THE WINNIPEG FOUNDATION
Your Community Foundation
For Good. Forever.

REPORT TO THE MANITOBA SECURITIES COMMISSION

Fiscal Year ended September 30, 2017

This document is a concise outline of the relevant information concerning The Winnipeg Foundation (the "Foundation") that a Managed or Agency Fund should know before making a decision to invest its monies with The Foundation.

This document incorporates by reference and is accompanied by the Annual Report, including the audited annual financial statements of The Foundation for its last completed financial year. **Units of the Foundation's Consolidated Trust Fund (the "Units") are not "deposits" within the meaning of the Canada Deposit Insurance Corporation Act (Canada) and are not insured, in whole or in part, under the provisions of that Act or any other legislation, nor are they guaranteed, in whole or in part, by The Foundation or any other entity. The value of the Units of the Foundation fluctuates according to the value of the investments in The Foundation. The risks associated with investing in The Foundation are described under the heading "Risk Factors."**

Unless the context otherwise requires, all dollar amounts expressed herein are gross of fees and expenses.

The Units are issued in book entry form only to Managed and Agency Funds in reliance upon an Order of the Manitoba Securities Commission issued November 26, 1999 (the "MSC Order"). The MSC Order provides The Foundation with an exemption from the registration and prospectus requirements of *The Securities Act* (and the regulations thereunder in respect of the issuance by it of the Units. Accordingly, a Managed or Agency Fund having Units will not be entitled to the statutory rights of rescission and damages that a purchaser of securities would otherwise be entitled to under *The Securities Act* (Manitoba).

Additional information concerning The Foundation and its Consolidated Trust Fund is reproduced in the document entitled *Asset Management Governance Plan* (the "Asset Governance Plan") and in its companion document entitled the *Statement of Investment Beliefs, Policies and Guidelines* (the "Investment Beliefs, Policies and Guidelines"), and in The Foundation's Annual Report. The Asset Governance Plan and the Investment Beliefs, Policies and Guidelines are incorporated herein by reference.

You may obtain copies of the foregoing documents free of charge by visiting our website, www.wpgfdn.org, calling, or writing to The Foundation's head office at:

The Winnipeg Foundation
1350 One Lombard Place
Winnipeg, MB R3B 0X3

Telephone: (204) 944-9474 (toll-free 1.877.974.3631) Fax: (204) 942-2987
Email: info@wpgfdn.org www.wpgfdn.org

THE FOUNDATION

The Winnipeg Foundation was established in 1921 as Canada's first community foundation. The registered and principal office of The Foundation is located at 1350 One Lombard Place, Winnipeg, Manitoba R3B 0X3.

The Foundation is a registered charity (No. 11930 0960 RR0001) as defined in the Income Tax Act (Canada).

The Foundation's policy is to position itself as a partner with other charitable organizations and agencies throughout the City of Winnipeg and the Province of Manitoba. Where a charitable agency wishes to incorporate a long-term investment into its financial plan, The Foundation's governing policies permit the creation by that charitable agency of an "Agency Fund" with The Foundation. The capital contributed by the particular agency is invested as part of The Foundation's Consolidated Trust Fund, a fund which is maintained and managed on behalf of The Foundation by professional investment managers retained by The Foundation. See "Organization and Management of the Consolidated Trust Fund – Agents and Advisors." The capital amount contributed (donated) by the charitable agency becomes a permanent endowment fund owned by The Foundation where the annual income benefits the charitable agency and is utilized at the discretion of the charitable agency.

In some circumstances, The Foundation may accept "Managed Funds" to be invested as part of the Consolidated Trust Fund. Funds contributed in that manner are not owned by The Foundation, but rather remain as the property of the charitable organization making the contribution. A "Managed Fund" is created by formal agreement between The Foundation and the charitable organization. It operates on the same basis as all other funds managed by The Foundation, with the only distinguishing feature being that the capital may be returned with appropriate notice by either the charitable organization or The Foundation.

Each particular charitable agency or organization establishing an "Agency Fund" or a "Managed Fund" is issued a Unit or Units in the Consolidated Trust Fund on a basis proportional to the amount of its investment in that Fund (i.e. the value of its Managed or Agency Fund relative to the value of the Consolidated Trust Fund as a whole).

