



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.

Our Beliefs

We believe:

- 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.

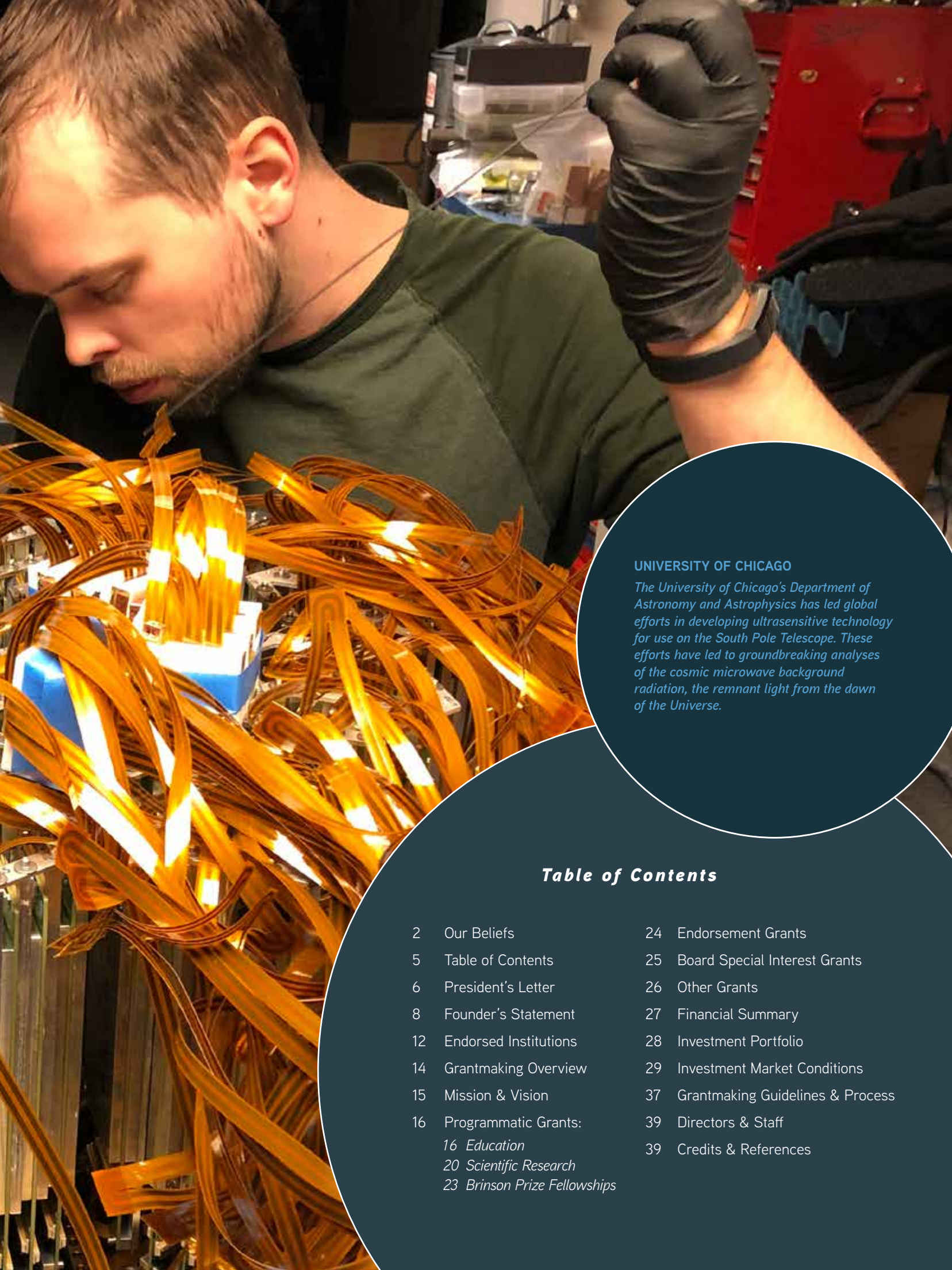




TEACH FOR AMERICA

This past year, 125 Teach For America corps members taught in schools located in the Greater Chicago and Northwest Indiana region. The Foundation has supported TFA since 2005.





UNIVERSITY OF CHICAGO

The University of Chicago's Department of Astronomy and Astrophysics has led global efforts in developing ultrasensitive technology for use on the South Pole Telescope. These efforts have led to groundbreaking analyses of the cosmic microwave background radiation, the remnant light from the dawn of the Universe.

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President's Letter

This past year, the Foundation was pleased to be able to continue expanding the Brinson Prize Fellowship initiative (see page 23). The Fellowship program offers a space for astrophysicists and cosmologists to chase bold ideas with creative, nimble, and innovative research. Motivated by our founder Gary Brinson, the first three cohorts of Brinson Prize Fellowships intentionally spanned a diverse range of astronomy and cosmology subfields and host institutions to optimize the potential for discovery.

In 2022, the Foundation's Board approved selected increases of \$5,000 to bolster grantees grappling with inflation.

Notably, in 2022, the Foundation initiated a collaboration with NASA's Space Telescope Science Institute (STScI), which, among other science and mission operations, administers the distinguished NASA Hubble Fellowship Program. Whereas the Hubble Fellowship Program awards in five scientific categories, this new Brinson Prize Fellowship program focuses on one of those, significantly increasing opportunities in the subfield of observational cosmology. In the first year of this partnership, Caltech, Princeton, Stanford, and the University of Chicago were selected as possible host institutions, and all participated in the candidate review process that STScI helped administer. Three Brinson Prize Fellows will begin their positions in fall 2023, bringing the total to twelve early career scientists placed at institutions across the country. We look forward to including more

information on this exciting fellowship initiative in next year's Annual Report.

The Foundation recently welcomed two new staff members. Michael Barber, with a Ph.D. in learning sciences and over two decades of experience in educational research, policy, and practice, is now overseeing the Foundation's education grantmaking, and Jessica Matta, a former classroom teacher and certified public accountant, is the Foundation's Grants Manager and Executive Assistant. Both bring expertise that I anticipate will enhance existing relationships with our grantees and the communities in which we serve.

Over the past few years, the nonprofit sector has been buffeted by the pandemic and other societal challenges. As a result, staffing and retention continues to be an obstacle for many of our grantees, especially in essential fields such as teaching and nursing. Nonprofits have been especially hit hard by inflation, as their budgets are often disproportionately driven by salaries. To help address this challenge, the Foundation's Board approved selected increases of \$5,000 toward the end of 2022 to bolster grantees grappling with inflation and will evaluate if similar increases might be warranted for others in 2023.

The Foundation aims to be a steadying force in this turbulent time. We are open to input from our communities about ways to be supportive, as we recognize they are best positioned to define and solve their own problems. We continue to be grateful for the opportunity to support those who are positively contributing to society.



Christy Uchida
President

STORY OF THE DAY

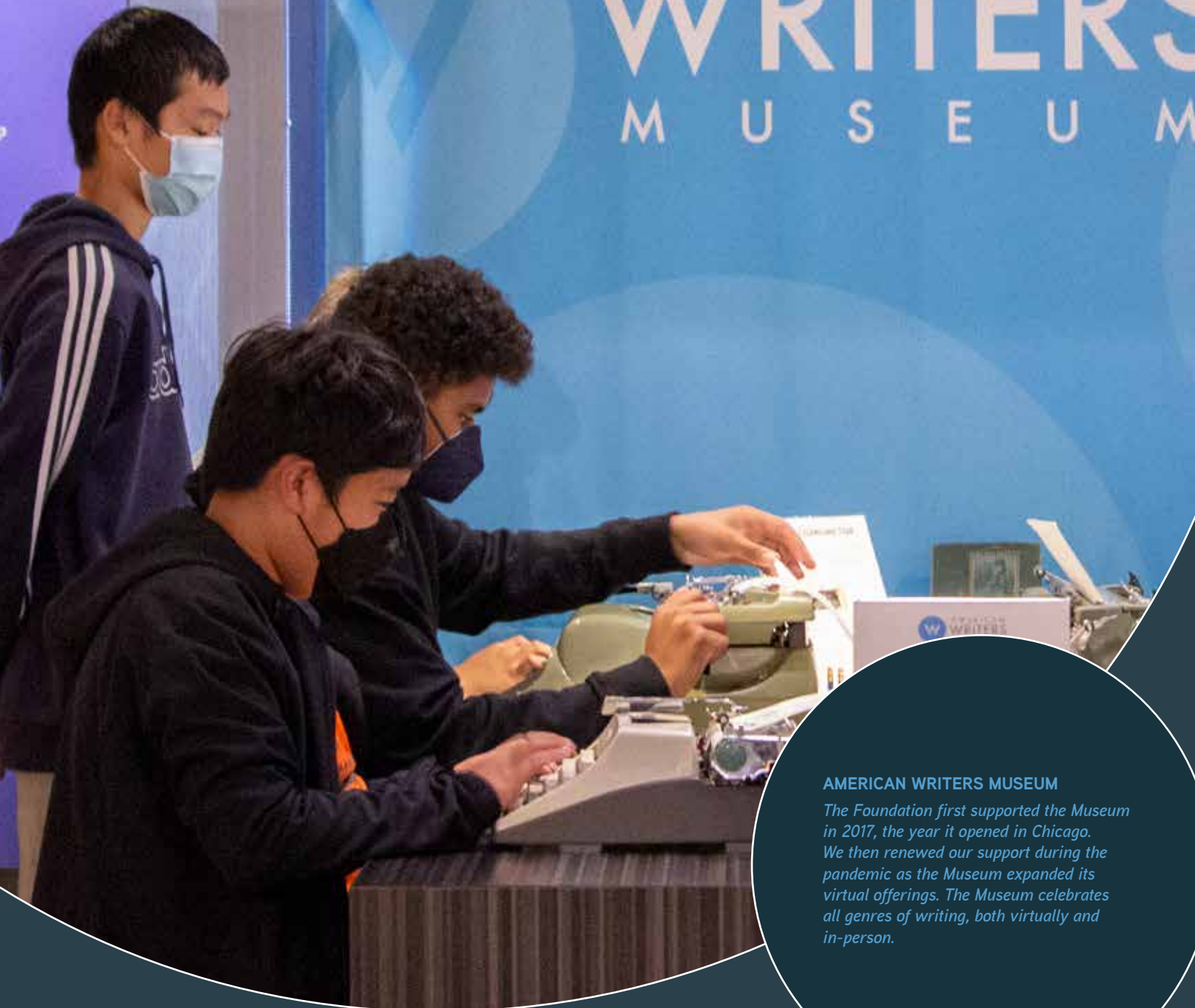
Add a line to a story collectively written by today's visitors to the Museum. Every morning our staff selects an opening line, usually from a memorable American book, poem, essay, or short story. From there, the story can head in any direction as visitors keep the yarn spinning, line by line.

