



Investment Policy Statement

Prepared For:

Date:

Dynamic Asset Allocation Portfolio:

Approval:

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Investment Policy Statement

The purpose of this Investment Policy Statement is to outline the general framework for which assets in your account may be invested to help attain your stated goals and objectives while taking into account your risk tolerance level and your unique needs.

The Investment Policy Statement is not a contract, but rather, it establishes the guidelines, methods and investment criteria that will be considered in the management of your account. The Investment Policy Statement covers the following areas:

- Our Investment Philosophy
- Your Investment Objectives
- Your Tolerance for Market Fluctuations
- The Allocation of Your Assets
- Investment Profile Questionnaire

Our Investment Philosophy

We manage portfolios of mutual funds and exchange traded funds (ETFs), not individual stocks and bonds. By doing this, we believe we can achieve greater diversification and reduce the overall risk of your portfolio. The AFC Asset Management Services, Inc. (AFC) program, called Dynamic Asset Allocation, combines the benefits of diversification with the opportunities that arise from naturally occurring investment cycles (i.e., opportunities that arise in both “up” markets and “down” markets). At AFC, we believe that holding a particular stock, mutual fund or ETF at any price without constantly reevaluating the position is neither advisable nor prudent. This differentiates us from those who practice a “buy-and-hold” strategy.

Adhering to the philosophy of Dynamic Asset Allocation does not result in AFC avoiding every short- or intermediate-term market decline nor does it result in AFC participating in every short- or intermediate-term market advance. Rather, we believe the application of Dynamic Asset Allocation will result in less risk relative to potential returns as market trends change. These trends may continue for months or years or may be as short as a couple of weeks. By identifying the beginning of a new trend or the end of an existing trend in an asset class or specific mutual fund or ETF after it occurs, AFC hopes to preserve and grow our client’s capital by reallocating investment dollars to those asset classes that are increasing in value and away from those asset classes that are declining and where we feel the potential return is justified by the inherent risk. Executing our Dynamic Asset Allocation philosophy involves AFC’s proprietary models (which have been developed over more than 20 years), together with extensive reading, research, and experience. Its implementation combines discipline and objectivity into the decision making process.

AFC does not charge nor receive transactions fees (commissions, 12B-1 fees, etc.) beyond the fee charged as a percentage of your assets under management. However, mutual funds and ETFs charge management fees, distribution and service fees (12B-1 fees) as well as administrative fees. Pershing Advisor Solutions (PAS), our independent third custodian, receives the 12-B1 fees remitted by fund companies in exchange for providing custodial services, record keeping and administration to AFC clients. Also, some mutual funds and ETFs may impose a short-term redemption fee that may be charged to you, the client, if we sell the fund before the redemption fee period has expired. While we will try to avoid short-term redemption fees, they may occur. PAS also charges \$15 per trade per account for all ETFs and some mutual funds, which will be passed along to the client.

Your Investment Objectives

My investment objectives are:

<input type="checkbox"/>	Income
<input type="checkbox"/>	Growth with Income
<input type="checkbox"/>	Growth

Your Tolerance for Market Fluctuations

Understanding your ability to tolerate market fluctuations is important in choosing an appropriate portfolio. An appropriate portfolio helps ensure that any downside potential falls within your level of comfort. The following statement reflects your personal risk preference (*only check one*):

<input type="checkbox"/>	<p>The <i>“Conservative”</i> Portfolio: This portfolio is most suitable for investors who consider conservation of capital as their primary goal, and either capital appreciation or income as their secondary goal. AFC will utilize a portfolio of Mutual Funds and/or Exchange Traded Funds (ETFs) that, in our opinion, offer the best possible return while maintaining a conservative risk of loss. The Conservative portfolio may include investments that move contrary to traditional investment vehicles, such as mutual funds and ETFs that “short” the market. Depending on our view of market conditions, a conservative strategy could be invested anywhere from 100% in money market funds to, on very rare occasions, 100% in stock funds.</p>
<input type="checkbox"/>	<p>The <i>“Moderate”</i> Portfolio: This portfolio is most suitable for investors who consider growth of principle over the long term as their primary goal, and either conservation of capital or income as their secondary goal. AFC will utilize a portfolio of Mutual Funds and/or ETFs that, in our opinion, offer the best possible return while maintaining a moderate risk of loss. The Moderate portfolio may include investments that move contrary to traditional investment vehicles, such as mutual funds and ETFs that “short” the market.</p>
<input type="checkbox"/>	<p>The <i>“Aggressive”</i> Portfolio: This portfolio is most suitable for investors who seek to maximize gains and are willing to tolerate substantial volatility and risk of loss. AFC will utilize a portfolio of Mutual Funds and/or ETFs that, in our opinion, offer the greatest potential for substantial gains in the near to intermediate term. The Aggressive portfolio may include investments that move contrary to traditional investment vehicles, such as mutual funds and ETFs that “short” the market. Due to the relationship between the increased potential for gains with the increased risk and volatility, clients should be aware that there is a greater chance for significant losses when selecting the Aggressive portfolio.</p>

The Allocation of Your Assets

Your account will be managed using Dynamic Asset Allocation. The goal of Dynamic Asset Allocation is to optimize the risk/reward ratio of your portfolio by investing among asset classes that are increasing in value and avoiding those that are declining in value.

