



July 16, 2015

Dear TIFF Members:

For your investment team at TIFF, this summer is a very busy time. As capital markets have continued to exhibit short-term gyrations driven by worries about a possible Greek default and exit from the euro zone, plummeting share prices of Chinese stocks, and “what will the Fed do and when” prognostications, TIFF’s investment team remains focused on positioning our vehicles for long-term investment excellence.

We continue to engage with managers around the world who can help us achieve our investment objectives. We continue to assess and adjust our portfolio composition with active input from our board. And we continue to build out our investment team as our CIO search process moves forward.

#### The CIO Transition

We have made considerable progress on our CIO search since we last wrote to you in mid-May. Our rigorous identification and screening process has yielded several very strong candidates from within and outside the endowment and foundation world who are enthusiastic about TIFF and its distinctive mission. Selected candidates are now meeting with the independent directors on our search committee (Collette Chilton, Seth Alexander,<sup>1</sup> and Scott Malpass). At this point, we believe we remain on pace for the four- to six-month process we and our executive search firm, David Barrett Associates, estimated at the outset of the search.

We are pleased that the vast majority of our members remain committed to our long-term investment mission while we are completing our CIO search process. Our total assets under management are down about 2% since the beginning of the year as modestly higher outflows than those of prior years have recently not been balanced by our usual level of inflows. We know of a few year-end redemptions, which will reduce assets at year-end by about another 2%. The possibility remains, of course, that we will see some further outflows as the year goes on. We appreciate the confidence our members have shown in the broad and deep TIFF investment team.

#### Portfolio Construction Update

We remain at work on portfolio construction with a focus on long-term strategic portfolio management decisions. We recently spent significant time with our board discussing asset allocation, capital market assumptions and the role of the TIFF Constructed Index (CI). TIFF staff presented preliminary ideas to board members about changes to the CI that staff expect to convert to a final recommendation for formal board approval in the fall. (Hint: while considerable work on the new CI remains to be done, you

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<sup>1</sup>Seth has temporarily recused himself from the search committee’s internal deliberations due to a conflict involving one of our candidates, but Seth continues to interview other candidates for us.

are not likely to see “TIPS Breakevens” represented in the new CI, nor are you likely to see “Collateral for Long/Short Strategies” as one of our enumerated Risk Exposures going forward. As indicated in our last letter to members, we expect our revised CI to be both substantively and linguistically less idiosyncratic than the current version.)

### Manager Selection

At our June board meeting, we engaged our board members in a review of (a) the existing hedge fund exposures in our core and hedge fund vehicles, (b) our evolving private equity exposures (including a recent significant new commitment to Golden Gate Capital), and (c) several long-only equity managers we are currently evaluating for inclusion in one or more TIFF vehicles. These reviews will almost certainly lead to some adjustments to our manager rosters since our existing managers must continually compete with our new ideas. Said another way, we think our existing manager rosters are quite strong, but so is the competition. We value the tension created by a queue of strong manager ideas and the discipline it brings to our investment process.

### The TIFF Investment Team

We continue to add talent to the TIFF investment team that sources and allocates capital to managers across the globe. In our May letter, we told you about four new additions to our investment team. With those four now on board and already contributing to our work, we are pleased to report that two additional junior analysts have joined our ranks this month: Leah Anderson and Rachel Gladstone, both recent graduates of Bowdoin College. The TIFF investment team is now the largest it has ever been.

Our growing team also continues to engage in regular dialogue with our members in one-on-one sessions, in TIFF Roundtables in various cities (most recently Detroit and New York), and through our periodic vehicle specific conference calls (the next two are on July 30<sup>th</sup>, and August 6<sup>th</sup>; please contact Member Services for details). Our major annual member event, the TIFF Investment Forum, will take place this year in Philadelphia on October 21<sup>st</sup>. We have a dynamic roster of speakers lined up for that event. Specific registration information about the 2015 TIFF Investment Forum will be coming to you from our Member Services team in the near future. We hope to see many of you there.

We thank you for your continuing support and patience as we complete our CIO transition process. We are confident that TIFF’s pursuit of investment excellence for non-profits will be enhanced and strengthened in the months and years ahead by the important and careful work in which we are now engaged.

Please feel free to call us at [610-684-8200](tel:610-684-8200) or email us at [memberservices@tiff.org](mailto:memberservices@tiff.org) if you would like to discuss this update or any other matter of interest to you.

Sincerely,



Richard J. Flannery  
Chief Executive Officer  
and Interim Chief Investment Officer