THE INVESTMENT FUND FOR FOUNDATIONS
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To: TIFF Multi-Asset Fund (MAF) Members
Date: November 16, 2009
Re: Pending Changes in MAF's Constructed Index

I. Executive Summary

Further Evolution. This document summarizes work done recently by this staff aimed at identifying appropriate changes in the market bogey [a/k/a Constructed Index (CI)] that we promulgate as a means of telegraphing to endowed charities investing in MAF a general sense of the asset class and segment risks to which their capital might be subject over **long term** holding periods. As documented in quarterly reports mailed routinely to MAF members and posted at www.tiff.org, MAF's CI has changed eight times since the Fund's inception in 1995. As of January 1, 2010, it will change in the manner described in the following tables, which examine the CI through the three prisms most commonly employed by MAF members. For what it's worth, we prefer the "Dugout View" when pondering the CI's constituent parts.

MAF Constructed Index — Upper Deck View

Asset Class	Current	Effective 01/01/10	Change
Equities Broadly Defined	70%	62%	-8%
Fixed Income	25%	33%	+8%
Commodities	5%	5%	Same

MAF Constructed Index — Box Seat View

Asset Class	Bogey	Current	Effective 01/01/10	Change
Equities Broadly Defined		***70%***	***62%***	***-8%***
Global Stocks	Blended Global Stocks	58%	51%	-7%
High Yield Bonds	Barclays HY 2% Issuer Capped	7%	6%	-1%
Real Estate Investment Trusts	MSCI US REIT	5%	5%	Same
Fixed Income		***25%***	***33%***	***+8%***
Cash Equivalents	ML US 6-mo T-bill	5%	13%	+8%
Inflation-Linked Bonds	Barclays ILBs	20%	20%	Same
Commodities	DJ-UBS Commodities	***5%***	***5%***	**Same**

MAF Constructed Index — Dugout View

Segment / Subsegment	Bogey	Current	Effective 01/01/10	Change
Total Return Assets		***65%***	***57%***	***-8%***
Global Stocks	Blended Global Stocks	58%	51%	-7%
High Yield Bonds	Barclays HY 2% Issuer Capped	7%	6%	-1%
Inflation Hedges		***10%***	***10%***	***Same***
Commodities	DJ-UBS Commodities	5%	5%	Same
Real Estate Investment Trusts	MSCI US REIT	5%	5%	Same
All Purpose Hedges		***25%***	***33%***	***+8%***
Inflation-Linked Bonds	Barclays ILBs	20%	20%	Same
Cash Equivalents	ML US 6-mo T-bill	5%	13%	+8%

Please see Section III for a description of the CI and market indices referenced in this memorandum; important information respecting the calculation of CI returns; and other important disclosures.

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II. Discussion. The reasons why the CI will morph in the above manner and the process we employ when pondering or making changes to it are discussed summarily below. To make this discussion as user-friendly as possible, we've cast it in Q&A form. To make it as succinct as possible, we've not included here questions and their accompanying answers comprising a substantial portion of a similar notice published the last time the CI changed. As many readers will recall, the CI changed most recently a mere five months ago — on July 1, 2009, thus making the policy portfolio that this memo will effectively displace as of January 1, 2010, one of the shortest-lived of the nine versions of this index employed since MAF commenced operations in 1995. Given the normal tendency of multi-billion dollar institutional funds to review and potentially revise their asset allocation norms at pre-specified multi-year intervals, it may surprise some observers that we're revising the CI so soon after the last such revision. Presumably, persons who've read the aforementioned memo published on June 5, 2009, describing V.9 of the CI will not be surprised that we've decided to revise it: by our lights, the extraordinary repricing of most asset classes comprising the CI since our last comprehensive review of it compels us to revise it anew, in keeping with the framework governing its construction described in detail in our June 5 notice. As readers can confirm by accessing the electronic copy of that necessarily lengthy memo posted at https://wwws.tiff.org/MutualFunds/Reports/News/PendingChangesMAFsConstructedIndex.pdf, the framework to which we're alluding fairly compels this staff to modify the CI when, quoting our June 5 memo, "the environment in which we're putting MAF's capital to work changes materially enough and in a manner that we deem perdurable enough to justify such changes." This brings us to a list of questions raised and answered in the discussion that follows — a discussion whose concision is premised on the assumption that readers are fully familiar with our June 5 memo. But we repeat ourselves.

