

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 every individual is a valued and productive member of society, where all people are committed to improving their lives and the quality of their environments.



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AURA - NATIONAL SOLAR OBSERVATORY

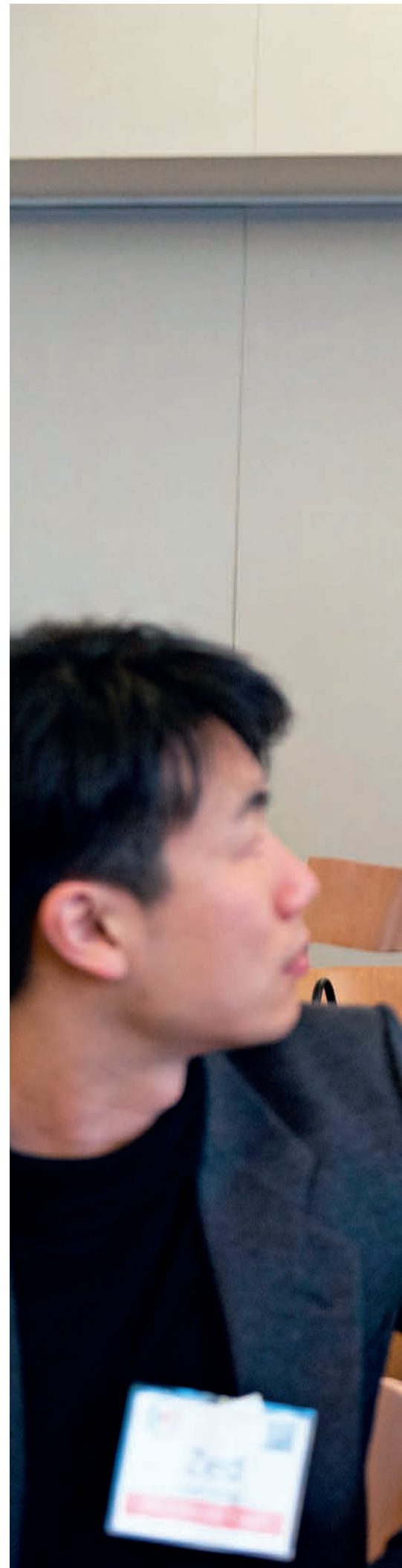
NSF's Daniel K. Inouye Solar Telescope stands near the summit of Haleakalā in Maui, HI. The telescope was built and is operated by NSF's National Solar Observatory and is the largest solar telescope in the world. The telescope had its first science observations in February 2022.



The Foundation's beliefs have their roots in the Guiding Principles of the Brinson Partners investment management firm. They have been refined and expanded over the life of the Foundation to reflect the philosophical underpinnings of our grantmaking.

FOUNDATION'S BELIEFS

- ◆ There are no higher values than integrity, truth and honesty.
- ◆ Strong, collegial and collaborative relationships with grantees are central to effective philanthropy.
- ◆ Individuals, families and communities are best positioned to define and solve their own problems.
- ◆ 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.
- ◆ Initiatives that pursue preventative measures rather than the treatment of existing symptoms offer greater opportunities for long-term impact.
- ◆ 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.





AMERICA NEEDS YOU

America Needs You facilitates the economic mobility of ambitious, first-generation college students by providing transformative mentorship and intensive career development.

PRESIDENT'S LETTER

In this turbulent time, the Foundation has tried to provide greater stability to grantees by awarding more multi-year grants, an acknowledged best practice in philanthropy.

Since its inception, the Foundation's Board has recognized the importance of supporting basic science research. While the aim of this curiosity-driven research is to narrow fundamental gaps in scientific knowledge, often these advances can translate into practical applications. This was clearly demonstrated by the decades of mRNA research resulting in COVID-19 vaccines being developed in record time.

Beyond medical research, the Foundation's Board has maintained its strong commitment to supporting basic research in the physical sciences. In 2021, the Foundation awarded a second cohort of three Brinson Prize Fellowships. These prestigious fellowships are designed to prioritize early career scientists who are likely to chase bold ideas and be creative, nimble and innovative in their research. These three- to five-year grants in astronomy, cosmology and astrophysics are intentionally broad in the subfields they support and are spread across U.S. institutions. More details can be found on page 23.

The unpredictability of the pandemic significantly affected many of the Foundation's grantees. In particular, the continued need to offer virtual and hybrid programming along with understaffing affected program participation and outcomes. Staffing shortages have been especially problematic for nurses and other

medical practitioners, without there being a real end in sight. In response to this turbulent time, the Foundation has tried to provide greater stability to grantees by awarding more multi-year grants, an acknowledged best practice in philanthropy. While we have granted multi-year support in the past, especially in our Scientific Research priority area, for the first time these multi-year awards are identified within the grants listing in this Annual Report.

Another change in the presentation of grants in this Report, is the identification of Endorsed Institutions. An augmentation of the Endorsement category (see page 25), these Institutions are the civic, cultural and scientific pillars of our communities and are regarded by our Board as playing a vital role in the fabric of our city. Those Endorsed Institutions that receive more than one grant from the Foundation have their cumulative 2021 awards listed on page 12.

The ongoing period of uncertainty makes it more imperative than ever that the Foundation continues to listen to its grantees who are on the ground working directly in communities. We remain open to your input and are grateful to be supporting the efforts of such impactful organizations in their endeavors to positively contribute to society.



Christy Uchida
President





MERIT SCHOOL OF MUSIC

Merit School of Music transforms the lives of Chicago-area youth through removing barriers to high-quality music education.

FOUNDER'S STATEMENT

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

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 \$120 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.



SALK INSTITUTE

Salk Institute scientists explore the very foundations of life, seeking new understandings in areas such as: evolutionary developmental biology, neuroscience, genetics and immunology.

FOUNDER'S STATEMENT

The Foundation should avoid “charitable grantmaking,” by which I mean grants that deal with symptoms rather than causes.

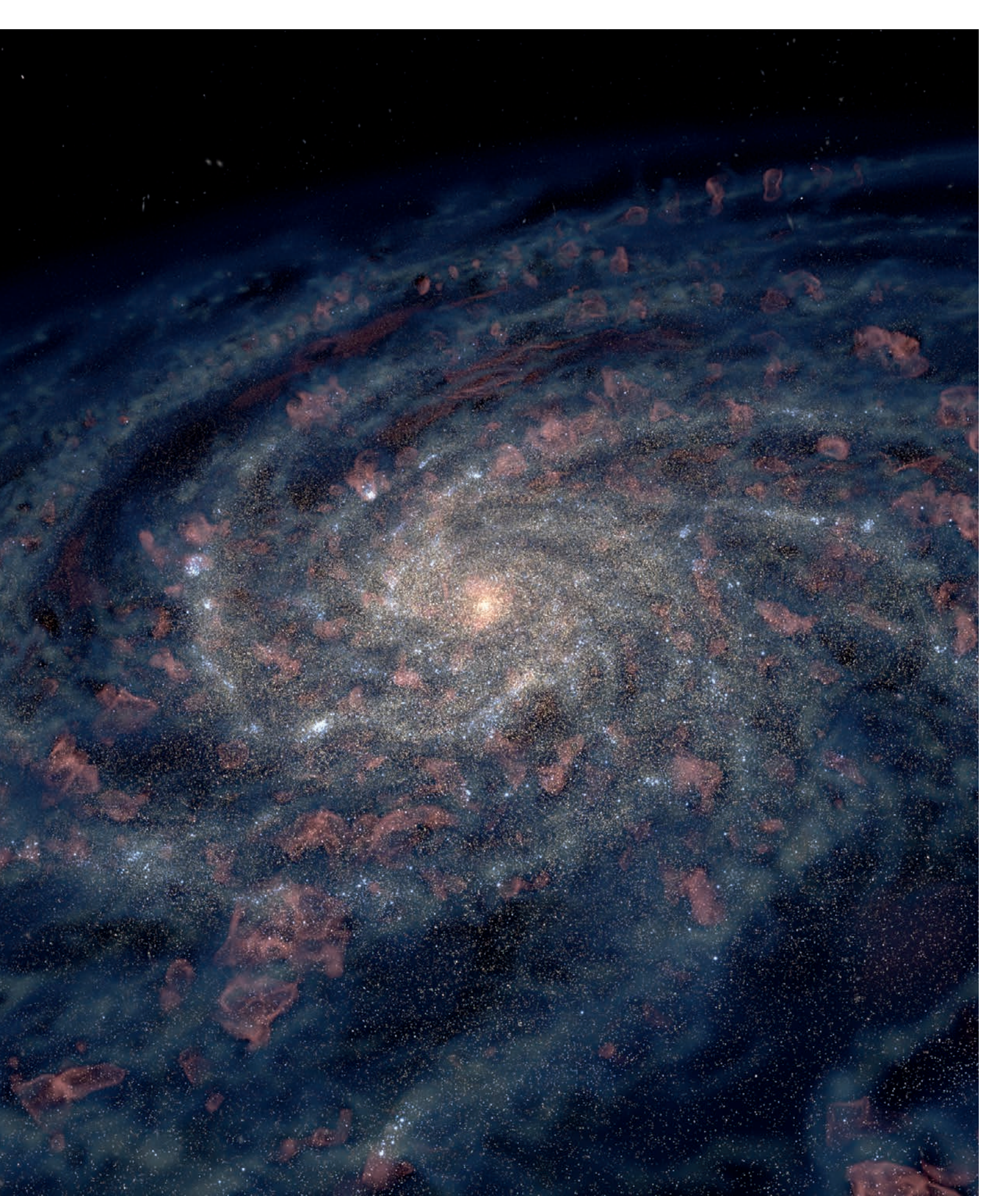
The assets of the Foundation must be considered a scarce resource with an investment objective of moderate risk that should satisfy the goal of earning a 4.0% to 4.5% real (inflation adjusted) return over time. This moderate risk objective is to be defined at the aggregate portfolio level and derived 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 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*



**NATIONAL CENTER FOR SUPERCOMPUTING APPLICATIONS (NCSA)
ADVANCED VISUALIZATION LAB (AVL)**

Housed at the University of Illinois, Urbana-Champaign, NCSA's AVL creates data visualizations that make complex scientific phenomena accessible to broad audiences. This image depicts a galaxy simulation based on our Milky Way.

