

# INVESTURE, LLC

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This Brochure provides information about the qualifications and business practices of INVESTURE, LLC. If you have any questions about the contents of this Brochure, please contact us at (434) 220-0280 or [inquiries@investure.com](mailto:inquiries@investure.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

INVESTURE, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about INVESTURE, LLC is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with INVESTURE, LLC who are registered, or are required to be registered, as investment adviser representatives of INVESTURE, LLC.

## **Item 2 – Material Changes**

This Brochure, dated 03/23/2015 serves as an annual amendment and replaces the 09/15/2014 version previously circulated. Our last annual amendment was filed on 03/28/2014. The following are material changes that have occurred since our last annual amendment are as follows:

*Material changes in the 09/15/2014 update:*

Item 4 – Disclosure that from time to time Investure may engage in direct trading of fixed income and equity securities, including short sales, has been added to this section.

Item 5 – Information related to management fees has been revised to state that they are no longer negotiable, and all clients will be subject to the same fee schedule. Also, clarified how management fees are charged for Managed Accounts invested in the Investure Funds.

Item 6 – Information related to the mechanisms used to pay performance fees has been revised to provide more detail.

Item 8 – Additional risks have been added to this section, including those associated with direct equity investing.

*Material changes in this update:*

Item 12 – Disclosure that when directly investing, Investure may receive soft dollar benefits, and, if so, will rely on the safe harbor provisions in Section 28(e) of the Exchange Act.

Currently, our Brochure may be requested, at any time, by contacting our Client Relations Team, at (434) 220-0280 or [clientrelations@investure.com](mailto:clientrelations@investure.com). The Brochure will also be available to existing Clients through the Client Portal.

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## **Item 4 – Advisory Business**

### **4. A. Advisory Firm Description**

Investure, LLC (“Investure”) was founded in 2003 by Alice W. Handy. Investure provides professional investment management services targeted primarily to non-profit foundations and endowments. Ms. Handy is the principal owner of the firm and managing member of the firm.

### **4. B. Types of Advisory Services**

Investure provides investment advisory and management services, on a discretionary or non-discretionary basis, to (i) certain privately placed pooled investment vehicles (“*Investure Funds*”), which may be organized as domestic (U.S.) limited partnerships (including series limited partnerships) or as foreign (non-U.S.) entities (and may, as appropriate, include master/feeder structures) and, (ii) separately managed accounts for select institutions or other sophisticated clients (“*Managed Accounts*” and, together with the Investure Funds, the “*Clients*” or “*Accounts*”). Investure’s Managed Account clients are generally non-profit foundations and endowments. Investure specializes in identifying other investment managers (“*Managers*”) that it believes will provide a diversified portfolio for its Clients and that will meet each Client’s investment objectives and comply with all investment guidelines. Investure may also directly manage certain investments in securities, such as fixed income and equities, which may include short sales or other opportunities throughout the capital structure. This type of direct investing is not expected to be a significant percentage of Investure’s overall assets under management.

### **4. C. Client Investment Objectives/Restrictions**

Investments for Managed Accounts are managed, pursuant to a discretionary and/or non-discretionary investment management agreement (each, an “*IMA*”), in the agreed upon form and in accordance with the Client’s stated investment objectives, strategies, and guidelines. Any restrictions placed on accounts are mutually agreed upon by both Client and Investure. Similarly, each Investure Fund is managed in accordance with its “*Governing Documents*”, which may include, among others, its IMA, offering documents, subscription agreements, limited partnership agreement or corporate charter, as applicable, and other written disclosures provided to current or prospective investors (each, an “*Investor*”) in such Investure Fund. Each Investure Fund’s Governing Documents set forth the investment objectives, strategies and guidelines followed by Investure in managing the Investure Fund’s assets. In no event will the investments of an Investure Fund be specifically tailored to the individualized needs of any Investor, though certain Investure Funds may take into

consideration the general characteristics (*e.g.*, tax status) of its target Investors. Therefore, an Investor must consider, prior to investing in any Investure Fund, whether that Investure Fund is consistent with the Investor's investment objectives and risk tolerance. Information about each Investure Fund is included in its Governing Documents, which are available to current and prospective Investors only through Investure or another authorized party.

#### **4. D. Wrap-Fee Programs**

Investure does not participate in Wrap-Fee Programs.