We hope readers find this entire document enlightening if not also stimulating and encourage readers to contact us if they have questions or comments about it.

Question #1 — Are we changing the CI to lower its riskiness, boost its expected returns or both?

Easily Answered. This all-important question is easily answered: we're changing the CI to **reduce its riskiness**, or more precisely to keep within reasonable bounds (defined as less than a 10% chance) the probability that a moving three-year average of wealth invested pursuant to such a policy portfolio would decline more than 25% on a peak-to-trough basis. When constructing the current version of the CI (V.9) last spring, we ran many simulations aimed at guesstimating its inherent riskiness, all with the aim of assembling a policy portfolio entailing the highest expected returns consistent with the risk parameter just mentioned. Alas, the huge upward move since last spring in the prices of equities broadly defined — global stocks, REITs, and high yield bonds — cause V.9 to violate this risk parameter on a look-ahead and necessarily simulated basis because higher prices increase risk. Alas, given the revised assumptions respecting future asset class returns underlying our analytical work in the policy formulation arena, V.10 of the CI has an expected return that's discernibly lower than V.9 displayed when the latter was adopted last spring. How much lower? Low enough to concentrate our minds powerfully on the challenge of deploying MAF's capital in a manner that will enable it to capture substantial dollops of excess return or value-added relative to V.10, thus hopefully improving MAF's odds of achieving its primary aim of outperforming CPI inflation plus 5% annualized over long-term time horizons appropriate to the perpetual life charities that MAF seeks to serve.

Question #2 — Can MAF really get the job done lugging around a 13% cash allocation?

No Guarantees. "Job" as used here means achievement of the primary aim (CPI inflation plus 5% annualized) referenced in the prior paragraph. Can MAF get this job done **if** 13% of its capital is invested in cash equivalents? We doubt it, which is why we've highlighted **if** in the prior sentence. As noted above, the CI represents not the mix of assets that MAF will hold all the time, or indeed at any time, but rather a means of telegraphing to endowed charities investing in MAF a **general** sense of the asset class and segment risks to which their capital might be subject over **long term** holding periods. As all MAF members who've read various fund publications including the June 5 memo and the fund's quarterly reports are aware, the fund's stewards are free to deploy capital across asset classes and subclasses in a manner that at any given point in time differs discernibly if not materially from the CI. Accordingly, while the fund's stewards might very well maintain cash reserves approximating the norm of 13% that V.10 of the CI entails, it's possible if not probable that they'll employ active strategies that have the potential to generate attractive risk-adjusted excess returns relative to cash equivalent yields.

Question #3 — Won't MAF's potentially heavier reliance on active strategies undermine the aim of keeping its riskiness within reasonable bounds?

Perhaps. As noted above, V.10 of the CI provides MAF's stewards with enhanced flexibility to employ strategies that generally entail less market or systemic risk and more active or idiosyncratic risk than traditional long-only approaches. In determining whether and to what extent to employ the former strategies, we'll continue to exert our best efforts to ensure that the fund as a whole doesn't violate the risk parameter referenced in response to Question 1 — no easy task, we concede, albeit one that this staff has much experience attempting. Mindful that MAF's historic returns are available for all the world to see at , we'll note that this staff is generally quite proud of its track record in stewarding the fund's assets, and indeed in making changes to the CI over time. In our opinion, these changes have enhanced the CI's evolving risk-return profile and in so doing have aided our efforts to steward MAF's capital in an effective manner. We can't guarantee that the CI revisions outlined at the front of this memo (i.e., V.10 relative to V.9) will cause MAF's future returns to exceed those it might generate if V.9 were to remain operative, but we do have strong incentives — psychological as well as financial — to get right every aspect of MAF's stewardship, policy formulation included. And we do have a verifiable track record of tweaking the CI in a manner that in our eyes and arguably those of the proverbial fair-minded observer has been unabashedly contrarian. When we initiated late last winter the process that led ultimately to the adoption of V.9, global stock prices were heading south, fast, and US Treasury bond prices were heading in the opposite direction. Relative to its immediate predecessor, V.9 comprised a heavier allocation to equities broadly defined and a lighter allocation to US Treasury obligations (including the cash equivalents known as T-bills). As all readers are aware, stocks have outpaced US Treasury obligations since V.9 was promulgated — by a margin large enough to commend if not require our rethinking of asset allocation norms responsive to MAF's return objective and risk parameters. Whether the fruits of such labors, as described in this memo, will prove tasty only time will tell. Meantime, we remain honored by the trust reposed in us by MAF members and remain available to answer questions about our labors on the fund's behalf.

