

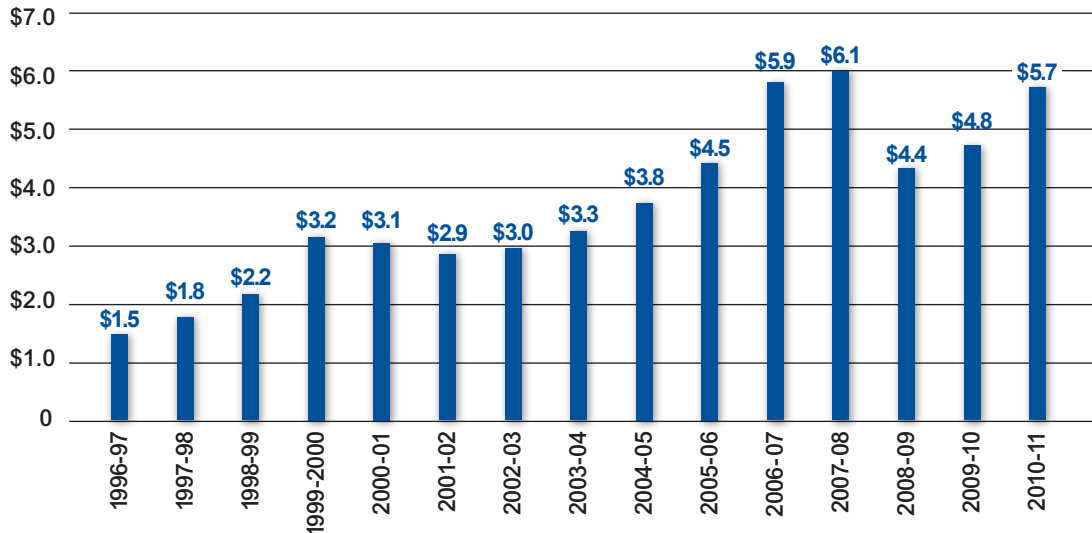
Duke University's Endowment

A Snapshot, 2010-11

The mission of Duke University's endowment is to support the people, programs, and activities of the university in perpetuity. Over the years, growth of the endowment through investment gains and charitable giving has enabled the university to provide scholarships and fellowships to students, build faculty excellence, launch new programs and research efforts, and support a wide range of important needs.

As of June 30, 2011, the university's endowment was comprised of over 4,000 individual funds totaling approximately \$5.7 billion.

Growth of Duke University's Endowment (in billions)



Management

Duke's endowment assets are managed collectively. Much the way individual investors pool their assets in a mutual fund, each of the individual funds comprising the university's endowment owns units in Duke's "Long Term Pool."

The Long Term Pool is managed by DUMAC, LLC, a professionally-staffed investment organization controlled by Duke University. DUMAC is governed by an 11-member board of directors and invests endowment assets principally through investment advisory firms and partnerships.

In addition to managing the university's endowment, DUMAC manages the employees' retirement pool and Duke University Health System's investments, and invests much of the university's working capital. DUMAC also manages the assets of The Duke Endowment, the private charitable trust established by Duke University's founder James B. Duke.

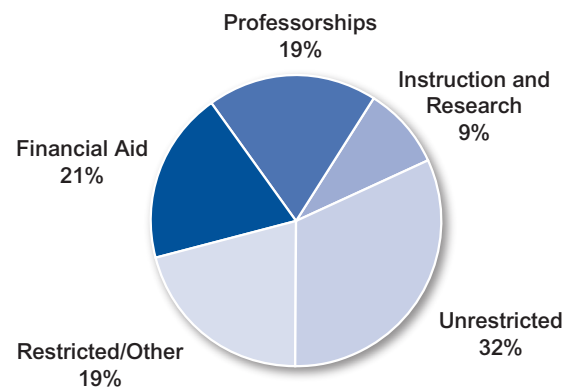
Spending

The university employs spending and investment policies designed to provide a stable flow of support for the university's annual operations while preserving the future purchasing power of the endowment.

The spending rate is approved by the Board of Trustees and is currently 5.5% of the average value of Long Term Pool units over the three previous calendar year-ends. A 5.75% rate is used for funds that support financial aid. In years of particularly high or low returns, the Board of Trustees may limit or supplement this payout to help smooth the effect of market fluctuations while allowing Duke to build its endowment over time.

