

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.