INVESTMENT POLICY STATEMENT

Cornell University

Cornell University Retirement Plan for the Employees of the Endowed Colleges at Ithaca
Cornell University Tax Deferred Annuity Plan
Retirement Plan for Faculty and Exempt Employees of Weill Cornell Medical College
Weill Cornell Medical College Tax Deferred Annuity Plan

Page 1 of 22
Table of Contents

Statement of Purpose -1-
Policy Goals & Objectives -2-
Roles and Responsibilities -3-
Plan Investment Asset Classes -4-
Investment Selection -5-
Investment Evaluation -6-
Procedures for Replacement of Selected Investment Alternatives -7-
Conclusion -8-

Appendix A – Asset Class Overview

Appendix B – Investment Evaluation/Scoring System

Appendix C – Capital Preservation

Appendix D – Target Date Funds

Appendix E – Qualified Default Investment Alternatives

Appendix F – Retirement Plan Oversight Committee ("RPOC") Charter
-1- Statement of Purpose

The primary purpose of the Cornell University Retirement Plan for the Employees of the Endowed Colleges at Ithaca, Cornell University Tax Deferred Annuity Plan, Retirement Plan for Faculty and Exempt Employees of Weill Cornell Medical College, and the Weill Cornell Medical College Tax Deferred Annuity Plan (the “Plans”) is to provide a retirement income benefit for Plan participants and their beneficiaries by offering the opportunity for long-term capital accumulation.

Assets within the Plans consist of contributions made by participants and/or by Cornell University (the “Institution”). The contributions of the Institution are vested following the schedule outlined in the Plan Documents. All assets are subject to the investment direction of eligible participants.

The Plans are structured to offer participants a set of designated investment alternatives with different risk and return characteristics, which, when combined, will allow for the construction of a portfolio intended to match most participants’ unique retirement investment objectives within the context of the participants’ other assets and circumstances.

The Institution has formed a Retirement Plan Oversight Committee (“RPOC”) to assist it in fulfilling the fiduciary responsibilities imposed by the Employee Retirement Income Securities Act of 1974 (“ERISA”) in choosing and monitoring the menu of investment vehicles for participants in the Plans.

This Investment Policy Statement (“IPS”) does not impose on the Investment Fiduciaries (The Institution, RPOC, and the Investment Consultant) any duties not imposed by ERISA in the absence of this IPS.

-2- Policy Goals & Objectives

The IPS is designed to provide meaningful direction for the Investment Fiduciaries of the Institution and the designated Investment Consultant in the management of Plan investments. The Investment Fiduciaries are to act solely in the long-term interests of Plan participants and their beneficiaries. The policies within the IPS are not binding on the Investment Fiduciaries but are intended to serve as guidelines for the Investment Fiduciaries in fulfilling their responsibilities.

There may be specific circumstances that the Investment Fiduciaries determine warrant a departure from the guidelines contained herein. The IPS is drafted consistent with the ERISA and is intended to help the Investment Fiduciaries comply with ERISA Section 404(c) and subsequent Regulations adopted by the Department of Labor. In general the IPS:

- Establishes the roles and responsibilities of the Plans’ Investment Fiduciaries and the Investment Consultant hired to assist in the fulfillment of the Investment Fiduciaries’ duties;
- Identifies appropriate investment asset classes for inclusion in the Plans’ menus of alternatives;
- Establishes a prudent process for selecting appropriate investment alternatives to be made available for participant direction;
- Designates an investment alternative to which all assets will be directed by the “RPOC” in the absence of a positive election by a participant or beneficiary, which will serve as the Plans’ Qualified Default Investment Alternative within the meaning of ERISA 404(c)(5) (See Appendix E.);
- Establishes a prudent process by which selected investment alternatives generally will be monitored for compliance with this IPS;
- Develops model methods for adding new investment alternatives and for replacing existing investment alternatives that do not comply with the terms of the IPS.

-3- Roles & Responsibilities

(Please refer to Appendix F as the official Board of Trustees document that created the Retirement Plan Oversight Committee (“RPOC”) along with its primary duties.)

The Retirement Plans Oversight Committee as Investment Fiduciary:

Although it is intended that participants will direct their own investments under the Plans, the Institution, as an Investment Fiduciary, has the responsibility to select the array of investment alternatives to be made available for participant investment and then provide on-going oversight of those investment alternatives.