#### **4. E. Assets Under Management as of 12/31/2014:**

Discretionary basis: \$11,841,195,622; 31 accounts

Non-Discretionary basis: \$13,979,946; 2 accounts

### **Item 5 – Fees and Compensation**

#### **5. A. Adviser Compensation**

##### **Fee Structure for Managed Accounts**

Investure's fees for Managed Account advisory services typically consist of two components: (i) an asset-based fee (the "*Management Fee*"); and (ii) incentive compensation (the "*Incentive Allocation*" or "*Incentive Fee*" and, together with the Management Fee, the "*Account Fees*"). For a description of the Incentive Fee arrangement, please see Item 6 – Performance-Based Fees and Side-By-Side Management.

The current fee schedule for Managed Accounts starts at 0.40% of the Client's net assets under management (including amounts invested directly by Investure and amounts invested in an Investure Fund). The fees are subject to a standard breakpoint schedule with decreasing fees at higher asset levels. Management Fees are generally assessed monthly based on Client's net assets under management as of the close of the immediately preceding month, without giving effect to accrued current year Investure Incentive Fees.

Investure may waive or reduce Management Fees or incentive compensation (including fees and Incentive Allocations associated with an investment in an Investure Fund) in its sole discretion. Fee schedules and breakpoints may change from time to time. Effective May 2014, all Managed Accounts became subject to the same fee schedule, although some accounts where fees increased under this fee schedule have the new fee schedule phased-in over time.

## **Termination of Managed Account Contracts**

Managed Account IMAs generally are terminable by the Client upon not less than 5 days prior written notice. Except where such termination is “for cause”, as defined by the relevant IMA, the Client shall be responsible for payment of (i) Management Fees for 90 days following termination and, (ii) Incentive Fees, assessed as though the date of termination was the end of the calculation period. Investure may terminate an IMA as of the end of any calendar month, upon at least 30 days’ prior written notice, and in some cases as much as 90 days’ prior written notice. When an IMA is terminated by Investure, the Client is responsible for pro-rata Management Fees and Incentive Fees, as of the date of termination. If termination of an IMA is “for cause”, no Management Fees are due and payable beyond the termination date; however, Incentive Fees are assessed as though the termination date was the end of the calculation period.

Clients who terminate an IMA may be allowed to remain invested in an Investure Fund, upon mutual consent between Investure and the Client. However, termination of the IMA may result in higher fees, as described in the respective Governing Documents of the Investure Funds.

## **Fee Structure for Investure Funds**

Fees paid to Investure for investments in Investure Funds may vary depending upon the class of interest and the type of fund. These fees are described to Investors, in detail, in each Investure Fund’s Governing Documents. As with Managed Account fees, fees for Investure Funds typically include two components: (i) an asset-based fee (the “Management Fee”), payable monthly (in advance) and (ii) incentive compensation which may take the form of an incentive allocation/fee or a carried interest (the “Incentive Allocation”).

For Managed Accounts, Investure generally waives fees that would have been charged to the investor in the Investure Funds and instead invoices Managed Accounts based on total assets managed (including any assets managed outside the Investure Funds). For investors who do not have an Investment Management Agreement with Investure, Investure may charge fees inside the Investure Funds or outside the Investure Funds via an invoice process.

Under certain limited circumstances, Investure may allow employees and relatives of employees to invest in the Investure Funds. Employees of Investure that are invested in the Investure Funds do not pay any fees.

Please refer to the respective Governing Documents of the Investure Funds for detailed information on fees.

## **5. B. Payment of Fees**

Investure calculates Management Fees at the Managed Account level on a monthly basis, and the calculation is based on the Client's prior month-end net asset value. Investure then determines the amount of Management Fees that the Client has paid via investments in the Investure Funds (if any). Any remaining Management Fee payable is billed directly to the Client, who then instructs the Client's custodian to remit payment to Investure.

## **5. C. Other Fees and Expenses**

Clients bear costs including, but not limited to: custodial charges; brokerage fees or commissions and related costs; taxes, duties and other governmental charges; transfer and registration fees or similar expenses; costs and charges associated with foreign exchange transactions; other portfolio expenses; and, with respect to Investure Funds, certain operational and related fund expenses (*e.g.*, audit, tax, legal, accounting, and other administrative costs) necessary or appropriate to the Investure Fund's business, regulatory or tax compliance as permitted under the Investure Funds' respective Governing Documents.

