

Findlay-Hancock County Community Foundation

November 2, 2011

Presented by:

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Fund Evaluation Group[®]
investment advisors



FEG Table of Investment Returns



Table of Investment Returns
(June 1992-June 2011 Annualized Returns of Key Indices)

1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	20 year annual
Hedge Funds	Small Cap Value	Emerging Markets	Large Cap Growth	Large Cap Growth	Large Cap	Large Cap Growth	Emerging Markets	Hedge Funds	Small Cap Value	Bonds	Bonds	Small Cap Value	Emerging Markets	Emerging Markets	Emerging Markets	Hedge Funds	Bonds	Small Cap Value	Small Cap Growth	Hedge Funds
32.2%	30.8%	37.2%	30.5%	27.8%	34.7%	31.4%	28.8%	31.3%	30.8%	8.6%	10.4%	35.2%	34.4%	35.5%	45.0%	10.0%	6.0%	25.1%	43.5%	12.4%
Emerging Markets	Small Cap	Hedge Funds	Large Cap	Small Cap Growth	Large Cap Value	Large Cap	Large Cap Growth	Small Cap Growth	Bonds	Small Cap Value	Emerging Markets	Small Cap	Small Cap Value	Int'l	Int'l	Bonds	Hedge Funds	Emerging Markets	Small Cap	Small Cap Value
26.5%	26.0%	30.9%	26.0%	26.5%	33.2%	30.2%	27.3%	28.4%	11.2%	8.5%	6.7%	33.4%	14.4%	26.6%	27.0%	7.1%	-19.0%	23.2%	37.4%	11.7%
Small Cap Value	Large Cap Value	Int'l	Small Cap Growth	Large Cap	Large Cap Growth	Large Cap Value	Large Cap	Large Cap Growth	Large Cap Value	Hedge Funds	Large Cap Growth	Emerging Markets	Large Cap Value	Small Cap Value	Large Cap Value	Emerging Markets	Large Cap Growth	Small Cap	Large Cap Growth	Emerging Markets
20.4%	21.7%	17.0%	25.9%	26.0%	31.3%	28.8%	22.7%	25.7%	10.3%	4.6%	2.9%	33.1%	14.1%	14.6%	21.9%	4.6%	-24.5%	21.5%	35.0%	10.3%
Large Cap Value	Hedge Funds	Small Cap Value	Large Cap Value	Large Cap Value	Small Cap Value	Small Cap Value	Large Cap Value	Int'l	Hedge Funds	Emerging Markets	Small Cap Growth	Int'l	Int'l	Small Cap Growth	Large Cap	Large Cap Growth	Small Cap Growth	Hedge Funds	Small Cap Value	Small Cap
15.9%	21.2%	7.5%	20.5%	24.6%	28.2%	19.9%	16.4%	17.2%	5.0%	1.1%	0.7%	32.4%	13.7%	14.6%	20.6%	-6.0%	-24.8%	20.0%	31.4%	9.8%
Small Cap	Small Cap Growth	Small Cap	Small Cap	Small Cap	Hedge Funds	Hedge Funds	Small Cap Growth	Small Cap	Small Cap	Small Cap	Large Cap	Small Cap Growth	Small Cap	Small Cap	Large Cap Growth	Int'l	Small Cap	Small Cap Growth	Large Cap	Large Cap Value
14.5%	20.5%	4.3%	20.1%	23.9%	21.1%	16.8%	8.3%	14.3%	0.6%	-8.6%	0.2%	31.5%	9.4%	14.6%	19.0%	-10.6%	-25.0%	18.0%	30.7%	9.7%
Bonds	Int'l	Large Cap Value	Small Cap Value	Hedge Funds	Small Cap	Small Cap	Int'l	Emerging Markets	Large Cap	Large Cap Value	Large Cap Value	Large Cap Value	Hedge Funds	Large Cap Value	Small Cap Growth	Small Cap Growth	Small Cap Value	Large Cap Value	Large Cap	Large Cap
14.0%	20.3%	1.6%	14.6%	21.5%	16.3%	16.5%	7.6%	9.2%	-14.8%	-9.0%	-1.0%	21.1%	9.0%	12.1%	16.8%	-10.8%	-25.2%	16.9%	30.4%	8.7%
Large Cap Growth	Emerging Markets	Large Cap	Bonds	Small Cap Value	Int'l	Small Cap Growth	Bonds	Large Cap	Small Cap Growth	Int'l	Hedge Funds	Hedge Funds	Bonds	Hedge Funds	Small Cap	Large Cap	Large Cap	Large Cap	Large Cap	Large Cap Value
13.7%	18.6%	1.4%	12.5%	21.1%	12.8%	13.2%	3.1%	7.3%	-23.3%	-9.5%	-1.4%	19.5%	6.8%	9.3%	16.4%	-13.1%	-26.2%	14.4%	28.9%	7.8%
Large Cap	Large Cap	Small Cap Growth	Hedge Funds	Int'l	Emerging Markets	Bonds	Hedge Funds	Bonds	Int'l	Large Cap	Small Cap	Large Cap	Large Cap	Large Cap	Small Cap Value	Small Cap	Emerging Markets	Large Cap Growth	Emerging Markets	Small Cap Growth
13.4%	13.6%	0.9%	4.1%	13.3%	12.8%	10.5%	2.6%	4.6%	-23.6%	-18.0%	-1.6%	19.1%	6.3%	8.6%	16.1%	-16.2%	-28.1%	13.6%	27.8%	7.4%
Small Cap Growth	Bonds	Large Cap Growth	Int'l	Emerging Markets	Bonds	Int'l	Small Cap	Small Cap Value	Emerging Markets	Small Cap Growth	Small Cap Value	Large Cap Growth	Small Cap Growth	Large Cap Growth	Hedge Funds	Large Cap Value	Large Cap Value	Bonds	Hedge Funds	Bonds
8.4%	11.8%	-0.3%	1.7%	8.5%	8.2%	6.1%	1.5%	-0.9%	-26.0%	-25.0%	-3.8%	17.9%	4.3%	6.1%	12.9%	-18.8%	-29.0%	9.5%	10.4%	6.8%
Int'l	Large Cap Growth	Bonds	Emerging Markets	Bonds	Small Cap Growth	Emerging Markets	Small Cap Value	Large Cap Value	Large Cap Growth	Large Cap Growth	Int'l	Bonds	Large Cap Growth	Bonds	Bonds	Small Cap Value	Int'l	Int'l	Bonds	Int'l
-0.7%	9.0%	-1.3%	0.0%	5.0%	4.6%	-39.1%	-5.7%	-8.9%	-36.2%	-26.5%	-6.5%	0.3%	1.7%	-0.8%	6.1%	-21.6%	-31.4%	5.9%	3.9%	6.0%

