UNIVERSITY POLICY

<table>
<thead>
<tr>
<th>Policy Name:</th>
<th>Investment Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section #:</td>
<td>40.2.14</td>
</tr>
<tr>
<td>Section Title:</td>
<td>Fiscal Management</td>
</tr>
<tr>
<td>Formerly Book:</td>
<td>N/A</td>
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<table>
<thead>
<tr>
<th>Approval Authority:</th>
<th>Board of Governors with the consent of the Board of Trustees</th>
</tr>
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<tbody>
<tr>
<td>Adopted:</td>
<td>5/8/2002</td>
</tr>
<tr>
<td>Reviewed:</td>
<td>6/15/2016; 6/15/2017</td>
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<thead>
<tr>
<th>Responsible Executive:</th>
<th>Executive Vice President for Finance and Administration and University Treasurer</th>
</tr>
</thead>
</table>

| Responsible Office: | University Endowment Office/University Finance and Administration |
| Contact:            | University Endowment Office: 848-445-2788Office of Treasury Operations 848-445-|

1. **Policy Statement**

The following investment objectives and guidelines are intended to govern the overall management of the university's endowment funds consisting of the unitized long-term investment pool, which includes the Board of Governors' Long Term Fund and the Board of Trustees' Long Term Fund (collectively "the Endowment"), and other separately managed funds subject to the terms of their agreements.

These objectives and policies are intended to govern the overall management of the university's pooled endowment funds.

2. **Reason for Policy**

To define the investment process, policies, guidelines and objectives of the Endowment; create a framework from which the Investment Committee can evaluate performance, explore new opportunities, and make recommendations to the Boards; and provide guidance for, expectations of, and limitations on all parties bearing responsibilities related to the Endowment; and achieve risk-adjusted returns that maintain the purchasing power of the endowment, while adhering to the highest fiduciary standards and upholding a commitment to the core values of Rutgers University.

3. **Who Should Read This Policy**

Members of the university community with a need to know the university's policies on endowment investments.
4.000011335.5
All regulations and procedures are subject to amendment.
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4. The Policy

40.2.14 INVESTMENT POLICY

STATEMENT OF INVESTMENT POLICY

The following investment objectives and guidelines are intended to govern the overall management of
the university's Pooled Endowment funds (the Board of Governors' Long Term Fund and the Board of
Trustees' Long Term Fund, collectively "the Endowment").

I. ROLES AND RESPONSIBILITIES

A. Board of Governors and Board of Trustees

Members of the Boards, ultimately, are responsible as fiduciaries for managing the
Endowment. Therefore, the Boards' specific responsibilities are as follows:

1. Oversee activities of the Joint Committee on Investments (hereinafter
the "Investment Committee" or "Committee") as they relate to the
investment of the university’s endowment; and

2. Delegate to the Chairs of the Boards the appointment of Investment
Committee members.

B. Joint Committee on Investment ("Committee")

The Committee's responsibilities are as follows:

1. Set overall policies for the investment of the university’s endowment;

2. Review and ensure this policy is being implemented; develop recommendations
for revisions to this policy for review and adoption by the Board of Governors and
the Board of Trustees;

3. Establish the university’s spending rate and approve the university
administration’s calculation thereof;

4. Establish the institution’s real return objective, defined as the sum of the
spending rate, management costs, and desired growth rate, if any;

5. Establish appropriate implementation guidelines, including but not limited to the
following:
   a. time horizon for the portfolio;
   b. acceptable level of risk for the portfolio;
   c. long-term asset allocation targets for the portfolio; and
   d. acceptable asset classes for inclusion in the portfolio;

6. In consultation with the Endowment Office and the investment consultant,
select and evaluate the investment consultant;

7. In consultation with the Endowment Office and the investment consultant,
establish investment practices, including but not limited to the following:

   a. time horizon for the portfolio;
   b. acceptable level of risk for the portfolio;
   c. long-term asset allocation targets for the portfolio; and
   d. acceptable asset classes for inclusion in the portfolio;
a. criteria for hiring and terminating investment managers; and
b. distribution of assets among investment managers; and
c. the portfolio’s rebalancing rules.

