

Risky Business: Fulfilling Fiduciary Duties in a Challenging Investment Environment

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Agenda

- Recent Market History
- Future Return Expectations
- Strategies for Coping in a Low Return Environment
- Investment Basics For Fiduciaries

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Recent Market History



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2004 to 2014 Expectations

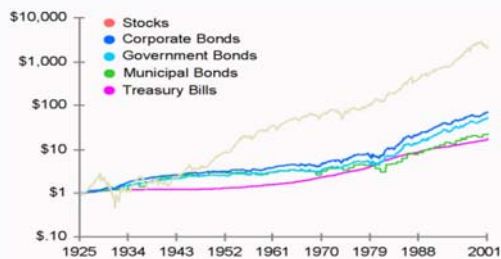
0% - 5%

Real Average Annual Returns for S&P 500 Stocks

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Change of Trend

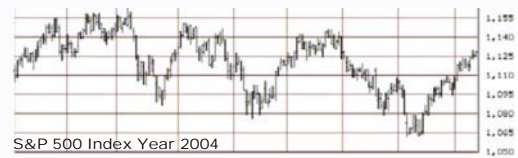
- Stocks 6.8%, Over past 200 years



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Change of Trend

- Political: Globalization
- Social: Demographics
- Valuations: P/E Ratios, Dividends, Accounting Issues



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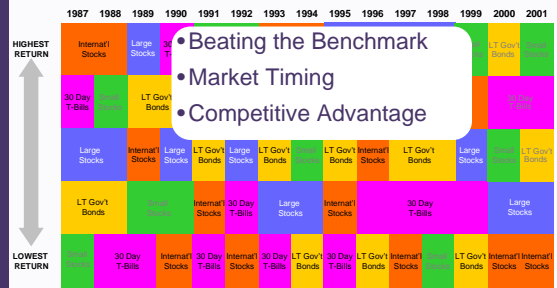
Strategy #1:

8.4%

Assume favorable high long-term returns will continue into the future

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Strategy #2: Active Management



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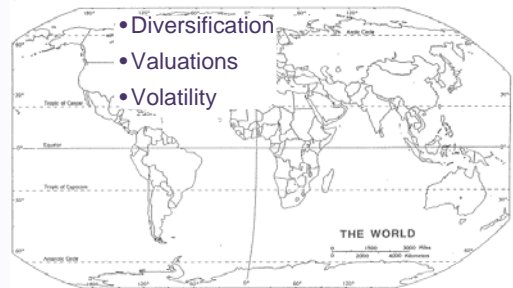
Strategy #3: Hedge Funds

- Transparency
- Liquidity
- Leverage
- Managers
- Fees



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Strategy #4: Foreign Securities



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Strategy #5: Live With It



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Investment Basics for Fiduciaries

- Written Investment Policy
- Hold Down Risk
- Fees & Expenses
- Performance Evaluation
- Patience

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**Philanthropy Northwest
2004 Annual Conference**



END OF SLIDES