Because Investure generally invests an Account's assets through Managers (generally, either directly or through a pooled investment vehicle or separately managed account structure managed by such Manager), Clients and Investors indirectly bear all or a *pro rata* share of any management and incentive fees charged by such third-party Managers (as well as any other expenses associated with such investments). Consequently, the portion of an Account's assets invested with such a Manager is subject to the Account Fees payable to Investure in addition to the fees payable to the Manager. The Account Fees are not reduced by the fees paid to the Managers. Such fees and expenses, as well as any withholding taxes payable and required to be withheld by issuers, their agents or others will reduce the assets held in (and the net return experienced by) relevant Accounts.

## **5. D. Advance Payment of Fees**

Investure's Management Fees are calculated based on prior month account value at the Managed Account level, and are invoiced in the current month. As described earlier, in some cases, Investure requires a 90-day notice for termination and, as such, there would generally not be a situation that would result in a requirement to rebate fees. In the event Investure's services were terminated for cause, Investure would refund any fees that were pre-paid (if any) on a pro-rata basis.

## **5. E. Additional Compensation by Supervised Persons**

Investure's supervised persons do not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

### **Item 6 – Performance-Based Fees and Side-By-Side Management**

Each Managed Account's Incentive Fee is equal to 3% of the aggregate net profits in a calendar year (including unrealized gains but net of the Management Fee), if any, generated from the Client's assets in excess of a "hurdle return," subject to a loss carry-forward, such that no Incentive Fee will be paid until net losses have been offset by subsequent net profits and the hurdle return for the year has been exceeded. The hurdle return rate is a specified non-cumulative, non-compounded annual rate of return. Generally, a portion of the Incentive Fee is paid in cash via an invoice process at the Managed Account level and the remainder is taken as a reallocation (a non-cash event) of profit within an Investure Fund(s), as described below.

The Investure Funds also have Incentive Allocations and details on the Incentive Allocations can be found in the respective Governing Documents. Any Incentive Allocations paid by a Managed Account through the Investure Funds rather than at the Managed Account level shall reduce, but not exceed the total Incentive Fee payable at the Managed Account level. For administrative convenience, Investure may take any non-cash portion of the Incentive Fee in one Investure Fund rather than a portion in multiple Investure Funds; however, Investure shall not reallocate more Incentive Fee in an Investure Fund than was actually earned in that particular Investure Fund for that calendar year. For the full terms and description of Incentive Fees, a Client should review its Investment Management Agreement with Investure.

In addition, Incentive Fees are charged for a calendar year based on best available data received from underlying Managers. In some cases, given reporting lags by certain of our Managers especially private equity, Investure incentive calculations are performed prior to receiving final year end statements. In these instances, updated Manager valuations from final year end statements are included in the subsequent year incentive calculation.

Additionally, to the extent that Investure could charge different fees to Accounts managed in the same or similar styles or Investure or its personnel have personal or proprietary interests in an Account, Investure may have a financial incentive to favor one Account over another. Investure has adopted policies and procedures with respect to, among other things,



the allocation of investment and trading opportunities, which Investure believes are reasonably designed to mitigate conflicts associated with “side-by-side” management.

## **Item 7 – Types of Clients**

As previously noted, Investure’s Clients are large institutional investors, such as non-profit foundations and endowments, as well as the Investure Funds. Each Investure Fund is organized as a limited partnership (or series limited partnership) under the laws of the State of Delaware or another appropriate jurisdiction, or as an offshore entity. Each Investure Fund currently qualifies, and Investure expects that future Investure Funds will qualify, for an exemption from the definition of an “investment company” under the Investment Company Act of 1940, as amended (the “1940 Act”), pursuant to Section 3(c)(1) or Section 3(c)(7) of the 1940 Act and each such Investure Fund offers, or will offer, its interests to Investors pursuant to a private offering exemption and consistent with the safe harbor provided by Regulation D (“Reg D”) under the Securities Act of 1933, as amended (the “1933 Act”). As such, Investors are expected to include institutional investors (and may also include certain high net worth individuals, their related trusts and qualifying employees) that Investure reasonably believes to be “qualified purchasers” as defined in Section 2(a)(51) of the 1940 Act and “accredited investors” as defined in Regulation D.

Currently, the minimum investment for a Managed Account is approximately \$500 million. Each Investure Fund may impose investment minimums, as described in the relevant Investure Funds’ Governing Documents. In each case, Investure retains the authority, in its sole discretion, to waive or reduce stated investment minimums.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

### **8. A. Methods of Analysis and Investment Strategies**

Where Investure utilizes a “Manager of Manager” strategy in its approach to investing client assets, an analytical process assists Investure in understanding the strategies and approaches of these third-party Managers that may be considered as Investment Options. Investure examines and evaluates, on an initial and ongoing basis, Managers’ management teams, portfolio teams, security selection methodologies, and portfolio and risk management systems. Investure also relies on available data and records, such as audited financial statements, offering memoranda, holdings reports and past performance records, as well as Manager interviews, meetings and reference checks.