8. Review and evaluate performance of the investment portfolio against appropriate benchmarks in the context of predetermined performance standards.

9. In consultation with the Endowment Office, university administration, and the investment consultant, review the performance of the individual fund managers, and hire and terminate investment managers as appropriate.

10. Ensure that adequate and appropriate research and due diligence is being conducted concerning the future performance of the portfolio and its investments.

11. Annually, review the level of expenses incurred.

12. Interface with the Endowment Office, university administration, and the investment consultant to address current issues.

13. Report regularly on the status of the endowment to the Board of Governors and Board of Trustees.

14. Avoid conflicts of interest, the appearance of conflicts of interest, and prohibited transactions.

15. Monitor annually the performance of all separately managed funds—endowment assets not monitored by the consultant; and,

15.16. Review and approve the budget of the Endowment Office.

C. **Endowment Office University Administration**

The Endowment Office, in conjunction with the investment consultant, has responsibility for administering the endowment and will report to the Investment Committee on all matters relating to the investment and stewardship of the assets; it will report administratively to the Vice President for Finance and Associate Treasurer. The Endowment Office will serve as contact for investment managers and consultants, and will maintain detailed knowledge of the portfolio and its managers. The Office, in collaboration with the investment consultant, will also make recommendations to the Investment Committee in order for the Committee to discharge its responsibilities.

In addition, the Endowment Office will have the following responsibilities as follows:

1. Implement the actions endorsed by the Investment Committee.
2. Invest new gifts made to the Endowment according to established guidelines.
3. Sell assets as needed to fund the spending allowance.
4. Rebalance the portfolio as directed by the Investment Policy.
5. Serve as the primary communication link between the Investment Committee and the investment consultant; and,
6. Prepare and annually present performance and evaluation reports on all separately managed funds—endowment assets not monitored by the consultant.

D. **Investment Consultant**

The investment consultant is responsible for providing support for the Investment Committee and the Endowment Office, including advice and education pertaining to investment guidelines, asset allocation structure, and investment managers. The investment consultant will assist in the selection of new investment managers and
monitoring of existing managers. In addition, the consultant will provide performance evaluation reports for the endowment on a monthly basis.

The investment consultant will have the following responsibilities while working in conjunction with endowment staff: The consultant’s responsibilities are as follows:

1. Assist in the development and implementation of investment policies, objectives and guidelines.

2. Prepare an asset allocation analysis and, at least annually or more often if market conditions merit, recommend asset allocation strategy modifications with respect to the Endowment’s objectives.

3. Review investment managers for both quantitative and qualitative aspects, including the due diligence for and the on-going monitoring of existing managers; search for new managers; and make recommendations regarding the hiring or firing thereof.

4. Prepare and present quarterly performance evaluation reports using industry standards for performance reporting and analysis, in accordance with Association of Investment Management and Research promulgated standards.

5. Annually, at a minimum, complete a full “look through” analysis of the portfolio’s liquidity.

6. Attend Investment Committee meetings as requested, to present evaluation reports on a quarterly basis (attendance at other meetings is on an “as needed” basis).

7. Review contracts and fees for both current and proposed investment managers and custodians unless otherwise agreed upon.

8. Review, develop and, when necessary, educate Committee members on special investment strategies that complement existing asset classes or strategies to be considered by the Investment Committee and the Endowment Office.

9. Communicate investment policies and objectives to the managers, monitor their adherence to such policies and report all violations.

10. Notify the Investment Committee and the Endowment Office of any material changes in ownership of the consultant and of any changes in personnel who are integral in assisting the university.

11. Assist the Investment Committee and the Endowment Office in special tasks relating to the Endowment.

12. Notify the university administration and Investment Committee and the Endowment Office immediately of any litigation or violation of securities regulations in which any Investment Manager utilized by the Endowment is involved.

