



Summit Strategies Group

MODELING GROUP

3Q 2013

An innovative, forward-thinking approach is key to an effective consulting partnership. From the building blocks of our capital market assumptions to the nuances of each customized asset allocation model, Summit presents technical perspectives in ways that are easily understood and applied. Summit believes the research services provided are fundamental to our clients' ability to properly manage and understand the total portfolio.

OUR PHILOSOPHY

The Obligation Drives the Allocation: The purpose of the assets impacts time horizon, liquidity and risk appetite.

The Regulatory Environment Changes Constantly: The volatility of funded status impacts disclosures and contribution requirements. FASB and DOL regulations may lead to differing goals of the portfolio.

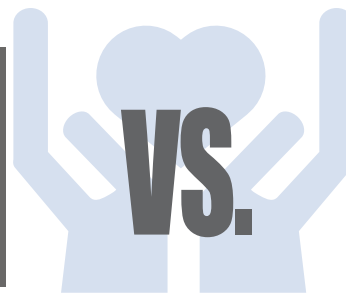
Modeling a Portfolio Quantifies Potential Impacts: Whether balance sheet or spending rate, a model demonstrates the financial impact of an asset allocation.

Base Assumptions Are Not Enough: We utilize Monte Carlo simulations as well as specific paths (2008 financial crisis, for example).

FOR FOUNDATIONS / ENDOWMENTS:

GROWTH

Potential Size of Asset Base (purchasing power) & Annual Spending (support of mission)



RISK

Level of volatility/downside in the Asset Base & Annual Spending

FOR HOSPITALS

Investment portfolio

Operating margins

DB/Pension Liabilities/ Assets



Term Structure of Debt

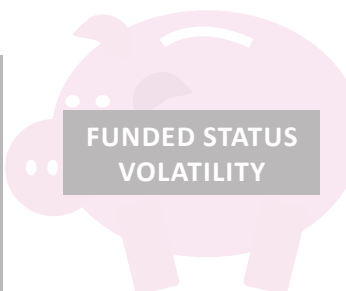
Cap Ex Budgets

Captives, Foundations, Endowments

FOR PENSION PLANS

A Mismatch of Asset Performance Relative to Liability Performance Drivers: Asset Returns & Interest Rate

Produces...



Leads To...

Contribution Volatility