



Investment Adviser Brochure  
Form ADV Part 2A  
Disclosure Statement for Clients of  
And Investors in Funds Managed by  
Commonfund Realty, Inc.

September 29, 2014

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This brochure provides information about the qualifications and business practices of Commonfund Realty, Inc. If you have any questions about the contents of this brochure, please contact us at 203-563-5000 and/or [compliance@cfund.org](mailto:compliance@cfund.org). This information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Any statements contained in this brochure concerning the registration of Commonfund Realty, Inc. with the SEC, or its status as a registered investment adviser, do not imply a certain level of skill or training.

Additional information about Commonfund Realty, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ADV Item 2 - Material Changes**

This Investment Adviser Brochure was updated on September 29, 2014. With the exception of the item below, there have been no material changes since our last annual updating amendment September 28, 2013.

The Common Fund For Nonprofit Organizations, the parent company of Commonfund Capital, Inc., announced on June 25, 2014, that its Chief Executive Officer Verne O. Sedlacek would be stepping down from his post in the organization. Mr. Sedlacek has agreed to remain in his current role until his replacement is found, to ensure a smooth transition.

Commonfund Realty Investors, LLC is now in liquidation phase. The Fund remains closed to new investments

Even though a concerted effort is made to keep investors informed of notable changes to the Firm's business throughout the year, investors are encouraged to review this update, much like all of the Firm's reports and communications, in its entirety.

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## **ADV Item 4 -- Commonfund Realty's Investment Advisory Business**

### ***Introduction***

Commonfund Realty, Inc. ("Commonfund Realty") currently houses the real estate investment staff of the Commonfund organization.

As further described in this brochure, Commonfund Realty manages two commingled investment funds for institutional investors: Commonfund Realty Investors, LLC ("Realty Investors"), and Commonfund Realty Partners I, L.P. ("Realty Partners"). Realty Partners is in liquidation phase and is closed to new investments. Realty Investors is now in liquidation phase and is closed to new investments.

Realty Investors manages a portfolio of domestic commercial real estate properties on behalf of its investors. Commonfund Realty is the manager of Realty Investors, although it has engaged outside consultants and third-party real estate managers in certain property markets. Realty Partners, now in liquidation, was operated as a "fund-of-funds" in which the fund's assets were invested in underlying partnerships or other commingled funds managed by third-party real estate asset management firms ("Managers") selected and overseen by Commonfund Realty.

Some of the Commonfund organization's investment programs are managed by advisory affiliates of Commonfund Realty – programs in marketable securities, marketable alternative securities, and commodities, as well as outsourced investment management services, are provided through Commonfund Asset Management Company, Inc. ("Commonfund Asset Management"), and private capital and certain natural resources and distressed debt programs are overseen by Commonfund Capital, Inc. Each of these firms has issued a brochure similar to this one.

Other "fund-of-funds" investment programs in the real estate asset class offered by the Commonfund organization are being managed by Commonfund Asset Management, and not Commonfund Realty. It is the present intention of the Commonfund organization that Commonfund Realty will be wound up once the Realty Investors and Realty Partners funds are finally liquidated.

Commonfund Realty is registered with the SEC as an investment adviser (SEC File No. 801-54794).

### ***History and Ownership of Commonfund Realty***

Commonfund Realty is part of Commonfund Group, a group of companies owned by The Common Fund for Nonprofit Organizations ("Commonfund"). Commonfund is a tax-exempt membership corporation that provides investment services and funds to certain eligible educational and educational support organizations. Commonfund was organized in 1969 pursuant to a Special Act of the New York State Legislature and commenced operations on July 1, 1971. Initial funding for Commonfund was provided by a grant from The Ford Foundation. For more information about Commonfund and membership in it, please see Commonfund's

disclosure pamphlet, *Information for Members*. A current copy of this pamphlet may be obtained on our website ([www.commonfund.org](http://www.commonfund.org)) or by calling us at (203) 563-5000.

