

## Mike and Stephanie Sample B50 Portfolio

This Investment Policy Statement serves as the framework for the investment relationship between Mike and Stephanie Sample (The Client), and Valentine Ventures, LLC (The Manager). The Statement acknowledges the: *Scope of the Client-Manager Relationship*, details the *Clients' Tax Situation*, *Investment Objectives and Time Horizon*, *Liquidity Needs and Policy Constraints*; and describes the *Asset Allocation Policy*, *Investment Allocation Targets*, *Investment Management Procedures and Benchmarks*, and the procedures for on-going *Evaluation, Modification, and Communication*.

The Investment Policy Statement is not a contract, but it does represent a mutual agreement between the Client and the Manager. No legal counsel has reviewed this Statement and the Client and Manager use it at their own discretion. The Policy is dynamic, and it should reflect the Clients' current and ongoing personal and financial condition. It should be reviewed and revised periodically to reflect changes related to the Portfolio and the Client.

### Scope of the Relationship

The investment management relationship ("Portfolio") shall comprise the following accounts, held with the Custodian, Schwab Institutional:

Account Registration	Account #	Account Type	Current Value 8/26/10
1. Sample Living Trust	2439-xxxx	Living Trust	\$ 1,220,000
2. Mike Sample	5499-xxxx	IRA Rollover	\$ 550,000
3. Stephanie Sample	5498-xxxx	IRA Rollover	\$ 225,000
4. Mike Sample	3351-xxxx	Roth IRA	\$ 18,000
5. Stephanie Sample	3851-xxxx	Roth IRA	\$ 23,000

### Tax Situation

The Clients' Federal income tax bracket is estimated at 15% based on 2010 levels. As resident of the state of Oregon, the Client pays a 9% personal state income tax.

### Investment Objectives and Time Horizon

The primary objective for the Client is to provide income and to grow their assets in order to provide for a stable retirement throughout their lifetime. To this end, the primary investment objective of the Client is income and capital appreciation. A secondary consideration of the client is stability of principle.

For the purpose of planning, the time horizon for the Portfolio will parallel the life expectancy of the Client through age 95.

### Liquidity Needs and Policy Constraints

It is assumed that money will be withdrawn from the Portfolio in the near-term. Therefore cash will be set aside in order to respond to these liquidity issues.

A cash cushion will be in place to ensure adequate funds are available to cover the payment of management fees. The target cash cushion will be replenished with dividend/interest payments and further augmented, when necessary, with the proceeds from Portfolio transactions. The adequacy of the cash cushion will be analyzed on a semi-annual basis.

Client's Initials

*drafted*  
7/11/2011

Investment Manager's Initials

## Asset Allocation Policy

The Portfolio will seek to meet the objectives in a diversified manner. Assets may be moved between asset classes as market, and Client-related, circumstances dictate. The Stock and Alternative Assets are collectively known as the "Growth" portion of the Portfolio. The Growth portion will typically hold individual Exchange Traded Funds ("ETFs"). Stock exposure will be achieved at the Global, Country, Sector, or Industry level. Alternative Assets include non-traditional assets such as Currencies, Commodities, REITs, and Foreign Debt, among others. "Fixed Income" includes Corporate, Government Agency, Municipal, or Treasury Bonds and will typically be individual issues, but investment in bond ETFs may occur. Cash will usually mean a Money Market fund.

The recommended Asset Allocation was derived from the Clients' financial plan. Utilizing MoneyGuide Pro<sup>®</sup> software to analyze the Clients' capital needs and rate of return requirements, as a reflection of the stated financial goals, the recommended Asset Allocation was determined to maximize the likelihood of achieving the Client's planning objectives with the lowest level of Risk.

### Investment Allocation Targets

	<u>Target</u>	<u>Minimum</u>	<u>Maximum</u>
Growth Assets:	50%	30%	70%
Fixed Income:	50%	30%	70%
Cash:	0%	0%	20%

### Investment Management Procedures and Benchmarks

The "Growth" Portfolio will be monitored daily. The Portfolio will be managed with consideration toward minimizing volatility within the context of the orientation towards mainly Growth investments. Rather than pursuing excess returns without regard to risk, the Manager will seek to limit risk while targeting return potential.

The Fixed Income portfolio will be constructed to include a ladder of individual bonds, held to maturity. A portfolio of 10-15 individual bonds, ranging in maturity from 6 months to 10 years will be targeted. The portfolio could hold a small High Yield bond fund for diversification and better yield. Up to half of the portfolio could be dedicated to floating notes and tied to interest rates and inflation.

The benchmarks for the Portfolio's performance will be the S&P 500 Total Return Index, Barclays Bond Index, FTSE All World ex-US Index, the CRB Continuous Commodity Index, and the CBOE DJ REIT Index.

Actual returns will be calculated according to AIMR (Association of Investment Management Research) standards. AIMR requires calculation of returns on a time-weighted basis and they will be reported net of all fees.

### Evaluation, Modification, and Communication

Evaluation of the success of the Portfolio will be measured by the progress towards the goals and objectives, stated above, understanding that it may not necessarily appear that way every period, as a reflection of the uncertain nature of investing. The Client or the Manager, based on changes in objectives and/or circumstances, may modify this Investment Policy Statement at any time upon mutual agreement. The Policy and Financial Plan will be reviewed and revised periodically to ensure they adequately reflect any changes related to the Portfolio or to the Client. The Manager will ensure good communication in several ways: the Client will receive trade confirmations as they happen; a monthly statement from the Custodian; and quarterly and annual reports from the Manager. Periodic calls, emails, and meetings will also be facilitated as necessary.

***This Investment Policy Statement shall not be construed as offering a guarantee about the attainment of goals or investment objectives outlined herein. Future returns could differ significantly from year to year and capital loss is possible.***

Client's Initials

*drafted*  
7/11/2011

Investment Manager's Initials