Contribute your creativity! It's your chance to rewrite an American classic. The only rule? Keep it clean.

Sponsored by Story Street Labs



AMERICAN WRITERS MUSEUM



AMERICAN WRITERS MUSEUM

The Foundation first supported the Museum in 2017, the year it opened in Chicago. We then renewed our support during the pandemic as the Museum expanded its virtual offerings. The Museum celebrates all genres of writing, both virtually and in-person.

Founder's Statement

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.

We make the important distinction between philanthropy and charity. Charity only treats symptoms. It is really an activity that addresses and tries to solve a particular problem. Philanthropy deals with the underlying causes and tries to prevent a situation from occurring.

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.

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



OBSERVATIONAL COSMOLOGY

2022 marked the first year of science operations for NASA's James Webb Space Telescope (JWST). Using infrared astronomy, JWST's ultra high-resolution and high-sensitivity instruments are allowing scientists to explore older and fainter objects in unprecedented detail. The Foundation is supporting new observational cosmology Prize Fellowships that will offer early career scientists the ability to collaborate on pioneering studies, like those being done with JWST, to investigate the formation of the first galaxies and the birth of stars and planets. Shown here, the iconic Pillars of Creation (NIRCam Image).

Founder's Statement

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:

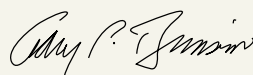
- The embracement of philanthropy is different than that of charity. The Foundation should avoid "charitable grantmaking," by which I mean grants that deal with symptoms rather than causes.

The Foundation has a long history of supporting the research of early career scientists in the physical sciences. This has included funding for graduate students and postdoctoral scholars selected by university partners, and most recently a new Prize Fellowship initiative. These awards are designed to encourage young people to chase bold ideas that might be considered risky and not yet eligible for governmental funding.

- 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.

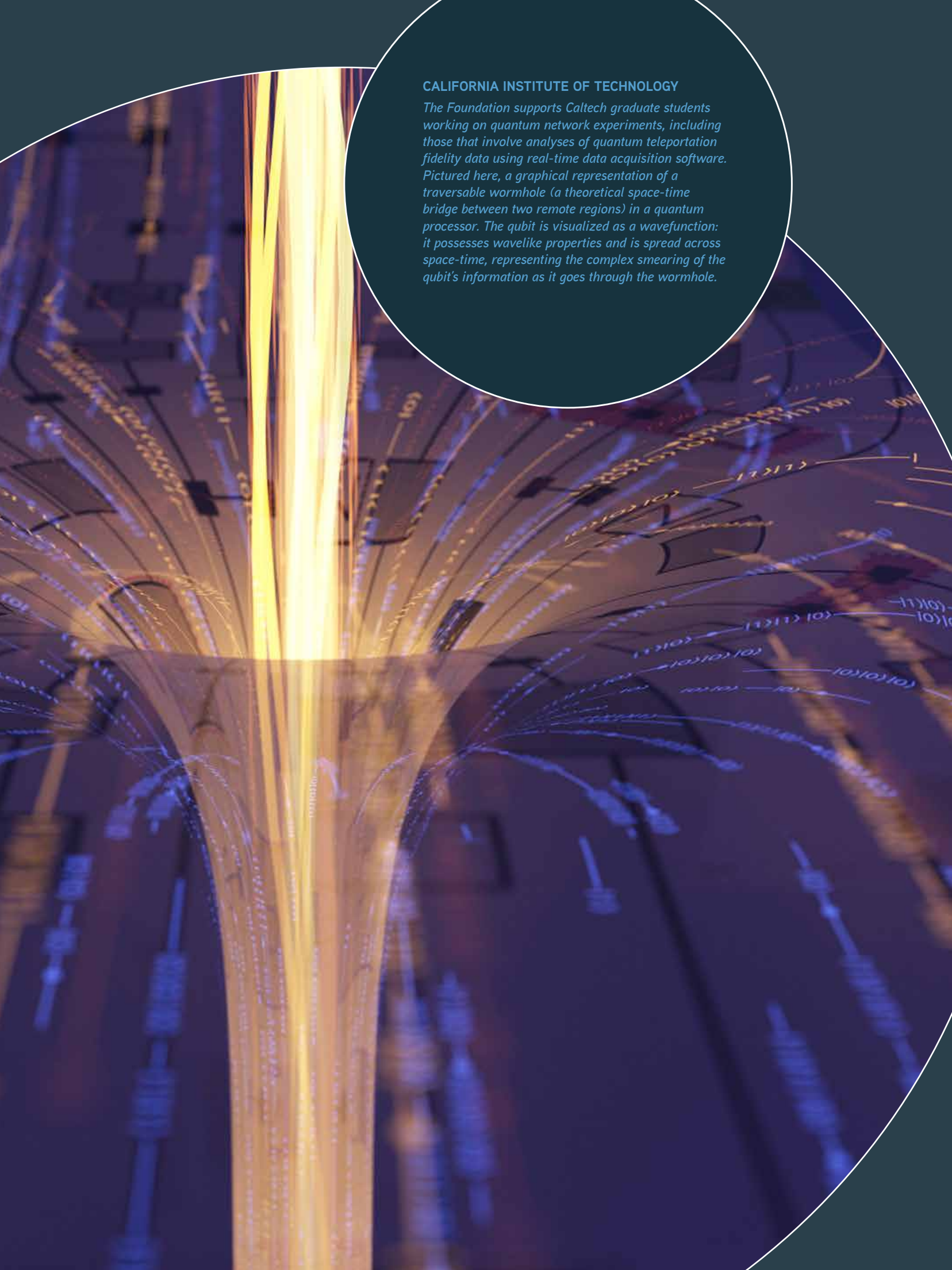
- Science, scientific research, and rational thinking should always receive the Foundation's attention and grantmaking support.
- The fact that the Foundation is a U.S. based organization should not prevent it from defining its role in a global context if that can be accomplished without compromising 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*

CALIFORNIA INSTITUTE OF TECHNOLOGY

The Foundation supports Caltech graduate students working on quantum network experiments, including those that involve analyses of quantum teleportation fidelity data using real-time data acquisition software. Pictured here, a graphical representation of a traversable wormhole (a theoretical space-time bridge between two remote regions) in a quantum processor. The qubit is visualized as a wavefunction: it possesses wavelike properties and is spread across space-time, representing the complex smearing of the qubit's information as it goes through the wormhole.



Endorsed Institutions \$2,805,000 34.4% of 2022 total grants*

Select organizations, which are indicated by  on the following pages, are designated as Endorsed Institutions by the Foundation's Directors. 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
\$181,600^

Art Institute of Chicago

Chicago, IL
\$80,000

California Institute of Technology

Pasadena, CA
\$267,500^

Carnegie Institution for Science

Washington, DC
\$300,000^

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 Public Library Foundation

Chicago, IL
\$50,000

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
\$50,000

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
\$50,000

Rush University Medical Center

Chicago, IL
\$195,000^

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
\$417,500^

WTTW

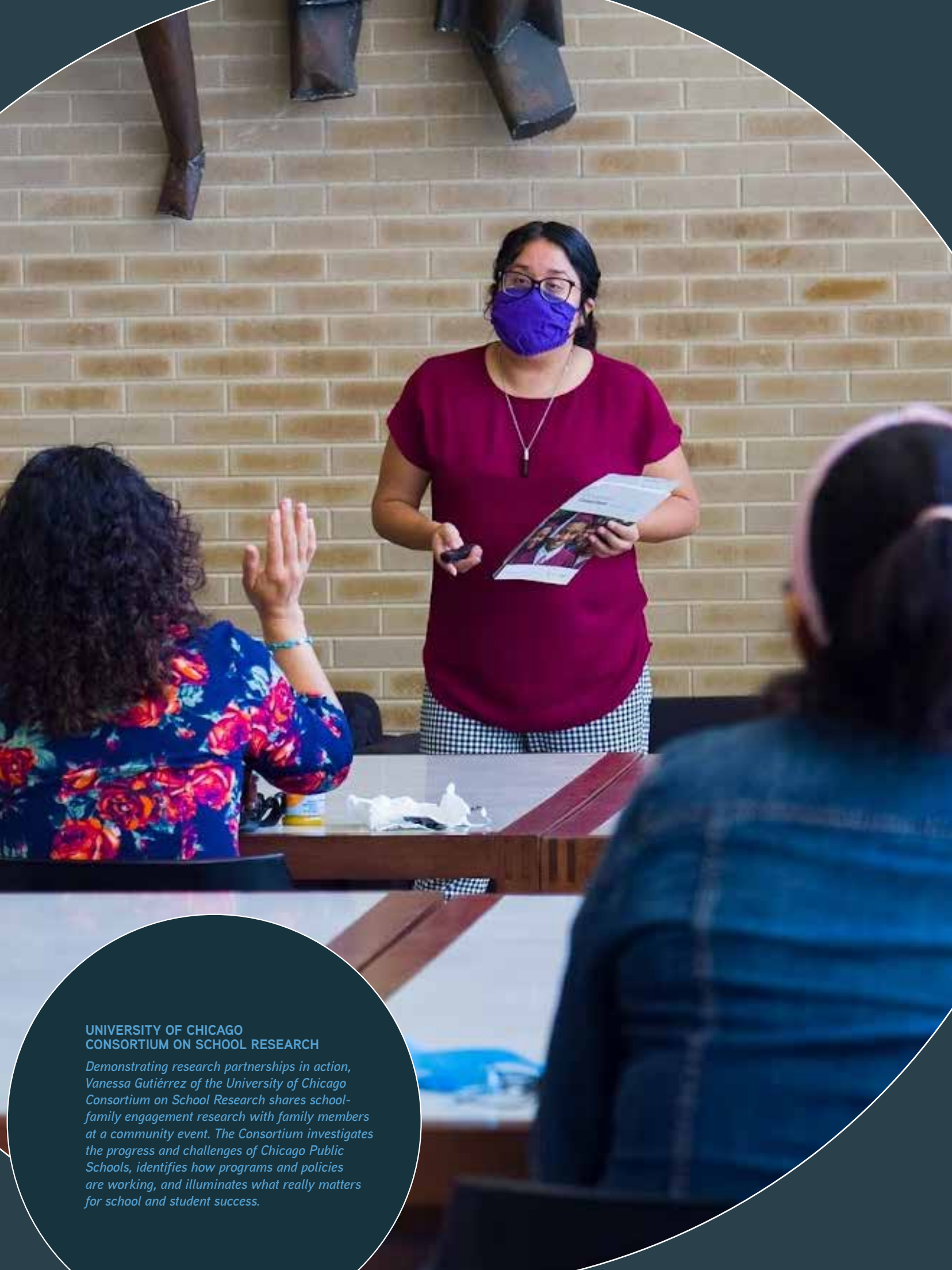
Window to the World Communications, Inc.

