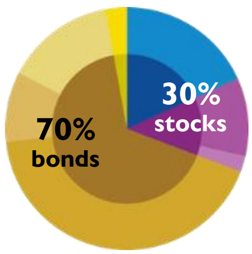
Investment Allocation Decision Matrix

The Foundation offers three models that invest in different allocations of the same seven underlying portfolio strategies. The appropriate model or combination of models for clients is best determined based on two primary factors:

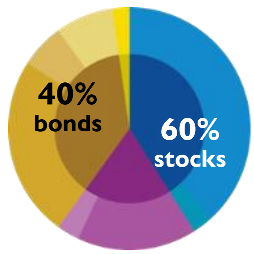
1. Spending Time Frame **2. Tolerance of Volatility**

Fixed Income ← DIVERSIFICATION → Equities (Stocks)

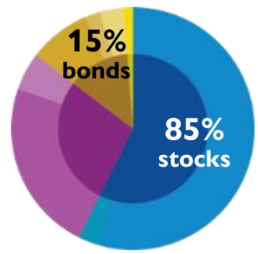
•Cash •International •Short-term •Intermediate •International •Small-Cap Core •Large-Cap Core



Conservative



Moderate



Aggressive

← Lower .... Risk/Reward .... Higher →

Time frame is most important. What is the time frame for spending the whole amount or a large portion of the assets? Second, what is the collective tolerance within the organization for market volatility? A longer time frame should correspond to having a higher tolerance of volatility to optimize total return while mitigating downside risk.

		Spending Time Frame		
		2-5 years	6-9 years	10+ years
Tolerance of Volatility	High	50% Con, 50% Mod 45% stocks, 55% bonds	75% Mod, 25% Agg 65% stocks, 35% bonds	100% Aggressive 85% stocks, 15% bonds
	Average	75% Con, 25% Mod 40% stocks, 60% bonds	100% Moderate 60% stocks, 40% bonds	25% Mod, 75% Agg 80% stocks, 20% bonds
	Low	100% Conservative 30% stocks, 70% bonds	25% Con, 75% Mod 55% stocks, 45% bonds	50% Mod, 50% Agg 75% stocks, 25% bonds

Allocations within models may drift from their targets. Percentages are rounded to nearest 5%.

Midwest Methodist Foundation

155 North Wacker Drive, Suite 4250, Chicago, IL 60606

312.803.4801 • contact@midwestmethodist.org