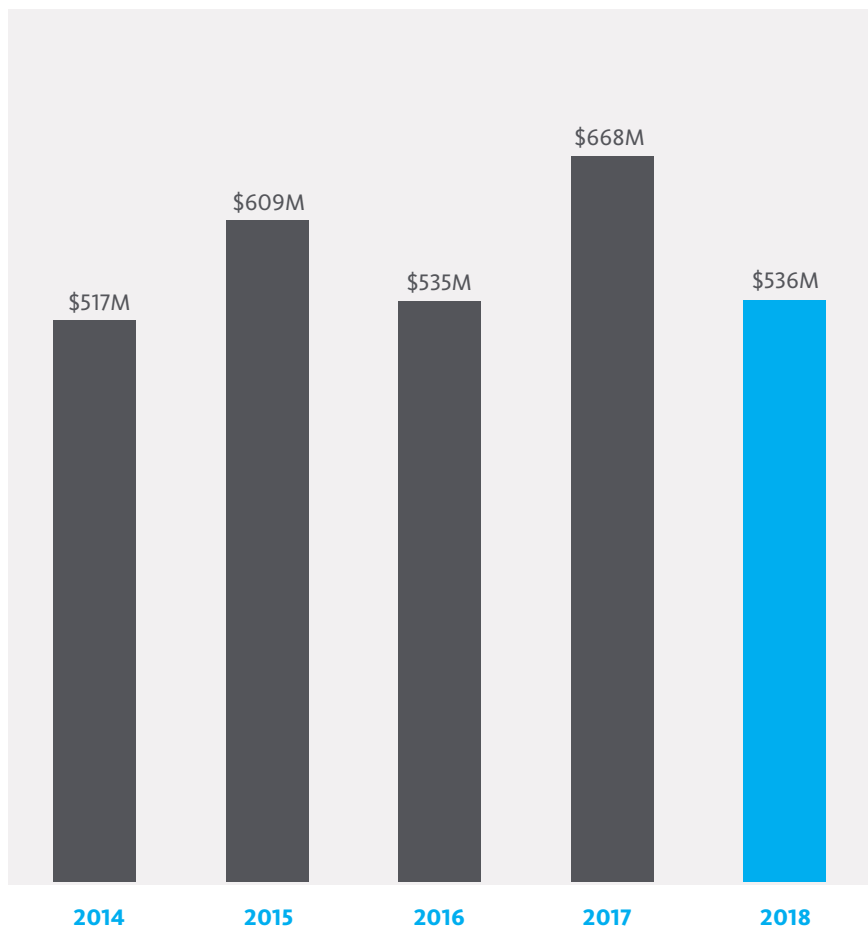


FINANCIAL SNAPSHOT 2018

Our mission demands strict financial management and we strive to maximize our programmatic spending. Our grants address some of society's toughest issues – social challenges that require strategic and sustained engagement. In order to pursue consistent, multiyear programming, the foundation endeavors to invest and budget in ways that yield financial and operating stability while enhancing the value of the investment portfolio.

DIRECT PROGRAM SPENDING

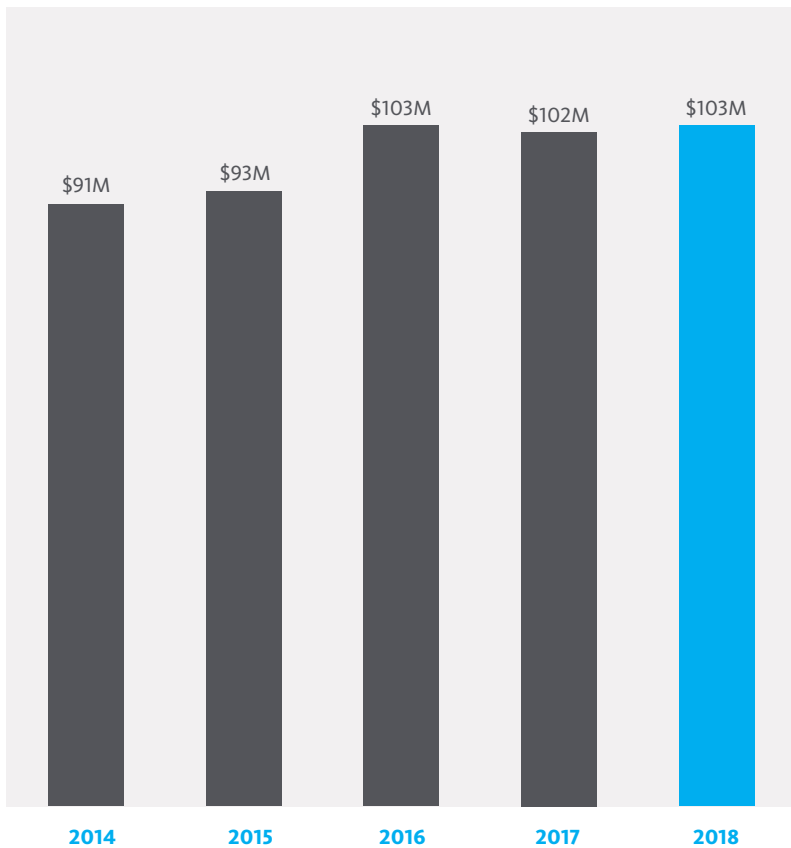
The chart below presents our program spending for the last five years, which includes grants approved and direct conduct of charitable activities.



