than fund this work. We should strive to do a better job of recognizing their accomplishments, particularly in difficult times.

I for one hope to focus much more attention in the coming year on championing the excellent work of the organizations we fund. Thankfully, I have plenty of great material and examples with which to work.

Sincerely,



James D. Parsons  
*President*

## FOUNDER'S STATEMENT

The fact that the Foundation is a U.S.-based organization should not prevent it from defining its role in a global context if that can be accomplished without compromising our standards of practice.

I was born in 1943 and raised in a small home just south of Seattle, Washington. My father was a bus driver and my mother a store clerk. My parents had meager financial income and little resources to cover the costs of raising three boys. I was an average student early in life but realized that I needed an advanced education if I was to break away and achieve my goals of financial independence. I was fortunate to be able to achieve success in the investment management world and eventually formed Brinson Partners where I applied my experience and training until my retirement in 2000. The Brinson Foundation was created in 2001 as the residual result of my decisions regarding wealth transfer to my heirs. After addressing the interests of my family, including a limited generational line of heirs that follow; the remaining fraction of my wealth goes to the Foundation for philanthropic purposes.

In point of fact, I am placing limits on the size of wealth transfer to my heirs. My reasons for limiting the size of the wealth transfer for my heirs stem from my strong belief that "excessive" amounts of this form of largess diminish individual initiative and self esteem. If I had no opinion with respect to limiting the size of wealth transfer to my heirs, there would be no Foundation.

The Brinson Foundation has been funded to date with approximately \$100 million and is likely to receive considerable future funding; the size of which will be a function of investment returns, targeted allocations for my heirs and deductions for estate taxes and administrative expenses. The government's estate tax policy will not impact the size of the wealth transfer to my heirs, but will impact

the remaining residual for philanthropy. Higher estate tax rates will mean less for philanthropy; lower rates will mean more. If estate taxes become onerous, there will be no further funding for the Foundation at my expiration other than that already included in my estate plan.

My reasons for creating the Foundation as distinct from pursuing personal philanthropic activity are twofold:

- » The Foundation provides a formal structure for the family to interact as members of the board of directors and to work cooperatively with each other in shaping the direction of our philanthropic interests.
- » The Foundation can have more of a targeted and focused set of priorities that can evolve with the family's growing knowledge and understanding of philanthropic initiatives. In this sense, my personal beliefs stand a better chance of surviving with the passing of time.

The assets of the Foundation must be considered a scarce resource with an investment objective of moderate risk that should satisfy the goal of earning a 4.0% to 4.5% real (inflation adjusted) return over time. This moderate risk objective is to be defined at the aggregate portfolio level and derived from a globally diversified asset mix across all investible asset classes. I am not concerned with the risk of individual securities or asset classes, but only with the aggregate risk of the entire portfolio which is "optimal," expressed in terms of return per unit of risk. With a payout requirement set by law at 5%, this investment goal suggests that there will likely be some diminishment in the real value of the assets for





EDUCATION  
GRANTEE

**Room to Read**

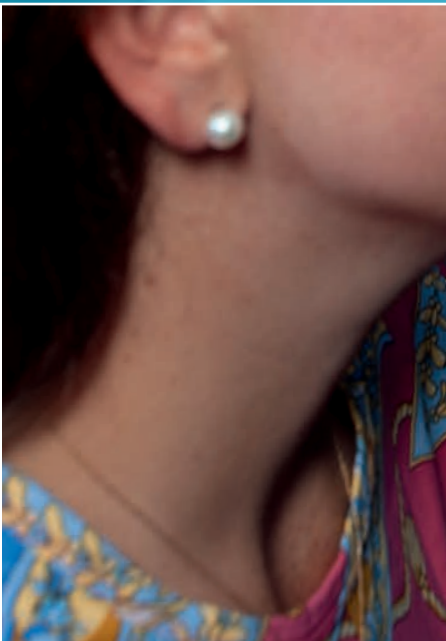
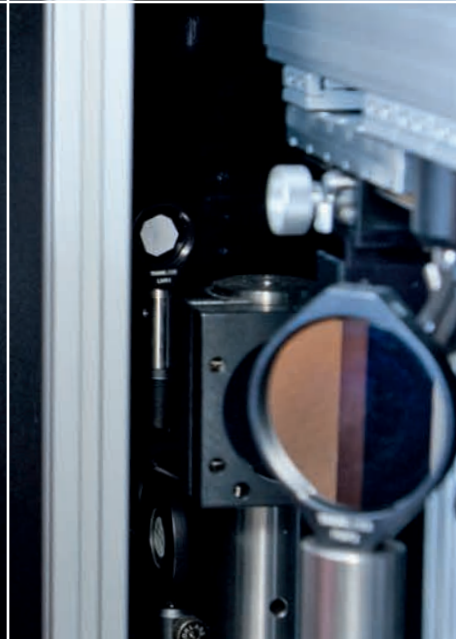
Room to Read has extended the reach of its international literacy programs to 10 million children across the world.



SCIENTIFIC  
RESEARCH GRANTEE

**Northwestern Memorial  
Foundation**

In 2015, our grant  
supported young researchers  
in the fields of stroke and  
vision loss research.



## FOUNDER'S STATEMENT

Science, scientific research and rational thinking should always receive the Foundation's attention and grantmaking support.

future years. Adopting a more aggressive risk profile is not appropriate as I view the risk of shortfalls in returns to be more detrimental for grantees than any benefits from higher returns. I believe foundations should always keep this "utility function," as economists call it, firmly in mind.

Some of my personal beliefs which guide the grantmaking activities of The Brinson Foundation are noted below:

- » The embracement of philanthropy is different than that of charity. The Foundation should avoid "charitable grantmaking," by which I mean grants that deal with symptoms rather than causes.
- » The scope of the Foundation's activities should be as narrow as possible given the diverse interests of its directors. My hope is that, over time, the Foundation will operate with a limited set of priorities and strive to make an impact and contribution within that self constrained focus. These priorities will likely change and evolve over time. Maintaining a discipline of a narrow set of focus areas will be a necessary challenge.
- » I am a libertarian who values individual liberty and what Ayn Rand calls objectivism. I am convinced of the merits of Darwinism and deeply troubled by the general societal ignorance of this reality as it relates to the development of mankind. I am opposed to all forms of egalitarianism that try to diminish individual freedom in the name of some misplaced societal notion. Equal opportunity, which I support, does not mean equal results for all, which I oppose. The Foundation should stress the importance of individual accountability for action or inaction.
- » Science, scientific research and rational thinking should always receive the Foundation's attention and grantmaking support.
- » The fact that the Foundation is a U.S.-based organization should not prevent it from defining its role in a global context if that can be accomplished without compromising our standards of practice.
- » Sensible funding of "higher risk" programs where the likelihood of failure is evident is appropriate for a moderate portion of the grantmaking portfolio.
- » I have worked closely with the other directors to ensure that my personal convictions are reflected in the Foundation's grantmaking guidelines. These include my view that we should avoid funding religious and "faith based" programs; my preference for market-based solutions over government programs; my belief that medical research should focus on quality of life rather than the extension of life; and my opposition to racial, ethnic and gender specific programs (excluding medical) as a result of my fervent belief that discrimination of any form is antithetical to mankind's progress and further evolution.



Gary P. Brinson  
*Founder and Chairman of the Board*

## OUR MISSION

The Brinson Foundation is a privately funded philanthropic organization that provides an opportunity to focus our family's common interests in encouraging personal initiative, advancing individual freedoms and liberties and positively contributing to society in the areas of education and scientific research.

## OUR VISION

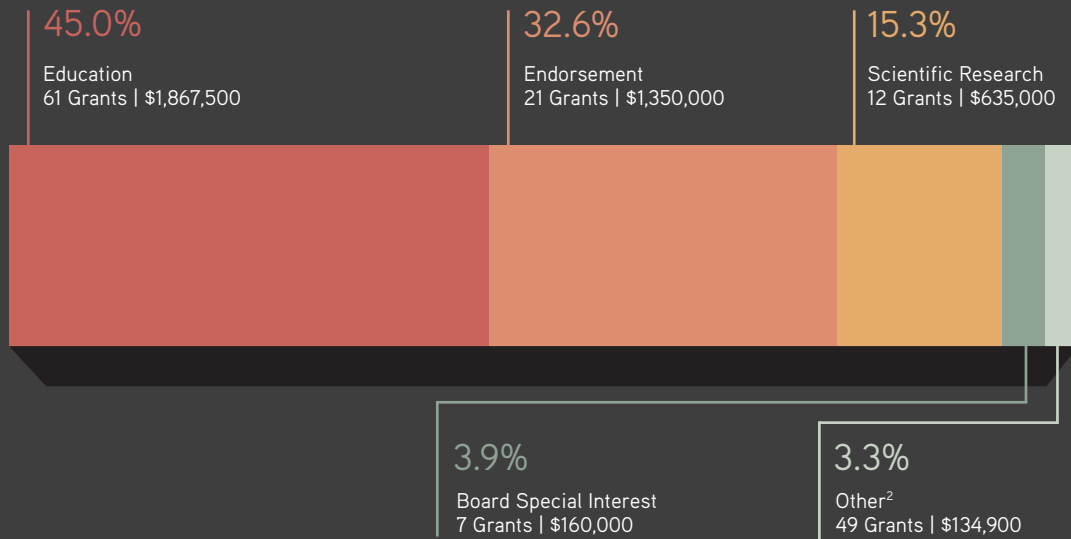
We envision a society that cares for all of its members and endeavors to enhance individual self worth and dignity. We also envision a world where all people are valued and productive members of society, where everyone is committed to improving their life and the quality of their environment.