Once Investure has identified a Manager, Investure works with the Manager to determine whether to invest via a private fund, separately managed account or other entity structure.

Investure also negotiates fees and other material terms for the relationship. Investure primarily considers the long-term prospects of a potential investment and emphasizes the following criteria, among others, in determining whether (and how) to invest with a Manager:

- an investment philosophy based on fundamental research and analysis;
- an experienced staff;
- a sound portfolio and risk management philosophy;
- a demonstrable investment edge;
- the significance of the Manager's investment in his or her own fund(s);
- acceptable economic and structural terms and;
- Investure's conclusions regarding the Manager's ethics.

Where Investure utilizes a direct approach (versus "Manager of Manager" strategy) to investing in securities other than fixed income, the Adviser's investment goal is to produce superior long-term, risk-adjusted capital appreciation through its portfolio of long or short investments in global markets.

The Adviser applies its fundamentally-oriented investment approach to proactively source long and short investment ideas across sectors and geographies. The Adviser's investment selection process emphasizes in-depth due diligence through internal and external research and fundamental analysis.

## **8. B. Material Risks of Investment Strategies or Methods of Analysis**

An investment with the Adviser involves substantial risks that should be considered carefully. Certain risk factors that may be considered applicable to an investment with the Adviser are outlined below. Additional risk factors for investments in the Investure Funds are outlined in the Governing Document for the applicable Investure Funds. It should be noted, however, that there may be other risk factors applicable to such an investment that are not identified but that might still result in material losses to investors. Prospective investors should also consult their own legal, investment, tax, and other advisers as to whether an investment is appropriate for them. You should be aware that investing in securities or other assets involves the risk of loss and be prepared to bear that loss.

Investure's primary strategy is to invest money with other Managers. This is done primarily by investing in a private fund offered by the Manager or by opening a separately managed

account. The listed risks also cover some but not all of the risks associated with securities recommendations listed in the section immediately following.

### **Multiple Fund Managers**

Because the Investure Funds invest with Managers who make their trading decisions independently, it is theoretically possible that one or more of such Managers may, at any time, take positions that may be opposite of positions taken by other Managers. It is also possible that the Managers selected by Investure may on occasion be competing with each other for similar positions at the same time.

### **Diversification**

Although Investure will seek to obtain diversification by investing with a number of different Managers with different strategies or styles, it is possible that several Managers may take substantial positions in the same security, commodity or group of securities and/or commodities at the same time. This possible lack of diversification may subject the investments of the Fund to more rapid change in value than would be the case if the assets of the Fund were more widely diversified.

### **Performance-Based Compensation Arrangements with Managers**

Investure will typically enter into arrangements with Managers which provide that Managers be compensated, in whole or in part, based on the appreciation in value (including unrealized appreciation) of the account during specific measuring periods. In certain infrequent cases, Managers may be paid a fee based on appreciation during the specific measuring period without taking into account losses occurring in prior measuring periods, although Investure anticipates that most, if not all, Managers who charge such fees will take into account prior losses. Such performance fee arrangements may create an incentive for such Managers to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements. Many Managers will typically charge Clients an incentive fee of 20% and an asset-based fee ranging from 1% to 2%. Clients may be required to pay an incentive fee to the Managers who make a profit for Clients in a particular fiscal year even though Clients may in the aggregate incur a net loss for such fiscal year.

### **Activities of Managers**

Although Investure will seek to select only Managers which will invest Client assets with the highest level of integrity, Investure will have no control over the day-to-day operations of

any of the selected Managers. As a result, there can be no assurance that the conduct of every Manager engaged by Investure will conform to these standards.

### **Manager Selection**

Investure's advisory activities will be highly dependent upon the expertise and abilities of the underlying Managers who will have investment discretion over the Funds' assets and, therefore, the selection of a Manager who does not perform well will adversely affect investment results.

### **Fund Expenses**

The expenses of an Investure Fund (including the payment of fees to Managers and its pro rata share of expenses of any investment funds in which it invests) may be a higher percentage of net assets than would be found in other investment entities. Strategies utilized by certain Managers may require frequent trading and, as a result, portfolio turnover and brokerage commission expenses may significantly exceed those of other investment entities of comparable size. Moreover, such trading will be out of the direct control of Investure.