PROGRAM MANAGEMENT & OPERATIONAL SUPPORT

We are committed to operating the foundation at the highest possible level to support our grantees and our mission. As part of that commitment, we closely monitor and manage operating expenses to ensure that our grantees get the support they need.

The chart below presents our program and operational support expenses for the last five years.



PAYOUT RATE

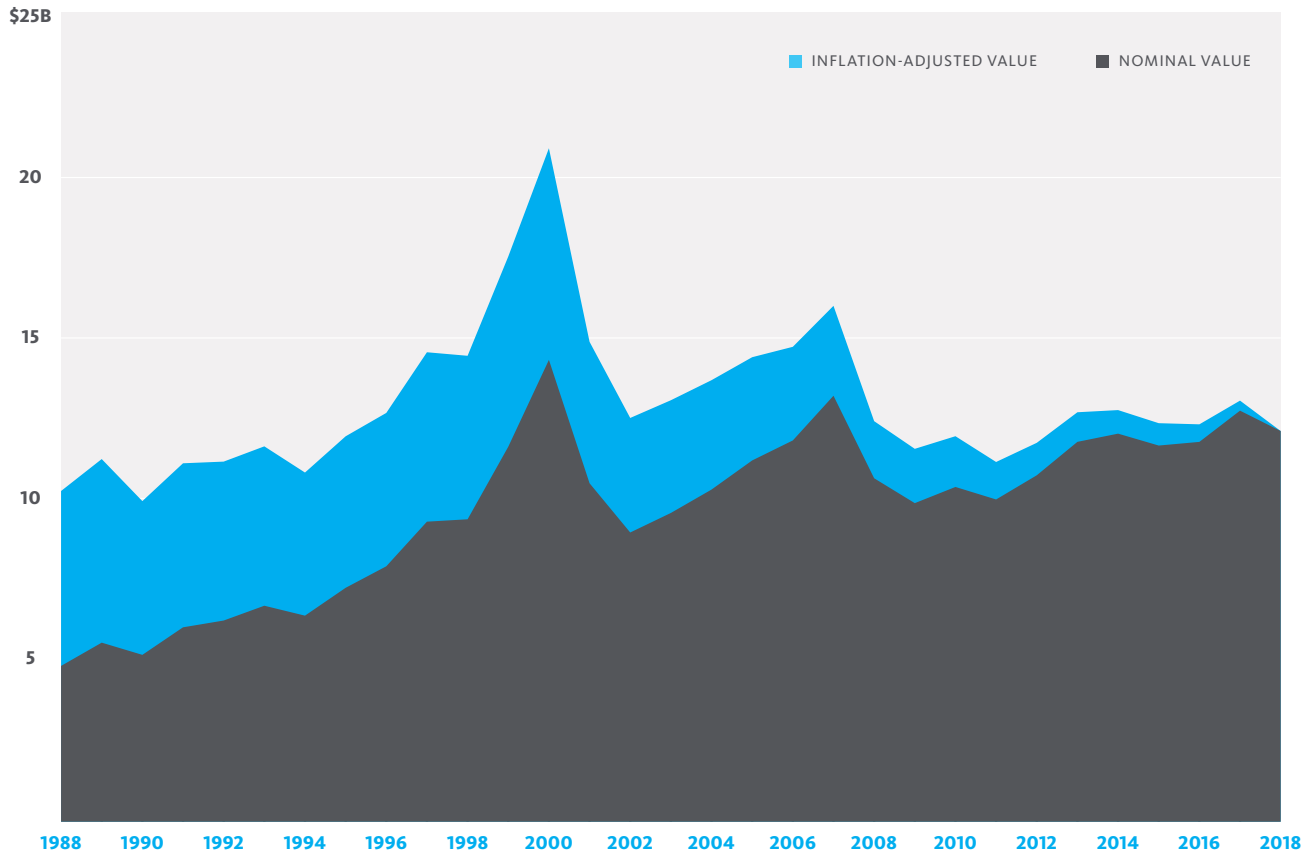
We set our annual program-related spending based on 5.3% of the 36-month trailing average endowment values and our program and operational budgets take into account three considerations: satisfying the US federal payout requirement (the yearly obligation to disburse 5 percent of the average value of the endowment); preserving the value of the endowment for long-term charitable funding; and meeting our programs' needs, including new opportunities to expand their impact.