ENDORSED INSTITUTIONS

\$2,305,000 | 42.5% OF TOTAL 2021 GRANTS*

Select organizations are designated as Endorsed Institutions by the Foundation's Directors, which are indicated by ✨ on the following pages. The Foundation recognizes the critical role these Institutions play in bettering society.

Adler Planetarium

Chicago, IL
\$80,000

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

Chicago, IL
\$80,000

Art Institute of Chicago

Chicago, IL
\$80,000

California Institute of Technology

Pasadena, CA
\$265,000^

Chicago Architecture Center

Chicago, IL
\$50,000

Chicago Botanic Garden

Chicago Horticultural Society

Glencoe, IL
\$50,000

Chicago History Museum

Chicago Historical Society

Chicago, IL
\$60,000

Chicago Symphony Orchestra Association

Chicago, IL
\$60,000

Eisenhower Health

Rancho Mirage, CA
\$50,000

The Field Museum

Chicago, IL
\$80,000

The Joffrey Ballet

Chicago, IL
\$40,000

La Rabida Children's Hospital

Chicago, IL
\$80,000

Lincoln Park Zoological Society

Chicago, IL
\$60,000

Lyric Opera of Chicago

Chicago, IL
\$60,000

The Morton Arboretum

Lisle, IL
\$40,000

Museum of Science and Industry

Chicago, IL
\$80,000

Northwestern Memorial Foundation for Northwestern Memorial Hospital

Chicago, IL
\$140,000^

Peggy Notebaert Nature Museum Chicago Academy of Sciences

Chicago, IL
\$40,000

Rush University Medical Center

Chicago, IL
\$180,000^

St. John's Health Foundation

Jackson, WY
\$50,000

Shedd Aquarium

Chicago, IL
\$80,000

Shirley Ryan AbilityLab

Rehabilitation Institute of Chicago

Chicago, IL
\$80,000

Special Olympics Illinois

Normal, IL
\$50,000

The University of Chicago

Chicago, IL
\$400,000^

WTTW

Window to the World Communications, Inc.

Chicago, IL
\$70,000

* Some Endorsed Institutions receive multi-year support, as indicated on the following pages. Only the 2021 portions of those grants are listed here.

^ Grant total includes multiple grants, as listed on the following pages.





CHICAGO BOTANIC GARDEN

Every year, more than one million people visit the Chicago Botanic Garden's 28 gardens and four natural areas. The Garden also provides classes to people of all ages and offers community engagement programs throughout the Chicago area.



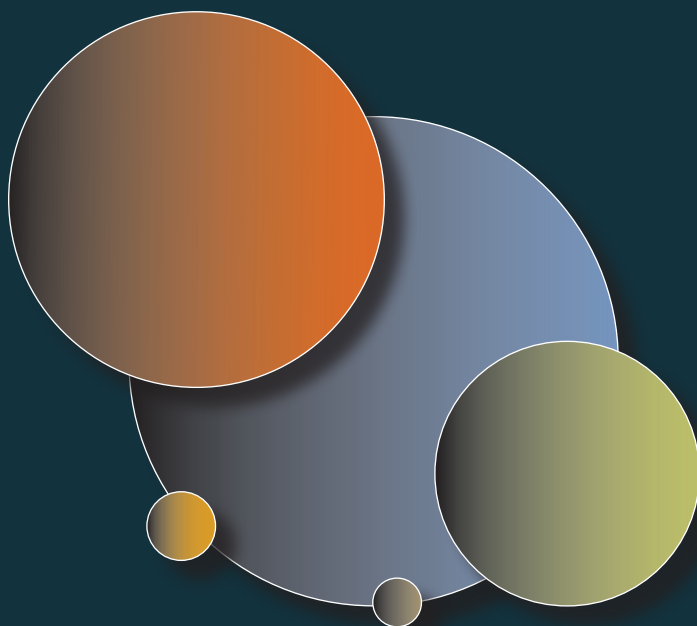
CARNEGIE INSTITUTION FOR SCIENCE

The Foundation supports Carnegie scientists in the fields of geophysics and astrophysics. In addition to its strong commitment to advance basic science, the Institution is also dedicated to community outreach and inspiring the next generation through robust STEM education initiatives.

GRANTMAKING OVERVIEW

2021 Grants by Priority

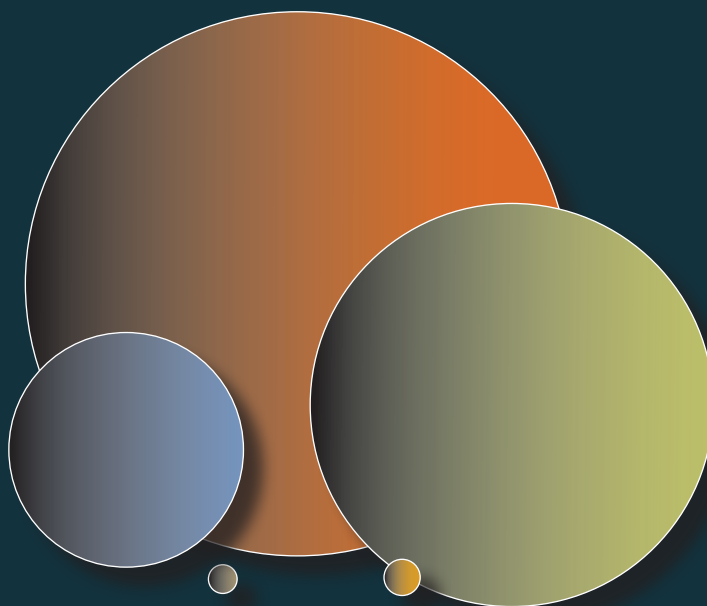
Total Grants **157**
 Total Amount **\$5,422,000**



- Education 30.1% | 51 Grants | \$1,634,000
- Scientific Research² 39.2% | 27 Grants | \$2,125,000
- Endorsement³ 21.2% | 19 Grants | \$1,150,000
- Board Special Interest 5.5% | 11 Grants | \$300,000
- Other⁴ 3.9% | 49 Grants | \$213,000

Grants by Priority Since Inception¹

Total Grants **2,434**
 Total Amount **\$78,033,233**



- Education 43.6% | 1,117 Grants | \$34,057,000
- Scientific Research 18.8% | 276 Grants | \$14,665,000
- Endorsement 32.3% | 410 Grants | \$25,228,500
- Board Special Interest 2.9% | 100 Grants | \$2,276,300
- Other 2.3% | 531 Grants | \$1,806,433

¹ Inception date of December 31, 2000.

² Scientific Research grants include five Brinson Prize Fellowships.

³ Beginning in 2021, grants made to Endorsed Institutions that align with the Education and Scientific Research areas are counted in those programmatic categories, whereas grants made to Endorsed Institutions that do not align with those priorities are counted in this Endorsement category.

⁴ The Foundation provided Professional Development and Technical Assistance grants which benefitted 38 existing grantees. These grants totaled \$100,000.

Percentage totals do not add due to rounding.



Synopsis

Music in the Forest is a poem about the birds, insects, reptiles, fish, and other animals that live peacefully together in the forest, and the music they make together.



Author
Farzana Tannee

Farzana Tannee, born in 1988, is a graduate of English from the University of Rajshahi. Her stories, illustrations, and cartoons have been published in a number of national newspapers in Bangladesh. In 2011 and 2012, she participated in the Emerging Writers' Workshops organized by Room to Read Bangladesh.



Illustrator
Marnun Hossain

Marnun Hossain obtained his bachelor's degree in Fine Arts from the Institute of Fine Arts of Narayanganj. He has received many painting awards in Bangladesh and participates in many art exhibits. Hossain has also written six children's books. He participated in Room to Read's 2011-2012 Illustrators' Workshops.