Large Cap is represented by the S&P 500 Index which measures the performance of large capitalization U.S. stocks. The S&P 500 is a market-weighted index of 500 stocks that are traded on the NYSE, AMEX, and NASDAQ. www.standardandpoors.com

Large Cap Value is represented by the Russell 1000 Value Index which measures the performance of U.S. large capitalization value stocks. The Russell 1000 Value Index is a capitalization-weighted index of the value stocks within the large capitalization equity universe, as defined by the Russell 1000 Index. These stocks are traded on the NYSE, AMEX, and NASDAQ. www.russell.com

Large Cap Growth is represented by the Russell 1000 Growth Index which measures the performance of U.S. large capitalization growth stocks. The Russell 1000 Growth Index is a capitalization-weighted index of the growth stocks within the large capitalization equity universe, as defined by the Russell 1000 Index. These stocks are traded on the NYSE, AMEX, and NASDAQ. www.russell.com

Small Cap Value is represented by the Russell 2000 Value Index which measures the performance of U.S. small capitalization value stocks. The Russell 2000 Value Index is a capitalization-weighted index of the value stocks within the small capitalization equity universe, as defined by the Russell 2000 Index. These stocks are traded on the NYSE, AMEX, and NASDAQ. www.russell.com

Small Cap Growth is represented by the Russell 2000 Growth Index which measures the performance of U.S. small capitalization growth stocks. The Russell 2000 Growth Index is a capitalization-weighted index of the growth stocks within the small capitalization equity universe, as defined by the Russell 2000 Index. These stocks are traded on the NYSE, AMEX, and NASDAQ. www.russell.com

International is represented by the MSCI EAFE Index which is a Morgan Stanley Capital International index that is designed to measure the performance of the developed stock markets of Europe, Australasia, and the Far East. www.msicbarra.com

Emerging Markets is represented by the MSCI Emerging Markets Index which is a Morgan Stanley Capital International index that is designed to measure the performance of emerging market stock markets. www.msicbarra.com

Bonds are represented by the Barclays Capital Aggregate Bond Index which includes U.S. government, corporate, and mortgage-backed securities with maturities up to 30 years. www.barclays.com

Hedge Funds are represented by the Hedge Fund Research, Inc. Fund Weighted Composite Index, an equal weighted index that includes over 2,000 constituent funds, both domestic and offshore with no Fund of Funds included in the index. www.hfri.com

Improve the portfolio structure¹



Investors can improve the structure of the portfolio to improve diversification and expected returns.

- Focus on risk
- Integrate traditional and alternative investments
- Take a global view of the opportunity set
- Value orientation at both the portfolio and strategy level
- Minimize fees for market exposure
- Seek opportunistic investments

<i>Asset Categories</i>	<i>Risk Premia</i>	<i>Role</i>
Global Equity (stocks, private equity, long/short hedge funds)	Equity Risk Premium	Total Return
Global Fixed Income and Credit (bonds, bank loans, credit hedge funds)	Interest Rates and Credit	Equity Risk Mitigation
Real Assets (real estate, natural resources, commodities)	Inflation	Inflation Protection
Diversifying Strategies (absolute return hedge funds, trading strategies)	Active Management	Diversification

¹ Detailed in *Investment Philosophy and Portfolio Construction* – 1st Qtr. 2009 from Fund Evaluation Group

Improve The Portfolio Structure



<i>Asset Categories</i>	<i>Primary Risk Factors</i>	<i>Role</i>
GLOBAL EQUITY U.S. and International Market Cap and Style Private and Public Equity Hedge Funds	Equity Market	Total Return
GLOBAL FIXED INCOME/CREDIT Investment Grade TIPS High Yield Bank Loans Private Debt (Distressed and Mezzanine) Credit Hedge Funds	Interest Rates Credit	Equity Risk Mitigation Total Return
REAL ASSETS Real Estate (Public and Private) Natural Resources (Timber and Energy) Commodities	Inflation	Inflation Protection (along with TIPS)
DIVERSIFYING STRATEGIES Absolute Return Hedge Funds Trading Strategies Alpha Engines	Active Management	Diversification