## OUR BELIEFS

- » There are no higher values than integrity, truth and honesty.
- » We seek to form strong, collegial and collaborative relationships with the people we serve.
- » Individuals, families and communities are best positioned to define and solve their own problems.
- » We believe that sustainable, long-term solutions to societal problems require comprehensive and multi-disciplined approaches.
- » Programs that rely on the incentives of the free enterprise system provide significant potential for long-term success and sustainability and have many advantages over government programs.
- » We encourage innovative and experimental ideas that target preventative measures rather than the treatment of existing symptoms.
- » Education is essential to the human mind and spirit and provides the basis for people to reach their full potential.
- » Advances in science and technology can be harnessed to materially improve the human condition.
- » Successful programs need to be communicated to broader audiences to maximize the potential impact on society.

## GRANTMAKING OVERVIEW

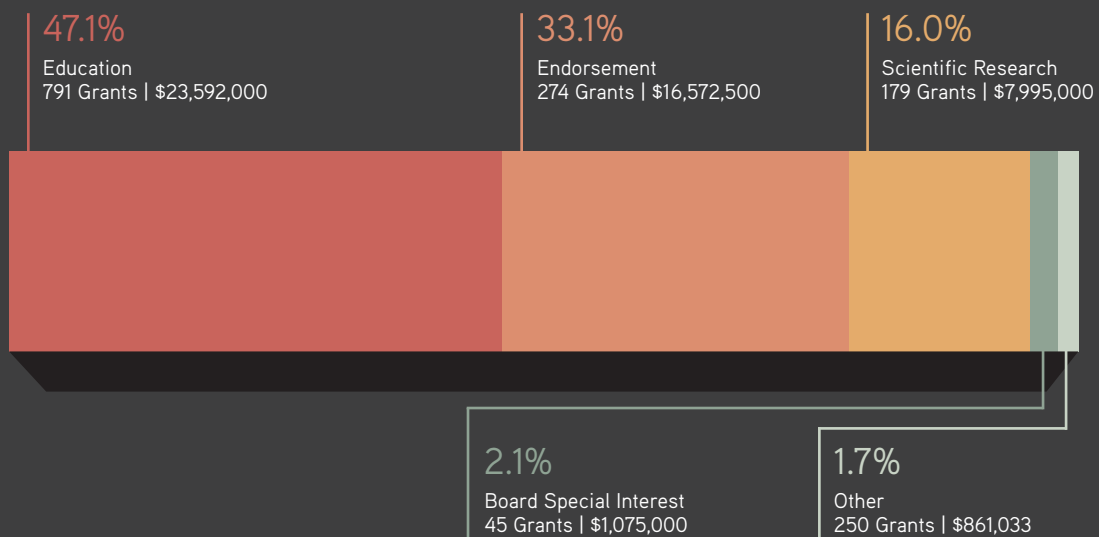
2015 GRANTS BY PRIORITY<sup>1</sup> | TOTAL GRANTS 150 | TOTAL AMOUNT \$4,147,400



<sup>1</sup> Percentage totals do not add due to rounding.

<sup>2</sup> The Foundation provided Professional Development and Technical Assistance grants and peer skill sharing micro-grants totaling \$75,000 to 43 existing grantees.

TOTAL GRANTS BY PRIORITY SINCE INCEPTION<sup>3</sup> | TOTAL GRANTS 1,539 | TOTAL AMOUNT \$50,095,533



<sup>3</sup> Inception date of December 31, 2000

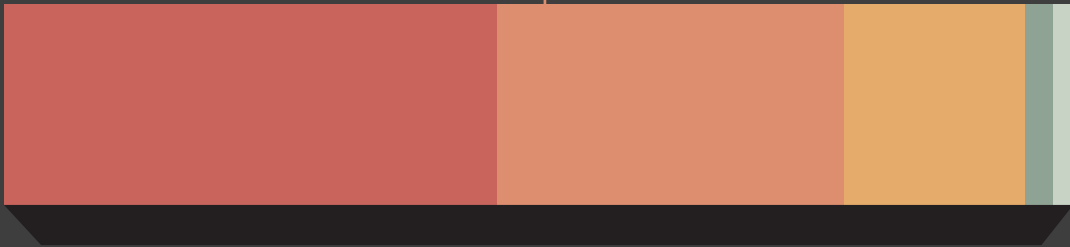


## 2015 ENDORSEMENT GRANTS

Endorsement grants are made to a limited number of leading institutions selected by the Foundation's Directors. These grants often involve ongoing core support of the institution rather than specific programmatic support pursuant to the Foundation's grantmaking priorities. The Foundation does not accept inquiries or applications relating to the Endorsement grant category, as decisions regarding these grants are made on a discretionary basis by the Foundation's Board of Directors.

32.6%

Endorsement  
21 Grants | \$1,350,000





### Chicago Symphony Orchestra

Since 2002, we have supported CSO and its ongoing commitment to deepen its engagement with the Chicago community.

#### Adler Planetarium

Chicago, IL  
[adlerplanetarium.org](http://adlerplanetarium.org)  
*Cosmology and Astrophysics Research*  
 \$80,000

#### America's Foundation for Chess

Bellevue, WA  
[af4c.org](http://af4c.org)  
*General Support*  
 \$40,000

#### Ann & Robert H. Lurie Children's Hospital of Chicago

Chicago, IL  
[luriechildrensresearch.org](http://luriechildrensresearch.org)  
*Medical Research - Junior Investigator Award*  
 \$65,000

#### Art Institute of Chicago

Chicago, IL  
[artic.edu](http://artic.edu)  
*General Support*  
 \$80,000

#### Chicago Academy of Sciences Peggy Notebaert Nature Museum

Chicago, IL  
[naturemuseum.org](http://naturemuseum.org)  
*General Support*  
 \$40,000

#### Chicago Architecture Foundation

Chicago, IL  
[architecture.org](http://architecture.org)  
*General Support*  
 \$50,000

#### Chicago History Museum

Chicago, IL  
[chicagohs.org](http://chicagohs.org)  
*General Support*  
 \$60,000

#### Chicago Horticultural Society Chicago Botanic Garden

Glencoe, IL  
[chicagobotanic.org](http://chicagobotanic.org)  
*Education and Community Programs*  
 \$50,000

#### Chicago Symphony Orchestra

Chicago, IL  
[cso.org](http://cso.org)  
*General Support*  
 \$60,000

#### Eisenhower Medical Center

Rancho Mirage, CA  
[emc.org](http://emc.org)  
*Nursing Education and General Support*  
 \$50,000

#### The Field Museum

Chicago, IL  
[fieldmuseum.org](http://fieldmuseum.org)  
*Education Programs*  
 \$80,000

#### Joffrey Ballet

Chicago, IL  
[joffrey.org](http://joffrey.org)  
*General Support*  
 \$40,000

#### La Rabida Children's Hospital

Chicago, IL  
[larabida.org](http://larabida.org)  
*General Support*  
 \$80,000

#### Lincoln Park Zoological Society

Chicago, IL  
[lpzoo.org](http://lpzoo.org)  
*General Support*  
 \$60,000

#### Lyric Opera of Chicago

Chicago, IL  
[lyricopera.org](http://lyricopera.org)  
*NEXT - Discount Student Tickets for the Next Generation*  
 \$60,000

#### Museum of Science and Industry

Chicago, IL  
[msichicago.org](http://msichicago.org)  
*General Support and the Science Minors and Science Achievers Programs*  
 \$80,000

#### Northwestern Memorial Foundation

Chicago, IL  
[nmh.org](http://nmh.org)  
*Neonatal Nurse Practitioner and Neuroscience Nursing Education Programs*  
 \$70,000

#### Rehabilitation Institute of Chicago

Chicago, IL  
[ric.org](http://ric.org)  
*Brinson Stroke Fellowship*  
 \$75,000