Phone: 02-866115219



ROOM TO READ

Room to Read develops literacy skills and a habit of reading among primary school children around the world.

2021 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.

Education grants are made in the following focus areas:

- **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. Health care career development is of particular interest.
- **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 preschool through graduate school students or professional development for teachers, promote STEM careers or serve to deliver engaging STEM content to the general public.
- **Student Health** – programs that foster the physical health of preschool through high school students to help them stay enrolled and be productive in school.

EDUCATION

51 GRANTS

\$1,634,000

30.1%

2021 PROGRAMMATIC GRANTS - EDUCATION

1871

Chicagoland Entrepreneurial Center

Chicago, IL
General Support
\$30,000

A Better Chicago

Chicago, IL
General Support
\$25,000

Accion

Cambridge, MA
Microfinance Initiatives in Africa
and Latin America
\$30,000

Acumen

New York, NY
General Support
\$50,000

Advance Illinois

Chicago, IL
First payment of a two-year
\$60,000 grant
General Support
\$30,000

After School Matters

Chicago, IL
STEM Out-of-School Time
Programming
\$25,000

Alan Alda Center for Communicating Science Stony Brook Foundation

Stony Brook, NY
General Support
\$35,000

America Needs You

Chicago, IL
General Support – Illinois
\$30,000

America's Foundation for Chess

Bellevue, WA
General Support and First Move in
Chicago Public Schools
\$27,000

The Ayn Rand Institute

Santa Ana, CA
Free Books to Teachers Program –
Chicago Area
\$35,000

Bottom Line

Chicago, IL
First payment of a two-year
\$70,000 grant
General Support – Chicago
\$35,000

Cara Collective

Chicago, IL
First payment of a two-year
\$60,000 grant
General Support – Chicago
\$30,000

Carole Robertson Center for Learning

Chicago, IL
General Support
\$25,000

Cato Institute

Washington, DC
Sphere Education Initiative
\$30,000

Chicago Community Foundation Chicagoland Workforce Funder Alliance

Chicago, IL
First payment of a two-year
\$50,000 grant
Progressive Postsecondary
Pathways Support Fund
\$25,000

Chicago Council on Science and Technology

Chicago, IL
Science Communication
Internship Program
\$10,000

Chicago Literacy Alliance

Chicago, IL
General Support
\$25,000

Chicago Public Library Foundation

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

Communities In Schools of Chicago

Chicago, IL
First payment of a two-year
\$80,000 grant
General Support
\$40,000

Council for the Advancement of Science Writing

Seattle, WA
First payment of a two-year
\$50,000 grant
Graduate School Science Writing
Fellowships and General Support
\$25,000

Daniel Murphy Scholarship Fund

Chicago, IL
First payment of a two-year
\$100,000 grant
General Support
\$50,000

Erie Family Health Foundation

Chicago, IL
Erie Teen Center
\$40,000

Healthy Schools Campaign

Chicago, IL
First payment of a two-year
\$80,000 grant
General Support – Chicago
\$40,000

High Jump

Chicago, IL
First payment of a two-year
\$90,000 grant
General Support
\$45,000

The Horatio Alger Association

Alexandria, VA
Illinois College Scholarship Program
\$50,000

i.c.stars

Inner-City Computer Stars Foundation

Chicago, IL
General Support
\$30,000

Illinois Network of Charter Schools

Chicago, IL
General Support
\$30,000

Institute for Humane Studies

Arlington, VA
Student Programming
\$35,000

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

Bala Cynwyd, PA
High School Teacher Professional Development in Civics
\$32,000

Lake Forest Academy

Lake Forest, IL
Third payment of a four-year
\$120,000 grant
Class of '93 Scholarship Fund for High School Students
\$30,000

Literacy Works

Chicago, IL
General Support
\$25,000

Loyola University Medical Center

Maywood, IL
Pediatric Mobile Health Unit
\$25,000

Math Circles of Chicago

Chicago, IL
First payment of a two-year
\$60,000 grant
General Support
\$30,000

Mercatus Center

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

MetroSquash

Chicago, IL
First payment of a two-year
\$80,000 grant
General Support
\$40,000

Mikva Challenge Grant Foundation

Chicago, IL
Student Advisory Council
\$30,000

One Million Degrees

Chicago, IL
First payment of a two-year
\$70,000 grant
General Support – Chicago
\$35,000



CATO INSTITUTE

Cato's Sphere Education Initiative works with grades 5-12 educators and administrators to provide them with the knowledge, experience, resources and professional development opportunities to bring difficult conversations on the most pressing issues to the classroom and equip students to engage in civil dialogue.

OneGoal

Chicago, IL
First payment of a two-year
\$70,000 grant
General Support – Chicago
\$35,000

The Partnership for College Completion

Chicago, IL
First payment of a two-year
\$50,000 grant
General Support
\$25,000

The Posse Foundation

Chicago, IL
General Support – Chicago
\$50,000

Project SYNCERE

Chicago, IL
General Support – 2020
\$25,000
First payment of a two-year
\$60,000 grant
General Support – 2021
\$30,000

Room to Read

San Francisco, CA
General Support for International Literacy Programs
\$25,000

Rush University Medical Center ♦

Chicago, IL
Adolescent Family Center
\$40,000

Spark Chicago

Chicago, IL
General Support
\$25,000

Stanford History Education Group

Stanford, CA
Civic Online Reasoning
\$50,000

Start Early

Chicago, IL
General Support for Educare
\$30,000

Teach For America

Chicago, IL
General Support – Greater Chicago and Northwest Indiana
\$35,000

Teton Science Schools

Jackson, WY
General Support
\$35,000

The University of Chicago ♦
Consortium on School Research

Chicago, IL
Fifth payment of a five-year
\$125,000 grant
General Support
\$25,000
Third payment of a three-year
\$75,000 grant
College to Career Transition Study
\$25,000

♦ Grantee is recognized by the Foundation as an Endorsed Institution.

2021 PROGRAMMATIC GRANTS - SCIENTIFIC RESEARCH

The Foundation supports cutting edge research in specific areas of interest to our Directors that are underfunded or at a stage that they are unlikely to receive government funding. 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. Support is often specific to graduate students, postdoctoral scholars, staff scientists or faculty who are at the early stages of their careers.

Scientific Research grants are made in the following focus areas:

- **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 early career scientists 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.

SCIENTIFIC RESEARCH

27 GRANTS

\$2,125,000

39.2%





SCIENCE PHILANTHROPY ALLIANCE

Since 2019, the Foundation has been a Member of the Science Philanthropy Alliance, a community of funders who work together to advance basic science.

2021 PROGRAMMATIC GRANTS - SCIENTIFIC RESEARCH

Adler Planetarium ♦

Chicago, IL
Cosmology and Astrophysics Research
\$80,000

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

Chicago, IL
Third payment of a three-year
\$240,000 grant
Brinson Medical Research Fellowship
\$80,000

California Institute of Technology ♦

Pasadena, CA
First payment of a two-year
\$200,000 grant
Theoretical Gravitational Wave Research
\$100,000

California Institute of Technology ♦

Pasadena, CA
Quantum Communication Channels and Fundamental Space-Time Physics Research
\$50,000

Carnegie Institution for Science

Washington, DC
Seismology Monitoring Research
\$65,000

Columbia University Lamont-Doherty Earth Observatory

Palisades, NY
Second payment of a three-year
\$210,000 grant
Anticipating Earthquakes Initiative
\$70,000

Cornell University Carl Sagan Institute

Ithaca, NY
Search for Life in the Universe Project
\$50,000

Cornell University Center for Astrophysics and Planetary Science

Ithaca, NY
Dark Matter along a Filament of Galaxies Project
\$50,000

LSST Corporation

Tucson, AZ
Second payment of a two-year
\$200,000 grant
Data Science Fellowship Program
\$100,000

National Center for Supercomputing Applications Advanced Visualization Lab

Urbana, IL
First payment of a two-year
\$240,000 grant
Civic Science Fellowship
\$120,000

Northwestern Memorial Foundation for Northwestern Memorial Hospital ♦

Chicago, IL
First payment of a two-year
\$140,000 grant
Brinson Medical Research Fellowship
\$70,000

Rush University Medical Center ♦

Chicago, IL
Brinson Medical Research Fellowship
\$75,000
Breast Cancer Research
\$50,000

Salk Institute for Biological Studies

La Jolla, CA
First payment of a two-year
\$100,000 grant
Research on the Role of Neoteny in Human-Specific Brain Development
\$50,000

Science Philanthropy Alliance New Venture Fund

Washington, DC
Second payment of a two-year
\$150,000 grant
Associate Membership
\$75,000

Shirley Ryan AbilityLab Rehabilitation Institute of Chicago ♦

Chicago, IL
First payment of a two-year
\$160,000 grant
Brinson Stroke Fellowship
\$80,000

Smithsonian Astrophysical Observatory

Cambridge, MA
Research on the Evolution of Betelgeuse
\$50,000

The University of Arizona Foundation

Tucson, AZ
Spacewatch Observations of Asteroid Lightcurves
\$35,000

The University of Chicago Department of Astronomy and Astrophysics ♦

Chicago, IL
First payment of a three-year
\$255,000 grant
Brinson Fellowship Program
\$85,000

The University of Chicago Department of Organismal Biology and Anatomy ♦

Chicago, IL
First payment of a two-year
\$100,000 grant
Genetic Basis for the Origin of Limbs Research
\$50,000

The University of Chicago Medicine ♦

Chicago, IL
First payment of a two-year
\$200,000 grant
Brinson Medical Research Fellowship
\$100,000

The University of Utah

Salt Lake City, UT
Yellowstone Seismology and Tectonophysics Research
\$65,000

♦ Grantee is recognized by the Foundation as an Endorsed Institution.