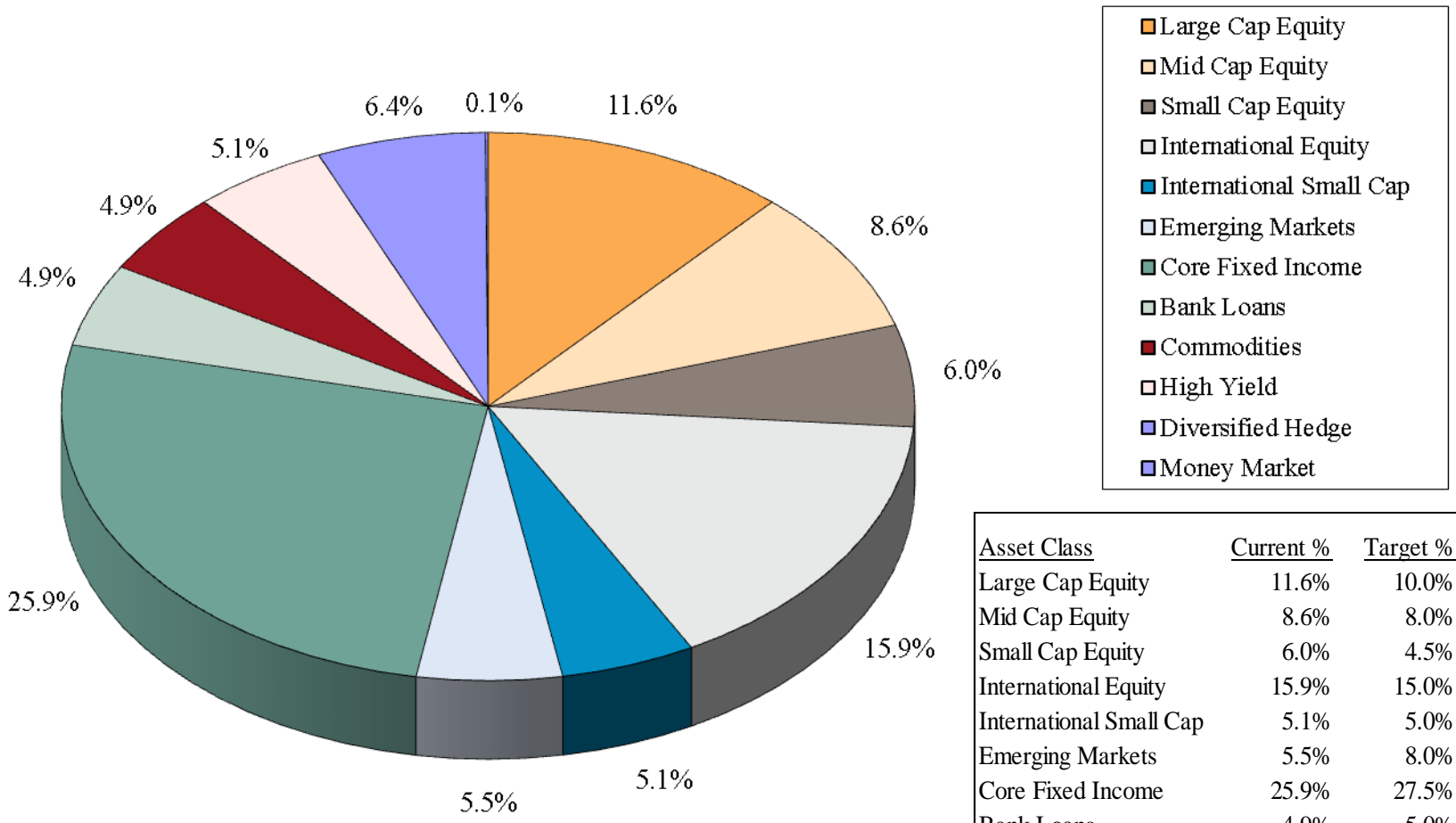
FHCCF - Portfolio Structure



<i>Asset Categories</i>	<i>Primary Risk Factors</i>	<i>Role</i>
GLOBAL EQUITY DFA Emerging Markets Value DFA International Small Cap Value Dodge & Cox International EuroPacific Growth Fifth Third Active Large Cap Core PIMCO Fundamental IndexPlus Fifth Third Small Cap Value Vanguard Mid Cap Index	Equity Market	Total Return
GLOBAL FIXED INCOME/CREDIT Fidelity Real Estate High Income Franklin Templeton Global Bond Ridgeworth Seix Floating Rate High Loomis Sayles Bond PIMCO Total Return	Interest Rates Credit	Equity Risk Mitigation Total Return
REAL ASSETS PIMCO Commodity Real Return Fund	Inflation	Inflation Protection (along with TIPS)
DIVERSIFYING STRATEGIES Weatherlow Hedge Fund of Funds	Active Management	Diversification



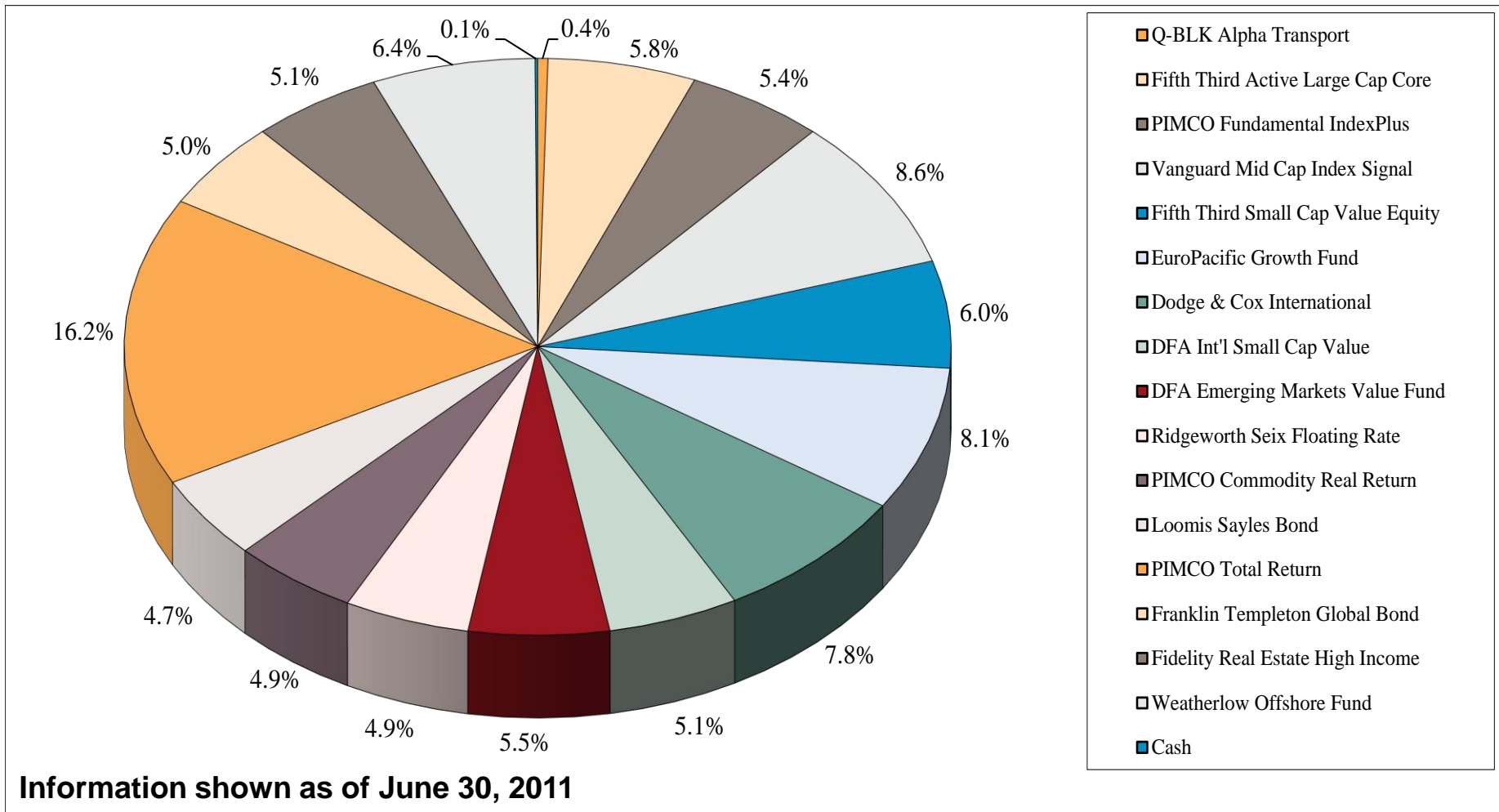
FHCCF – Core Portfolio Target Asset Allocation