The chart below presents our federal payout rates during the past five years.



PORTFOLIO VALUES

Our policy has been to try to preserve the inflation-adjusted value of the endowment as we do not receive outside contributions to our endowment. As illustrated below, over the last 30 years, our net assets have grown from \$4.9 billion to \$12.2 billion, nominally. Adjusting for inflation, the value of our net assets has increased by nearly 18% during this period, while our grant making has exceeded \$18 billion (also adjusted for inflation) – over 1.8 times the inflation-adjusted value of our endowment value at the start of this period.



Note that fiscal years 2013 and thereafter each coincides with the calendar year. Previous fiscal years ended September 30.

PORTFOLIO PERFORMANCE AND COMPONENTS

In managing our endowment, we seek to balance the goal of preserving its purchasing power through time with the goal of providing a substantial and stable flow of resources to our global grant making activities. To maximize the likelihood of success in balancing these goals, our investment approach combines several core elements: investing with an equity bias to achieve high rates of return; favoring value-oriented investment strategies; structuring a diversified portfolio with a moderate level of risk; delegating individual security selection decisions to highly-skilled external partners who possess unusual talent in generating attractive returns; pursuing investment opportunities in less-efficient markets; emphasizing long-term results; and maintaining appropriate liquidity, in order to enable the foundation to meet its ongoing spending needs and to pursue attractive opportunities created by market dislocations.

Our endowment generated a return of 0.3% in 2018, and annualized returns of 7.3% and 6.6%, respectively, for the three- and five-years ending December 31, 2018. Our endowment continued to produce substantial long-term outperformance relative to its benchmarks.

The endowment protected capital in an extremely challenging year where all major global markets retreated, except for cash and short-term Treasury securities. This highlights the value of holding defensive assets and the importance of sourcing returns through value-added managers. Significant cash-raising activities in the past couple of years and throughout 2018 provided cushion against the sharp market decline in the fourth quarter and enabled us to add capital to several of our highest-conviction managers at attractive entry points. The endowment ended the year with the highest level of cash and short-term Treasury securities in ten years, putting us in a healthy position to fund our ongoing spending needs and Mission-Related investments even if the market condition worsens.

The table below summarizes the components of our investment portfolio as of 12/31/2018.

\$ in millions

2018 AS OF 12/31/18	Market Value	Percent of Total
Short Term	\$778.4	6.2%
Fixed-Income	\$651.9	5.2%
Public Equity Securities	\$157.7	1.3%
Commingled Funds	\$311.3	2.5%
Alternative Investment Funds	\$7,449.0	59.1%
Private Equity & Venture Capital	\$3,259.9	25.9%
TOTAL	\$ 12,608.2	100.0%

MISSION-RELATED INVESTMENTS (MRI)

In 2017, we announced the commitment of up to \$1 billion over the next ten years to the mission-related investing. MRI investments are made with an objective of achieving a social impact or otherwise advancing the foundation's charitable purpose. These investments include loans, equities, real estate, investments in private equity and venture capital funds among others.

As of December 31, 2018, the fair value of MRIs was \$28.4 million.

PROGRAM-RELATED INVESTMENTS

In addition to issuing grants, we provide social entrepreneurs and other change makers with affordable access to capital – in the form of debt, equity financing, or loan guarantees. The trustees have earmarked up to \$280 million of the corpus for these investments. As of December 31, 2018, the foundation had \$199 million of investments: \$164 million had been disbursed and was outstanding, and the remaining \$35 million was committed. The following table summarizes the PRI program for the 2018.

2018	As of 12/31/2018 (in millions)
Investments outstanding, beginning of period	\$166.8
Activities during the year:	
Investments disbursed	\$15.9
Principal repaid	(\$18.8)
Investments written off	(\$0.1)
Investments outstanding, end of period	\$163.7
Commitments for investment	\$35.0
TOTAL COMMITMENTS AND INVESTMENT OUTSTANDING	\$198.7
Allowances for possible losses	\$(26.9)
Program development and support	\$0.9
Investment income received	\$1.5