BRINSON PRIZE FELLOWSHIPS

The Foundation's Prize Fellowships are designed to prioritize early career scientists who are likely to chase bold ideas and be creative, nimble and innovative in their research.

**Association of Universities for
Research in Astronomy
National Solar Observatory**


Boulder, CO

First payment of a three-year
\$345,000 grant

*Multi-Messenger Solar Astronomy
Research*

\$115,000

Brinson Prize Fellow: Ryan French

**California Institute of Technology 
Institute for Quantum Information
and Matter**

Pasadena, CA

Second payment of a three-year
\$345,000 grant

*Research on the Interface of Quantum
Gravity and Quantum Information
Science*

\$115,000

Brinson Prize Fellow: Yuya Kusuki

**Carnegie Institution for Science
Carnegie Observatories
Instrumentation Program**

Pasadena, CA

First payment of a five-year
\$575,000 grant

*MIRMOS Components Development
and Construction*

\$115,000

Brinson Prize Fellow: Maren Cosens

**The University of California, Davis
Department of Physics and
Astronomy**

Davis, CA

Three-year \$345,000 grant

Dark E-Field Radio Experiment

Brinson Prize Fellow: Amin Aminaei

**The University of California,
Los Angeles
Galactic Center Group**

Los Angeles, CA

First payment of a five-year
\$575,000 grant

New Investigations of Black Hole Physics

\$115,000

Brinson Prize Fellow: Matthew Hosek

**The University of Chicago 
Kavli Institute for Cosmological
Physics**

Chicago, IL

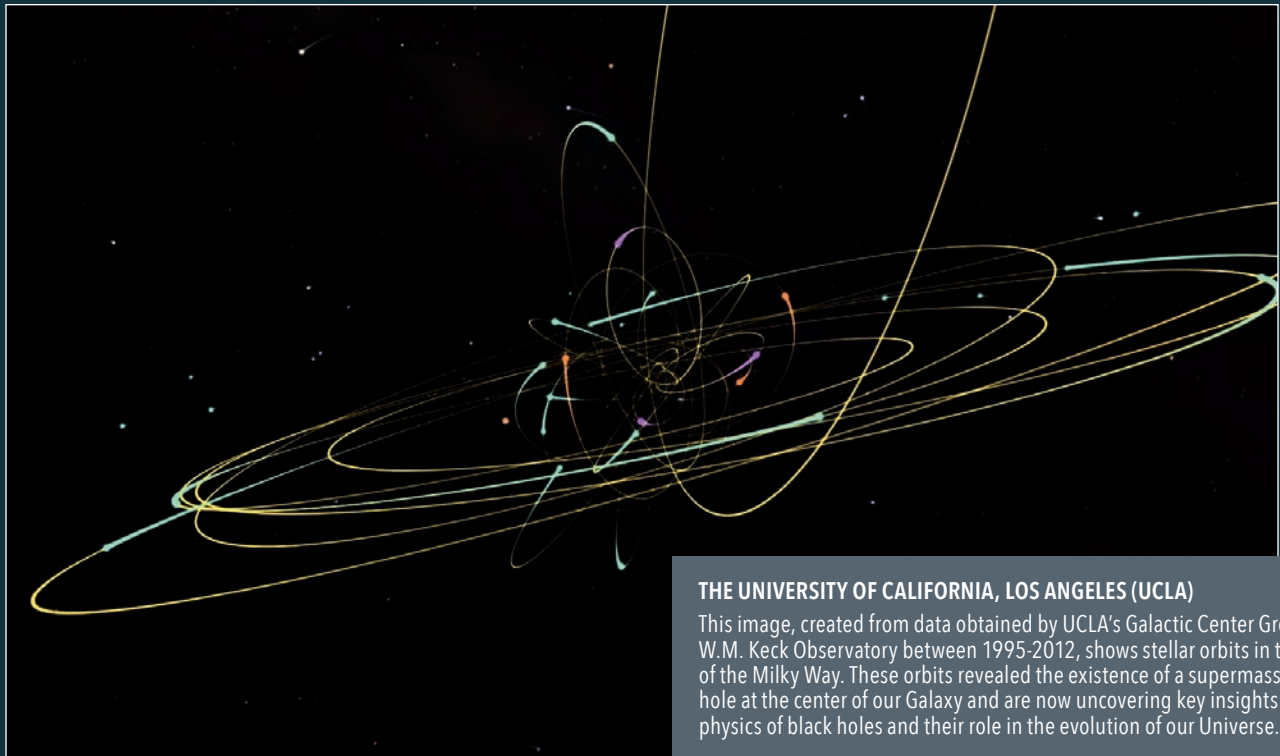
Second payment of a three-year
\$345,000 grant

*Star and Galaxy Formation in the Early
Universe*

\$115,000

Brinson Prize Fellow: Anirudh Chiti

 *Grantee is recognized by the
Foundation as an Endorsed Institution.*



THE UNIVERSITY OF CALIFORNIA, LOS ANGELES (UCLA)


This image, created from data obtained by UCLA's Galactic Center Group at W.M. Keck Observatory between 1995-2012, shows stellar orbits in the center of the Milky Way. These orbits revealed the existence of a supermassive black hole at the center of our Galaxy and are now uncovering key insights about the physics of black holes and their role in the evolution of our Universe.



ST. JOHN'S HEALTH FOUNDATION

Since 2004, the Foundation has supported nurse education at St. John's Health, Jackson Hole's first hospital.

2021 ENDORSEMENT GRANTS

Endorsement grants often provide ongoing core support of an institution rather than specific programmatic support pursuant to the Foundation's grantmaking priorities. The Foundation considers all recipients of these grants to be Endorsed Institutions, which are listed on page 12 and noted with a  on the previous pages. The Foundation does not accept inquiries or applications related to the Endorsement grant category, as decisions to include grants in this category are solely within the discretion of the Foundation's Board of Directors.

Art Institute of Chicago

Chicago, IL
General Support
\$80,000

Chicago Architecture Center

Chicago, IL
General Support
\$50,000

Chicago Botanic Garden Chicago Horticultural Society

Glencoe, IL
General Support
\$50,000

Chicago History Museum Chicago Historical Society

Chicago, IL
General Support
\$60,000

Chicago Symphony Orchestra Association

Chicago, IL
General Support
\$60,000

Eisenhower Health

Rancho Mirage, CA
Nursing Education and
General Support
\$50,000

The Field Museum

Chicago, IL
Learning Center Programs
\$80,000

The Joffrey Ballet

Chicago, IL
General Support
\$40,000

La Rabida Children's Hospital

Chicago, IL
General Support
\$80,000

ENDORSEMENT

19 GRANTS

\$1,150,000

21.2%



Lincoln Park Zoological Society

Chicago, IL
General Support
\$60,000

Lyric Opera of Chicago

Chicago, IL
General Support
\$60,000

The Morton Arboretum

Lisle, IL
General Support
\$40,000

Museum of Science and Industry

Chicago, IL
General Support and
Welcome to Science Initiative
\$80,000

Northwestern Memorial Foundation for Northwestern Memorial Hospital

Chicago, IL
Nursing Education and
NICU Lactation Program
\$70,000

Peggy Notebaert Nature Museum Chicago Academy of Sciences

Chicago, IL
General Support
\$40,000

St. John's Health Foundation

Jackson, WY
Nursing Education Program
\$50,000

Shedd Aquarium

Chicago, IL
General Support
\$80,000

Special Olympics Illinois

Normal, IL
General Support
\$50,000

WTTW Window to the World Communications, Inc.

Chicago, IL
Local Broadcast of NOVA and
General Support
\$70,000

2021 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 in this category.

American Writers Museum

Chicago, IL
General Support
\$25,000

The Ayn Rand Institute

Santa Ana, CA
Friends of the Ayn Rand Archives
\$15,000

The Badu Foundation

Chicago, IL
General Support
\$15,000

Boys Hope Girls Hope

Wilmette, IL
General Support
\$15,000

Chicago Parks Foundation

Chicago, IL
Rosenbaum Garden Restoration
and Maintenance
\$60,000

Jackson Hole Land Trust

Jackson, WY
General Support
\$35,000

The Living Desert

Palm Desert, CA
General Support
\$20,000

Merit School of Music

Chicago, IL
General Support
\$30,000

National Museum of Wildlife Art

Jackson, WY
General Support
\$20,000

Rush University Medical Center

Chicago, IL
Oncology Nursing Fund
\$15,000

Teton County Integrated Solid Waste & Recycling

Jackson, WY
Recycling and Household Hazardous
Waste Collection, Waste Diversion
Outreach and Education
\$50,000

 Grantee is recognized by the Foundation as an Endorsed Institution.

