



KNOW BEFORE YOU SOW

An Investment Guide for Beginners

PART 1: PLANTING THE SEEDS OF INVESTING

Wednesday, September 16
1:00 PM ET



What We'll Cover Today



- What investing is
- Why people invest
- Key terminology
- Types of investments





What is Investing?

Investing is:

- Using money today to grow future value
- Focused on long-term outcomes
- Designed to generate growth and/or income
- Intended to help outpace inflation





Why People Invest

Churches and ministries invest to:

- Support long-term mission and ministry
- Provide financial stability
- Reduce reliance on annual contributions
- Preserve purchasing power
- Practice responsible stewardship

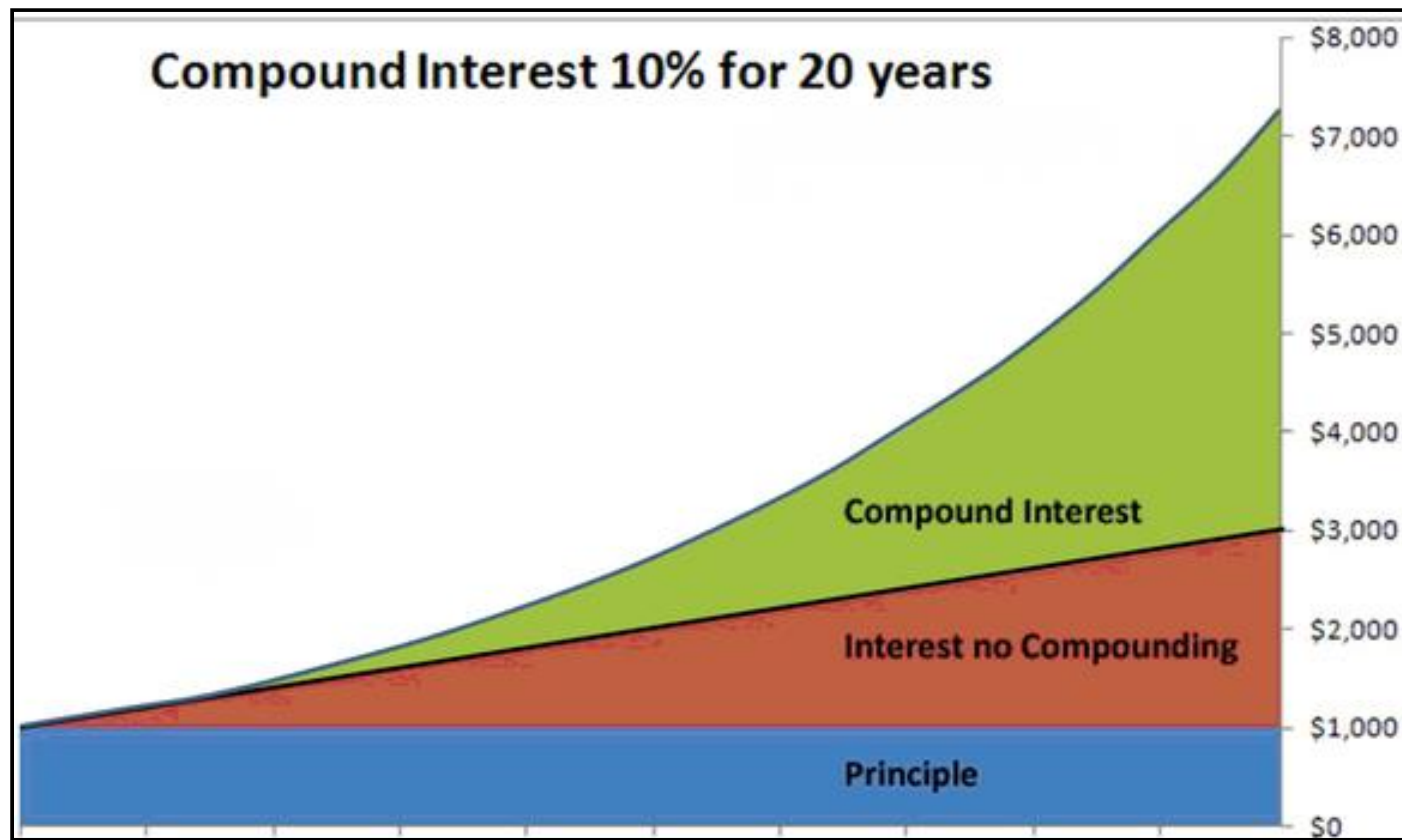




The Power of Compounding

Compounding happens when:

- Investments earn returns
- Those returns remain invested
- Future returns are earned on both the original investment and past gains
- GROWTH BUILDS ON GROWTH



CORE TERMS



Asset: something with financial value

Volatility: degree of fluctuation –
how much values move up and down

Return: gain or loss on an investment

Diversification: spreading investments
across different types of assets and investments

Risk: uncertainty of outcomes

Liquidity: ease of converting to cash

Benchmark: comparison standard





Basis Points

A unit of measure used in finance to describe small percentage changes

- 1 basis point (bp) = 0.01%
- 100 basis points = 1%
- 25 bps = 0.25% or .0025
- 69 bps = 0.69% or .0069

Why it's used:

- Avoids confusion when discussing percentages
- Commonly used for fees, interest rates, and performance
- Makes small differences easier to compare

Example:

- If it's on a \$100,000 account
- 25 bps = \$250 per year
- 69 bps = \$690 per year



How the Market Works

1

MARKETS CONNECT:

- Buyers
- Sellers

2

PRICES ARE INFLUENCED BY:

- Company earnings
- Interest rates
- Economic conditions
- News and events





The Market

What Does “Up” and “Down” Mean



Market Up

Investment values generally increased



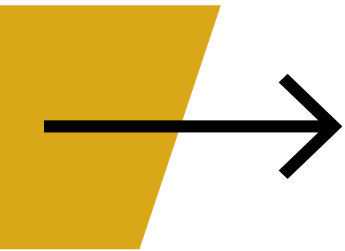
Market Down

Investment values generally decreased

Key Takeaways

- Short-term movement is normal
- Long-term trends matter most





1. Stocks (Equities)



2. Bonds (Fixed Income)



3. Cash & Cash Equivalents



4. Alternatives

Types of Investments





Stocks (Equities)

Ownership shares in a company



Potential Benefits:

- Long-term growth
- Higher return potential

Considerations:

- Greater volatility
- Higher short-term risk

Equity at MMFA

Role:

- Used for long-term growth

Pool Allocations:

- Growth pool: 35% target equity
- Income pool: 20% target equity
- Balanced pool: 35% target equity





Bonds (Fixed Income)

Loans to governments or companies

Benefits:

- Income generation
- Stability
- Lower volatility

Considerations:

- Lower growth potential

Fixed Income at MMFA

Role:

- Stability
- Income generation
- Portfolio balance

Pool Allocations:

- Growth pool: 23% target fixed income
- Income pool: 50% target fixed income
- Balanced pool: 33% target fixed income



Cash and Cash Equivalents

Money market funds | Treasury bills | Short-term CDs

Potential Benefits:

- Very liquid
- Generally lower investment risk

Cash at MMFA

Role:

- Used for short-term needs
- Supports liquidity
- Prevents forced selling of long-term assets

Pool Allocations:

- Stable pool



Alternatives

Real estate | Private credit | Hedge Strategies

Potential Benefits:

- Additional diversification
- Different sources of return

Considerations:

- Less liquid
- More complex

Pool Allocations:

- Growth pool: 25% target alternative investments
- Income pool: 20% target alternative investments
- Balanced pool: 20% target alternative investments





Q&A