#### Shedd Aquarium

Chicago, IL  
[sheddaquarium.org](http://sheddaquarium.org)  
*General Support*  
 \$80,000

#### Special Olympics Illinois

Normal, IL  
[soill.org](http://soill.org)  
*General Support*  
 \$50,000

#### The University of Chicago Medicine

Chicago, IL  
[medicine.uchicago.edu](http://medicine.uchicago.edu)  
*Medical Research - Junior Investigator Award*  
 \$100,000

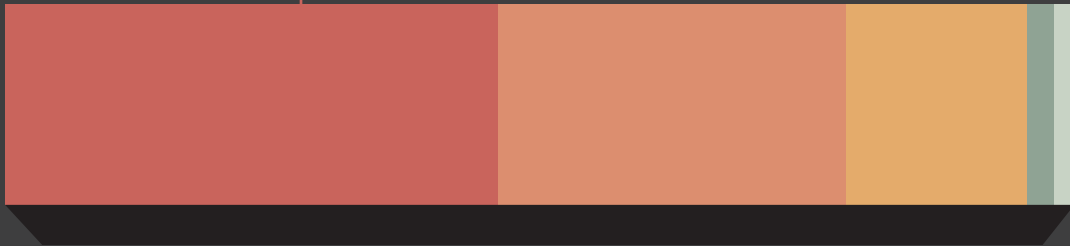


## 2015 PROGRAMMATIC GRANTS EDUCATION

We believe education provides people with the opportunity to expand their talents and capabilities. Through our grantmaking, we hope to inspire them to reach their full potential both as individuals, and as contributing citizens of a greater community. We are especially interested in programs that make quality education accessible to those who are personally committed.

# 45.0%

Education  
61 Grants | \$1,867,500



*Our Education Grants fall into seven focus areas:*

**Financial Literacy** – programs that provide middle and high school students and adults with basic financial and investment skills to help them become financially self-sufficient.

**Health Care Career Development** – programs that spark interest among high school and college students in health care-related career paths or enhance the skills of health care professionals to equip individuals to have careers that offer opportunities for economic advancement while also positively impacting societal health.

**High School, College and Career Success** – programs that provide motivated students and young adults of limited means with the academic support, personal skills and financial resources needed to reach their full potential in school and careers.

**Liberty, Citizenship and Free Enterprise** – programs that educate and promote the principles of liberty, citizenship and free enterprise to elementary through graduate school students and adults.

**Literacy** – programs that develop the literacy skills of children, birth through elementary school age, improve the pedagogy of teachers and ensure support for this learning among parents so that young children become functionally literate and are prepared for success in their future education and in life.

**Science, Technology, Engineering and Math (STEM)** – programs that provide STEM education to pre-school through graduate school students or professional development for teachers, promote STEM careers or deliver engaging STEM content to the general public.

**Student Health** – programs that foster the physical health of pre-school through high school students to help them stay enrolled and be productive in school.





**Alan Alda Center for Communicating Science**

Our grant helps train the next generation of scientists and health professionals to communicate more effectively with the public and other critical constituencies.

**A Better Chicago**

Chicago, IL  
 abetterchicago.org  
*General Support*  
 \$25,000

**Accion**

Cambridge, MA  
 accion.org  
*Microfinance Initiatives in Africa*  
 \$30,000

**Acumen**

New York, NY  
 acumen.org  
*Global Fellows Program*  
 \$50,000

**Advance Illinois**

Chicago, IL  
 advanceillinois.org  
*General Support*  
 \$20,000

**After School Matters**

Chicago, IL  
 afterschoolmatters.org  
*Science Out-of-School Time Programming*  
 \$25,000

**Alan Alda Center for Communicating Science**

Stony Brook, NY  
 centerforcommunicatingscience.org  
*General Support*  
 \$30,000

**The Ayn Rand Institute**

Irvine, CA  
 aynrand.org  
*Free Books to Teachers Program*  
 \$35,000

**Bottom Line - Chicago**

Chicago, IL  
 bottomline.org  
*General Support*  
 \$25,000

**The Cara Program**

Chicago, IL  
 thecaraprogram.org  
*General Support*  
 \$30,000

**Carole Robertson Center for Learning**

Chicago, IL  
 crcl.net  
*General Support*  
 \$25,000

**Cato Institute**

Washington, DC  
 cato.org  
*Student Briefing Program*  
 \$25,000

**Center for Economic Progress**

Chicago, IL  
 economicprogress.org  
*Financial Capability Program*  
 \$25,000

**CERGE - EI Foundation**

Teaneck, NJ  
 www.cerge-ei.cz/donors/foundation  
*Brinson Fellows Ph.D. Scholarship Program*  
 \$30,000

**Chicago Community Foundation**

Chicago, IL  
 cct.org  
*Progressive Pathways Support Fund*  
 \$12,500

**Chicago Literacy Alliance**

Chicago, IL  
 chicagoliteracyalliance.org  
*General Support*  
 \$25,000

**Chicago Public Library Foundation**

Chicago, IL  
 cplfoundation.org  
*Early Literacy Training for Children's Library Staff*  
 \$25,000

**Chicagoland Entrepreneurial Center 1871**

Chicago, IL  
 1871.com/about-cec  
*General Support*  
 \$25,000

**Citizen Schools - Chicago**

Chicago, IL  
 citizenschools.org  
*General Support*  
 \$25,000

**Communities In Schools of Chicago**

Chicago, IL  
 chicagocis.org  
*General Support for Student Health Programs*  
 \$35,000

**Constitutional Rights Foundation Chicago**

Chicago, IL  
 crfc.org  
*Lawyers in the Classroom Program - U.S. Constitution and Legal System Education for Grades 2-8 and General Support*  
 \$35,000

**Council for the Advancement of Science Writing**

Hedgesville, WV  
 casw.org  
*Graduate School Science Writing Fellowship Stipends and General Support*  
 \$25,000

**Daniel Murphy Scholarship Fund**

Chicago, IL  
 dmsf.org  
*General Support*  
 \$45,000

**DuPage Children's Museum**

Naperville, IL  
 dupagechildrens.org  
*General Support*  
 \$40,000

**Illinois Caucus for Adolescent Health**

ICAH empowers young people to build the capacity of family, school and healthcare systems to support sexual health of youth.



**Erie Family Health Center**

Chicago, IL  
eriefamilyhealth.org  
*General Support for the Teen Center*  
\$25,000

**Forefront**

Chicago, IL  
myforefront.org  
*College and Career Access, Persistence and Success Initiatives*  
\$12,500

**Foundation for Teaching Economics**

Davis, CA  
fte.org  
*Economics for Leaders Program*  
\$25,000

**Harvard T.H. Chan School of Public Health**

Boston, MA  
hsph.harvard.edu  
*Harnessing Private Enterprise for Public Health Project*  
\$35,000

**Healthy Schools Campaign**

Chicago, IL  
healthyschoolscampaign.org  
*Change for Good Student Health Program*  
\$35,000

**High Jump**

Chicago, IL  
highjumpchicago.org  
*General Support*  
\$45,000

**The Horatio Alger Association**

Alexandria, VA  
horatioalger.org  
*Illinois College Scholarship Program*  
\$50,000

**Illinois Caucus for Adolescent Health**

Chicago, IL  
icah.org  
*General Support*  
\$25,000

**Illinois Council on Economic Education**

DeKalb, IL  
econed-il.org  
*Financial Literacy Program*  
\$25,000

**Illinois Institute of Technology**

Chicago, IL  
blogs.iit.edu/global-leaders  
*Illinois Tech Global Leaders Program*  
\$25,000

**Inner-City Computer Stars Foundation**

Chicago, IL  
icstars.org  
*General Support*  
\$30,000

**Institute for Humane Studies**

Arlington, VA  
theihs.org  
*Student Programming*  
\$30,000

**Jack Miller Center for Teaching America's Founding Principles and History**

Bala Cynwyd, PA  
jackmillercenter.org  
*Newberry Library Series on American Political Thought and Chicago Initiative Lectures*  
\$35,000

**Lake Forest Academy**

Lake Forest, IL  
lfanet.org  
*Class of '93 Scholarship Fund for High School Students*  
\$25,000

**Literacy Works**

Chicago, IL  
litworks.org  
*General Support*  
\$25,000

**Loyola University Medical Center**

Maywood, IL  
luhs.org  
*Pediatric Mobile Health Unit*  
\$25,000

**Mercatus Center at George Mason University**

Arlington, VA  
mercatus.org  
*F. A. Hayek Program for Advanced Study in Philosophy, Politics and Economics*  
\$25,000

**Merit School of Music**

Chicago, IL  
meritmusic.org  
*General Support*  
\$30,000

**MetroSquash**

Chicago, IL  
metrosquash.org  
*General Support*  
\$35,000

**Mikva Challenge Grant Foundation**

Chicago, IL  
mikvachallenge.org  
*Teen Health Council*  
\$25,000

**Moneythink**

Chicago, IL  
moneythink.org  
*General Support*  
\$25,000



### Chicago Literacy Alliance

In 2015, CLA opened the country's first nonprofit shared workspace dedicated to literacy, the Literacenter.

