INVESTMENT POLICY STATEMENT

High Net Worth Individual / Family Wealth

(Client)

Approved on September 1, 2002

This investment policy statement should be reviewed and updated at least annually. Any change to this policy should be communicated in writing on a timely basis to all interested parties.

This Investment Policy Statement (IPS) has been prepared by invest^{mgt}. It is intended to serve as an example of the type of information that would be included in a comprehensive IPS. Clients are advised to have legal counsel review their IPS before it is approved.

EXECUTIVE SUMMARY

Type of Plan: Taxable, Individual

Current Assets: $650,000

Time Horizon: Greater than 5 years

Modeled Return: 7.6% (5.1% over the Consumer Price Index)

Modeled Loss: -8.9% (Probability level of 5%)

Asset Allocation:

	Lower Limit	Strategic Allocation	Upper Limit
Domestic Large-Cap Equity			
Blend	5%	10%	15%
Growth	5	10	15
Value	5	10	15
Mid-Cap Equity	5	10	15
Small-Cap Equity	5	10	15
International Equity	5	10	15
Intermediate-term Fixed Income	30	35	40
Cash Equivalent	0	5	10

Evaluation Benchmarks:

Wealth Counseling Index™ (% Equity Exposure)*

	LCB	LCG	LCV	MCB	SCB	IE	IB	SB	MM
WCI (20)	5	5	5	0	0	5	40	30	10
WCI (40)	10	10	10	0	5	5	35	20	5
WCI (60)	10	10	10	10	10	10	35	0	5
WCI (80)	15	15	15	10	10	15	15	0	5

*The WCI™ series of indexes have several unique design features, two of which are:
(1) They illustrate a series of prudently diversified portfolios; and
(2) They illustrate the performance of a diversified portfolio, calculated using the performance of the median mutual fund manager for each peer group represented in the allocation.

PURPOSE

The purpose of this Investment Policy Statement (IPS) is to assist the Client and Investment Advisor (Advisor) in effectively supervising, monitoring and evaluating the investment of the Client's Portfolio (Portfolio). The Client's investment program is defined in the various sections of the IPS by:

1. Stating in a written document the Client's attitudes, expectations, objectives and guidelines for the investment of all assets.

2. Setting forth an investment structure for managing the Client's Portfolio. This structure includes various asset classes, investment management styles, asset allocation and acceptable ranges that, in total, are expected to produce an appropriate level of overall diversification and total investment return over the investment time horizon.

3. Encouraging effective communications between the Client and the Advisor.

4. Establishing formal criteria to select, monitor, evaluate and compare the performance of money managers on a regular basis.

5. Complying with all applicable fiduciary, prudence and due diligence requirements experienced investment professionals would utilize, and with all applicable laws, rules and regulations from various local, state, federal and international political entities that may impact the Client's assets.

BACKGROUND

This IPS has been prepared for John and Mary HNW Client (Client), a taxable entity. The assets covered by this IPS currently total approximately $650,000 in market value, but the Client's net worth is estimated to be $1,225,000. Assets not covered by this IPS include:

(1) Corporate sponsored defined contribution programs where both the husband and wife participate (combined, valued at $350,000); and

(2) A vacation condo valued at $225,000.

Key Information

SSN: ______________________

Investment Advisor: ______________________

Additional key information, which is subject to change from time-to-time, is contained in Appendix ___ (the appropriate appendix).

STATEMENT OF OBJECTIVES

This IPS describes the prudent investment process the Advisor deems appropriate for the Client's situation. The Client desires to maximize returns within prudent levels of risk and to meet the following stated investment objectives:

Advisor lists investment objectives…

1. Retire with sufficient assets to support a lifestyle of ___________.
2. Provide college tuition to grand children, etc.

Time Horizon

The investment guidelines are based upon an investment horizon of greater than five years; therefore interim fluctuations should be viewed with appropriate perspective. Short-term liquidity requirements are anticipated to be minimal.

Risk Tolerances

The Client recognizes and acknowledges some risk must be assumed in order to achieve long-term investment objectives, and there are uncertainties and complexities associated with contemporary investment markets.

In establishing the risk tolerances for this IPS, the Client's ability to withstand short and intermediate term variability was considered. The Client's prospects for the future, current financial condition, and several other factors suggest collectively some interim fluctuations in market value and rates of return may be tolerated in order to achieve the longer-term objectives.

Expected Return

In general, the Client would like the assets to earn at least a targeted return of 7.6%. It is understood an average return of 7.6% will require superior manager performance to: (1) retain principal value; and, (2) purchasing power. Furthermore, the objective is to earn a long-term rate of return at least 5.1% greater than the rate of inflation as measured by the Consumer Price Index (CPI).

Asset Class Preferences

The Client understands long-term investment performance, in large part, is primarily a function of asset class mix. The Client has reviewed the long-term performance characteristics of the broad asset classes, focusing on balancing the risks and rewards.

