



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

September 28, 2012

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This brochure provides information about the qualifications and business practices of Commonfund Capital, Inc. If you have any questions about the contents of this brochure, please contact us at 203-563-5000 and/or 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 Capital, 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 Capital, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

ADV Item 2 - Material Changes

This Investment Adviser Brochure was updated on September 28, 2012. There have been no material changes since our last annual updating amendment September 28, 2011.

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ADV Item 4 -- Commonfund Capital's Investment Advisory Business

Introduction

Commonfund Capital, Inc. ("Commonfund Capital") houses the private capital, private natural resources and private distressed debt investment and operational staffs of the Commonfund organization.

As described further in this brochure, Commonfund Capital advises commingled investment funds, normally organized as limited partnerships ("Funds") and designed primarily for institutional investors, as well as institutions that wish to outsource all or a portion of the management of their private capital, private natural resources or private distressed debt assets. Commonfund Capital may advise separate accounts that invest in the same investment strategies. Commonfund Capital primarily executes its investment strategies through unaffiliated asset management firms selected and monitored by it. We call these sub-advisers "Managers," and describe these advisory services as "manager-of-manager" services (such programs are also sometimes called "fund-of-funds" in the financial industry). However, Commonfund Capital also directly manages certain assets, including certain direct investments in private companies (generally but not necessarily entered into as co-investments placed alongside investments by Managers). More information about Commonfund Capital's advisory services can be found in Item 5.

Commonfund Capital tailors its advisory services to the specific investment objectives and restrictions of each client account pursuant to the investment guidelines and restrictions set forth in each such client account's confidential private placement memorandum, as well as its limited partnership agreement, advisory, administrative and support agreement, and other governing documents. Investors and prospective investors should refer to the private placement memoranda and governing documents of the applicable client account for complete information on the investment objectives and investment restrictions with respect to such client account. There is no assurance that any client account's investment objectives will be achieved.

Some of the Commonfund organization's investment programs are managed by affiliates of Commonfund Capital: marketable securities programs, marketable alternatives programs and general outsourcing services are provided through Commonfund Asset Management Company, Inc. ("Commonfund Asset Management"), and certain real estate programs are managed by Commonfund Realty, Inc. Each of these firms has issued a brochure similar to this one.

Commonfund Capital is registered with the SEC as an investment adviser (SEC File No. 110657).

History and Ownership of Commonfund Capital

Commonfund Capital 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) or by calling us at (203) 563-5000.

In 1988, Commonfund established a companion organization, Endowment Advisers, Inc., to offer private capital investment partnerships to certain eligible educational organizations. In 1998, Endowment Advisers was reorganized as a wholly-owned subsidiary of Commonfund, incorporated under the laws of Delaware, and was eventually renamed Commonfund Capital. In 1999, Commonfund Capital, together with some of its affiliates, began managing assets for a broader universe of nonprofit organizations than those educational institutions eligible for direct membership in Commonfund. In 2010, Commonfund Capital further expanded the universe of investors, and now accepts investments from public and corporate pension plans, family offices, high-net worth individuals and others. Commonfund Capital is 100 percent owned by Commonfund (through an intermediate holding company).

Assets under Management

Commonfund Capital manages all assets on a discretionary basis in accordance with the terms and conditions of each Fund's governing documents. As of June 30, 2012, Commonfund Capital manages approximately \$12,610,135,827 of committed capital on a discretionary basis.

ADV Item 5 -- Fees and Compensation

Fund Fee Arrangements

Commonfund Capital charges investors in its Funds with management fees, and in most cases, performance incentive fees in addition. A description of these methods of compensation is set forth below. Additionally, certain investors may negotiate fee arrangements that differ from the fee schedules set forth below. Note that in general, funds or other client accounts pay fees generally quarterly in advance. Commonfund Capital's fees do not include fees and expenses charged by underlying Managers engaged by Commonfund Capital to manage assets of a Fund; these are charged directly to the Funds in question.

Where Commonfund Capital's services are terminated, any prepaid and unearned fees will be promptly refunded and any earned and unpaid fees will be due and payable.

Commonfund Capital reserves the right to revise its fees for future Funds offered by it. Prospective investors in any future Commonfund Capital Funds should review with care the descriptions of fee arrangements in the private placement offering memoranda for those Funds.

Management Fees

As of 1996, Commonfund Capital's Funds have charged investors an annual management fee based on total capital that has been committed to these partnerships by investors. Committed

capital is the total amount that investors have agreed to pay in to the Funds over the lifetime of these partnerships, and not the actual amount called, or the net asset value of the Funds.

The level of Commonfund Capital's management fees varies depending on the stage of the Fund in question. The current fee levels are as follows (in each case except for the final stage, based on total committed capital, with the "Fee Start Date" referred to below generally being the date of the Fund's first capital call):

- 50 basis points (0.50%), from the Fee Start Date until the 1st anniversary of the Fee Start Date;
- Then 65 basis points (0.65%), through the 7th anniversary of the Fee Start Date;
- Then 55 basis points (0.55%), through the 8th anniversary of the Fee Start Date;
- Then 45 basis points (0.45%), through the 9th anniversary of the Fee Start Date;
- Then 35 basis points (0.35%), through the 10th anniversary of the Fee Start Date;
- Then 30 basis points (0.30%), through the 12th anniversary of the Fee Start Date; and
- Then, 30 basis points (0.30%) of the Fund's net asset value, until the completion of the liquidation of the Fund.

Management fee arrangements for earlier Commonfund Capital Funds varied from this schedule, and ranged from 20 to 60 basis points from 1997 to 2003. Commonfund Capital's initial emerging markets Fund may vary from this schedule as well. Investors in these Funds should consult the private placement memoranda and governing documents relating to those Funds for details on these fee arrangements.

Performance Incentive Fees

The general partner of each of the Commonfund Capital Funds, which is in each case an entity wholly controlled by Commonfund Capital, is allocated a share of the net profits of that Fund. This share, which is sometimes referred to as "carried interest" is designed to provide Commonfund Capital, as manager of the Fund, with an incentive fee. The current level of Commonfund Capital's carried interest is 2.5 to 5 percent of net profits.

For Commonfund Capital's recent Funds, the general partner is subject to a "clawback" arrangement that requires it, after the liquidation and dissolution of the Fund, to restore to the Fund any amounts it has previously received on account of its carried interest to the extent such amounts exceed the total amount to which it was entitled (based on the Fund's final profits and losses at the time of its liquidation).

Performance incentive fee arrangements for earlier Commonfund Capital Funds varied, with carried interest ranging from 1% to 3%, and with varying provisions with respect to general

partner clawback. Investors should consult the private placement memoranda and governing documents relating to those Funds for additional details on these fee arrangements.

Affiliated Individual Investors

Commonfund Capital reserves the right to permit certain affiliated individuals to invest in its Funds, and such individuals are generally not charged management fees or carried interest with respect to their investment. Although these individuals therefore invest on preferential terms with respect to fees, their collective investment typically is not expected to exceed 1 percent of the total committed capital of any particular Fund.

Customized Separate Accounts

For larger institutional mandates, Commonfund Capital may create customized separate accounts, which Commonfund Capital expects typically will not allocate any substantial portion of the managed assets to Commonfund Capital Funds and will instead generally invest directly with private capital Managers and/or funds advised by such Managers (which may be Managers previously utilized by a separate account client). Separate accounts may be utilized to accommodate institutions wishing to outsource the general management of more than \$100 million in private capital assets as part of Commonfund Capital's customized private capital investment service, or to enable an allocation of \$100 million or more to a particular strategy. Commonfund Capital retains the discretion to waive these minimum amounts.

For separate accounts, Commonfund Capital expects to charge management fees, similar to those that it would charge for investment in its Funds within a similar investment strategy. Commonfund Capital's fees for separate accounts ranges from 50-100 basis points, with varying ranges with respect to the carried interest. Additionally, certain investors may negotiate fee arrangements that differ from the fee ranges noted.