13. Notify the university administration and Investment Committee and the Endowment Office of any significant changes in portfolio managers, personnel or ownership of any investment management firm utilized by the Endowment.

14. Adhere to all regulatory agency guidelines.

E. Investment Managers

The investment managers’ responsibilities are as follows:

1. Invest assets under their management according to the mandate presented and approved at time of investment.
2. Exercise discretionary authority over assets entrusted to them subject to the manager guidelines provided herein and separately provided.

3.2. Provide written documentation of portfolio activity, portfolio valuations, performance data, and portfolio characteristics no less frequently than on a quarterly basis in addition to other information as requested by the Investment Committee, the Endowment Office, university administration, or the Investment Consultant.

4.3. Vote (and annually report to the Endowment Office, university administration, or the Investment Consultant) proxies responsibly in the best interest of the Endowment.

5.4. For those investment manager/products that are registered with the SEC, they must annually provide an updated copy of the investment advisor’s form ADV Part II.

6.5. Unless otherwise stated in this or supplemental documents, decisions as to individual stock selection, security size and quality, number of industries and holdings, current income levels, turnover and the other tools employed by active managers are left to the manager’s discretion, subject to the usual standards of fiduciary prudence.

F. Custodian

The custodian’s responsibilities are as follows:

1. Within fifteen (15) business days following the end of each month, provide the following reports:
   a. Statement of all securities and other assets on hand;
   b. Statement of all property received representing contributions to the accounts;
   c. Statement of all sales, redemptions, and principal payments;
   d. Statement of all distributions from the account;
   e. Statement of all expenses paid;
   f. Statement of all purchases; and
   g. Statement of all income.

2. Maintain an account for each investment manager of the Endowment.

3. Provide all normal custodial functions including security safekeeping, collection of income, settlement of trades, collection of proceeds of maturing securities, and daily investment of uninvested cash, etc.; effect trades, if applicable; and manage securities lending program, if applicable.

4. Prepare additional accounting reports as requested by the Endowment Office, university administration, or the Investment Consultant.

5. Annually, provide an electronic copy of the custodian's SOC 1 to the university's external auditor.

II. INVESTMENT POLICIES AND OBJECTIVES

A. General Investment Philosophy

Providing for future spending needs while meeting current spending needs is the objective of the Endowment.

1. Time Horizon: The Endowment has a long-term investment horizon and serves as a perpetual asset to the University's infinite life.
2. **Return**: The long-term objective minimum need of the Endowment is to achieve a total return averaging at least the spending policy plus inflation, net of fees and expenses rate of 4.00% plus inflation, fees, and costs. Returns experienced in excess of this amount will need provide for the long-term growth of the Endowment. The annual spending policy is to spend an amount not to exceed 4.95% of a trailing 13-quarter average of the Endowment's market values. This 4.95% includes a 0.95% allocation for foundation administration expenses.

3. **Risk**: The overall level of risk in the endowment university's investment portfolio will be primarily mitigated by attention to asset allocation. The focus is on overall portfolio risk, not risk related to specific asset classes.

4. **Taxes**: The Endowment is owned by a tax-exempt organization.

5. **Liquidity**: The endowment has a long-term investment horizon with relatively low liquidity needs. For this reason, the endowment can tolerate short- and intermediate-term volatility provided that long-term returns meet or exceed its investment objective. Due to a long-term investment horizon and below average liquidity needs of the Endowment, the Investment Committee will allow for an above-average level of risk and illiquidity of the portfolio. At times, cash may be required to satisfy the needs of the Endowment, yet there is no defined allocation to cash in the Investment Policy Allocation. Therefore, it is expected that the Endowment should have sufficient liquid assets to meet all spending and capital call needs.

B. **Return Measurement Objectives**

The investment objectives of the Endowment are based upon a long-term investment horizon allowing short-term interim fluctuations to be viewed in an appropriate perspective. While there cannot be complete assurance that the defined objectives will be realized, it is believed that the likelihood of their realization is enhanced by the Investment Policy Statement of the Endowment.