In part to enable Commonfund Group to work with a broader universe of clients than those educational institutions eligible for direct membership in Commonfund, Commonfund Realty was organized in 1997 (under its prior name of Endowment Realty Advisers, Inc.) and was incorporated under the laws of the State of Delaware. Commonfund Realty is 100 percent owned by Commonfund (though an intermediate holding company).

### ***Assets under Management***

As of June 30, 2013, Commonfund Realty has approximately \$1,718,955 of net assets under management on a discretionary basis.

## **ADV Item 5 -- Fees and Compensation**

### ***Fund Fee Arrangements***

Commonfund Realty is entitled to receive management fees and incentive fees with respect to Realty Investors, as described in the private placement memorandum and other operative documents for that fund. As of June 30, 2011, Commonfund Realty waived all future management fees from Realty Investors. As of June 30, 2011, it is highly unlikely that Commonfund Realty will earn any future performance incentive fees with respect to Realty Investors.

In regards to Realty Partners, Commonfund Realty earns an annual management fee of 0.3% (30 basis points) of total capital committed to the partnership by its investors. This fee was 0.4% (40 basis points) during the investment stage of the fund (which ended on June 30, 2002). The management fee is payable quarterly and in advance. Additionally, a controlled affiliate of Commonfund Realty that acts as general partner of Realty Partners is also entitled to a performance-based incentive fee equal to 2% of the cumulative net profits (but not in losses in excess of profits) of the fund. This 2% performance-based incentive fee is subject to certain limitations. When the partnership achieves gains in excess of losses, the affiliated general partner entity will be permitted to receive distributions equal to 2% of such gains. Should Realty Partners suffer losses in excess of gains over the life of the fund, the general partner will not share in those losses, or otherwise be obligated to contribute capital to the partnership in final liquidation, so that it bears its proportionate share of the loss. The fees charged by Commonfund Realty do not include fees and expenses charged by underlying Managers engaged by Commonfund Realty to manage Realty Partner's assets; these are charged directly to the fund.

As of January 2010, Commonfund Realty waived all future management fees from Realty Partners. With Realty Partners in its liquidation phase, it is highly unlikely that Commonfund Realty or its controlled affiliate will earn any future performance-based incentive fees with respect to Realty Partners.

### ***Other Expenses***

Commonfund Realty funds also bear their own operating and other typical expenses including, but not limited to, audit expenses and custody fees.

## **ADV Item 6 -- Performance Fees and Conflicts Of Interest**

### ***Performance Fees***

As noted above, it is highly unlikely that Commonfund Realty will earn any future performance fees with respect to Realty Investors or Realty Partners.

While we believe that performance fees can align the interests of an investment manager with those of its clients, investors should also be aware that such fees may incentivize Commonfund Realty or its Managers to increase risk in their portfolios.

### ***Potential Conflicts Of Interest***

Commonfund Realty provides investment advice to two different funds with different objectives and risk tolerances. Commonfund Realty's advisory affiliates also manage investment assets for a variety of clients. In managing funds and separate accounts, sometimes side-by-side, Commonfund Realty and its advisory affiliates may face potential conflicts of interest. The principal of these are discussed below.

#### **Performance Incentive Fees**

As noted in the preceding section, Commonfund Realty earns performance incentive fees with respect to Realty Investors and Realty Partners, although it is highly unlikely that it will earn such fees as the funds liquidate. In addition to the possibility that these fees might create an incentive to increase investment risks, there is also the potential that Commonfund Realty could favor accounts that earn performance incentive fees over those that do not. Commonfund Realty believes that its compensation arrangements place sufficient weight on the performance of all accounts that such favoritism is not likely to occur in any meaningful manner. We also note that, were such favoritism to take the form of allocating attractive opportunities to accounts with performance incentive fees, Commonfund Group's allocation policies (discussed in the following section) would restrict such behavior.

