

Memorandum

To: Commonfund Investors

Re: GASB 40

Dear Investor:

Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*, an amendment to GASB Statement No. 3, requires some additional reporting related to certain specific types of investment risk as applied to the investment portfolios of colleges and universities, hospitals and other healthcare providers, various governmental entities, public benefit corporations, public employee retirement systems and public utilities. The categories of investment risk that are covered by this statement are as follows:

- Credit Risk
- Concentration of Credit Risk
- Interest Rate Risk
- Foreign Currency Risk

The following is intended to provide you with the necessary information for financial statement disclosures related to these investment risk categories for your applicable Commonfund investments at June 30, 2011.

Credit Risk

Credit Risk exists when there is a possibility that the issuer or other counterparty to an investment may be unable to fulfill its obligations. GASB 40 requires disclosure of credit quality ratings for investments in debt securities as well as investment in external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities.

For Commonfund funds that have exposure to credit risk, the credit quality ratings listed in Appendix A should be disclosed for the applicable fund.

Concentration of Credit Risk

This relates to the increased risk of loss when investments have a significant concentration in a single issuer (i.e. lack of diversification). Since this risk is minimized by the commingled funds structure, concentration risk disclosure is not required for external pooled funds.

Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's value. GASB 40 requires that interest rate risk be disclosed using one of five approved methods:

- Segmented time distribution
- Specific identification
- Weighted average maturity
- Duration
- Simulation model

Weighted average maturity and duration for each Commonfund fund exposed to this type of risk are contained in Appendix A.

Foreign Currency Risk

Foreign currency risk involves the possibility that changes in exchange rates could have an adverse affect on an investment's value for investments denominated in foreign currencies. GASB 40 requires disclosures of value in U.S. dollars by foreign currency denomination and by investment type for investments denominated in foreign currencies. However, disclosure is not required for external investment pools unless the fund represents a significant portion of the institution's investments. In the event that this disclosure is required for a Commonfund investor, the security-level detail for each fund that holds securities denominated in foreign currencies is disclosed in the Schedule of Investments contained in Commonfund's annual audited financial statements.

Investors should consult with their independent auditors regarding the nature of their specific financial statement disclosures, including the need to disclose any policies surrounding these types of risk, if these policies exist. The specific portfolio characteristics provided with this document are intended to aid our clients in their disclosures for their Commonfund investments. Detailed portfolio information and Commonfund investment policies are available to qualified investors through the annual audited financial statements, Information for Members, Confidential Placement Memoranda and at www.Commonfund.org.

Should you have any questions regarding the information needed to fulfill these reporting requirements as it relates to your Commonfund investments, please contact your Commonfund relationship officer or Commonfund Account Services at 888-TCF-FUND (888-823-3863).

Commonfund

GASB 40

APPENDIX A

Portfolio Statistics

As of June 30, 2011

Commonfund Funds:

	Weighted Avg Life (yrs)	Effective Duration (yrs)	Average Quality
Multi-Strategy Bond Fund	7.2	4.0	AA
Global Bond Fund	10.3	6.5	AA
High Quality Bond Fund	9.5	4.3	AA
Intermediate Term Fund	2.9	1.6	AA
CFI High Quality Bond Fund	9.1	4.4	AA
CFI Global Bond Fund	10.3	6.5	AA
CFI Multi-Strategy Bond Fund	7.2	4.0	AA
CF Multi-Strategy Bond Investors Fund	7.2	4.0	AA
CFI Real Return Bond Fund	9.5	7.8	AAA
CFI Multi-Strategy Commodities Fund	0.9	0.1	AA+

Treasury Access Funds:

	Weighted Avg Life (days)	Effective Duration/Avg Maturity (days)	Average Quality
State Street Inst Liquid Reserves Fund	70	33	AAA
State Street Inst US Govt MM Fund	51	28	AAA
JP Morgan Prime MM Fund	74	43	AAA
JP Morgan US Govt MM Fund	71	43	AAA
JP Morgan US Treasury Plus MM Fund	28	28	AAA
BlackRock TempFund	96	35	AAA
BlackRock FedFund	79	31	AAA
BlackRock T-Fund	19	19	AAA