Over time, the Endowment will aim to achieve its return goal while maintaining acceptable risk levels. To accomplish this goal, the Endowment will diversify its assets among several asset classes (See Appendix A). All return objectives described are understood to be net of (after) management expenses.

1. Investment portfolio assets should return, over the time horizon, an annualized nominal rate of return greater than or equal to the long-term return objective plus the rate of inflation, after all management expenses.

2. Investment portfolio assets should return, over rolling thirty-six-month periods, a nominal rate of return greater than or equal to a composite index created by combining various indices (Appendix A) in the same proportion as the Endowment's policy allocation (described in the Asset Allocation section II.E).

3. Each investment manager should return, over rolling thirty-six-month periods, a net nominal rate of return greater than or equal to the appropriate market index for that asset class (Appendix A), with not more than commensurate risk.

C. **Volatility and Risk**

The return objectives can be achieved while assuming acceptable risk levels—commensurate with “market” volatility. “Market” volatility is defined as the trailing three-year standard deviation of investment returns (based on monthly data) of the benchmark indices deemed appropriate.
The risk is defined as the probability of failing to meet the Endowment's return objectives within a long-term framework over the time horizon. Therefore, in order to minimize the probability of failure, thereby minimizing risk, the following variables related to risk should be considered in all aspects of the investment decision-making process with regards to the Endowment's investable assets:

1. Asset/Style Allocation
2. Volatility
3. Risk of Loss
4. Correlation
4.5. Liquidity Requirements

C.D. Spending Policy

The purpose of the Endowment Fund is to provide funding, in perpetuity, for programs of the university. The amount of this funding each year, referred to as the spending allowance, is determined either in accordance with donor-designated rules, or in the absence of such rules, by the Boards' Spending Policy. The Boards have selected a spending rate of 4.00% of the average of the trailing 13 quarter-end Endowment market values as being appropriate for sustaining the purchasing power of the Endowment and yet still providing the funding for which the Endowment was established. The annual spending policy also is to spend an amount not to exceed 4.95% which includes a 0.95% allocation for foundation administration expenses. This spending rate will be reviewed at least periodically annually by the Committee in light of evolving trends with respect to investment returns and the rate of inflation. Adjustments will be made when appropriate.

When considering the investment performance of the Endowment, the Boards will consider the total returns of the Endowment, including dividends on stock, interest on fixed-income securities, and capital gains, both realized and unrealized.

D.E. Asset Allocation

The single most important decision, which affects the Endowment, is the asset allocation decision. Investment research has determined that a significant portion of an Endowment's investment behavior can be attributed to (1) the asset classes/styles, which are employed by the Endowment; and (2) the weighting of each asset class/style. Given its importance, the policy asset allocation will be reviewed at least annually and revised as necessary.

The target asset allocation is based on a comprehensive allocation study completed by the Endowment Office and the investment consultant. The target asset allocation of the Endowment is designed to give balance to the overall structure of the Endowment's investment program over a long-term horizon. Asset allocation decisions will not be based on market timing. However, some factors may impact the policy allocation, thereby requiring an asset allocation review and possible rebalancing. Some of these factors include a change in the assessment of the intermediate or long-term outlook for different types of asset classes and styles or divergence in the performance of the different asset classes and styles.

The Endowment's current long-term asset allocation framework is target and ranges for the Endowment are illustrated in Appendix AB.

E.F. Portfolio Rebalancing

Since asset allocation is the most critical component of the Endowment's return, the
portfolio will be rebalanced as needed, at least annually. In addition, the Endowment will be rebalanced in the event any asset class allocation differs from policy by more than 20% of the target weight, but with a 2% minimum deviation threshold (before rebalancing is required). Alternative asset classes may require a longer period of time to achieve target allocation.