INVESTMENT OBJECTIVES AND POLICIES

Investment objectives are intended to describe what The Foundation hopes to achieve in terms of return on monies held in the Consolidated Trust Fund and, hence, returns on monies invested by the Managed and Agency Funds based on the number of Units held by those Funds. The investment objectives and policies of The Foundation are established by an Investment Committee appointed by the Board of Directors of The Foundation (the “Investment Committee”). The Investment Committee is comprised of up to 8 members who have been appointed by the Board of The Foundation; The Chairman of the Board of Directors is also an ex officio member of the Investment Committee. Members are appointed by the Board annually. Up to 3 non-Board members are appointed to add such expertise and perspective, as the Board deems advisable.

Investment Objectives

The Foundation’s primary goal in managing its invested monies is to provide for grant making in perpetuity. More specifically, The Foundation seeks to protect the purchasing power of the funds entrusted to The Foundation, to achieve maximum returns consistent with prudent investment practice, and to insure sound financial management practices are maintained in order that the legacy created by the contributor is respected in perpetuity. In order to attain that goal, The Foundation’s investment objective is to earn sufficient income to allow disbursements according to The Foundation’s Spending Policy and to increase The Foundation’s asset base so as to protect the purchasing power of its investment portfolio. In other words, net of spending and over the long term, the objective is to grow The Foundation’s contributed capital value at the rate of inflation, at a minimum. The Foundation’s Spending Policy generally requires The Foundation to distribute up to 5.0% of the average market value (calculated over a 3 year period) of the Consolidated Trust Fund as income available for granting to all funds having an interest in the Consolidated Trust Fund. While a 4.5% spending target for grant making is the objective, the Spending Policy recognizes the potential need to adjust annual spending rates in circumstances where the long term purchasing power of endowment is threatened. Please see the last page of this document for the Spending Policy. If further information is required regarding The Foundation’s Spending Policy, please call The Foundation’s head office at 204-944-9474 or visit our website at www.wpgfdn.org.

The Foundation’s second objective is to achieve total fund performance results that rank the performance of its Consolidated Trust Fund above median, over rolling four year periods, in the Mercer Universe. Mercer Investment Consulting (Investment Analytical Services) is an Asset Management consultant engaged by The Foundation to monitor the performance of its investment portfolio.

The Foundation’s third objective is to achieve overall investment returns on the Consolidated Trust Fund over rolling four year periods that achieve at least a 1% value added return per annum over a passive benchmark return that could have been achieved by investing solely in the subject indices that comprise the benchmark. “The benchmark shall consist of 24% Canadian Equity Benchmark S&P/TSX Composite; 14% US Equity Benchmark S&P 500 Index (CDN$); 5% US Small Cap Equity Benchmark Russell 2000 Index (CDN$); 17% International Equity Benchmark MSCI ACWI ex US; 10% Mortgage Benchmark 40% FTSE TMX Canada Mid-term Bond Index + 60% FTSE Canada Short-term Bond Index; 25% Bond Benchmark FTSE TMX Canada Universe Bond Index; and 5% Canadian Real Estate Benchmark Consumer Price Index + 4%.”

INVESTMENT OBJECTIVES AND POLICIES (continued)

The Foundation seeks to attain investment returns for the Consolidated Trust Fund that provide for income and/or capital gains which are reasonable and fairly predictable given The Foundation's Spending Policy. Investment returns are maximized given the level of risk deemed appropriate by The Foundation. The Consolidated Trust Fund's Managers (see "Organization and Management of the Consolidated Trust Fund – Agents and Advisors") provide both active and passive management and have full discretion in the selection of securities, portfolio structure and asset allocation, subject to the constraints of the Manager mandates and of The Foundation's Investment Beliefs, Policies and Guidelines, which are more particularly described in The Foundation's Asset Governance Plan and Investment Beliefs, Policies and Guidelines.

Investment Restrictions

The Board of Directors of The Foundation maintains written investment beliefs, policies and guidelines that provide direction to the Committee and/or its agents and advisors. The Foundation's Asset Governance Plan and its Investment Beliefs, Policies and Guidelines contain details of those beliefs, policies and guidelines.