The Institution has chosen to appoint a Retirement Plans Oversight Committee (the “Committee”) to assist in the fulfillment of its fiduciary responsibilities. The Committee is a standing committee with members designated by the RPOC Charter (Appendix F). The Institution has established a governance procedure for the Committee that is described in a separate Committee Charter. If the Institution disbands the Committee, the Institution shall have the ability to exercise all authority granted to the Committee.

The Committee normally will review, at least on an annual basis, the acceptability of the investment alternatives made available to the participants. The Committee will review the Plans’ investment alternatives following the regimen outlined below in this IPS.

The Committee intends to discharge its fiduciary responsibilities with respect to the Plans with the assistance of an independent Investment Consultant. The Investment Consultant has acknowledged, in writing, that it is acting in a co-fiduciary relationship (as defined by §3(21) (A)(ii) of ERISA*) with respect to the selection of investment alternatives available to the Plans.

Page 4 of 22
*ERISA responsibilities include:

- Duty to be Prudent
- Duty of Loyalty and Impartiality
- Duty to Diversify
- Duty to Monitor and Supervise
- Duty to Ensure Reasonable Plan Costs
- Duty to Avoid Prohibited Transactions

Investment Consultant:

Responsibilities of the Plan Investment Consultant include:

- Educating the Committee on issues concerning the selection of investment alternatives for the Plans;
- Assisting in the analysis and initial selection of investment alternatives to be made available for participant investment in its capacity as an engaged Investment Fiduciary on the Plans;
- Assisting the Committee with the on-going review of the investment universe made available within the Plans’ chosen administrative environment;
- Assisting the Committee with the review of the performance of the selected investment alternatives, on a quarterly basis, in comparison to their stated objectives and their relative performance and fees as compared to their peers and designated benchmarks;
- Assisting the Committee in the selection of additional or replacement investment alternatives to be made available for participant investment alternatives to be made available to Plan Participants and the addition, deletion, and/or replacement of investment alternatives over time;
- Bringing information to the Committee, on an ad hoc basis as appropriate, that the Consultant feels may alter the Committee’s assessment of offered investment alternatives, asset classes or strategies.
- Assisting the Committee with communications of investment alternatives offered within the Plans.

-4- Plan Investment Asset Classes

The Plans’ investment menu is structured in accordance with contemporary investment theory, which holds that the asset allocation decision among a broad range of investment alternatives is the most critical determinant of a portfolio’s long-term success or failure. The Committee’s goal is to offer a set of diversified investment alternatives that represent a broad range of different asset classes with different risk and return characteristics.

The Plans’ investments may include, but are not limited to, funds from the following broad asset classes: Capital Preservation, Fixed Income, Asset Allocation, including Balanced, Life Style and/or Target Date Funds, Domestic Equity, International Equity and Specialty. These asset classes are described in more detail in Appendices A and C of this IPS.
-5- Investment Selection

The Committee has structured the Plans to offer participants and their beneficiaries a set of investment alternatives with different risk and return characteristics. Selection of the investment alternatives to be offered to participants is done in the context of the Plans' administrative environment which can impact the number, type and cost of investment alternatives available to the Plans. The Committee may also consider the method and payment of Plan expenses which can be altered by investment related decisions.

Once the Committee has selected the range of asset classes to be represented within the Plans the following screening criteria will be among those applied to the available actively managed funds:

- **Fees** – All investments charge fees to investors. The expense ratio for a given investment should, in most cases, fall below the average expense ratio for the peer group. Exceptions may be made for investments that the Committee feels may produce performance that would justify higher than average fees.

- **Style Consistency** – Since each investment is chosen to fulfill a specific part of the Plans’ overall investment spectrum, investment managers should have demonstrated a consistency in their investment style and performance. Some variation can be allowed when a manager’s given style moves in and out of favor, or when a manager’s successful investments outgrow their initial investment classification.

- **Volatility and Diversification** – Subject to choosing investments consistent with the specified characteristics of the fund, investment managers generally will be expected to maintain a broadly diversified portfolio and will be expected to avoid unreasonable over weighting in a given investment, industry or sector. Volatility, as measured by Standard Deviation, should be within reasonable ranges for the given peer group. Other risk measures, including Sharpe ratio, M\(^2\) and beta, may be used as well.

- **Performance** – With few exceptions, all actively managed investments should rank in the top 50% of their given peer group for the 3 or 5 year annualized period at the time of their selection. While past performance is not indicative of future returns, peer-relative performance offers the Committee perspective on how the manager has performed over a reasonably demonstrative period of time relative to other choices. In addition to performance, the Committee should consider other variables including but not limited to fees, investment style purity and risk management practices in order to develop a holistic view about a strategy and its appropriateness within the Plans. Passively managed index funds may have different ranking criteria.

