Case History: The Spelman College Endowment

On July 1, 1982, the Spelman College Special Ventures Fund was incorporated with the purpose of investing part of the Spelman College endowment in private capital partnerships. At the time, the endowment was about $55 million, recalls Danny Flanigan, Spelman's Vice President for Business and Financial Affairs & Treasurer. The fund's first investment was a commitment to a venture capital partnership—$2 million. The thought of making a commitment of that magnitude spawned a good deal of debate among board members. The skeptics were persuaded, however, and the investment with that partnership went forward. Eight years later, Flanigan went to Palo Alto for a meeting of the limited partners and learned that Spelman would be receiving a check for $23 million. "It was an annual internal rate of return (IRR) of something like 87 percent," Flanigan reflects. "When I returned to Atlanta, we were still a little incredulous. Jonathan Smith, who was at that time, and still is, chair of the investment committee, said to me, 'We've got to pick up that check, Flanigan, before we tell anybody.' When we made the announcement to the board, it was like we could do no wrong." Spelman's early recognition of the potential for excess return represented by alternative strategies is among the factors that have made its endowment—$351.0 million at June 30, 2008—the largest among U.S. Historically Black Colleges and Universities (HBCUs).

* * *

Spelman College is an independent liberal arts college for women founded in 1881 as the Atlanta Baptist Female Seminary. The college's campus of 45 acres and 29 buildings dates to 1883, and is located five minutes west of downtown Atlanta. Today, some 2,100 students from 41 states and 15 foreign countries attend the college.

HBCUs, such as Spelman, are institutions of higher education that were established prior to 1964 to serve the African-American community. There are 110 institutions meeting this definition as set forth in the Higher Education Act of 1965, including public and private two- and four-year institutions, medical schools and community colleges. (There are many hundreds of institutions that are predominantly African-American, but that were founded after *Brown v. Board of Education* [1954] and the Higher Education Act of 1965.)

What factors enabled Spelman to grow the largest endowment among HBCUs? Almost from its inception, the College has had a close relationship with one of America's wealthiest families—the Rockefellers. In 1882, the college's co-founders, Sophia B. Packard and Harriet E. Giles, met John D. Rockefeller at a church conference in Cleveland. Rockefeller pledged $250 to Packard and Giles, enabling the institution to relocate from its quarters in a basement, to a nine-acre site—part of the larger campus of today—that was used as a barracks by Union troops during the Civil War. Two years later, the college was renamed Spelman Seminary in honor of John D. Rockefeller's wife, Laura Spelman Rockefeller, and her parents, Harvey Buel and Lucy Spelman, both of whom had been longtime activists in the anti-slavery movement.

commonfund
INSTITUTE

Rockefeller donations have been a major factor not only in the growth of the endowment, but also of the campus itself. In 1886, the College dedicated Rockefeller Hall, followed in 1918 by the Laura Spelman Rockefeller Memorial Building, which houses the Marian Wright Edelman Child Development Center, as well as student residences. In 1924, the Seminary officially became Spelman College. Continuing the long association begun in 1882, in 1953 the college dedicated Abby Aldrich Rockefeller Hall—a freshman residence—and 11 years later the John D. Rockefeller, Jr. Fine Arts Building, which houses the departments of music and drama.

Without in any way diminishing the enabling gifts that the Rockefellers have given to Spelman, the fact is that the combined total of these gifts to endowment was some $1.5 million at the time they were given. They have grown, by Flanigan's estimate, to $50 to $60 million today. That leaves well in excess of $250 million of today's endowment that is traceable to sources other than the Rockefellers.