### NAMASTE FUNDING INITIATIVE

**Namaste is a K-8 charter school in the McKinley Park neighborhood on the southwest side of Chicago.**

#### Namaste Charter School

Chicago, IL  
 namastecharterschool.org  
*Alumni Coordinator Support, Behavioral Health, Technology and General Support*  
 \$70,000

#### Chicago Academy of Sciences Peggy Notebaert Nature Museum

Chicago, IL  
 naturemuseum.org  
*STEM Teacher Professional Development and STEM Immersion Programs*  
 \$20,000

#### Spark Chicago

Chicago, IL  
 sparkprogram.org  
*Workplace Apprenticeship and Mentoring Program*  
 \$10,000

#### The Morton Arboretum

Lisle, IL  
 mortonarb.org  
*STEM Programs*  
 \$35,000

#### One Million Degrees

Chicago, IL  
 onemilliondegrees.org  
*General Support*  
 \$35,000

#### OneGoal

Chicago, IL  
 onegoalgraduation.org  
*General Support*  
 \$25,000

#### Ounce of Prevention Fund

Chicago, IL  
 ounceofprevention.org  
*General Support for Educare*  
 \$25,000

#### Philanthropy Roundtable

Washington, DC  
 philanthropyroundtable.org  
*Fall K-12 Education Conference*  
 \$10,000

#### The Posse Foundation - Chicago

Chicago, IL  
 possefoundation.org  
*General Support*  
 \$50,000

#### Room to Read

San Francisco, CA  
 roomtoread.org  
*General Support for International Literacy Programs and Nepal Earthquake Recovery*  
 \$37,500

#### Rush University Medical Center

Chicago, IL  
 rush.edu  
*Adolescent Family Center Reproductive Health Program*  
 \$40,000

#### St. John's Hospital Foundation

Jackson, WY  
 tetonhospital.org  
*Nursing Education Program*  
 \$40,000

#### Teach for America - Chicago

Chicago, IL  
 chicago.teachforamerica.org  
*General Support*  
 \$50,000

#### Teton Science Schools

Jackson, WY  
 tetonscience.org  
*General Support*  
 \$30,000

#### The University of Chicago Urban Education Institute

Chicago, IL  
 uei.uchicago.edu  
*STEM Teacher Coaching*  
 \$40,000

#### Window to the World Communications, Inc.

**WTTW**  
 Chicago, IL  
 wttw.com  
*Local Broadcast of NOVA and NOVA ScienceNOW*  
 \$70,000

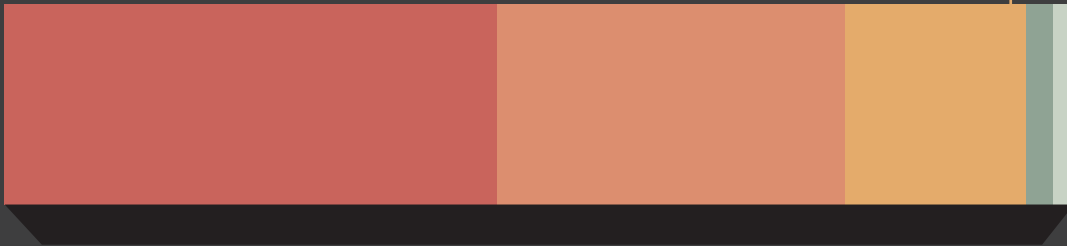


## 2015 PROGRAMMATIC GRANTS SCIENTIFIC RESEARCH

We are interested in programs on the cutting edge of research in specific areas of interest to our Directors that are underfunded or not yet eligible for funding by governmental programs. These programs are typically sponsored by top research institutions, which provide quality assurance oversight and accountability that may not be possible in a less structured environment. Further, the programs often involve predoctoral and post-doctoral scientists who are beginning their research careers. In addition to promoting the work of young researchers, we are particularly interested in programs that encourage them to remain engaged in research in their field of interest.

# 15.3%

Scientific Research  
12 Grants | \$635,000



*Our Scientific Research Grants are made in the following focus areas:*

### **PHYSICAL SCIENCES**

**Astrophysics** – the study of the behavior, physical properties and dynamic processes of celestial objects and related phenomena.

**Cosmology** – the study of the origin, structure and space-time relationships of the Universe.

**Evolutionary Developmental Biology** – a field of biology which synthesizes embryology, molecular and population genetics, comparative morphology, paleontology and molecular evolution to understand the evolution of biodiversity at a mechanistic level.

**Geophysics** – the study of the physical processes and phenomena occurring in and on the Earth and in its vicinity.

### **MEDICAL RESEARCH**

We partner with leading medical research institutions to fund promising studies conducted by junior investigators that have the potential to cultivate new, innovative clinical interventions for chronic conditions as well as highly treatable conditions which negatively impact the productivity of large segments of the population.

In all cases, we focus our medical research funding in areas that improve the quality of life as distinct from solely extending life.

*The Foundation does not accept grantseeker inquiries in medical research.*



**The University of Chicago  
Department of Astronomy  
and Astrophysics**

The research and mentorship of the graduate students our grant supports adds to basic knowledge about the Universe's formation and evolution.

**The University of Chicago  
Department of Astronomy  
and Astrophysics**

Chicago, IL  
astro.uchicago.edu  
*Brinson Fellowship Program*  
\$85,000

**The University of Chicago  
Department of Organismal  
Biology and Anatomy**

Chicago, IL  
pondside.uchicago.edu/oba  
*Evolutionary Developmental  
Biology Research*  
\$35,000

**The University of Utah**

Salt Lake City, UT  
uusatrg.utah.edu  
*Yellowstone Seismology and  
Tectonophysics Research*  
\$60,000

**California Institute of Technology**

Pasadena, CA  
astro.caltech.edu  
*Theoretical Gravitational  
Wave Research*  
\$70,000

**Carnegie Institution for Science**

Washington, DC  
carnegiescience.edu  
*Icelandic Volcano Seismology  
Monitoring Research*  
\$55,000

**Columbia University  
Lamont-Doherty Earth Observatory**

Palisades, NY  
ldeo.columbia.edu  
*Seismology Research*  
\$55,000

**Cornell University  
ExtraGalactic Group**

Ithaca, NY  
egg.astro.cornell.edu  
*Arecibo Legacy Fast ALFA  
Cosmology Research Program*  
\$40,000

**National Geographic Society**

Washington, DC  
nationalgeographic.com  
*Young Explorers Grants Program*  
\$40,000

**Northwestern Memorial Foundation**

Chicago, IL  
nucats.northwestern.edu  
*Medical Research - Junior  
Investigator Award*  
\$65,000

**Rush University Medical Center**

Chicago, IL  
rush.edu  
*Medical Research - Junior  
Investigator Award*  
\$65,000

**Smithsonian Astrophysical  
Observatory**

Cambridge, MA  
cfa.harvard.edu/sao  
*Exoplanet Biosignature  
Programming Project*  
\$35,000

**The University of  
Arizona Foundation  
Spacewatch**

Tucson, AZ  
spacewatch.lpl.arizona.edu  
*Asteroid Composition Research*  
\$30,000



## 2015 BOARD SPECIAL INTEREST GRANTS

These grants represent special family interests and are either one time grants or fall outside of the Foundation’s grantmaking priorities. The Foundation does not accept inquiries related to this category.

