

I. Introduction - Statement of Purpose

This Investment Policy Statement (IPS) is intended to provide a clear understanding regarding the objectives, goals, and guidelines established for the investment of assets.

This IPS is not a contract. It is intended to assist us in effectively supervising, monitoring and evaluating the management of client assets. These policies will be reviewed and revised as necessary to reflect any changes related to the portfolio, the client, or the markets.

We ask that clients promptly notify us of any material changes to their situation that may impact their overall investment strategy.

It is important that the client understands that achievement of goals and objectives is measured against long-term objectives and not against short-term market fluctuations.

II. Investment Goals

a. *Portfolio Objectives*

The portfolio will be allocated so that it may provide the following benefits:

- *Maximum returns within reasonable and prudent levels of risk.*
- *Provide returns comparable to returns for similar investment options.*
- *Provide exposure to a wide range of investment opportunities as described below.*

b. *Life Cycle Phase*

The client has chosen the following life cycle phase:

Spending Phase

Income generating, low risk assets are given emphasis under ordinary circumstances.

If the client can cover their income needs adequately, a larger portion of their assets can remain in capital gain oriented investments. Regardless of the circumstances, a portion of assets should remain in capital gain oriented investments to protect against inflation.

- *Expenses exceed income and excess is derived from investment income.*
- *Horizon may still be relatively long (state time horizon, age).*

c. *Liquidity Constraints*

Immediate or near-term cash requirements may create the need for more liquid assets despite the overall long-term objectives.

d. *Tax Consequences/ Non-Qualified Accounts*

During the asset management process, as information is available to Reed & Ball, the following tax considerations communicated by the client will be observed:

- *Short vs. long-term capital gains*

- *Benefits of a tax-free versus taxable investments within the fixed income portion of the portfolio (taxes should never compromise the objective of the portfolio and the need for diversification.)*

III. Investment Objectives

The primary investment objective of the assets placed under management is *Growth with Income*. Although past performance does not guarantee future results, this portfolio should be constructed to satisfy diversification and asset allocation strategies and designed to meet the goals and objectives over time.

The nature of the investment objective reflects the client's risk tolerance, time horizon and goals, and can be described as follows:

Growth with Income

-Assets could be invested in high quality equities (including foreign equities) and in fixed income.

-Normal asset allocation targets are in equity assets and in fixed income assets (including a 5% cash position) and may include international equities.

-The primary investment objective of this portfolio is growth of principal. Fixed income assets are included to generate income and reduce overall volatility.

-Emphasis is placed on modest capital growth with some focus on generation of current income.

IV. Investment Guidelines

a. Asset Allocation

Although there is no guarantee of success, investments in the portfolio will be prudently diversified using asset allocation methodology.

b. Permissible Investments

The assets under management shall be invested in a manner that is consistent with the client's goals and objectives.

The client agrees to use of the following security classifications:

Individual Equity Securities: *Publicly traded common and preferred stocks, convertible preferred stocks and convertible debentures. Investments may be chosen from NYSE, regional exchanges, and the National over the Counter Market. International equities, including ADR's, from developed foreign countries as well as equities from emerging markets may also be used. All assets must have a readily ascertainable market value and be easily marketable.*

Mutual Funds: *Open-end publicly traded mutual funds covering various asset classes including: domestic equity, international equity, fixed income, balanced, sector, money market, and specialized funds. Unit Investment Trusts (UIT's) and Exchange Traded Funds (ETF's) may also be used.*

Limited Partnerships: *Direct investments through limited partnerships covering a broad spectrum of categories: real estate, equipment leasing, oil & gas exploration and managed futures.*

Real Estate Investment Trusts: *Publicly traded as well as pre-publicly traded REIT's covering various sectors of real estate including commercial, industrial and residential.*

Annuity Contracts: Immediate or deferred (fixed or variable) annuity contracts issued by an insurance company rated A or higher by Standard & Poors or a similar agency.

Managed Futures: Futures funds invested across a broad spectrum of markets including: agriculture, currencies, energy, metals, stock indices, short-term interest rates, long-term interest rates and cross rates. Futures funds that are structured as either limited partnerships or trusts may be used.

Individual Debt Instruments: United States Government Obligations, agencies of the United States Government, and Corporate Obligations rated A or higher by Standard & Poors or a similar rating agency.

Cash Reserves: Interest bearing securities, free from risk of loss, price fluctuation and instantly saleable. Shall consist of individual fixed income securities such as Certificates of Deposit, Commercial Paper, U.S. Treasury Bills, and other similar instruments with less than one year to maturity and/or money market funds.

c. Prohibited Investments and Transactions

The client designates that no prohibited transactions apply.

V. Investment Review

a. Portfolio Performance measurement

The following benchmark(s) reflects investment parameters against which portfolio performance shall be compared on a regular basis:

- *Growth with Income Benchmark*
- *Consumer Price Index*
- *Salmon Broad Investment Grade Bond Index*
- *Standard & Poors 500 Total Return Index*
- *Russell 2000 Total Return Index*
- *EAFE Total Return Index (Foreign Equities)*

The following factors will be considered when evaluating individual vehicle performance:

- *Attainment of above benchmark average rate over time*
- *Achieve performance and risk objectives*
- *Comply with investment guidelines*
- *Comply with reporting requirements*
- *Two consecutive quarters of underperformance versus its peers*

Factors influencing performance deviations will be described by the Adviser in *periodic* reports to the client.

VI. Modification of Investment Policy Statement

a. Adviser/Client Meetings

We will meet no less frequently than annually to review the portfolio and investment results in the context of this Investment Policy Statement.

Factors affecting the asset management process, including actual portfolio returns, tax law changes and the economic outlook will also be discussed.