A closer look at the record—especially over the past three-plus decades—shows that, principally, it is five factors that have enabled Spelman to grow its endowment to its present size. Most importantly, they are factors that can be emulated by other institutions for the critical objective of growing their own endowments. These factors are:

- Developing and maintaining relationships with donors
- Recognizing that alternative strategies offer the potential to add value beyond traditional equities and fixed income
- Being open and opportunistic
- Setting high standards of governance and actively promoting trustee involvement
- Learning how to make use of an effective fund-raising infrastructure

Spelman has also benefitted from a succession of strong presidents and the careful marshaling of its resources. Not to be overlooked are the long-term contributions of Jonathan L. Smith, who has chaired the investment committee since 1970, and Robert D. ("Danny") Flanigan's 38-year tenure. These leaders have provided Spelman with continuity, skill and a passion for building the financial resources of this flagship HBCU.

This paper will take a closer look at the factors that have been behind the endowment's growth over the years and weave in closely related historical points and topics such as Spelman's spending policy.

Developing and Maintaining Relationships

Danny Flanigan came to Spelman in 1970 as Assistant to the Business Manager. Three years later, he was named Controller of the College, which (in his own words) "required me to start paying a little more attention to what was happening with regard to programs and the college's finances."

Right away, he recalls, there were a couple of issues that stood out for him. Primarily, Spelman was typical of most small colleges—particularly in the community of HBCUs—in that it had a talented student body, but was significantly underfunded, especially in terms of donations coming from alumnae and other average-sized contributors. But, says Flanigan, the college was also significantly underfunded with regard to tuition compared to some of the institutions in the Northeast, i.e., "we were charging a lot less in the way of tuition and fees because of the clientele that we served."

 © 2009 COMMONFUND

At the time, the endowment was in the range of $7 million to $8 million, even with the gifts from the Rockefeller family. But two critical attributes of those Rockefeller gifts—beyond the dollar amounts they represented—would prove to be very important to Spelman: first, the gifts were unrestricted and second, the Rockefellers sought out the commitment of other people of means to follow their lead.

One of them was Julius Rosenwald. The Rosenwald Fund was established in 1917 by Julius Rosenwald and his family for "the well-being of mankind." Rosenwald became part-owner of Sears, Roebuck and Company in 1895, and eventually served as its president from 1908 to 1922 and chairman of its board of directors until his death in 1932. He became interested in social issues, especially education for African-Americans. Unlike most other endowed foundations, which are usually designed to fund themselves in perpetuity, the Rosenwald Fund intended to use all of its funds for philanthropic purposes, and it donated more than $70 million to various educational and cultural institutions, including African-American colleges, as well as a range of educational and cultural institutions, before its funds were depleted in 1948. (The construction and establishment of schools was one of the largest programs administered by the Rosenwald Fund. Over $4 million was spent to build more than 5,000 one-room schools [as well as larger ones], which became known as "Rosenwald schools.")

Gifts from the Rockefellers and Rosenwalds provided the seed corn on which Spelman would go on to build a significant endowment. But, the College realized that it needed to broaden its base. The catalyst for change proved to be the election of Spelman's sixth President, Donald M. Stewart, in 1976. Stewart, who had degrees from Grinnell, Yale and Harvard, is credited with strengthening Spelman's academic program, among other accomplishments. But it was also Stewart who decided it was finally time to launch a fund-raising campaign—the first formal campaign in the college's history. Flanigan says the group planning the campaign settled on a goal of raising $10 million to $12 million. Eventually, the $12 million objective was met, with $10 million going to endowment, but not for nearly half a decade until the mid-1980s. The funds raised represented the first significant increase in the endowment's principal in 25 years, according to Flanigan. (Stewart would step down from the presidency to become president of the College Board in 1986, by which time the endowment had grown to $41 million, according to the *Spelman College Fact Book,* Fall 1999–00.)

Stewart was behind two decisions that were pivotal to the capital campaign's success. The first was to hire a professional fund-raising firm, Marts & Lundy, to advise the campaign. Second, he was able to recruit James D. Robinson III, who at the time was Chairman and CEO of American Express and also a native Atlantan, to serve as chair of the campaign. In Flanigan's view, Robinson was instrumental to the success of the drive because he used his extensive contacts in the corporate world to greatly expand the campaign's reach and build awareness of Spelman College among the upper echelons of corporate America.