#### **Allocation of Opportunities**

##### ***Commonfund Group's Limited Opportunity Policy***

Certain attractive investment opportunities available to Commonfund Realty and its clients may be limited in the amount of total investment they offer to Commonfund Realty. These may be funds managed by third-party Managers that have capped the total amount of investor capital they will accept, whether by choice or in response to regulatory requirements. Alternatively, these may be opportunities relating to investments directly managed by Commonfund Realty, which could be limited in amount for a wide variety of reasons. In cases where such limited opportunities could be suitable for more than one fund or client advised by Commonfund Realty and its affiliates, Commonfund Realty has adopted a policy regarding their allocation.

The limited opportunity policy (which has been adopted in common by Commonfund Realty and by its advisory affiliates Commonfund Asset Management Company and Commonfund Capital, Inc.) provides that an intercompany special committee will allocate such opportunities among funds or separate accounts for whom such opportunities are deemed appropriate. The committee will take into account relevant factors, including:

- whether, when the opportunity is to invest in a fund operated by an external Manager, the investing fund is one of series of similar funds that have previously invested in predecessor funds offered by the same Manager;
- the inception dates of the advised funds or accounts;
- the relative amounts of total capital in such funds or accounts;
- the commitments and disclosures made to such advised funds or accounts;
- the investment programs and any investment guidelines of such advised funds or accounts;
- the risk profiles of the advised funds or accounts; and
- any other factors that Commonfund Realty and its affiliates believe in good faith will result in a fair allocation.

In making such determinations, Commonfund Realty and its affiliates will not give priority to their own business interests or convenience, or that of their respective employees.

#### Cross-Trades

Although it generally does not expect to be doing so with respect to each of its funds, Commonfund Realty may from time to time, to the extent permitted by law and applicable investment guidelines, cause investments to be transferred from one client to another (whether between funds or client accounts), when it believes that such a transaction serves the investment programs of each client. Such transactions (sometimes called “cross transactions” in the financial industry) create the possibility that, based on the subsequent performance of the assets in question, one of Commonfund Realty’s clients could be said to have benefitted at the expense of the other. Commonfund Realty’s practice is not to permit a cross-transaction unless it has confidence in the current valuation of the assets to be transferred, based on objective criteria. In that manner, it seeks to ensure that, at the time of the trade, both parties are receiving appropriate value.

Commonfund Realty generally will not allow transactions between client accounts where it or its affiliates have a significant proprietary ownership or other economic interest in one of such accounts. In the unusual case in which it would go forward with such a transaction, Commonfund Realty would ensure that it complies fully with applicable statutes and SEC regulations relating to so-called “principal” transactions.



## **ADV Item 7 -- Types Of Commonfund Realty Clients**

As noted in the Introduction, Commonfund Realty advises Realty Investors and Realty Partners, both of which are closed to new investment. Existing investors in these programs are exclusively not-for-profit organizations and associated pension plans that met the respective eligibility requirements of these funds.

## **ADV Item 8 -- Methods of Analysis, Strategies and Risk of Loss**

Readers of this Brochure should note that Realty Partners is not making new investments and is nearing final liquidation. Realty Partners is closed to new commitments. Realty Investors is not making new investments (other than short-term investments of cash) and will not accept new commitments as it moves toward liquidation.

### ***Methods of Analysis***

Given that both Realty Investors and Realty Partners are in liquidation and hold only cash, temporary cash investments, or interests in underlying liquidating manager funds, Commonfund Realty's methods of analysis are confined to review of appropriate liquidation of these few remaining assets.

### ***Investment Strategies***

#### **Realty Investors**

The investment strategy of Realty Investors has been to seek to provide investors with capital appreciation by actively investing in primarily value-added office, industrial, retail and multi-family properties and other diversifying strategies (which included undeveloped land held for these categories of properties) in the United States. Commonfund Realty sought to acquire properties for Realty Investors that it believed, on average, could achieve a net rate of return between 11-15%. To date, Realty Investors has not achieved that objective, given the negative impact of the financial crisis that began in 2007 has had on its portfolio, and it is certain that it will not achieve that objective on a since-inception basis when and if it is finally liquidated.