Pursuant to The Foundation's Investment Beliefs, Policies and Guidelines, monies in the Consolidated Trust Fund may only be invested in the following asset categories: cash; demand or term deposits; short-term notes; treasury bills; bankers' acceptances; commercial paper; investment certificates issued by banks, insurance companies, trust companies and credit unions; bonds and non-convertible debentures; asset backed securities; mortgages; convertible debentures; common and preferred stocks, including depository receipts; Canadian commercial real estate properties; pooled funds, closed-end investment companies and other structured vehicles invested in any or all of the above asset categories; or income trusts. The Foundation may also consider investments which are deemed to have positive impact on community well-being.

The Consolidated Trust Fund's assets may be invested in derivative financial, commodity or currency related instruments such as forward contracts, options, futures or swaps which is in accordance with a program accepted in writing by the Investment Committee. The use of leverage in holding instruments is prohibited. Further, borrowing on behalf of the Consolidated Trust Fund is not permitted. The Consolidated Trust Fund's assets may not be pledged as security for the guarantee of any borrowing; however, unanticipated temporary overdrafts when cash is not sufficient to settle a purchase are expected to occur from time to time. Those overdrafts occur very infrequently as a result of the Consolidated Trust Fund's Managers affecting the purchase of securities on behalf of the Consolidated Trust Fund prior to the necessary cash being available in the accounts of the Consolidated Trust Fund. During that interim period, the Consolidated Trust Fund may incur interest charges on the overdraft monies used for the purchase of those securities. The Foundation maintains capital contributions received from charitable agencies and organizations in short term investments prior to turning those funds over to investment managers responsible for the Consolidated Trust Fund. These funds are turned over to those managers in due course if not required to meet The Foundation's Spending Policy.

RISK FACTORS

Fluctuation in Market Value

The value of the Units is related to the fair value of the investments held in the Consolidated Trust Fund and therefore the value of the Units will fluctuate from day to day, reflecting changes in interest rates, economic conditions and market and company news. The objective of the Foundation's investment policy is to control equity price risk by maintaining a portfolio which is diversified across geographic and industry sectors. The performance of the Foundation's investments will be measured on a go-forward basis against a benchmark consisting of relative weightings of the S&P/TSX Composite, S&P 500, Russell 2000, MSCI ACWI (ex US), FTSE TMX Mid-term Bond and FTSE Short-term Bond Indices, FTSE TMX Universe Bond, Consumer Price Index + 4%.

In accordance with CPA Standard 3856 Financial Instruments, investments are recorded at fair value based on published close prices in an active market at year-end.

No Guarantee

There can be no guarantee against loss resulting from an investment in the Units of The Foundation and there can be no assurance that The Foundation's investments practices will be successful or that its investment objectives will be attained. Furthermore, the Units are not "deposits" within the meaning of the Canada Deposit Insurance Corporation Act (Canada) and are not insured, in whole or in part, under the provisions of that Act or any other legislation, nor are they guaranteed, in whole or in part, by The Foundation or any other entity.

Effect of Market Place

Charitable organizations establishing a Managed or Agency Fund with The Foundation should recognize that the risk of fluctuations in the market place can impact on the Unit values of the Consolidated Trust Fund. The past performance of the Consolidated Trust Fund is no guarantee or indication of future performance.

Interest Rates

The value of Units insofar as assets of the Consolidated Trust Fund are invested in bonds and other fixed-income securities is primarily affected by changes in the general level of interest rates. While rising interest rates will cause the value of the Units to fall, they also increase the potential for higher income as individual investments mature and the proceeds are reinvested at higher rates. The objective of the Foundation's investment policy is to control interest rate risk by managing its interest rate exposure. The Foundation also invests in mortgages secured by real estate.

Prepayment Risks

There is the likelihood that, during periods of falling interest rates, securities with high stated interest rates will be prepaid prior to maturity, requiring the Consolidated Trust Fund to invest the proceeds at generally lower interest rates.