2021 OTHER GRANTS

American Association for the Advancement of Science

Washington, DC
General Support
\$10,000

American Geophysical Union

Washington, DC
General Support
\$5,000

Candid

New York, NY
General Support
\$1,000

Carnegie Institution for Science

Washington, DC
Honorarium
\$5,000

Chalkbeat

Chicago, IL
General Support
\$1,000

Forefront

Chicago, IL
General Support
\$30,000

BOARD SPECIAL INTEREST

11 GRANTS | \$300,000

5.5%

OTHER

49 GRANTS | \$213,000

3.9%

Grantmakers for Education

Portland, OR
General Support
\$1,000

Grantmakers for Effective Organizations

Washington, DC
National Conference
\$10,000

National Center for Family Philanthropy

Washington, DC
General Support
\$10,000

PROFESSIONAL DEVELOPMENT AND TECHNICAL ASSISTANCE (PDTA) GRANTS

These grants were made to 38 existing grantees in support of capacity building with awards ranging up to \$3,000.
\$100,000

ARCS Foundation Illinois Chapter

Chicago, IL
Graduate student STEM research scholarships
\$15,000

Chicago Cares

AMPT: Advancing Nonprofits

Chicago, IL
First payment of a three-year \$75,000 grant
Capacity building for West and South side community organizations
\$25,000

FINANCIAL SUMMARY

	2021	2020
REVENUES AND EXPENSES years ended December 31, 2021 and 2020		
REVENUES		
Contribution Income	\$ 128,872	\$ 10,164,998
Investment Income	3,811,929	1,498,267
Realized and Unrealized Gains (Losses) on Investments	13,827,462	3,975,270
Total Revenues	17,768,263	15,638,535
EXPENSES		
Grants and Donations	5,422,000	4,767,100
Employee Services	711,010	716,785
Investment Management Fees	403,855	333,867
Private Foundation Excise Tax	46,000	157,600
Professional Fees	98,508	129,618
Other Expenses	123,316	117,424
Total Expenses	6,804,689	6,222,394
Change in Net Assets	\$ 10,963,574	\$ 9,416,141

	2021	2020
ASSETS December 31, 2021 and 2020		
Investments	\$ 141,228,286	\$ 130,526,167
Other (Cash, Property)	931,038	669,583
Net Assets	\$ 142,159,324	\$ 131,195,750

Note: This is a summary statement only. In an effort to comply with best practices for private foundations, The Brinson Foundation will be undergoing its financial statement audit for the year ended December 31, 2021 in the upcoming months. Audited financial statements will be available upon request.

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 Global Diversified Index (GDI), 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.

GLOBAL DIVERSIFIED INDEX (GDI) 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>	48.67 %	
	<i>Emerging Markets</i>	6.33 %	
Private Markets	Cambridge Associates Private Equity Index	5.00 %	+/- 5%
Real Estate	NCREIF Property Index	10.00 %	+/- 5%
Global Bonds	Bloomberg Barclays Global Aggregate Bond Index	25.00 %	0 to +30%
	<i>Bloomberg Barclays U.S. Aggregate Bond Index</i>	12.50 %	
	<i>Bloomberg Barclays Global Aggregate ex-USD Index</i>	12.50 %	
High Yield Bonds	Bloomberg Barclays High Yield Very Liquid Bond Index	3.00 %	0 to +10%
Emerging Market Debt	Bloomberg Barclays USD Emerging Markets Government RIC Capped Index	2.00 %	0 to +10%
Cash Equivalents	ICE BofA Merrill Lynch U.S. 3-Month Treasury Bill Index	0.00 %	0 to +50%
TOTAL		100.00 %	

Sources: Bloomberg, FactSet, GP Brinson Investments, MSCI
As of December 31, 2021

INVESTMENT MARKET CONDITIONS

2021 INVESTMENT MARKET CONDITIONS

As global economies and societies continued to recuperate from the COVID-19 pandemic that started in 2020 and continued through 2021, investment markets experienced a recovery and transition influenced strongly by the conditions specific to the pandemic. Outcomes that would have been unheard of just two years ago and during the depths of the crisis have become realities. Despite material progress on many fronts, uncertainty lingers in some traditional spheres and has increased in others. The collective COVID-19 experience is without historical analog; the economic recovery and transition will be subject to its own idiosyncratic circumstances rather than historic precedent. Observed outcomes and ongoing uncertainties underscore this dynamic.

The difference between risk and uncertainty helps explain the surprising distribution of outcomes related to the pandemic. 2021 marked the 100th Anniversary of Frank Knight's *Risk, Uncertainty, and Profit* where this contrast was formalized: "To preserve the distinction ... between the measurable uncertainty and an unmeasurable one we may use the term "risk" to designate the former and the term "uncertainty" for the latter."¹ By Knight's definition, situations associated with risk have uncertain outcomes, but those outcomes can be quantified by a known probabilistic distribution (e.g. rolling dice). Alternatively, uncertainty is governed by random outcomes that are not quantifiable "because the situation dealt with is in a high degree unique."² Situations without historical analog are by definition unique. With this framework in mind, the observed range of outcomes related to the COVID-19 experience is less surprising, reminding us of the importance of humility, especially in the face of uncertainty.

As the new year started, global markets experienced robust economic and earnings recoveries supported by crisis induced monetary and fiscal support and amplified by optimism surrounding medical progress specific to vaccines. With the passage of time, many traditional economic and political uncertainties normalized to acceptable levels that would not influence asset valuations, while confidence surrounding significant central bank policy accommodation was reinforced. In the U.S., Federal Reserve (Fed) central bank policy accommodation enacted during the depths of the COVID-19 crisis reflected the seriousness of the pandemic and was implemented through the traditional monetary channel by cutting the Federal Funds (Fed Funds) rate to 0% and by engaging in Quantitative Easing (QE). QE is a policy where a central bank purchases securities in the open market to lower interest rates and stimulate growth. These policies were introduced in response to the Global Financial Crisis (GFC) and were deployed to various degrees subsequently with a

stated objective to stave off deflation and to promote 2% annual inflation. In August of 2020, Fed Chair Jerome Powell announced a new policy framework, Average Inflation Targeting (AIT), whereby the Fed seeks to achieve inflation that averages 2% over time, allowing inflation to overshoot the 2% level on a transitory basis to make up for past periods when inflation was below 2%. The 1.4% inflation rate and 6.7% unemployment rate in 2020 combined with the AIT policy to provide investors comfort that the Fed would maintain crisis level accommodation as the recovery unfolded in 2021. Risk assets rallied accordingly.

Although the year started with optimism surrounding vaccines and their ability to combat the COVID-19 virus, 2021 experienced the Delta and then Omicron variants. The Omicron variant had less severe symptoms and lower hospitalization rates than the original virus, especially for the vaccinated, but variant existence illustrated that medical uncertainty remains elevated. Importantly, case surges associated with the variants did not derail the economic and earnings recoveries.

Just as the virus has mutated, society has adapted to the variant challenges. COVID-19 was a *tectonic* shift that accelerated the digital transformation. Corporations and individuals responded to the pandemic by optimizing technology so they could adapt to and manage inevitable and ongoing challenges and uncertainties. Technology adoption played a crucial role dampening the downturns associated with the initial COVID-19 crisis and then variant surges, and has been a propellant in the ensuing recovery, providing an example of an unanticipated positive outcome associated with the pandemic.

Recovering economic demand that exceeded commodity supply pushed commodity prices higher throughout the year and exposed fault lines in global supply chains, reversing the deflationary impact of supply chain globalization. As the demand recovery for commodities and finished goods outpaced supply capacity, prices increased. Surprisingly, the same dynamic applied to the labor market in the U.S. In a striking example of an unforeseen outcome, employers forced to let employees go during the depths of the COVID-19 crisis posted "Help Wanted" signs in storefronts, increased pay to keep workers and offered signing bonuses to attract them. Like COVID-19 variants, supply chain disruptions and labor force challenges did not have a materially negative impact on the aggregate economic and earnings recoveries. Profit margins increased over the course of the year as corporations benefitted from operating leverage, increased efficiencies from technology investments, and the ability to pass price increases through to consumers.

¹ Knight, Frank, *Risk, Uncertainty, and Profit*, Online Library of Liberty, 1921, page 118.

² Ibid.