Chicago, IL
\$70,000

* Some Endorsed Institutions receive multi-year support, as indicated on the following pages. Only the 2022 portions of those grants are listed here.

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





**UNIVERSITY OF CHICAGO
CONSORTIUM ON SCHOOL RESEARCH**

Demonstrating research partnerships in action, Vanessa Gutiérrez of the University of Chicago Consortium on School Research shares school-family engagement research with family members at a community event. The Consortium investigates the progress and challenges of Chicago Public Schools, identifies how programs and policies are working, and illuminates what really matters for school and student success.

Grantmaking Overview

2022 Grants by Priority | Total Grants **165** | Total Amount **\$6,063,300**



Education 33.3% | 54 Grants | \$2,022,000

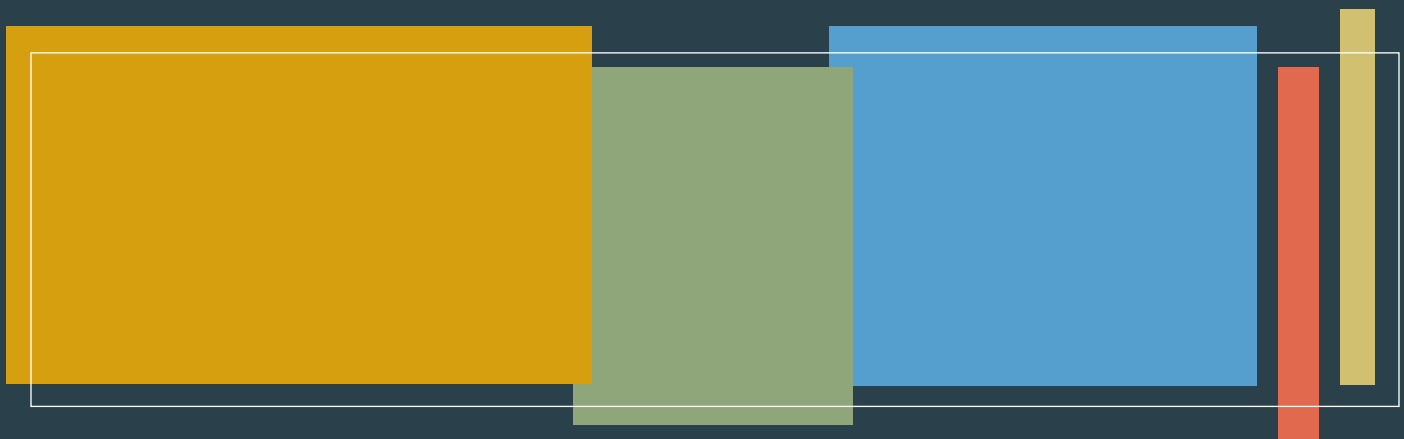
Scientific Research¹ 41.1% | 30 Grants | \$2,492,000

Endorsement² 17.3% | 17 Grants | \$1,050,000

Board Special Interest 4.7% | 17 Grants | \$286,000

Other³ 3.5% | 47 Grants | \$213,300

Grants by Priority Since Inception⁴ | Total Grants **2,599** | Total Amount **\$84,096,233**



Education 42.9% | 1,171 Grants | \$36,079,000

Scientific Research 20.4% | 306 Grants | \$17,157,000

Endorsement 31.2% | 427 Grants | \$26,278,500

Board Special Interest 3.0% | 117 Grants | \$2,562,300

Other 2.4% | 578 Grants | \$2,019,433

¹ Scientific Research grants include nine Brinson Prize Fellowships.

² Beginning in 2021, the Foundation reorganized its Endorsement category. Grants made to Endorsed Institutions that strongly align with our programmatic priority areas (e.g., education and scientific research) are now counted in those programmatic grant categories. The remaining grants made to Endorsed Institutions continue to be counted as Endorsement grants.

³ The Foundation provided Professional Development and Technical Assistance grants which benefitted 36 existing grantees. These grants totaled \$100,000.

⁴ Inception date of December 31, 2000

Percentage totals do not add due to rounding.

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.

2022 Programmatic Grants – Education

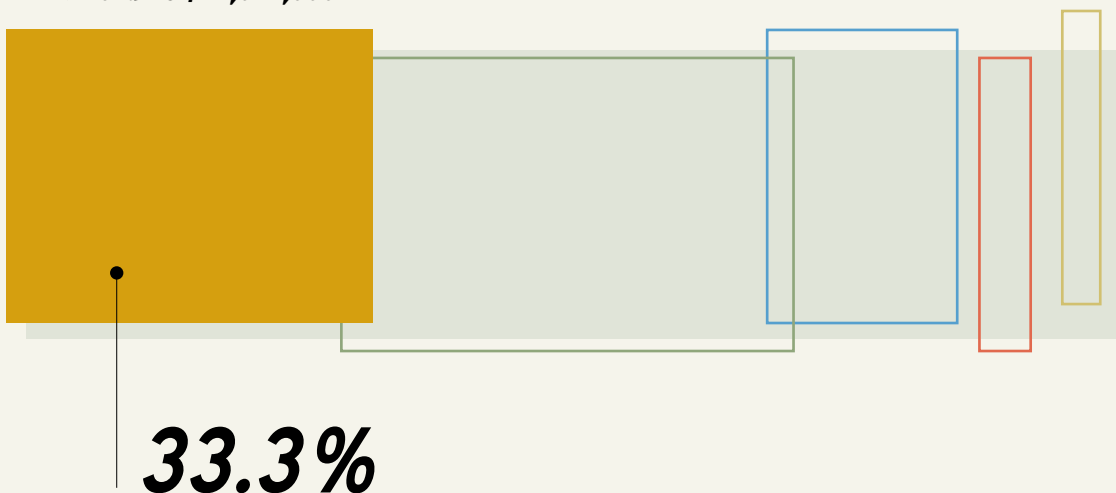
We believe education provides people with the opportunity to expand their talents and capabilities. Through our grantmaking, we hope to inspire them to reach their full potential, both as individuals and as contributing citizens of a greater community. We are especially interested in programs that make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

Education grants are made in the following focus areas:

- **Health Care Career Development** – programs that spark interest among high school and college students in health care-related career paths or provide professional development and accreditation supports for existing health care professionals.
- **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 for youth and adults, promote careers in STEM, support professional development for STEM educators, and communicate STEM content to the general public.
- **Student Health** – programs that foster the health of preschool through high school students to help them stay enrolled and be productive in school.

Education

54 Grants | \$2,022,000





METROSQUASH

MetroSquash combines academic support, competitive squash, and enrichment opportunities to empower students to realize their potential and make their mark. The Foundation has supported MetroSquash since 2007.

2022 Programmatic Grants – Education

1871

Chicagoland Entrepreneurial Center

Chicago, IL
General Support
\$30,000

A Better Chicago

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

Accion

Cambridge, MA
Microfinance Initiatives in Africa,
Asia, and Latin America
\$35,000

Advance Illinois

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

After School Matters

Chicago, IL
First payment of a two-year
\$60,000 grant
STEM Out-of-School Time
Programming
\$30,000

Alan Alda Center for Communicating Science Stony Brook Foundation

Stony Brook, NY
General Support
\$40,000

America Needs You

Chicago, IL
General Support – Illinois
\$35,000

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

Chicago, IL
Center for Childhood Resilience
\$40,000

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

Chicago, IL
Nurse Education
\$50,000

The Ayn Rand Institute

Santa Ana, CA
Free Books to Teachers Program –
Chicago Area
\$38,000

Bottom Line

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

Cara Collective

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

Carole Robertson Center for Learning

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

Cato Institute

Washington, DC
First payment of a two-year
\$70,000 grant
Sphere Education Initiative
\$35,000

Chicago Community Foundation Chicagoland Workforce Funder Alliance

Chicago, IL
Second 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
\$25,000

Chicago Public Education Fund

Chicago, IL
First payment of a three-year
\$150,000 grant
Chicago 2030
\$50,000

Communities In Schools of Chicago

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

Council for the Advancement of Science Writing

Seattle, WA
Second payment of a two-year
\$55,000 grant
Graduate School Science Writing
Fellowships and General Support
\$30,000

Daniel Murphy Scholarship Fund

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

Eisenhower Health

Rancho Mirage, CA
First payment of a three-year
\$150,000 grant
Nurse Education and
General Support
\$50,000

Erie Family Health Foundation

Chicago, IL
First payment of a two-year
\$90,000 grant
Erie Teen Center
\$45,000

Healthy Schools Campaign

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

High Jump

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

Illinois Network of Charter Schools

Chicago, IL
General Support
\$35,000

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
 \$29,000

Lake Forest Academy

Lake Forest, IL
 Fourth 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
 \$30,000

Loyola University Medical Center

Maywood, IL
 First payment of a two-year
 \$60,000 grant
Pediatric Mobile Health Unit
 \$30,000

Math Circles of Chicago

Chicago, IL
 Second 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
 \$30,000

MetroSquash

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

Mikva Challenge Grant Foundation

Chicago, IL
Chicago Citywide Youth Councils
 \$35,000

National Louis University

Chicago, IL
Accelerate U for Medical Assistants
 \$50,000

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

Northwestern Memorial Foundation for Northwestern Memorial Hospital ◆

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

Northwestern University

Chicago, IL
Research Experiences in Astronomy at CIERA for High School Students (REACH)
 \$40,000

One Million Degrees

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

OneGoal

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

The Partnership for College Completion

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

The Posse Foundation

Chicago, IL
 First payment of a two-year
 \$110,000 grant
General Support – Chicago
 \$55,000

Project SYNCERE

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

Revolution Workshop

Chicago, IL
General Support
 \$25,000

Room to Read

San Francisco, CA
 First payment of a two-year
 \$60,000 grant
General Support for Global Literacy Program
 \$30,000

Rush University Medical Center ◆

Chicago, IL
 First payment of a two-year
 \$90,000 grant
Adolescent Family Center
 \$45,000

Rush University Medical Center ◆

Chicago, IL
Nurse Education – Cancer Center
 \$25,000

St. John's Health Foundation ◆

Jackson, WY
Nurse Education
 \$50,000

Stanford History Education Group

Stanford, CA
Civic Online Reasoning
 \$50,000

Start Early

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

Teach For America

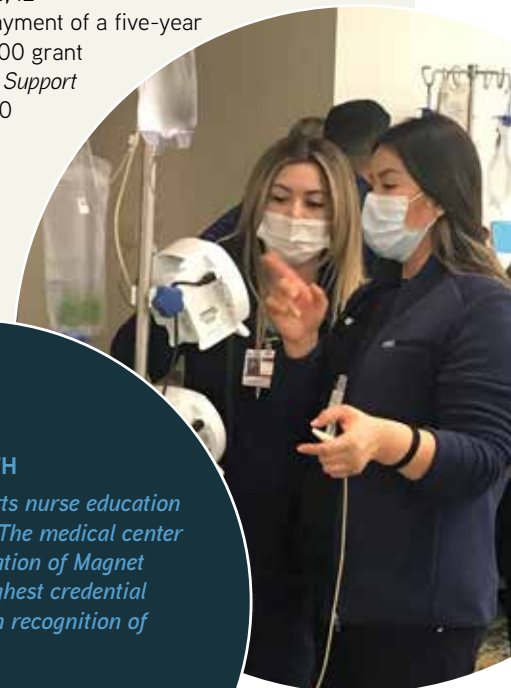
Chicago, IL
 First payment of a two-year
 \$80,000 grant
General Support – Greater Chicago and Northwest Indiana
 \$40,000

Teton Science Schools

Jackson, WY
General Support
 \$35,000

The University of Chicago ◆
Consortium on School Research

Chicago, IL
 First payment of a five-year
 \$250,000 grant
General Support
 \$50,000

**EISENHOWER HEALTH**

The Foundation supports nurse education at Eisenhower Health. The medical center is in its second designation of Magnet status, which is the highest credential awarded to hospitals in recognition of excellence in nursing.