In the wake of the successful capital campaign, Flanigan and others had a pleasant surprise: the discovery that Stewart, while president, had entered into an agreement with the organization that published *Reader's Digest.* Essentially, the agreement was for a series of annual gifts from a corpus of $1 million to be donated to Spelman College to fund the DeWitt Wallace Scholarships. Under the plan, the DeWitt Wallace Foundation would manage the funds over a period of 10 to 15 years and then consider turning management over to Spelman. This structure resulted from the foundation's concerns about Spelman's ability to manage the money, says Flanigan.

In the ensuing years, *Reader's Digest* prospered, and the stock that had been donated to fund the scholarships appreciated significantly. Net result: that $1 million gift grew to $42 million. Flanigan and others at Spelman had not been aware of the arrangement that Stewart had engineered between the DeWitt Wallace Foundation and the College. "We had no idea that this gift was hanging out there until one day the phone rang and a young lady from the foundation said, 'We need to see you and the President.' I said, 'Okay. For what?' And she said, 'Well, you're going to get a letter.' When the letter arrived and I opened it, I nearly passed out. So, we went back into the records and we had to search to find Dr. Stewart's original agreement. It basically said, 'Thank you for your $1 million scholarship fund.' At the time, Johnnetta Cole had just become President, succeeding Dr. Stewart." (Johnnetta Betsch Cole was the first African-American woman to head Spelman College.) Flanigan and Cole went to New York. "Both of us were nervous because we were still not sure exactly what had been agreed [to]. We went to the DeWitt Wallace Foundation offices and they again made it known that the gift was about $42 million and they said they wanted to start transferring it to the college immediately."

Suddenly, Spelman's endowment would be within range of $100 million. But, Flanigan recalls, there was a downside:

> Jonathan (Smith) and I were concerned about the concentration. So, the two of us went to Pleasantville, New York, to meet with the *Reader's Digest* business administrators. During that meeting, we discussed our divestment from their stock and the possibility of diversifying the college portfolio. They reviewed our portfolio and saw some private equity and real estate, along with traditional equities and fixed income. They looked at our rate of return and were fairly impressed. They told us that they understood the concentration concern and said that we could divest the stock over the span of about a year, but that we had to do it how and when they wanted. We agreed. We worked out a plan, and over a period of a year or so, we divested ourselves of that stock. It wasn't long afterward that the stock tanked. And, we said, 'Oh, Lord, thank you.' We were blessed.

The year that the DeWitt Wallace Foundation donations came to light, 1987, held yet another pleasant surprise. Actor/comedian Bill Cosby and his wife Camille announced gifts to the College totaling $20 million. A few years later, Dr. Cole initiated another capital campaign that would set a new record for the college by the time it ended in 1996. Including the Cosby and *Reader's Digest* funds, the drive netted about $115 million and increased the size of the endowment to $141 million. (Part of the proceeds of the capital campaign went to campus improvements, including $25 million to renovate and expand the college's sciences complex.)

TABLE I

Spelman College Rates of Return
For Years Ending June 30, 2008

1-Year	5.8%
5-Year	14.2%
10-Year	12.1%
15-Year	13.2%
20-Year	12.5%

Source: Spelman College

 © 2009 COMMONFUND

Recognizing the Potential in Alternative Strategies

In the early 1970s, Flanigan says, the Spelman endowment was short-term oriented. The fixed income allocation was significant because, as Flanigan recalls, "We were just redeeming coupons at the end of each quarter to obtain money to run the school."

