Otium Advisory Group, LLC
simplicity is key

INVESTMENT POLICY STATEMENT

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INTRODUCTION

The purpose of this Investment Policy Statement (IPS) is to establish a clear understanding between Beverly Brier ("Investor") and John Pak ("Advisor") as to the investment goals and objectives and management policies applicable to the Investor's investment portfolio ("Portfolio"). This Investment Policy Statement:

- Establishes the Investor's expectations, objectives, and guidelines for the investment of the Portfolio
- Creates the framework for a well-diversified asset mix that can be expected to generate acceptable long-term returns at a level of risk suitable to the Investor, including:
  - describing an appropriate risk posture for the investment of the Investor's Portfolio
  - specifying the target asset allocation policy
  - establishing investment guidelines regarding permissible securities and diversification of assets
  - specifying the criteria for evaluating the performance of the Portfolio's assets
- Defines the responsibilities of the Investor and the Advisor
- Encourages effective communication between the investment manager(s) and the Investor

This IPS is not a contract. No legal counsel has reviewed this investment policy and the Advisor and Investor use it at their own discretion. This IPS is intended to be a summary of an investment philosophy and the procedures that provide guidance for the Investor and the Advisor. The investment policies described in this IPS should be dynamic. These policies should reflect the Investor's status and philosophy regarding the investment of the Portfolio. These policies will be reviewed and revised annually to ensure they adequately reflect any changes related to the Portfolio, the Investor or capital markets.

It is understood that there can be no guarantee about the attainment of the goals or investment objectives outlined herein.

INVESTMENT POLICY OVERVIEW

What is an Investment Policy Statement?

An investment policy outlines and prescribes a prudent and acceptable investment philosophy and defines the investment management procedures and long-term goals for the Investor.

The principal reason for developing a long-term investment policy and for putting it in writing is to enable the Investor and Advisor to protect the Portfolio from ad hoc revisions of sound long-term policy. Without an investment policy, in times of market turmoil, investors may be inclined to make ad hoc investment decisions that are inconsistent with prudent investment management principles. Your investment policy provides a well-thought-out framework from which sound investment decisions can be made.

The development of an investment policy follows the basic approach underlying financial planning: assessing your financial condition, setting goals, developing a strategy to meet the goals, implementing the strategy, regularly reviewing the results and adjusting the strategy or the implementation as circumstances dictate. In following an investment policy, the Investor and Advisor employ a more disciplined and systematic approach and thereby increasing the probability of satisfying investment goals.

Steps to establish an Investment Policy

1. Assess current financial situation and identify goals/needs
2. Determine tolerance for risk and time horizon
3. Develop clear objectives for the portfolio
4. State how the investments are expected to help meet the portfolio objectives
5. Identify any restrictions on the portfolio and its assets
6. Determine the asset classes and mix appropriate (the “Asset Allocation”) to maximize the likelihood of achieving the investment objectives at the lowest level of risk
7. Determine the investment methodology to be used regarding investment (manager) selection, rebalancing, buy-sell disciplines, portfolio reviews and reporting, etc.
8. Implement the decisions
9. Document all investment decisions

The net effort of the written policy is to increase the likelihood that the Portfolio will be able to meet the financial needs of the Investor.

INVESTMENT PHILOSOPHY

The basic tenets under which the Portfolio will be managed include the following:

1. Diversification. The Portfolio needs to be properly allocated among the various asset types to reduce risks and ensure consistent returns. Placing large bets on a single security, sector or asset class exposes the Portfolio to unnecessary and uncompensated risks and must be avoided.
2. Inflation. Inflation is a far greater risk to the long-term success of the Portfolio, and ultimately the Investor, than the risk of short-term market volatility. Discussions of investment risk must include the significant risk of inflation, and the design of the Portfolio must reflect this reality. Referring to low volatility investments, such as Treasury bills or cash, as risk-free is not appropriate for long-term investors.
3. Tax Efficiency. By considering taxes in every applicable portfolio management decision, the Portfolio can considerably increase after-tax investment returns above comparable benchmarks and funds.
4. Low Cost. By combining low cost indexes and long term holdings, investment costs can be minimized, directly impacting the net return of the Portfolio and achievement of long-term objectives.
5. Avoiding Investment Fads. The latest investment fads and engineered products from Wall Street are rarely designed for the Investor’s benefit, and almost always involve excessively high fees. These are to be avoided in the Portfolio design.
6. Transparency. Every manager and fund in the Portfolio must provide full position-level transparency to verify that excessive risks are not being taken and that the holdings are liquid. The Portfolio will not utilize opaque and illiquid holdings such as hedge funds, partnerships, and similar securities.
7. Consistency. Maintaining a disciplined investment strategy, even when short-term results create incredible pressure to abandon the strategy, is one of the single most important factors for an Investor to achieve their objectives. Bouncing from one strategy to the next based on short-term performance will have a negative impact on long-term results.

