Your support moves us forward. It turns seeds of an idea into seed capital. It transforms research into patents. It elevates proposals into practice. Your continued support is the momentum we need to go further. Backed by your resolve, we will never stop.
Dear Friend,

I am pleased to provide you with the December 31, 2016 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. As part of our responsibilities, we periodically review the PEF’s performance and reallocate its assets. For the year ending December 31, 2016, the PEF had a return of 7.8% compared to -0.5% for the year ending December 31, 2015. The PEF’s assets totaled $484,000,000 at December 31, 2016 (and $515,000,000 at April 30, 2017). During fiscal year 2016, the PEF received contributions totaling $8,174,000 and transmitted $18,396,000 to the Hebrew University of Jerusalem.

For the fiscal year beginning October 1, 2016, the approved spending rate was 4.00%, which is the same spending rate used in the prior fiscal year.

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

Sincerely,

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 manner, we seek to ensure 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, 2016, THE ALLOCATION OF FUNDS BY ASSET CLASS WAS AS FOLLOWS:

<table>
<thead>
<tr>
<th>ASSET CLASS</th>
<th>FUNDS (000'S)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalent</td>
<td>$ 13,195</td>
</tr>
<tr>
<td>U.S. Equity</td>
<td>$ 225,541</td>
</tr>
<tr>
<td>Non-U.S. Equity</td>
<td>$ 104,011</td>
</tr>
<tr>
<td>Hedge Funds</td>
<td>$ 45,111</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>$ 53,027</td>
</tr>
<tr>
<td>Venture Capital and Private Equity</td>
<td>$ 9,765</td>
</tr>
<tr>
<td>Real Estate Securities</td>
<td>$ 33,663</td>
</tr>
<tr>
<td><strong>TOTAL FUND</strong></td>
<td><strong>$ 484,313</strong></td>
</tr>
</tbody>
</table>

ASSET ALLOCATION AS OF DECEMBER 31, 2016

<table>
<thead>
<tr>
<th>ASSET CLASS</th>
<th>ALLOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalent</td>
<td>3%</td>
</tr>
<tr>
<td>U.S. Equity</td>
<td>47%</td>
</tr>
<tr>
<td>Non-U.S. Equity</td>
<td>21%</td>
</tr>
<tr>
<td>Hedge Funds</td>
<td>9%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>11%</td>
</tr>
<tr>
<td>Venture Capital and Private Equity</td>
<td>2%</td>
</tr>
<tr>
<td>Real Estate Securities</td>
<td>7%</td>
</tr>
</tbody>
</table>
AFHU Pooled Endowment Fund

CALENDAR RETURNS

CUMULATIVE INVESTMENT GROWTH
## Current PEF Allocations

### U.S. EQUITY (47%)
- Vanguard Extended Market Index Fund
- Vanguard Total Stock Market Index Fund
- Vanguard Dividend Growth Fund
- Tortoise MLP FD INC
- Various Exchange Traded Funds

### NON-U.S. EQUITY (21%)
- Dodge & Cox International Stock Fund
- Vanguard International Growth Fund
- Vanguard FTSE All World Ex-U.S. Fund
- Matthews International Funds
- Various Exchange Traded Funds

### HEDGE FUNDS (9%)
- Sandalwood Securities
- Oxbridge
- Paradigm Capital Value LP
- Hawk Ridge Partners II LP

### FIXED INCOME (11%)
- Loomis Sayles Strategic Alpha Fund
- Blackstone Mtg TR Inc Com CL A
- Vanguard Short Term Bond Fund
- Ishares U.S. Preferred Stock ETF
- Various Exchange Traded Bond Funds

### REAL ESTATE SECURITIES (7%)
- Vanguard REIT ETF
- Security Capital Research and Management
- Rexford Industrial Realty Inc.

### CASH (3%)
- 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:

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**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.

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**SPENDING RATE**

Unless otherwise provided by an individual donor in the governing agreement, AFHU annually approves a spending rate for the calculation of transmissions of funds from the PEF to the university. For fiscal years 2016 and 2017, a spending rate of 4% was approved.

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**COST OF ADMINISTRATION**

AFHU assesses a charge of 1% against the PEF, representing the overhead associated with the management and stewardship of the PEF.