- **Management & Organization** – Manager Tenure and industry experience are values to be emphasized, as is the strength and expertise of an investment’s sponsoring organization. Sponsoring organizations are generally expected to
adhere to accepted standards of ethical practice and to comply with all appropriate securities regulations. When necessary, preference will be given to investment management organizations with a proven commitment to the interests of long-term shareholders.

- Additional Factors – In addition to the above outlined factors, the Committee will also consider other factors, which may be less tangible, including fund specific situations and anomalies in the capital markets or in the Plans’ unique situations.

After inclusion in the Plans each investment alternative is expected to maintain a high level of acceptability as described in the Investment Evaluation section of the IPS.

-6- Investment Evaluation

With the assistance of the Investment Consultant, the Committee will monitor the investment alternatives made available within the Plans to be sure that they remain in compliance with the criteria that caused them to be initially selected for inclusion under this IPS or such other or additional criteria as may be appropriate. In making investment decisions, the Committee will follow the Department of Labor’s “prudence regulation” (DOL Reg. § 2550.404a-1). As part of that process, the Committee may consider the ranking of investment alternatives relative to their peers using a comprehensive rating system proprietary to the Investment Consultant. (See Appendices B, C, & D.)

The following criteria provide an outline for the evaluation process:

- The Plans’ Investment Consultant will provide the Committee with a comprehensive report of each alternative’s relevant performance and relative rankings against appropriate indexes and within appropriate peer groups. The Investment Consultant will review the report with the Committee, generally on a quarterly basis.

- The Investment Consultant will also communicate with the Committee on an ad hoc basis, as appropriate, concerning any material changes affecting any of the selected investment alternatives. Material changes may include management shifts, changes to the investment’s fee structure or significant changes in the investment’s fundamental policies and procedures that the Investment Consultant feels warrant Committee review.

- The Committee normally will meet with the Investment Consultant at least annually to evaluate each alternative as well as the overall status of the Plans’ Investment Policy Statement.

- If the Scoring System indicates that a given investment alternative may no longer meet the appropriate and reasonable standards to remain included in the Plans’ menu, the Committee will take appropriate steps as outlined in the Appendices.
-7- Replacement of Selected Investment Alternatives

Because the intention of the Plans is to provide opportunities for long-term wealth management for participants and beneficiaries, it is not expected that either the investment universe or specific investment alternatives normally will be changed or deleted frequently.

It is possible that changes may become desirable or necessary, however, based on the following factors:

- The addition of a new asset class or investment product or alternative that was not a part of the initial menu. Such an addition will be subject to a similar selection regimen to that outlined.
- The elimination of a given asset class from the Plans’ menu.
- The desire to replace one of the Plans’ investment alternatives with another investment alternative that the Committee feels will more successfully deliver the desired asset class characteristics. Reasons may include, for example, the availability of alternatives that were not initially open for Committee consideration or a change in the performance or fee structure of a competing alternative. It may also be true that a given alternative is no longer available through the Plans’ chosen administrative environment. Alternatives can be removed or changed after a thorough comparative review using the regimen outlined.
- The need to replace or eliminate one of the Plans’ investment alternatives after noncompliance with this IPS has been established or appears likely.
-8- Conclusion

It is understood that the guidelines set forth in this statement are meant to serve as a general framework for prudent management of the assets of the Plans. Changing market conditions, economic trends or business needs may necessitate modification of this Investment Policy Statement. Until such modification this document will provide the investment objectives and guidelines for the portfolio, subject to the caveats stated herein. This IPS may be modified by written approval of a majority of the Committee members or, if no such Committee exists, by the Institution.

Approved by Cornell University and adopted this 28th day of November, 2012.

[Signature, Title]

Approved by CAPTRUST Financial Advisors & adopted this 5th day of December, 2012.

