The Ohio University Foundation

Investment Policy – General Endowment Fund
as Amended November 2016

The overriding goal of The Ohio University Foundation (the “Foundation”) is to support Ohio University’s mission of teaching, research and creative activity, and benefiting mankind through commercial development of discoveries created through Ohio University related research.

Investment Objective

The long-term objective of the Foundation’s General Endowment Fund (the “Fund”) is to maximize the real return, or the nominal return less inflation, of the assets over a complete market cycle with emphasis on preserving capital and reducing volatility through prudent diversification. The Investment Sub-Committee of the Foundation (“Investment Sub-Committee”) has adopted an investment strategy which has the long-term objective of producing real growth of assets in excess of the Fund’s spending requirements and inflation. In order to achieve this objective, the Investment Sub-Committee must be cognizant of the current spending policy of the Foundation, which is approved by the Board of Trustees annually. Interim results will be reviewed with the understanding that an important priority of the assets is providing for future generations. Due to capital market volatility, the return may vary significantly over shorter periods of time. Ultimately, it is the Foundation’s position that, unless there are risk concerns related to the markets, as identified by the Managing Fiduciary, or programmatic concerns, as communicated to or identified by the Treasurer of the Foundation, then all gifts or funds directed to the Fund will be invested in accordance with the Investment Plan, identified as Attachment A.

The Investment Policy may be reviewed by a majority of the Investment Sub-Committee, as defined by the Foundation’s Code of Regulations, at any time and will be reviewed, at a minimum, on an annual basis by the Investment Sub-Committee. For the Managing Fiduciary, as defined below, to be subject to the Investment Policy terms, amendments to the Investment Policy must be approved by the Managing Fiduciary. Any required revision or amendment will be submitted to the Foundation Board of Trustees for approval.

Fiduciary Responsibilities

Oversight of the Fund’s assets will be performed by a tiered fiduciary structure. The Foundation’s Investment Sub-Committee, also referred to herein as the Governing Fiduciary, will have ultimate responsibility for ensuring that the long term objectives established and approved for the Fund by the Investment Sub-Committee are achieved. The Managing Fiduciary, or Chief Investment Officer,
will be authorized by the Governing Fiduciary to implement and manage investments in accordance with the written Investment Plan attached hereto as Attachment A, to achieve the long term objectives of the Fund, work with the various Operating Fiduciaries, hereinafter defined, and report regularly to the Governing Fiduciary. Notwithstanding the previous sentence, the Managing Fiduciary will not have responsibility for those assets defined as “self-directed” under the Managing Fiduciary Client Agreement. Operating Fiduciaries are defined as qualified persons or organizations that provide specialized professional services necessary to fulfill functional and administrative requirements of the Fund.

**Governing Fiduciary**

The Foundation’s Investment Sub-Committee will act as Governing Fiduciary with responsibility to manage and invest the Fund assets. In its capacity as a Governing Fiduciary, the Investment Sub-Committee has the authority to retain qualified organizations or persons to perform the roles of Managing Fiduciary and Operating Fiduciary.

As the Governing Fiduciary, the Investment Sub-Committee’s responsibilities include:

1. Recommending revisions in the Investment Policy to the Board of Trustees of the Foundation.
2. Appointing and overseeing the Managing Fiduciary who shall have responsibility and discretion for implementing investment strategies in accordance with the Investment Plan attached hereto as Attachment A.
3. Conducting a formal performance evaluation of the Managing Fiduciary at least once every three years.
4. Establishing one or more custody accounts with a custodian to maintain Fund assets.
5. Periodically reviewing the Fund’s asset allocation.
6. Delegating to the Managing Fiduciary specific administrative and operational responsibilities dealing with the investment and reinvestment of the Fund’s assets, as outlined in the Managing Fiduciary Client Agreement.
7. Monitoring compliance with this Investment Policy.
8. Reviewing periodically the following subjects with the Managing Fiduciary:
   a. Investment performance, including comparisons to appropriate benchmarks.
   b. Current asset allocation of all assets included in the Fund.
   c. Progress toward the stated performance objectives documented in this Investment Policy.
The Ohio University Foundation's Treasurer, or his designee, is accountable to:

1. Facilitate execution, at the direction of the Investment Sub-Committee, of the Investment Policy and Investment Plan.

2. Sign the appropriate investment contracts that have been approved by the Investment Sub-Committee. This includes the Managing Fiduciary Client Agreement, alternative asset contracts and the custodian agreement. Additionally, all contracts for alternative investments must be executed by an authorized signer of The Ohio University Foundation.