Please see the following pages for a description of the CI and market indices referenced in this memorandum; important information respecting the calculation of CI returns; and other important disclosures.

III. Additional Disclosures

This document may contain "forward-looking statements." Forward-looking statements are based on assumptions that TAS believes to be reasonable but are not guarantees of results. Actual results may differ materially from TAS's expectations. Readers should not rely unduly on forward-looking statements. TAS expressly disclaims any obligation to update any information herein to reflect actual results or changes in expectations.

Opinions expressed herein are those of TIFF Advisory Services, Inc. (TAS), MAF's investment adviser, and are not a recommendation to buy or sell any securities. Fund holdings and investment guidelines are subject to change and are not a recommendation to buy or sell any security.

Members should consider MAF's investment objectives, risks, and charges and expenses carefully before investing. The prospectus contains this and other important information about MAF. The prospectus may be obtained by calling 610-684-8200 or by visiting TIFF's website at www.tiff.org. Please read the prospectus carefully before investing in MAF.

Mutual fund investing involves risk. Principal loss is possible. MAF invests in illiquid securities. MAF invests in non-US securities, which may entail political, economic and currency risks different from those of US securities and may be issued by entities adhering to different accounting standards than those governing US issuers. Small capitalization stocks may entail different risks than larger capitalization stocks, including potentially lesser degrees of liquidity. MAF or certain of its money managers may invest routinely and, at times, significantly in derivatives, certain of which are deemed by the SEC to be highly speculative. Short selling of securities may increase the potential for loss if a manager has difficulty covering a short position. Leverage may accelerate the velocity and magnitude of potential losses. MAF may invest in rated and unrated debt obligations of all investment grades, but not more than 20% may be invested in debt obligations rated below investment grade (i.e., having a rating lower than BBB by Standard & Poor's or Baa by Moody's) or unrated but deemed to be of similar quality. Bonds rated below investment grade are commonly referred to as "junk bonds."

Quasar Distributors, LLC serves as the distributor for mutual funds bearing the TIFF name, including MAF.

Index Descriptions

TIFF Multi-Asset Fund (MAF) Constructed Index. TIFF Advisory Services, Inc. (TAS), MAF's investment advisor, believes that MAF's primary benchmark, the Consumer Price Index (CPI) plus 5% per annum, is an appropriate long-term performance benchmark for MAF but may not be meaningful over shorter time periods, especially those in which markets are highly volatile (e.g., calendar year 2008). Accordingly, at MAF's inception on March 31, 1995, TAS staff, in consultation with the boards of directors of TAS and TIFF Investment Program, Inc. (TIP), created the Constructed Index (CI) as a further means of assessing MAF's performance. TAS believes that the CI is a relevant performance benchmark for both short- and long-term periods.

The CI (a/k/a policy portfolio) is a blended index composed of asset segments, weighted according to policy norms, with each asset segment assigned a passive market index that TAS believes is an appropriate benchmark for such segment. The TAS and TIP boards view the CI, in general, as an appropriate long-term asset mix for non-profit organizations that seek to maintain the inflation-adjusted value of their assets while distributing 5% of these assets annually. Moreover, the CI is intended to help such organizations better assess MAF's performance by providing a comparison of the active strategies pursued by TAS and underlying managers versus the returns of passive market indices. In TAS's view, the CI also helps convey to MAF investors a sense of the general asset segment risks to which their capital might be subject.

TAS has changed the composition of the CI over time, including changes to the CI's policy norms (or weights), asset segments, and benchmarks. TAS's ongoing review of the CI may cause TAS to make additional changes to any or all of its components in the future. TAS may change the CI for various reasons, including but not limited to the emergence of a new asset segment, the alteration of the fundamental characteristics of an existing asset segment or significant changes in market prices of one or more asset segments that impact TAS's expectations for long-term returns and risks associated with such segments. Such changes are made only after careful study and consultation with the TAS and TIP boards.