### Free the Children

Chicago, IL  
WE.org  
*WE Schools Program - Illinois*  
\$25,000

### Intonation Music

Chicago, IL  
intonationmusic.org  
*General Support*  
\$15,000

### Jackson Hole Land Trust

Jackson, WY  
jmlandtrust.org  
*General Support*  
\$35,000

### The Living Desert

Palm Desert, CA  
livingdesert.org  
*General Support*  
\$20,000

### National Museum of Wildlife Art

Jackson, WY  
wildlifeart.org  
*General Support*  
\$20,000

### Teton County Integrated Solid Waste & Recycling Jackson Community Recycling

Jackson, WY  
tetonwyo.org/recycl  
*General Support*  
\$30,000

### UChicago Impact

Chicago, IL  
uchicagoimpact.org  
*GROWCommunity Partnership - Support for Neighborhood High Schools*  
\$15,000

3.9%

Board Special Interest  
7 Grants | \$160,000

3.3%

Other  
49 Grants | \$134,900

## OTHER GRANTS

### DePaul University

Chicago, IL  
offices.depaul.edu/ors/about/news/Pages/andolina\_conklin.aspx  
*Case Study on the Impact of Participatory Civic Education*  
\$25,000

### Forefront

Chicago, IL  
myforefront.org  
*General Support*  
\$26,000

### Grantmakers for Education

Portland, OR  
edfunders.org  
*General Support*  
\$1,000

### Grantmakers for Effective Organizations

Washington, DC  
geofunders.org  
*General Support*  
\$3,000

### National Center for Family Philanthropy

Washington, DC  
ncfp.org  
*Better Boardroom Workshop and General Support*  
\$4,900

### Professional Development and Technical Assistance Grants

The Foundation provided Professional Development and Technical Assistance grants and peer skill sharing micro-grants to 43 existing grantees.  
\$75,000

## STATEMENT OF FINANCIAL POSITION (UNAUDITED)

### Modified Cash Basis

December 31, 2015

#### ASSETS

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Cash	\$	253,373
Investments, at Fair Value		96,777,207
Property and Equipment, Net		141,126
<b>Total Assets</b>	<b>\$</b>	<b>97,171,706</b>

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#### NET ASSETS

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<b>Unrestricted Net Assets</b>	<b>\$</b>	<b>97,171,706</b>
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*Note to the Reader:* In an effort to comply with best practices for private foundations, The Brinson Foundation will be undergoing a financial statement audit for the year ended December 31, 2015. Audited financial statements will be available upon request later in 2016.

## STATEMENT OF ACTIVITIES (UNAUDITED)

### Modified Cash Basis

For the Year Ended December 31, 2015

#### REVENUES

Contribution Income	\$	200,000
Investment Income		453,502
Realized and Unrealized Gains (Losses) on Investments		(623,119)
Total Revenues		30,383

#### EXPENSES

Grants and Donations		4,147,400
Private Foundation Excise Tax		63,000
Investment Management Fees		361,437
Employee Services		695,393
Rent		46,379
Professional Fees		93,417
Other Administrative Expenses		63,538
Depreciation Expense		9,185
Total Expenses		5,479,749

**Change in Net Assets** **(5,449,366)**

Net Assets, Beginning of Year – Unrestricted 102,621,072

**Net Assets, End of Year – Unrestricted** **\$ 97,171,706**

*Note to the Reader: In an effort to comply with best practices for private foundations, The Brinson Foundation will be undergoing a financial statement audit for the year ended December 31, 2015. Audited financial statements will be available upon request later in 2016.*



## NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

### Modified Cash Basis

For the Year Ended December 31, 2015

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Basis of Accounting

The financial statements of The Brinson Foundation (the "Foundation") are prepared on a modified cash basis; consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred.

##### Investments

Investments in mutual fund and exchange-traded fund investments are stated at fair value based on quoted market prices. The estimated fair values of alternative investment securities that do not have readily determined fair values (that is, investments not listed on national exchanges or over-the-counter markets, or for which quoted market prices are not available from sources such as financial publications or exchanges) are based on estimates developed by external investment managers. Realized gains and losses are determined on the basis of the carrying value of specific securities sold and investment transactions are recorded on a trade-date basis.

Investments in property and equipment held for charitable purposes are stated at cost or the value at the date of acquisition less applicable accumulated depreciation. Leasehold improvements are depreciated using the MACRS method over an estimated useful life of 39 years. Furniture and computer equipment are depreciated using the MACRS method over useful lives of 7 and 5 years, respectively.

#### 2. GRANT AND DONATION COMMITMENTS

As of December 31, 2015, the Foundation's Board of Directors has approved grants and/or donations of \$465,000 payable through 2019. Disbursements are scheduled to be made as follows:

Year Ending December 31,

2016 \$ 160,000

2017 \$ 160,000

2018 \$ 85,000

2019 \$ 60,000

#### 3. TAX STATUS

The Foundation is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation is, however, liable for the private foundation excise tax of 1% or 2% on its net investment income. In addition, the Foundation is required to make minimum qualifying distributions based on a percentage of its assets.

#### 4. NET ASSETS

Beginning of the year Net Assets represent the value from the audited financial statements for the year ended December 31, 2014. This balance differs from the amount in the prior year annual report which was estimated prior to completion of the audit.

**Note to the Reader:** In an effort to comply with best practices for private foundations, The Brinson Foundation will be undergoing a financial statement audit for the year ended December 31, 2015. Audited financial statements will be available upon request later in 2016.

## INVESTMENT PORTFOLIO

### OBJECTIVES

The objectives of the Foundation's investment portfolio are to produce a long-term rate of return that provides sufficient funds to meet the Foundation's required grantmaking target, cover all reasonable and necessary expenses and compensate for inflation. The assets will be invested in a well-diversified global investment portfolio that accepts reasonable risk consistent with the desired return.

### GENERAL STANDARDS OF CARE

The Foundation's Investment Policy provides that 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 U.S. Treasury Regulations Section 53.4944-1(a)(2) (regarding "jeopardizing investments"). Pursuant to these standards, the Foundation's assets must be managed and invested with reasonable care and prudence. Decisions regarding individual investments must not be made in isolation but in context of the portfolio as a whole and as part of an overall investment strategy.

### BENCHMARK

The Foundation has adopted a globally diversified benchmark, the Multiple Markets Index (MMI), comprised of stocks, bonds, real estate and private markets. The actual portfolio's risk and return will be measured against this benchmark over full market cycles. The Foundation's benchmark composition and ranges are shown below:

### MULTIPLE MARKETS INDEX (MMI) COMPONENTS

Asset Class	Benchmark Index Component	Normal Weight	Ranges (95% Frequency)
Global Equity	MSCI All Country World Index	55.00%	+/- 30%
	<i>Developed Markets</i>	49.71%	
	<i>Emerging Markets</i>	5.29%	
Private Markets	Private Equity Performance Indicator	5.00%	+/- 5%
Real Estate	NCREIF Property Index	10.00%	+/- 5%
Global Bonds		25.00%	0 to +30%
	Citigroup World Government Bond ex-U.S. Index	12.50%	
	Citigroup U.S. Government Bond Index	12.50%	
High Yield Bonds	Merrill Lynch U.S. High Yield Cash Pay Constrained Index	3.00%	0 to +10%
Emerging Market Debt	J.P. Morgan EMBI Global	2.00%	0 to +10%
Cash Equivalents	Three Month Eurodollar	0.00%	0 to +50%
TOTAL		100.00%	

Source: UBS Global Asset Management

## INVESTMENT MARKET CONDITIONS

### INVESTMENT MARKET CONDITIONS

Since the depths of the Great Recession, global investment market conditions have been dominated by sequences of increasing central bank activity. But 2015 may mark an inflection point where markets began to appreciate the measure of distortion that has taken place and became cognizant of the unintended consequences and analytical challenges associated with this activity. Central bank intervention was initiated justifiably during the Great Recession, and its original objective to stave off a global financial market meltdown had proven successful by the end of 2009. Subsequent central bank policies and rhetoric were intended to stimulate economic growth with moderate inflation while coincidentally creating a wealth effect by inflating asset values. Intervention that results in unnaturally low interest rates is financial repression, an active policy designed to subtly erode the real value of government debt by keeping nominal interest rates often accompanied by negative real (inflation adjusted) rates below nominal GDP growth. Although actions and rhetoric of global central bank interest rate policies were synchronous through 2014, asynchronous interest rate policies emerged in 2015. By year's end it was unclear if central bank activities had been successful in their economic growth or inflation objectives while concerns about risk asset valuation dependence on central bank intervention had increased markedly. Investment markets may have become cognizant of the exogenous risks associated with central bank intervention.

Endogenous risks are variables from *inside* the financial and economic system, whereas exogenous risks are associated with variables from *outside* the financial system. Unlike traditional endogenous risks such as cash flows, discount rates and inflation, central bank policy and intervention is an exogenous risk. Although central bank policy is readily observable and has dominated global headlines for years, it is difficult to analyze or model; that is why exogenous risks are more aptly termed uncertainties.

Two of the most prominent and impactful central bank actions in 2015 illustrate the level of distortion and its attendant consequences. Throughout

2015, markets were focused on if and when the Federal Reserve would increase the nominal fed funds rate by 0.25%. This focus was misplaced. A 25 basis point move is relatively small compared to a fed funds rate that would exist in "normal" times, closer to an estimated 1.5% to 2.0% at the lower range. The fact that a small move from a Zero Interest Rate Policy (ZIRP) left this rate negative in real terms underscores that markets are not operating in a normal environment and highlights the difficulties associated with a transition to normalization. While the Federal Reserve was moving slowly away from its ZIRP policy, other central banks were moving in the opposite direction towards a policy that amplifies negative real rates with the introduction of negative nominal interest rates or NIRP. Negative *nominal* interest rates are unnatural; they imply lenders should receive no real return or inflation compensation and actually pay banks to hold their money! There is no historical reference for negative nominal interest rates; they are a central bank experiment.