History shows while interest-generating investments, such as bond portfolios, have the advantage of relative stability of principal value, they provide little opportunity for real long-term capital growth due to their susceptibility to inflation. On the other hand, equity investments, such as common stocks, clearly have a significantly higher expected return but have the disadvantage of much greater year-by-year variability of return. From an investment decision-making point of view, this year-by-year variability may be worth accepting, provided the time horizon for the equity portion of the portfolio is sufficiently long (five years or greater).

The performance expectations (both risk and return) of each asset class are contained in Appendix A. The following eight asset classes were selected and ranked in ascending order of "risk" (least to most).

Money Market (MM)
Intermediate Bond (IB)
Large Cap Value (LCV)
Large Cap Blend (LCB)
Large Cap Growth (LCG)
Mid Cap Blend (MCB)
Small Cap Blend (SCB)
International Equity (IE)

The Client has considered the following asset classes for inclusion in the asset mix, but has decided to exclude these asset classes at the present time:

Global Fixed Income
Real Estate

Rebalancing of Strategic Allocation

The percentage allocation to each asset class may vary as much as plus or minus 5% depending upon market conditions. When necessary and/or available, cash inflows/outflows will be deployed in a manner consistent with the strategic asset allocation of the Portfolio. If there are no cash flows, the allocation of the Portfolio will be reviewed quarterly.

If the Advisor judges cash flows to be insufficient to bring the Portfolio within the strategic allocation ranges, the Client shall decide whether to effect transactions to bring the strategic allocation within the threshold ranges (**Strategic Allocation**).

DUTIES AND RESPONSIBILITIES

Investment Advisor

The Client has retained an objective, third-party Advisor to assist the Client in managing the investments. The Advisor will be responsible for guiding the Client through a disciplined and rigorous investment process. As a fiduciary to the Client, the primary responsibilities of the Advisor are:

1. Prepare and maintain this investment policy statement.

2. Provide sufficient asset classes with different and distinct risk/return profiles so the Client can prudently diversify the Portfolio.

3. Prudently select investment options.

4. Control and account for all investment expenses.

5. Monitor and supervise all service vendors and investment options.

6. Avoid prohibited transactions and conflicts of interest.

Investment Managers

As distinguished from the Advisor, who is responsible for managing the investment process, investment managers are responsible for making investment decisions (security selection and price decisions). The specific duties and responsibilities of each investment manager are:

1. Manage the assets under their supervision in accordance with the guidelines and objectives outlined in their respective Service Agreements, Prospectus or Trust Agreement.

2. Exercise full investment discretion with regards to buying, managing, and selling assets held in the portfolios.

3. If managing a separate account (as opposed to a mutual fund or a commingled account), seek approval from the Client prior to purchasing and/or implementing the following securities and transactions:

    - Letter stock and other unregistered securities; commodities or other commodity contracts; and short sales or margin transactions.

    - Securities lending; pledging or hypothecating securities.

    - Investments in the equity securities of any company with a record of less than three years continuous operation, including the operation of any predecessor.

    - Investments for the purpose of exercising control of management.

4. Vote promptly all proxies and related actions in a manner consistent with the long-term interest and objectives of the Portfolio as described in this IPS. Each investment manager shall keep detailed records of the voting of proxies and related actions and will comply with all applicable regulatory obligations.

5. Communicate to the Client all significant changes pertaining to the fund it manages or the firm itself. Changes in ownership, organizational structure, financial condition, and professional staff are examples of changes to the firm in which the Client is interested.

6. Effect all transactions for the Portfolio subject "to best price and execution." If a manager utilizes brokerage from the Portfolio assets to effect "soft dollar" transactions, detailed records will be kept and communicated to the Client.

7. Use the same care, skill, prudence, and due diligence under the circumstances then prevailing that experienced investment professionals acting in a like capacity and fully familiar with such matters would use in like activities for like Portfolios with like aims in accordance and compliance with the Uniform Prudent Investor Act and all applicable laws, rules, and regulations.

8. If managing a separate account (as opposed to a mutual fund or a commingled account), acknowledge co-fiduciary responsibility by signing and returning a copy of this IPS.

Custodian

Custodians are responsible for the safekeeping of the Portfolio's assets. The specific duties and responsibilities of the custodian are:

1. Maintain separate accounts by legal registration.

2. Value the holdings.

3. Collect all income and dividends owed to the Portfolio.

4. Settle all transactions (buy-sell orders) initiated by the Investment Manager.

5. Provide monthly reports that detail transactions, cash flows, securities held and their current value, and change in value of each security and the overall portfolio since the previous report.

INVESTMENT MANAGER SELECTION

The Advisor will apply the following due diligence criteria in selecting each money manager or mutual fund.