### **Incentive Allocation**

The payment of a fee to Investure for an Investure Fund equal to a percentage of net profits may create an incentive for Investure to make investments that are riskier or more speculative than would be the case if this fee were not paid. Since Investure's Incentive Allocation is calculated on a basis which includes unrealized appreciation, such fees may be greater than if they were based solely on realized gains.

### **Lack of Liquidity of Fund Assets and Valuation**

Client assets may, at any given time, include securities and other financial instruments or obligations which are thinly-traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to value accurately any such investments. Further, certain securities in which a Manager may invest or funds in which Investure may invest may not have a readily ascertainable market price and will be valued by the Manager or Investure. In this regard, a Manager may face a conflict of interest in valuing the securities, as their value may affect the Manager's compensation. Although Investure will review the audited financial statements and/or other available valuation procedures used by all Managers, Investure will not be able to confirm with absolute certainty the accuracy of valuations provided by Managers. In addition, the net

asset values or other valuation information received by Investure from an investment fund will typically be estimates, potentially subject to revision at the end of each investment fund's annual audit.

### **Short Selling Risk**

The Adviser's investing strategy may include the execution of short sales from time to time. In a short sale transaction, the Adviser sells a security it does not own in anticipation that the market price of that security will decline. While short sales may be useful under certain circumstances in the pursuit of potential profit opportunities and/or the mitigation of certain forms of risk, they may result in an unlimited loss of capital within a relatively short period of time. There is also a risk that the securities borrowed by the Adviser in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Adviser might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

### **Leverage**

The Adviser may recommend that the Investure Funds or other clients utilize leverage, which involves the borrowing of funds from brokerage firms, banks and other institutions in order to be able to increase the amount of capital available for investments. Performance may be more volatile when a Fund or Managed Account employs leverage.

### **Hedging**

There can be no assurance that a particular hedge is appropriate, or that certain risk is measured properly. While the Adviser may recommend an Investure Fund or other client enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Adviser's investment portfolios than if the Adviser did not recommend engaging in any such hedging transactions. Further, Investure may not employ hedging at all or only in select circumstances, and this may cause such Investure Funds' or Managed Accounts' performance to have greater volatility.

## **Arbitrage Transaction Risks**

If the requisite elements of an arbitrage strategy are not properly analyzed, or unexpected events or price movements intervene, losses can occur which can be magnified to the extent the Adviser is employing leverage. Moreover, arbitrage strategies often depend upon identifying favorable “spreads”, which can also be identified, reduced or eliminated by other market participants.

## **Importance of the Adviser**

The authority to make decisions and to exercise business discretion is delegated to the Adviser. The success of the investment program is therefore expected to significantly depend on the expertise of certain of the Adviser’s key personnel. Therefore, the death, incapacity or withdrawal of such personnel could materially adversely affect the clients.

## **Business and Regulatory Risks**

The legal, tax and regulatory environment continues to evolve, and changes in such regulation may adversely affect the value of such investments in Investure strategies. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The SEC, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies, and retain the right to suspend or limit trading in securities, which could expose Investure Funds or Managed Accounts to losses. The effect of any future regulatory change on the Funds could be substantial and adverse including, for example, increased compliance costs, the prohibition of certain types of trading and/or the inhibition of a Fund’s ability to pursue certain of its investment strategies as described herein.

## **8. C. Security Recommendation Risks**

Investure’s primary strategy utilizes a Manager of Manager approach. When directly investing in securities for clients, those investments may include fixed income securities (primarily U.S. treasury securities), equities both long and short, hedges, derivatives or other investments that demonstrate superior long-term, risk-adjusted capital appreciation characteristics. When it does invest directly in securities or other assets, you should be aware of these potential risks. The listed risks also cover some but not all of the risks associated with investments made with Managers. Additional information about specific investment risks is found in the respective Governing Documents of the Investure Funds.

## **Market Risks**

The profitability of a significant portion of an Investure Fund's investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that Investure and the Managers hired by Investure will be able to predict accurately these price movements. Although Managers may attempt to mitigate market risk through the use of long and short positions or other methods, there may be a significant degree of market risk.

