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Investment Policy Statement

Prepared for

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Purpose for an Investment Policy Statement

An Investment Policy Statement (IPS) provides the framework for your investment decisions. The IPS ensures that the decision-making process with respect to the management of your portfolio will be consistent, even when unexpected market fluctuations tempt to distract you from your long-term strategy. Investment recommendations will always be made in conjunction with the guidelines we agree upon and have outlined in this document. We view the development of an effective IPS as imperative — the essential foundation upon which our work together will be based.

This report has been prepared to assist in the analysis of your current financial position and to help you identify steps that you can take to assist you in achieving your personal financial goals and objectives. Although great care has been taken to ensure the accuracy of this report, it should be kept in mind that projections, by their very nature, are based on a variety of assumptions and as such it is likely that the actual results achieved will be somewhat different than illustrated. For this reason it is very important that you review your strategy on a regular basis to ensure its timeliness and relevance to your changing financial position.



Investment Philosophy and Objectives

Investment Philosophy

- **Risk Tolerance** – Based on our discussions and your responses to specific questions regarding variability of investment returns, it has been determined that your tolerance for investment risk is Moderate. An understanding of your personal risk tolerance provides the basis for an investment strategy that you should feel comfortable maintaining through market ups and downs.
- **Involvement** – You want to have some active involvement in the monitoring of your portfolio and would like to be advised regularly about your investments. We will work together to define the extent to which you wish to be personally involved as well as the nature and frequency of our communication.
- **Market Timing** – While you believe your investment strategy should be in place for the long-term, you also believe superior returns can be earned by taking advantage of short-term market trends.
- **Constraints** – No constraints at this point in time. The client would like a balanced portfolio.

Investment Objectives

- **Growth** – While you believe that generating income in the future and having liquid funds available for emergencies and opportunities today is important, capital growth is your primary objective at this time.
- **Liquidity** – At this time, having liquid funds available for emergencies and opportunities within your portfolio is not a high priority.

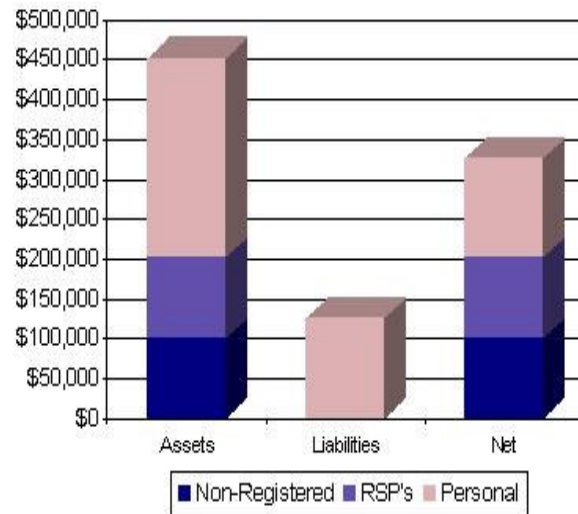


Current Financial Position

Your net worth statement measures your financial position at a specific point in time. It also provides a benchmark against you can measure your progress. Net Worth is the difference between your total assets of \$451,365 and your total liabilities of \$125,000. Currently, your net worth is \$326,365.

Assets	Mark	Maria	Other	Total
Personal Use Assets				
Personal Residence	\$ 125,000	\$ 125,000	\$ 0	\$ 250,000
Total Personal Use Assets	\$ 125,000	\$ 125,000	\$ 0	\$ 250,000
Registered Investments				
AGF-Canadian Bond Fund	\$ 42,831	\$ 0	\$ 0	\$ 42,831
AGF-Canada Class	\$ 8,492	\$ 0	\$ 0	\$ 8,492
AIC-Money Market	\$ 10,000	\$ 0	\$ 0	\$ 10,000
Acuity-Pooled Canadian Balanced Fund	\$ 0	\$ 12,132	\$ 0	\$ 12,132
AGF-Canadian Bond Fund	\$ 0	\$ 17,868	\$ 0	\$ 17,868
Ethical-Balanced Fund Class F	\$ 0	\$ 0	\$ 8,655	\$ 8,655
Registered Education Savings	\$ 750	\$ 750	\$ 0	\$ 1,500
Total Registered Investments	\$ 62,074	\$ 30,750	\$ 8,655	\$ 101,480
Non-Registered Investments				
Dynamic-Focus + American Fund	\$ 6,492	\$ 6,492	\$ 0	\$ 12,984
Mackenzie-Ivy Enterprise Series M	\$ 5,045	\$ 5,045	\$ 0	\$ 10,090
Dynamic-Advantage Bond Fund	\$ 33,405	\$ 33,405	\$ 0	\$ 66,811
Clarington-Money Market Fund	\$ 5,000	\$ 5,000	\$ 0	\$ 10,000
Total Non-Registered Investments	\$ 49,942	\$ 49,942	\$ 0	\$ 99,885
Total Assets	\$ 237,017	\$ 205,692	\$ 8,655	\$ 451,365