1. *Regulatory oversight:* Each investment manager should be a regulated bank, an insurance company, a mutual fund organization, or a registered investment adviser.

2. *Correlation to style or peer group:* The product should be highly correlated to the asset class of the investment option. This is one of the most critical parts of the analysis since most of the remaining due diligence involves comparisons of the manager to the appropriate peer group.

3. *Performance relative to a peer group:* The product's performance should be evaluated against the peer group's median manager return, for 1-, 3- and 5-year cumulative periods.

4. *Performance relative to assumed risk:* The product's risk-adjusted performance (Alpha and/or Sharpe Ratio) should be evaluated against the peer group's median manager's risk-adjusted performance.

5. *Minimum track record:* The product's inception date should be greater than three years.

6. *Assets under management:* The product should have at least $75 million under management.

7. *Holdings consistent with style:* The screened product should have no more than 20% of the portfolio invested in "unrelated" asset class securities. For example, a Large-Cap Growth product should not hold more than 20% in cash, fixed income and/or international securities.

8. *Expense ratios/fees:* The product's fees should not be in the bottom quartile (most expensive) of their peer group.

9. *Stability of the organization:* There should be no perceived organizational problems – the same portfolio management team should be in place for at least two years.

CONTROL PROCEDURES

Performance Objectives

The Client acknowledges fluctuating rates of return characterize the securities markets, particularly during short-term time periods. Recognizing that short-term fluctuations may cause variations in performance, the Advisors intends to evaluate manager performance from a long-term perspective.

The Client is aware the ongoing review and analysis of the investment managers is just as important as the due diligence implemented during the manager selection process. The performance of the investment managers will be monitored on an ongoing basis and it is at the Client's discretion to take corrective action by replacing a manager if they deem it appropriate at any time.

On a timely basis, but not less than quarterly, the Advisor will meet with the Client to review whether each manager continues to conform to the search criteria outlined in the previous section; specifically:

1. The manager's adherence to the Portfolio's investment guidelines;

2. Material changes in the manager's organization, investment philosophy and/or personnel; and,

3. Any legal, SEC and/or other regulatory agency proceedings affecting the manager.

The Advisor has determined it is in the best interest of the Client that performance objectives be established for each investment manager. Manager performance will be evaluated in terms of an appropriate market index (e.g. the S&P 500 stock index for large-cap domestic equity manager) and the relevant peer group (e.g. the large-cap growth mutual fund universe for a large-cap growth mutual fund).

Asset Class	Index	Peer Group

Large-Cap Equity		
Blend	S&P 500	Large-Cap Blend
Growth	Russell 200 Growth	Large-Cap Growth
Value	Russell 200 Value	Large-Cap Value
Mid-Cap Equity	S&P 400	Mid-Cap Blend
Small-Cap Equity	Russell 2000	Small-Cap Blend
International Equity	MSCI EAFE	Foreign Stock
Fixed Income		
Intermediate-term Bond	Lehman Brothers Gov't/Credit Intermediate	Intermediate-Term Bond
Money Market	90 day T-Bills	Money Market Database

A manager may be placed on a Watchlist and a thorough review and analysis of the investment manager may be conducted, when:

1. A manager performs below median for their peer group over a 1-, 3- and/or 5-year cumulative period.

2. A manager's 3-year risk adjusted return (Alpha and/or Sharpe) falls below the peer group's median risk adjusted return.

3. There is a change in the professionals managing the portfolio.

4. There is a significant decrease in the product's assets.

5. There is an indication the manager is deviating from his/her stated style and/or strategy.

6. There is an increase in the product's fees and expenses.

7. Any extraordinary event occurs that may interfere with the manager's ability to fulfill their role in the future.

A manager evaluation may include the following steps:

1. A letter to the manager asking for an analysis of their underperformance.

2. An analysis of recent transactions, holdings and portfolio characteristics to determine the cause for underperformance or to check for a change in style.

3. A meeting with the manager, which may be conducted on-site, to gain insight into organizational changes and any changes in strategy or discipline.

The decision to retain or terminate a manager cannot be made by a formula. It is the Client's confidence in the manager's ability to perform in the future that ultimately determines the retention of a manager.

Measuring Costs

The Advisor will review with the Client at least annually all costs associated with the management of the Portfolio's investment program, including:

1. Expense ratios of each investment option against the appropriate peer group.

2. Custody fees: The holding of the assets, collection of the income and disbursement of payments.

3. Whether the manager is demonstrating attention to "best execution" in trading securities.

INVESTMENT POLICY REVIEW

The Advisor will review this IPS with the Client at least annually to determine whether stated investment objectives are still relevant and the continued feasibility of achieving the same. It is not expected that the IPS will change frequently. In particular, short-term changes in the financial markets should not require adjustments to the IPS.

Prepared:	Approved:
______________________	______________________
Advisor September 1, 2002	Client September 1, 2002