RISK FACTORS (continued)

Credit Risk

Most companies that issue securities (debt and equity) to the public are rated by specialized rating agencies. Companies that are highly rated are generally considered to be at low risk of not repaying their debts when due. Conversely, a company whose securities are rated low is generally considered to be at a higher risk of defaulting on its debt obligation. Equity investments in those lower rated companies also have the potential for greater returns, although the potential for greater losses is also present. To the extent that assets of the Consolidated Trust Fund are invested in securities of rated companies, fluctuations in the fortunes (good and bad) of the rated companies can have a similar effect on the value of the Units. The investment policy of the Foundation mandates that at least 80% of the bond portfolio have a minimum credit rating of A; up to 20% of the bond portfolio can be invested in bonds with a BBB rating, which the minimum credit rating is permitted. The investment policy also mandates that short-term investments have a minimum credit rating of R-1 when purchased. Guaranteed Investment Certificate deposits issued by Credit Unions of Manitoba are guaranteed by Deposit Guarantee Corporation of Manitoba. The Foundation monitors its credit risk management policies regularly to evaluate their effectiveness.

Currency Exchange Rates

To the extent that assets of the Consolidated Trust Fund are invested in securities of United States and other foreign issuers in addition to Canadian issuers, the value of the Units will be sensitive to fluctuations in applicable currency exchange rates. The objective of the Foundation's investment policy is to control currency risk by maintaining a geographically diversified portfolio.

EQUITY INVESTMENTS

Profitability

Funds invested in dividend paying shares are subject to profitability risk, being the potential for fluctuations in the profitability of the companies in which they hold shares, which may restrict their ability to pay dividends.

Liquidity

Funds invested in securities of companies with small to mid-size capitalization may provide less liquidity than other securities and may be subject to more frequent and/or sharper increases and decreases in their market value. That observation can be similarly applied to investments in securities that are not well known or otherwise publicized. As a result, those securities may be thinly traded. Consequently, the Managers of the Consolidated Trust Fund may not be able to buy or sell securities of that type when they want to.

EQUITY INVESTMENTS (continued)

Risks of Foreign Markets

To the extent that any of the assets of the Consolidated Trust Fund is invested in securities markets outside of Canada, and particularly to the extent that any such investments are in securities markets outside of North America, such investments may be subject to certain risks not inherent in Canadian investments, including differences in accounting, reporting and disclosure requirements, decreased liquidity on foreign exchanges having lower trading volumes, and the possibility of political, economic or social developments or instability in the relevant international capital markets. Such investments may be further subject to laws and regulations relating to foreign investment, foreign convertibility and repatriation of assets.

ORGANIZATION AND MANAGEMENT OF THE CONSOLIDATED TRUST FUND

The Investment Committee

The Board of Directors of The Foundation, in its capacity as Administrator of the Asset Governance Plan, has delegated some of its monitoring and supervisory powers and responsibilities to the Investment Committee. The Board retains final authority on policy and overall budget control, but relies on the Investment Committee to provide advice. The Investment Committee's terms of reference include advisory and supervisory responsibilities in the areas of policy and strategy as well as in the areas of investment, operational and expenditure decisions.

The Investment Committee provides the Board with an annual Due Diligence report that contains recommended changes to the Asset Governance Plan and to the Investment Beliefs, Policies and Guidelines. Further, the report contains a description of the work completed by the Investment Committee and its agents and advisors, as well as a detailed report on the Consolidated Trust Fund's financial statements and performance. A detailed description of the role of the Investment Committee in monitoring the Consolidated Trust Fund is set forth in section 7 of the Asset Governance Plan.

Some employees of The Foundation provide specific assistance to the Investment Committee with respect to the management of the Fund. Details of the specific duties and activities of The Foundation's Chief Executive Officer, Director of Finance and Finance Staff are set forth in section 3.14 of the Asset Governance Plan.

Agents and Advisors

To the extent that the Investment Committee is permitted to do so, and in accordance with normal business practices, the Investment Committee may delegate its powers to (or be represented by) agents for specified actions. Also, the Investment Committee may recommend the services of advisors with respect to the management of the Consolidated Trust Fund.

ORGANIZATION AND MANAGEMENT OF THE CONSOLIDATED TRUST FUND (continued)

More specifically, the Investment Committee recommends the retention of the services of one or more investment managers (the "Managers"), a custodian (the "Custodian"), an asset management consultant (the "Asset Management Consultant") and may retain the services of one or more other advisors as required. An external auditor is retained by the Board of Directors on the advice of The Foundation's Finance & Audit Committee.

