

Investment Policy Statement

April 23, 2007

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Prepared For

William and Sarah Reynolds
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Introduction

The purpose of an investment policy statement is to:

- ▶ Establish objectives for structuring an investment proposal suitable to the long-term needs and risk tolerance of the Client.
- ▶ Formulate policies for selecting appropriate and suitable investments within the framework of that structure.
- ▶ Establish prudent procedures for monitoring and evaluating the performance of investments within the proposal and for addressing changes in policy.

This document identifies information that was gathered from the Client for purposes of formulating an investment proposal. The information sought from the Client addresses the Client's intentions and goals, and financial constraints that may impact the proposal. In addition, it identifies a target asset allocation of investment types and weightings that the investment proposal will endeavor to apply to meet the Client's long-term objectives. Finally, it proposes an agenda for reconsidering the overall structure for the plan, as well as security implementation decisions.

The investment policy statement is intended to communicate a philosophical approach to investing decisions. It is not, nor is it intended to be, a contract. It does not address legal responsibilities of either the Advisor or the Client, nor has it been reviewed or approved by an attorney. There is no guarantee that the goals identified in the investment policy statement will be achieved under the investment proposal prescribed.

Parties to the Investment Plan

Investors

William Reynolds
20 North Kalamazoo Street
Springfield, IL 60606

Sarah Reynolds
20 North Kalamazoo Street
Springfield, IL 60606

Beneficiaries

James Reynolds
2020 South Montgomery Street
Springfield, IL 60606

Jason Davies
435 East Lake Street
Springfield, IL 60606

Lana Reynolds
2020 South Montgomery Street
Springfield, IL 60606

Nancy Davies
435 East Lake Street
Springfield, IL 60606

Ellis Reynolds
4952 Sunnydale Avenue
Springfield, IL 60606

Krista Davies
435 East Lake Street
Springfield, IL 60606

Shannon Peterson
800 South Madison Street
Springfield, IL 60606

Joan Davies
435 East Lake Street
Springfield, IL 60606

Client Summary

The Client's needs and constraints are critical factors in developing an appropriate long-term investment approach. It is our goal to have a good understanding of your purpose in engaging our services, your financial goals, your tolerance for risk, and the level of assets to be applied in the proposal. We also strive to understand your need for liquidity, including the possibility that you may require access to invested assets over time. Finally, because investment decisions should take tax considerations into account, we seek information on tax constraints.

The information below summarizes our understanding of your goals and current financial situation that will be considered in the investment proposal.

Plan Purpose	To establish a source of education and college funding for William and Sara Reynolds' grandchildren.
Financial Goals	<ul style="list-style-type: none"> ▶ To establish current funding for private education for all grandchildren, expecting to total \$20,000 for the next two years, \$30,000 for the next 4 years, \$50,000 for the next 3 years, and \$20,000 for the next two years. ▶ To establish college funding, expecting to total an average of \$50,000 per year for 11 years, to commence in 2015. ▶ To apply remaining assets to a college-focused charitable endeavor of Client's selection.
Financial Constraints	<p>Risk tolerance level Moderate</p> <p>Method for determining risk tolerance Risk tolerance questionnaire</p> <p>Value of assets included in plan \$750,000</p> <p>Liquidity constraints Liquidity needed only to fund current educational expenses of grandchildren.</p>

Tax constraints

Sarah and William are interested in considering 529 plan vehicles, assuming tax savings will offset plan expenses.

Marginal federal rate	33%
State rate	15%
Local rate	N/A

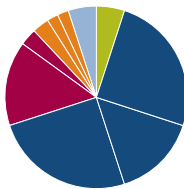
Other constraints

Sarah and William have a low level of personal debt, adequate liquidity for handling emergencies and income and assets supporting other defined goals (as defined in a companion Investment Policy Statement). Given their general financial condition, it is anticipated that the assets under this plan will not be required for satisfying needs outside of educational funding.

Proposed Portfolio

Proposed Asset Allocation

Asset allocation refers to the broad types (or classes) of investments that will be applied in the investment proposal, and the desired weighting to these classes. The asset allocation decision is a critical component in managing the risk and return behavior for your investments, and an important factor in determining the specific securities that will be selected to implement your proposal. In general, a selected asset allocation should reflect your tolerance for risk, the timeframe for achieving goals, your tax situation, and your overall liquidity needs. The following asset allocation has been selected for your proposal.



Asset Class	Target %	Allowed Range	
		Bottom %	Top %
Cash	5.00	1.00	10.00
US Stocks	35.00	30.00	40.00
Non-US Stocks	25.00	20.00	30.00
Bonds	35.00	30.00	40.00
Other	0.00	0.00	5.00
100.00			

Security Universes

Included Security Universes

- Open-End Mutual Funds
- Closed-End Funds
- Exchange-Traded Funds
- Individual Stocks
- Individual Bonds
- US Large-Cap Value Stocks
- US Large-Cap Core Stocks
- US Large-Cap Growth Stocks
- US Mid-Cap Stocks
- US Small-Cap Stocks
- Non-US Developed Stocks

Security Universes Excluded at Client Request

- Variable Annuities
- Separately-Managed Accounts
- Non-US Emerging Stocks
- US High Yield Bonds
- Non-US Bonds

Portfolio Monitoring

The investment proposal developed is intended to reflect a long-term approach, potentially lasting until goals are achieved. However, your financial situation and goals may change, producing a need to reconsider this plan. At the same time, financial markets are unpredictable in the short-term, producing temptation to recklessly deviate from a solid long-term plan. The goal of setting a portfolio monitoring agenda is to create flexibility for revising a strategy when needed, while providing structure to discourage overreaction to normal short-term market events.

Asset Allocation

Asset allocation is to be revisited annually or when one of the following criteria occurs:

- ▶ When allocation falls out of defined range
- ▶ When client objective or circumstances change
- ▶ When significant assets are added/removed from the plan

Portfolio Implementation

Portfolio implementation is to be revisited annually or when one of the following criteria occurs:

- ▶ When a security underperforms its category benchmark for four consecutive quarters
- ▶ When a security's Morningstar star rating is lowered

Client Acceptance Page

I have read the Investment Policy Statement and affirm that it accurately reflects my personal needs and constraints, and reflects an investment philosophy with which I feel comfortable.

Client Name

Client Signature

Date

Client Name

Client Signature

Date

Advisor Signature

Date