Information shown as of June 30, 2011

Source: FEG data

FHCCF – Current Portfolio Asset Allocation



Source: FEG data

Target Rate of Return (FHCCF Hurdle Rate)



Goal:

Achieve Real Growth:

Return above Spending, Inflation, and Administrative Expenses¹

Formula:

Spending + Inflation + Administrative Fees = Minimum Long-Term Target Return

$$4.5\% + 2.5\% + 1.0\% = 8.0\%$$

An **8.0%** return will ensure intergenerational equity. In other words, spending today will have the same economic impact as future spending in real dollars (adjusted for inflation).

	<u>Annualized</u>					
	<u>Qtr</u>	<u>Ytd</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>Inception (3/05)</u>
FHCCF Composite	0.3%	4.2%	21.7%	2.0%	3.5%	4.4%
<i>Target Wtd Benchmark</i>	<i>0.5%</i>	<i>3.5%</i>	<i>19.2%</i>	<i>1.7%</i>	<i>3.1%</i>	<i>4.0%</i>

(information shown as of 6/30/2011)

*Target Weighted Benchmark is currently comprised of 22.5% Russell 3000 Index, 28.0% MSCI AC World Index ex-US, 22.5% Barclays Capital Aggregate Bond, 7.0% HFRI Fund of Funds Index, 5.0% CSFB Leveraged Loan Index, 5.0% Dow Jones UBS Commodities Index & 5.0% JP Morgan GBI Broad Non-US Index.

Performance as of June 30, 2011



Asset Group	1 Year	3 Year	5 Year	7 Year
Greater than \$500 million	19.4%	4.7%	5.2%	6.7%
\$250 million to \$500 million	23.5	3.2	4.3	5.9
\$100 million to \$250 million	21.0	5.2	5.2	6.6
\$50 million to \$100 million	21.8	4.2	4.7	5.8
\$25 million to \$50 million	21.1	3.8	4.1	5.3
\$5 million to \$25 million	20.4	4.1	4.3	5.2
TOTAL	21.1%	4.2%	4.8%	5.8%
FHCCF Total Composite	21.7%	2.0%	3.5%	-
<i>Target Weighted Benchmark ¹</i>	19.2	1.7	3.1	-
Russell 3000	32.4	4.0	3.4	4.9
MSCI ACWI ex-US	29.7	-0.4	3.7	8.6
Barclays Aggregate	3.9	6.5	6.5	5.5

**Target Weighted Benchmark is currently comprised of 22.5% Russell 3000, 28.0% MSCI AC World Index ex-US, 22.5% Barclays Capital Aggregate Bond, 7.0% HFRI Fund of Funds Index, 5.0% CSFB Leveraged Loan Index, 5.0% Dow Jones UBS Commodities & 5.0% JP Morgan GBI Broad Non-US Index.*

Source: FEG data, COF Survey Results

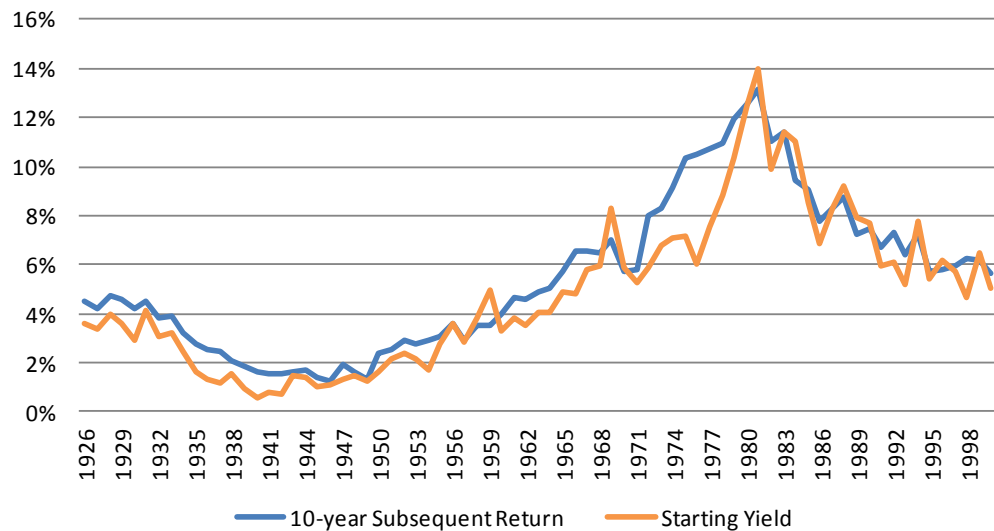
Expected Bond Returns



Market Expectations – Fixed Income

- Historically, the best predictor of fixed income returns is the bond yield at the start of the investment period.
- The yield on the Barclays Capital Aggregate Index currently measures near 2.3% and on investment grade credit near 3.5%, illustrating that expected long-term returns are low.

