

**RECOMMENDATION TO THE BOARD OF DIRECTORS
UNIVERSITY OF LOUISVILLE FOUNDATION, INC. CONCERNING
REVISED ASSET ALLOCATION PLAN**

**FINANCE COMMITTEE – JUNE 4, 2012
BOARD OF DIRECTORS - JUNE 12, 2012**

RECOMMENDATION:

The Finance Committee recommends that the Board of Directors:

Approve the attached asset allocation plan for immediate implementation.

BACKGROUND:

The Finance Committee conducted a comprehensive review of the strategic asset allocation plan for the investment portfolio and after careful consultation with Cambridge Associates, LLC recommend that several changes be made to the current plan. The recommended changes are based on current market considerations, combined with an effort to increase the pools risk-adjusted returns. The major changes recommended are: 1) a 5% increase in Emerging Markets Equity, raising the target from 9% to 14%; and 2) a 2% increase in Real Assets, raising the target from 13% to 15%. The increased targets will be funded from: 1) a 4% decrease in U.S. Equity, reducing the target from 18% to 14%, 2) a 1% decrease in Global ex. U.S. Equity, reducing the target from 15% to 14% and 3) a 2% decrease in Fixed Income, reducing the target from 13% to 11%. The attached table provides specific details.

Action:

Passed _____

Did Not Pass _____

Other _____

Assistant Secretary

Asset Class	Current Long-Term Targets (%)	Recommended Long-Term Targets (%)
U.S. Equity	18	14
Global ex U.S. Equity	15	14
Emerging Markets Equity	9	14
Private Investments ex Real Assets	12	12
Marketable Alternatives	20	20
Real Assets	13	15
Fixed Income	13	11