Neither ZIRP nor NIRP are equilibrium states for financial markets, but both influence interest rates, an *endogenous* variable used to discount cash flows. Distorting price discovery in government bond markets introduces *uncertainty* to the *endogenous* interest rate variable that then influences all financial markets. This presents market participants with difficult analytical challenges and can influence behavior, intentionally or unintentionally. If government interest rates are the default free discounting mechanism used for financial analysis and those rates can be artificially depressed to unnatural - even negative - levels, investors are forced consequentially to *attempt* to analyze central bank behavior. Modeling central bank behavior defies conventional analysis. NIRP, a policy that was not required to prevent a global financial meltdown, confounds traditional economic models. Unimpressive investment returns from liquid assets in 2015 combined with tepid economic and inflation growth since the Great Recession suggests central bank policies may not be achieving their objectives, and investors are factoring the attendant challenges and uncertainties into their valuation models.

## INVESTMENT MARKET CONDITIONS

Although coordinated central bank intervention has been apparent in the synchronous direction of government bond yields since the bursting of the credit bubble, asynchronous currency movements began in 2014 and continued in 2015. The most notable currency movement of 2015 was the yuan devaluation by the People's Bank of China to combat China's economic slowdown. Unlike a coordinated central bank policy that lowers global benchmark interest rates for all borrowers, currency devaluation is not coordinated and has "zero sum game" characteristics that generally help a subset of economies at the expense of others. Countries that devalue their currency relative to their trading partners establish a competitive export advantage. In 2015 the U.S. dollar appreciated against every major currency. This appreciation was represented by a 9.26% increase in the Dollar Index, an indicator of the dollar's value against a basket of major world currencies.

Hindsight may prove 2015 was the year markets experienced a change of heart regarding central bank activity. Market participants who applauded past interventions in its various forms and were beneficiaries of the wealth effect may now recognize the dilemma presented by a policy that suppresses interest rates and inflates asset prices but does not promote sustainable real economic growth. Ultimately a policy that results in asset price dependency and higher leverage fails in its objective and *increases* rather than *decreases* exogenous risks, resulting in a self-inflicted Catch-22 that prohibits normalization.

### INVESTMENT RETURNS IN 2015

Liquid asset performance in 2015 was muted and largely influenced by a strong U.S. dollar, while illiquid assets experienced attractive returns. As illustrated by investment returns in Exhibit A, there was a marked distinction between unhedged and dollar hedged asset returns as investment returns were responsive to central bank currency policies but less responsive to interest rate policies.

In 2015 Cash provided a nominal return of 0.02%. Investors holding cash knowingly accept a

negative real return; that is a "tax" on all savers and a transfer to the government and the financial system. Savers with a real return objective are forced either to bear this tax, which acts as a drag on their real return objective, or to increase their risk posture. This "risk on" dynamic has been the experience since the Great Recession. Alternatively, in a "risk off" environment, investors fear losses and cash becomes a desirable asset class. Bond market returns were driven by three distinct vectors in 2015: dependence on central bank policy, currency and credit. U.S. dollar appreciation against major currencies was the critical determinant in the difference between the -3.57% return for unhedged Global Government Bonds compared to the 1.30% return for the dollar hedged index. The 0.53% return for U.S. Investment Grade Bonds reflects the negative impact of wider credit spreads versus treasuries when benchmark treasury yields were relatively unchanged in the past year. Weaker credits widened more than stronger credits throughout the year, with energy related CCC rated credits experiencing the most pain, resulting in a -4.52% return for U.S. High Yield Bonds. The 1.23% Emerging Market Debt return was largely attributable to increases in credit spreads.

U.S., Global, and ex-U.S. equity markets had respective returns of 1.38%, 2.62% and 4.32% on a dollar-hedged basis in 2015, with the S&P 500 posting a new record level in May. Subsequent equity returns were challenged by, amongst other issues, concerns regarding a potential Federal Reserve tightening at the September meeting. Postponement of September's anticipated 25 basis point tightening in combination with dovish rhetoric catalyzed an equity rally. Global equity earnings have been relatively flat, but similar to the high yield index credit spreads, energy company earnings have played a pronounced role dampening earnings growth. The -14.90% Emerging Markets Equities return is emblematic of investor concerns regarding growth and stability in these markets, most notably China. Consistent with recent history, throughout 2015 investors were paying a premium multiple for U.S. earnings when compared to ex-U.S. and Emerging Market geographies.

## INVESTMENT MARKET CONDITIONS

Real Estate and Private Markets had respective returns of 13.33% and 14.72% in 2015. Investors need to be mindful that these attractive returns cannot be viewed in isolation or as sustainable. Realized returns in these markets tend to lag their liquid counterparts and are highly correlated with liquidity alternatives in these otherwise illiquid asset classes. Liquidity alternatives were abundant early in 2015, but by the end of the year financial conditions had become less accommodative, consistent with widening credit spreads and declining credit market completeness.

As mentioned earlier, non-dollar currency exposure had a notable impact on global asset returns in 2015, entirely attributable to U.S. dollar appreciation against major currencies. The U.S. dollar appreciated meaningfully versus the euro and pound sterling, and slightly against the Japanese yen. Non-dollar currency in global bonds (ex-U.S.) had a contribution of -6.98% versus the dollar-hedged portfolio, while the impact of currency exposure in global equities (ex-U.S.) was -7.03%.

### CURRENT INVESTMENT MARKET CONDITIONS

Financial markets have experienced volatility and disruption in the early months of 2016. Global equity markets fell nearly 6% in January. Continued declines in commodity prices, led by oil, raised deflation fears. Concerns about global economic growth in general and in China in particular added to investor concerns. Credit spreads widened and global government interest rates fell. At the end of January, the Bank of Japan (BOJ) adopted a NIRP and according to *The Economist*, by late February \$7 trillion of global government bonds had negative yields.

It was Yogi Berra who said, "In theory there is no difference between practice and theory. In practice there is." Central bankers would be well advised to listen to Yogi's wisdom lest they fall prey to what Friedrich Hayek termed The Fatal Conceit. Markets cannot be controlled or managed by central banks indefinitely, they need to equilibrate on their own. In theory and under normal circumstances, lower interest rates should stimulate economic growth and inflation,

and investors employing endogenous variables such as observed earnings and discount rates would conclude that risk assets are priced to deliver attractive prospective returns. In practice, however, that is not what is transpiring. Desperate times call for desperate measures. Negative interest rates appear to be an act, or experiment, of desperation. Economic growth has been subdued and deflation fears preempt inflation fears presently. Central bank intervention that imposes negative nominal interest rates is a sign that times aren't normal. Valuing assets when central bank policies suggest times are desperate increases uncertainty, and in the current environment, investment practitioners are communicating to central bankers that they aren't taking current earnings and interest rates at face value. In practice, investors may be justifiably questioning the efficacy of continued intervention, appreciating the distortion and its attendant analytical challenges, and sensing risk asset dependency on this exogenous variable. This sentiment was summarized by a *Financial Times* quote from an elderly Japanese gentleman shortly after the BOJ announced its NIRP:

"I am scared and I think a lot of people who are living on investments and savings are scared. These investments were presented to us in normal times, but the times we are living in are not normal."

This gentleman's comments extend to another structural problem in the U.S., the ongoing asset liability mismatch in pension plans and government entitlement programs which is exacerbated by current central bank policies. The *liability* structures of these programs were formulated with assumptions of "normal" investment conditions that included positive real and nominal interest rates, but, paraphrasing the Japanese gentleman, the assets in the programs are not investing in normal times. As a result, whether they like it or not or even know it or not, central bankers, policy makers and investors all face difficult choices with challenging consequences.

From the depths of the credit crisis to early 2015 global central bankers had been able to communicate and provide liquidity in a synchronous

## INVESTMENT MARKET CONDITIONS

manner that minimized tail risk and resulted in unnaturally low interest rates. Zero sum game currency devaluations began in 2014 and extended into 2015. Interest rate policies by major central banks have diverged in 2015 and early 2016 with the introduction of NIRP by the European Central Bank and BOJ on one hand and the Federal Reserve's initial attempt to move towards normalization on the other. Looking forward into 2016, however, the most significant concern for markets may be how events unfold in an environment where investors are forced to confront the magnitude of distortion that has transpired and to recognize the resultant unintended consequences and challenges to a path towards normalization.