Spelman's trustees realized that things needed to change in favor of a focus on strategic initiatives and better resource management. The previously mentioned arrival of Donald Stewart in 1976 was a key catalyst for change. One immediate step was to reach out to Cambridge Associates, a consulting firm founded in 1973. Spelman became one of the firm's early clients in a relationship that continues to the present. On the academic front, Flanigan says, "Stewart had lots of ideas about how to build the college, so he started working to strategically strengthen various academic programs." Reflective of campus-wide fermentation of thought and activity, inclusive of endowment management, was a decision to not only reaffirm Spelman as a liberal arts college, but also to build an engineering program. "We made the decision specifically to remain a premier liberal arts college, but decided to enter into joint dual degree programs with institutions such as Boston University, Georgia Tech and MIT. Students would go to Spelman for three years and then transfer out to one of these schools for another two or three years. They would receive two degrees, one in engineering and one in math or science," Flanigan says. (This program not only continues today, it has expanded to 12 leading colleges and universities in the Northeast, South and Midwest.)

Around that time—the late 1970s—Flanigan recalls a visit he and Smith paid to the attorney general of the state of Georgia. On the agenda was a discussion about the concept of total return investing. The accounting firm that Spelman had been working with at the time was reluctant to accept the concept of total return investing. "Not everyone agreed with that thinking," Flanigan says. "In those days, a lot of institutions believed in investing primarily in bonds, and I don't think we should overlook the fact that a lot of minds had to be changed—sometimes not easily." The meeting with the attorney general was held to confirm that Georgia was a state in which total return investing was consistent with fiduciary responsibility. The attorney general confirmed that it was. Flanigan sums up the significance of that meeting when he says, "We stopped managing the endowment for dividends and interest and started managing for growth."

Flanigan says he began working with Jonathan Smith and Cambridge co-founder Hunter Lewis to create asset allocation models and investment policies around a growth orientation. It was shortly after that the board was urged to approve investments in alternative strategies. These discussions led to those early—and highly rewarding— investments in venture capital and to greater commitments to alternative investments over time, as Table II on page 6 shows.

TABLE II

Spelman College Value of Fund Asset Allocation

Year Ending June 30	1988	1993	1998	2003	2008
Value of Endowment	$44M	$109M	$193M	$219M	$351M
Asset Allocation					
Domestic Equity	75%	51%	47%	43%	40%
International Equity	11%	9%	7%	4%	8%
Emerging Markets	0%	0%	2%	5%	5%
Fixed Income	0%	21%	15%	10%	13%
Alternatives					
Distressed	0%	9%	10%	10%	3%
Real Estate	11%	6%	8%	8%	7%
Private Equity/Venture	2%	2%	6%	10%	21%
Cash	1%	2%	5%	10%	3%
Total	100%	100%	100%	100%	100%

Source: Spelman College

Recalling those breakthrough investments, Flanigan recalls, "Of course, no one gets it right all the time. We made some investments in real estate in the Southeast and the Midwest, basically in apartments and some offices. In fact, we did lose some money on those investments. But the decision to invest in alternatives was a major breakthrough, and that's when we really started making money for the college."

Being Open and Opportunistic

Outreach was working for Spelman. Two major capital campaigns met their goals. Teaming with Cambridge Associates helped the college refine its investment policy. Buoyed by these successes, but curious about what he saw on the horizon, Danny Flanigan, one day, picked up the phone and called David Swensen at Yale. He tells the story in his own words:

> Dave was a young man. It was 1985 and he had just been given responsibility for managing the Yale endowment. So, I called him and told him that I was working on a lot of ideas with good potential for Spelman, and that it was my understanding that he had developed several asset allocation models. He said that was true and invited me to come visit.
>
> I went to Yale and spent a week there with Dave and his staff. I ran all kinds of "what if" models looking at probabilities of asset allocation decisions, spending rules and other policy concerns. I also worked with Dean Takahashi, Ellen Schuman and Donna Dean.

 © 2009 COMMONFUND

> I make no bones about the fact that as one of Cambridge's first clients, we learned a lot. We were cutting edge, probably a lot further out than most small colleges in what we were doing. But I was a student of Dave's approach and worked hard to understand it. He was already moving Yale into private capital, including venture capital and private equity, and Ellen was the expert in managing a real estate portfolio. It was very clear to me when I walked out of Yale that the future was not going to be in the traditional investments of stocks and bonds, but in this world of alternative strategies. I knew that those small investments the college made in real estate and the fact that we talked about getting into a venture fund represented our future direction. When I returned and reflected on everything, Dave's modeling and the expected rate of returns and so forth, it appeared clear the direction that the college should move regarding endowment management. I had many conversations with Jonathan Smith and we were both convinced that if the college wanted to be aggressive and grow the endowment, we had to go beyond traditional asset classes and get into alternatives.