Other Fees and Expenses

Commonfund Capital Funds and other client accounts bear the fees and expenses, including carried interest or other incentive fees, charged by their underlying Managers. Manager fees (including performance-based fees) and expenses are not paid by Commonfund Capital, and so are charged to investors in addition to Commonfund Capital's own fees and expenses.

Commonfund Capital Funds pay a one-time organizational fee to Commonfund Capital, to defray expense of the organization and initial start-up expenses. This fee may be up to \$750,000 per Fund. The Funds are not directly charged for any fees associated with placement of interests in the Funds with investors.

Commonfund Capital Funds and other client accounts also bear their own operating and other typical expenses and fees including, but not limited to, audit expenses, custody fees and brokerage fees. Prospective investors should refer to the governing documents of the applicable client account for more information relating to such fees and expenses. Please see Section I, "*Brokerage Practices*" for a description of the factors Commonfund Capital considers in

selecting or recommending broker-dealers and determining the reasonableness of their compensation.

Commonfund Capital does not directly compensate any entity for client referrals; it has arrangements with CSI to solicit interests in Commonfund Capital's advisory services. Commonfund Capital compensates CSI for its placement activities by means of a consolidated, firm-wide revenue sharing arrangement. CSI's compensation for its placement activities will not be borne, directly or indirectly, by any Commonfund Capital Fund or investor therein.

ADV Item 6 – Performance-Based Fees and Side-by-Side Management

Performance Fees

Certain Commonfund Capital Funds and separate accounts may charge performance fees, as detailed in the preceding section. These are structured in the form of a "carried interest," or percentage of the net profit of the Fund or other client account, that is earned by the general partner (which in the case of each Fund is a controlled affiliate of Commonfund Capital). Commonfund Capital's typical carried interest is 2.5 percent of net profits. Please see "*Performance Incentive Fees*" in Section B (ADV Item 5 – Fees and Compensation) for further details regarding Commonfund Capital's performance fee arrangements.

Similarly, most Managers utilized by Commonfund Capital also charge performance fees. The performance fees of talented Managers in these sectors can be as high as 30 percent of net profits annually, or higher. Manager performance fees are paid directly by Commonfund Capital's Funds or separate accounts, and thus are borne by investors. Manager performance fees are separate and in addition to the performance fees charged by Commonfund Capital (as described in the above paragraph).

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 Capital or its Managers to increase risk in client portfolios.

Potential Conflicts of Interest

Commonfund Capital provides investment advice to a variety of clients, including Funds investing in different investment strategies and with different objectives, as well as institutions with differing objectives and risk tolerances. Commonfund Capital's affiliates also manage investment assets for a variety of clients. In managing Funds and separate accounts, sometimes side-by-side, Commonfund Capital and its affiliates may face potential conflicts of interest. The principal of these are discussed below. Please see the governing documents of the applicable client account for a discussion of how Commonfund Capital addresses potential or actual conflicts of interest relating to such client account.

Performance Incentive Fees

As noted in the preceding section, Commonfund Capital earns performance incentive fees, in the form of “carried interest.” In addition to the possibility that these fees might create an incentive for Commonfund Capital to approve, and cause the Fund or other client account to make, riskier and more speculative investments, there is also the potential that Commonfund Capital could favor accounts that earn performance incentive fees over those that do not. All of Commonfund Capital’s Funds are currently subject to performance incentive fees, but there is the possibility that it might advise Funds or accounts in the future that are not. Commonfund Capital 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. Additionally, we also note that, Commonfund Capital’s and Commonfund Group’s allocation policies and procedures (discussed in the following section) are designed to mitigate potential conflicts of interest that may arise from the side-by-side management of client accounts that charge performance fees and those that do not.

Allocation of Opportunities

Commonfund Capital’s Allocation Policy

Commonfund Capital manages Funds and other client accounts in a number of different investment strategies (including global venture capital, global private equity, natural resources, distressed debt, emerging markets, and multi-asset private capital), and investment opportunities available to Commonfund Capital may in some cases be suited for more than one Commonfund Capital Fund or investment account. To address this potential, Commonfund Capital maintains a policy for allocating investment opportunities that fall into its various investment strategies.

Commonfund Capital’s policy allocates investment opportunities, to the extent practicable, among its clients (which may be both Funds and institutional separate accounts) on a basis that over a period of time is fair and equitable to each client relative to the other clients. In allocating an investment opportunity among clients, we will take into account all relevant facts and circumstances, including (without limitation): differences with respect to available capital, size, and remaining investment period of the clients in question; differences with respect to investment objectives or current investment strategies; differences in risk profile at the time the opportunity becomes available; the potential transaction, settlement, and custody costs of allocating an opportunity among various clients; potential conflicts of interest; the nature of the investment or the transaction; and current and anticipated market conditions. In furtherance thereof, investment opportunities in vehicles managed by Managers with whom a Commonfund Capital Fund's predecessor Fund (or, with respect to other client accounts, such client account) have invested, will generally be allocated to that Fund (or client account), prior to being offered to other Commonfund Capital client accounts. A copy of Commonfund Capital’s policy and procedures on the allocation of investment opportunities is available upon request.

Commonfund Group's Limited Opportunity Policy

In addition to the allocation policy described above, Commonfund Capital also participates in a Commonfund Group policy relating to investment opportunities that may be suitable for different funds or institutional clients of Commonfund Group as a whole. This policy relates only to those opportunities that are limited in the amount of total investment they offer to Commonfund Capital. These may be funds managed by external Managers that have capped the total amount of investor capital they will take, whether by choice or in response to regulatory requirements. Alternatively, these may be opportunities relating to investments directly managed by Commonfund Capital, which could be limited in amount for a wide variety of reasons.

The limited opportunity policy (which has been adopted in common by Commonfund Capital and by its advisory affiliates Commonfund Asset Management and Commonfund Realty, Inc.) provides that an intercompany special committee will allocate such opportunities among advised funds or 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 strategies 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 Capital and its affiliates believe in good faith will result in a fair allocation.

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

Cross-Trades and Warehoused Investments

Commonfund Capital 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 Capital’s clients could be said to have benefitted at the expense of the other. Commonfund Capital’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 Capital 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 excess of its fees disclosed above. In the unusual case in which it would go forward with such a transaction, Commonfund Capital would ensure that it complies fully with applicable statutes and SEC regulations relating to so-called “principal” transactions.

In addition, Commonfund Capital Funds are permitted under certain circumstance to make investments on behalf of other Commonfund Capital Funds (normally, the next Commonfund Capital Fund to be offered within the same private capital strategy), with the intention that these investments will be transferred after a short period of time. A pre-determined interest rate is paid to the investing Fund prior to the transfer to such other Fund on costs incurred, but the original investing Fund will not receive any price appreciation or other income as a result of the investment. It is possible that another Fund with sufficient capital to acquire any “warehoused” investments will not be formed. In addition, an investment of this type (i.e., an investment that is held by a Fund with the intent of transferring it to another Fund) may present conflicts of interest with respect to allocation of the opportunity presented by the investment. Such investments are not subject to Commonfund Capital’s general investment allocation policy described above. However, no Commonfund Capital Fund may make such warehousing investments until 75 percent of the Fund’s committed capital has been committed, invested or allocated for investment.

ADV Item 7 -- Types of Commonfund Capital Clients

As noted in the introduction to Item 4 above, Commonfund Capital advises Funds that it manages, and may advise institutions that are separate account investors. The institutions that are its Fund investors or advisory clients are primarily nonprofit organizations (including educational institutions, foundations, operating charities, nonprofit healthcare organizations, and their affiliated pension plans). Commonfund Capital accepts investments from public and corporate pension plans, sovereign entities, family offices, high-net worth individuals and others. Commonfund Capital also reserves the right to permit certain affiliated individuals to invest in its strategies.

