



SHAPING ISRAEL TRANSFORMING **THE WORLD**

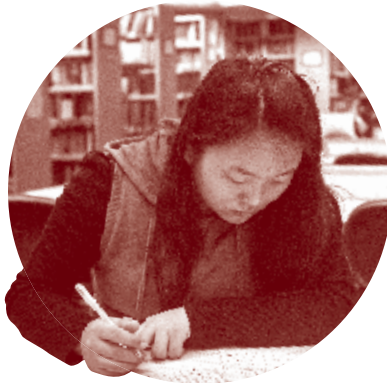
AFHU POOLED ENDOWMENT FUND
2015 ANNUAL REPORT



AMERICAN
FRIENDS OF
THE HEBREW
UNIVERSITY



BY BRINGING TOGETHER MANY OF THE BRIGHTEST MINDS
IN ISRAEL AND FROM AROUND THE WORLD, THE HEBREW
UNIVERSITY CONTINUES TO BUILD A LEGACY OF INNOVATION
THAT BENEFITS ALL.



DEAR FRIEND,

I am pleased to provide you with the December 31, 2015 Annual Report for AFHU's Pooled Endowment Fund (PEF). Your Investment Committee manages and provides oversight for the PEF consistent with the guidelines provided by AFHU's Board of Directors.



Kenneth L. Stein
Chairman
AFHU Investment Committee

As part of our responsibilities, we periodically review the PEF's performance and reallocate its assets. For the year ending December 31, 2015, the PEF had a return of -0.5% compared to 7.8% for the year ending December 31, 2014; the PEF's assets totaled \$466,000,000 at December 31, 2015, (and \$475,000,000 at April 19, 2016). During the year the PEF received contributions totaling \$4,844,000 and transmitted \$21,480,000 to The Hebrew University of Jerusalem.

For the fiscal year beginning October 1, 2015, the approved spending rate was 4.00%, reduced from the 4.25% spending rate for the prior comparable period. However, in September, 2015, an additional transmission of \$1 million was approved, effectively increasing the spending rate for the 2015 fiscal year by .25% to 4.5%.

Thank you very much for your continued interest and support of the American Friends of The Hebrew University.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kenneth L. Stein'.

Kenneth L. Stein
Chairman, AFHU Investment Committee

ENDOWMENT OBJECTIVE

The objective of the Pooled Endowment Fund is to provide a consistent flow of funds to The Hebrew University of Jerusalem for programs and projects that have been endowed by donors and approved by AFHU.

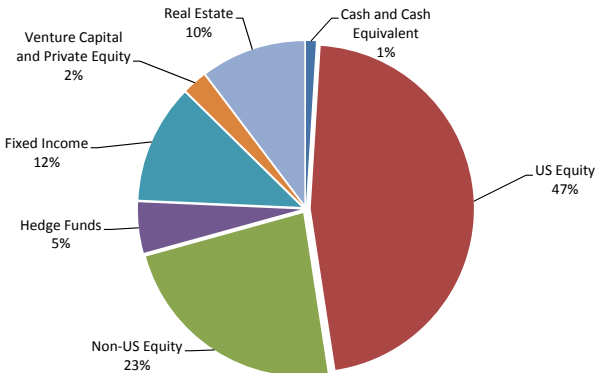
Similar to most university endowments, AFHU has established a spend rule as the basis for transmitting funds to The Hebrew University. Unless an endowment agreement specifies otherwise, we calculate the spend rate on a three year rolling average of market values. In this matter we seek to insure a consistent flow of funds to The Hebrew University in accordance with our donors' intentions.

FUND PROFILE

AFHU has a diversified portfolio of investments. As of December 31, 2015, the allocation of funds by asset class was as follows:

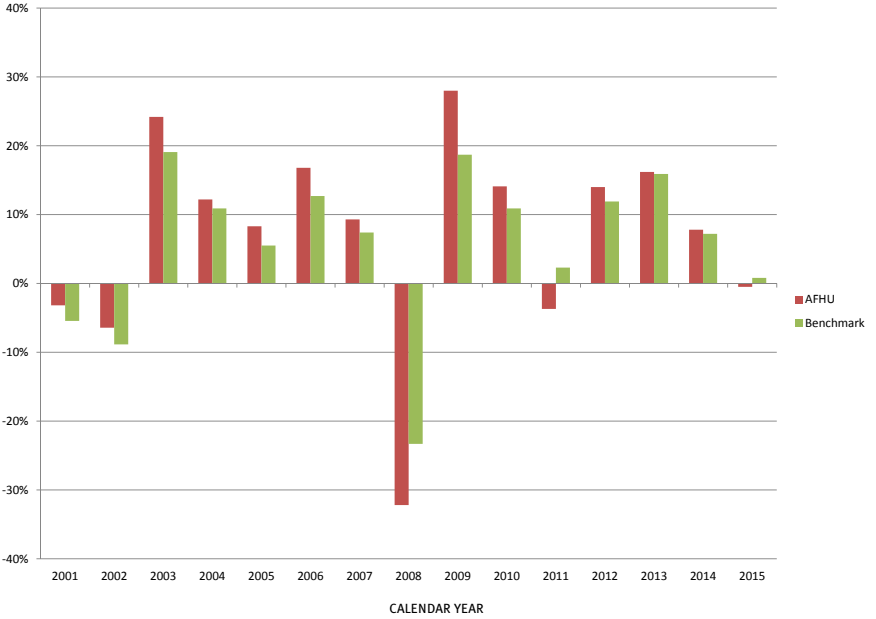
ASSET CLASS	FUNDS (000'S)
Cash and Cash Equivalent	\$4,557
US Equity	\$217,333
Non-US Equity	\$107,877
Hedge Funds	\$23,300
Fixed Income	\$54,322
Venture Capital and Private Equity	\$10,939
Real Estate	\$48,042
TOTAL Fund	\$466,370