## **Equity Securities**

The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geo-political risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

## **Non-U.S. Securities**

Investing in securities of non-U.S. governments and companies which are generally denominated in non-U.S. currencies, and utilization of currency forward contracts and options on currencies involve certain considerations comprising both risks and opportunities not typically associated with investing in securities of United States issuers. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of non-U.S. taxes, less liquid markets and less available information than are generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

## **Emerging Markets**

Managers, and Investure, through its private funds and direct investing strategy, may invest in emerging market securities. Investing in emerging market securities involves certain risks and special considerations not typically associated with investing in other more established

economies or securities markets. Such risks may include (a) less liquidity of securities markets; (b) currency exchange rate fluctuations; (c) potentially higher rates of inflation (including hyper-inflation); (d) a higher degree of governmental involvement in and control over the economies; (e) differences in auditing and financial reporting standards which may result in the unavailability of material information about economics and issuers; (f) less extensive regulatory oversight of securities markets; (g) longer settlement periods for securities transactions; (h) less stringent laws regarding the fiduciary duties of officers and directors and protection of investors; and (i) certain consequences regarding the maintenance of portfolio securities and cash with sub-custodians and securities depositories in emerging market countries.

### **Currency Risks**

Investments in securities or other instruments that are denominated in a foreign currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. Managers may try to hedge these risks by investing in foreign currencies, foreign currency futures contracts and options thereon, forward foreign currency exchange contracts or similar instruments, or any combination thereof, but there can be no assurance that such strategies will be implemented, or if implemented, will be effective.

### **Derivatives**

Derivatives, such as options on an index, may be used to hedge against market downturns as well as for opportunistic investing. Because derivatives and similar securities implement leverage, an investor is able to profit from much smaller moves when using certain derivatives contracts rather than a traditional retail trade would allow. There can be no assurance that Investure or a Manager will be able to accurately predict price movements and it is possible to lose the entire amount invested in derivatives.

### **Debt Securities**

Managers may invest in unrated or low-grade debt securities which are subject to greater risk of loss of principal and interest than higher-rated debt securities. Managers may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. Managers may invest in debt securities which are not protected by financial



covenants or limitations on additional indebtedness. In addition, evaluating credit risk for foreign debt securities involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult.

### **Credit Risk**

Credit risk is the risk that the issuer or guarantor of a debt security or counterparty to the portfolio's transactions will be unable or unwilling to make timely principal and/or interest payments, or otherwise will be unable or unwilling to honor its financial obligations. If the issuer, guarantor, or counterparty fails to pay interest, the portfolio's income may be reduced. If the issuer, guarantor, or counterparty fails to repay principal, the value of that security and value of portfolio may be reduced.

### **Interest Rate Risks**

Generally, the value of fixed-income securities changes inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed-income securities tends to increase. This risk is greater for long-term securities than for short-term securities.

### **Issuer-Specific Changes**

Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources.

### **Lack of Diversification**

Securities may not be diversified among a wide range of types of securities, countries or industry sectors. Accordingly, the strategy may be subject to more rapid change in value than would be the case if the Adviser were required to maintain a wider diversification among types of securities and other instruments.

## **Relative Value Risk**

In the event that the perceived mispricing(s) underlying the Adviser's view of relative value were to fail to converge toward, or were to diverge further from expectations of the Adviser, the Funds and other clients may incur a loss.

## **Exchange Traded Funds**

Investure may advise its Funds and other clients to invest in the securities of ETFs, which represent interests in (i) fixed portfolios of common stocks designed to track the price and dividend yield performance of broad-based securities indices (*e.g.*, the S&P 500 or Nasdaq 100) or (ii) "baskets" of industry-specific securities. ETF securities are traded on an exchange like shares of common stock. The value of ETF securities fluctuates in relation to changes in the value of the underlying portfolio of securities. However, the market price of ETF securities may not be equivalent to the pro rata value of the underlying portfolio of securities. ETF securities may be subject to the risks of an investment in a broad-based portfolio of common stocks or to the risks of a concentrated, industry-specific investment in common stocks. ETF securities are considered investments in registered investment companies.

## **Counterparty and Custodial Risk**

To the extent that Investure advises the Investure Funds and other clients to invest in swaps, "synthetic" or derivatives instruments, repurchase agreements, certain types of option or other customized financial instruments, or, in certain circumstances, non-U.S. securities, the Funds and other clients take the risk of non-performance by the other party to the contract. This risk may include credit risk of the counterparty and the risk of settlement default. This risk may differ materially from those entailed in exchange-traded transactions which generally are supported by guarantees of clearing organizations, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of them or the integrity of their management. Investure has no reportable information applicable to this Item.

