Agenda

- Purpose of the Long Term Investments (LTI)
- Investment Policy and Philosophy
- Performance
- Asset Allocation
- Summary and Q&A
Purpose of the LTI

- From the Investment Policy Statement:
  - …to maximize total return within reasonable risk parameters…to achieve a total return, net of expenses, of at least 5% in excess of inflation (as measured by CPI) over long periods of time…

- LTI Payout provides approximately 10% of the University operating budget

- The LTI has grown over time from a combination of investment returns and the generosity of donors
Members of the Investment Committee are seasoned investment and finance professionals, each bringing decades of experience to the oversight of Cornell’s LTI.
Investment Office

- Total Staff of 19
  - 12 investment professionals
  - 7 operations staff
- Senior investment professionals with diverse backgrounds
  - PhD, MBA, MS, JD, LLM and/or CFA
- 25% of time traveling globally meeting with managers and other investors
Investment Policy and Philosophy

- **Investment Policy Statement (IPS)**
  - Expands original 1971 Board of Trustees IPS

**Key Points:**
- Long term investment horizon
- Seek best in class managers
- Disciplined rebalancing policy
### Long Term Investments June 30, 2015

<table>
<thead>
<tr>
<th></th>
<th>1 Yr</th>
<th>3 Yr</th>
<th>5 Yr</th>
<th>10 Yr</th>
<th>St Dev</th>
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<tbody>
<tr>
<td>LTI</td>
<td>3.4%</td>
<td>10.1%</td>
<td>9.9%</td>
<td>7.2%</td>
<td>7.8%</td>
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<tr>
<td>Benchmark</td>
<td>2.6%</td>
<td>7.9%</td>
<td>8.8%</td>
<td>6.8%</td>
<td>7.1%</td>
</tr>
<tr>
<td>Relative</td>
<td>0.8%</td>
<td>2.2%</td>
<td>1.1%</td>
<td>0.4%</td>
<td></td>
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Total Market Value: $6.3 billion
The LTI has Outperformed a Simple Stock/Bond Index over Last 20 years @6/30/15
Similar Return with ~Half the Risk
Over Last 20 years  @6/30/15

Risk (Standard Deviation in %)

Return %

Cornell

S&P 500
Asset Allocation Risk Categories as of 6-30-15

- **Equity**: Correlated with equity markets
- **Defensive**: Uncorrelated with most capital markets
- **Real Assets**: Correlated with inflation
Detailed Asset Allocation @9/30/15

% of Portfolio: 20%

- Private Equity: 20%
- Domestic Equity: 15%
- Emerging Markets: 10%
- Hedged Equity: 5%
- EAFE: 3%
- Marketable Alt: 25%
- Core Fixed Inc: 5%
- Cash: 3%
- Real Estate: 4%
- Resource Related: 3%
Geographic Allocation vs. The Morgan Stanley Capital International All Country World Index

As of 6-30-15
Which Market is this?

-43% in 1.5 months
+158% in 11 months
-42% in 58 months

From Jun-09 to Sep-15.
Summary

- With continued financial success of the University, we are able to focus on longer term opportunities and a different level of liquidity
- Opportunistically deploying cash
  - Distressed situations
  - Natural resources
  - Illiquid investments