3. Direct the Managing Fiduciary regarding cash flows into and out of the investment accounts. The Managing Fiduciary will have no authority to distribute money outside of these investment accounts without prior written approval by an authorized signer.

4. Monitor the spending policy of the Endowment.

Managing Fiduciary

The Managing Fiduciary, or Chief Investment Officer, will have day-to-day responsibility and discretion for investing the Fund’s assets, including the selection and supervision of the investment managers and interacting with the custodian bank in their respective roles as Operating Fiduciaries, in a manner consistent with achieving the objectives of this Investment Policy. Within its authority to make and put into effect administrative and operational decisions with respect to the investment and reinvestment of the Fund’s assets, the Managing Fiduciary will be responsible to the Governing Fiduciary and report its actions on a regular basis to the Governing Fiduciary as set forth in the Client Agreement that governs the relationship.

The Managing Fiduciary shall be a registered investment advisor and subject to compliance with all applicable federal rules and regulations. As the Managing Fiduciary, the responsibilities of the Chief Investment Officer include:

1. Investing funds, through selected investment managers, within the guidelines and asset allocation ranges as set forth in the Investment Plan attached to this Investment Policy.

2. Administrative and operational functions to support the Investment Policy dealing with the investment and reinvestment of the Fund’s assets.

3. Evaluating the asset allocation of the Fund’s portfolio consistent with the Investment Policy.

4. Periodically reviewing and recommending any changes or modifications of the Fund and the asset allocation ranges to the Governing Fiduciary for its consideration.

5. Allocating contributions and other cash flows to investment managers or to other investment accounts as established.
6. Taking all actions with respect to investment managers including hiring and terminating, monitoring and reviewing of investment manager contracts.

7. Setting investment guidelines for investment managers and monitoring their compliance and reviewing these guidelines and their compliance with the Governing Fiduciary to the extent the account assets are placed in a separately managed account.

8. Meeting with investment managers and evaluating their investment performance.

9. Meeting with the Governing Fiduciary at least quarterly or at other intervals as directed by the Governing Fiduciary.

**Asset Allocation**

To achieve the investment objective of the Fund, an asset allocation study was conducted to establish percentage ranges for each asset class eligible for investment within the portfolio. The asset allocation study analyzed the expected return, risk and correlation of several asset classes, as well as the expected return and risk of various portfolios of these asset classes. The expected return and risk of various portfolios were evaluated in terms of their ability to best meet the Fund’s long-term investment objectives. Based upon this analysis, an asset allocation policy including ranges for each asset class was constructed that meets the current investment objectives of the Fund. The asset allocation policy is contained in the Investment Plan shown in Attachment A. This Investment Plan may be amended upon a recommendation from the Managing Fiduciary subject to the approval of the Governing Fiduciary.

**Rebalancing Procedures**

The Managing Fiduciary will periodically rebalance the Fund within the asset allocation ranges set forth in Attachment A. The need for rebalancing should be addressed at least quarterly, or more frequently if warranted by events. Rebalancing should be done only after considering the effect that transaction costs and market impact will have on the overall portfolio.

Although it is the policy of the Managing Fiduciary to invest assets in accordance with the maximum and minimum ranges for each asset class, as set forth in Attachment A, rapid unanticipated market movements or cash flows may cause the asset mix to temporarily fall outside those ranges.

**Investment Manager Structure**

The assets in each asset class will be invested in accounts managed by one or more independent, third party investment managers that specialize in the specific asset class. Investment managers of varying styles (e.g. growth, value, active, passive, etc.) may be employed within each asset class. Multiple investment
managers may be utilized within an asset class at the discretion of the Managing Fiduciary. Performance results for each asset class will be included in the Managing Fiduciary’s quarterly report to the Governing Fiduciary.

Investment managers will be selected by the Managing Fiduciary to manage assets of the Fund based upon a quantitative and qualitative review process. The investment vehicles used to employ a strategy may include registered 1940 Act Funds. The review process will consider criteria including but not limited to the people, the investment philosophy, the investment process, the investment performance, the organization and the operations of the firm. The investment manager’s strategy will be evaluated regarding its effectiveness in complementing the Fund’s other investment managers in order to achieve the desired result.