Each of the Commonfund Capital Funds is offered through private placement, and eligibility to invest is subject to certain requirements imposed by Federal securities laws. The majority of these private Funds require that investors own more than \$25 million in investments, or otherwise are considered “qualified purchasers” for purposes of the Investment Company Act of 1940 and associated regulations. Certain Funds, which limit the number of beneficial owners to 100 or fewer and charge performance fees, only require that investors be: (i) “accredited investors” under the Federal securities laws, a definition that in most cases requires an institutional investor to have a net worth of at least \$5 million and (ii) “qualified clients” under the Investment Advisers Act of 1940. The eligibility requirements of each of Commonfund Capital’s private Funds are described in detail in the offering and subscription materials for that Fund. In addition to these eligibility requirements, Commonfund Capital also generally requires in the case of its private Funds a minimum investment of \$1 million, although it reserves the right to waive that minimum.

Commonfund Capital or its related persons may establish certain feeder Funds to address certain tax or regulatory requirements (each, a “Feeder Fund”). Each Feeder Fund, if formed, would be a limited partner of a Commonfund Capital Fund and interests in such Feeder Fund would be held by the investors who elect to participate in the Commonfund Capital Fund through such Feeder Fund. In addition, Commonfund Capital may form other alternative investment vehicles or special purpose vehicles (collectively, “AIVs”) for the purpose of facilitating certain investment by one or more Commonfund Capital Funds and/or investors. Prospective investors are requested to refer to the governing documents of the applicable Commonfund Capital Fund for complete details on any Feeder Fund established by a Commonfund Capital Fund and the Commonfund Capital Fund’s ability to make investment through an AIV.

As previously described, Commonfund Capital also provides investment advisory services to institutional investors pursuant to separate account mandates. The minimum amount for these programs is generally \$100 million.

Commonfund Capital reserves the right to waive these minimum account size requirements.

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

Methods of Analysis

As noted in the introduction to Item 4 above, Commonfund Capital primarily executes its investment strategies through Managers. Arrangements with Managers most often take the form of investments by Commonfund Capital’s Funds in underlying partnerships (or other types of commingled investment vehicles) managed and operated by Managers, but could also take the form of separate accounts with the Managers. In addition, Commonfund Capital directly manages certain assets, including direct investments in private companies typically structured as co-investments alongside investments in those companies by Manager partnerships.

Commonfund Capital’s management of its Funds is focused principally on the selection and ongoing oversight of top-tier private capital Managers. In addition, Commonfund Capital seeks to achieve diversification of the Funds’ investment portfolios not only through allocating assets to multiple Managers but also by careful portfolio construction designed to create a mix of investment styles and investment, geographic and industry sectors. Commonfund Capital seeks to base its decisions on thorough research. It may track a Manager for years before making an initial investment, performing extensive due diligence and a mix of quantitative and qualitative analysis to thoroughly vet a prospective Manager. Additionally, Commonfund Capital, through its industry contacts, provides clients the opportunity to invest in promising new private capital concepts. Our objective is to provide clients with total solutions for global private capital investing.

As part of the qualitative analysis of potential investments, Commonfund Capital reviews and seeks out in-depth information on the backgrounds of the principals of a Manager managing the investment, including their relevant industry and strategic relationships. Commonfund Capital also analyzes a Manager’s historical performance and the history, cohesiveness and experience of the principals working together as a management team. Commonfund Capital reviews

offering memoranda, limited partnership agreements, subscription documents, and performs reference checks, all as part of its independent due diligence effort.

Quantitative analysis is also necessary to appropriately analyze the performance of a private equity Manager. Commonfund Capital focuses on the historical track records of a Manager. Additionally, where relevant, Commonfund Capital sorts and analyzes the relevant attribution of investment results by individual Manager, as well as by relevant investment focus, geography, industry and stage. At times Commonfund Capital also considers a Manager's prior valuation of individual portfolio companies to form a perspective on the adequacy and appropriateness of such Manager's valuation policies.

The confidential private placement memorandum or other similar principal disclosure document relating to each Fund (together with any supplements, subscription agreements or other related materials, the "offering documents") includes detailed additional information of the investment strategy, operations and potential risks of that Fund and should be carefully reviewed by each investor. For a summary description of the principal risks relating to the investment strategies employed by Commonfund Capital, please see *Principal Risks of Investing* below. For a more detailed description of these and other applicable risks, please see the disclosure (including the section of the confidential offering memorandum typically entitled "*Certain Risk Factors*") in the respective offering documents for each Fund.

Investment Strategies

Depending on the investment mandate of its client, Commonfund Capital focuses on six major types of investment strategies: (i) global private equity; (ii) global venture capital; (iii) emerging markets; (iv) natural resources; (v) multi-asset; and (vi) distressed strategies. Each is explained below.

Each of these investment strategies focuses principally on investments that are private, i.e., not listed on any public exchange. The objective of each is to earn returns above those on publicly-traded securities over a long-term horizon (usually seven to 10 years) and further diversify the corresponding public-market components of an investor's overall portfolio. Of course, there can be no assurance that this objective will be met. Some of Commonfund Capital's Funds employ multiple strategies, or subsets thereof.

Within each of these strategies, investments normally are structured either as (i) commitments to investment funds (usually structured as partnerships), operated by Managers, made either on a primary or secondary resale basis; or (ii) direct investments (principally structured as co-investments in private companies alongside Managers with whom Commonfund Capital has a longstanding relationship). However, Funds may also use other appropriate structures. After Commonfund Capital causes a Fund to make an investment, third-party Managers are typically responsible for the day-to-day investment decisions of the funds they operate. Commonfund Capital's responsibilities with respect to private capital investments generally involve selection, evaluation, oversight and monitoring of such third-party Managers, and Commonfund Capital does not generally have input into the investment decisions made by outside Managers.

Global Private Equity

Commonfund Capital's global private equity strategy offers investors the opportunity to invest in a wide variety of transactions involving domestic and global companies, such as growth equity financing, leveraged buyouts, industry consolidations, recapitalizations, restructurings and distressed situations. Our private equity strategies aim to invest with funds offered by leading private equity Managers who combine strategic operating and financial expertise. Commonfund Capital's global private equity strategy focuses in particular on Managers who invest in a wide range of middle-market companies. In addition, our global private equity strategy concentrate on Managers who execute a value-added approach to investing by increasing operating efficiencies, making strategic acquisitions, expanding product lines and/or entering new markets, recruiting senior managers and formulating appropriate strategy and governance across select geographic regions around the world.

Global Venture Capital

Commonfund Capital's global venture capital strategy aims to give investors the opportunity to earn long-term capital appreciation by investing in earlier-stage, high-growth private companies from around the world, primarily in the information technology, healthcare and clean technology fields. Client accounts employing this strategy seek to diversify their investments with Managers by stage, strategy, geography, industry and vintage year.

In particular, Commonfund Capital's global venture capital strategy seeks to continue to offer investors exposure to some of the leading venture capital Managers in the world, which is an important factor, as historically there has been a wide disparity in returns earned by median venture capital firms and those in the upper quartile (as reported by Thomson Reuters, an industry data source). Of course, there can be no assurance that Commonfund Capital will continue to be able to access all of the Managers with whom it has invested in the past, or that such Managers will continue to perform at upper-quartile levels. In addition to investing with established venture managers, our venture capital strategy also invests with a limited number of newer promising venture managers, both in the U.S. and globally.

Emerging Markets

Commonfund Capital's emerging markets strategy seeks to afford investors the opportunity to achieve long-term capital appreciation via private equity and venture capital investments focused specifically in the "emerging markets" (e.g., China, India, Latin America, Southeast Asia, South Korea, Central and Eastern Europe, Turkey and other select emerging market countries or regions). This strategy aims to invest in funds focused in the emerging markets and offered by established top-tier private equity and venture capital Managers, along with a limited number of new Managers that we think show potential. Commonfund Capital expects that capital commitments will be made to funds with different industry and stage of investment focuses, and with a broad geographic scope throughout the emerging markets.

