

OUR INVESTMENTS FUND



A WEALTH OF KNOWLEDGE



AFHU POOLED ENDOWMENT FUND

2017 ANNUAL REPORT



Dear Friend,

I am pleased to provide you with the December 31, 2017 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, 2017, the PEF had a return of 19% compared to 7.8% for the year ending December 31, 2016; the PEF's assets totaled \$567,000,000 at December 31, 2017. During the fiscal year 2017 the PEF received contributions totaling \$12,080,000 and transmitted \$18,254,000 to the Hebrew University of Jerusalem.

For the fiscal year beginning October 1, 2017, 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,

A handwritten signature in black ink, appearing to read 'Kenneth L. Stein'. The signature is stylized with a large, looped 'K' and a long, sweeping underline.

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 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, 2017, the allocation of funds by asset class was as follows:

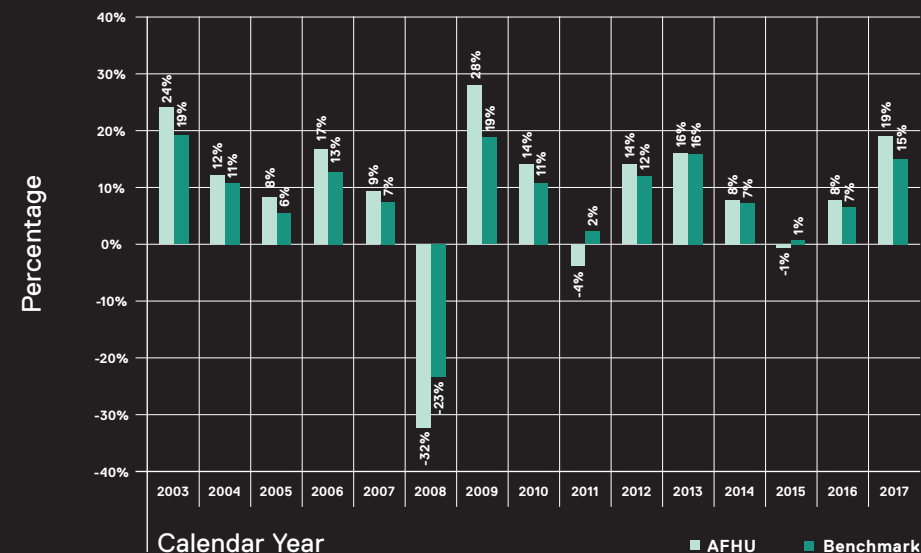
ASSET CLASS	FUNDS (000'S)
Cash and Cash Equivalent	\$ 37,250
U.S. Equity	\$ 232,391
Non-U.S. Equity	\$ 137,031
Hedge Funds	\$ 59,935
Fixed Income	\$ 58,569
Venture Capital and Private Equity	\$ 9,600
Real Estate Securities	\$ 31,693
TOTAL FUND	\$ 566,469

ASSET ALLOCATION AS OF DECEMBER 31, 2017

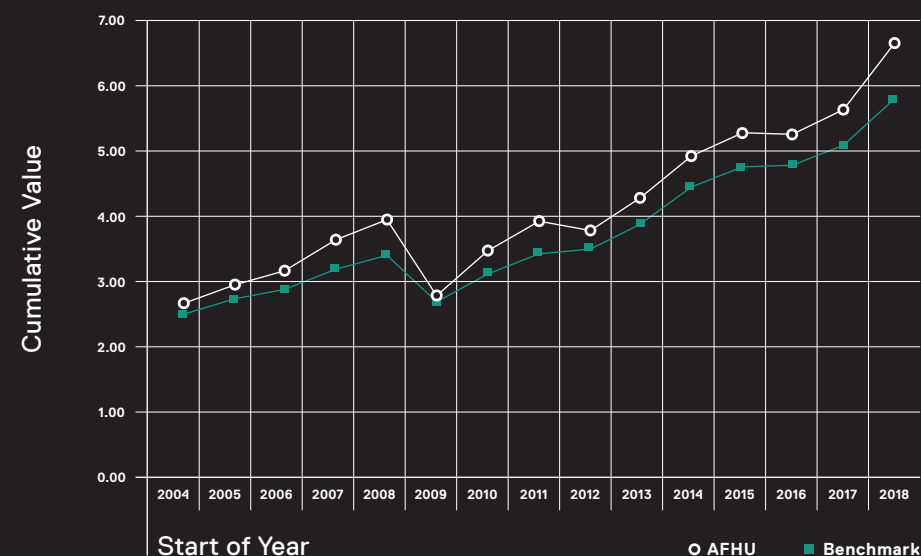
Cash and Cash Equivalent	6%
U.S. Equity	41%
Non-U.S. Equity	24%
Hedge Funds	11%
Fixed Income	10%
Venture Capital and Private Equity	2%
Real Estate Securities	6%

AFHU Pooled Endowment Fund

CALENDAR RETURNS



CUMULATIVE INVESTMENT GROWTH





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 a spending rate for the calculation of transmissions of funds from the PEF to the University. For fiscal years 2017 and 2018, a spending rate of 4% was approved.

COST OF ADMINISTRATION

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



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