Guidelines for Traditional Investment Managers

Traditional investment managers that are appointed to manage assets for the Fund through separate accounts will be provided investment guidelines as appropriate. In general, the guidelines will stipulate the types of securities in which the account may invest, the general characteristics for the portfolio and/or the performance benchmark and objectives. These specific guidelines may vary depending upon the asset class or sub-asset class and do not pertain to alternative investments. The guidelines will conform to the following requirements:

1. Investment managers shall generally remain fully invested, except for transitional cash that is needed for cash flows and trading, and shall be invested to maintain risk characteristics consistent with their benchmark and their asset class style pursuant to their prospectuses.

2. Investment portfolios shall be diversified across managers, asset classes, and styles.

3. Investment managers shall invest the majority of their assets in securities that reflect their asset class assignment and their prospectuses.

4. The investment managers may invest in fully collateralized derivatives (swaps or futures) to maintain market exposure, provide liquidity, and hedge currency. Notwithstanding the previous sentence, a manager may utilize derivatives as part of their strategy to gain exposure to certain markets and sectors or to maintain portfolio risk, without introducing leverage into the portfolio.

5. Investment managers may invest in private placements with the approval of the Investment Sub-Committee.

6. The Fund may invest in commingled funds, in recognition of the benefits of commingled funds as investment vehicles (i.e., the ability to diversify more extensively than in a small, direct investment account and the lower costs
which can be associated with these funds). The Investment Sub-Committee recognizes that they may not be permitted to give specific policy directives to a fund whose policies are already established; therefore, the Investment Sub-Committee is relying on the Managing Fiduciary to assess and monitor the investment policies of such funds.

7. Investment managers are permitted to trade in publicly traded Real Estate Investment Trusts (REITs), but cannot invest in private real estate transactions excluding 144A securities without the approval of the Governing Fiduciary.

**Alternative Investment Guidelines**

The Fund may invest in private real estate, limited partnership interests and alternative investments, including private equity and hedge funds, only with the prior approval of the Governing Fiduciary. The Governing Fiduciary, at the request of the Managing Fiduciary, will determine the appropriateness of each investment on a case-by-case basis, taking into consideration the relevant analysis of the investment as provided by the Managing Fiduciary, including the illiquidity of the investment, in addition to the Fund’s overall allocation to alternative investments. Notwithstanding the foregoing, the Managing Fiduciary does not have investment oversight responsibility of the assets in the “self-directed” account, as outlined in the Managing Fiduciary Client Agreement.

**Performance Benchmarks**

The Fund will reference five benchmarks for evaluating investment performance of the aggregate portfolio. First, the combined S&P 500 and the Barclays Capital Aggregate Bond Index, weighted to reflect the target equity/fixed income composition of the Fund, will be used as the core domestic benchmark. Second, the combined MSCI All Country World Index and the Barclays Capital Aggregate Bond Index, weighted to reflect the target equity/fixed income composition of the Fund, will be used as the core global benchmark. Third, a policy diversified benchmark will consist of the common industry benchmarks for the individual asset classes weighted according to the target allocation, excluding private equity. Finally, two absolute return benchmarks will measure whether portfolio performance is achieving inter-generational equity. The first of these benchmarks will reflect the Foundation’s stated spending rate plus the consumer price index, while the second of these benchmarks will reflect the Foundation’s stated spending rate plus the higher-education price index.

Attachments B and C include a list of all asset class and investment manager benchmarks, respectively, to be used in evaluating performance. These benchmarks will apply until such time as amended upon recommendation by the Managing Fiduciary and approved by the Governing Fiduciary.
Investment Officer

Hirtle, Callaghan & Co. will serve as the Chief Investment Officer and Managing Fiduciary for the Fund. Hirtle, Callaghan & Co. will report directly to the Investment Sub-Committee, in its capacity as Governing Fiduciary for the Fund, and will be responsible and have discretion for implementing the Investment Policy contained herein, monitoring the overall investment program and investment managers, recommending changes to the Investment Policy and other duties as discussed in this document. Notwithstanding the above, Hirtle Callaghan & Co., as the Managing Fiduciary does not have investment oversight responsibility of the assets in the “self-directed” account, as outlined in the Managing Fiduciary Client Agreement.