The Managers: The Foundation has allocated the duties of the Management of the Consolidated Trust Fund among seven investment managers, Beutel, Goodman & Company Ltd., 20 Eglinton Avenue West Suite 2000, PO Box 2005, Toronto, ON M4R 1K8, Contact: Bruce Shewfelt; TD Asset Management, 161 Bay Street, 34th Floor, Toronto, ON M5J 2T2, Contact: Patrick Desrosiers; Connor, Clark & Lunn Investment Management Ltd., 2300-1111 West Georgia Street, Vancouver, BC V6E 4M3, Contact: Maxine Smalley; Dimensional Fund Advisors, 221 Woolwich Street, Guelph ON N1H 3V4, Contact: Kevin Martino; Baillie Gifford Overseas Limited, Carlton Square, 1 Greenside Row, Edinburgh, Scotland, UK EH1 3AN, Contact: Michael Stirling-Aird; Greystone Managed Investments Inc., Suite 1907-201 Portage Avenue, Winnipeg, MB R3B 3K6, Contact: Elizabeth Marr; GWL Realty Advisors Inc., 100 Osborne Street North, Winnipeg, MB R3C 3A5, Contact: Craig Christie.

The Managers are responsible for allocating assets amongst permitted investment asset classes and for selecting securities or investments within such asset classes. See "Investment Objectives and Policies – Investment Objectives". The Managers initiate trades and transactions and explain strategies and expectations concerning the economy and financial markets to The Foundation on a minimum of one occasion each year. The Managers also provide regular advice to the Investment Committee with respect to the management of the Consolidated Trust Fund.

The Custodian: The Foundation has allocated the duties of Custodian to RBC Investor & Treasury Services, 155 Wellington Street West, 2nd Floor Toronto, ON, M5V 3L3, Contact: Brian Bagley. The role of the Custodian is comprised of the safekeeping of the assets of The Foundation, collecting contributions and paying benefits and expenses as directed by the Investment Committee. The Custodian is also responsible for collecting coupons, maturities and other cash distributions attached to securities owned by The Foundation. The Custodian processes transactions as directed by the Managers or the Investment Committee and maintains a record of all transactions.

The Asset Management Consultant: The Asset Management Consultant of the Consolidated Trust Fund is Mercer Investment Consulting, 550 Burrard Street, Suite 900, Vancouver, BC V6C 3S8, Contact: Peter Hallett. The role of the Asset Management Consultant is to provide information and advice in the areas of investment policies and guidelines, investment management structure, the selection and supervision of the Custodian and the Managers as well as the evaluation of investment return.

The Auditor: The Auditors of the Consolidated Trust Fund are Deloitte LLP, 2300 – 360 Main Street, Winnipeg, MB, R3C 3Z3, Contact: Richard Soenen. The Auditors are responsible for reviewing and auditing the financial statements and for providing advice with respect to internal financial controls.

FEES AND EXPENSES OF THE CONSOLIDATED TRUST FUND

Fees and Expenses Payable by The Foundation

Operating Expenses	The Foundation pays all operating expenses, including professional money management, custodial, audit, asset management consulting and related technology and administrative costs.

No fees or expenses are payable directly by the Managed and Agency Funds. However, the Fees policy currently allows The Foundation to charge back to Managed and Agency Funds actual investment expenses related to investment management, custodial costs, and asset management consulting fees and a percentage calculated annually for administrative costs currently set at 0.5% of the market value of that Fund in order to recoup a portion of The Foundation's costs for out-of-pocket expenses. The investment fee rate in 2017 was 0.33% (2016 – 0.31%). The administrative recovery fee charged does not fully compensate The Foundation for its actual costs incurred if total administrative expenses were assigned on a pro rata basis to each Fund. The shortfall between the recovery fee and total administrative expenses is made up with discretionary funds of The Foundation.

INVESTING IN THE CONSOLIDATED TRUST FUND

The capital contributed by each agency or charitable organization establishing a Managed or Agency Fund is pooled and invested with the Consolidated Trust Fund. Each agency or charitable organization is issued a Unit or Units on a basis proportional to the amount of its investment (i.e.: the size of its Managed or Agency Fund relative to the size of the Consolidated Trust Fund). In this regard, fractional Units may be issued.