Given these tenets, the underlying approach to managing the Portfolio shall be to optimize the risk-return relationship appropriate to the Investor's needs and goals. The Portfolio will be diversified globally, employing a variety of asset classes. Exchange traded funds (and low cost Mutual Funds) will be employed to implement the Portfolio and the chosen asset classes will be periodically rebalanced to maintain a more consistent risk/reward profile.

INVESTMENT OBJECTIVES

The primary priority for the Investor is to promote growth for the next 8 years to provide sufficient cash flow during her lifetime while assuring that they will not run out of money throughout an extended life expectancy.

A capital needs analysis may have been completed by the Advisor to determine the appropriate targeted rates of pre-tax average annual investment returns (after expenses) throughout the Investor's lifetime. On the basis of such analysis, a portfolio designed as described in this Investment Policy Statement should be expected to produce a sufficient return above inflation over full market cycles with a 92% probability of successfully meeting the Investor's personal and financial goals, depending on monthly and annual savings and spending assumptions. The Investor is satisfied with the current outlook given the uncertainty of certain assumptions and the ability to make adjustments to aspects of their goals as the time horizon shortens.

In concert with the above capital needs analysis, or in the absence of such an analysis, a portfolio designed as described in this Investment Policy Statement is intended to satisfy the stated risk preferences and the annual probable loss threshold of the Investor.

TIME HORIZON

Based on the specific goals and objectives of certain accounts, such as retirement funds or shorter-term reserve funds, accounts within the Portfolio may have differing time horizons consistent with the account's associated goal.

Withdrawals from this portfolio are expected to occur for cash flow needs as earned income is reduced. Additional withdrawals may occur from accounts within the Portfolio in a manner consistent with the account's associated goal.

Capital values fluctuate over periods of time and the Investor recognizes that the possibility of capital loss does exist. However, historical and expected asset class return data suggest that the risk of principal loss over a holding period consistent with the Investor's goals can be minimized with the diversified investment approach employed under this Investment Policy Statement.

TAX POLICY

Tax-efficient means of investing will be employed where appropriate for the Investor's taxable accounts. Such methods may include any of the following: use of low-turnover or passive index strategies, tax-free bonds and funds, active tax loss harvesting and varying use of income producing assets.

RISK TOLERANCE

The Investor desires long-term investment growth sufficient to meet their objectives. The Investor understands that to achieve such growth, the Portfolio will experience periods of decline. They further understand that in a market decline, the potential recovery period could exceed 1 year.

The Investor desires to maintain portfolio risk exposure at a level that would produce a maximum probable loss over any one year period of negative 20% or less, but acknowledges that greater losses are possible in extreme market conditions.

The Investor indicates a willingness to accept market-driven Portfolio declines as an opportunity to position the Portfolio for an improved probability of reaching their goals. The Investor recognizes that contributions to the Portfolio during periods of decline have the potential to significantly enhance long-term returns, while reducing withdrawals during such periods will also positively impact the long-term sustainability of portfolio cash flows.

ASSET ALLOCATION

Academic research offers considerable evidence that the asset allocation decision far outweighs security selection and market timing in its impact on portfolio performance (source: Brinson, Hood, and Beebower 1986 Financial Analyst Journal, Vol 47, May/June). Modern Portfolio Theory is applied to construct a portfolio to optimize expected returns based on a given level of market risk (source: Harry Markowitz, March 1952, The Journal of THE AMERICAN FINANCE ASSOCIATION, Vol 7, Issue). After reviewing the long-term performance and risk characteristics of various asset classes and balancing the risk and rewards of market behavior, the following broad asset allocation was selected to achieve the primary objective of the Investor's Portfolio:

Moderate Allocation
50% Equities (+/- 5%)
50% Fixed income (+/- 5%)

In addition to the above core asset allocation, the Portfolio may invest up to 50% in cash equivalents when market valuations result in inadequate investment opportunities.

Within the stated broad asset allocation, allocations to specific asset classes will be made for the purpose of increasing diversification and capitalizing on attractive valuations that occur from time to time in portions of the global securities market. These specific asset class allocations will be made with the following weighting constraints.

Emerging Equities (up to 10%)
Real Estate (up to 15%)
Natural Resources (up to 10%)
International Debt (up to 10%)

Following the investment philosophies, objectives and diversification requirements stated in this Investment Policy Statement, the Advisor will exercise discretion in designing and implementing appropriate investment strategies for each account within the Portfolio. Because the Advisor does not maintain discretionary responsibility, specific recommendations will be provided to the Investor for approval and implementation, subject to the terms of the agreement between the Investor and the Advisor.

Updated Allocations

Over time, it may be desirable to amend the basic allocation policy. When such changes are made, updates will be attached to this Investment Policy Statement as an Appendix and will be considered part of this Investment Policy Statement.

Rebalancing Procedures

From time to time, market conditions may cause the Portfolio's investment in various asset classes to vary from the established allocation. To remain consistent with the asset allocation guidelines established by this Investment Policy Statement, the Advisor shall periodically review the Portfolio and each asset class in which the Portfolio is invested. If the actual weightings differ significantly from the target weightings (+/- 5%), the Advisor shall rebalance the Portfolio back to the recommended allocation (no more than once per year).