Natural Resources

Commonfund Capital's natural resources investment strategy focuses on private investments in the oil and natural gas production, oilfield services, power generation and other natural resources related industries, including energy infrastructure, clean energy, mining and mineral extraction, and timber. The preponderance of our natural resources investments are in companies based in the U.S and Canada. Commonfund Capital's natural resources strategy seeks to diversify across different industries, stages of corporate development and styles of investment within the natural resources sector. Our natural resources strategy encompasses both private equity strategies (acquisition, development, recapitalization and restructuring transactions) and property acquisition strategies (such as direct investments with Managers focusing on the drilling of proved reserves or similar investments).

Multi-Asset Strategy

Commonfund Capital's Multi-Asset Strategy seeks to expose small and medium sized institutions to a broadly diversified private capital investment strategy. This is accomplished through exposure to Commonfund Capital's core U.S. private equity, global private equity ex-U.S., and global venture capital strategies described above, as well as in separate commitments to Managers falling generally within these investment strategies.

Distressed Strategy

A distressed strategy focuses on turnaround and distressed investing by pursuing trading and financing strategies both in the U.S. and globally. This generally involves the purchase or sale of credit obligations of companies that are experiencing some type of financial reorganization. Commonfund Capital (along with its advisory affiliate, Commonfund Asset Management), employs several strategies under its distressed strategy umbrella, including obtaining blocker positions in the senior layers of a company's capital structure to influence the restructuring process, taking advantage of major shifts in public distressed markets or providing financing to distressed companies.

The availability of distressed investing is a function of supply and demand, with greater opportunities existing when the supply of troubled credits is high and investor demand is low. Commonfund Capital's investment team strives to take advantage of market dislocation and supply/demand imbalances in different regions of the world and at different points in the economic cycle to produce a portfolio with a desired risk/return characteristic.

Management of certain existing distressed debt Funds, which are generally closed to new investment, formerly managed by Commonfund Capital's advisory affiliate, Commonfund Asset Management, has been transferred to Commonfund Capital. In particular, Commonfund Capital may offer distressed strategies involving private, less liquid investments whereas Commonfund Asset Management will offer Funds that pursue a distressed strategy in securities that are generally marketable.

Principal Risks of Investing

Below is a summary of the material risks of the investments strategies employed by Commonfund Capital. Please note that the offering documents for each type of Fund includes detailed additional information about risk factors and should be reviewed by each investor. Investing in securities involves risk of loss that all clients should be prepared to bear. The possibility of total or partial loss of capital exists, and the prospective investor should not subscribe unless they can readily bear the consequences of loss.

The risks involved for any particular Fund or other client's account will depend on the investment strategy and the type of investments held in the client's account. The following are descriptions of various principal risk factors related to the significant investment strategies and methods of analysis employed by Commonfund Capital as described above. **It is important to note that not all risks are described below.** Prospective investors should carefully read the section entitled "Certain Risk Factors" in the respective confidential private placement memorandum of each Fund.

The following discussion of risk factors generally will not distinguish between investment managers that are affiliates of Commonfund Capital, internal portfolio managers, or Managers; they will collectively be referred to as "investment managers." Similarly, it will not distinguish between Funds managed by Commonfund Capital or underlying funds managed by Managers selected by Commonfund Capital; they will be collectively referred to as "funds." Where the context requires us to address a risk that is more specific to a particular type of investment manager or fund, we will refer to the type of manager or fund in question.

General Risks

Investments in funds pursuing the types of investment strategies employed by Commonfund Capital generally involve a substantial high degree of risk, including the potential loss of the entire amount invested by a client. Numerous factors affecting the performance of investment strategies such as inflation, interest rates, market prices for public securities, governmental actions and long term economic trends are outside the control of investment managers and can adversely influence the value of investments.

The success of a client's investments will be affected by general economic and market conditions in the United States or other countries in which investment managers may invest. General economic and market conditions include interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including tax laws, securities laws, bankruptcy laws or accounting standards), trade barriers, currency exchange controls, and national and international political circumstances. Any of the foregoing conditions could have a material adverse effect on investment strategies. As well, predictions about general economic and market conditions are uncertain and the impact of such factors will be larger or smaller depending on the types of securities a fund owns and the markets in which they trade.

Commonfund Capital performs extensive due diligence on potential investments by the Funds, but cannot provide assurance that any such investment will be successful. Further, the scope of

due diligence performed may be limited by restrictions imposed by the underlying investment manager or the operating company itself. Despite the rigorous diligence process employed by investment advisers and the ongoing monitoring of Managers, the risk exists that the assumptions made in connection with a particular investment decision may be incorrect or a particular investment strategy will not be followed by such Managers.

An investment manager's identification of investment opportunities involves a high degree of uncertainty and is based on a subjective decision making process. Thus, there can be no assurance that investment managers will be able to identify suitable investment opportunities and, even when an opportunity is identified, there is a risk that the opportunity will not achieve targeted rates of return. The possibility of partial or total loss of capital exists with respect to any Fund, and prospective investors should not subscribe for interests in any such Fund unless they can readily bear the consequences of such loss.

An investment in a fund may not be a diversified investment. Although Commonfund Capital allocates assets to multiple underlying funds, there can be no assurance that diversification will be achieved. A fund may invest a large percentage of its assets in securities issued by or representing a particular issuer, industry or type of security, investment strategy or type of risk exposure, without any limitation imposed by investment managers. Any such concentrations would magnify the effect of the realization of risks associated with such investments as compared to a more diversified account. Similarly, if a fund invests in a small number of issuers, a change in value of any single investment held by a fund would affect the value of a fund more than it would if the fund held a greater number of investments.

A fund may be recently formed and may not have any operating history based on which the fund's performance can be evaluated. Further, investment managers may not have a previous track record or operating history. Similarly, the past performance of a fund is not indicative of future results and no assurances can be made that profits will be realized or that losses will not occur.

An investment in a fund may provide limited liquidity since participating shares are likely not freely transferable, and may in fact be subject to substantial restrictions. Clients should recognize that it is difficult to value illiquid investments and valuation involves subjective judgment and consideration of complex factors. Further, a fund may not be able to dispose of investments in underlying portfolio funds at the time that it makes the decision to do so or when it is most advantageous for the fund because of restrictions or prohibitions on withdrawal that are typical in private capital investment funds, which may result in significant loss of capital.

The funds in which clients' assets are invested are likely not to be registered as investment companies. Thus, in such cases clients will not be provided the protections associated with the Investment Company Act. Further, certain investment managers may not be registered under the Investment Advisers Act. As a result, clients will not be provided various protections (which, among other things may include limitations on leverage or limitations on transactions between an investment company and its affiliates) offered to more highly regulated/registered funds.

Material Risks Relating to the Fund-of-Funds Structure

The following are certain risks related to Commonfund Capital's use of a "fund-of-funds" or "manager of managers" investment strategy, whereby client assets are principally invested in funds managed or operated by third-party Managers selected by Commonfund Capital.

The task of identifying investment opportunities, monitoring such investments, and realizing a significant return for investors is difficult. Many organizations operated by persons of competence and integrity have been unable to make, manage, and realize on such investments successfully. There is no assurance that Commonfund Capital will be able to return contributed capital or generate returns for investors. Further, investments will be selected by the investment manager, and clients will have no opportunity prior to investing to review or evaluate the specific investments selected by the investment managers. Clients will therefore be relying on the skill and experience of the investment professionals in selecting investment opportunities. In addition, the Fund will have no control over the selection of investments in portfolio companies, which will be made by the investment managers. The investment manager will attempt to evaluate each underlying investment based on an analysis of investment

Most investment managers in the types of investment strategies pursued by Commonfund Capital (including Commonfund Capital itself) are compensated through incentive arrangements. Under some of these arrangements, the investment manager may benefit from appreciation, including unrealized appreciation, in the value of the account, but may not be similarly penalized for realized losses or decreases in the value of the account. Such fee arrangements may create an incentive for the investment manager to make purchases that are unduly risky or speculative.