Intermediate Government Bond Starting Yield (1926-2000) vs. Subsequent 10-year Return (1936-2010)



Source: Ibbotson Associates

Scenario Analysis - Bond Returns

Current Yield to Worst: 2.25%

Duration: 5 years

Total Annualized Return Over Ensuing

% Point Change in Yield	Total Annualized Return Over Ensuing			
	1-Year	3-Year	5-Year	10-Year
-2%	12.2%	4.9%	3.4%	2.3%
-1%	7.2%	3.6%	2.8%	2.2%
0%	2.3%	2.3%	2.3%	2.3%
1%	-2.7%	0.9%	1.7%	2.3%
2%	-7.7%	-0.4%	1.2%	2.4%
3%	-12.7%	-1.6%	0.7%	2.5%
4%	-17.7%	-2.9%	0.3%	2.6%
5%	-22.7%	-4.2%	-0.2%	2.7%
6%	-27.7%	-5.4%	-0.6%	2.9%

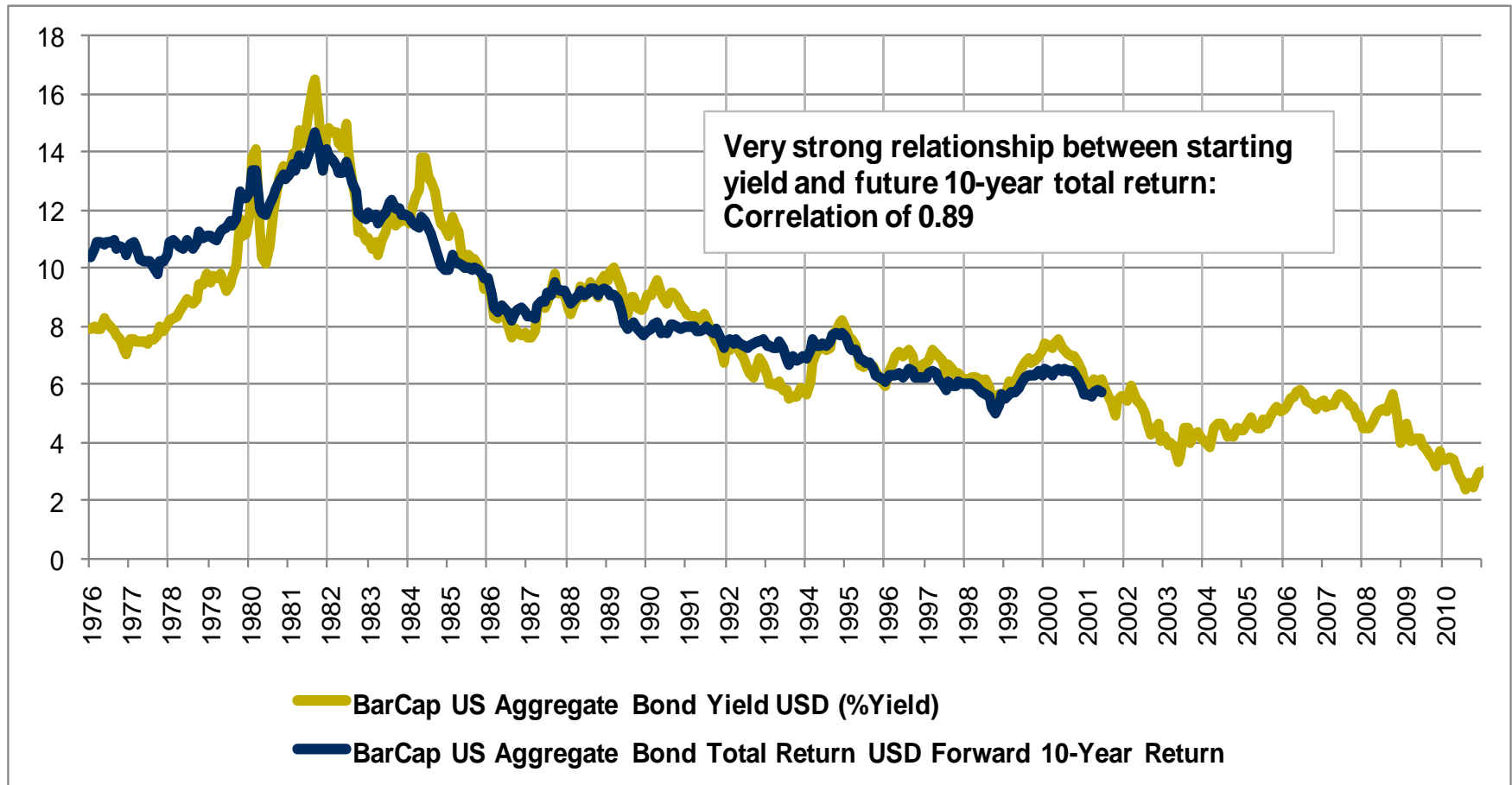
Assumes a straight line change in rates and no change in duration

Source: Fund Evaluation Group

Bond Returns follow Yields



- Future *long-term* bond returns closely follow entry yield



Source: Research Affiliates, LLC based on data from Ibbotson and Barclays Capital.

Expected Stock Returns



Market Expectations – Equities

- Equities returns result from the building blocks of equity returns, dividend yield, earnings growth, and changes in valuation (P/E ratio).

		Ending Normalized P/E Ratio				
		10	15	20	25	30
Earnings Growth	0%	-5%	-1%	2%	4%	6%
	3%	-2%	2%	5%	7%	9%
	5%	0%	4%	7%	9%	11%
	7%	2%	6%	9%	11%	14%
	10%	4%	9%	12%	15%	17%