#### **Realty Partners**

The strategy of Realty Partners, which is now in liquidation, has been to operate as a multi-manager private capital fund with the objective of making high return/high risk investment in real estate. Realty Partners has allocated its capital to real estate primarily through investments in underlying portfolio funds, typically organized as limited partnerships, limited liability companies, or as corporations organized to avoid or minimize fund level tax, that are operated by Managers selected by Commonfund Realty. Realty Partners sought to allocate its assets to funds

managed by Managers involving opportunistic investment strategies in income producing properties and other equity or debt real estate strategies that require capital, management, or both to reach stabilized profitable operation.

### ***Principal Risks of Investing***

The following discussion of the principal risks of investing in Realty Investors and Realty Partners takes into account that Realty Partners is in liquidation and is approaching its final liquidation. Furthermore, Realty Investors is not currently accepting new investments. Each of the current investors in these funds has been apprised in detail of the risks relating to its respective investment program by that fund's confidential offering memorandum and other related subscription and offering documents (collectively, the "offering documents.") Investors should refer to the offering documents for the fund (or funds) in which they have invested for a detailed description of investment risks.

### ***Limited Prospects Going Forward***

Each of the Commonfund Realty funds has limited prospects for additional investment returns going forward.

As a result of extensive negotiations and agreements with certain of its former lenders, the details of which have been fully disclosed to its investors and are beyond the scope of this brochure, Realty Investors has agreed to exchange a number of its former real estate assets for forgiveness of principal, interest and other amounts it owed with respect to its indebtedness, other real assets have been sold. Realty Investors currently holds a small amount of remaining cash and Commonfund Realty does not currently contemplate that it will make any additional material investments. While Commonfund Realty will seek to achieve appropriate dispositions of these remaining assets, it is not likely that Realty Investors will be able to recover any substantial portion of its pre-financial-crisis net asset value on a going forward basis.

Both the Realty Investors and Realty Partners programs are in final dissolution and also have limited prospects for future investment gains.

### *Uncertainty of Net Asset Values*

Among the important features of Realty Investors are the provisions relating to the admission of new investors and the redemptions of units in the fund. The values used as a basis for pricing offerings of units are expected to be based, upon internal valuations of Realty Investors' properties supplemented twice annually by third-party appraisals of the fund's properties. The redemption prices will be partly based on those appraisals. Appraisals and valuations are inherently subjective in certain respects and rely on many assumptions about the future cash flows projected for the remaining holding periods for the properties. Furthermore, the carrying values used for offering and redemption purposes may be based in large part on information as of the preceding quarter's end; market, property and other conditions may change materially after that date and prior to the date of an offering or redemption transaction. Commonfund Realty has the right to update the valuations of Realty Investors' properties, as appropriate, in the event of any material changes to the property after the date of any such appraisals that would affect net asset values. The carrying values of investments may not accurately reflect the actual market values of the investments.

Similarly, the values assigned by Managers for Commonfund Realty Partners to real estate assets held by the underlying funds may not accurately reflect the actual market values of those investments.

### *Dependence on Commonfund Realty*

All fund-level investment decisions will be made by Commonfund Realty. An investor will have no right to take part in an investment by the management of or otherwise control of the business of a fund. Accordingly, no investment should be made unless the investor is willing to entrust substantially all aspects of investment, management and administration to Commonfund Realty.

### *Reliance on Key Employees*

Commonfund Realty and its funds depend significantly on the efforts and abilities of their senior officers. Similarly, the Managers utilized by Realty Partners depend on their respective key personnel. The loss of these persons' services could have a material adverse effect on Commonfund Realty and its funds. Commonfund Realty has hired experienced individuals to manage its fund's operations, and its success will depend, among other things, on its ability to retain these individuals and attract additional qualified personnel.