F.G. Impermissible Investments

From time to time, the Investment Joint Committee on Investments may decide to recommend that the university does not desire to hold investments in specifically designated companies, types of companies, or companies located or doing business in certain countries or regions. Generally speaking, the policy of the Investment Committee on Divestment Policy Advisory Statement to the Investment Joint Committee on Investments included as Appendix BD in making recommendations under this section. Should the governing boards of the university expressly approve any restrictions on investment of the Endowment, such resolutions will be included as Appendix CE within this policy.

H. Liquidity

G.

1. The endowment has a long-term investment horizon with relatively low liquidity needs. For this reason, the endowment can tolerate short- and intermediate-term volatility provided that long-term returns meet or exceed its investment objective. Consequently, the endowment may take advantage of less liquid investments, such as private equity, real estate, hedge funds, and other partnership vehicles, which typically offer higher risk-adjusted return potential as compensation for reduced liquidity. To ensure adequate liquidity for distributions and to facilitate rebalancing, the Endowment Office and the investment consultant will conduct ongoing reviews of total endowment liquidity. Private Equity, Real Assets – Many of the venture capital, private equity, real estate, and commodity investments are illiquid with a general 10-12 year time horizon. These longer-lived assets have the potential to achieve superior performance relative to other equity markets over long periods of time because of the illiquidity premium of these investments. It is noted that these illiquidity premiums do fluctuate over time. With each investment, the Committee acknowledges that they expect to be unable to terminate such illiquid managers, but could sell undesirable portfolios on a secondary market should a buyer exist.

2. Hedge Funds – The managers grouped in this asset class may have temporarily illiquid investments from time to time. These investments usually are held in sidepocket accounts. Illiquid securities owned in a separate ownership pool from the rest of the fund. Ownership in a sidepocket is fixed at the point the investment is initiated, and new investors do not participate in pre-existing sidepockets. Due to the illiquid nature of sidepocket investments, the manager does not receive an annual incentive allocation on the sidepocket, but only earns an incentive fee when an investment in a sidepocket is liquidated. Also, because of the illiquid nature of the investments, participants in a sidepocket cannot
redeem their interest in the sidepocket until the underlying investment becomes liquid. When a sidepocket investment is liquidated, the proceeds will be moved out of the sidepocket into the non-sidepocket accounts of the investors. These investments are expected to be accretive to return or they would not be included. It is noted that these investments could hinder the Endowment's ability to withdraw capital during times of great stress.

**H. Investment Policies & Performance Goals for Investment Managers**

The performance goals and constraint guidelines placed on individual managers within specific asset classes are listed in Appendix C. Investment managers may engage in securities lending to broker/dealers as a means of enhancing income. The Investment Committee shall continue to review the relative advantages of passive versus active management in the context of reduced management expenses; stable performance; and constant, complete exposure to the particular asset class with regard to the excess return provided by the individual manager.
## APPENDIX A