INVESTMENT MARKET CONDITIONS

The combination of the factors outlined above accumulated over the course of the year to produce the most notable transition in 2021: inflation. The inflation rate increased from 1.4% to 7.0% as the unemployment rate fell from 6.7% to 3.9%. The inflation increase was a shock to market participants and households where inflation's sting was manifested in a real wage decline. It is no wonder people were surprised. Inflation had been below the Fed's 2% target rate since the GFC; 7.0% was the highest level in 40 years. As the inflation rate increased throughout 2021, Chairman Powell maintained it would be "transitory" and acceptable within the AIT framework. Crisis level policy accommodation continued as concerns the Fed was "behind the curve" escalated. In early November, Powell announced the Fed would reduce QE policy accommodation by reducing or "tapering" open market purchases. Later that month, he indicated it was time to stop using "transitory" as a descriptor and noted that the risk of higher inflation had increased. In December, the Fed announced further tapering that reduced but did not eliminate QE policy accommodation and maintained crisis level accommodative monetary policy. A risk market rally followed, proving that (a lack of) actions speak louder than words.

The U.S. markets provide a helpful overview of the recovery and transition that took place in 2021. Interest rates increased from depressed levels at the beginning of the year but remained low due in part to the aforementioned policy accommodation. Increases in nominal U.S. yields resulted from increases in implied inflation compensation. Real yields that started the year at record low *negative* levels, consistent with a challenging economic environment, did not adjust higher with the recovery. Nominal 30-year UST bonds started the year at 1.65%, comprised of a -0.37% real yield and implied inflation of 2.02%. By the end of 2021, the nominal yield had increased 25 basis points to 1.90%. Implied inflation increased 35 basis points to 2.37% while real yields *fell* 9 basis points to -0.46% establishing a new end-of-year record low. (These numbers are subject to rounding and do not tie precisely.) Low nominal and negative real yields play a critical role explaining elevated valuations. Over the course of the year, both economic growth and earnings were revised higher and rebounded back to their pre-COVID-19 trends, providing another example of unexpected outcomes. This dynamic – an increasing earnings trajectory discounted by low nominal and negative real yields – produced attractive returns for risk assets, exemplified by the S&P 500's 28.68% return.

Despite our understanding of the uniqueness and attendant uncertainty associated with the current situation, as 2021 ended we found ourselves puzzled by the magnitude of

negative real yields across the U.S. yield curve as well as extremely accommodative Fed policy in contrast with observed inflation, unemployment, and their own rhetoric. Real yields seemed unsustainably low, inconsistent with the observed recovery. The inflation reality at the end of 2021 would have been unheard of two years ago. Nonetheless, market pricing suggested no fear of inflation or a Fed policy error as markets were discounting a smooth transition from high to low inflation and a Fed Funds rate that would adjust gradually and incrementally, remaining accommodative. Given our own view with respect to uncertainty, we feel the recovery and transition that took place last year introduced new uncertainties specific to the path of real interest rates and the range of outcomes associated with inflation and its intersection with Fed policy. We were less sanguine than market pricing suggested and found Fed policy action incongruous with their own words and our observations.

INVESTMENT RETURNS IN 2021

Investment market performance (see Exhibit A) in 2021 followed the narrative outlined above.

Cash's 0.05% return compared to the 7.04% inflation rate provides a glaring example of the disconnect between monetary policy and observed inflation. Benchmark yields in developed markets increased, mostly attributable to increases in implied inflation as real rates decreased in most instances. Because investment grade credit spreads were stable, negative returns for developed bond markets resulted from higher benchmark yields. Investment Grade U.S. Bonds, Global Bonds, and ex-U.S. Bonds produced returns of -1.54%, -1.39%, and -1.40% respectively, all in dollar hedged terms. Credit spread compression in U.S. High Yield Bonds produced a 4.51% return, while the Emerging Market Debt index's -1.78% performance resulted from slightly wider credit spreads and higher benchmark yields.

Equities are long duration assets with valuations highly sensitive to growth rates, changes in long term interest rates, especially real interest rates, and changes in risk premiums. U.S., Global, and ex-U.S. Equity returns were 26.45%, 24.38%, and 19.51% on a dollar-hedged basis in 2021. Developed equity markets were beneficiaries of the economic and earning recovery and lower real interest rates. Once again U.S. outperformance resulted from meaningfully higher exposure to technology companies that were experiencing a steeper earnings growth trajectory in their longer dated future cash flows. The Emerging Markets Equities return of -2.54% trailed developed markets appreciably, reflecting the challenges those markets continue to face from both economic growth and COVID-19 related uncertainties.

INVESTMENT MARKET CONDITIONS

Real Estate and Private Markets had respective returns of 17.70% and 31.01% in 2021. Both asset classes experienced fundamental improvement combined with abundant liquidity. This dynamic was a powerful tailwind that resulted in record activity and attractive returns last year. These returns are preliminary and may show an upward adjustment upon receipt of final numbers.

Non-dollar currency exposure had a meaningful impact on global asset returns in 2021. The U.S. dollar strengthened notably against Japanese yen and the euro, both with sizable weights in the global indices, and to a lesser extent versus the pound sterling, where the weight is less pronounced. Non-dollar currency in Global Bonds (ex-U.S.) had a contribution of -5.73% versus the dollar-hedged portfolio, while the impact of currency exposure in Global Equities (ex-U.S.) was -5.76%.

CURRENT INVESTMENT CONDITIONS

As the calendar year turned from 2021 to 2022, markets did an abrupt about face with respect to real interest rates and monetary policy market pricing. This disruptive transition occurred quickly as observed inflation increased and the chorus suggesting the Fed was behind the curve became larger and louder. U.S. fixed income market data from this writing in early March illustrate the magnitude of these changes. There have been no significant changes to economic and earnings growth projections; the disruptive catalysts have been in the fixed income markets.

As February ended, the 30-year UST nominal yield increased 26 basis points from 1.90% to 2.16%, with opposite contributions from real yields and implied inflation than last year. Real yields increased 33 basis points from -0.46% to -0.13%, and implied inflation decreased 7 basis points from 2.37% to 2.30%. Real yields are a critical fundamental input to all financial asset valuations. As real yields increase, the present value of future cash flows decreases. This is the first order humble arithmetic that contributed to an unexpected drawdown for most financial assets in early 2022. Because duration amplifies this dynamic, drawdowns were most pronounced in risk assets with longer dated cash flows.

Although there has been a negative correlation between stocks and bonds and especially since the GFC, that relationship is not consistent with longer spans of history, where the correlation is positive.

The stock market's reaction to the increase in nominal and real interest rates is a natural response consistent with traditional asset valuation models and the historical relationship between stocks and bonds. From today's starting point of extended durations for all financial assets, elevated valuations are highly sensitized to normalization of

real interest rates. Further normalization of real interest rates combined with a positive correlation between stocks and bonds will be challenging for portfolios with extended durations that have been beneficiaries of these recent dynamics.

Although the Fed made no policy changes since their December meeting, monetary policy market pricing appears to be aligning more with Fed language than actions to date. Current market pricing reflects a more aggressive monetary response to combat inflation. Since the beginning of the year, the implied Fed Funds rate for February of 2023 has increased from about 0.75% to 1.52%.

Expectations of the Fed providing well telegraphed guidance and gradual rate increases are fading quickly. Inflation is elevated and the labor market is strong. This situation is unique. This is the first time the Fed (and many investors) have had to confront inflation in 40 years. This situation is also without precedent. Since the GFC, accommodative monetary policy that includes QE has been focused on creating inflation; these combined policies have *never* had to confront inflation. Ever. This year's abrupt changes in short-term market pricing are examples of how quickly markets can respond to new information. Central bank accommodation and credibility that have been market foundations since the GFC may face their first real test in the form of inflation.

The inflation test is notable for investors who have become accustomed to central bank responsiveness to market disruptions. Since the GFC, inflation risks have been quiescent. This provided the Fed significant latitude to implement policy accommodation in response to market drawdowns, in what became known as the "Fed put". Elevated inflation and a tight labor market constrain the Fed's ability to respond to financial asset turbulence. Although many market participants have never encountered inflation, the Fed is acutely aware of its pernicious impact on the economy, investment markets and households. As such, the Fed's reaction function to market drawdowns moves inversely to their perceptions of inflation risks.

Inflation and its attendant uncertainty were the most notable transition last year. The current situation is unique and without historical analog, making it exceedingly difficult to assign probabilities to outcomes. Humility is required. As we observe market prices and inputs, we recognize there is some, albeit unmeasurable, probability that the inflation confrontation transitions to a reckoning. Markets do not appear to be pricing the tail risk associated with a reckoning catalyzed by the Fed being behind the inflation curve after more than a decade of highly accommodative policy including QE. Russia's invasion of Ukraine at the end of February introduces an additional element of geopolitical uncertainty that complicates the overall risk landscape,

INVESTMENT MARKET CONDITIONS

introducing an unwelcome challenge to the Fed and all central banks as they navigate an already treacherous environment.

Current investment conditions characterized by a low and flat capital markets line suggest the attractive nominal and risk adjusted returns of the past couple of years are unlikely to be repeated. Prospective returns are likely to be meager and subject to volatility and potential disruption related to the uncertainties surrounding normalization of real interest rates and the intersection of inflation and the central bank policy response.