### *Investments in Real Estate Generally*

Commonfund Realty funds are generally invested in real estate assets (typically in the form of equity ownership interests, either owned by the fund or its affiliates in the case of Realty Investors, or by underlying Manager funds in the case of the Realty Partners program). Accordingly, investments are subject to the risks incident to the ownership of real estate and, to the extent the investments are leveraged, the risks incident to borrowing funds, including risks associated with changes in the general economic climate, changes in the overall real estate

market, local real estate conditions, the financial condition of tenants, buyers and sellers of properties, supply of, or demand for, competing properties in an area, technological innovations that dramatically alter space and demand requirements, the availability of financing, changes in interest rates, competition based on rental rates, energy and supply shortages, various uninsured and uninsurable risks and government regulations. Furthermore, there can be no assurance that there will be tenants for the properties.

#### *Short-Term Interim Investments*

Commonfund Realty funds may, at times, have excess funds or funds it is holding. These funds will be invested in short-term interim investments pending the application thereof to other purposes of its funds. The yield from those interim investments will probably be lower than the income generated from real estate investments.

#### *Lack of Public Market for Securities*

Interests held by investors in each of the Commonfund Realty funds are illiquid. No trading market exists for such interests, and none will likely ever develop.

#### *Pricing in Redemption Transactions for Realty Investors*

With respect to Realty Investors, investors are normally entitled in September of each year to elect to redeem up to 20% of their units held for at least five years. At the present time, Realty Investors has not paid out redemption requests made since September of 2009. If Realty Investors resumes payment of redemption requests, units will be redeemed from each investor at a price that is intended to reflect the net asset value related to those units as of the date on which Realty Investors makes the final payment towards the redemption. An investor who gives a redemption notice will not know the redemption price until the units are actually redeemed and Commonfund Realty will have discretion to redeem those units, in whole or by means of two or more partial payments, at any time during the following calendar year. Units may be redeemed immediately before the occurrence of an event which might have resulted in an increase to the investor's net asset value and, therefore, a higher redemption price. The redemption price ultimately paid by Realty Investors may not reflect the fair value of the units being redeemed.

#### *Leverage*

Realty Investors, and underlying Manager funds in which Realty Partners has made investments, may employ leverage in connection with their investments and operations. The use of leverage involves a high degree of financial risk and may increase the effect on the portfolio properties of factors such as rising interest rates or downturns in the economy. If sufficient cash flow is not available, a default in paying principal and interest on loans could result in foreclosure of any security instrument securing the debt, the complete loss of the capital invested in the particular property and, in some cases, recourse by the lender to other portfolio properties.

### *Lack of Liquidity*

Investments in real estate are highly illiquid and subject to industry cycles, downturns in demand, market disruptions and the lack of available capital from potential lenders or investors (whether to finance or refinance a fund's properties or for potential purchasers of such properties). Accordingly, there can be no assurance that a fund will be able to dispose of the fund's properties in a timely manner and/or on favorable terms.

### *Environmental Risks*

Under various U.S. federal, state and local laws, ordinances and regulations, an owner or operator of real property may become liable for the costs of removal or remediation of certain hazardous substances released on or in its property. Those laws often impose that liability without regard to whether the owner or operator knew of, or was responsible for, the release of those hazardous substances. The costs of removal or remediation may equal or exceed the value of the property, and the presence of those substances, or the failure to properly remediate those substances, when released, may adversely affect the owner's ability to sell that real estate or to borrow using that real estate as collateral. An owner or operator of a facility may also be required to comply with various laws, ordinances and regulations regarding the handling, production, storage, use, discharge or disposal of regulated materials.

## **ADV Item 9 -- Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of Commonfund Realty's advisory business or the integrity of Commonfund Realty's management.

## **ADV Item 10 -- Other Financial Industry Affiliations**

### *Our Sole Shareholder*

Commonfund Realty is 100 percent owned by Commonfund (through an intermediate holding company, which is also 100 percent owned by Commonfund). Please see the Introduction to this Brochure for a general description of Commonfund.