[Signature, Title]
### Appendix A – Asset Class Overview

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Income</td>
<td>These investments generally invest the bulk of their assets in the fixed income, or &quot;bond&quot; markets. Investments in this category vary both in terms of the duration of their primary holdings (short term, intermediate term or long term) and in the quality of the issuers of their holdings (government to corporate issuers of varying quality).</td>
</tr>
<tr>
<td>Asset Allocation</td>
<td>These investments, like balanced funds, attempt to provide participants with broadly diversified collections of stocks, bonds and money market securities. Each manager specifies either a strategy (e.g. &quot;aggressive&quot;, &quot;moderate&quot; or &quot;conservative&quot;) or a target date (e.g. 2030, 2040, 2050, etc.) that drives the proportionate, or strategic, allocation it follows. Each manager will have its own restrictions, disclosed in its prospectus, which will govern the ranges it may allocate to any given investment or asset class.</td>
</tr>
<tr>
<td>Domestic Equity</td>
<td>These investments generally invest the bulk of their assets in ownership (&quot;equity&quot;) securities, or stocks of companies whose headquarters and/or primary business is in the United States. Investments in this category vary both in their objectives (e.g. current income versus long term capital appreciation) and in the types of equity securities they specialize in. Some investments in this category focus on small capitalization or medium capitalization companies versus large capitalization companies. Some funds tend to look for companies whose earnings, or perceived value, are growing at faster rates than other companies (e.g. &quot;growth&quot;) while others focus their investments on companies who for various reasons may be selling for less than the manager believes is its real worth (e.g. &quot;value&quot;). Historically, investments focused on smaller and medium capitalization securities have thrived at different times and in different proportions to investments focused on large capitalization securities. Growth investments have also tended to excel at different times and in different proportion to value investments.</td>
</tr>
<tr>
<td>International Equity</td>
<td>These investments generally invest the bulk of their assets in ownership (&quot;equity&quot;) securities, or stocks of companies whose headquarters and/or primary business is outside of the United States. Investments in this category also include regionally focused managers that specialize in a particular part of the world, global managers that can invest in both U.S. and international markets, and emerging market managers that concentrate their investments in markets that are less mature than the world’s developed markets and so may provide opportunities for rapid growth. It is also generally true that higher growth opportunities are tempered significantly by higher risk for loss of capital, at least over shorter terms. Historically international markets have moved in very different cycles than their domestic counterparts.</td>
</tr>
<tr>
<td>Broad Asset Class</td>
<td>Asset Class or Strategy</td>
</tr>
<tr>
<td>-------------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>Fixed Income</td>
</tr>
<tr>
<td>Asset Allocation</td>
<td>Allocation</td>
</tr>
<tr>
<td>Asset Allocation</td>
<td>Target Date Funds</td>
</tr>
<tr>
<td>Domestic Equity</td>
<td>Large Cap U.S. Equity</td>
</tr>
<tr>
<td>Domestic Equity</td>
<td>Mid Cap U.S. Equity</td>
</tr>
<tr>
<td>International Equity</td>
<td>International Equity</td>
</tr>
</tbody>
</table>
Appendix B – Investment Evaluation/Scoring System

The investment options will be evaluated relative to their peers using a comprehensive rating system proprietary to the Investment Consultant. Note that the scoring system is designed to serve as an aid to the Committee when evaluating investment options, providing a baseline for measurement and discussion. The scoring system is not intended to be a self-contained algorithm that automatically triggers a fiduciary outcome or decision for a given s. Thus, the comments that follow should be considered in the context of a tool for the Committee’s use, not a system that supplants the fiduciary’s role in prudently evaluating investment options. In order to remain in good standing under the scoring system, each plan investment option should accumulate point totals within the acceptable ranges described below. The scoring system measures 7 quantitative areas and 2 qualitative (or subjective) categories, as outlined in the tables below:

<table>
<thead>
<tr>
<th>Quantitative Scoring Areas</th>
<th>Weight</th>
<th>Min Score</th>
<th>Max Score</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk Adjusted Perf (3 Yr)</td>
<td>10%</td>
<td>1 Pt</td>
<td>10 Pt</td>
<td>Risk Adjusted Performance, or RAP, measures the level of return that an investment option would generate given a level of risk equivalent to the benchmark index.</td>
</tr>
<tr>
<td>Risk Adjusted Perf (5 Yr)</td>
<td>10%</td>
<td>1 Pt</td>
<td>10 Pt</td>
<td></td>
</tr>
<tr>
<td>Perf vs. Peer Group (3 Yr)</td>
<td>10%</td>
<td>1 Pt</td>
<td>10 Pt</td>
<td>Performance vs. Relevant Peer Group measures the percentile rank of an investment option’s returns relative to other available options in that category.</td>
</tr>
<tr>
<td>Perf vs. Peer Group (5 Yr)</td>
<td>10%</td>
<td>1 Pt</td>
<td>10 Pt</td>
<td></td>
</tr>
<tr>
<td>Style Attribution (3 Year)</td>
<td>10%</td>
<td>1 Pt</td>
<td>10 Pt</td>
<td>Style Attribution, measured by R2, indicates the level of style purity of an investment option relative to the benchmark index.</td>
</tr>
<tr>
<td>Style Attribution (5 Year)</td>
<td>10%</td>
<td>1 Pt</td>
<td>10 Pt</td>
<td></td>
</tr>
<tr>
<td>Expenses</td>
<td>10%</td>
<td>1 Pt</td>
<td>10 Pt</td>
<td>The Expense category measures an investment option’s cost relative to other available options in that category.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Qualitative Scoring Areas</th>
<th>Weight</th>
<th>Min Score</th>
<th>Max Score</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Team</td>
<td>25%</td>
<td>1 Pt</td>
<td>25 Pt</td>
<td>Management Team measures the consistency and quality of an investment option’s management group.</td>
</tr>
<tr>
<td>Investment Family Items</td>
<td>5%</td>
<td>1 Pt</td>
<td>5 Pt</td>
<td>Investment Family Items measures the stewardship of the investment option’s parent company.</td>
</tr>
</tbody>
</table>