Further, a fund may be required to pay an incentive fee to a particular Manager (based on gains in the assets committed to that Manager) even though the fund as a whole may have suffered a loss. Additionally, Commonfund Capital is compensated through an incentive arrangement. As with other investments, this incentive arrangement may create an incentive for Commonfund Capital to cause the Fund to make riskier and more speculative investments with Managers than it would otherwise make in the absence of such performance-based compensation.

Competition for the most attractive investments is substantial and will tend to limit the number and quality of attractive opportunities. This competition may also affect pricing and valuation of transactions, which could affect returns.

Each investment manager will make its investment decisions independently. Thus, investment managers may on occasion be competing with each other for similar opportunities at the same time and may take opposite positions from those taken by the other investment managers in the same or in a related investment. The impact of such competition or such competing or overlapping positions may be to reduce the overall diversification of the fund's investment portfolio.

Funds utilize a so-called "fund-of-funds" or "multi-manager" investment strategy, pursuant to which assets are generally invested with Managers. Investment management fees are charged to the Fund by both Commonfund Capital and the third-party Manager. As a result, clients will

bear multiple investment management fees, which may include performance fees or incentive fees, which in the aggregate will exceed the fees which would typically be incurred by an investment with a single Manager. Further, such compensation arrangements may create an incentive to make investments that are riskier or more speculative than would be the case if such arrangements were not in effect.

Material Risks Applicable to Global Private Equity

Private equity investments in portfolio companies may be materially affected by the legal, fiscal, and regulatory regimes in the jurisdictions and sectors in which the investments are made or the portfolio companies operate. Changes in economic conditions may occur that may have an adverse effect on private equity investments, such as rising interest rates, downturns in the economy or deteriorations in the condition of an industry sector under which an underlying operating company operates. Due to the illiquidity of private equity investments, a private equity investment strategy will have limited ability to adapt to any such changes in economic environment or mitigate any corresponding losses.

Most private equity investments involve a high degree of illiquidity. Because relatively few potential purchasers for illiquid securities may exist, especially under adverse market or economic conditions or in the event of adverse changes in the financial condition of the issuer, a client could find it more difficult to sell such securities when it is advisable to do so or may be able to sell such securities only at prices lower than those that could be obtained if such securities were more widely held. Disposing of illiquid securities may involve time-consuming negotiation and legal expenses, and it may be difficult or impossible for a client to sell them promptly at an acceptable price. As well, private equity investments are sold a number of years after the investment is made and there can be no assurance that an investment will be disposed of at an optimal time or price.

Some portfolio companies may require significant additional funding after an initial investment by a fund. Inability to make a follow-on investment may dilute a fund's investment's interest in a portfolio company and thereby impair the fund's ability to maximize returns on its investment. Alternatively, the Manager may seek to fund such "follow on" investments from an affiliated investment fund, which could present a potential conflict of interest.

Private equity investments may be made in the form of minority equity investments. In these situations, there is a risk that the private equity manager will not be able to exercise sufficient control over the management of a portfolio company to ensure the successful implementation of the manager's strategy for its investment in the company.

Funds may invest in firms that are seeking to develop and bring to market new, unproven technology. This endeavor is subject to a number of risks including: failure to develop or perfect the technology as planned; obsolescence; patent infringement and similar claims that prevent the technology from being used or licensed; lack of market acceptance of the technology; and loss of key personnel. As well, the success of a fund investing in unproven technology may depend on the ability of the underlying portfolio companies to protect their intellectual property.

Commonfund Capital invests globally and in particular may invest in emerging market or developing market countries. Investments in countries located outside the U.S. involve certain risk factors not typically associated with investing in the U.S. or other developed countries, including risks relating to foreign exchange rates, differences in corporate and securities regulations, potential price volatility, relative illiquidity, less developed accounting, less government regulation and fewer investor protections auditing and financial reporting standards.

A fund's investments in portfolio companies located in countries outside the United States may be denominated in local currencies. Changes in foreign currency exchange rates may affect the value of a fund's portfolio, and as a result the fund may incur costs in connection with conversions between various currencies. Investment returns could be adversely affected by fluctuations in exchange rates between the U.S. dollar and foreign currencies.

Investments in countries outside the United States may be subject to substantial restrictions under corporate, securities, exchange control, foreign investment and other similar laws and regulations. Such countries may also impose various taxes on the fund.

A fund may face significant registration, settlement and custody risks in purchasing and selling securities in the certain countries outside the United States that are not normally associated with investments within the United States. In certain countries, there are significant uncertainties in the clearing and settlement process that may pose material risks to the fund.

Investments in countries outside the United States may require financing and structuring alternatives that differ significantly from those customarily employed in the United States. As well, investments in countries outside the United States will be exposed to economic and political risks, including the potential imposition of exchange controls and restrictions on repatriation of capital and income, the risks of political, economic or social instability and the possibility of expropriation or confiscatory taxation.

The capital markets and securities exchanges in countries outside the United States, particularly in emerging markets, may be less developed or less liquid than those of the United States, or may be subject to greater volatility than U.S. markets, thereby potentially affecting the ability of managers to exit from portfolio investments. In addition, securities traded in certain emerging markets may be subject to risks due to the inexperience of financial intermediaries and the lack of modern technology.

If there are changes in current policy (i.e., nationalization, expropriation or confiscatory taxation, currency blockage, political changes, government regulation, social instability or diplomatic developments) of a country, such changes could adversely affect a country's economy and the Fund's investments.

Laws and regulations of countries in which a fund invests could change quickly and unpredictably and may impose restrictions or approvals that do not exist in countries with more developed market economies.

Some of the countries in which a fund may invest could experience very high and variable rates of inflation. If rapid changes in inflation were to occur, it could have an adverse effect on the performance of funds.

Rules in countries outside the U.S, particularly the Emerging Markets, with respect to regulating ownership, control and corporate governance of domestic companies may be inadequate and may confer little protection on funds. Anti-fraud and anti-insider trading legislation in these countries may be rudimentary. There may be no prohibitions or restrictions on the ability of management to terminate existing business operations, sell or otherwise dispose of a company's assets, or otherwise materially affect the value of the portfolio company without the consent of the company's shareholders.

Countries outside the United States, particularly the emerging markets, may have less developed accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation, as well as less developed legal and court systems. Accounting, auditing and financial reporting standards in certain countries may not fully conform to international accounting standards. The financial statements of a company in some emerging markets may not reflect its financial position or results of operations as they would be reflected if the financial statements had been prepared in accordance with generally accepted accounting principles in developed countries.

Many of the laws that govern private and foreign investment, securities transactions, creditors' rights and other contractual relationships in emerging markets are new, largely untested and not fully developed. As a result, a fund may be subject to a number of unusual risks, including contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets, and lack of enforcement of existing regulations. There can be no assurance that difficulties in protecting and enforcing rights will not have a material adverse effect on the Fund and its operations.

Material Risks Relating to Global Venture Capital

Venture capital investments involve many of the material risks discussed above, including the risks relating to investment outside the United States that are discussed in the preceding section. In addition, the material risks discussed in this section are particularly relevant to venture capital strategies and should also be noted.

As with other types of investment strategies, an investment manager utilizing a venture capital investment approach has very little control over the change in value of a venture investment. Early stage investments can create value inherent in particular companies through substantial effort and expense. Often the success of the investment depends not only on the Manager but also upon actions of other key individuals, or external factors including political and economic developments over which investment managers have very little control.

Significant returns earned in a small portion of venture capital investments have largely been a result of the completion of highly successful IPOs or acquisitions that have permitted venture investors to sell their equity interest at multiples of original costs. There can be no assurance that at the time a given venture investment matures, the public security markets will support an initial public offering or permit such returns.