### *Our Affiliated Broker*

Another subsidiary of Commonfund that is affiliated with Commonfund Realty is Commonfund Securities, Inc. ("CSI"), which is registered with the SEC as a broker-dealer and is a member of FINRA.

CSI provides placement services and client service to Commonfund Realty and other members of Commonfund Group. It does not maintain brokerage accounts or engage in trading activities. Neither Commonfund Realty nor any of its other affiliates charge current or prospective

investors or funds managed by them directly for placement services provided by CSI. Registered representatives of CSI are compensated in part on the basis of net new assets they generate for the Commonfund organization, although none of these incentives are based on assets raised for any individual fund or investment program, and these incentives are paired with others based on factors including client retention.

### ***Our Affiliated Advisers***

Commonfund Realty is affiliated with the following advisory firms:

- Commonfund Asset Management Company, Inc. – registered investment adviser (SEC)
- Commonfund Capital, Inc. – registered investment adviser (SEC)

Each of these companies, like Commonfund Realty, is 100 percent owned by Commonfund (through an intermediate holding company).

### ***Other Registrations***

Commonfund Realty is not required to, and does not maintain any additional registrations with other financial or securities regulatory agencies.

## **ADV Item 11 -- Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Commonfund Realty has adopted a Code of Ethics (the “Code” or the “Code of Ethics”) that summarizes Commonfund Realty’s business ethical standards and is designed to monitor and prevent potential conflicts of interest. Various policies have been implemented based on the principals contained in the Code, several of which are described in this section.

A copy of the Code will be furnished to investors upon request. Investors may request a copy of the Code by contacting Commonfund Realty at the address or telephone number listed on the cover page of this Brochure.

The Code of Ethics requires all Commonfund Realty’s employees and principals engaging in personal securities transactions to seek pre-trade approval by Commonfund’s Compliance Department. The Code also requires employees’ to provide initial and annual holdings reports as well as post-trade reporting and trade confirmation to the Compliance Department. Commonfund Realty also maintains insider trading policies and procedures (the “Insider Trading Policies”) that are designed to prevent the misuse of material, non-public information by Commonfund Realty, its principals and employees and their affiliates.

The Code of Ethics also requires disclosure to, and monitoring by compliance of, other activities or interests that may present actual or potential conflicts of interest including gifts, inducements, and entertainment, outside business activities and service on corporate boards of directors.

The Code also requires that all Commonfund Realty's employees and principals promptly report suspected violations of the Code to the Compliance Department and certify their compliance with the Code and the Insider Trading Policies on a periodic basis.

More information about the conflicts of interest associated with Commonfund Asset Management's asset management activities can be found in Item 6.

### **ADV Item 12 -- Brokerage Practices**

Commonfund Realty does not manage marketable securities in general and does not engage broker-dealers on behalf of its funds.

### **ADV Item 13 -- Review of Accounts**

Commonfund Realty is responsible for the review of each client's account and overseeing the investment process associated with such strategy. Each account is assigned to an investment team that is managed by a senior investment professional.

#### ***Factors Triggering Review***

All accounts are reviewed by the respective investment teams on a regular basis and no less than monthly. The triggering factors that are considered during a review include, adherence to Commonfund Realty's (as well as the sub-advisers') investment policies and guidelines; performance relative to comparable funds; absolute performance; adherence to investment goals; diversification and other risk management criteria; risk tolerance, time horizon and asset class performance.

#### ***Client Reports***

Commonfund Realty provides written reports in accordance with the applicable offering documents or other written agreements with our clients on a periodic basis. Such reports generally provide information with respect to portfolio holdings, performance and transactions. As well, clients typically receive quarterly account performance reports.

### **ADV Item 14 -- Client Referrals and Other Compensation**

Commonfund Realty does not directly compensate any entity for client referrals. It has arrangements with Commonfund Securities, Inc. ("CSI"), an affiliated broker-dealer, to solicit interests in Commonfund Realty's advisory services. Commonfund Realty compensates CSI for its placement activities by means of a consolidated, firm-wide revenue sharing arrangement.