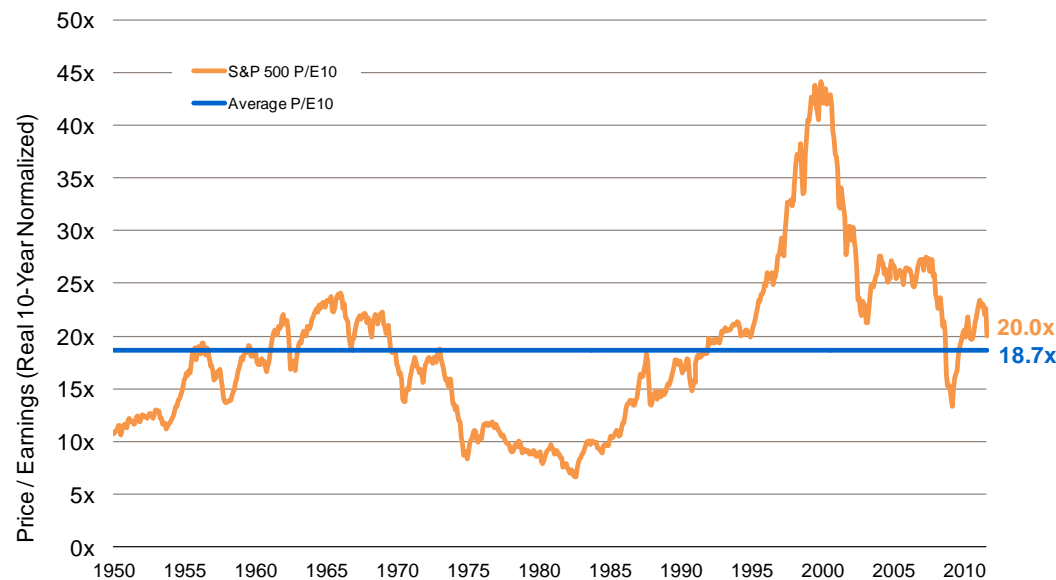
Source: Fund Evaluation Group

Current 10-year Estimates

Dividend Yield	2%
Earnings Growth	5%
P/E Change	0%
Expected Return	7%

Expected equity returns are encumbered by a low dividend yield, limited earnings growth potential above the historical nominal average, and the near equilibrium price/earnings ratio.

Historical Valuations: U.S. Price/10-Year Normalized Earnings S&P 500, 1950 - Present

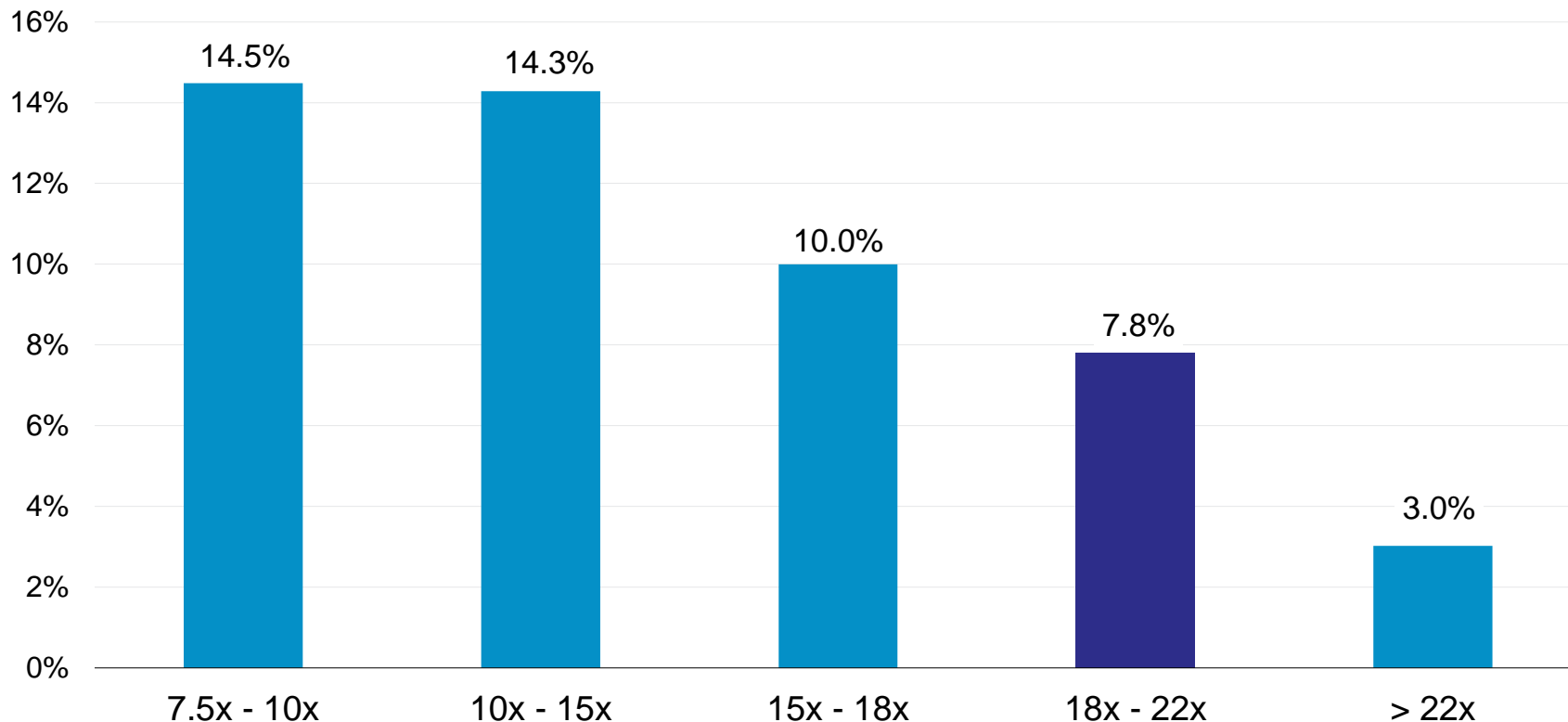


Source: Robert Shiller and Standard & Poor's

Stocks – What Returns can we expect?



Subsequent 10-year Returns by P/E 10-year Normalized Range 1926 - 2010



Source: Robert Shiller and Standard & Poor's

Outlook / Expectations



FEG 10-Year Capital Market Assumptions

	Expected Return	Expected Standard Deviation
Global Equity		
Long-Only Strategies		
<i>U.S. Equity</i>	7.8%	22.5%
Large Cap	7.1%	20.9%
Mid Cap	7.0%	20.0%
Small Cap	7.5%	24.0%
	8.0%	26.0%
International Equity		
Large Cap Developed	8.3%	23.8%
Small Cap Developed	8.0%	22.0%
Emerging Markets	9.0%	27.0%
	10.0%	33.0%
Private Equity		
Private Equity	12.0%	35.0%
Hedged Equity	7.0%	14.0%
Global Fixed Income/Credit		
Interest Rate Sensitive Strategies		
Core (Investment Grade)	2.9%	5.1%
Inflation Protected (TIPS)	3.0%	5.0%
	2.5%	6.0%
Credit Sensitive Strategies		
High Yield	5.8%	9.0%
Bank Loans	6.0%	10.0%
	5.5%	8.0%

Real Assets

	Expected Return	Expected Standard Deviation
Real Estate	8.0%	17.0%
Timber	7.5%	12.0%
Private Energy	11.0%	30.0%
Commodities	7.0%	25.0%

Diversifying Strategies

	Expected Return	Expected Standard Deviation
Absolute Return Hedge Funds	6.0%	8.0%