At around the same time, Spelman established its spending rate of 5.25 percent annually, a rate that remains in place today. In fact, Spelman would need to be aggressive in its asset allocation because it had an ambitious return objective that went well beyond 5.25 percent. Flanigan says the college and the Trustees decided it wanted to target a return that would equal its spending rate plus inflation (measured by CPI) plus costs (estimated at around 50 basis points) plus a contribution to future generations. Flanigan says, "Our goal on a long-term basis has been and continues to be a 14–15 percent compound annual return, and we have pretty much achieved that over the years." (The details of the current spending formula are 4.75 to 5.25 percent of a four-year moving average of endowment value. The trailing four years are weighted, so that the most recent year's value is weighted at 40 percent; the second year at 25 percent; the third year at 20 percent; and the fourth and earliest year at 15 percent. The values are as of September 30 each year.)

"Would we have reached those goals without investing in alternatives? Probably not," Flanigan opines. "If I hadn't spent that week at Yale, and if Jonathan Smith had not convinced the trustees to invest in alternative investments, I'm not sure the outcome would have been the same. It was that modeling work that led us to look at private equity, venture capital and some other alternative asset classes." When Flanigan and Smith went to the board for approval to make that early investment in venture capital, there were some who saw more potential risk than reward. Therefore, the board decided that if the college were going to start investing in alternatives, it ought to do so through a separate fund, which led to the incorporation of the Spelman College Special Ventures Fund and the vignette that opened this study of the Spelman endowment.

Leadership and High Standards of Governance

Spelman had a combination of internal and external resources working for it in the 1970s. On the external front, James Robinson was spearheading fund-raising. Internally, Jonathan Smith had become chair of the investment committee just prior to Flanigan's arrival on campus. "At first, Jonathan headed the Finance and Budget Committee," Flanigan recollects, "but his real strength was on the investment side. He was a major player at Lehman Brothers and was about to become president of the asset management firm Mitchell Hutchins." (Mitchell Hutchins later became a part of UBS asset management. Smith is still active in the profession as a managing partner of Chesapeake Asset Management LLC, a firm founded in 1998 in New York City.) Once Smith was tapped to become the investment committee chair he began to put in place the disciplines that would serve Spelman well in the future. "I remember talking with Jonathan about the fact that we needed to focus on the endowment with growth in mind so we could allow Spelman to do all the things it had on its agenda," Flanigan says.

All along the way, Spelman was taking steps to improve the caliber of the board and the investment committee. Smith's philosophy was that a small investment committee was preferable to a large one. As a result, the Spelman investment committee usually consisted of no more than three or four people. Smith believed that a small committee was more effective and it could make decisions quickly and efficiently.

While believing in a small investment committee, Smith exhorted Spelman to strengthen and expand other committees of the board. Says Flanigan, "He pushed to create development committees and other committees of people who not only had talent, but also had resources, because he knew that in order to raise the endowment money, you needed people on the board who were smart and skilled but who also possessed financial wherewithal."

Smith also made sure that the investment committee kept the board fully informed and educated about its deliberations and decisions. Flanigan notes that "it's so interesting now to hear institutions talking about the need for orientation programs for new trustees as well as ongoing educational programs for incumbent trustees. One of the things that we've been fairly good at over the years is informing and educating our trustees about what the Spelman investment committee was doing—and being transparent about shortcomings as well as successes—because it builds credibility and, besides, most of them already knew a lot about investing." Flanigan says:

> We have always been an open book, very transparent. In fact, we have been told sometimes we talked too much and showed too many graphs and reports. But we have been very transparent with the board with regard to finances, from the balance sheet to fund-raising to debt service, as well as the investment risks we were taking. I have always taken the position that I never wanted the president or board to be surprised about anything. And the only way you can do that is through constant communication.