2022 Programmatic Grants – Scientific Research

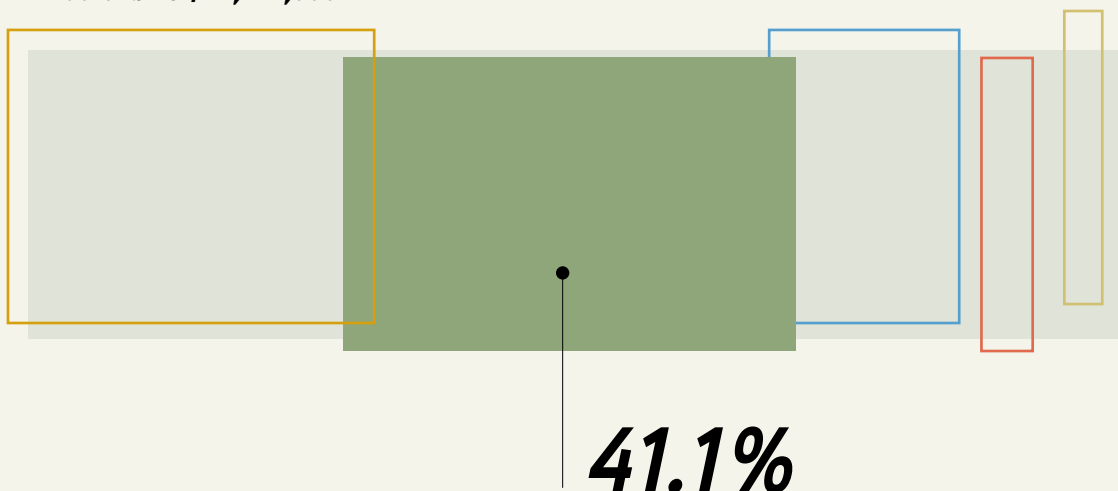
We support cutting edge research in specific areas of interest that are underfunded or at a stage in which they are unlikely to receive government funding. These programs are typically sponsored by top research institutions, which provide quality assurance oversight and accountability that may not be 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.

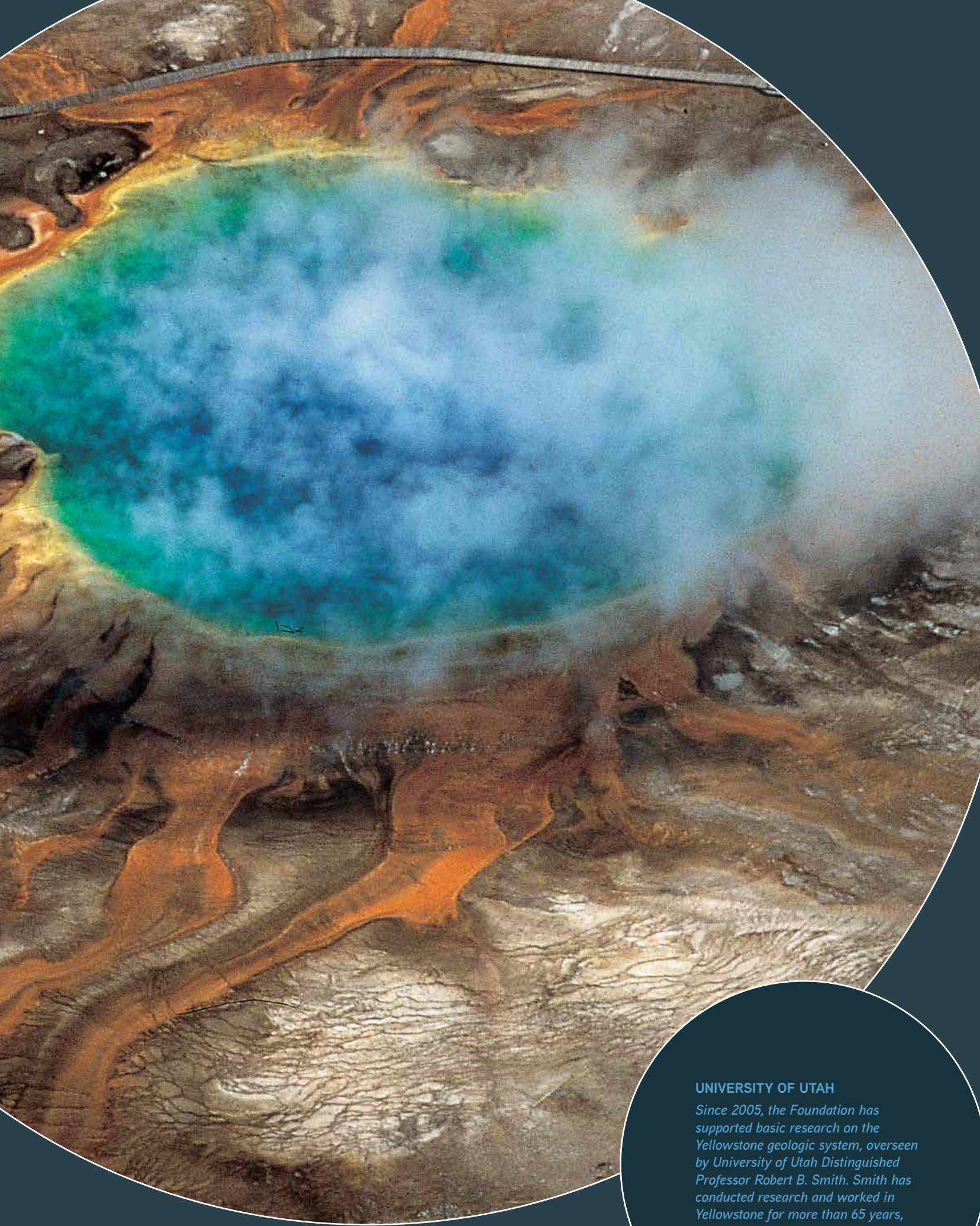
Scientific Research grants are made in the following focus areas:

- **Astrophysics/Cosmology** – the study of the behavior, physical properties, and dynamic processes of celestial objects and related phenomena; and the study of the origin and evolution of the Universe and its largest structures.
- **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** – promising studies conducted by early career scientists that have the potential to develop innovative clinical interventions for chronic conditions, as well as for 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.

We do not accept grantseeker inquiries in medical research.

Scientific Research
30 Grants | \$2,492,000





UNIVERSITY OF UTAH

Since 2005, the Foundation has supported basic research on the Yellowstone geologic system, overseen by University of Utah Distinguished Professor Robert B. Smith. Smith has conducted research and worked in Yellowstone for more than 65 years, beginning in 1956.

2022 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
Brinson Medical Research Fellowship
\$90,000

California Institute of Technology ♦

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

California Institute of Technology ♦

Pasadena, CA
*Quantum Communications and
Fundamental Space-Time Physics
Research*
\$50,000

Carnegie Institution for Science ♦

Washington, DC
First payment of a two-year
\$140,000 grant
Seismology Monitoring Research
\$70,000

Columbia University Lamont-Doherty Earth Observatory

Palisades, NY
Third 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

Northwestern Memorial Foundation for Northwestern Memorial Hospital ♦

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

Rush University Medical Center ♦

Chicago, IL
Breast Cancer Research
\$50,000

Rush University Medical Center ♦

Chicago, IL
Brinson Medical Research Fellowship
\$75,000

Salk Institute for Biological Studies

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

Science Philanthropy Alliance Rockefeller Philanthropy Advisors

New York, NY
First payment of a three-year
\$225,000 grant
Associate Membership
\$75,000
First payment of a two-year
\$20,000 grant
Administrative Support
\$10,000

Shirley Ryan AbilityLab ♦ Rehabilitation Institute of Chicago

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

Smithsonian Astrophysical Observatory

Cambridge, MA
Astrophysics Research
\$17,000

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
Second payment of a three-year
\$255,000 grant
Brinson Fellowship Program
\$85,000
Brinson Lecture (one-year payment)
\$15,000

The University of Chicago ♦ Department of Organismal Biology and Anatomy

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

University of Illinois, Urbana-Champaign National Center for Supercomputing Applications Advanced Visualization Lab

Urbana, IL
Second payment of a two-year
\$240,000 grant
Civic Science Fellowship
*Effective Approaches to Scientific
Visualization*
\$120,000
Civic Science Fellow: Eric Jensen

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 awarded to early career scientists who are committed to chasing bold ideas with creative, nimble, and innovative research.

