

INVESTMENT MANAGER GUIDELINES
INTERNATIONAL EQUITY GENERAL PARTNERSHIP II
OF THE ROTARY FOUNDATION OF ROTARY INTERNATIONAL AND ROTARY INTERNATIONAL
Adopted June 2001
Amended October 2005

The following guidelines have been developed to be used in the management of the International Equity General Partnership II (Partnership) assets. Where mutual or commingled funds are used, the prospectus or guidelines of the fund supersede those of the Partnership.

Manager Responsibilities

The duties and responsibilities of the investment managers include:

- Investing the assets entrusted to them in accordance with these investment guidelines and with the care, skill, prudence, and diligence that a prudent professional investment manager, familiar with such matters and acting in like capacity, would use in the investment of such assets.
- Voting all proxies after careful assessment of the issues involved. The managers should pay particular attention to items that may reduce the economic value of stockholders' rights of ownership and thereby impact adversely the performance of the Partnership's assets.
- Initiating written communication with the Partnership whenever the investment manager believes the guidelines should be changed.

Guidelines

- It is expected that the portfolio will normally be fully invested in international stocks, but managers may also use cash and/or cash equivalent securities at their discretion. At no time should the combination of cash and cash equivalent securities exceed 10% of the portfolio's market value.
- When investing in cash equivalents, managers generally are expected to utilize a high quality, broadly diversified commingled fund or other high quality vehicle made available by the custodian bank. Managers also may use alternative funds or vehicles that meet the standards of quality and diversification that would be achieved by using the custodian bank's vehicles.
- The portfolio is to be diversified in a manner to reduce the impact of large losses in individual securities.
- Currency hedging decisions are at the discretion of the investment manager.
- Futures and options positions will be permitted in the management of the Partnership's assets, but should be limited to covered hedges or as an alternative to direct investment in the securities markets. Leveraging portfolio positions through borrowing, short sales, or other encumbrances of the Partnership's assets is prohibited.

- Managers may make use of their pooled funds to gain access to the various sectors of non-U.S. equity markets.
- The portfolio may invest in “partly paid” and “when issued” securities.
- The portfolio may invest in private placements.
- Managers may not invest in exchange traded or non-exchange traded real estate investment trusts.

Performance Measurement Standards

Over a three-to-five year period, the annualized return on a net-of-fee basis should:

- exceed the rate of return of the MSCI EAFE Index
- rank in the upper half of the consultant’s non-U.S. equity manager universe

Reporting Requirements

Within four weeks after the end of each calendar quarter, each active investment manager will be required to submit a quarterly report containing the following information:

- Overview of financial markets with comments on economic and market factors, which have impacted the performance of the portfolio manager’s decisions.
- Review of investment performance (net of fees) for the quarter, fiscal year-to-date (June 30) and since-inception of the account with comments on any policy or strategy changes, which contributed either positively or negatively to that performance.
- Discussion of those factors, which the manager believes are likely to impact performance over the next 12 months, and what, the manager’s strategy is likely to be in response to those factors.
- Where appropriate, the use of any derivative product during the quarter, including information concerning the rationale behind the position and the size of the transaction.
- List of the securities in the portfolio at the end of the quarter.

Additionally, each manager has the responsibility to promptly advise the Partnership of any pertinent information potentially affecting performance including:

- change in ownership, affiliations, organization structure, financial condition, and investment personnel
- substantive changes in investment strategy or portfolio structure

On an annual basis, the investment manager shall provide Part II of Form ADV for the most recent year to the Partnership.