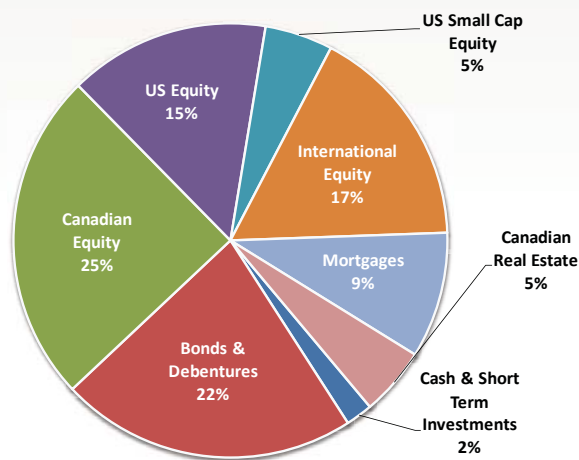


Our Spending Policy: In a Nutshell

The Spending Policy determines how much an endowment generates in annual grants.

Decades ago, The Foundation invested its accumulated capital in interest bearing bonds. Annual spending was determined by the interest earned. During the high inflation of the 1970's, it became very apparent that our funds were losing their purchasing power. The decision to invest in equities diversified the portfolio and offered the opportunity for greater returns. It also made spending less predictable because of the volatility of the stock market.

Asset Mix at September 30, 2017



Today, as a benchmark, about 20% of The Foundation's capital is in bonds and 10% in mortgages, 5% in Canadian real estate and 5% in global infrastructure—the rest is in equities.

The Spending Policy was introduced in 1993. It is a formula based on average market value. By calculating the amount that any fund should "spend" using the average of 12 quarters, The Foundation effectively stabilizes market variations.

Market Values over 12 quarters

Year	Qtr 1 (Dec)	Qtr 1 Amount	Qtr 2 (Mar)	Qtr 2 Amount	Qtr 3 (Jun)	Qtr 3 Amount	Qtr 4 (Sep)	Qtr 4 Amount
2017	9	\$32,052.34	10	\$31,794.41	11	\$32,472.01	12	\$34,153.38
2016	5	\$31,508.79	6	\$33,762.73	7	\$33,341.98	8	\$32,333.01
2015	1	\$30,257.19	2	\$31,352.76	3	\$31,790.29	4	\$31,830.93

Average Market Value (over 12 quarters) = **\$32,220.82**

$$\begin{array}{rclclcl}
 \mathbf{\$32,220.82} & \times & \mathbf{4.8\%} & = & \mathbf{\$1,547.00} \\
 \text{average market value} & & \text{spending rate} & & \text{available for granting per year}
 \end{array}$$

The rate of spending falls between 4% and 5%. When annual investment returns over the longer run are strong enough to assure the purchasing power of The Foundation's 3,500 endowments is fully protected, 5% of the average market value is granted. When purchasing power is threatened by modest or negative investment returns, the rate of spending drops closer to 4%. Again, to keep distributions stable and predictable, adjustments to the spending rate between 4% and 5% never moves by more than 0.2% in any given year.

If you have any other questions about The Foundation's Spending Policy, watch Our Spending Policy video at www.wpgfdn.org/financials or contact us at 204-944-9474 (toll-free 1-877- 974-3631) or info@wpgfdn.org