**COMPARATIVE INDICES FOR TRADITIONAL INVESTMENT MANAGERS AND ASSET CLASSES**

As of May 2016

<table>
<thead>
<tr>
<th>ASSET CLASS</th>
<th>COMPARATIVE INDEX</th>
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<tbody>
<tr>
<td><strong>Domestic Equity</strong></td>
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</tr>
<tr>
<td>U.S. Large Stocks</td>
<td>US Total Stock Market</td>
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<tr>
<td>U.S. Mid Stocks</td>
<td>Russell 1000</td>
</tr>
<tr>
<td>U.S. Small Stocks</td>
<td>Russell 2500</td>
</tr>
<tr>
<td><strong>International Equity</strong></td>
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<tr>
<td>Int'l Large Stocks</td>
<td>MSCI EAFE</td>
</tr>
<tr>
<td>Int'l Small Stocks</td>
<td>EMI EPAC</td>
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<tr>
<td>Emerging Mkt Stocks</td>
<td>MSCI Emerging Markets</td>
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<tr>
<td><strong>Fixed Income</strong></td>
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<tr>
<td>Domestic Fixed Income</td>
<td>Barclays Aggregate Bond</td>
</tr>
<tr>
<td>Intl Fixed Income</td>
<td>Citigroup World Gov’t Bond</td>
</tr>
<tr>
<td>Inflation Protected Bonds</td>
<td>Citigroup Inflation Linked Bond</td>
</tr>
<tr>
<td>Senior Bank Loans</td>
<td>Credit Suisse Leveraged Loan</td>
</tr>
<tr>
<td>Emerging Mkt Bonds</td>
<td>JPM Emerging Mkt Bond</td>
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<tr>
<td><strong>Cash Equivalents</strong></td>
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<tr>
<td></td>
<td>U.S. 91 Day Treasury Bills</td>
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<tr>
<td><strong>Private Equity</strong></td>
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<tr>
<td></td>
<td>Burgiss Global Private Equity Index</td>
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<tr>
<td><strong>Hedge Funds</strong></td>
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<td></td>
<td>HFR Fund of Funds</td>
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<tr>
<td><strong>Real Assets</strong></td>
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<tr>
<td>Illiquid Real Estate</td>
<td>Blended Index</td>
</tr>
<tr>
<td>Illiquid Natural Resources</td>
<td>NCREIF Townsend Blended Index</td>
</tr>
<tr>
<td>Infrastructure Funds</td>
<td>Mercer Illiquid NR Index</td>
</tr>
<tr>
<td>Real Estate Investment Trusts</td>
<td>FTSE EPRA/NAREIT Developed Index</td>
</tr>
<tr>
<td>Public Natural Resources</td>
<td>MSCI World Commodity Producers</td>
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## APPENDIX AB

**Asset Allocation CURRENT Targets**

**RANGE**

**Comparative Indices**

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Long-Term Target (%)</th>
<th>Ranges (%)</th>
<th>Comparative Indices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth Assets</td>
<td>66%</td>
<td>50 - 70%</td>
<td>MSCI ACWI</td>
</tr>
<tr>
<td>Global Public Equities</td>
<td>38%</td>
<td>30 - 50%</td>
<td>Dow Jones U.S. Total Stock, Market</td>
</tr>
<tr>
<td>US Equity</td>
<td>15%</td>
<td>10 - 25%</td>
<td>MSCI EAFE</td>
</tr>
<tr>
<td>Intl Developed Public Equity</td>
<td>8%</td>
<td>5 - 20%</td>
<td>MSCI ACWI</td>
</tr>
<tr>
<td>Global</td>
<td>10%</td>
<td>5 - 15%</td>
<td>MSCI EM</td>
</tr>
<tr>
<td>Emerging</td>
<td>5%</td>
<td>5 - 15%</td>
<td>Burgiss Global Private Equity</td>
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<tr>
<td>Private Equity</td>
<td>20%</td>
<td>10 - 25%</td>
<td>Index</td>
</tr>
<tr>
<td>Buyout</td>
<td>12%</td>
<td>10 - 20%</td>
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<tr>
<td>Venture Capital</td>
<td>3%</td>
<td>2 - 10%</td>
<td></td>
</tr>
<tr>
<td>Special Situations</td>
<td>5%</td>
<td>1 - 10%</td>
<td></td>
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</tbody>
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All regulations and procedures are subject to amendment.