Approval:

This Investment Policy for The Ohio University Foundation is hereby adopted this 5th day of November 2016.

By:

Title: President and CEO
The Ohio University Foundation

Title: Hirtle, Callaghan & Co., LLC
as Managing Fiduciary

Title: Treasurer
The Ohio University Foundation

Title: Hirtle, Callaghan & Co., LLC
as Managing Fiduciary
**Attachment A – Investment Plan**

<table>
<thead>
<tr>
<th>ASSET CLASS</th>
<th>(1) LONG-TERM POLICY TARGET</th>
<th>(2) RANGE</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Equity</td>
<td></td>
<td></td>
<td>45%</td>
<td>46%</td>
</tr>
<tr>
<td>US Large Cap Equity</td>
<td>21%</td>
<td>Min</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>US Small Cap</td>
<td>4%</td>
<td>Max</td>
<td>2%</td>
<td>10%</td>
</tr>
<tr>
<td>Intl Equity - Developed</td>
<td>20%</td>
<td>Min</td>
<td>14%</td>
<td>29%</td>
</tr>
<tr>
<td>Intl Equity - Emerging</td>
<td>5%</td>
<td>Max</td>
<td>2%</td>
<td>12%</td>
</tr>
<tr>
<td>Alternatives</td>
<td></td>
<td></td>
<td>31%</td>
<td>38%</td>
</tr>
<tr>
<td>Private Equity (ex-Real Estate)</td>
<td>0%</td>
<td>Min</td>
<td>0%</td>
<td>15%</td>
</tr>
<tr>
<td>Equity - Hedge (Total Return)</td>
<td>8%</td>
<td>Max</td>
<td>0%</td>
<td>8%</td>
</tr>
<tr>
<td>Fixed Inc. - Hedge (Absolute Return)</td>
<td>3%</td>
<td>Min</td>
<td>0%</td>
<td>5%</td>
</tr>
<tr>
<td>Commodities</td>
<td>5%</td>
<td>Max</td>
<td>0%</td>
<td>10%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>5%</td>
<td>Min</td>
<td>0%</td>
<td>10%</td>
</tr>
<tr>
<td>Special Opportunities</td>
<td>3%</td>
<td>Max</td>
<td>0%</td>
<td>5%</td>
</tr>
<tr>
<td>Fixed income</td>
<td></td>
<td></td>
<td>20%</td>
<td>42%</td>
</tr>
<tr>
<td>Core Fixed Income</td>
<td>10%</td>
<td>Min</td>
<td>5%</td>
<td>10%</td>
</tr>
<tr>
<td>Opportunistic Fixed Income</td>
<td>4%</td>
<td>Max</td>
<td>5%</td>
<td>8%</td>
</tr>
<tr>
<td>TIPS</td>
<td>6%</td>
<td>Min</td>
<td>3%</td>
<td>10%</td>
</tr>
<tr>
<td>Cash</td>
<td>0%</td>
<td>Max</td>
<td>0%</td>
<td>20%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

(1) LONG-TERM POLICY TARGET - long term targets for detailed asset classes (requires approval). Sub totals subject to rounding.

(2) RANGE - minimum & maximum targets for strategic ranges (requires approval).

This Investment Plan was developed by Hittle Callaghan in consultation with The Ohio University Foundation (the client) and is made a part of the Client Agreement. Client acknowledges and agrees, the Investment Plan applies to assets held in the Main Account and all related sub-accounts (existing or opened after the effective date of the plan). In addition, all main accounts (and related sub-accounts) listed on this Investment Plan are to be managed as a consolidated account, which means that while each account alone may or may not conform to the asset allocation listed above, all accounts combined will be managed in accordance with the stated investment allocation.

Market conditions may move an account outside of the approved ranges and the implementation of a change to rebalance the account will be made in an orderly manner and consistent with Hittle Callaghan’s fiduciary responsibilities to Client and industry standards. Changes to the Investment Plan may be effected upon execution by Client and Hittle Callaghan of a new Investment Plan, provided that the implementation of such changes, if any, will be made in an orderly manner and consistent with Hittle Callaghan’s fiduciary responsibilities to Client and industry standards.