### INVESTMENT STRATEGY

Relative to our Multiple Markets Index benchmark (see MMI Components on page 24), The Brinson Foundation began 2015 with above policy weights in Cash and Private Markets, funded by small underweights in Global Equity, High Yield Bonds, Real Estate and, to a greater extent, Global Bonds. The Cash overweight was notable and in concert with the Global Bonds, High Yield Bonds and Real Estate underweights substantially reduced the portfolio's duration risk. When equity markets experienced a summer swoon, Global Equity exposure was increased to policy with funds coming from Cash. Over the course of the year Private Markets were reduced to policy weight and the Real Estate underweight increased slightly, with proceeds going to Cash. As illustrated in Exhibit B, the portfolio ended the year with a decidedly less than neutral risk posture, specifically attributable to the meaningful underweight in Global Bonds in combination with smaller underweights in Real Estate and High Yield Bonds, all offset by the higher Cash position. This risk posture reflects our concerns regarding the exogenous risks surrounding central bank distortions and how the transition to normalization may unfold.

### PERFORMANCE RESULTS

For the calendar year, the portfolio experienced a 0.48% return, versus 0.16% for our MMI benchmark (see Exhibit C). The inflation rate, using the Consumer Price Index, was 0.73% for the year, making the portfolio's real (inflation adjusted) return -0.25% versus -0.57% for the MMI. Compared to the benchmark, the portfolio's performance was positively influenced by currency allocation and was negatively impacted by security selection and the bond market underweight.

The Brinson Foundation's real return objective is 4.0% to 4.5% with moderate risk exposure. From where we find ourselves today with existing yields and prices, we do not believe that larger long-term real returns are attainable without substantial risk and are reconciled to the fact that forward looking real returns will likely fall short of our objective in an environment of financial repression and a starting point of compressed risk premiums.

The portfolio's real annualized performance since inception (12/31/00) has been 4.82%, compared to the benchmark's 3.43%, producing 1.39% of added value with most of this contribution coming from market allocation decisions. The portfolio's nominal return since inception has been 6.99% versus the benchmark's 5.57% return. Since inception, the portfolio's volatility is 9.31% compared to the benchmark's 9.47%. Please refer to Exhibit D for a graphic display that includes a wealth index for both the benchmark and the portfolio.

We expect some modest improvement relative to the benchmark specific to security selection after we receive final end of year valuations from our managers in the Private Markets and Real Estate asset classes. Performance revisions take place for *both* the portfolio and the benchmark from the original estimates published in this report each year. Revised historical performance and volatility statistics for the portfolio and the benchmark are included in Exhibit E.

## INVESTMENT MARKET OVERVIEW

2015 and Inception to Date

Global Capital Market Returns

EXHIBIT A		Annualized 12/31/2000 through 12/31/2015	
<b>NOMINAL RETURNS</b>		2015	12/31/2015
Multiple Markets Index	MMI (Unhedged)	0.16 %	5.57%
	MMI (\$ Hedged)	2.60%	5.52%
U.S. Inflation (CPI)	CPI	0.73%	2.07%
<b>REAL RETURNS</b>			
Multiple Markets Index	MMI (Unhedged)	-0.57 %	3.43%
	MMI (\$ Hedged)	1.86%	3.38%
<b>MARKET INDEX</b>			
Cash Equivalents	U.S. Treasury Bills (1 Month)	0.02%	1.42%
Global Government Bonds	Citigroup WGBI (Unhedged)	-3.57%	4.59%
	Citigroup WGBI (\$ Hedged)	1.30%	4.53%
Ex-U.S. Government Bonds	Citigroup WGBI Global ex-U.S. (Unhedged)	-5.54%	4.43%
	Citigroup WGBI Global ex-U.S. (\$ Hedged)	1.55%	4.56%
U.S. Bonds (Investment Grade)	Citigroup U.S. BIG	0.53%	5.04%
U.S. High Yield Bonds	Merrill Lynch High Yield, Cash Pay Constrained Index	-4.52%	7.40%
	J.P. Morgan EMBI Global	1.23%	8.54%
Emerging Market Debt	MSCI World Free Index (Unhedged)	-1.66%	4.29%
	MSCI World Free Index (\$ Hedged)	2.62%	4.05%
U.S. Equities	S&P 500	1.38%	5.00%
Ex-U.S. Equities	MSCI World Free ex-U.S. Index (Unhedged)	-3.01%	3.61%
	MSCI World Free ex-U.S. Index (\$ Hedged)	4.32%	2.99%
Emerging Market Equities	MSCI EM Emerging Markets Free	-14.90%	8.50%
Real Estate	NCREIF Property Index	13.33%	8.96%
Private Equity Performance Indicator		14.72%	7.89%

Source: UBS Global Asset Management

## INVESTMENT STRATEGY

### Market and Currency Allocation

As of December 31, 2015

#### EXHIBIT B

MARKET ALLOCATION	BENCHMARK	THE BRINSON FOUNDATION	DIFFERENCE
Global Equity	55.00%	55.51%	0.51%
<i>Developed Markets</i>	49.71%	50.51%	0.80%
<i>Emerging Markets</i>	5.29%	5.00%	-0.29%
Private Markets	5.00%	5.33%	0.33%
Real Estate	10.00%	6.33%	-3.67%
Global Bonds	25.00%	10.39%	-14.61%
High Yield Bonds	3.00%	1.49%	-1.51%
Emerging Market Debt	2.00%	1.03%	-0.97%
Cash Equivalents	0.00%	19.92%	19.92%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>0.00%</b>

CURRENCY ALLOCATION	BENCHMARK	THE BRINSON FOUNDATION	DIFFERENCE
North America	63.94%	75.08%	11.14%
<i>U.S.</i>	61.62%	72.93%	11.31%
<i>Canada</i>	1.91%	1.14%	-0.77%
<i>Mexico</i>	0.41%	1.01%	0.60%
Euro	11.81%	9.84%	-1.97%
Other Europe	3.16%	1.63%	-1.53%
UK	5.05%	4.16%	-0.89%
Japan	8.47%	7.41%	-1.06%
Asia (Ex-Japan)	0.87%	0.73%	-0.14%
Australia / New Zealand	1.60%	0.91%	-0.69%
Thai Baht	0.12%	-1.28%	-1.40%
Other Emerging Markets	4.98%	1.53%	-3.45%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>0.00%</b>

Sources: J.P. Morgan, UBS Global Asset Management



## INVESTMENT PERFORMANCE (Net of Fees)

For the Period Ending December 31, 2015

### EXHIBIT C

2015 PORTFOLIO PERFORMANCE	2015	INFLATION RATE	REAL RETURN
Brinson Foundation Portfolio	0.48%	0.73%	-0.25%
Multiple Markets Index	<u>0.16%</u>	0.73%	<u>-0.57%</u>
Added Value	0.32%		0.32%

### SINCE INCEPTION (12/31/2000)

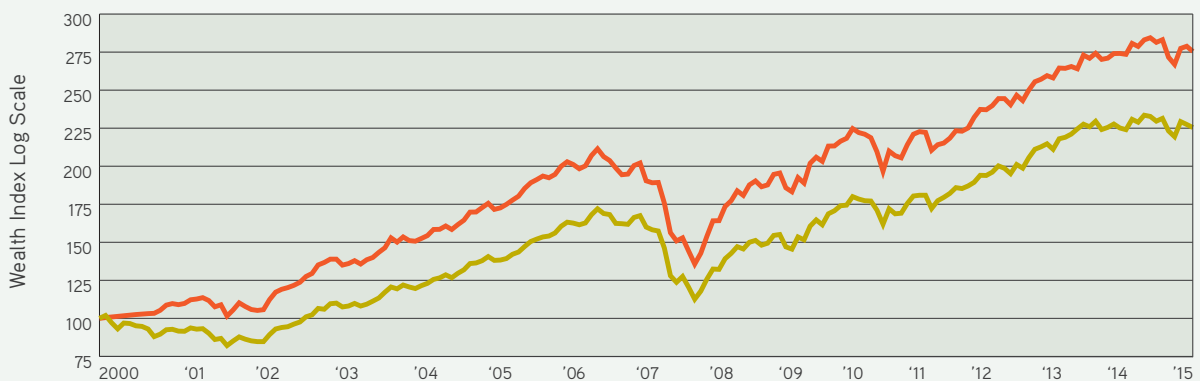
PORTFOLIO PERFORMANCE (Annualized)	SINCE INCEPTION	INFLATION RATE	REAL RETURN	VOLATILITY*
Brinson Foundation Portfolio	6.99%	2.07%	4.82%	9.31%
Multiple Markets Index	<u>5.57%</u>	2.07%	<u>3.43%</u>	9.47%
Added Value	1.42%		1.39%	

\* Annualized standard deviation of monthly logarithmic returns  
 Source: UBS Global Asset Management

## THE BRINSON FOUNDATION PORTFOLIO & MULTIPLE MARKETS INDEX BENCHMARK

December 31, 2000 – December 31, 2015

### EXHIBIT D



	Portfolio	Benchmark	
Annualized Return	6.99%	5.57%	<span style="color: red;">—</span> The Brinson Foundation Portfolio
Volatility*	9.31%	9.47%	<span style="color: yellow;">—</span> MMI

\* Annualized standard deviation of monthly logarithmic returns  
 Source: UBS Global Asset Management

## THE BRINSON FOUNDATION PORTFOLIO & MULTIPLE MARKETS INDEX BENCHMARK

### Historical Performance and Volatility

December 31, 2000 - December 31, 2015

#### EXHIBIT E

The Brinson Foundation Portfolio and Multiple Markets Index Benchmark return numbers that are **bold** and *italicized* remain subject to revision. The Multiple Markets Index is subject to revision for 18 months.