| Total                                      | 100%   | 19 Pts    | 100 Pts   | Overall Investment Score                                                   |

Point System:

Points are awarded in each of the categories of the scoring system according to the following methodologies. In the categories of Risk Adjusted Performance, Performance vs. Relevant Peer Group, and Expenses points are awarded according to where an investment option ranks on a
percentile basis relative to the rest of the peer universe. The table below illustrates this methodology:

<table>
<thead>
<tr>
<th>% Rank</th>
<th>Top 10%</th>
<th>11-20%</th>
<th>21-30%</th>
<th>31-40%</th>
<th>41-50%</th>
<th>51-60%</th>
<th>61-70%</th>
<th>71-80%</th>
<th>81-90%</th>
<th>91-100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Points</td>
<td>10</td>
<td>9</td>
<td>8</td>
<td>7</td>
<td>6</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

Points in the Style Attribution categories are collected by maintaining a level of style consistency, as measured by R2, relative to the applicable benchmark. The table below illustrates this methodology:

<table>
<thead>
<tr>
<th>R²</th>
<th>100-80</th>
<th>79-70</th>
<th>69-60</th>
<th>59-50</th>
<th>&lt;50</th>
</tr>
</thead>
<tbody>
<tr>
<td>Points</td>
<td>10</td>
<td>7</td>
<td>4</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>

Meanwhile, points in the qualitative areas of Management Team and Investment Family Items are awarded on the basis of merit and focus primarily on management team stability, consistency of investment philosophy, fund family stewardship, and corporate structuring.

If at any time the Committee concludes that a fund is not meeting the desired objectives or guidelines, the fund will be considered for termination. In general, in order to remain in good standing an option should total greater than 80 points under the adopted rating system. Options that total between 70 and 79 points will be marked for closer ongoing review by the Retirement Plan Committee. Meanwhile, options that score below 70 points will be considered for termination from the Plans.

<table>
<thead>
<tr>
<th>Scoring System</th>
<th>Min Score</th>
<th>Max Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good Standing</td>
<td>80 Pts</td>
<td>100 Pts</td>
</tr>
<tr>
<td>Marked for Review</td>
<td>70 Pts</td>
<td>79 Pts</td>
</tr>
<tr>
<td>Considered for Termination</td>
<td>9 Pts</td>
<td>69 Pts</td>
</tr>
</tbody>
</table>
Appendix C – Capital Preservation

Asset Class Overview

<table>
<thead>
<tr>
<th>Broad Asset Class</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Preservation</td>
<td>These are usually either a) Money Market funds, b) Stable Value funds, or c) Insurance Company Guaranteed Funds.</td>
</tr>
</tbody>
</table>

**Money Market**

Money Market funds (Treasury / Government / Prime) are mutual funds whose primary objective is safety of principal. Money Markets invest in high quality, short-term securities in an attempt to mitigate interest rate and credit risk. "Short-term" reflects the requirement that a Money Market fund must receive its full principal and interest within 397 days while average maturity may not exceed 90 days. Money Market funds are generally structured to maintain a $1.00/share Net Asset Value (NAV).

**Stable Value**

A Stable Value fund is a type of separately managed account or commingled trust investing in high quality, short to intermediate-term fixed income securities presenting minimal interest rate and credit risk. Unique accounting features allow for loss amortization over a period of time, allowing management to invest in longer-term fixed income assets while mitigating risk. Stable Value funds are generally structured to maintain a $1.00/share NAV.