INVESTMENT STRATEGY

Relative to our Global Diversified Index (GDI) benchmark (see GDI Components on page 28), The Brinson Foundation began 2021 with significant above policy weights in Cash and High Yield Bonds funded by notable below policy weights in Global Bonds and Global Equity, as well as underweights in Emerging Market Debt and Real Estate. Our High Yield Bond exposure was due to idiosyncratic floating rate high yield opportunities and opportunistic funds, not the attraction of the asset class itself. As the year progressed, we added to High Yield Bonds through select liquid opportunities with floating rate liabilities that were trading at what we considered attractive discounts to net asset value.

As illustrated in Exhibit B, the portfolio ended the year with decidedly less interest rate and equity risk than the benchmark. This is attributable to the significant underweight in Global Bonds in combination with the Global Equity underweight and smaller underweights in Emerging Market Debt all offset by the Cash and High Yield positions. We do not feel Global Bonds offer acceptable compensation for duration risk taken; the Cash position reduces duration risk. The High Yield overweight is comprised of the exposures outlined above. In combination these exposures are floating rate and capture a satisfactory illiquidity and credit spread premium. Our modest risk posture reflects our recognition of the uncertainties markets are confronting currently with respect to real interest rate normalization and the tail risk associated with elevated inflation, a tight labor market, and a Fed that may be behind the inflation curve by maintaining highly accommodative policy in the face of escalating inflation.

As pointed out earlier, the post-GFC window has been unique. Central bank accommodation has been consistent via traditional monetary policy combined with QE. Earnings have been strong, inflation had been subdued, real and nominal rates have declined persistently, and there has been a negative correlation between stocks and bonds. The environment has been marked by a codependency between asset valuations and unnaturally low and

sometimes negative real and nominal interest rates, which are in turn dependent on central bank accommodation. This has been a rewarding time for investors focused on maximizing return, as they may have felt that central banks were playing a role as risk mitigators. That may be changing as the Fed is forced to confront inflation uncertainty in a tight labor market. Risk management cannot be outsourced; it is the distinguishing characteristic that enables investors to be risk seeking when markets are in risk avoidance and *prospective* returns are most attractive. For the reasons outlined above, we think the present environment warrants prudent risk management and modest risk exposure.

PERFORMANCE RESULTS

For the calendar year, the portfolio experienced a 14.13% return, versus 12.43% for our GDI benchmark (see Exhibit C). The inflation rate, using the Consumer Price Index, was 7.04%, making the portfolio's real (inflation adjusted) return 6.63% versus 5.04% for the GDI. Compared to the benchmark, the portfolio's performance had a positive contribution from security selection specific to Real Estate, Private Markets, and High Yield Bonds. The Cash position, which reduced overall portfolio risk, had a net negative contribution from market allocation. The positive contribution from the Global Bonds underweight, where returns were negative in 2021, was more than offset by the Global Equities underweight where returns were attractive.

The Brinson Foundation's long-term real return objective is 4.0 to 4.5% with moderate risk exposure. As outlined above, we feel a reduced risk exposure is prudent given today's starting point and the uniqueness of the current situation. Reducing portfolio duration aligns portfolio risk to modest, consistent with our assessment of current conditions.

The portfolio's real annualized performance since inception (12/31/00) has been 5.11% compared to the benchmark's 4.59%, producing 0.52% added value with most of the contribution coming from market allocation. The portfolio's annualized nominal return since inception has been 7.50% versus the benchmark's 6.97% return. Since inception, the portfolio's annualized volatility has been 9.51% compared to the benchmark's 9.15%. Please refer to Exhibit D for a graphic display that includes a wealth index for both the portfolio and the benchmark.

Performance revisions take place for both the portfolio and the benchmark from the original estimates published in this report each year, specific to final year-end valuations from our managers in Private Markets, Real Estate, and High Yield Bonds. Revised historical performance and volatility statistics for the portfolio and the benchmark are included in Exhibit E.

INVESTMENT MARKET OVERVIEW 2021 AND INCEPTION TO DATE

Global Capital Market Returns

EXHIBIT A			
NOMINAL RETURNS	INDEX	2021	ANNUALIZED 12/31/00 THROUGH 12/31/21
Global Diversified Index (GDI)	GDI (Unhedged)	12.43 %	6.97 %
	GDI (\$ Hedged)	14.22 %	6.96 %
U.S. Inflation (CPI)	Consumer Price Index (CPI)	7.04 %	2.27 %
Real Returns			
Global Diversified Index (GDI)	GDI (Unhedged)	5.04 %	4.59 %
	GDI (\$ Hedged)	6.71 %	4.58 %
Market Index			
Cash Equivalents	ICE BofA Merrill Lynch U.S. 3-Month Treasury Bill Index	0.05 %	1.44 %
Global Bonds (Investment Grade)	Bloomberg Barclays Global Aggregate Index (Unhedged)	-4.71 %	4.29 %
	Bloomberg Barclays Global Aggregate Index (\$ Hedged)	-1.39 %	4.40 %
Ex-U.S. Bonds (Investment Grade)	Bloomberg Barclays Global Aggregate ex-USD Index (Unhedged)	-7.05 %	4.08 %
	Bloomberg Barclays Global Aggregate ex-USD Index (\$ Hedged)	-1.40 %	4.24 %
U.S. Bonds (Investment Grade)	Bloomberg Barclays U.S. Aggregate Bond Index	-1.54 %	4.52 %
U.S. High Yield Bonds	Bloomberg Barclays High Yield Very Liquid Bond Index	4.51 %	6.98 %
Emerging Market Debt	Bloomberg Barclays USD Emerging Markets Government RIC Capped Index	-1.78 %	7.66 %
Global Equities	MSCI World (Net) Index (Unhedged)	21.82 %	6.72 %
	MSCI World (Net) Index (\$ Hedged)	24.38 %	6.63 %
U.S. Equities	MSCI USA (Net) Index	26.45 %	7.85 %
Ex-U.S. Equities	MSCI World ex-U.S. (Net) Index (Unhedged)	12.62 %	4.95 %
	MSCI World ex-U.S. (Net) Index (\$ Hedged)	19.51 %	4.90 %
Emerging Market Equities	MSCI Emerging Markets (Net) Index	-2.54 %	8.98 %
Real Estate	NCREIF Property Index	17.70 %	8.62 %
Private Markets	Cambridge Associates Private Equity Index	31.01 %	10.94 %