Venture capital investments are typically made in firms that are seeking to develop and bring to market new, unproven technology. This endeavor is subject to a number of risks, including: failure to develop or perfect the technology as planned; obsolescence; patent infringement and similar claims that prevent the technology from being used or licensed; lack of market acceptance of the technology; and loss of key personnel.

Many venture stage companies face significant competition from other firms, both established and start-up.

Growth and development of venture capital companies depends on the regular injection of capital and financing beyond that which a particular Manager is prepared to invest and such financing may not be available. Often, venture financing agreements may contain provisions that penalize an investor for not participating in a follow-on investment.

The success of certain venture stage companies may be dependent upon obtaining certain government approvals. Companies in the biotechnology industry typically require agency approval before the product is made public. If the venture company is delayed in procuring such approvals, it may experience material adverse consequences, which could negatively affect the performance of a fund.

Material Risks Relating to Emerging Markets

Emerging market investments involve many of the material risks discussed above, including the risks relating to global private equity and venture capital investments that are discussed in the preceding sections. In addition, the material risks discussed in this section are particularly relevant to emerging market strategies and should also be noted.

There is no certainty that, to the extent economic and political reform are necessary in countries (in particular emerging market countries) in which a fund invests, progress made with economic and political reform in such countries will be ultimately successful or that the changes made will remain in place. The ultimate extent and timing of reforms will likely proceed at a different pace in each such country and are susceptible to potential weakening from economic hardship, popular dissatisfaction, and social or ethnic instability.

Organized crime and corruption, including extortion and fraud, remain common in many of the Emerging Markets. Threats or incidents of crime may cause or force a fund to cease or alter certain activities or liquidate certain investments which may cause losses or otherwise have a material adverse effect on the Partnership.

There is a risk that the assets of a fund or the portfolio companies will be fraudulently misappropriated, and such misappropriation could have a material adverse effect on a fund. The

risk of misappropriation may be greater in Emerging Markets than in developed markets. Such misappropriations may be difficult to identify in a timely manner and, once identified, adequate legal remedies may not be available, or may be ineffective if the assets or proceeds in question are not recoverable.

Many of the laws that govern private and foreign investment, securities transactions, creditors' rights and other contractual relationships in emerging markets are new, largely untested and not fully developed. As a result, a fund may be subject to a number of unusual risks, including contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets, and lack of enforcement of existing regulations. There can be no assurance that difficulties in protecting and enforcing rights will not have a material adverse effect on a fund and/or its operations.

Material Risks Relating to Natural Resources

Investments in natural resources involve many of the material risks discussed above. In addition, the material risks particularly associated with natural resource investments are summarized in this section.

Natural resource investments involve significant risk. A fund employing a natural resources investment strategy will concentrate its investments within a particular industry and such an investment may be subject to greater market fluctuations than if investments were in a broader range of industries. Returns on investments will depend on the sale price of and demand for natural resources, particularly oil, natural gas, and timber, the prices of which fluctuate over a wide range and are unpredictable. Prices are affected by changing economic conditions, governmental regulations, weather, production controls imposed by foreign producers and OPEC, storage levels and competition from alternate energy sources. Prices are also affected by political uncertainties, including war risks. Price decreases may reduce returns available to a fund.

A natural resources strategy involves selecting Managers investing in exploration, development, production, processing, delivery or marketing of oil or natural gas as well as similar activities for other natural resources. The hazards and risks normally incident to these activities include loss of well control, blowouts, pollution and fires, each of which could result in damage to property or personal injury including loss of life. Operators within these industries are unlikely to be fully insured against all these risks. All drilling activities also entail the risk that drilling may not lead to the recovery of oil or natural gas in commercially useful amounts. In the case of exploratory drilling there is a substantial chance that recoverable assets will not be found. In the timber industry, risks include damage to trees from insect infestation, fire and disease. It is not customary in the industry for operators to have the ability to insure against these risks. The investment in, and harvesting of, other natural resources carry similar risks to those listed for oil and natural gas and timber in the preceding sentences.

Many natural resources-related companies face significant competition from other firms.

Investments in natural resources may involve the use of debt financing. If the underlying portfolio companies are unable to generate sufficient cash flow to service such debt, they may become subject to contractual or other remedies available to the lending institutions, which could include bankruptcy and significant or total loss of equity capital in such investments.

The oil, natural gas, timber and other natural resources industries are subject to federal, state, local and sometimes foreign environmental laws, regulations and administrative rulings which could increase the operating costs and cause delays on a project. In recent years, environmental regulation has, as a general matter, increased significantly and the enforcement of laws and regulations in this field has become more vigorous, thereby reducing the properties that might otherwise be available for natural resources production.

Historically, the markets for oil and natural gas have been highly volatile and such volatility may continue in the future. In particular, market volatility has increased markedly over the past several years as a result of a number of factors outside the control of operators, including changing economic conditions, governmental regulations, seasonal weather conditions, production controls imposed by foreign producers and OPEC, storage levels and competition for alternative energy sources. Prices are also affected by political uncertainties, including war risks. Any significant decline in the price of oil or natural gas could adversely affect a fund's profitability and if sustained, could impair the ability of portfolio companies to meet their financing obligations. As well, there are numerous uncertainties inherent in estimating quantities of proved oil and natural gas reserves and their values. Any significant variance in such assumptions could materially affect the estimated quantity and value of reserves.

The success of concentrating on the timber industry will be affected by the cyclical nature of the forest products industry. Prices and demand for logs have been, and in the future can be expected to be, subject to cyclical fluctuations as a result of changing economic conditions, government regulations, weather conditions and substitutes for wood-based products. As well, the revenues, net income and cash flow of timber companies will be dependent to a significant extent on their ability to harvest timber at adequate levels. There can be no assurance that a timber company will achieve harvest levels necessary to maintain or increase revenues, net income or cash flows.

The business of exploration for metals, minerals and other commodities involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At the time of investment by a fund in a portfolio investment, it may not be known if such portfolio investment's properties have a known body of ore of commercial grade. Unusual or unexpected formations, formation pressures, fires, explosions, rock bursts, power outages, labor disruptions, flooding, cave-ins, landslides and the inability of such portfolio investment to obtain suitable machinery, equipment or labor are all risks which may occur during exploration for and development of mineral deposits. Substantial expenditures are required in order to establish reserves through drilling, to extract metal from ore, and to develop the mining, production, gathering or processing facilities and infrastructure at any site chosen for mining. No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial

operations or that portfolio investments of a fund will be able to obtain the funds required for development on a timely basis or at all.

Funds utilizing a natural resources strategy may make investments in renewable energy projects. The market for renewable energy is emerging and rapidly evolving and its future success is uncertain. If renewable energy technology proves unsuitable for widespread commercial deployment or if the demand for renewable energy products fails to develop sufficiently, a fund's investment in renewable energy may be adversely affected. While renewable energy projects currently enjoy support from governments and regulatory agencies, there is no assurance that such support will continue in the future and any reduction or elimination of governmental support may have an adverse effect on the development and construction of such projects.

Material Risks Relating to Distressed Strategies

Investments by Commonfund Capital in distressed companies involve many of the material risks discussed above. In addition, the material risks discussed in this section that particularly relevant to a distressed investment strategy should also be considered by prospective investors.

Investing in the securities of distressed companies is highly risky. The market price of such securities is subject to extreme volatility and such securities are more reliant on market timing than other types of securities. A distressed investment strategy focuses on the purchase or sale of credit obligations of companies in a weak financial condition, experiencing poor financial or operating results or that are involved in bankruptcy or reorganization proceedings. Thus, these companies may not show any returns for a lengthy time period or ever. Investments in these types of companies can involve substantial financial risks, including total loss.