*Signature*

**Date**

Bryan J. Blackoff
President & CEO, The Ohio University Foundation

**Date**

Peter M. Holmes
Director, Hittle Callaghan

**Date**

Stephen T. Geyser
Treasurer & CFO, The Ohio University Foundation

**Date**

Richard M. Blalock
Portfolio Manager, Hittle Callaghan

**Date**

Robert J. Zion
Principal, Hittle Callaghan
Attachment B – Benchmarks (Asset Class)

The performance of each asset class will be evaluated versus the asset class performance benchmark and where available, to a universe of managers of similar investment style. The asset class performance benchmarks are:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Benchmark*</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Stocks – Large Cap</td>
<td>S&amp;P 500 Index</td>
</tr>
<tr>
<td>US Stocks – Small Cap</td>
<td>R2000 Index</td>
</tr>
<tr>
<td>US Equity</td>
<td>R3000 Index</td>
</tr>
<tr>
<td>International Stocks – Developed</td>
<td>MSCI EAFE Index</td>
</tr>
<tr>
<td>International Stocks – Emerging</td>
<td>MSCI Emerging Markets Index</td>
</tr>
<tr>
<td>Global Equity (ex-US)</td>
<td>MSCI ACWI (ex US)</td>
</tr>
<tr>
<td>Hedge Funds – Total Return Strategies</td>
<td>HFR FOF Strategic Index</td>
</tr>
<tr>
<td>Private Equity</td>
<td>S&amp;P 500 Index plus 5%</td>
</tr>
<tr>
<td>Commodities</td>
<td>50% DJ AIG Commodity Index and 50% Custom Stock Index</td>
</tr>
<tr>
<td>Core Fixed Income</td>
<td>Barclays Capital Aggregate Bond Index</td>
</tr>
<tr>
<td>Hedge Funds – Absolute Return Strategies</td>
<td>HFR FOF Conservative Index</td>
</tr>
<tr>
<td>Treasury Inflation Protected Securities (TIPS)</td>
<td>Vanguard TIPS Fund</td>
</tr>
<tr>
<td>Opportunistic Fixed Income</td>
<td>BarCap High Yield BB / B Index</td>
</tr>
<tr>
<td>Real Estate</td>
<td>DJ Wilshire US Real Estate Index</td>
</tr>
<tr>
<td>Cash</td>
<td>91-Day Treasury Bills</td>
</tr>
</tbody>
</table>

*During the transition of the portfolio, it may be appropriate to utilize different benchmarks as the incumbent managers may manage their portfolios to other benchmarks that are different than those listed above.

Approved:

Title: President & CEO
The Ohio University Foundation

Title:
Hirtle, Callaghan & Co., LLC
as Managing Fiduciary

Title: Treasurer
The Ohio University Foundation

Title:
Hirtle, Callaghan & Co., LLC
as Managing Fiduciary
Attachment C – Benchmarks (Manager)
The performance of each investment manager will be evaluated versus the investment style benchmark for the manager and where available, to a universe of managers of similar investment style. The investment manager style benchmarks are:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Benchmark*</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Stocks – Large Cap Value</td>
<td>Russell 1000 Value Index</td>
</tr>
<tr>
<td>US Stocks – Large Cap Growth</td>
<td>Russell 1000 Growth Index</td>
</tr>
<tr>
<td>US Stocks – Large Cap Core</td>
<td>S&amp;P 500 Index</td>
</tr>
<tr>
<td>US Stocks – Small Cap Value</td>
<td>Russell 2000 Value Index</td>
</tr>
<tr>
<td>US Stocks – Small Cap Growth</td>
<td>Russell 2000 Growth Index</td>
</tr>
<tr>
<td>US Stocks – Small Cap</td>
<td>Russell 2000 Index</td>
</tr>
<tr>
<td>International Stocks – Developed</td>
<td>MSCI EAFE Index</td>
</tr>
<tr>
<td>International Stocks – Emerging</td>
<td>MSCI Emerging Markets Index</td>
</tr>
<tr>
<td>Commodities</td>
<td>50% DJ AIG Commodity Index and 50% Custom Stock Index</td>
</tr>
<tr>
<td>Hedge Funds – Total Return Strategies</td>
<td>HFR FOF Strategic Index</td>
</tr>
<tr>
<td>Private Equity</td>
<td>S&amp;P 500 Index + 5%</td>
</tr>
<tr>
<td>Core Fixed Income</td>
<td>Barclays Capital Aggregate Bond Index</td>
</tr>
<tr>
<td>Treasury Inflation Protected Securities</td>
<td>Vanguard TIPS Fund</td>
</tr>
<tr>
<td>Hedge Funds – Absolute Return Strategies</td>
<td>HFR FOF Conservative Index</td>
</tr>
<tr>
<td>Opportunistic Fixed Income</td>
<td>BarCap High Yield BB / B Index</td>
</tr>
<tr>
<td>Real Estate</td>
<td>DJ Wilshire US Real Estate Index</td>
</tr>
<tr>
<td>Cash</td>
<td>91-Day Treasury Bills</td>
</tr>
</tbody>
</table>

