

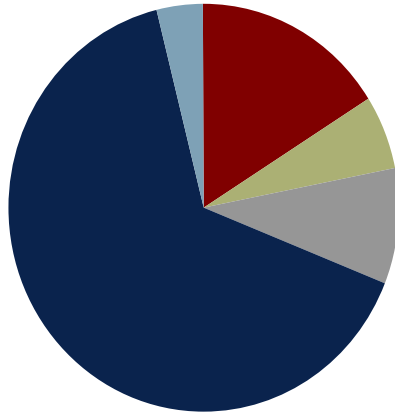
# Young Life Foundation – Core Investment Strategies

June 2010

## Income Strategy

Steady rate of return with lowest volatility

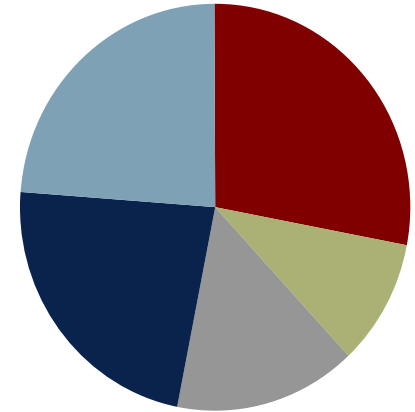
- Large-Cap Equities 16%
- Mid / Small Cap Equities 6%
- International Equities 9%
- Fixed Income & Cash 65%
- Alternatives 4%



## Balanced Growth Strategy

Above average capital appreciation along with current income

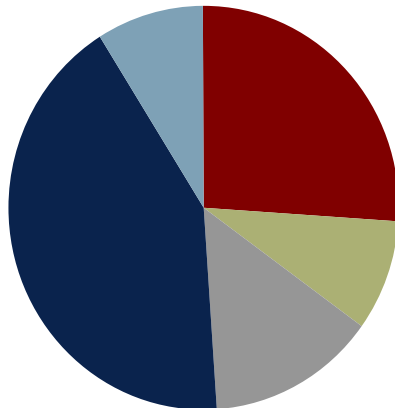
- Large-Cap Equities 28%
- Mid / Small Cap Equities 10%
- International Equities 15%
- Fixed Income & Cash 23%
- Alternatives 24%



## Balanced Strategy

Blend of long-term capital appreciation and current income

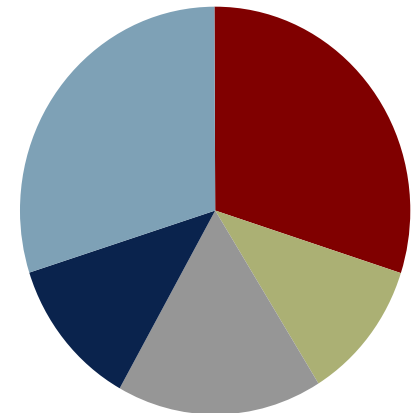
- Large-Cap Equities 26%
- Mid / Small Cap Equities 9%
- International Equities 14%
- Fixed Income & Cash 42%
- Alternatives 9%



## Growth Strategy

High capital appreciation with above average volatility

- Large-Cap Equities 30%
- Mid / Small Cap Equities 11%
- International Equities 17%
- Fixed Income & Cash 12%
- Alternatives 30%



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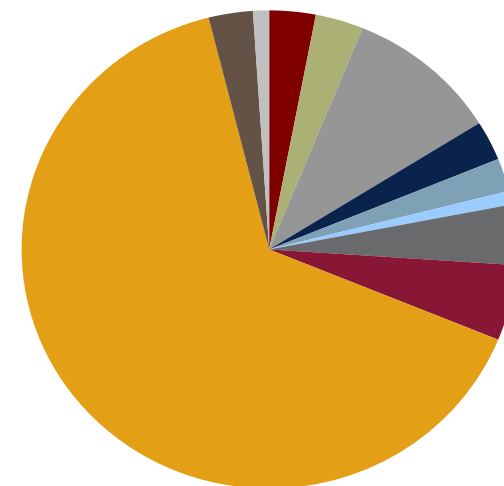
## Income Strategy

The **Income Strategy** (formerly Capital Preservation Strategy) is designed to achieve a steady rate of return with the lowest volatility. This strategy is most appropriate for conservative portfolios and/or those with a need for higher current income.