 © 2009 COMMONFUND

From the beginning, recruitment for the board has been another Spelman strength. For many decades, the Rockefeller place on the board was significant. But in the 1980s, the Rockefellers let it be known that while they wanted to keep a presence on the board, they believed it best that the board really start to diversify. The college thus began looking to new sources for trustees, including the trustees themselves. At this point, Spelman made a decision that has proved its merit over time when it established the Board Affairs Committee, which included the president as an ex-officio member. The role of the committee initially was recruiting trustees who were not only leaders in fields such as business, education and academia, but who were also genuinely interested in Spelman's mission and goals. Flanigan says, "The Board Affairs Committee takes very seriously the responsibility of identifying, screening and interviewing prospects for the Spelman board to be confident that this is something they truly want to do, and that they will pay attention to their duties and not use it as a resume enhancer."

The Board Affairs Committee is more than a nominating committee, however. It is responsible for orientation programs, special meetings and retreats, and for keeping board members active and engaged. Flanigan points out that if a trustee misses one or two meetings, he or she is likely to be queried about their absence. If it persists, the individual may be asked to step aside at the end of his or her term (or before, depending on circumstances).

Currently, the authorized size of the board is 30, but in practice it is usually 21 to 24 people because, Flanigan says, "you always want to have room to expand but you also want to staff your committees appropriately and guard against allowing decision-making to become cumbersome."

Creating and Maintaining an Effective Fund-raising Infrastructure

After academics and fiscal affairs, the fund-raising arm of a college or university ought to be the strongest part of the institution, in Flanigan's view. But at Spelman, it wasn't always that way—despite the gifts it has received over the years. Mainly, these resulted from cultivating close relationships with a limited number of wealthy individuals and corporations. One of the greatest lessons the college had to learn was to make broad-based fund-raising a permanent part of its infrastructure.

The approach followed at most educational institutions is to launch a new capital campaign shortly after another one concludes. At Spelman, the approach was to conclude the campaign, declare victory —and then lose momentum. "Our tradition was to finish the campaign, bask in its success, wipe our brow and breathe a sigh of relief, and then cut back the fund-raising staff significantly," Flanigan says. "What happens is that once you lose the staff, you've lost momentum and interest in the school, and the donors go away. Nobody's out there asking for money on a continuous basis and a lot of relationships are lost."

Spelman, for instance, concluded the previously mentioned and highly successful capital campaign in 1996. Johnnetta Betsch Cole left the college in 1997 and the people who worked to raise the funds left Spelman as well. "When Beverly Tatum was appointed president in 2002, we had no infrastructure, no staff and, consequently, we weren't raising any money. By now, it has taken her four or five years to start building up another staff with the credibility to go out and start raising money again. If there is a shortcoming among HBCUs, it is the lack of a permanent fund-raising infrastructure, principally, I think, because it takes money to support it over time," Flanigan observes. The other downside is that without the infrastructure to do fund-raising, institutions are not able to cultivate those individuals and organizational donors who will become reliable, consistent contributors over time.

Conclusion

What are lasting takeaways for a board and/or financial officer trying to emulate Spelman's success? Flanigan offers three thoughts:

First, he implores these institutions "not to be timid and not to hold to tradition. Be willing to create opportunities and talk to people from the institutions that you seek to emulate, whether it's Spelman or Yale. Learn from them and their experiences."

Second, survey the programs and needs of your institution and determine what you should fund more of/less of, and then develop strategies to achieve those goals with your board and/or investment committee (or finance committee). The fiscal officer also needs to work with the people in institutional advancement to make them aware of the needs of the institution, which sometimes can be lost in translation, Flanigan says.

Third, while it's vitally important to grow the existing endowment—and Spelman's investment return has certainly done that—it is also important to attract new funds that will contribute to the mission over time and fill gaps that are hard to fill with internally generated funds.