FEG 10-Year Money Assumptions

	Expected Rate
U.S. Inflation	2.5%
U.S. Cash	2.5%

Detailed Asset Category Allocation



1 Year

	Current	Target
Expected Return	7.6%	7.6%
Standard Deviation	12.0%	11.7%

10 Year - Monte Carlo Simulation

95th Percentile	13.3%	13.2%
75th Percentile	9.5%	9.5%
Expected Return	6.9%	6.9%
25th Percentile	4.4%	4.5%
5th Percentile	1.0%	1.1%

FHCCF hurdle rate = 8.0%

Asset Mix

U.S. Large Cap	11.6%	10.0%
U.S. Mid Cap	8.6%	8.0%
U.S. Small Cap	6.0%	4.5%
International Developed	15.9%	15.0%
International Small Cap	5.1%	5.0%
Emerging Markets	5.5%	8.0%
Private Capital	0.0%	0.0%
Hedged Equity – Directional	0.0%	0.0%
Core Bonds	30.8%	32.5%
High Yield	5.1%	5.0%
Absolute Return Hedge Funds	6.4%	7.0%
Commodities	4.9%	5.0%
Cash	0.1%	0.0%

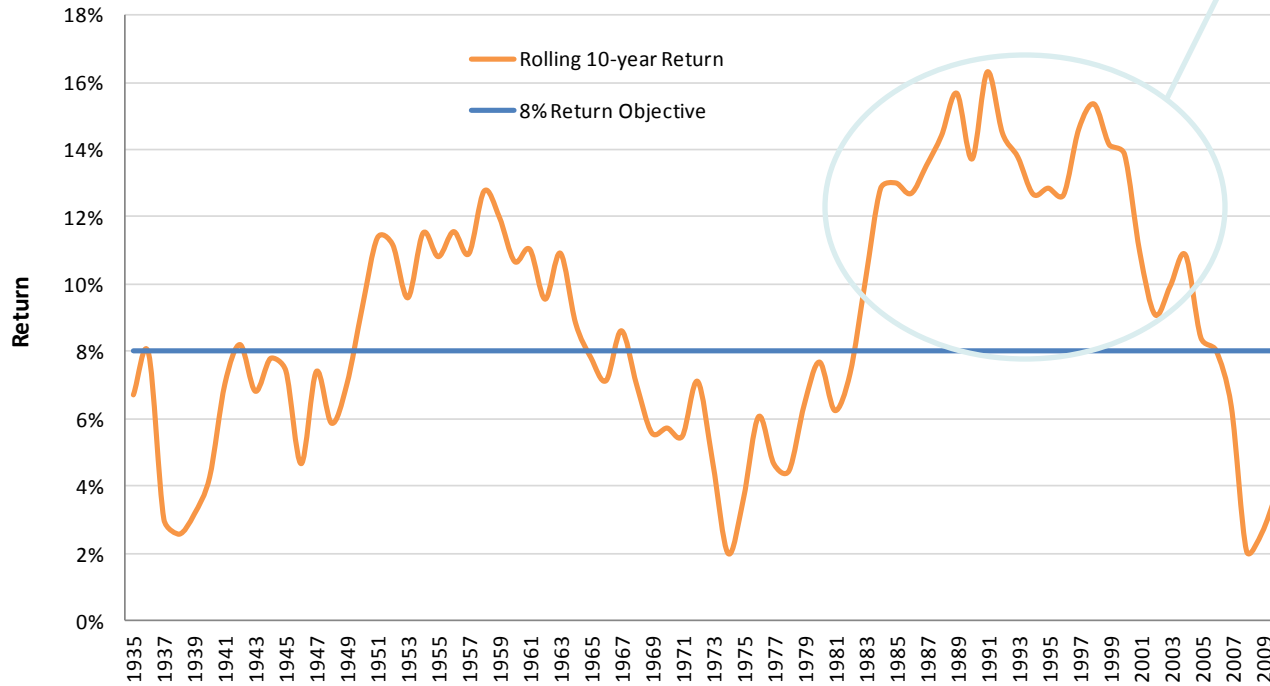
Potential for meeting goals



- A 60/40 portfolio enjoyed unusually strong performance during the 1980s and 1990s, supported by a secular bull equity market and high bond yields.
- A 60/40 equity and bond portfolio returned an annualized 8.5% from 1926 – 2010, but realized 10-year returns in excess of an 8% return objective **only 54% of the time**.

Returns vs. Objective

60/40 Equity/Bond Portfolio, 10-year Rolling Return



Source: Ibbotson Associates and Barclays Capital

1926 -2010	
Portfolio	60/40
Annualized Total Return	8.5%
Growth of \$1	\$1,046
Percent of Time 10-year Ann. Return Above 8%	54%

Return objectives vary, we use 8% for illustration.

Increasing the risk profile



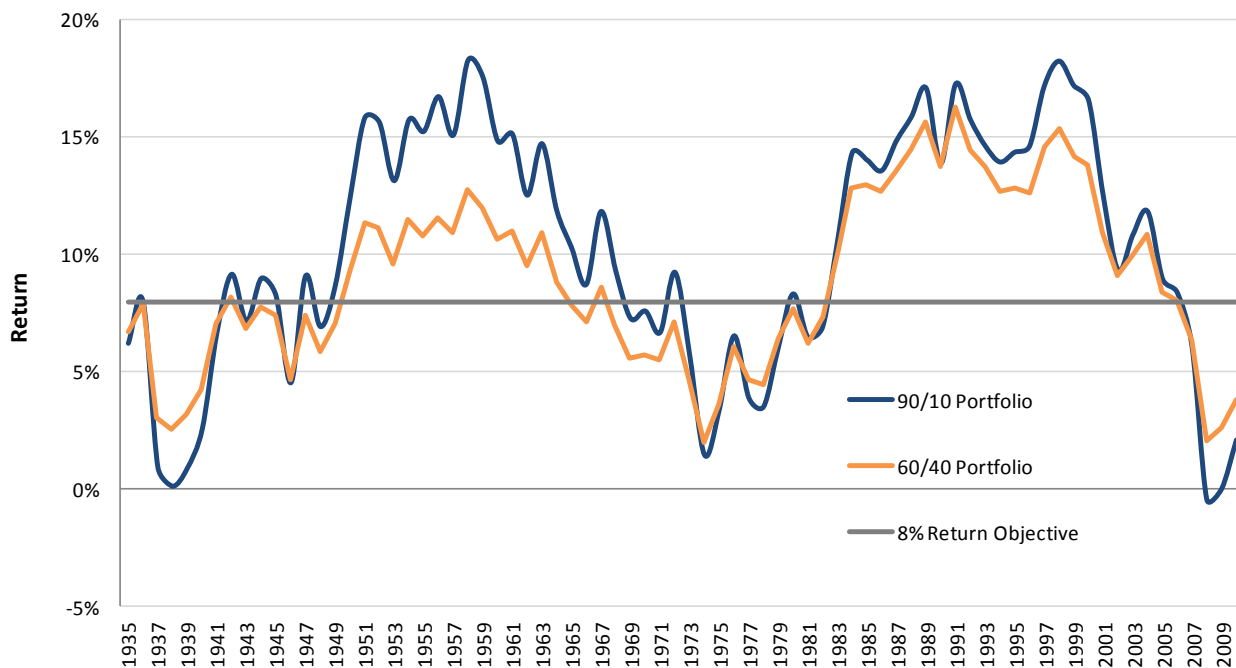
Investors can seek higher returns by increasing their portfolio risk profile, but this increases the potential for greater losses, as volatility increases.