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<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
<th>Range</th>
<th>Index/Portfolio</th>
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<tbody>
<tr>
<td><strong>Opportunistic Fixed Income</strong></td>
<td>8%</td>
<td>0 - 15%</td>
<td>50% BofA High Yield Master/50% Credit Suisse Lever Loan</td>
</tr>
<tr>
<td><strong>Risk Reduction</strong></td>
<td>19%</td>
<td>15 - 30%</td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>0%</td>
<td>0 - 5%</td>
<td>91 Day T-Bills</td>
</tr>
<tr>
<td>Traditional Fixed</td>
<td>9%</td>
<td>5 - 10%</td>
<td>Bloomberg Barclays US Agg Bond Index</td>
</tr>
<tr>
<td>Absolute Return Hedge Funds</td>
<td>10%</td>
<td>5 - 20%</td>
<td>HFR Fund of Funds</td>
</tr>
<tr>
<td><strong>Real Return</strong></td>
<td>15%</td>
<td>10 - 20%</td>
<td></td>
</tr>
<tr>
<td>Real Assets</td>
<td>5%</td>
<td>0 - 10%</td>
<td>Mercer Illiquid NR Index/MSI World Commodity Producers/S&amp;P Global Infra</td>
</tr>
<tr>
<td>Real Estate</td>
<td>10%</td>
<td>5 - 15%</td>
<td>NCREIF Townsend Blended Index/FTSE EPRA/NAREIT Dev Index</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>100%</td>
<td></td>
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</tr>
</tbody>
</table>
APPENDIX C

INVESTMENT POLICIES AND PERFORMANCE GOALS FOR INVESTMENT MANAGERS

All Traditional Managers

1. Active managers shall be terminated if the net performance and/or the investment’s realized standard deviation ranks the manager in the bottom quartile of a relative peer universe over a five-year time period.

2. Index managers shall be terminated if the realized standard deviation of the investment places the manager in the bottom quartile of a relative peer universe over a five-year time period.

3. No manager shall be permitted to use margin or to otherwise leverage the portfolio, without the prior written consent of the Investment Committee.

Equity

1. The maximum weighting (cost basis) in any one company for active managers is 10%.

2. No single sector shall represent more than 35% of the market value of the portfolio.

3. The maximum allocation to cash, at any time, will be 5% unless written permission is communicated to the consultant by the Investment Committee.

4. Trading and Execution: Managers should execute trades on a competitive basis, considering commission, execution price, quality/timing of the trade as well as market impact, as compared to relative size Endowments.

5. The use of currency futures to enhance performance and/or hedge currency exposure by international and/or global managers is at the discretion of the manager.

Fixed Income

1. The maximum weighting (cost basis) in any one security for active managers is 10%. This does not apply to U.S. government and agency issues.

2. The use of currency futures to enhance performance and/or hedge currency exposure by international and/or global managers is at the discretion of the manager.

Alternative Asset Managers (Hedge Funds, Real Assets, Private Equity)

1. Active managers shall be terminated if the standard deviation of returns is not within expectation as determined at the time of investment and/or the net performance is statistically indistinguishable from a comparable benchmark return.
RUTGERS UNIVERSITY COMMITTEE ON DIVESTMENT
POLICY ADVISORY STATEMENT TO THE JOINT
COMMITTEE ON INVESTMENTS

The Joint Committee on Investments ("JCOI") has asked the university administration for assistance in developing a divestment policy. In response, the administration appointed a committee composed of students, faculty, administration and board members which has developed this advisory statement for the JCOI.

As the public land-grant, research university of the State of New Jersey, the university's mission statement recognizes that our concerns extend beyond our campuses and that the research, teaching, and service of the university addresses problems so as to benefit citizens locally, regionally, nationally and globally. The university's mission statement may be found at http://www.rutgers.edu/about.

The university’s long-term financial health relies on the governing boards of the university exercising their fiduciary responsibilities to manage the endowment with reasonable care and in accordance with prudent investor standards in order to protect the university’s assets for current and future generations. The university’s investment policy governs the overall management of the endowment and may be found at http://policies.rutgers.edu/sites/policies/files/40.2.14%20-%20current.pdf.

Section II. H of the investment policy, “Impermissible Investments,” provides that the JCOI may decide to recommend to the governing boards that the university does not desire to hold investments in specifically designated companies, types of companies, or companies located or doing business in certain geographical regions.

The primary purpose of any divestment is to express unequivocally and publicly the university’s view on an issue rather than to bring about an economic impact through our endowment’s investment action. This advisory statement is intended to guide the decision-making of the university administration and the JCOI when considering whether to make a recommendation to the governing boards to divest from specific companies, industries, or regions. Such recommendations should be extremely rare and subject to a high standard.

