

SAMPLE

INVESTMENT POLICY STATEMENT

2003

Prepared by:

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JDA & Associates

Securities and Advisory Services offered through Mutual Service Corporation, a Registered Investment Advisor,
Member NASD/SIPC

INTRODUCTION

The purpose of this Investment Policy Statement is to establish a clear understanding between the investor SAMPLE CLIENT and the investment advisor Jay D. Ahlbeck, CLU, ChFC as to the investment objectives and policies applicable to the Investor's investment portfolio. This Statement will:

- establish reasonable expectations, objectives, and guidelines in the investment of the Portfolio's assets.
- set forth an investment structure detailing permitted asset classes, normal allocations and permissible ranges of exposure for the Portfolio.
- encourage effective communication between the Investor and the Advisor.
- create 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.

The Statement has been developed from an evaluation of many key factors which impact the Investor's specific situation and investment objectives. This Statement is not a contract. It is intended to be a summary of an investment philosophy that provides guidance for the Investor and the Advisor.

THE PORTFOLIO

The Portfolio will maintain an active asset allocation strategy. The Portfolio will be invested exclusively in mutual funds. As a result, assets held in the Portfolio will be highly liquid.

The Board of Trustees of each mutual fund is ultimately responsible for selecting and monitoring investment managers to advise each fund. Investment managers are selected and monitored on the basis of the following criteria:

- the manager's specification of and adherence to a clearly articulated and appropriate investment philosophy and process.
- material changes in the manager's organization and personnel.
- comparisons of performance results to appropriate indices that take into account asset class and investment style.

Each investment manager is responsible for managing the assets of a particular mutual fund in accordance with the stated objectives and policies of that fund as set forth in each prospectus. The Investor should read this information carefully before investing.

INVESTMENT OBJECTIVES

The portfolio seeks to provide current income exempt from federal taxes, with long-term capital appreciation on an after-tax basis as a secondary goal.

GUIDELINES AND POLICIES

Time Horizon

The portfolio is suitable for investors with a minimum time horizon of five years. Capital values do fluctuate over shorter periods and the Investor should recognize that the possibility of capital loss does exist no matter what the Investor's investment time horizon may be. However, historical asset class return data suggest that the risk of principal loss over a holding period of three years or longer can be minimized with the long-term investment mix employed by the Portfolio.

Risk Tolerances and Performance Expectations

The Investor recognizes that the objectives of the Portfolio cannot be achieved without incurring a certain amount of principal volatility. The Portfolio is comprised of a 60% allocation to global fixed income securities and a 40% allocation to U.S. and international securities. There is no exposure to emerging markets securities in the Portfolio. The fixed income portion of the Portfolio provides current income exempt from federal taxes and has a moderating effect on the fluctuation of portfolio returns. The Portfolio invests in intermediate-term municipal bonds with maturities ranging between three and ten years. In addition, an allocation to high yield bonds and international fixed income provide additional diversification and the potential for further return enhancement. The U.S. equity portion of the Portfolio consists primarily of an actively managed U.S. large cap component. This actively managed large cap allocation will employ tax-management strategies at several levels.

No guarantees can be given about future performance and this Statement shall not be construed as offering such guarantee. For illustrative purposes solely, historical results of a portfolio of assets combined in a manner consistent with their normal weightings of the Portfolio for four time periods are provided below and on the following page.

Recommended Portfolio: Historical Annual Return

Historical Annualized Returns (After-Tax)				
	Index Assets/Normal Weights			
	10 year	5 year	3 year	1 year
95th Percentile	10.4%	11.8%	13.3%	18.3%
Expected Return	7.1%	7.1%	7.1%	7.1%
5th Percentile	3.5%	2.1%	0.8%	-3.5%

Note: The Annualized Return History above are based on historical asset class returns using a variety of market indicators, including among others the following indicators: U.S. stocks – S&P 500 Index; Ibbotson U.S. Small Cap; Developed International stocks – MSCI EAFE Index; Emerging Markets Equity – IFC Investable Index; U.S. Bonds – U.S. Intermediate-Term Government; U.S. Short-Term Government, U.S. Long-Term Government, Lehman 3-10 Year Index, U.S. Long-Term Corporates, Mortgages – NAREIT; International Bonds – Salomon WGBI Index; High Yield Bonds – CSFB High Yield Index; Emerging Markets Debt – J.P. Morgan EMBI+; Fixed Annuities – U.S. Long-Term Corporates; Real Estate – Real Estate Composite; Cash – Ibbotson 30 Day T-Bill. Based on Historical Returns there is a 95% chance of realizing a return that is greater than the 5th percentile return. And, there is a 5% chance of exceeding the 95th percentile return. Individual asset allocation portfolios may perform better or worse than the representative asset class indicated.

These performance results do not reflect the deduction of advisory fees. Actual returns will be reduced by advisory fees and any other expenses the account may incur in the management of the account. Advisory fees are described in Part II of the Advisor's Form ADV.

Asset Allocation

Academic research suggests that the decision to allocate total account assets among various asset classes will far outweigh security selection and other decisions that impact portfolio performance. After reviewing the long-term performance and risk characteristics of various asset classes and balancing the risks and rewards of market behavior, the following asset classes were selected to achieve the objectives of the Portfolio.

To implement the recommended Asset Allocation, the Portfolio will invest in numerous mutual funds which focus on specific segments of each asset class.

Asset Class	Normal Weights
Fixed Income	59%
Equity (U.S.)	32%
(International)	8%
Cash	1%

Rebalancing Procedures

From time-to-time, market conditions may cause the Portfolio's investment in various mutual funds to vary from the established allocation. To remain consistent with the asset allocation guidelines established by this Statement, each mutual fund in which the Portfolio invests will be reviewed on a quarterly basis and rebalanced back to the normal weighting if the actual weighting varies by 3% or more from the recommended weighting.

DUTIES AND RESPONSIBILITIES

Investment Advisor

Jay D. Ahlbeck, CLU, ChFC is responsible for assisting the Investor in making an appropriate asset allocation decision based on the particular needs, objectives, and risk profile of the Investor. The Advisor will be available on a regular basis to meet with the Investor and periodically review the Portfolio for suitability based on information provided by the Investor. The Advisor should provide the Investor with the current prospectus for each mutual fund in the Portfolio selected.

Investor

SAMPLE CLIENT must provide the Advisor with all relevant information on financial condition, net worth, and risk tolerances and must notify the Advisor promptly of any changes to this information. The Investor should read and understand the information contained in the prospectus of each mutual fund in the Portfolio selected.

ADOPTION OF INVESTMENT POLICY STATEMENT

I (we) have reviewed, approved and adopted this Investment Policy Statement prepared with the assistance of Jay D. Ahlbeck, CLU, ChFC.

SAMPLE CLIENT

Date

Jay D. Ahlbeck, CLU, ChFC
JDA & Associates

Date