*During the transition of the portfolio, it may be appropriate to utilize different benchmarks as the incumbent managers may manage their portfolios to other benchmarks that are different than those listed above.

Approved:

Title: President & CEO
The Ohio University Foundation

Title: Treasurer
The Ohio University Foundation

Title: Hirtle, Callaghan & Co., LLC
as Managing Fiduciary

Title: Hirtle, Callaghan & Co., LLC
as Managing Fiduciary
Attachment D – Guidelines for Illiquid Investments

For the purpose of this policy “illiquid investments” shall be defined as investments that are not publicly traded and do not provide daily liquidity. Often the illiquidity of these investments lasts for greater than three years. Illiquid investments include private equity and real estate investments, but may include other instruments that do not fall into those categories. “Private Equity” shall be understood as investments in vehicles (usually private placement limited partnerships) organized to invest in companies or securities that are not publicly traded generally. Illiquid “real estate” includes private real estate that is not publicly traded.

Illiquid investments, inclusive of private equity and real estate shall be classified as an alternative investment component in the Investment Policy for long-term assets. For purposes of determining compliance with this policy, the measurement of current allocation to illiquid investments on an ongoing basis shall be based upon the sum of (i) the most recently available valuation and (ii) any capital called since that valuation and will be cognizant of the asset allocation range.

Purpose

The primary goal of investing in illiquid investments is to generate returns in excess of public market opportunities over the long-term.

Diversification

Illiquid investments will be implemented with a diversification methodology that is appropriate for each type of investment (e.g., Private Equity). Specifically, Private Equity will be implemented with substantial diversification by using multiple managers/partnerships/funds/vintage years and phased-in implementation. A single fund-of-funds may satisfy this diversification.

Time Horizon

It is understood that this category of investment needs to be made with a long-term time horizon (e.g., generally seven years or more) and that investments are highly illiquid.

Professional Management

The Investment Sub-Committee may select one or more “fund-of-funds” managers who research and create portfolios of illiquid investments. This fund-of-funds approach is the preferred method of implementing Private Equity investments, because they build diversified pools comprised of well-established funds in which limited partners such as the Fund purchases an interest. This method creates broad diversification, delegates the selection of partnerships to the fund-of-funds' investment manager, and provides access to the best managers.
The Investment Sub-Committee recognizes that it is not in a position to conduct research and due-diligence reviews of individual illiquid investments. From time to time there may be exceptional circumstances when the Foundation Trustees agree that a particular partnership would offer unique strategic benefits to Ohio University. These direct investments in individual private companies in the interests of Ohio University shall be approved by the Trustees of the Foundation.

The selection process for any illiquid investment should include a thorough understanding of the investment philosophy, diversification methodology and due diligence of the fund-of-funds manager. The fund-of-funds provider should also disclose the fee structure of the partnership, the estimated drawdown schedule of capital to the partnership, potential life of the partnership, and the terms for closing the partnership to new investors.

**Monitoring**

While annual returns and interim valuations do not necessarily provide insight into the investment’s ultimate value, it is nonetheless important that the Investment Sub-Committee review on a regular basis the investment results of these illiquid vehicles and their managers.

It is also important to recognize that there are time lags, often one quarter, in the reporting of investment returns of illiquid portfolios. The standard for reporting performance on venture capital and Private Equity is “internal rate of return (IRR)”, which is a significantly different calculation than time-weighted rate of return, which is the standard used for evaluating managers of equity and fixed income portfolios. Therefore, caution must be used in making comparisons between the two types of managers and portfolios. For this reason the Fund will report performance on the “liquid” portion of the portfolio as well as on the total portfolio, which includes the illiquid investments.