## **Item 10 – Other Financial Industry Activities and Affiliations**

Investure has no financial industry affiliations, relationships or material arrangements that require disclosure under this section.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions & Personal Trading**

### **11. A. Code of Ethics**

Investure believes that Client interests must be paramount. Because personal trading and other activities of Investure's related persons may lead to potential conflicts of interest, Investure has adopted policies and procedures relating to, among other things, personal securities transactions and insider trading, that are designed to identify and prevent or mitigate actual conflicts of interest.

These policies and procedures, including Investure's Code of Ethics (the "*Code*"), are intended to avoid conflicts of interest with Clients and to resolve appropriately any conflicts which do arise. The Code was adopted by Investure in accordance with Advisers Act Rule 204A-1 and includes (i) standards of business conduct, requiring that all of Investure's supervised persons (*i.e.*, any employee, officer or director of Investure) comply with relevant provisions of the federal securities laws and the fiduciary duties an investment adviser owes to its clients; (ii) personal securities transaction policies, governing the personal investment activities of Investure's access persons; and (iii) Investure's Policy Statement on Insider Trading (described in more detail below), adopted in conformity with Advisers Act Section 204A.

Investure will provide a copy of the Code to current or prospective clients or investors upon request.

### **11. B. Client Transactions in Securities where Adviser has Material Financial Interest**

A Related Person of Investure serves as General Partner to the majority of Investure Funds and as such, may have a material financial interest in investments that are held by or recommended to its Clients. Investure mitigates this risk by calculating fees at the Managed Account level and rebating any excess fees charged to Clients from investments in Investure Funds. There is no material financial incentive to place assets in an Investure Fund as opposed to a direct investment with a Manager.

### **11. C. Investing in Securities Recommended to Clients**

Investure primarily invests money through other Managers, however where directly investing in securities without a third party Manager the potential for conflicts of interest with its clients may exist. Investure maintains a restricted trading list to ensure that its employees honor non-disclosure agreements or other situations that would restrict personal securities trading. Investure employees do interact with investment personnel of Managers and may receive non-public or proprietary information about certain securities. In these cases, those securities are placed on the restricted trading list. Investure's direct investments in individual single-name equity securities in an Investure Fund are placed on the restricted trading list. From time to time, Managers may distribute assets, including individual equity securities, in lieu of cash to the Investure Funds or a Managed Account, in which case Investure may direct the liquidation and sale of those assets rather than a Manager. These investments are placed on the restricted trading list. Investure reviews the personal securities transactions of employees to ensure that client interests are protected.

### **11. D. Timing of Personal Trading in Securities Recommended to Clients**

Investure primarily invests money through other Managers and therefore, does not typically have conflicts associated with timing issues such as trading ahead of clients. Where direct investing (as opposed to Manager of Manager investing) involves trading in individual securities, see Item 11.C for additional information. Investure does review the personal securities transactions of employees to ensure that client interests are protected.

## **Item 12 – Brokerage Practices**

### **12. A. Selection of Broker/Dealers**

#### **Factors in Selecting or Recommending Broker-Dealers for Client Transactions**

Investure generally possesses the discretion to determine the broker or dealer to be used in direct trading in client and or Investure Fund accounts. In selecting brokers, Investure will consider various factors in order to ensure that it is able to achieve "Best Execution" for its clients. These factors could include commissions or mark ups, the reputation and financial stability of the broker, quality of communications, reliability in executing trades, accuracy of reporting and other factors deemed relevant by Investure. As a manager of managers, Investure also expects Managers to have policies and procedures designed to also help achieve best execution.

#### **1. Research and Other Soft Dollar Benefits – When directly investing, Investure may**

receive soft dollar benefits. In the event that Investure chooses to use soft dollars it will rely on the safe harbor provisions in Section 28(e) of the Exchange Act, which generally require the following four conditions must be satisfied:

- a. soft dollar goods and services must be provided by the broker effecting the transaction;
- b. soft dollar goods and services must be provided to a party having investment discretion over the account;
- c. the recipient of the goods and services must make a good faith determination that the commission paid is reasonable in relation to the value of the brokerage and research services provided; and
- d. goods and services supplied for soft dollars must qualify as “brokerage and research” services in providing “lawful and appropriate assistance to the money managers in the performance of investment decision-making responsibilities.”

Managers hired by Investure to manage client assets within an Investure Fund may use soft dollars. When hiring Managers, Investure makes an effort to determine that their soft dollar practices are consistent with applicable regulations.