As of June 30, 2011, about 21% of the endowment was designated for support of financial aid and 19% was designated for support of specific faculty positions. Nearly one third of the endowment was designated for unrestricted support of the university or one of its schools or budget centers.

Designations of Endowed Funds

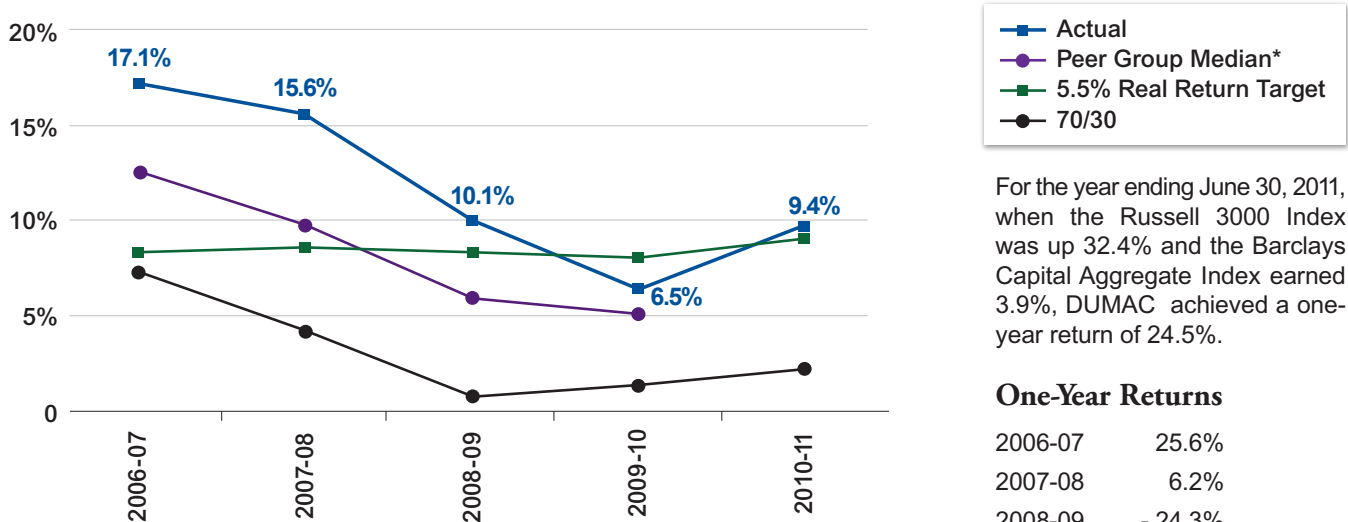


Performance

DUMAC managers seek to achieve an annualized real rate of return of at least 5.5% net of fees to fund the university's spending rate and to allow for growth of the endowment after considering the effects of inflation. This benchmark is applied over the long term, due to the volatility implicit in short-term periods. (See "Target" in the chart below.)

DUMAC's primary long-term benchmark is the composite of 70% Russell 3000 Index and 30% Barclays Capital Aggregate Index (70/30). The Russell 3000 Index represents the broad domestic equity market while the Barclays Capital Aggregate Index represents the domestic bond market. This mix between equity and bonds was chosen because, historically, a 70% exposure to equity investments has achieved the university's 5.5% real annual return objective over the long term.

Ten-Year Annualized Returns



For the year ending June 30, 2011, when the Russell 3000 Index was up 32.4% and the Barclays Capital Aggregate Index earned 3.9%, DUMAC achieved a one-year return of 24.5%.

One-Year Returns

2006-07	25.6%
2007-08	6.2%
2008-09	-24.3%
2009-10	13.2%
2010-11	24.5%

*The "Cambridge Associates Universe" is a group of peer colleges and universities with endowment pools that are similar to Duke's, often managed by professional internal staff. The average annualized rate of return for the ten-year period ending June 30, 2011, will be posted online when it becomes available.

Risk Management

Diversification across investment exposures is central to generating strong investment returns while moderating portfolio risk and volatility. DUMAC uses a framework that emphasizes the fundamental drivers of return to manage investment exposures. Each exposure plays an individual role, but all work in concert to achieve overall portfolio objectives.

DUMAC manages the risk within the portfolio, controlling excessive volatility, through diversification among exposures as well as the asset and sub-asset classes through which those exposures are obtained.

Charted to the right are the long-term targets for each exposure in DUMAC's framework.

Long-Term Targets for Drivers of Return



To learn more about the university's endowment and DUMAC, LLC, visit <http://giving.duke.edu/endowment>.