Dear Alumni, Faculty, Staff, and Friends of Emory University,

I am pleased to report that Emory University’s Managed Funds generated an investment return of 18.2 percent, net of all fees, for the fiscal year ended August 31, 2014, adding close to $1 billion in value to the portfolio. The value of Managed Funds exceeded $6 billion for the first time. Generous support from alumni and friends, along with dedicated stewardship of the endowment assets, has strengthened our financial foundation. Emory’s long-term investments play an important role in financing the University’s mission and strategic initiatives. I am thankful for the work of the Board of Trustees Investment Committee and Emory Investment Management’s talented and dedicated team of investment and operations professionals.

“Managed Funds” refers to Emory’s diversified, actively managed long-term portfolio. The vast majority of Endowment and other long-term assets are held in Managed Funds.

<table>
<thead>
<tr>
<th>Total Asset Market Value - as of August 31, 2014</th>
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<td>($ millions)</td>
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<tr>
<td>Managed Funds</td>
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<tr>
<td>Woodruff Health Sciences Center Fund Inc.</td>
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<tr>
<td>Trusts and Other Investments</td>
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<td>Total Long Term Investments</td>
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The Managed Funds return meaningfully exceeded Emory’s Policy Benchmark return of 14.5 percent by 3.7 percentage points. Capital markets demonstrated continued strength as the ongoing economic recovery from the financial crisis six years ago and low interest rates resulting from unprecedented monetary easing fueled the bull market. Specifically, both public and private equities drove returns, with U.S. equities leading the way for developed markets.

In this environment of strong equity returns, our external investment managers generated even more, outperforming by 4.8 percentage points in public U.S. equities and 3.0 percentage points in private equities. For the 12 months ended June 30, 2014 (the period used for comparison of all university and college endowment returns), Managed Funds’ return outpaced the average endowment and the average of endowments with more than $1 billion in assets by 3.6 and 2.6 percentage points, respectively.
Emory Investment Management’s mission is to grow the real (net of inflation) purchasing power of Emory’s investments for future generations and provide financial assistance towards the strategic plan and other current needs. Over the last three years, Managed Funds earned, net of fees, 11.3 percent per annum, compared to the Policy Benchmark return of 9.5 percent. Over the last five years, the Fund earned, net of fees, 11.1 percent, compared to the Policy Benchmark return of 9.7 percent.

All in all, this was an excellent year, but we continue to remain focused on the long-term. Our partnerships with world class investment management firms across the globe and in diversified markets will add value in a variety of market environments. Our research focuses on asset allocation, market dislocations, and manager selection. Investment risk management, operational controls, and efficient use of technology remain priorities.

Following are examples of Emory Investment Management’s current strategies and initiatives for the future, based on our investment philosophy, which aim to produce above average returns.

- Co-invest with our highest conviction managers at lower fees
- Continue to invest in long-term, illiquid opportunities
- Manage assets internally at lower costs using passive vehicles, baskets of stocks, and/or derivatives

I am delighted to see the impact of top tier returns on the advancement of Emory’s mission. I am thankful for the work of the Investment Committee, the Emory Investment Management team, and our investment advisors. I am extremely pleased to serve Emory University.

Sincerely,

Mary L. Cahill, CFA
Vice President of Investments and
Chief Investment Officer
Emory University