Barclays Capital High Yield 2% Issuer Capped Bond Index covers the US dollar-denominated, non-investment grade, fixed-rate, taxable corporate bond market. To be eligible for this index, bonds must also have at least one year to maturity and at least $150 million outstanding. This index limits issuer exposures to 2% of the total market value of the index, and any excess market value is redistributed to the issuers below the cap on a pro rata basis. The index is rebalanced monthly.

Barclays Capital US Government Inflation-Linked Bond Index measures the performance of the US Treasury Inflation Protected Securities ("TIPS") market. The index includes TIPS with one or more years to maturity on the index rebalancing date (the last calendar day of each month) and total outstanding issue size of $500 million or more. Bonds must be capital-indexed and linked to an eligible inflation index. The bonds are denominated in US dollars and pay coupon and principal in US dollars. The notional coupon of a bond must be fixed or zero and the bond must settle on or before the monthly rebalancing date.

Blended global stocks index comprises the MSCI World Index (W) and the MSCI Emerging Markets Index (EM), weighted as follows: EM weight is 1.5 times the percentage weight of emerging markets in the MSCI All Country World Index; W weight is 100% minus EM weight.

Consumer Price Index + 5% per annum. The Consumer Price Index-All Urban Consumers (CPI-U) is a widely recognized measure of US inflation, representing changes in the prices paid by consumers for a representative basket of goods and services. CPI + 5% per annum was selected as the primary benchmark for the TIFF Multi-Asset Fund because, in the opinion of TIP's directors, it reflects the two-fold objectives of maintaining an endowment's purchasing power (i.e., keeping pace with inflation) while complying with the 5% payout requirement to which most TIFF members are subject.

Dow Jones-UBS Commodity Index Total Return comprises futures contracts on 19 exchange-traded physical commodities. This index reflects the return on fully collateralized futures positions. Futures contracts are rolled prior to maturity. The index's composition is based on contract liquidity and dollar-adjusted historical commodity production volumes adjusted as needed to limit exposure to any single commodity at an annual rebalancing date to a minimum of 2%. Moreover, no commodity sector (e.g., energy, precious metals, livestock or grains) may constitute more than one-third of the index's weight at annual rebalancing dates.

Merrill Lynch US 6-Month Treasury Bill Index comprises a single issue purchased at the beginning of the month and held for a full month. At the end of the month, that issue is sold and rolled into a newly selected issue. The issue selected at each month-end rebalancing is the outstanding Treasury bill that matures closest to, but not beyond, six months from the rebalancing date. To qualify for selection, an issue must have settled on or before the month-end rebalancing date. While the index will often hold the Treasury bill issued at the most recent or prior 6-month auction, it is also possible for a seasoned 6-month or 1-year bill to be selected.

MSCI All Country World Index is a free-float adjusted market capitalization-weighted index that is designed to measure the equity market performance of developed and emerging markets. Unlike certain other broad-based indices, the number of stocks included in the MSCI All Country World Index is not fixed and may vary to enable the index to continue to reflect the primary home markets of the constituent countries.

MSCI Emerging Markets Index is a free float-adjusted market capitalization-weighted index that is designed to measure equity market performance of emerging markets. The index returns include reinvested dividends, net of foreign withholding taxes.

MSCI US REIT Index is a free-float adjusted market capitalization-weighted index comprising investable equity real estate investment trusts (REITs), other than certain specialty equity REITs, and is designed to be a measure of real estate equity market performance. The index returns include reinvested dividends.

MSCI World Index is a free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of developed markets. The index returns include reinvested dividends, net of foreign withholding taxes.

One cannot invest directly in an index and unmanaged indices do not incur fees and expenses.

Calculation of CI Returns

As has been true since July 1, 2009, when reporting performance of the CI we will continue to debit its gross returns by 0.20% (20 basis points) per annum, prorated monthly. Why? Because we want to keep reminding all interested parties that there are real-world costs (approximating 0.20% per annum at present, according to staff's ballpark estimates) to investing passively in the CI itself.

CI weights are rebalanced by TAS at each quarter-end and actual segment weights in MAF tend to vary over time.

TAS will calculate the performance of the blended global stocks index using the following formula: (1-EM) x (MSCI World Index total return) + (EM) x (MSCI Emerging Markets Index total return), with EM rebalanced at each quarter-end to 1.5 times the weight of emerging markets in the MSCI All Country World Index. This is the same process that has been in place since the current version of the CI (V.9) was implemented.