Commonfund Realty may recommend that clients invest short term cash in money market mutual funds organized by independent, third party investment managers and funds. Commonfund Realty's affiliate, CSI, receives distribution fees from such funds or managers.

## **ADV Item 15 -- Custody**

Commonfund Realty is subject to Rule 206(4)-2 under the Investment Advisers Act of 1940 (the “Custody Rule”). However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to Realty because it complies with the provisions of the so-called “Pooled Vehicle Annual Audit Exception”, which requires that each Commonfund Realty fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year (180 days in the event of a fund that is a fund-of-funds).

## **ADV Item 16 -- Investment Discretion**

### ***Investment Discretion***

In the case of its two fund clients, Commonfund Realty possesses investment discretion, both with respect to investments with Managers and with respect to investments managed directly by Commonfund Realty. Commonfund Realty has the authority to determine, without the specific consent of clients, which Managers or funds it would like to invest with and the amount to invest in each underlying fund (subject to internal guidelines which are described in the offering documents relating to each fund).

In the case of Realty Partners, Commonfund Realty will generally provide investment discretion to Managers hired by it. In the case of separate accounts with Managers, investment discretion will normally be subject to investment guidelines and restrictions established in the advisory agreement with that Manager. In the case of investments in commingled investment funds offered by Managers, the Manager’s investment discretion may be broad and any guidelines or restrictions that apply to it will be established for the fund as a whole, and not by Commonfund Realty as an individual investor.

### ***Claims On Behalf Of Clients***

Commonfund Realty’s discretionary investment authority does not normally give it power of attorney to commence legal proceedings on behalf of client separate accounts (although it may do so on behalf of its two fund clients). It is not Commonfund Realty’s practice to initiate lawsuits on behalf of individual clients.

Commonfund Realty does have the discretion to participate in class action claims, claims for bankruptcy proceeds, and similar types of claims relating to investment assets held by Commonfund Realty’s funds or its institutional clients. Commonfund Realty will employ its reasonable best efforts to process these claims, or cause its Managers to do so, to the extent it has been notified of the relevant proceedings or is otherwise aware of their existence.



## **ADV Item 17 -- Voting Client Securities**

In managing Realty Partners, Commonfund Realty has invested in underlying commingled investment funds operated or managed by Managers. In addition, Commonfund Realty itself occasionally selects investments for portfolios of funds in which case it retains sole responsibility for managing such investments.

Unless otherwise provided in any Commonfund Realty Fund's governing documents, Commonfund Realty has the authority and discretion to vote any securities held by its two funds on matters relating to the issuers of such securities, whether by proxy or otherwise (such voting being referred to as "proxy voting"). In the case of any fund assets that may be held through separate accounts, Commonfund Realty has generally delegated its authority and discretion to vote proxies to the corresponding separate account managers. In the case of fund assets that are invested in underlying funds, Commonfund Realty generally does not possess any right to vote equity securities that are owned within the investment portfolios of such funds; instead, Commonfund Realty funds own interests in the underlying funds themselves, and only possesses such voting rights as may be provided to shareholders of or investors in those underlying funds. In cases in which it selects portfolio investments itself, Commonfund Realty retains the sole discretion to vote proxies.

## **ADV Item 18 -- Financial Information**

Commonfund Realty does not require the advance payment by any client of fees in excess of \$1,200 per year, therefore, this item is not applicable.

Audited consolidated financial statements for Commonfund and its subsidiaries (including Commonfund Realty) are made available to all Commonfund Group investors and clients each year, via a password-protected portion of Commonfund's website ([www.commonfund.org](http://www.commonfund.org)). If your institution needs to obtain a password, please contact your Commonfund Relationship Officer.

We are not presently aware of any financial condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

## **ADV Item 19 – Requirements for State-Registered Advisers**

Item 19 is not applicable to Commonfund Realty.