The income and market value of each of the Managed and Agency Funds is calculated based on the number of Units held in the Consolidated Trust Fund by the charitable organization establishing the Managed or Agency Fund. Any revenue required for grant making or operating expenses is realized by the redemption of Units.

DETAILS OF THE CONSOLIDATED TRUST FUND

The Consolidated Trust Fund is made up of over 3,552 individual funds that have been created since 1921 through the generosity of thousands of donors. The Foundation created the Consolidated Trust Fund in 1979 to facilitate investment activities and the participation of all individual funds in a diversified portfolio of investments. Seven managers in specialty mandates follow the framework of The Foundation's investment policies. See "Investment Objectives and Policies – Investment Objectives" and "Organization and Management of the Consolidated Trust Fund – Agents and Advisors".

TOP TEN INDIVIDUAL HOLDINGS AT SEPTEMBER 30, 2016

Security	Market Value	% as compared to CTF
Royal Bank of Canada	$ 9,419,498	1.20%
Toronto Dominion Bank	$ 9,368,231	1.19%
Rogers Communications Inc CLB NV	$ 6,488,952	0.82%
Bank of Nova Scotia	$ 6,084,975	0.77%
TSMC	$ 5,919,987	0.75%
Canada Treasury Bills	$ 5,903,354	0.75%
Canadian Natural Resources Ltd	$ 5,647,048	0.72%
Samsung Electronics	$ 5,280,587	0.67%
Naspers	$ 5,179,867	0.66%
Cenovus Energy Inc	$ 4,888,646	0.62%
Manager Holdings:		
Beutel Goodman – CAD & USD equities	Segregated	$ 160,778,523
TD Asset Management – CAD bonds & USD equities	Pooled	$ 235,292,099
Baillie Gifford – International equities	Segregated	$ 150,157,016
Connor, Clark & Lunn – CAD equities	Pooled	$ 95,940,251
Dimensional Fund Advisors – USD small cap	Pooled	$ 41,269,778
Greystone Managed Investments – CAD mortgages	Pooled	$ 76,498,316
	Pooled	$ 41,420,285
Less: Non-pooled investments		$ (13,903,732)
Market value as of September 30, 2017		**$ 787,452,536**

Each individual Agency and Managed Fund receives a report from The Foundation detailing past performance.

Investors are reminded that past performance of the Consolidated Trust Fund does not indicate future performance.

FINANCIAL HIGHLIGHTS

The following table shows selected key financial information about the Consolidated Trust Fund and are intended to assist in understanding the financial performance of the Consolidated Trust Fund for the past 2 years. This information is derived from The Foundation's audited annual financial statements. Please see page 2 for information on how you may obtain copies of The Foundation's audited financial statements.

FINANCIAL HIGHLIGHTS (continued)

The Fund's Distributions and Net Asset Value per Unit

	2017	2016
Market Value, Beginning of Year	**$ 731,427,238**	**$ 661,050,813**
Contributed Capital (Excluding Capitalized Income)	$35,957,549	$ 30,762,117
Withdrawals	$(33,799,561)	$ (34,510,689)
Total Investment Return	$53,867,311	$ 74,124,997
Market Value, End of Year	**$787,452,536**	**$ 731,427,238**
Number of Units Outstanding	**802,532**	**804,313**
Net Asset Value Per Unit	$981.21	$ 909.38
Net Asset Value Per Unit	$ 909.38	$ 909.38
Rate of Return - One Year	7.67%	11.25%
Rate of Return - Five Years	10.94%	11.86%

Note: The above information relates to the Consolidated Trust Fund and does not reflect all of the assets held by The Foundation.

INCOME TAX CONSIDERATIONS

In all but two cases, the various charitable agencies and organizations that establish a Managed or Agency Fund are registered charities under the *Income Tax Act (Canada)*. The exceptions are non-profit organizations created by statute of the Province of Manitoba. Accordingly, no tax is payable by the charitable agencies or organizations with respect to the income allocations from the Consolidated Trust Fund.

DISTRIBUTION POLICY

Although the capital contributed by each charitable agency establishing an Agency Fund is a permanent endowment owned by The Foundation, the annual income earned by each Agency Fund benefits the particular agency and is utilized at the discretion of such agency.