Sources: Bloomberg, FactSet, GP Brinson Investments, MSCI

INVESTMENT STRATEGY MARKET & CURRENCY ALLOCATION

As of December 31, 2021

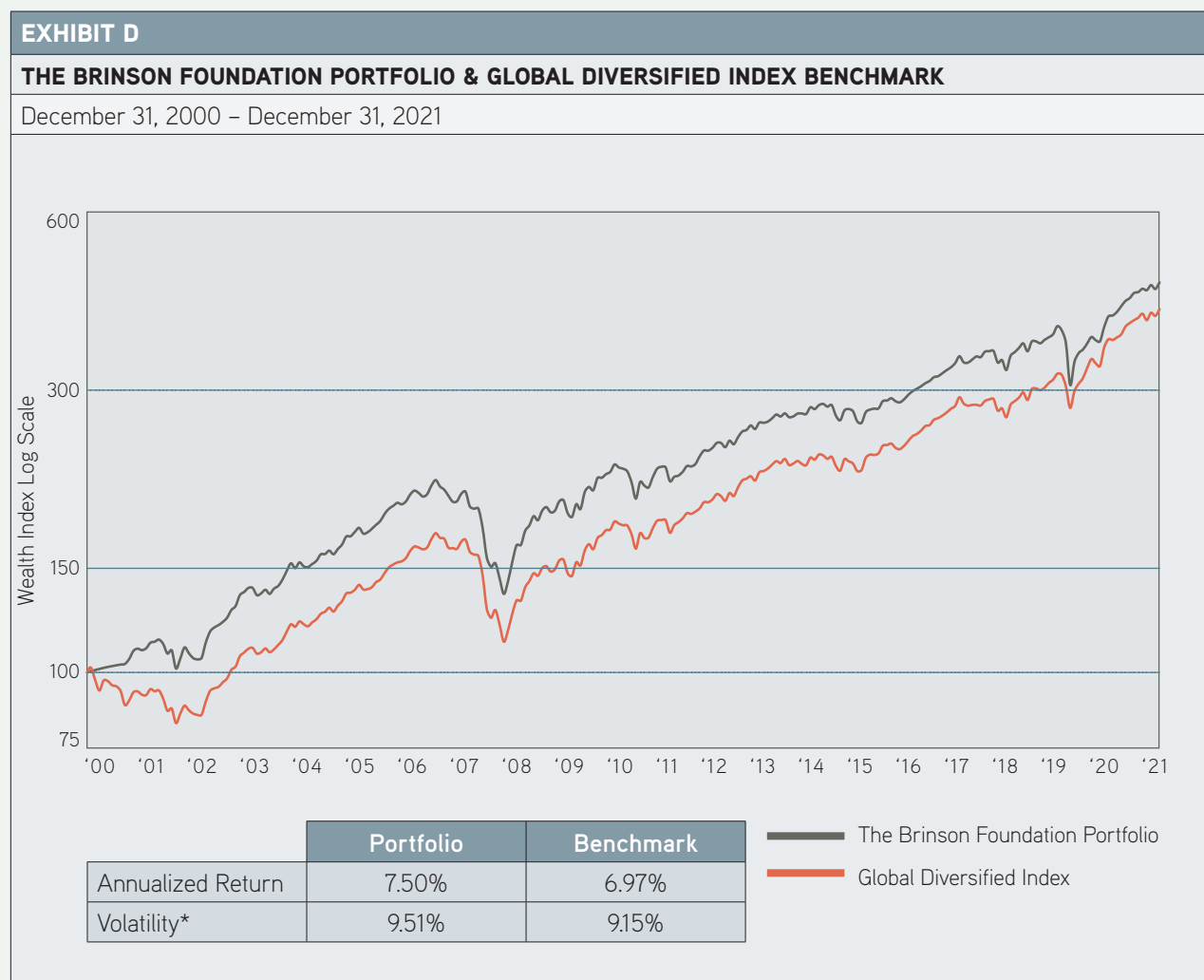
EXHIBIT B			
MARKET ALLOCATION	BENCHMARK	THE BRINSON FOUNDATION	DIFFERENCE
Global Equity	55.00 %	39.42 %	-15.58 %
<i>Developed Markets</i>	48.67 %	32.88 %	-15.79 %
<i>Emerging Markets</i>	6.33 %	6.54 %	0.21 %
Private Markets	5.00 %	7.84 %	2.84 %
Real Estate	10.00 %	10.30 %	0.30 %
Global Bonds	25.00 %	0.00 %	-25.00 %
<i>U.S. Bonds</i>	12.50 %	0.00 %	-12.50 %
<i>Global ex-U.S. Bonds</i>	12.50 %	0.00 %	-12.50 %
High Yield Bonds	3.00 %	16.72 %	13.72 %
Emerging Market Debt	2.00 %	0.00 %	-2.00 %
Cash Equivalents	0.00 %	25.72 %	25.72 %
TOTAL	100.00 %	100.00 %	0.00 %
CURRENCY ALLOCATION	BENCHMARK	THE BRINSON FOUNDATION	DIFFERENCE
North America	71.60 %	81.49 %	9.89 %
<i>U.S.</i>	69.28 %	80.08 %	10.80 %
<i>Canada</i>	2.15 %	1.27 %	-0.88 %
<i>Mexico</i>	0.17 %	0.14 %	-0.03 %
Euro	9.09 %	3.71 %	-5.38 %
UK	2.92 %	1.74 %	-1.18 %
Other Europe	2.95 %	2.23 %	-0.72 %
Japan	4.17 %	2.97 %	-1.20 %
Asia (ex-Japan)	3.44 %	3.53 %	0.09 %
Australia / New Zealand	1.27 %	0.89 %	-0.38 %
China / Hong Kong	3.56 %	2.35 %	-1.21 %
Other Emerging Markets	1.00 %	1.09 %	0.09 %
TOTAL	100.00 %	100.00 %	0.00 %

Sources: FactSet, GP Brinson Investments

INVESTMENT PERFORMANCE (NET OF FEES)

For the Period Ending December 31, 2021

EXHIBIT C				
2021 PORTFOLIO PERFORMANCE	2021	INFLATION RATE	REAL RETURN	VOLATILITY*
The Brinson Foundation Portfolio	14.13 %	7.04 %	6.63%	4.32%
Global Diversified Index	12.43 %	7.04 %	5.04%	5.74 %
Added Value	1.70 %		1.59%	
SINCE INCEPTION (12/31/2000) PORTFOLIO PERFORMANCE (Annualized)	SINCE INCEPTION	INFLATION RATE	REAL RETURN	VOLATILITY*
The Brinson Foundation Portfolio	7.50%	2.27 %	5.11 %	9.51 %
Global Diversified Index	6.97 %	2.27 %	4.59%	9.15 %
Added Value	0.53%		0.52%	



* Annualized standard deviation of monthly logarithmic returns
 Sources: FactSet, GP Brinson Investments

THE BRINSON FOUNDATION PORTFOLIO & GLOBAL DIVERSIFIED INDEX BENCHMARK – HISTORICAL PERFORMANCE AND VOLATILITY

December 31, 2000 - December 31, 2021

EXHIBIT E						
The Brinson Foundation Portfolio and Global Diversified Index Benchmark return numbers that are bold and <i>italicized</i> remain subject to revision. The Global Diversified Index is subject to revision for five months.						
	The Brinson Foundation Portfolio			Global Diversified 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 %	8.04 %	-7.02 %	-7.08 %	10.10 %
2003	25.32 %	10.56 %	8.28 %	23.35 %	2.13 %	9.91 %
2004	13.17 %	11.20 %	7.76 %	13.24 %	4.80 %	9.06 %
2005	7.60 %	10.47 %	7.32 %	9.40 %	5.70 %	8.37 %
2006	16.23 %	11.41 %	6.96 %	15.32 %	7.25 %	7.89 %
2007	6.51 %	10.70 %	6.85 %	10.59 %	7.72 %	7.56 %
2008	-24.91 %	5.46 %	8.75 %	-24.22 %	3.09 %	9.34 %
2009	24.43 %	7.41 %	9.77 %	18.59 %	4.70 %	10.04 %
2010	12.05 %	7.87 %	10.00 %	11.61 %	5.37 %	10.21 %
2011	-3.62 %	6.77 %	10.12 %	0.20 %	4.89 %	10.20 %
2012	12.90 %	7.27 %	9.97 %	12.02 %	5.47 %	10.00 %
2013	12.74 %	7.68 %	9.68 %	13.28 %	6.05 %	9.75 %
2014	4.76 %	7.47 %	9.39 %	4.91 %	5.97 %	9.50 %
2015	0.87 %	7.01 %	9.26 %	0.16 %	5.57 %	9.39 %
2016	4.78 %	6.87 %	9.12 %	7.16 %	5.67 %	9.24 %
2017	15.11 %	7.34 %	8.86 %	16.83 %	6.30 %	9.00 %
2018	-2.66 %	6.76 %	8.81 %	-4.34 %	5.67 %	8.94 %
2019	18.65 %	7.35 %	8.77 %	18.48 %	6.31 %	8.87 %
2020	3.88 %	7.18 %	9.70 %	14.35 %	6.70 %	9.29 %
2021	14.13 %	7.50 %	9.51 %	12.43 %	6.97 %	9.15 %

* Annualized standard deviation of monthly logarithmic returns
Sources: BISAM, GP Brinson Investments

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. If a grantseeker believes its request matches one or more of our grantmaking priorities and focus areas, an inquiry can be made by submitting our Letter of Inquiry (LOI) form. The LOI is available on the “Grantseekers - Inquiries” and the “Resources” pages of our website. We accept inquiries throughout the year.

The completed form should be emailed to 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 Letter of Inquiry 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, should we determine that an inquiry merits further review, see the “Process and Calendar” on the following page.

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 – U.S. AND INTERNATIONAL GRANTMAKING

Grantmaking within the United States. The Brinson Foundation will consider inviting grant applications from organizations located in the United States of America that have been determined by the Internal Revenue Service to be exempt from tax under Section 501(c)(3) of the Internal Revenue Code and to be public charities described in Section 509(a)(1), (2) or (3) of the Internal Revenue Code (“501(c)(3) Public Charities”). 501(c)(3) Public Charities classified under Section 509(a)(3) of the Code may be required to submit additional information.

International Grantmaking. In general, the Foundation’s international grantmaking is conducted exclusively through 501(c)(3) Public Charities. In extraordinary circumstances identified by the Foundation’s staff and approved by the Board of Directors, the Foundation may consider funding non-U.S. organizations without a determination from the Internal Revenue Service of status under Section 501(c)(3) of the Internal Revenue Code (“Non-U.S. Organizations”). In these isolated situations, grantmaking will be subject to the Foundation completing an “equivalency determination” or exercising expenditure responsibility to make restricted grants to such organizations. Given the highly limited circumstances in which the Foundation will consider grants to non-U.S. organizations, we generally discourage them from submitting inquiries to the Foundation.

GRANT LIMITATIONS AND OTHER CONSIDERATIONS

The 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 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.

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. See above, however, “Legal Requirements – U.S. and International Grantmaking.”

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 Letter of Inquiry form.

Scientific Research Programs. The Foundation’s scientific 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 focus areas.

The Foundation does not accept grantseeker inquiries in medical research.

PROCESS AND CALENDAR

If our initial review of a letter of 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 in mid to late February.

The staff reviews all applications and prepares recommendations for our Board of Directors. The Board meeting usually occurs in late April or early to mid-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.

	Spring Cycle	Fall Cycle
Due Diligence Discussions	January-March	July-September
All Applications Completed	Mid to Late February	Mid to Late August
Board Meeting Application Review	April-May	October-November
Grant Disbursement	May-June	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, STAFF & ADVISOR

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