**Guaranteed Funds**

A Guaranteed Fund’s primary objective is to provide stable returns while featuring a full principal and interest guarantee. This category represents a type of insurance separate trust, insurance separate account or insurance general account product investing in high quality, intermediate-term securities while offering investors a "guaranteed" rate of return based on the insurance provider’s claims paying ability. Returns are based on a crediting rate formula which resets periodically with limited transparency.

<table>
<thead>
<tr>
<th>Broad Asset Class</th>
<th>Asset Class or Strategy</th>
<th>Benchmark Index</th>
<th>Peer Morningstar Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Preservation</td>
<td>Money Market</td>
<td>90 Day U.S. Treasury Bill</td>
<td>N/A</td>
</tr>
<tr>
<td>Capital Preservation</td>
<td>Stable Value</td>
<td>Hueller Analytics Stable Value Index</td>
<td>N/A</td>
</tr>
<tr>
<td>Capital Preservation</td>
<td>Guaranteed Funds</td>
<td>90 Day U.S. Treasury Bill</td>
<td>N/A</td>
</tr>
</tbody>
</table>

**Investment Evaluation/Scoring System**

The Capital Preservation options will be evaluated using a comprehensive rating methodology proprietary to the Investment Consultant. The rating methodology evaluates both quantitative and qualitative (or subjective) factors for the Capital Preservation options and culminates each quarter in one of the following ratings:

<table>
<thead>
<tr>
<th>Score</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green</td>
<td>Good Standing</td>
</tr>
<tr>
<td>Yellow</td>
<td>Marked for Review</td>
</tr>
<tr>
<td>Red</td>
<td>Considered for Termination</td>
</tr>
</tbody>
</table>
When a Capital Preservation option is scored below green the Investment Consultant will clearly articulate to the Committee, at an appropriate time, the reasons for the scoring.

Depending on the type of Capital Preservation option being evaluated, multiple criteria, both quantitative and qualitative, may be used in establishing a rating. Such criteria may include, but are not limited to:

Quantitative

- Crediting Rate/Yield
- Market to Book Ratio
- Average Credit Quality of Portfolio
- Wrap provider/insurer diversification
- Average duration of securities in the portfolio
- Sector allocations

Qualitative

- Management team composition and tenure
- Management firm experience and stability
Appendix D - Target Date Fund Scoring

The scoring for Target Date Funds (TDFs) diverges from traditional asset classes (e.g. large cap growth, fixed income) due to factor considerations germane to TDFs. The principles behind TDF evaluation mirror those of the scoring system for traditional options yet the construction is slightly different. Each TDF family will receive an overall/aggregate numerical score as well as the corresponding recommendation for its overall/aggregate score (“In Good Standing”, “Marked for Review” or “Considered for Termination”). The Consultant believes that both qualitative and quantitative variables are essential to gauge TDFs, consistent with our traditional asset class scoring system.

The below section discusses the major categories on which each TDF will be scored as well as a description of our methodology by category.

Performance (20 Points Total)
Performance is broken into two categories: risk-adjusted and peer-relative, and both are evaluated on a three and five year basis. The Morningstar Institutional categories for TDF’s are divided by each TDF vintage year (vintage year is defined as the individual target date fund by year, for example the Fidelity Freedom 2035 Fund) into three categories: Conservative, Moderate and Aggressive. These categories define the peer groups by vintage year, taking into account variations across glidepaths and comparing each vintage year with a relevant peer group. Note that Morningstar reevaluates the Conservative, Moderate and Aggressive categories annually to account for TDF family changes, and categories will be adjusted to be consistent with Morningstar’s methodology. The Investment Consultant has determined that Morningstar’s methodology is appropriate and will continue to monitor its methodology to ensure that it remains appropriate.

Each TDF family’s vintage year is compared against its designated Morningstar peer group; then each vintage year’s peer-relative score is then aggregated to arrive at a total score and each TDF family’s relative score is ranked based on percentiles. This process is followed for three year peer-relative performance, five year peer-relative performance, three year risk-adjusted performance and five year risk-adjusted performance, providing us with four separate performance measures. The points are allocated based on the following system:

<table>
<thead>
<tr>
<th>3 and 5 Year Risk-Adjusted and 3 and 5 Year Peer-Relative Scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Rank</td>
</tr>
<tr>
<td>Points</td>
</tr>
</tbody>
</table>

Once the points are allocated between the four groups, those scores are aggregated to arrive at a total performance score, and that score is adjusted based on the following system to recognize that not all of the TDFs that exist in the Morningstar categories are covered, and an equitable result based on our sample size is desired. Those adjustments are detailed below:
Overall Performance Adjustments

<table>
<thead>
<tr>
<th>Raw Score (out of 20)</th>
<th>19-20</th>
<th>18</th>
<th>17</th>
<th>16</th>
<th>15</th>
<th>14</th>
<th>13 and below</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted Score</td>
<td>20</td>
<td>19</td>
<td>18</td>
<td>17</td>
<td>16</td>
<td>15</td>
<td>13</td>
</tr>
</tbody>
</table>

This process yields a total performance score by TDF Family, taking into account various share classes across families by taking a simple average performance by vintage year across share classes, excluding “B” and “C” share classes where applicable.