The primary investment objective of this strategy is the preservation of capital; investment return is secondary. Accordingly, this strategy maintains a heavy emphasis on bonds (fixed income), primarily those of the highest credit quality (AAA rated). The bond component is maintained between 60-80% of assets. As a result, this strategy produces a higher-than-normal income stream.

## Recommended Target Allocation and Ranges

Asset Class	Range	Current Target	
U. S. Large Cap	10 – 25%	16%	■ U.S. Large Cap Growth 3%
			■ U.S. Large Cap Value 3%
			■ U.S. Large Cap Core 10%
U. S. Mid-/Small Cap	5 - 10%	6%	■ U.S. Mid-Cap Growth 3%
			■ U.S. Mid-Cap Value 2%
			■ U.S. Small Cap Core 1%
International	0 - 15%	9%	■ International - Developed 4%
			■ International - Emerging Markets 5%
Fixed Income	60 - 80%	65%	■ Fixed Income & Cash 65%
Alternatives / Opportunistic	0 - 8%	4%	■ Multi-Strategy 0%
			■ Hedge 0%
			■ Commodities 3%
			■ Emerging Market Debt 1%
			■ MLPs 0%



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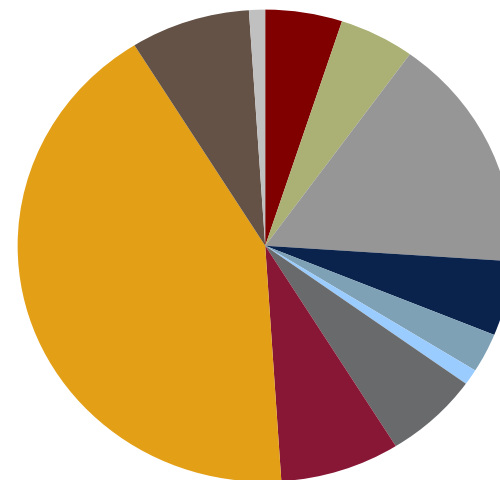
## Balanced Strategy

The **Balanced Strategy** is designed to provide a blend of (1) current income with moderate volatility and (2) long term capital accumulation. The risk/return profile of this strategy is appropriate for portfolios with an intermediate term investment horizon (2 to 5 years).

This strategy is designed to provide for the growth of capital, yet with less volatility than a portfolio dedicated exclusively to equities. Bonds (fixed income) represent a meaningful 35-65% of total assets at all times. Equities typically represent about 50% of total assets and a healthy balance is maintained between the growth and value styles, as well as between the domestic and international markets. Companies with larger market capitalizations are emphasized over mid-cap and small-cap companies. Alternative Investments, specifically, Commodities, play a small but important role in the portfolio.

## Recommended Target Allocation and Ranges

Asset Class	Range	Current Target	
U. S. Large Cap	20 – 40%	26%	■ U.S. Large Cap Growth 5%
			■ U.S. Large Cap Value 5%
			■ U.S. Large Cap Core 16%
U. S. Mid-/Small Cap	5 - 25%	9%	■ U.S. Mid-Cap Growth 5%
			■ U.S. Mid-Cap Value 3%
			■ U.S. Small Cap Core 1%
International	0 - 20%	14%	■ International - Developed 6%
			■ International - Emerging Markets 8%
Fixed Income	35 - 65%	42%	■ Fixed Income & Cash 42%
Alternatives / Opportunistic	0 - 10%	9%	■ Multi-Strategy 0%
			■ Hedge 0%
			■ Commodities 8%
			■ Emerging Market Debt 1%
			■ MLPs 0%