 © 2009 COMMONFUND

Important Legal Disclosure

General

See note concerning the offering of securities on the front page of this paper.

Commonfund Asset Management Company, Inc., a subsidiary of The Common Fund for Nonprofit Organizations, is responsible for the statements made in this paper. References to "Commonfund" are references to Commonfund Asset Management Company, or as the context may require, collectively to Commonfund Asset Management Company and its affiliates.

Any statements about particular securities or types of securities should not be relied upon as advice to buy or sell or hold such securities or as an offer to sell such securities. Moreover, any views presented are based on market or other conditions as of the date of this report, or as otherwise indicated, and Commonfund disclaims any responsibility to update such views. Particular investment decisions should be based on many factors; the persons who have prepared this report do not know all the factors pertinent to your circumstances.

To the extent views presented forecast market activity, they may be based on many factors in addition to those explicitly stated in this report. Forecasts of experts inevitably differ. Views attributed to third parties are presented to demonstrate the existence of points of view, not as a basis for recommendations or as investment advice. Managers who may or may not subscribe to the views expressed in this report make investment decisions for funds maintained by Commonfund. The views presented in this report may not be relied upon as an indication of the trading intent of managers controlling Commonfund funds.

It is possible that you may lose money on an investment in any Commonfund fund or on any other investment in stocks or bonds or other instruments to which this report may be deemed to relate, directly or indirectly. Past performance is not necessarily a guide to future performance. Income from investments may fluctuate.

The securities of small, less well-known companies may be more volatile than those of larger companies.

Investments in foreign securities involve greater risks than U.S. investments. These risks include the political and economic uncertainties of foreign countries, as well as the risk of currency fluctuation. Changes in rates of exchange may have an adverse effect on the value, price of, or income derived from an investment.

Risk Disclosure

There are significant risks associated with investing in commodities, natural resources and real property. Commodity prices, including gas, oil, timber and other natural resources, can be highly volatile. Price movements for commodity futures are influenced by, among other things: changing supply and demand relationships; weather; agricultural, trade, fiscal, monetary, and exchange control programs and policies of governments; United States and foreign political and economic events and policies; changes in national and international interest rates and rates of inflation; currency devaluations and revaluations; and, emotions of the marketplace. Investments in real property may fluctuate in value due to general economic conditions, a weak market for real estate generally, changing supply and demand for certain types of properties, and natural disasters or man-made events.

About Commonfund

Founded in 1971, Commonfund is devoted to enhancing the financial resources of educational and other nonprofit institutions including endowments, foundations, healthcare and service organizations through superior fund management, investment advice, and treasury operations. Directly or through its subsidiaries, Commonfund Capital, Commonfund Realty, and Commonfund Asset Management Company, Commonfund manages approximately $25 billion for more than 1,900 educational institutions, foundations, healthcare and other nonprofit institutions, representing one of the largest pools of educational endowment and operating funds in the world. In response to the growing needs of nonprofit institutions, Commonfund, together with its subsidiary companion organizations, offers more than 35 different endowment investment programs including funds for the management of short- and intermediate term operating cash reserves. All securities are distributed through Commonfund Securities, Inc.

Printed on recycled paper.

15 Old Danbury Road
P.O. Box 812
Wilton, CT 06897-0812

Tel 888-TCF-MAIN
Tel 203-563-5000
www.commonfund.org

commonfund

Moving missions forward.

This publication is not intended to constitute an offer to sell or a solicitation of an offer to buy interest in any security. The various investment funds maintained by Commonfund and its affiliates are offered only by the offering memoranda and supplemental material furnished for consideration in connection with a particular potential investment. Read with care those materials before investing or sending any money. Securities offered through Commonfund Securities, Inc., a registered broker dealer and a member of FINRA. Advisory services discussed in this brochure are provided by Commonfund Asset Management Company, Inc.
Past results are not necessarily indicative of future performance.