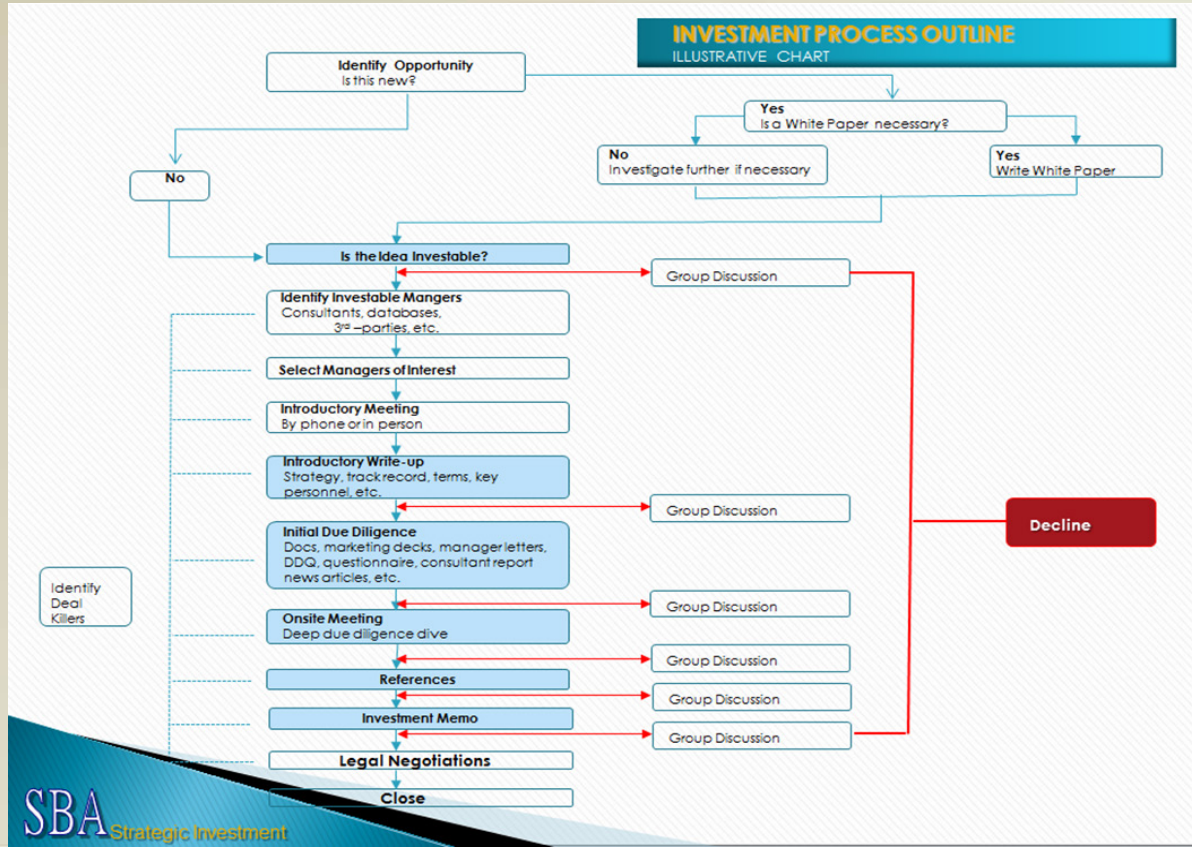


Process – Fund Selection

There are three broad screens for managers in this order

1. High ethical standards
2. Institutional quality
3. Attractive, process-driven, repeatable risk-adjusted performance

Process – Fund Selection



Process – Due Diligence

- Multiple calls/meetings with manager
- Investment Review Summary
- Review of decks, past letters, LPA, PPM, and other documentation
- Onsite meetings
- Due diligence questionnaire
- Analytics
- Ongoing discussions internally
- Ongoing discussions with consultant
- Multiple reference checks
- Investment memorandum
- Consultant memorandum
- Typically 20-40 hours of work on an individual manager during the due diligence process
- Can take years to develop a relationship with a manager

Process – Risk Management

- Thorough due diligence
- Diversification
- Sizing limits
- High bar to first-time and new funds
- Contrarian investment philosophy
- Ongoing manager monitoring
- Portfolio monitoring and risk management system
- Structuring rights in legal documentation
- Ongoing dialogue with consultants
- Ongoing dialogue with fund of funds
- Heightened sensitivity to operational issues
- Background checks by consultants
- Monitored by External Investment Manager Oversight
- Monitored by Internal Audit
- Monitored by Senior Leadership Group
- Approval of new strategies by Senior Leadership Group
- Approval of Annual Work Plan by Executive Director & CIO

Process – Manager Monitoring

- Weekly internal discussion of managers
- Monthly or quarterly calls with managers
- Review manager letters
- Review manager exposure reports
- Weekly calls with Cambridge Associates
- Quarterly calls with Townsend
- Monthly and quarterly internal reports
- Monthly and quarterly reports from Cambridge Associates
- Quarterly reports from Townsend
- Annual meetings with managers
- Attendance at annual meetings
- Membership on advisory committees
- Review changes in documentation
- Portfolio monitoring and risk management system