**2. Brokerage for Client Referrals** - Investure does not receive client referrals from its brokerage relationships.

**3. Directed Brokerage** - In general, Investure is responsible for selecting the broker-dealers used for executing direct client transactions, and clients are not involved in this selection process. Investure would consider a request for directed brokerage, but if honored, Investure may be unable to provide the most favorable execution.

## **12. B. Aggregation of Orders**

A Manager of Investure (to the extent consistent with the IMA or Governing Documents applicable to each participating Account) may engage in block transactions. Investure seeks to allocate investment and trading opportunities in a manner that is consistent with its duty to: (i) seek best execution; (ii) treat all Accounts fairly and equitably over time; and (iii) not systematically advantage or disadvantage any single Client or group of Clients. When a decision is made to enter into a Block Transaction, the results of the transactions will be allocated to all participating Accounts in a fair and equitable manner.

## **Item 13 – Review of Accounts**

### **13. A. Periodic Review of Accounts**

The composition of each Managed Account's portfolio (generally consisting of investments in Investure Funds and other pooled investment vehicles, including investments in limited partnerships, limited liability companies and offshore corporations, as well as investments in separately managed accounts) is generally reviewed by the senior investment professionals on a regular basis. Typically, these reviews would be no less frequently than monthly. The review includes an analysis of the diversification of the portfolio's assets, including exposure to market and other risks, and a review of the performance of the investment options used.

### **13. B. Non-Periodic Review of Accounts**

Investure may also review accounts on an other than periodic basis, based on triggering events, such as major economic factors, new client directives, client requests or other special circumstances.

### **13. C. Client Reports**

Managed Account clients typically receive information about their investments in several ways:

**Monthly Performance Reporting** – This report is delivered around the middle of each subsequent month and includes a summary of investments, roll-forward information, performance and certain other account details.

**Investment Committee Presentations** – Approximately three times per year, Investure prepares a report that is designed to be presented to the Investment Committee for each client. These presentations are generally made in person and led by senior investment professionals.

**Ad Hoc Reporting** – As part of its services, Investure frequently prepares reports based on individual client requests and directives.

**Custodial Reports** – The client's custodians provides a variety of different reports to clients, including performance, holdings, income and expense, and financial reporting and accounting through the custodian's web access portal.

The fund administrators for Investure Funds provide monthly client statements and capital account balances.

## **Item 14 – Client Referrals and Other Compensation**

### **14. A. Compensation from Non-Clients**

Investure does not receive compensation or other economic benefits from non-clients.

### **14. B. Referral Arrangements**

Investure does not directly or indirectly compensate anyone who is not an employee of the firm.

## **Item 15 – Custody**

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets (Note: reports may be made available via electronic reporting systems versus being mailed). Investure urges all Clients to carefully review such statements and compare such official custodial records to the account statements that we may provide. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16 – Investment Discretion**

Through relevant IMAs and other governing documents, Clients retain Investure to select investment options and other assets for accounts, consistent with established investment objectives, guidelines and restrictions. Investure generally has the discretionary authority to make the following determinations on behalf of each Account (or to utilize an investment option to make such determinations):

- which securities or assets to buy or sell and when to do so;
- the total amount of securities or assets to buy or sell;
- the prices at which securities or assets are to be bought or sold;
- the broker or dealer through which transactions are executed and;
- where applicable, commission rates or other charges (*e.g.*, dealer spreads or markups/mark-downs and other transaction costs) for such transactions.

Clients may limit Investure's discretionary authority under certain circumstances. Investure's ability to exercise discretionary authority is limited by the Client's investment objectives, guidelines and restrictions and relevant provisions of each Client's IMA. Moreover, Investure may, with respect to all or part of a Client relationship, provide non-discretionary investment advice or accept Accounts where investment discretion is limited by the Client through the imposition of investment restrictions.

## **Item 17 – Voting Client Securities**

From a proxy voting perspective, the investments held in Client accounts generally fall into one of three categories:

1. Investment in a pooled fund or investment vehicle of a Manager – Investure generally does not have the discretion to vote proxies and it is handled by the Manager.
2. Investment in a separately managed account of a Manager – Investure delegates the voting discretion to the Manager.
3. All other investments – Proxy voting for any direct investments in a security held in an Investure Fund is handled by the investment team.

## **Item 18 – Financial Information**

### **18. A. Advance Payment of Fees**

Investure does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

### **18. B. Financial Condition**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. Investure has no financial commitments that impair its ability to meet contractual and fiduciary commitments to clients.

### **18. C. No Bankruptcy Proceedings**

Investure has not been the subject of a bankruptcy proceeding.