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

Boulder, CO
Second payment of a three-year
\$345,000 grant
Multi-Messenger Solar Astronomy
\$115,000
Brinson Prize Fellow: Ryan French

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

Pasadena, CA
Third payment of a three-year
\$345,000 grant
Interface of Quantum Gravity and Quantum Information Science
\$115,000
Brinson Prize Fellow: Yuya Kusuki

**Carnegie Institution for Science
Carnegie-Caltech Fellowship**

Pasadena, CA
First payment of a three-year
\$345,000 grant
Observational Cosmology
\$115,000
Brinson Prize Fellow: Stella Ocker

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

Pasadena, CA
Second payment of a five-year
\$575,000 grant
MIRMOS, Components Development and Construction
\$115,000
Brinson Prize Fellow: Maren Cosens

**Harvard University
Department of Astronomy**

Cambridge, MA
First payment of a three-year
\$345,000 grant
Galileo Project
\$115,000
Brinson Prize Fellow: Juliana Cherston

**Princeton University
Department of Astrophysical Sciences**

Princeton, NJ
First payment of a three-year
\$360,000 grant
Observational Cosmology
\$120,000 (to be paid in 2023)
Brinson Prize Fellow: Justin Myles

**Princeton University
Department of Astrophysical Sciences**

Princeton, NJ
First payment of a three-year
\$360,000 grant
Observational Cosmology
\$120,000 (to be paid in 2023)
Brinson Prize Fellow: David Setton

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

Davis, CA
Second payment of a three-year
\$345,000 grant
Dark E-Field Radio Experiment
\$115,000
Brinson Prize Fellow: Amin Aminaei

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

Los Angeles, CA
Second 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
Third payment of a three-year
\$345,000 grant
Star and Galaxy Formation in the Early Universe
\$115,000
Brinson Prize Fellow: Anirudh Chiti

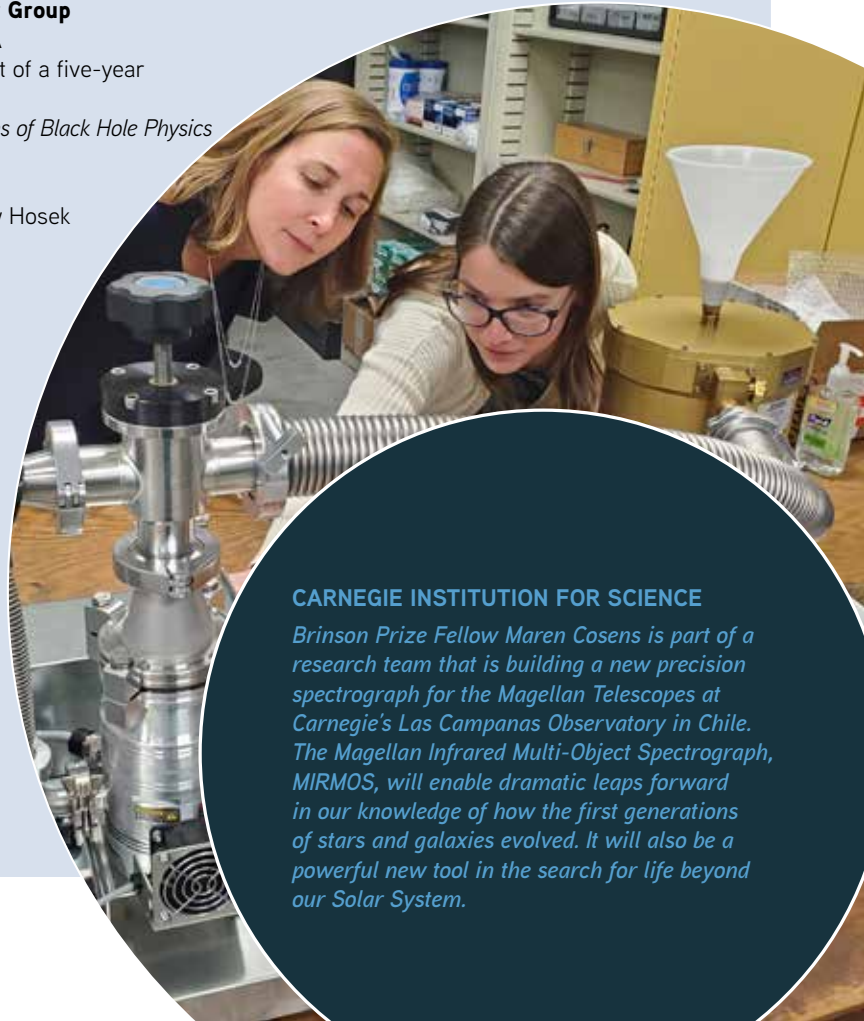
**The University of Chicago
Department of Astronomy and Astrophysics**

Chicago, IL
First payment of a three-year
\$360,000 grant
Observational Cosmology
\$120,000 (to be paid in 2023)
Brinson Prize Fellow: Daniel Gilman

**Wesleyan University
Department of Astronomy**

Middletown, CT
First payment of a three-year
\$345,000 grant
Planet Formation with ALMA
\$115,000
Brinson Prize Fellow: Brianna Zawadski


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



CARNEGIE INSTITUTION FOR SCIENCE

Brinson Prize Fellow Maren Cosens is part of a research team that is building a new precision spectrograph for the Magellan Telescopes at Carnegie's Las Campanas Observatory in Chile. The Magellan Infrared Multi-Object Spectrograph, MIRMOS, will enable dramatic leaps forward in our knowledge of how the first generations of stars and galaxies evolved. It will also be a powerful new tool in the search for life beyond our Solar System.

2022 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 and subsequent pages. The Foundation does not accept inquiries or applications relating 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
First payment of a three-year
\$150,000 grant
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 Public Library Foundation

Chicago, IL
General Support
\$50,000

Chicago Symphony Orchestra Association

Chicago, IL
General Support
\$60,000

The Field Museum

Chicago, IL
First payment of a three-year
\$240,000 grant
Learning Center Programs
\$80,000

The Joffrey Ballet

Chicago, IL
General Support
\$40,000

La Rabida Children's Hospital

Chicago, IL
First payment of a three-year
\$240,000 grant
General Support
\$80,000

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
\$50,000

Museum of Science and Industry

Chicago, IL
First payment of a three-year
\$240,000 grant
General Support
\$80,000

Peggy Notebaert Nature Museum Chicago Academy of Sciences

Chicago, IL
First payment of a three-year
\$150,000 grant
General Support
\$50,000

Shedd Aquarium

Chicago, IL
First payment of a three-year
\$240,000 grant
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

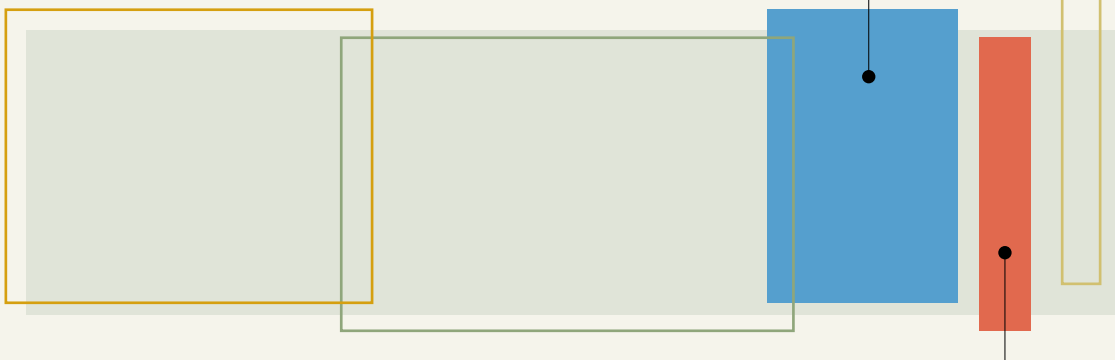


Endorsement
17 Grants | \$1,050,000

17.3%

Board Special Interest
17 Grants | \$286,000

4.7%



2022 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.

NATIONAL MUSEUM OF WILDLIFE ART

Located in Jackson, Wyoming, NMWA is the nation's only museum dedicated solely to wildlife art, with the aim of inspiring an appreciation for humanity's relationship with wildlife and nature.



All Chicago

Chicago, IL
Student Emergency Fund
\$800

American Writers Museum

Chicago, IL
General Support
\$25,000

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

Chicago, IL
NICU Support
\$1,600

charity: water

Hagerstown, MD
General Support
\$400

Chicago Parks Foundation

Chicago, IL
Perennial Garden Restoration
and Maintenance
\$50,000

Community TV Network

Chicago, IL
General Support
\$466

Coombs Outdoors

Jackson, WY
General Support
\$467

Jackson Hole Land Trust

Jackson, WY
First payment of a three-year
\$105,000 grant
General Support
\$35,000

The Living Desert

Palm Desert, CA
First payment of a three-year
\$75,000 grant
General Support
\$25,000

Lung Cancer Research Foundation

New York, NY
General Support
\$800

Merit School of Music

Chicago, IL
First payment of a three-year
\$90,000 grant
General Support
\$30,000

MetroSquash

Chicago, IL
MetroSquash Cup
\$20,000

National Museum of Wildlife Art

Jackson, WY
First payment of a three-year
\$75,000 grant
General Support
\$25,000

SitStayRead

Chicago, IL
General Support
\$467

Teton County Integrated Solid Waste & Recycling

Jackson, WY
Recycling, Composting, and
Waste Diversion
\$50,000

UCAN

Chicago, IL
Violence Intervention and
Prevention Services
\$20,000

Well of Mercy

Chicago, IL
General Support
\$1,000

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

2022 Other Grants

American Association for the Advancement of Science

Washington, DC
General Support
\$10,000

American Geophysical Union

Washington, DC
General Support
\$10,000

California Institute of Technology ◆

Pasadena, CA
Honorarium
\$2,500

Candid

New York, NY
General Support
\$1,000

Chalkbeat

Chicago, IL
General Support
\$1,000

Forefront

Chicago, IL
General Support
\$30,000

Grantmakers for Education

Portland, OR
General Support
\$1,300

National Center for Family Philanthropy

Washington, DC
General Support and
National Forum
\$15,000

The University of Chicago ◆ Pritzker School of Molecular Engineering

Chicago, IL
Honorarium
\$2,500

PROFESSIONAL DEVELOPMENT AND TECHNICAL ASSISTANCE (PDTA) GRANTS

These grants were made to 36 existing grantees in support of capacity building, with awards up to \$3,000.
\$100,000

ARCS Foundation Illinois Chapter

Chicago, IL
Graduate Student STEM Research Scholarships
\$15,000

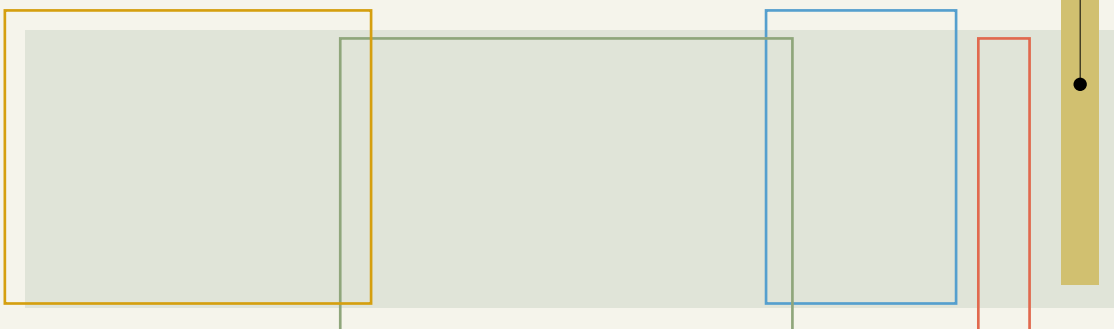
Chicago Cares

AMPT: Advancing Nonprofits

Chicago, IL
Second payment of a three-year \$75,000 grant
Capacity Building for West and South Side Community Organizations
\$25,000

