

Adopting Lessons Learned
from the Nation's Top
Educational Endowments
and Applying These Same
Principles to Private
Investing

The Household Endowment Model®



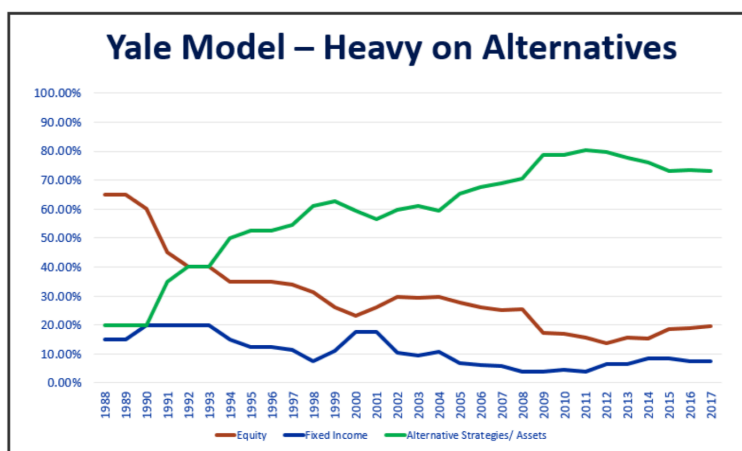
KENNEDY
WEALTH GROUP™

Public markets are continuously exposed to high levels of volatility. The Household Endowment Model® uses correlated and non-correlated investments to smooth out and reduce volatility, while focusing on long-term growth.

Kennedy Wealth Group is a comprehensive, relationship-oriented services firm providing custom financial strategies. We are a team of dedicated financial professionals who are with you every step of the way, helping to guide you on your path to financial freedom. We distinguish ourselves from many other advisors through portfolio design, emulating the Yale Endowment Model. We refer to this as The Household Endowment Model®.

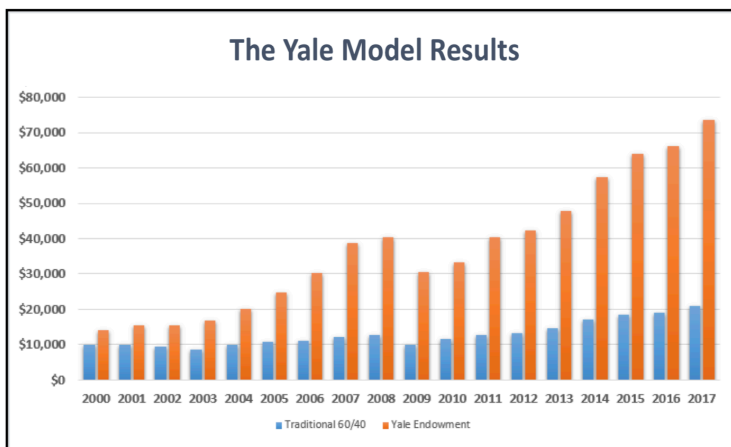


In emulating the Yale Endowment Model, and through its industry relationships, the Household Endowment Model has access to a multitude of alternative investment strategies. These alternative strategies are used during the portfolio construction. As shown in the graph “The Yale Model Results,” Yale has significantly increased its allocation to alternative investments over the past 20+ years.



The Household Endowment Model® is built on three basic principles:

- (1) Similar to Yale's Endowment Model we believe in using outside managers to manage our client portfolios. We believe that qualified external managers should be used and given considerable autonomy to implement strategies as they see fit.
- (2) It maintains an allocation to correlated and non-correlated private and public asset classes. .
- (3) Where inefficient markets exist and where there is illiquidity, opportunity abounds for the patient investor. Yale has long believed that incremental risk adjusted returns could be increased by selecting superior managers in nonpublic markets.



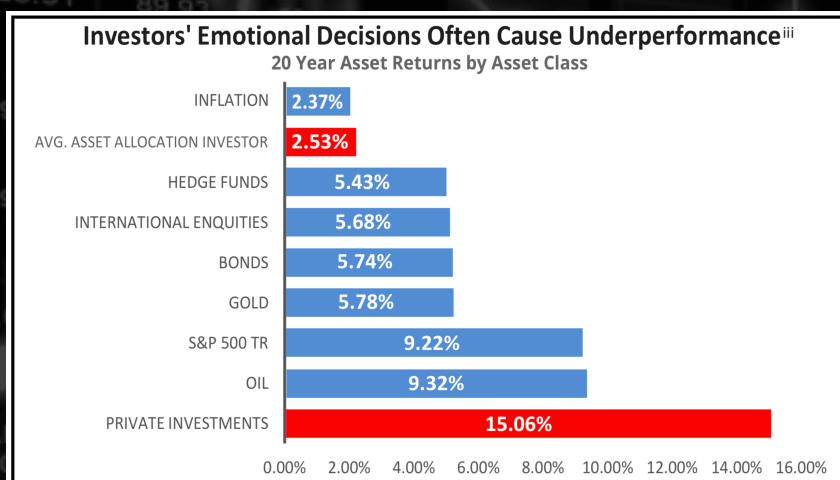
Over the past two decades as of June 30, 2015, Yale's endowment generated returns of 13.7% per annum, outperforming the classic 60/40 model.

(Source: Yale Endowment 2014 Annual Report)

The lessons learned from past financial crisis highlight a number of important issues and that investors would be wise to heed. Previous crisis made clear the **importance of a long-term orientation and underscored the need to support a diversified, equity-oriented, active management strategy** with adequate organizational resources and capabilities.

Organizations, investment teams, and committees that lack commitment to a longtime horizon make suboptimal decisions during periods of tumult and uncertainty.

20 Year Highest Returning Category: Private Investments



Volatility can provoke fear-based selling that could be damaging to portfolios. As seen in the chart above, the average investor returns are dramatically reduced when compared to investment indexes held for the long term. It is important to note that the highest returning category is shown to be private investments, which are not subject to the volatility in the public markets..

Strategic Overview: Household Endowment Model®

Investors can apply lessons learned by the nation's top educational endowments to individual portfolio construction.

Public markets are continually exposed to high levels of volatility, provoking fear-based selling that could be damaging to portfolios.

The lessons learned from past financial crises highlight a number of important issues and that investors would be wise to heed.

Although the fundamental principles of the Yale model are straightforward, execution of an **active management strategy** demands a significant commitment of resources, particularly during chaotic and uncertain times.

It is important to note that the **highest returning category is shown to be private investments**, which are not subject to the volatility in the public markets.

In summary, at Kennedy Wealth Group, we believe that portfolio management success results from suitable strategy and exceptional investment management skills and the access to best-of-breed investment products. We refer to this as the Household Endowment Model®.



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