- In a low return environment, investors may start reaching for return through additional risk, at exactly the time when risk premiums are at their lowest.

Returns vs. Objective

90/10 vs. 60/40 Equity/Bond Portfolio

10-year Rolling Returns



1926 - 2010

Portfolio	90/10	60/40
Annualized Total Return	9.6%	8.5%
Growth of \$1	\$2,420	\$1,046
Percent of Time 10-year Ann. Return Above 8%	67%	54%

Source: Ibbotson Associates and Barclays Capital

Asset Allocation Summary of Peers



Asset Allocation Summary by Asset Category June 30th, 2011							
Allocation	\$ 500 and over	\$ 250 to \$499.9	\$ 100 to \$249.9	\$ 50 to \$99.9	\$ 25 to \$49.9	\$ 5 to \$ 24.9	\$ 0 to \$4.9
U.S. Large Cap Equity	24.4%	30.0%	27.6%	24.4%	30.8%	32.5%	31.4%
U.S. Mid Cap Equity	5.6%	5.9%	2.4%	4.3%	3.9%	3.8%	0.0%
U.S. Small Cap Equity	7.4%	2.5%	6.1%	5.7%	5.4%	6.6%	0.0%
Total US Equity	37.4%	38.4%	36.1%	34.3%	40.1%	42.9%	31.4%
Non-US Large/Mid Cap Equity	12.6%	15.6%	12.5%	13.9%	14.0%	4.6%	28.9%
Non-US Small Cap Equity	0.0%	7.8%	1.4%	2.7%	1.2%	0.5%	0.0%
Emerging Markets Equity	6.1%	3.6%	5.1%	5.5%	3.3%	2.8%	0.0%
Total Non-US Equity	18.7%	27.0%	18.9%	22.1%	18.6%	7.9%	28.9%
Total Equities	56.1%	65.4%	55.1%	56.4%	58.7%	50.7%	60.3%
Domestic Fixed Income	23.2%	10.6%	19.3%	21.0%	21.7%	22.7%	30.8%
High Yield Fixed Income	4.0%	10.6%	0.3%	0.4%	1.7%	0.9%	0.0%
International Fixed Income	2.9%	10.6%	1.1%	1.7%	1.8%	1.7%	0.0%
Total Fixed	30.2%	31.8%	20.7%	23.1%	25.2%	25.3%	30.8%
Hedge Funds	10.4%	0.0%	9.1%	10.0%	8.0%	2.4%	0.6%
Private Equity	0.8%	0.0%	4.5%	6.1%	0.7%	0.0%	0.0%
Real Estate	0.5%	0.0%	1.9%	0.3%	1.8%	3.2%	0.0%
Real Assets	0.0%	0.0%	2.7%	1.6%	1.3%	2.2%	0.0%
Other	1.9%	0.0%	2.8%	0.1%	1.7%	2.1%	1.2%
Total Alternatives	13.7%	0.0%	20.9%	18.1%	13.5%	9.8%	1.8%
Cash/Equivalents	0.1%	2.8%	3.4%	2.4%	2.6%	4.4%	7.2%
Total Cash/Equivalents	0.1%	2.8%	3.4%	2.4%	2.6%	4.4%	7.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	90.3%	100.0%
	n = 2	n = 1	n = 13	n = 6	n = 20	n = 24	n = 2

Source: COF Survey Results

Improve the portfolio structure



The inclusion of material allocations to hedged, private, and other diversifying strategies can improve the risk return profile of a portfolio, increasing the likelihood of achieving targeted returns.

Survey Portfolio Allocations	60/40	Pensions	Community Foundations	Higher Education (= wt)	Higher Education (\$ wt)
U.S. Equities	40%	34%	37%	30%	15%
International Equities	20%	11%	20%	16%	16%
Private Equity	0%	8%	3%	5%	16%
Core Bonds & TIPS	40%	32%	26%	27%	16%
Credit/Distressed	0%	3%	2%	3%	4%
Real Assets	0%	7%	4%	5%	12%
Hedge Funds	0%	5%	8%	14%	21%
10-year Expected Return	6.2%	7.0%	7.1%	7.3%	8.7%
Standard Deviation (1-year)	11.7%	12.2%	13.0%	12.1%	15.5%
Probability of 8% Return	30%	40%	41%	42%	55%

Pensions estimated from Milliman and Pensions & Investments 2011 Pension Studies, Community Foundations from Council on Foundations, Higher Education from NCSE. Results based on 10-year forecasted returns in FEG's Capital Market Assumptions.

3 Paths to Improved Return Potential



Consider Other Asset Classes

- Stocks and bonds are not the only choices
- Unconventional assets can be priced to offer better returns

Seek Alpha

- Conservatively, focusing on avoiding negative alpha, or
- Aggressively, if you have confidence in the opportunities

Actively Manage the Asset Allocation Mix

- *Include* alternative markets in these decisions
- Seek assets which are out of favor, priced for better returns

We Believe All 3 Paths Can Be Pursued in Parallel!

Disclosures



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