Other Grants

47 Grants | \$213,300



3.5%

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

Financial Summary

REVENUES AND EXPENSES YEARS ENDED DECEMBER 31, 2022 AND 2021		
	2022	2021
REVENUES		
Contribution Income	\$ 160,668	\$ 128,872
Investment Income	4,175,408	3,811,929
Realized and Unrealized Gains (Losses) on Investments	(14,497,716)	15,367,939
Total Revenues	(10,161,640)	19,308,740
EXPENSES		
Grants and Donations	6,063,300	5,422,000
Employee Services	759,120	711,010
Investment Management Fees	399,011	403,855
Private Foundation Excise Tax	124,000	46,000
Professional Fees	128,901	98,508
Other Expenses	138,737	123,316
Total Expenses	7,613,069	6,804,689
CHANGE IN NET ASSETS	\$ (17,774,709)	\$ 12,504,051
ASSETS DECEMBER 31, 2022 AND 2021		
	2022	2021
Investments	\$ 125,551,563	\$ 142,768,763
Other (Cash, Property)	373,529	931,038
Net Assets	\$ 125,925,092	\$ 143,699,801

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, 2022 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 are 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 AS OF DECEMBER 31, 2022			
Asset Class	Benchmark Index Component	Normal Weight	Ranges (95% Frequency)
Global Equity	MSCI All Country World Index	55.00 %	+/- 30 %
	<i>Developed Markets</i>	48.82 %	
	<i>Emerging Markets</i>	6.18 %	
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

Investment Market Conditions

2022 Investment Market Conditions

The risk associated with a market reckoning catalyzed by the Federal Reserve (Fed) being behind the inflation curve after a prolonged period of highly accommodative monetary policy was realized in 2022. As Fed monetary policy transitioned to confront inflation, real (inflation adjusted) interest rates increased significantly, resulting in a painful year for investment markets.

The increase in real interest rates was the critical determinant of negative investment market returns in 2022. Prices of equity, bond, and real estate investments represent the present value of future cash flows produced by those investments. Interest rates with risk premia are the fundamental discounting mechanism used to calculate present values; they drive the denominator in asset valuation models. The cash flows are the numerator. Default free government bonds, comprised of two components, real interest rates and inflation compensation, are the interest rate benchmark used in the denominator. Because some investments, such as stocks, can pass a portion of inflation through to their cash flows, real interest rates are the fundamental component of the denominator in *all* asset valuations. Over the course of 2022, the numerator in asset valuation models for stocks did not change materially. Inflation expectations, the other component of the denominator, actually, went *down*. Despite the year's inflation headlines, the *decrease* in asset prices observed in 2022 was primarily a function of the *increase* in real interest rates.

A review of United States Treasury (UST) 30-year nominal and real yield changes in 2022 illustrates the compositional change in the denominator. Each year's ending point is another year's starting point. Unnaturally suppressed nominal and negative real yields at the end of 2021 represented the starting point for what proved to be the worst annual return for long-term U.S. government bonds dating back to records beginning in 1926¹. 30-year UST nominal and real yields ended 2021 at 1.90% and -0.46%, resulting in an inflation breakeven rate of 2.36%. These nominal and negative real yields that were near record low levels inflated the prices of all financial assets and amplified their duration and attendant risk. Last year's nominal yield composition change may be surprising given the inflation headlines over the course of the year. At the end of 2022, UST 30-year nominal and real yields and implied inflation were 3.97%, 1.67%, and 2.30% respectively, meaning that nominal rates had increased by 2.07%, comprised of a 2.13% contribution from real rates and a -0.06% change in the inflation breakeven rate. These yields are elevated relative to the post Global Financial Crisis (GFC) experience, but not by historical standards. The worst annual return for long-term U.S. government bonds in almost 100 years was a function of an unnaturally suppressed starting point and attributable entirely to the *increase* in real interest rates

¹Duff & Phelps and Morningstar (2023). *Stocks, Bonds, Bills, and Inflation (SBBII) Data*. CFA Institute Research Foundation.

as implied inflation *decreased*. Because earnings did not change much over the year, the increase in long-term real interest rates – the fundamental valuation input – played the dominant role in investment market returns last year.

Although starting and ending points are discrete and required for review and analysis, markets are continuous. Reflecting on markets in 2022, one is inclined to ask, "How did we get here?" Market inputs at the end of 2021 resulted from central bank policies in place since the GFC and then escalated in response to the COVID-19 pandemic. Since the GFC, investment markets had benefitted from financial repression, a policy deployed by the Fed and other developed market central banks designed to subtly erode the real value of government debt by keeping nominal interest rates low, often accompanied by negative real rates below nominal GDP growth. Crisis level accommodation enacted during the depths of the COVID-19 pandemic reflected the seriousness of the situation and was implemented through the traditional monetary channel by cutting the Federal Funds (Fed Funds) rate to 0.00% at the lower bound and by engaging in an additional round of Quantitative Easing (QE). QE is a financial repression policy where a central bank purchases securities in the open market to lower interest rates and stimulate growth. These policies, deployed to various degrees since the GFC, had a stated objective to stave off deflation and to promote 2% annual inflation. Unnaturally suppressed nominal and negative real interest rates increased the present value of cash flows (prices) for all investments but also increased risks associated with misallocation of resources. Higher prices are observable in real time, but resource misallocation is not. Subdued inflation risks provided the Fed significant latitude to implement policy accommodation in response to market drawdowns, in what became known as the Fed Put. One consequence of financial repression and the Fed Put was a negative correlation between stocks and bonds that dampened volatility for diversified portfolios and is inconsistent with longer spans of history where the correlation is positive. The combination of these variables explains 2022's starting point and answers "How did we get here?"

U.S. markets provide a helpful overview of investment market performance last year, clarifying how we got to 2022's ending point. Markets started the year with cyclically elevated profit margins in the numerator of asset valuation models discounted by near record low nominal and negative real interest rates in the denominator. Despite 2021 realizing the highest inflation rate in 40 years at 7.04%, Fed monetary policy at the zero-bound resulted in negative real yields across the U.S. yield curve and suggested no fear of inflation or policy error. Long-term inflation expectations were well anchored. Market pricing suggested a high degree of confidence the Fed could navigate a smooth transition from high to low inflation with a Fed Funds rate that would adjust gradually and incrementally, remaining accommodative. Although these

Investment Market Conditions

inputs had produced attractive returns in 2021, it was an inauspicious starting point for 2022.

Markets experienced an abrupt and disruptive reversal in 2022 with respect to monetary policy and real interest rates. Observed inflation increased and it became clear that central banks, especially the Fed, were behind the inflation curve. The inflation confrontation also represented a challenge to the market dynamics that resulted from accommodative central bank policy that had been in place since the GFC. It is important to note that these policies had been focused on creating inflation; they *never* had to confront inflation. As monetary policy transitioned from crisis level accommodation to inflation confrontation, real interest rates increased, and the stock/bond correlation turned positive. Because the Fed is acutely aware of inflation's pernicious impact on the economy, investment markets and households, its ability to respond to market turbulence was constrained: the Fed Put moves inversely to its inflation concerns. The stock market's negative 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. Because duration amplifies this dynamic, drawdowns were most pronounced for risk assets with longer dated cash flows. Individual asset and diversified portfolio volatility increased correspondingly.

The combination of the factors outlined above accumulated over the course of the year and were further complicated by Russia's invasion of Ukraine in late February that contributed to concerns about the influence of commodity prices on inflation. Commodity supply concerns were offset partially by China's economic growth slowdown resulting from its Zero COVID policy, but China's slowdown presented global growth consequences of its own.

Fed rhetoric turned hawkish and policy expectations increased incrementally throughout 2022, with the Fed Funds rate reaching 4.25% at the lower bound by yearend. Despite these increases, the Fed Funds real rate remained negative throughout 2022. Inflation peaked in June at 9.06% and ended the year at 6.50% with a transition from goods to services inflation, led by housing. QE was replaced completely with Quantitative Tightening (QT) in June, another form of policy constraint as the Fed began reducing the size of its balance sheet that had increased since the GFC and then doubled during COVID. The Fed bid for treasury and mortgage bonds, an important component of the Fed Put, was no longer operative. Although economic growth stumbled in the first half but gained traction in the second half, recession concerns increased throughout the year. As indicated earlier, corporate earnings expectations did not deteriorate; revenues increased with inflation to offset a slight decline in profit margins that ended the year off their peaks but still at elevated levels. After it appeared inflation had peaked, the Fed's focus expanded to include the tight labor market, where many variables were at or

near record levels of tightness, raising concerns about the intersection between wage pressure and services inflation. Importantly, long-term inflation expectations in the U.S. bond market remained anchored, consistent with the Fed's objectives and providing policymakers a critical measure of comfort to move incrementally.

By mid-October, the S&P had fallen over 20% to reach a market low as the UST 30-year real yield was near its peak of 1.85% in response to hawkish comments from Fed Chairman Jerome Powell and projections at the Federal Open Market Committee (FOMC) meeting in late September that the Fed would need to raise the Fed Funds lower bound to 5.00% in 2023 and would then hold rates at a restrictive level for some time. Chairman Powell repeated these comments at the end of November and then again at the December FOMC Meeting. Markets, however, rallied from the October levels through the end of the year as Fed Funds futures pricing in 2023 and 2024 was meaningfully more accommodative than what was suggested by Fed rhetoric or projections. This divergence came to be known as a disconnect between the Fed and market pricing.

Market commentators often speak of the "brevity of financial market memory" but, judging by words, this does not apply to the Fed and Chairman Powell. Since the GFC markets had been accustomed to accommodative and supportive central bank policies, and end of year Fed Funds market pricing aligned with this post-GFC financial experience. The Fed, however, has financial market experience and records that extend further back and include observations of how a tight labor market can contribute to self-reinforcing inflation, exposing the asymmetric risk profile of loosening policy prematurely. This sentiment has been the consistent bottom line in Chairman Powell's communication since September. His current rhetoric suggests he is acutely aware of the historical record and does not want to repeat the mistakes of the past.

Investment Returns in 2022

Investment market performance (see Exhibit A) in 2022 followed the narrative outlined above.

Although Cash was the only liquid investment with positive return last year, its 1.46% return compared to the 6.45% inflation rate provides a striking example of accommodative monetary policy relative to observed inflation. Negative bond returns in 2022 were proportional to their real interest rate, duration, and credit risk. Investment Grade U.S. Bonds, Global Bonds, and ex-U.S. Bonds produced returns of -13.01%, -11.22%, and -9.76% respectively, all in dollar hedged terms. Emerging Market Debt, which has similar duration risk but more credit risk than these indices, experienced a -17.09% return. All these indices started the year with negative real interest rates and tight credit spreads imbedded in their starting yields, and all experienced their worst returns since The Brinson

Investment Market Conditions

Foundation's inception. Wider credit spreads but shorter duration were evident in the -11.88% return for U.S. High Yield Bonds, which posted their worst return since inception except for 2008. Benchmark yields at the end of the year were elevated relative to the post-GFC era, but not relative to their long-term averages. Credit spreads were near their long-term averages but were not at recessionary levels. Poor bond returns in 2022 were a function of their unnaturally low real yield starting points, not elevated ending points.