A fund employing a distressed strategy may invest in below investment grade fixed-income securities such as commercial paper and high yielding debt securities. These securities face ongoing uncertainty and exposure to adverse business, financial or economic conditions which could lead to an issuer's inability to meet timely interest and principal payments. As well, below investment grade fixed-income securities reflect individual corporate events to a greater extent than do higher rated securities. Companies issuing these securities are also highly leveraged and any economic downturn could adversely impact the ability of the issuer of such securities to repay principal and pay interest and thereby increase the risk of default for such securities.

The securities of a particular fund employing a distressed strategy may be issued by companies that have filed for bankruptcy, or that file for bankruptcy after the securities are acquired. Bankruptcy proceedings are adversarial and there are many unanticipated events that can occur. There is no guarantee that a bankruptcy court will approve actions which may be favorable to a fund. Further, there is a possibility that the fund's claims could be subordinated to the claims of other claimants.

U.S. bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in reorganization for purposes of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that the fund's

influence with respect to a class of securities can be lost by the increase in the number and amounts of claims of the class.

In many instances, the duration of a bankruptcy case can only be roughly estimated and bankruptcy cases often last for long periods of time. This can have an adverse impact on a company's business and if a company is forced to dispose of assets, the value realized on the disposition of assets might be less than if the assets were disposed of outside of the bankruptcy context.

A fund employing a distressed strategy may purchase creditor's claims after the commencement of bankruptcy proceedings. Therefore, it is possible that a bankruptcy court may refuse to allow such acquired claims to be voted in connection with a plan of reorganization where it determines that such claims have been acquired for an improper purpose.

In addition, distressed investments in non-U.S. markets may be associated with additional risks. Such risks include, among other things, trade balances and imbalances and related economic policies, unfavorable currency exchange rate fluctuations which could have substantial impact on non-U.S. dollar denominated debt securities. There may also be less publicly available information about certain non-U.S. companies than would be the case for comparable companies in the United States and certain foreign companies may not be subject to accounting, auditing and financial reporting standards and requirements. Lower quality information and reduced transparency may make it more difficult to select and manage investments in non U.S. markets and many securities traded on these markets are less liquid and their prices more volatile than securities of comparable United States companies.

Investments in distressed companies outside the U.S. may involve additional risks; the bankruptcy laws of such countries are likely to differ and the process of liquidation may be uncertain or under-developed. Overall, it may be difficult to enforce creditor's rights in a foreign jurisdiction as compared to the U.S. Although most European and many Asian legal systems recognize basic commercial relationships and rights, some lack the extensive body of law and practice normally encountered in developed market environments. Similarly, laws and regulations in emerging markets can change quickly and unpredictably and attempts at judicial enforcement of judgments, laws or regulations may be associated with significant delays. In some cases, foreign courts may give preferential treatment to domestic claimants over foreign claimants, including U.S. claimants.

Investments in securities and private claims of troubled companies made in connection with an attempt to influence a restructuring proposal or plan of reorganization in a bankruptcy case may involve substantial litigation. The risk of litigation becomes greater where investment managers exercise control over a company's direction. The expense of defending against claims by third-parties would thus be borne at least partially by the fund.

Other Material Risks

As previously described, Commonfund Capital may invest the assets of its clients in funds managed by third-party Managers. The particular risk factors associated with these underlying funds are described further in their respective offering documents.

There are a number of tax considerations with respect to an investment in a Commonfund Capital Fund or other client account. Tax laws are subject to change, and tax liabilities could be incurred as a result of changes thereto. Investors may be subject to U.S. federal, state, local and non-U.S. filing requirements as a result of an investment, and the Fund or client account itself may be subject to U.S. federal, state, local or non-U.S. taxes. Investors and prospective members should consult their own tax advisers to determine the tax effects of an investment in a Fund or client account, especially in light of their particular situation. Further, the offering documents for each type of Fund includes detailed additional information about tax considerations in respect of an investment therein and should be carefully reviewed by each investor and prospective investor.

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 Capital's advisory business or the integrity of Commonfund Capital's management.

ADV Item 10 -- Other Financial Industry Activities and Affiliations

Relationships with Related Persons

Commonfund Capital is 100 percent owned by Commonfund (through an intermediate holding company, which is also 100 percent owned by Commonfund). Please see the Introduction to ADV Item 4, *Commonfund Capital's Investment Advisory Business*, earlier in this Brochure for a general description of Commonfund.

Commonfund Securities, Inc. ("CSI") is another subsidiary of Commonfund and is affiliated with Commonfund Capital. CSI is registered as a broker-dealer under the Securities and Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority ("FINRA").

CSI provides placement services and client service to Commonfund Capital and its affiliates. It does not maintain brokerage accounts or engage in trading activities. Neither Commonfund Capital 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 Commonfund Capital and its

affiliates, although none of these incentives are based on assets raised for any individual fund or investment strategy, and these incentives are paired with others based on factors including client retention.

As previously discussed, Commonfund Capital is affiliated through common control and ownership with the following advisory firms:

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

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

Commonfund Capital and its related persons are, directly or indirectly, the general partners, limited partners or managing members of the general partner of each of the Commonfund Capital Funds. Certain principals and related persons of Commonfund Capital may spend substantially all of their business time on one or more of the Commonfund Capital Funds.

Certain Commonfund Capital principals and/or related persons may be invited to serve on the advisory boards of the underlying investment funds in which the Commonfund Capital Funds invest to provide advice on certain conflicts of interest and other matters pertaining to such underlying investment funds. There may be instances where such persons are asked to vote on issues taking the needs of all investors in such underlying investment funds into account.

Commonfund Capital UK Ltd., a subsidiary of Commonfund Capital, maintains the following registration:

Authorized and regulated by Financial Services Authority (United Kingdom)
(Commonfund UK Limited)

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

Commonfund Capital has adopted a Code of Ethics (the “Code” or the “Code of Ethics”) that summarizes Commonfund Capital’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 Capital at the address or telephone number listed on the cover page of this Brochure.

The Code of Ethics requires all employees and principals engaging in personal securities transactions to seek, subject to a few exceptions, 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 Capital 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 Capital, 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 Capital’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.

Participation or Interests in Client Transactions

As general partners, limited partners or managing members of the general partners of each of the Commonfund Capital Funds, Commonfund Capital and its related persons have indirect beneficial interests in the securities owned by the Commonfund Capital Funds and will share in any profits and losses generated by the Commonfund Capital Funds’ investments. Before Commonfund Capital makes a recommendation that a Commonfund Capital Fund buy or sell a security, all related persons that have direct ownership of such security at the time of such recommendation are required to disclose such interest to Commonfund Capital. A related person shall not be so restricted if such person’s only interest in a security is indirect through one of the general partner entities, the Commonfund Capital Funds or otherwise.

In certain circumstances, related persons of Commonfund Capital may purchase interests in the same portfolio investments held by one or more Commonfund Capital Funds. All such transactions are subject to compliance with the Code of Ethics described in Item 11.

More information about the conflicts of interest associated with Commonfund Capital’s private capital management activities can be found in Item 6.

ADV Item 12 -- Brokerage Practices

Subject to the investment objectives, policies and restrictions of each Commonfund Capital Fund or other client account as set forth in the governing documents of such Fund or other client account, Commonfund Capital has discretionary authority to determine the type, amount and price of securities and investments to be bought and sold on behalf of each such Fund or other client account, including the selection of, and commissions paid to, brokers. In selecting brokers, Commonfund Capital seeks to obtain the best execution of transactions for its clients under the circumstances which principally entail seeking the best terms reasonably available given the circumstances of a trade. Terms are a combination of explicit costs (commissions) and implicit costs (market impact, trading delay and opportunity cost). Commonfund Capital considers that best execution also entails such factors as reliability and accuracy of execution; speed of execution; counterparty risk; experience in liquidating distributions from private equity funds and knowledge of market conditions.

