

**INVESTMENT MANAGER GUIDELINES
HEDGE FUND GENERAL PARTNERSHIP
OF THE ROTARY FOUNDATION OF ROTARY INTERNATIONAL**
Adopted April 2005

The following guidelines have been developed to be used in the management of the Hedge Fund General Partnership (Partnership) assets. Where commingled fund-of-funds are used, it is expected that the portfolios generally conform to these guidelines, though the prospectus or guidelines of the fund supersede those of the Partnership. On a quarterly basis, staff and the investment consultant will review the guidelines of the commingled funds and the guidelines set forth below.

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 fund-of-funds will be diversified across several investment strategies and at least 20 individual hedge funds.
- Furthermore, the overall beta of the fund-of-funds with the S&P 500 Index on a rolling 5-year basis should be no greater than 0.3.
- The portfolio is to be diversified in a manner to reduce the impact of large losses in individual securities.
- Derivative positions will be permitted in the management of the Partnership's assets. Leveraging portfolio positions through borrowing, short sales, or other encumbrances of the Partnership's assets is allowed, though individual hedge funds must limit leverage to a level regarded as prudent within the industry (e.g., 5x for arbitrage and 2x for directional). Leverage will not be allowed at the hedge fund-of-funds level.

Performance Measurement Standards

Total Partnership

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

- Approximate the rate of return of the HFR Hedge Fund-of-Funds Index.
- Exceed the 90-day U.S. Treasury Bill rate plus four percentage points.

Reporting Requirements

Within four to six 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.
- List of the funds and major positions 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 key 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.