As observed in 2022, 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 premia. U.S., Global, and ex-U.S. Equity returns of -19.85%, -15.38%, and -4.78% on a dollar-hedged basis in 2022 were primarily attributable to the valuation adjustment specific to real interest rates. The Emerging Markets Equities return of -20.09% was also impacted negatively by geopolitical tensions, including Russia's Ukraine invasion and China's economic growth decline.

Real Estate and Private Markets had respective returns of 5.52% and -8.43% in 2022. Returns for these illiquid asset classes tend to lag liquid markets and experience less mark to market volatility. The Private Markets return is preliminary and will likely be adjusted upon receipt of final numbers.

Non-dollar currency exposure had a meaningful impact on global asset returns in 2022. The U.S. dollar strengthened notably against both the Japanese yen and pound sterling and also versus the euro. Non-dollar currency in Global Bonds (ex-U.S.) had a contribution of -9.90% versus the dollar-hedged portfolio, while the impact of currency exposure in Global Equities (ex-U.S.) was -9.99%.

Current Investment Conditions

As the calendar turned from 2022 to 2023, the disconnect between the market and the Fed increased. Market based monetary policy expectations diverged further from Fed projections, suggesting the Fed would not raise rates to their stated terminal rate projections and would instead pivot to reduce rates later in 2023. Long duration real interest rates fell in early January without material deterioration in earnings expectations, the numerator in asset valuation models. As the real rate discount rate in the denominator fell, all risk assets rallied strongly in January.

At the FOMC meeting that concluded February 1st, Chairman Powell reiterated the Fed's position and projections. He highlighted the intersection of the labor market and inflation in the core services less housing, and repeated the historical caution associated with loosening Fed policy prematurely. Shortly after this meeting, markets were surprised by a strong labor market report that reinforced Powell's comments and increased concerns

about labor market tightness. As a result, the disconnect between the market and the Fed reversed trajectory. Economic releases in February, including inflation reports, suggested the path forward for markets in general and inflation specifically would be more complicated than anticipated at the beginning of the year. These releases served to narrow the disconnect further over the course of the month. By the end of February, markets had aligned with Fed projections for 2023 and policy easing predictions were replaced with "higher for longer" terminal policy rate predictions.

These market pricing and sentiment reversals remind us that the current state of affairs presents unique challenges that require more than a healthy measure of humility. Even if we know the answers to the question, "How did we get here?" that does not mean we know the answer to, "Where do we go from here?" Prior to 2022, global markets experienced a 40-year bond bull market with the post-GFC window reinforced by financial repression that escalated during the COVID-19 pandemic. The pandemic itself was a shock that accelerated the digital transformation and introduced other behaviors that are still evolving. Where we go from here is without historical analog.

Markets are always confronting elements of uncertainty, but if financial repression has ended, that represents the end of an era that marks the most significant central bank experiment since the Fed's founding in 1913. Like any experiment, we do not know the range of outcomes, positive and negative. One year is not enough time for potential distortions from resource misallocations to have fully played out. As we have witnessed over the last several years, the dispersion of potential outcomes is often wider than markets consider and has uncertain probabilities.

Since the Fed played the central role in "how we got here" its equally critical role in "where we go from here" is inescapable. In 2022, we saw the inflation confrontation transition to a reckoning. History, not short-term market moves, will be the ultimate judge of Fed and central bank policy actions and success in the current inflation battle. Only time will tell if central banks can allow markets to function without intervention and avoid a reckoning of the entire post-GFC experiment that witnessed an increase in U.S. federal debt to GDP from just over 50% at the end of 2008 to over 100% at the end of 2022. As students of financial market history know, it can be difficult to be judged favorably by both markets in the short-term and by history in the long-term.

Nonetheless, we remind ourselves that starting points matter. Although we do not know inflation's resting rate, or where real interest rates normalize in the current environment, we note that the current starting point for prospective returns has improved markedly since the beginning of 2022 specific to the real interest rate reset and, for now, without financial repression's distortions.

Investment Market Conditions

Investment Strategy

Relative to our Global Diversified Index (GDI) benchmark (see GDI Components on page 28, The Brinson Foundation began 2022 with significant above policy weights in Cash and High Yield Bonds funded by notable below policy weights in Global Equity and Global Bonds (where we had no exposure), as well as by underweights in Emerging Market Debt and Real Estate. Our High Yield Bonds exposure was comprised of idiosyncratic floating rate high yield opportunities, opportunistic funds, and select liquid opportunities with floating rate liabilities, not the attraction of the asset class itself. In combination these exposures are floating rate and captured a satisfactory illiquidity and credit spread premium. The significantly reduced risk exposure at the portfolio level reflected our concerns regarding the uncertainties markets were confronting with respect to real interest rate normalization and the tail risk associated with elevated inflation, a tight labor market, and a Fed that had been behind the inflation curve by maintaining highly accommodative policy in the face of escalating inflation. As our concerns were realized and markets repriced over the course of the year, our risk posture adjusted accordingly but maintained a cautious tilt.

When global risk assets sold off in response to Russia's invasion of Ukraine in late February, we added to Global Equity exposure but retained a sizable underweight and modest portfolio risk posture. As events unfolded over the spring, summer, and fall, it became clear our concerns outlined above were being realized. By late September, real rate normalization had progressed significantly and was reflected in valuations of all asset classes. In response to this adjustment in real yields and valuations, portfolio risk was adjusted from modest to moderate. We increased Global Equity close to the policy level and added Global Bonds for the first time since 2020, both funded with Cash. In late October we added to Cash by trimming High Yield exposure slightly but retained a significant overweight. In December when the disconnect between the Fed and the markets was becoming apparent, we reduced Global Bonds slightly with corresponding increases to Private Markets and Cash.

As illustrated in Exhibit B, the portfolio ended the year with a risk posture comprised of decidedly less interest risk than the benchmark. This is attributable to the underweight in Global Bonds offset by the Cash and High Yield Bonds overweights. We remain comfortable with the credit compensation we are receiving from our specific high yield exposures. Our Cash position at the end of the year reduces duration risk and is in appreciation of its yield relative to alternatives and the portfolio maneuverability it provides.

Additionally, we are sensitive to the real rate and inflation risks in the denominator of asset valuations if the disconnect between the Fed and markets is resolved in

favor of the Fed or if inflation expectations increase, as well as cost and wage pressure on still elevated margins in the numerator.

As pointed out earlier, we might understand how we got to where we are, but there is no historical analog that provides a road map for where we go from here. Humility is required. 2022 *may* have marked the inflection point in the 40-year bond bull market and the end of financial repression. Prior to last year, the environment was conducive for return maximization when central banks were risk mitigators, but last year proved the enduring value of risk management. Although we do not know where we go from here, risk management, rather than return maximization, will continue to play the critical role in investment performance. Risk management remains the distinguishing characteristic that enables investors to be risk seeking when markets are in risk avoidance and *prospective* returns are most attractive.

Performance Results

For the calendar year, the portfolio experienced a -7.51% return, versus -14.28% for our GDI benchmark (see Exhibit C). The inflation rate, using the Consumer Price Index, was 6.45%, making the portfolio's real (inflation adjusted) return -13.12% versus -19.48% for the GDI. Compared to the benchmark, most of the portfolio's positive relative performance was attributable to market allocation from the sizable Cash position, with smaller contributions from High Yield Bonds, Global Equity, and Global Bonds. A smaller positive contribution came from security selection where positive contributions from Global Equity, Global Bonds, and High Yield Bonds were reduced by a negative contribution from Real Estate.

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 moderate risk exposure is prudent given today's starting point and the uniqueness of the current situation.

The portfolio's real annualized performance since inception (12/31/00) has been 4.23% compared to the benchmark's 3.36%, producing 0.88% of added value with most of the contribution coming from market allocation. The portfolio's annualized nominal return since inception has been 6.80% versus the benchmark's 5.90% return. Since inception, the portfolio's annualized volatility has been 9.69% compared to the benchmark's 9.49%. 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 yearend valuations from our managers in Private Markets and Real Estate. Revised historical performance and volatility statistics for the portfolio and the benchmark are included in Exhibit E.

GP Brinson Investments

Investment Market Overview

Global Capital Market Returns

2022 and Annualized Since Inception (12/31/00)

EXHIBIT A			
Nominal Returns	Index	2022	Annualized Since Inception (12/31/00)
Global Diversified Index (GDI)	GDI (Unhedged)	-14.28 %	5.90 %
	GDI (\$ Hedged)	-11.78 %	6.03 %
U.S. Inflation	Consumer Price Index (CPI)	6.45 %	2.46 %
Real Returns			
Global Diversified Index (GDI)	GDI (Unhedged)	-19.48 %	3.36 %
	GDI (\$ Hedged)	-17.13 %	3.48 %
Market Index Nominal Returns			
Cash Equivalents	ICE BofA Merrill Lynch U.S. 3-Month Treasury Bill Index	1.46 %	1.44 %
Global Bonds (Investment Grade)	Bloomberg Barclays Global Aggregate Index (Unhedged)	-16.25 %	3.26 %
	Bloomberg Barclays Global Aggregate Index (\$ Hedged)	-11.22 %	3.63 %
Ex-U.S. Bonds (Investment Grade)	Bloomberg Barclays Global Aggregate ex-USD Index (Unhedged)	-18.70 %	2.92 %
	Bloomberg Barclays Global Aggregate ex-USD Index (\$ Hedged)	-9.76 %	3.56 %
U.S. Bonds (Investment Grade)	Bloomberg Barclays U.S. Aggregate Bond Index	-13.01 %	3.65 %
U.S. High Yield Bonds	Bloomberg Barclays High Yield Very Liquid Bond Index	-11.88 %	6.04 %
Emerging Market Debt	Bloomberg Barclays USD Emerging Markets Government RIC Capped Index	-17.09 %	6.39 %
Global Equities	MSCI World (Net) Index (Unhedged)	-18.14 %	5.44 %
	MSCI World (Net) Index (\$ Hedged)	-15.38 %	5.52 %
U.S. Equities	MSCI USA (Net) Index	-19.85 %	6.40 %
Ex-U.S. Equities	MSCI World ex-U.S. (Net) Index (Unhedged)	-14.29 %	3.99 %
	MSCI World ex-U.S. (Net) Index (\$ Hedged)	-4.78 %	4.44 %
Emerging Market Equities	MSCI Emerging Markets (Net) Index	-20.09 %	7.45 %
Real Estate	NCREIF Property Index	5.52 %	8.48 %
Private Markets	Cambridge Associates Private Equity Index	-8.43 %	10.26 %