The following principles should be applied when evaluating divestment recommendations:

- The divestment is consistent with the fiduciary obligation of the JCOI and the Boards;
- The behavior, action, or product in question is antithetical to the core mission or values of the university;
- The organization, industry or entity to be divested has sole or shared responsibility for the concern(s) identified;
- The concern reflects the consensus of the University community.

Divestment requests may be generated by members of the university community and should be submitted to the office of the University Secretary at this website: http://universitysecretary.rutgers.edu/contact-us/send-message-office-secretary. Divestment requests should address how the proposal meets the principles listed above.

The University Secretary will refer these requests to the Chair of the JCOI and the chief financial officer ("CFO") or his/her designee.

Should the JCOI chair and the CFO or designee determine that the request does not meet all of the four criteria listed above, the request will not be submitted to the JCOI. Should the JCOI chair and the CFO or designee make a preliminary determination that the request appears to meet the four criteria listed above,
they may at their discretion recommend that an ad hoc committee be created to consider the following issues and advise the JCOI in considering the divestment request:

- Whether there is a consensus among a wide array of stakeholders that the subject of the divestment request is a concern that affects either the university community and/or people beyond its borders;
- Whether the university community has taken action to disengage from the organization, industry or entity being considered (for example, in its purchasing decisions);
- Whether the subject of the divestment request is a social injury of such magnitude that, if not addressed, will directly affect a significant number of individuals.

In considering a divestment recommendation, the University, as a corporate body, must undertake its efforts so as to avoid making commitments to positions that may intimidate its members, produce an atmosphere of distrust and suspicion, or create obstacles to free inquiry.

The decision to divest is made solely by the Board of Governors and Board of Trustees. The JCOI, and only the JCOI, can make a divestment recommendation to the boards.

A response to a divestment request will be provided at the following points in the evaluation process:

1. If the request is not referred to the JCOI;
2. If the request is referred to the JCOI;
   - If a divestment recommendation is on the agenda of the boards for consideration.
3. If the decision is negative, a response to the divestment request will be provided.
APPENDIX CE
RESOLUTION ON DIVESTMENT OF INVESTMENTS IN COMPANIES DOING BUSINESS IN SUDAN

POLICY STATEMENT REGARDING HUMANITARIAN CRISIS IN DARFUR

In recognition of the humanitarian crisis in Darfur, the university’s Joint Committee on Investments is requesting that its investment advisors, fund managers, and financial consultants comply with the Policy Statement set forth below.

If there are any questions regarding the Policy Statement for its application in any one instance, please contact the Chair of the Joint Committee on Investments or the University’s Senior Vice President for Finance and Administration.

This Resolution is set forth below:

WHEREAS, despite significant pressure from the United States and the world community, the human rights situation in Sudan has continued to deteriorate; and

WHEREAS, the Joint Committee on Investments has reviewed the human rights situation in Sudan and the escalating political and economic instability in that country and has determined that it would be in the best interests of the university to fully divest itself of investments in companies with operations in Sudan;

NOW, THEREFORE, BE IT RESOLVED:

1.) That the Boards of Governors and Trustees, through a recommendation issued by the Joint Committee on Investments, authorizes the university’s divestiture of holdings in companies with operations in Sudan. Implementation of this measure is delegated to the Investment Committee, with the understanding that divestiture shall generally be in keeping with the so-called “targeted” divestiture approach undertaken by the State of New Jersey.

2.) That nothing in this resolution shall be deemed to direct the sales of holdings at an imprudent time; however, such sales shall take place as soon as prudently possible; and

BE IT FINALLY RESOLVED that the Boards of Governors and Trustees of Rutgers, The State University of New Jersey, hereby consents to the October 26, 2006 resolution, and joins the Joint Committee on Investments in reasserting its belief in the fundamental importance of political neutrality.

Board of Governors
Approved December 8, 2009

Board of Trustees
Approved October 26, 2009