FREQUENCY OF POLICY REVIEW

The Investor recognizes that all investments go through cycles and, therefore, there will be periods of time in which the investment objectives are not met or when the Portfolio fails to meet the expected performance.

The Investor accepts the principle that, in the absence of specific circumstances requiring immediate action, patience and a longer-term perspective will be employed when evaluating the success of the investment policies. The Investor and Advisor will review these policies on an annual basis, with an in-depth evaluation of the success of the policies every five years.

LIQUIDITY

The Investor will maintain adequate liquid reserves outside this Portfolio. Within the portfolio, a minimal allocation to cash (no more than 5%) will be made for administrative purposes.

All securities held within the Portfolio must be readily marketable, with publicly available pricing and liquidity provided on a daily basis.

DIVERSIFICATION

Investment of the Investor's funds shall be limited to packaged products (e.g., exchange traded funds, low cost Mutual Funds) in the following categories:

Recommended Index Selections

- Fixed income securities – AGG, BSV, VFSTX
- Domestic Large Cap equities – SPY, SDY, VOO, IWF
- Small / Mid Cap equities – IWM, IWR, VB, VO
- International equities – EFA, VEA
- Emerging markets equities – EEM, IEMG
- Specialty – Real Estate (VNQ, VGSIX)) Gold (GLD), Health (VHT), Technology (VGT)
- Low Volatility (Smart Beta) – USMV, SPHD, XMLV, EFAV, EEMV

Permitted Security Types

- Exchange traded funds and low cost Mutual Funds

Other Investment Considerations

Bond maturities shall average no more than 10 years. No bonds in the Portfolio shall have maturities at any time of greater than 20 years.

No single fund or manager shall represent more than 35% of the entire value of the Portfolio.

SELECTION/RETENTION CRITERIA FOR INVESTMENTS

Investment Selection

Exchange Traded Funds shall be chosen using the following criteria:

- Past performance relative to other investments having the same investment objective.
- Costs relative to other funds with like objectives and investment styles.
- Size of the proposed fund and Volume of trades
- Length of time the fund has been in existence and length of time it has been under the direction of the current manager(s) and whether or not there have been material changes in the manager's organization and personnel.
- The historical volatility and downside risk of each proposed investment.
- How well each proposed investment complements other assets in the Portfolio.
- The current economic environment.
- The manager's consistency with the values expressed by the Investor, including social, environmental, governance and other values-based investing criteria.

Individual Security Selection

Individual stocks and bonds will not be recommended for either the conservative nor the moderate allocated portfolios.

Meetings and Communication between Investor and Advisor

The Advisor shall keep the Investor apprised of any material changes in the Advisor's outlook, recommended investment policy, and tactics. In addition, Advisor shall meet with the Investor at least annually to review and explain the Portfolio's investment results and any related issues. The Advisor shall also be available on a reasonable basis for telephone and email communication as needed.

Any material event that affects the ownership of the Advisor's firm or the management of the Portfolio must be reported immediately to the Investor.

DUTIES AND RESPONSIBILITIES

The Advisor

The Advisor shall be responsible for:

- Designing, recommending and implementing an appropriate asset allocation plan consistent with the investment objectives, time horizon, risk profile, guidelines and constraints outlined in this statement
- Recommending an appropriate custodian to safeguard the Investor's assets
- Advising the Investor about the selection of and the allocation of asset categories
- Identifying specific assets and investment managers within each asset category

- Ensuring that the custodian provides the Investor with a current prospectus, where applicable, for each investment proposed for the Portfolio
- Monitoring the performance of all selected assets
- Recommending changes to any of the above
- Periodically reviewing the suitability of the investments for the Investor, being available to meet with the Investor at least once each year, and being available at such other times within reason at the Investor's request
- Preparing and presenting appropriate reports

Discretion and Title

- The Advisor will not take title to any assets. Title shall always be as directed by the Investor.
- The Advisor will not have discretionary control for purchases and sales of securities nor authority to withdraw funds from the investor's accounts.

The Investor

The Investor shall be responsible for:

- Defining the investment objectives and policies of the Portfolio (this document).
- Directing the Advisor to make changes in investment policy and to oversee and approve or disapprove the Advisor's recommendations with regards to policy, guidelines, objectives and specific investments on a timely basis.
- The Investor shall provide the Advisor with all relevant information on the Investor's financial conditions and risk tolerances and shall notify the Advisor promptly of any changes to this information.
- The Investor shall read and understand the information contained in the prospectus and other documentation of each investment in the Portfolio.

ADOPTION

This Investment Policy Statement has been reviewed and mutually adopted by the Advisor and Investor, and incorporated into the Investor's asset management and Portfolio records.

Signatures

By signing below, I acknowledge that I have received, read, understand, and agree to abide by all the terms and conditions set forth in this Agreement with Adviser.

Client's Signature (if applicable) Date

Client's Signature (if applicable) Date

Authorized Officer (Adviser's Acceptance)