Sources: Bloomberg, FactSet, GP Brinson Investments, MSCI

Investment Strategy Market & Currency Allocation

As of December 31, 2022

EXHIBIT B			
Market Allocation	Benchmark	The Brinson Foundation	Difference
Global Equity	55.00 %	50.55 %	-4.45 %
<i>Developed Markets</i>	48.82 %	44.53 %	-4.29 %
<i>Emerging Markets</i>	6.18 %	6.02 %	-0.16 %
Private Markets	5.00 %	9.78 %	4.78 %
Real Estate	10.00 %	10.40 %	0.40 %
Global Bonds	25.00 %	6.62 %	-18.38 %
<i>U.S. Bonds</i>	12.50 %	3.21 %	-9.29 %
<i>Global ex-U.S. Bonds</i>	12.50 %	3.40 %	-9.10 %
High Yield Bonds	3.00 %	12.75 %	9.75 %
Emerging Market Debt	2.00 %	0.00 %	-2.00 %
Cash Equivalents	0.00 %	9.90 %	9.90 %
Total	100.00 %	100.00 %	0.00 %
Currency Allocation	Benchmark	The Brinson Foundation	Difference
North America	68.99 %	82.00 %	13.01 %
<i>U.S.</i>	66.51 %	80.63 %	14.12 %
<i>Canada</i>	2.27 %	1.21 %	-1.06 %
<i>Mexico</i>	0.21 %	0.16 %	-0.05 %
Euro	9.77 %	3.63 %	-6.14 %
UK	2.85 %	1.98 %	-0.87 %
Other Europe	3.16 %	1.84 %	-1.32 %
Japan	4.42 %	2.84 %	-1.58 %
Asia (ex-Japan)	3.63 %	3.15 %	-0.48 %
Australia / New Zealand	1.55 %	1.05 %	-0.50 %
China / Hong Kong	4.38 %	2.23 %	-2.15 %
Other Emerging Markets	1.25 %	1.28 %	0.03 %
Total	100.00 %	100.00 %	0.00 %

Sources: FactSet, GP Brinson Investments

Investment Performance (Net of Fees)

For the Period Ending December 31, 2022

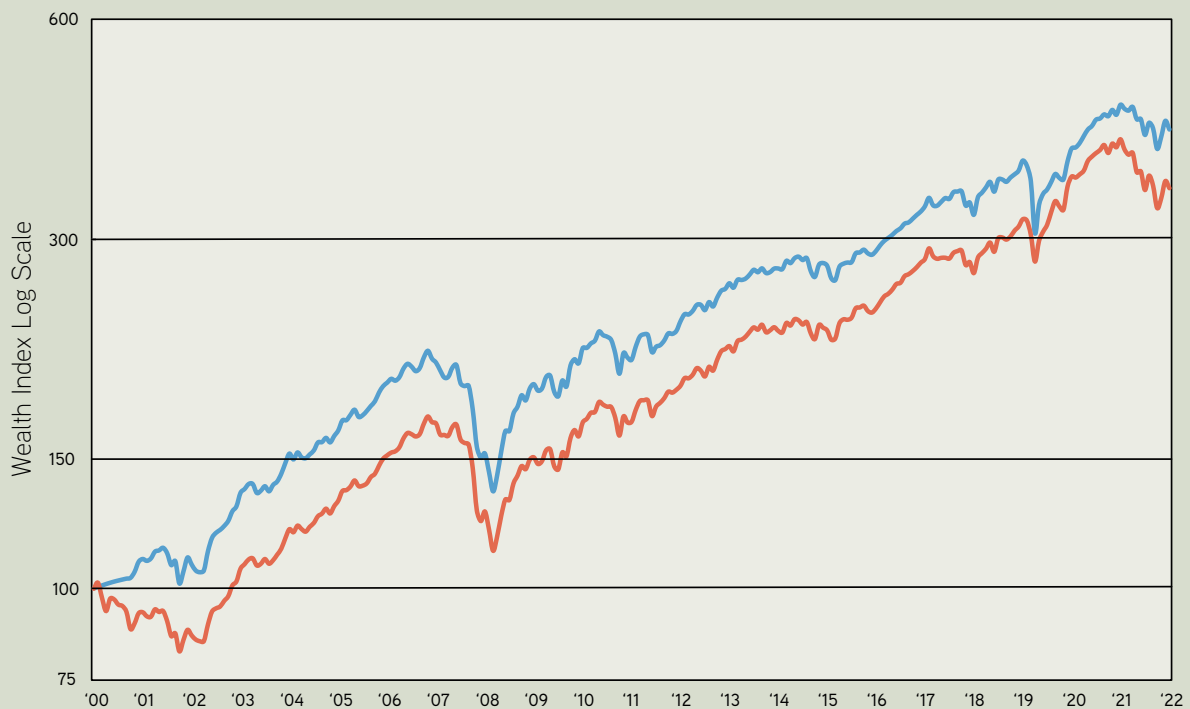
EXHIBIT C

2022 Portfolio Performance	Nominal Return	Inflation Rate	Real Return	Volatility*
The Brinson Foundation Portfolio	-7.51 %	6.45 %	-13.12 %	12.51 %
Global Diversified Index	-14.28 %	6.45 %	-19.48 %	14.25 %
Added Value	6.78 %		6.36 %	
Annualized Since Inception (12/31/00) Portfolio Performance	Nominal Return	Inflation Rate	Real Return	Volatility*
The Brinson Foundation Portfolio	6.80 %	2.46 %	4.23 %	9.69 %
Global Diversified Index	5.90 %	2.46 %	3.36 %	9.49 %
Added Value	0.90 %		0.88 %	

The Brinson Foundation Portfolio & Global Diversified Index

December 31, 2000 – December 31, 2022

EXHIBIT D



	Portfolio	Benchmark
Annualized Return	6.80%	5.90%
Annualized Volatility*	9.69%	9.49%

— The Brinson Foundation Portfolio
— Global Diversified Index

* Annualized standard deviation of monthly logarithmic returns

The Brinson Foundation Portfolio & Global Diversified Index Historical Performance & Volatility

December 31, 2000 - December 31, 2022

EXHIBIT E

The Brinson Foundation Portfolio and Global Diversified Index return numbers that are **bold** and *italicized* remain subject to revision. The Global Diversified Index is subject to revision for five months.

	The Brinson Foundation Portfolio			Global Diversified Index		
	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 %	3.84 %	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	14.80 %	7.53 %	9.52 %	12.50 %	6.97 %	9.15 %
2022	-7.51 %	6.80 %	9.69 %	-14.28 %	5.90 %	9.49 %

* Annualized standard deviation of monthly logarithmic returns

Sources: BISAM, GP Brinson Investments

Grantmaking Guidelines & Process

The Board of Directors periodically reviews and updates a statement of the Foundation's Priorities. This statement, which can be found on the "Who We Are – Our Priorities" page of the Foundation's website, is intended to provide guidance to grantseekers regarding the types of organizations and programs the Foundation currently considers for funding. It does not provide a complete representation of the types of organizations and programs that are in the Foundation's grant portfolio.

Grantseekers should review the guidelines below for a more comprehensive understanding of the Foundation's grantmaking decisions. Grantseekers are welcome to submit a Letter of Inquiry at any time, and they should contact the Foundation if they have questions as to whether their organization or program qualifies for consideration.

Legal Requirements

Grantmaking within the United States – The Brinson Foundation will consider grant inquiries from organizations based in the United States 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, as 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 Internal Revenue 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, they are generally discouraged from submitting inquiries to the Foundation.

Geographic Considerations

Education Programs – The Foundation's education grants are generally made to organizations that serve individuals and communities in the greater Chicago area. Leading U.S.-based programs that reach broader populations across the U.S. or internationally, or that have the potential to have a meaningful impact on best practices at the national or international level, are also considered for funding.

Organizations that do not serve populations in the greater Chicago area or do not meet the foregoing standards are rarely considered by the Board. As a result, they are generally discouraged from submitting inquiries to the Foundation.

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.

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.

The Foundation also will not consider grant inquiries from organizations that request funding for:

- political activity, lobbying efforts, voter registration, or other activities that attempt to influence public elections;
- programs that promote religious faith, include religious content, or are based on religious or spiritual values; or
- 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).

In addition, the Foundation discourages grant inquiries from organizations that request funding for capital improvements, endowments, or fundraising events.

Grantmaking Guidelines & Process

Inquiries

Grantseekers should review the Foundation’s mission, vision, beliefs, priorities, and focus areas, as well as the grantmaking guidelines above, before submitting an inquiry. If a grantseeker believes a request meets these criteria, an inquiry can be made by completing the Letter of Inquiry (LOI) form available on the “Grantseekers – Inquiries” page of the Foundation’s website. The completed form should be emailed to mail@brinsonfoundation.org. Inquiries are accepted throughout the year.

The Letter of Inquiry form is not an application. It simply provides preliminary information about the grantseeker’s organization and the proposed grant request. The information provided in the form is reviewed to determine whether the organization and the grant request qualify for further consideration. In all cases, the outcome of the review is communicated to the grantseeker.

Process and Timeline

If the Foundation’s initial review of a Letter of Inquiry indicates there might be a strong match, a program officer will contact the grantseeker to learn more about the organization and its programs. If a grantseeker remains under consideration after this conversation, the Foundation’s spring and fall grantmaking cycles proceed as follows.

- Grantseekers being considered will receive an invitation to participate in a due diligence discussion.
- Following due diligence conversations, selected grantseekers will receive a formal application invitation.
- All invited and received applications will be reviewed, and recommendations will be prepared for the Board of Directors, which has sole authority to approve grant requests. Each applicant will be contacted and advised of the Board’s decision.
- If a grant is approved, an agreement will be sent out within two weeks following the Board meeting, and the grant will be disbursed upon receipt of the signed agreement.

The timeline for each stage of the grantmaking cycle is as follows.

	Due Diligence Discussion	Application Due	Board Meeting Review	Grant Disbursement
Spring Cycle	January to March	Mid- to Late February	Mid- to Late May	May to June
Fall Cycle	July to September	Mid- to Late August	Late October to Early November	November to December

Current Grantees – Current grantees have a simplified renewal process, which combines an evaluation questionnaire and renewal application. The process generally follows the timeline shown above, except that the due diligence discussion usually occurs after the application is received. Additional details can be found on the “Grantees Login” section of the Foundation’s website.

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References

Page 8 & 10 Excerpts: Brinson, Gary P. with James C. Harbour II (2022). *My Journey through Life: Triumphs & Trials*. Dallas, Texas: Life Stories Company

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