Ownership of the capital contributed by each charitable agency establishing a Managed Fund is retained by the particular charitable organization that has, by formal agreement between the organization and The Foundation, invested the monies in the Consolidated Trust Fund. The capital may be returned with appropriate notice by either the organization or The Foundation.

THE SPENDING POLICY OF THE WINNIPEG FOUNDATION

It is the long term objective of The Winnipeg Foundation to make available for annual grant making activities an amount of 4.5% of the average of the three preceding years' market value of each fund in the Consolidated Trust Fund (CTF). The average market value is calculated on the basis of 12 quarters.

The Winnipeg Foundation may annually recoup a portion of its operating expenses as set out in The Winnipeg Foundation's Fee Policy as amended from time to time and that amount shall be determined by The Board of Directors of The Winnipeg Foundation, taking into account, the actual annual costs incurred in operating The Winnipeg Foundation.

The Winnipeg Foundation uses 1979 as a base year to calculate an inflation adjustment for each successive year's capital contributions to the CTF. Thus, in addition to knowing contributed capital, The Winnipeg Foundation monitors an inflation protected target which essentially is required to protect the purchasing power of the original gifts. The difference between the inflation protected target and the actual market value is monitored and if this excess deteriorates or improves on an average 3 year basis, the spending policy calculation will be adjusted upward or downward in accordance with the following:

Average excess between inflation protected target & market value over 3 years	Amount available for annual grant making	Inflation protected target
10% or more	5.0% average market value	100%
9% - 9.9%	4.9% average market value	98%
8% - 8.9%	4.8% average market value	96%
7% - 7.9%	4.7% average market value	94%
6% - 6.9%	4.6% average market value	92%
5% - 5.9%	4.5% average market value	90%
4% - 4.9%	4.4% average market value	88%
3% - 3.9%	4.3% average market value	86%
2% - 2.9%	4.2% average market value	84%
1% - 1.9%	4.1% average market value	82%
0% - 0.9%	4.0% average market value	80%
less than 0%	**Policy Review**	

Any adjustment to grant making will not be greater than 0.2% in any given year, and any adjustment to the inflation protected target will not be greater than 4% in any given year.

The spending for the next fiscal year (October 1) will be determined in September.

When any document cites the Spending Policy of The Winnipeg Foundation, it is referring to the above formula. The CRA requires that endowments "spend" at least 3.5% annually. In situations where it is appropriate, taking into account donor preference, longer term Agency benefit and administrative circumstances, The Foundation may use the stipulated CRA minimum rate as an approved alternate to the Spending Policy.

The spending policy of The Winnipeg Foundation may be amended from time to time.

September 30, 2015

THE FEE POLICY OF THE WINNIPEG FOUNDATION

Investment Fees – All Funds

The Winnipeg Foundation may annually recoup from all funds the actual audited investment costs incurred during the fiscal year of the Foundation.

These actual costs will include investment manager fees, custodial costs, other consulting costs related to investment matters and any costs associated with dedicated investment staff of the Foundation.

The Foundation has the authority to charge these costs on a quarterly basis in accordance with the approved Investment Expenses Budget.

Administrative Fees – All Funds

The Winnipeg Foundation may annually recoup from all funds a portion of its operating expenses. The recovery amount shall be determined by the Board of Directors of The Winnipeg Foundation, taking into account the actual annual costs incurred in operating The Winnipeg Foundation. The current Administrative Fee rate is set at 0.5%.

The Administrative Fee will be charged to all funds at the beginning of the fiscal year based on the opening fund balance (market value).

Administrative Fees – Funds over $10 million

After a Fund reaches a market value greater than $10 million, The Winnipeg Foundation may consider an adjusted fee schedule recognizing the economies of scale in the administration of larger funds. Such fee schedule adjustments must take account of overall revenues available to support Foundation operations. The ultimate goal of The Foundation's administrative fee policy for funds in excess of $10 million (market value) is a phased in reduction such that should the endowment balance ever reach $100 million, the average administration fee overall for that fund would be 0.25%.

Management of The Winnipeg Foundation is authorized to develop a phased in approach consistent with this ultimate goal provided that any schedule revisions are approved annually by the Board as part of the budget process.

January 1, 2014