**Expenses (10 Points Total)**

Expenses are central in TDF evaluation. All share classes are considered (with the exception of “B” and “C” share classes) when evaluating a TDF family’s expense profile; the expenses are averaged and a percentile distribution is created following our performance methodology. This percentile point distribution is as follows:

<table>
<thead>
<tr>
<th>Overall Expense Scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Rank</td>
</tr>
<tr>
<td>Points</td>
</tr>
</tbody>
</table>

There is also an adjustment to account for the smaller sample size noted above to normalize the scores based on the maximum score obtained in the coverage universe, still yielding a true peer comparison. This is important given how small differentials can be across peers.

**Glidepath Risk: Weightings of Equities and “Other” Asset Classes (10 points)**

TDFs have varied assumptions across considerations such as savings rates, retirement date, longevity and other factors surrounding retirement. While each family’s assumptions may be justified, evaluating central tendencies through “the wisdom of the crowd” is a worthwhile way to measure two key risks inherent in TDFs: shortfall risk (not having enough money to retire) and market risk (having too much exposure to risky asset classes subject to greater loss potential). In essence, evaluating dispersion from mean is a way to evaluate how much market or shortfall risk a TDF family takes relative to all other options. This dispersion is measured based on the following methodology:

<table>
<thead>
<tr>
<th>Glidepath Risk: Percentage of Equity and “Other” Asset Class scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Rank</td>
</tr>
<tr>
<td>Points</td>
</tr>
</tbody>
</table>

An adjustment for the smaller sample size (as noted above) is made by normalizing the scores based on the maximum score obtained in the coverage universe to yield a true peer comparison. This is important given how small differentials can be across peers.
Glidepath Risk: Regression to Global Equity Index (10 Points)

TDFs have demonstrated periods of equity-like risk despite broad diversification claims. Understanding beta, or the slope of the line of best fit in an ordinary least squares regression, helps analyze co-movement between variables. In this case, an assessment is made to determine how a TDF return series moves relative to a broad index of global equities, represented by 75% S&P 500 and 25% MSCI All-Country World Index ex-USA indices. Both three and five year betas are determined and averaged, and points are allocated based on the following system.

<table>
<thead>
<tr>
<th>3 and 5 Year Beta</th>
<th>Beta &gt; .89</th>
<th>.70 &lt; Beta &lt; .89</th>
<th>Beta &lt; .70</th>
</tr>
</thead>
<tbody>
<tr>
<td>Points</td>
<td>6</td>
<td>8</td>
<td>10</td>
</tr>
</tbody>
</table>

As seen above, this system rewards TDFs with lower betas based on the view that investors can replicate equity beta elsewhere in their retirement plan or broad portfolio. TDFs should add value without relying on market beta. An adjustment for the smaller sample size (as noted above) is made by normalizing the ss based on the maximum score obtained in the coverage universe to yield a true peer comparison. This is important given how small differentials can be across peers.

Portfolio Construction (10 Points)

Establishing solid portfolio management discipline and practices are important in improving the odds of TDF success. This is a qualitative assessment, and points are allocated based on the following variables based on conversations with managers, reviewing prospectuses/marketing materials and other supporting documentation regarding TDF methodology:

- Asset class granularity (how differentiated and thoughtful is the manager within the asset classes that constitute their funds; e.g. within fixed income do they have varied duration by vintage year or is it all "core" fixed income throughout)
- Hedging inclusion/capabilities across the portfolio or within asset classes
- Flexibility/adaptability based on market conditions
- Diversification potential of included asset classes
- Overall portfolio construction thoughtfulness

An adjustment for the smaller sample size (as noted above) is made by normalizing the scores based on the maximum score obtained in the coverage universe to yield a true peer comparison. This is important given how small differentials can be across peers.