Internet access to your accounts is available upon request. We will send you a comprehensive report every quarter that will detail the holdings and performance of your portfolio.

We review your portfolio frequently and make changes as we deem necessary based on our discipline and your risk tolerance.

When your financial profile or objectives change, please immediately notify AFC. The holdings in your account may need to be adjusted in accordance with those changes.

Investment Profile Questionnaire

The Investor Profile Questionnaire is designed to help determine the appropriate portfolio for you. Please check the most suitable answer for each question.

1. What percentage of your total liquid investable assets is being considered for this (these) new account(s)?

<input type="checkbox"/>	75% or more
<input type="checkbox"/>	50% to 75%
<input type="checkbox"/>	25% to 50%
<input type="checkbox"/>	25% or less

2. How many years do you feel you will keep the majority of your portfolio invested?

<input type="checkbox"/>	Less than 5
<input type="checkbox"/>	5 to 10
<input type="checkbox"/>	10 to 15
<input type="checkbox"/>	15 or more

3. How do you expect your income to change over the next 10 years?

<input type="checkbox"/>	Decrease
<input type="checkbox"/>	Stabilize
<input type="checkbox"/>	Keep pace with inflation
<input type="checkbox"/>	Increase substantially

4. Which of these statements would best describe your attitude about the next three months' performance of your portfolio? Check all that apply

<input type="checkbox"/>	One quarter is not significant to me
<input type="checkbox"/>	If I suffered a loss of greater than 10%, I would be concerned
<input type="checkbox"/>	I can tolerate short-term losses
<input type="checkbox"/>	I am not concerned about short-term performance.

5. Suppose the stock market performs poorly over the next decade. What would you expect from your portfolio? *Check all that apply*

<input type="checkbox"/>	To perform very comparably to the market
<input type="checkbox"/>	To break even or perhaps incur a loss
<input type="checkbox"/>	To earn a modest return
<input type="checkbox"/>	To be minimally affected by what happens in the market

6. I expect to start drawing money from my portfolio:

<input type="checkbox"/>	Not for at least 10 years
<input type="checkbox"/>	In 5 to 10 years
<input type="checkbox"/>	Not now, but within 5 years
<input type="checkbox"/>	Immediately

If you answered "Immediately," go to question 7, if you didn't please disregard question 7.

7. Does the portfolio need to provide you with current income?

<input type="checkbox"/>	Yes, for over 60% of my needs
<input type="checkbox"/>	Yes, for 30% to 60% of my needs
<input type="checkbox"/>	Yes, up to 30% of my needs
<input type="checkbox"/>	Yes, as needed and for less than 30%

8. Annual Income:

For joint accounts, provide combined incomes

<input type="checkbox"/>	\$0 - \$49,999
<input type="checkbox"/>	\$50,000 - \$99,999
<input type="checkbox"/>	\$100,000 - \$249,999
<input type="checkbox"/>	\$250,000 - \$499,999
<input type="checkbox"/>	\$500,000 - Over

9. Estimated Net Worth (exclude primary residence, automobile, furnishings):

For joint accounts, provide combined net worth

<input type="checkbox"/>	\$0 - \$99,999
<input type="checkbox"/>	\$100,000 - \$249,999
<input type="checkbox"/>	\$250,000 - \$499,999
<input type="checkbox"/>	\$500,000 - \$999,999
<input type="checkbox"/>	\$1,000,000 - 1,999,999
<input type="checkbox"/>	\$2,000,000 - Over

10. Federal Tax Bracket : _____

11. Years Experienced in:

Stocks _____

Bonds _____

Mutual Funds _____

Options _____

Partnerships _____

Other (identify) _____

12. Dependants

<u>Name</u>	<u>Relationship</u>	<u>Birth date</u>

Additional Considerations

- After a three-year period, if we were to meet and review your portfolio, what results would make you feel satisfied about your progress?

- Are there any asset classes or investment vehicles you do not want in your portfolio? If so, please explain why.

- Please describe any investing experience you have had where you were either very pleased or very disappointed.

Notes