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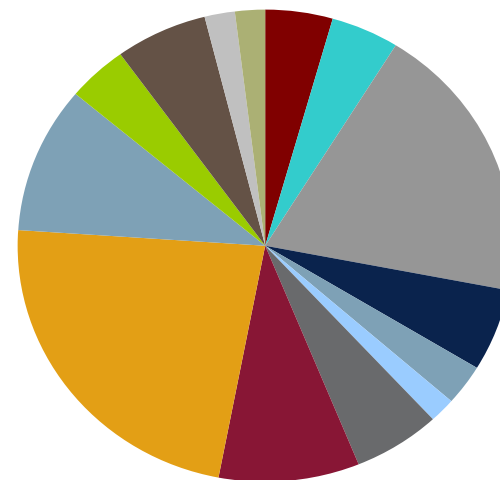
## Balanced Growth Strategy

The **Balanced Growth Strategy** is designed to provide current income and above-average capital appreciation consistent with average levels of volatility. This strategy is most appropriate for portfolios (1) with a reasonable tolerance for risk, (2) without a need for high levels of current income, and (3) with an investment horizon of 5 to 7 years.

The bond (fixed income) component of this strategy is maintained in the 20-50% range and is designed to provide the liquidity and income necessary to meet immediate needs. The bond allocation also serves to dampen the overall volatility. Bonds do not represent less than 20% of total assets, yet the bias of this strategy is clearly on growth. Equities can represent up to 70% of total assets and are diversified between growth and value as well as domestic and international. Alternative investments will represent a meaningful portion of the portfolio.

## Recommended Target Allocation and Ranges

Asset Class	Range	Current Target	
U. S. Large Cap	20 – 40%	28%	■ U.S. Large Cap Growth 4.5%
			■ U.S. Large Cap Value 4.5%
			■ U.S. Large Cap Core 19%
U. S. Mid-/Small Cap	5 - 20%	10%	■ U.S. Mid-Cap Growth 5.5%
			■ U.S. Mid-Cap Value 3%
			■ U.S. Small Cap Core 1.5%
International	5 - 20%	15%	■ International - Developed 6%
			■ International - Emerging Markets 9%
Fixed Income	20 - 50%	23%	■ Fixed Income & Cash 23%
Alternatives / Opportunistic	5 - 25%	24%	■ Multi-Strategy 10%
			■ Hedge 4%
			■ Commodities 6%
			■ Emerging Market Debt 2%
			■ MLPs 2%



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## Growth Strategy

The **Growth Strategy** is designed to provide the highest total return over time consistent with an emphasis on capital appreciation in a diversified portfolio. This strategy has above-average volatility and is appropriate for those who are willing to invest a majority of their assets in equities.

Equities play a prominent role in this strategy, typically representing 50-80% of total assets. Bonds average about 15% of total assets and do provide some liquidity, current income, and dampening of the portfolio's overall level of volatility. The emphasis on equities is consistent with an objective of capital appreciation, yet maintaining diversification within the equity component is equally important. Large capitalization stocks are emphasized, but all markets caps are represented and diversification between domestic and international stocks is maintained. Alternative investments also play an important role by providing additional diversification and exposure to investment strategies with little or no correlation to the equity markets.

## Recommended Target Allocation and Ranges

Asset Class	Range	Current Target	
U. S. Large Cap	25 – 45%	30%	■ U.S. Large Cap Growth 4.5%
			■ U.S. Large Cap Value 4.5%
			■ U.S. Large Cap Core 21%
U. S. Mid-/Small Cap	10 - 25%	11%	■ U.S. Mid-Cap Growth 5.5%
			■ U.S. Mid-Cap Value 3.5%
			■ U.S. Small Cap Core 2%
International	5 - 25%	17%	■ International - Developed 7%
			■ International - Emerging Markets 10%
Fixed Income	10 - 30%	12%	■ Fixed Income & Cash 12%
Alternatives / Opportunistic	5 - 30%	30%	■ Multi-Strategy 13%
			■ Hedge 5%
			■ Commodities 7%
			■ Emerging Market Debt 2%
			■ MLPs 3%