Although Commonfund Capital does not utilize broker-dealers to effect portfolio investments, shares of certain public companies may be received by the Commonfund Capital Funds or other client accounts as part of a general distribution from the private capital partnerships in which they invest. To date, Commonfund Capital has engaged a single brokerage firm to manage the disposition of public securities distributed to Commonfund Capital Funds, although it may engage others in the future.

Brokerage: Soft-Dollar Research

Commonfund Capital does not currently enter into any “soft dollar” arrangements with brokers engaged to perform Distribution Management but may do so in the future.

ADV Item 13 -- Review of Accounts

Commonfund Capital is responsible for the review of each client account and overseeing the investment process associated with the strategies employed by such client account. Responsibility for each client account’s review is assigned to the investment team primarily responsible for the management of such client account. Each such investment team comprises a senior Commonfund Capital investment professional who supervises such team’s activities, including the review of client accounts.

Periodic Review

All client accounts are reviewed by the respective Commonfund Capital investment team on a regular basis and no less than monthly. The factors that are considered during a review include, adherence to Commonfund Capital’s (as well as the underlying Managers’) 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 investment strategy performance.

Client Reports

Commonfund Capital provides written reports on a periodic basis in accordance with the applicable offering and governing documents or other written agreements with our clients. Such reports generally provide, typically on an annual basis, audited information with respect to portfolio holdings, performance and transactions. Additionally, clients generally receive, typically on a quarterly basis, written unaudited account performance reports.

ADV Item 14 -- Client Referrals and Other Compensation

Compensation for Client Referrals

Commonfund Capital does not directly compensate any entity for client referrals; it has arrangements with CSI to solicit interests in Commonfund Capital's advisory services. Commonfund Capital compensates CSI for its placement activities by means of a consolidated, firm-wide revenue sharing arrangement. CSI's compensation for its placement activities will not be borne, directly or indirectly, by any Commonfund Capital Fund or investor therein.

Intermediaries and Third Parties

Commonfund Capital may recommend that Commonfund Capital Funds and other clients invest short term cash in money market mutual funds organized by independent, third party investment managers and funds. Commonfund Capital's affiliate CSI receives distribution fees from such funds or managers. These fees create an indirect incentive for Commonfund Capital to recommend such short term investments; however, none of the compensation provided to the investment professionals of Commonfund Capital is based on or determined by such fees.

ADV Item 15 -- Custody

Commonfund Capital is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). Commonfund Capital will not have physical custody of any client assets (other than certain privately offered securities to the extent permitted by the Custody Rule). However, Commonfund Capital will be deemed to have custody of the assets of the Commonfund Capital Funds as a result of its position as an affiliate of the general partner of each Commonfund Capital Fund. Nevertheless, Commonfund Capital is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund to the extent it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception", which, requires that each 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: (i) distribute its audited financial statements to all investors within 180 days of the end of its fiscal year and (ii) upon such Fund's final liquidation, obtain a final audit and distribute GAAP-compliant audited financial statements to all investors in such Fund after completion of the final audit. To the extent Commonfund Capital does not comply with the foregoing provisions with respect to a Fund however, Commonfund Capital will, in accordance with the Custody Rule: (i) take reasonable steps to ensure that a "qualified custodian" (as such term is defined in the Custody Rule) delivers quarterly account statements to each investor in such Fund and (ii) engage, pursuant to a written agreement, an independent public account to conduct a surprise examination of the assets and securities of such Fund at least once annually and file a certificate on Form ADV-E with the SEC within 120 days of such examination (and notify the SEC within one business day if any material discrepancies are discovered during the course of such examination).

ADV Item 16 -- Investment Discretion

Investment Discretion

In the case of Funds, Commonfund Capital possesses investment discretion, both with respect to investments with Managers and with respect to investments managed directly by Commonfund Capital. Commonfund Capital 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 and governing documents relating to that Fund).

In the case of separate accounts, Commonfund Capital may exercise investment discretion to determine the securities bought or sold, or the funds to be invested in and the amounts of such investments, as determined by the advisory agreements with each such client. Commonfund Capital may agree in such an advisory contract that it will employ reasonable efforts to comply with investment restrictions or guidelines established by such client and agreed to by Commonfund Capital.

Additionally, in the case of certain other separate accounts, Commonfund Capital may manage such accounts on a non-discretionary basis, meaning that although it would make recommendations to clients with respect to Managers and/or collective investment vehicles managed by such Managers, it will not hire such Managers and/or recommend investments in collective investment vehicles managed by such Managers without prior written approval by the client.

Both in the case of Funds and separate accounts, Commonfund Capital 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, each such Manager's investment discretion may be broad, and any guidelines or restrictions that apply to such Manager will be established for the Manager's fund as a whole, and not by Commonfund Capital as an individual investor.

Claims on Behalf of Clients

Commonfund Capital'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 Funds). It is not Commonfund Capital's practice to initiate lawsuits on behalf of individual clients.

Commonfund Capital 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 Capital's Funds or its institutional clients. Commonfund Capital will employ its reasonable best efforts to process these claims or where possible, 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

Policies Applicable to Funds

In managing Funds, Commonfund Capital generally invests the majority of assets of a Fund in one or more underlying commingled investment funds operated or managed by Managers.

Unless otherwise provided in any Fund's governing documents, Commonfund Capital has the authority and discretion to vote any securities held by the 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 Fund assets that are invested in funds operated or managed by Managers, Commonfund Capital generally does not possess any right to vote securities that are owned within the investment portfolios of such funds; instead, the Fund owns interests in these funds themselves, and only possesses such voting rights as may be provided to shareholders of or investors in those funds. In cases in which it selects portfolio investments itself, Commonfund Capital retains the sole discretion to vote proxies.

Commonfund Capital has established written policies and procedures designed to ensure that proxies are voted so as to maximize investors' long term gains. Commonfund Capital's Proxy Control Officer has overall responsibility to assuring compliance with these policies and procedures. Commonfund Capital maintains a record of proxy votes cast on behalf of the Funds and will provide a copy of its Proxy Voting Policy and Procedures to clients and investors upon request. An investor can obtain information on how Commonfund Capital voted proxies for the applicable Fund by contacting the investor's Commonfund Relationship Officer.

When exercising its voting authority over client securities, Commonfund Capital considers all relevant information, evaluates other issues that could have an impact on the value of the security and votes with a view toward maximizing overall long-term investor gains. Commonfund Capital votes all proxies in a prudent manner, considering the prevailing circumstances at such time and in a manner consistent with the Proxy Voting Policies and Procedures and Commonfund Capital's fiduciary duties to its clients. In some instances, such as in the event of a conflict of interest, Commonfund Capital may determine that it is in the client's best interest for Commonfund Capital to "abstain" from voting or not to vote at all, and will do so accordingly.

Prior to exercising its voting authority, Commonfund Capital, in consultation with the Proxy Control Officer and where appropriate, the Chief Compliance Officer and General Counsel, reviews the relevant facts and determines whether or not a material conflict of interest may arise due to business, personal or family relationships of Commonfund Capital, its owners, its employees or its related persons, with persons having an interest in the outcome of the vote. If a material conflict exists, Commonfund Capital takes steps to ensure that its voting decision is based on the best interests of the client. Commonfund Capital may, at its discretion, (A) disclose the conflict of interest to the client and defer to the client's voting recommendation; (B) defer to the voting recommendation of an independent third party provider of proxy voting services; and/or (C) take such other action in good faith (in consultation with Commonfund Capital's Chief Compliance Officer and General Counsel) which would serve the best interest of the client. Depending on the particular circumstances involved, the appropriate resolution of one

conflict of interest may differ from the resolution of another conflict of interest, even though the general facts underlying both conflicts may be similar (or identical).

ADV Item 18 -- Financial Information

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

Audited consolidated financial statements for Commonfund and its subsidiaries (including Commonfund Capital) are made available to all Commonfund Group investors and clients each year, via a password-protected portion of Commonfund's website (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 Capital.