	The Brinson Foundation Portfolio			Multiple Markets Index Benchmark		
	Annual Return	Annualized Return Since Inception	Annualized Volatility Since Inception*	Annual Return	Annualized Return Since Inception	Annualized Volatility Since Inception*
2001	9.70%	9.70%	3.11%	-7.13%	-7.13%	10.57%
2002	-1.70%	3.85%	8.12%	-7.02%	-7.08%	10.19%
2003	25.32%	10.56%	8.27%	23.35%	2.13%	9.95%
2004	13.17%	11.21%	7.75%	13.24%	4.80%	9.08%
2005	7.60%	10.48%	7.31%	9.40%	5.70%	8.40%
2006	16.23%	11.41%	6.95%	15.32%	7.25%	7.91%
2007	6.51%	10.70%	6.84%	10.59%	7.72%	7.57%
2008	-24.91%	5.46%	8.89%	-24.22%	3.09%	9.52%
2009	24.43%	7.41%	9.86%	18.59%	4.70%	10.19%
2010	12.05%	7.87%	10.06%	11.61%	5.37%	10.33%
2011	-3.62%	6.77%	10.17%	0.20%	4.89%	10.30%
2012	12.90%	7.27%	10.02%	12.02%	5.47%	10.10%
2013	12.74%	7.68%	9.73%	13.28%	6.05%	9.85%
2014	4.76%	7.47%	9.44%	<b>4.91%</b>	<b>5.97%</b>	<b>9.60%</b>
2015	<b>0.48%</b>	<b>6.99%</b>	<b>9.31%</b>	<b>0.16%</b>	<b>5.57%</b>	<b>9.47%</b>

\* Annualized standard deviation of monthly logarithmic returns  
 Source: UBS Global Asset Management

## GRANTMAKING GUIDELINES & PROCESS

### GRANTSEEKER INQUIRIES

We ask grantseekers to review our mission, vision, beliefs, priorities and focus areas as well as our grantmaking guidelines before submitting an inquiry. Information regarding these guidelines can be found on the “Grantseekers” pages on our website at [brinsonfoundation.org](http://brinsonfoundation.org). If a grantseeker believes its request matches one or more of our grantmaking priorities and focus areas, it can make an inquiry by submitting our Grantseeker Information Form (GIF). The GIF is available on the “Grantseekers - Inquiries” or the “Resources” pages of our website. We accept inquiries throughout the year.

The completed form should be emailed to [mail@brinsonfoundation.org](mailto:mail@brinsonfoundation.org). We will send a confirmation email, usually within 3-5 business days, advising the grantseeker of the anticipated timetable for review of the inquiry.

***The Grantseeker Information Form is not an application.*** It simply provides us preliminary information about the grantseeker’s organization and the proposed grant request. We review the information provided in the form to determine whether the organization and the grant request qualify for further consideration. In all cases, we communicate the outcome of the review to the grantseeker. For a description of the process followed if we determine that an inquiry merits further review, see “Process and Calendar” below.

***The Brinson Foundation Board of Directors has sole authority to approve grant requests.*** The Foundation’s staff is responsible for reviewing, screening, performing due diligence and recommending grants to the Board. See the “Process and Calendar” section on the following page regarding the sequence and timing of our grant cycles.

### LEGAL REQUIREMENTS

The Brinson Foundation will consider inviting grant applications from organizations:

- » Located in the United States of America that are exempt from tax under Section 501(c)(3) of the Internal Revenue Code and are public charities described in Section 509(a)(1), (2) or (3) of the Internal Revenue Code. Organizations classified under Section 509(a)(3) may be required to submit additional information.

- » Located outside of the United States of America if they can provide a written legal opinion or affidavit stating “charitable equivalency” to a qualifying U.S. organization, or if they are carrying out similar charitable or educational activities.

### GRANT LIMITATIONS AND OTHER CONSIDERATIONS

The Brinson Foundation will not consider grant inquiries from organizations that:

- » Discriminate on the basis of race, gender, religion, ethnicity or sexual orientation
- » Request funding for:
  - Activities that attempt to influence public elections
  - Voter registration
  - Political activity
  - Lobbying efforts
  - Programs that promote religious faith, include religious content or are based on religious or spiritual values
  - Programs that are limited to members of a specific race, gender, religion or ethnic group (excluding medical research programs where such limitations may be necessary and appropriate)

***The Brinson Foundation discourages grant inquiries requesting funds for:***

- » Capital improvements
- » Endowments
- » Fundraising events

### GRANTMAKING PRIORITY UPDATES

The Board of Directors periodically reviews and updates a statement of the Foundation’s Grantmaking Priorities. This statement, which can be found on our website’s “Who We Are – Our Priorities” pages, is intended to provide guidance to grantseekers regarding the types of organizations and programs the Foundation is currently considering for funding. It does not represent a complete statement of the types of organizations and programs that are represented in the Foundation’s grant portfolio.

## GRANTMAKING GUIDELINES & PROCESS

### GEOGRAPHIC CONSIDERATIONS

**Education Programs.** The Foundation’s education grants are generally made to organizations that serve individuals and communities in the greater Chicago area. We also consider leading U.S.-based programs that reach broader populations across the U.S. and internationally or have the potential to have a meaningful impact on best practices at the national or international level.

Organizations that do not serve populations in the Chicago area and do not meet the foregoing standards are rarely considered by our Board. As a result, we generally discourage them from submitting inquiries to the Foundation. If you

have a question as to whether your organization or program qualifies for consideration, please call our office and speak to a program officer about whether it is appropriate to submit a Grantseeker Information Form.

**Scientific Research Programs.** The Foundation’s physical science research grants are made to leading organizations across the United States. In this priority area, the location of the program is less critical than the match with the Foundation’s grantmaking priorities.

*The Foundation does not accept inquiries with regard to medical research.*

### PROCESS AND CALENDAR

If our initial review of a grantseeker inquiry indicates there may be a sufficient priority and focus area match, we assign one of our program officers to communicate with the grantseeker to learn more about the organization and its programs. If a grantseeker remains under consideration, our spring and fall due diligence, application and grantmaking cycles proceed as follows:

**For New Grantseekers:** We generally conduct due diligence discussions with grantseekers that are being considered for spring cycle invitations between January and March.

Following these due diligence discussions, the staff determines whether to invite the grantseeker to submit a grant application. If so, we email

the grantseeker a formal application invitation. Spring cycle applications are generally due on the last business day in February.

The staff reviews all applications and prepares recommendations for our Board of Directors. The Board meeting usually occurs in late April or early May. Following the Board meeting, we contact each applicant and advise them of the Board’s decision. If the grant is approved, we generally send out the grant agreement within two weeks following the Board meeting and disburse the grant upon receipt of the signed agreement.

The fall cycle activities are the same as the spring cycle but they take place between July and September and end in November or December.

	Due Diligence Discussion(s)	All Applications Completed	Board Meeting Application Review	Grant Disbursement
Spring Cycle	January - March	February (last business day)	April - May	May - June
Fall Cycle	July - September	August (last business day)	October - November	November - December

**For Current Grantees:** We have adopted a simplified renewal process for current grantees which combines the evaluation questionnaire and renewal application. The process generally follows the cycle calendars shown above. Details can be found in the “Grantees Login” section of our website.

## DIRECTORS AND STAFF

### Board of Directors

Gary P. Brinson, *CFA*

Suzann A. Brinson

Monique B. Demery

Thomas R. Demery

Andrew H. Melone

Tally S. Melone

### Staff

James D. Parsons, *President*

James P. Barnes, *Senior Program Officer*

Christy Uchida, *Senior Program Officer*

Harriett V. Edmonds, *Grants Manager*

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### CREDITS:

Page 1 Mikva Challenge / Eileen Ryan Photography

Page 2-3 Chicagoland Entrepreneurial Center - 1871 / James Red Schmitt

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Page 7 Room to Read / Peter Stuckings

Page 8 Northwestern Memorial Foundation / Eileen Ryan Photography

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Page 16 Illinois Caucus for Adolescent Health / Jenni Kotting

Page 17 Chicago Literacy Alliance / Tim Benson Photography

Page 19 The University of Chicago Department of Astronomy and Astrophysics / Eileen Ryan Photography

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