Underlying Investment Vehicles (10 Points)

Implementation is also critical to TDF success. This category is evaluated through qualitative means, using the following variables in deriving an assessment:
• Transparency (how available is access to data and information regarding the portfolio's building blocks)
• Proprietary vs. non-proprietary investment vehicles (open architecture platforms get higher ratings)
• Securities overlap potential (lower the better)
• Securities lending practices (TDF managers who do not engage in this practice are preferred)
• Selection process (the more rigorous the better)

Again, an adjustment for the smaller sample size (as noted above) is made by normalizing the scores based on the maximum score obtained in the coverage universe to yield a true peer comparison. This is important given how small differentials can be across peers.

**Fund Management (20 Points)**

This measure is consistent with the traditional scoring system for discreet funds, with the key exception of a difference in weighting given to both the Fund Management (lower) and Fund Family (higher) criteria. TDFs, given their structure, are less dependent than discreet funds may be on the actions of specific fund managers. Since most, but not all, TDFs are comprised of proprietary underlying funds, the Investment Consultant gives increased emphasis here to the Fund Family criterion.

**Fund Family (10 Points)**

This measure is consistent with the traditional scoring system for discreet funds, with the key exception of a difference in weighting given to both the Fund Management (lower) and Fund Family (higher) criteria. Most TDFs, being comprised of proprietary underlying funds, are highly dependent upon the breadth and depth and quality of the Fund Family from which their component parts are drawn.
Appendix E – Qualified Default Investment Alternative

Qualified Default Investment Alternatives (QDIAs) are specific investments vehicles that are used when a plan participant or beneficiary fails to make affirmative investment elections. The Committee understands that there are specific notice and disclosure requirements that the Department of Labor asserts they must provide to participants and beneficiaries to use a QDIA properly. After reviewing the demographics of the Plans the Committee has decided to use a suite of target date funds to function as the Plans' QDIA.

In addition, the Plans may elect to use a short-term money market account which is allowed to hold a participant’s funds for no longer than 120 days, before transferring those funds automatically to the designated QDIA which has been elected.

Certain investment vehicles can provide QDIA protections for grandfathered sums. Our plans do not use grandfathered QDIA’s.
CERTIFICATE

I, KRISTIN D. MacHENRY, do certify that I am Associate Secretary of the Corporation of Cornell University, and in such capacity I have access to the official records of the University and its Board of Trustees.

That, at its meeting on April 7, 2011, the Executive Committee of the Board of Trustees took the following actions:

APPROVAL OF CHARTER FOR A JOINT RETIREMENT PLAN OVERSIGHT COMMITTEE: Voted, upon recommendation of the Executive Committee of the Board of Overseers, to approve a Charter establishing a new, combined Weill Cornell/Ithaca administration committee to be known as the Retirement Plan Oversight Committee ("RPOC"), and partially delegating oversight authority to the RPOC in regard to retirement plan investment options. The Charter reads as follows:

Retirement Plan Oversight Committee ("RPOC") Charter

Charge

The RPOC shall provide policy oversight for all of the Cornell University retirement plans listed on Schedule A to this Charter ("the Plans"). Schedule A may be revised from time to time by the RPOC. The RPOC’s delegated authority shall include the development, adoption and implementation of an Investment Policy Statement ("IPS") for the Plans, and the selection and monitoring of investment options for the Plans, consistent with the IPS.

RPOC Members and Meetings

The Chair of the RPOC shall at all times be the Vice President for Human Resources of Cornell University, who shall determine the number of other RPOC members and appoint all of the other RPOC members. All RPOC members other than the Chair shall serve at the pleasure of the Chair.

The RPOC will meet at least annually, or more frequently as determined by the Chair. A simple majority of the RPOC shall constitute a quorum for the transaction of business. The RPOC will have the minutes of its meetings prepared following each RPOC meeting for review and approval at the next meeting.

Duties and Responsibilities

The primary duties and responsibilities of the RPOC shall be to provide policy oversight for the selection of investment options for the Plans by means of the IPS, and establish criteria to review and monitor the investment performance of the investment options, and update the IPS as required. The RPOC is authorized to engage consultants and advisors to assist the RPOC in its duties and responsibilities.
SCHEDULE A: Cornell University Retirement Plans

Cornell University Retirement Plan for the Employees of the Endowed Colleges at Ithaca

Cornell University Tax Deferred Annuity Plan

Weill Medical College of Cornell University Retirement Plan for Faculty and Exempt Employees

Weill Medical College of Cornell University Tax Deferred Annuity Plan

IN WITNESS WHEREOF, I have hereunto set my hand and the corporate seal of Cornell University this 29th day of April in the year 2011.

Kristin D. MacHenry
Associate Secretary of the Corporation