ASSET ALLOCATION AS OF DECEMBER 31, 2015

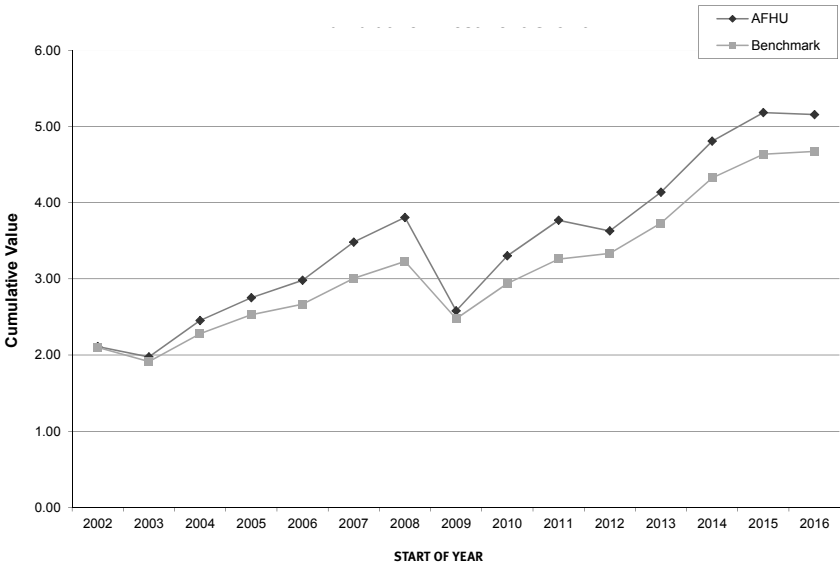


AFHU POOLED ENDOWMENT FUND

CALENDAR RETURNS



CUMULATIVE INVESTMENT GROWTH



APPENDIX

CURRENT PEF ALLOCATIONS

U.S. EQUITY (47%)

- Vanguard Extended Market Index Fund
- Vanguard Total Stock Market Index Fund
- Vanguard Dividend Growth Fund
- Various Vanguard Exchange Traded Funds

NON-U.S. EQUITY (23%)

- Dodge & Cox International Stock Fund
- Vanguard International Growth Fund
- Vanguard FTSE All World Ex-US Fund
- Matthews International Funds
- Various Exchange Traded Funds

HEDGE FUND (5%)

- Sandalwood Securities

FIXED INCOME (12%)

- Loomis Sayles Strategic Alpha Fund
- Pimco Unconstrained Bond Fund
- Vanguard Short Term Bond Fund
- Various Exchange Traded Bond Funds

REAL ESTATE (10%)

- Vanguard REIT ETF
- Security Capital Research and Management
- Rexford Industrial Realty Inc.

CASH (1%)

- Northern Institutional Funds Government Select Portfolio

VENTURE CAPITAL AND PRIVATE EQUITY (2%)

- Commonfund
- NGN Capital I & II

CUSTODIAN

- Northern Trust Company

GENERAL INFORMATION

The PEF consists of 1,700 separate endowment funds, the assets of which are pooled so as to permit their collective management and administration. Pooling also facilitates diversification in the investment of assets. There is, however, no assurance that pooling will result in increased investment results. Each fund in the pool has a separate account, holds shares in the pool, and receives distributions of income and gains or losses in accordance with its proportionate interest. Appropriate records are maintained to determine the interest of each fund in the pool.

EXEMPTION

AFHU's pooled endowment funds are exempt from registration under the Investment Company Act of 1940 and interests in such funds are exempt from registration under the Securities Act of 1933 and the Securities Exchange Act of 1934.

INVESTMENT POLICY

The AFHU Board of Directors has approved the following policies for the pooled endowment funds:

- **ASSET ALLOCATION**

The Investment Committee, at its discretion, may diversify the portfolio subject to overall allocation guidelines. Both the equity and the fixed income allocations may be invested in domestic and international securities.

- **SPENDING RATE**

Unless otherwise provided by an individual donor in the governing agreement, AFHU annually approves for transmission a spending rate determined in accordance with AFHU operating procedures. For fiscal year 2016, a spending rate of 4% was approved, decreased from 4.5% in fiscal 2015. AFHU uses a rolling average computation predicated on the average market value of the portfolio for the immediately preceding three fiscal years.

- **COST OF ADMINISTRATION**

AFHU assesses a charge of 1% against all endowments in the pooled endowment fund representing the expenditures associated with the management and stewardship of the endowments. An increase from .75% to 1% was implemented October 1, 2014.



**AMERICAN
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