Liabilities	Mark	Maria	Other	Total
Personal Use Liabilities				
Residence Mortgage	\$ 62,500	\$ 62,500	\$ 0	\$ 125,000
Total Personal Use Liabilities	\$ 62,500	\$ 62,500	\$ 0	\$ 125,000
Total Liabilities	\$ 62,500	\$ 62,500	\$ 0	\$ 125,000
Net Worth	\$ 174,517	\$ 143,192	\$ 8,655	\$ 326,365



Net Investment Assets

Although your net worth measures your overall financial position, it is your net investment assets that will fund your financial goals. Your net investment assets of \$201,365 are comprised of your total investment assets minus your investment liabilities.



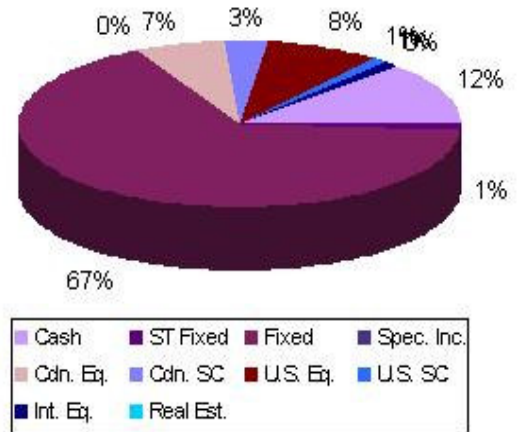
Asset Allocation

Current Asset Allocation

A well-diversified portfolio, using asset classes in proportions designed to suit your attitude towards investment risk is the cornerstone of good investing. Each investment included in your portfolio must be part of an overall asset allocation strategy tailored to *your specific needs*.

Based on the information that you have provided, the current asset allocation of your portfolio is:

Cash	12.5%
Short Term Fixed	1.2%
Fixed Income	66.0%
Canadian Equities	6.6%
Canadian Small Cap Equities	3.1%
U.S. Equities	8.3%
U.S. Small Cap Equities	1.3%
International Equities	0.9%
Real Estate	0.1%
Total	100.0%

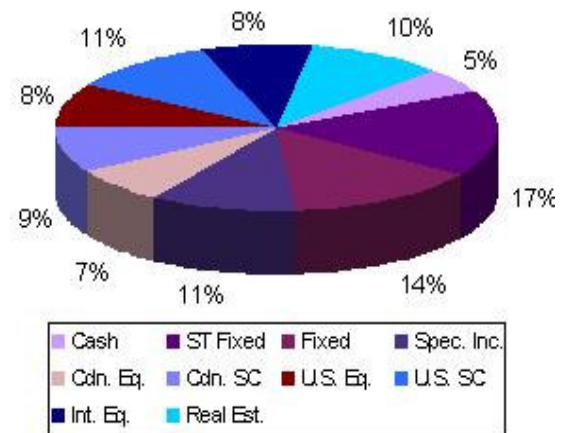


Long-Term Return: 6.3%
Long-Term Risk: 7.1%

Proposed Asset Allocation

In order to identify an asset allocation that is appropriate for you, we take into consideration the information collected during our discussions, your current financial position, future investment goals, and your ability to withstand short-term market fluctuations. The resulting asset allocation will reflect your personal attitude towards investment risk. Your proposed asset allocation is:

Cash	5.0%
Short Term Fixed	17.0%
Fixed Income	14.0%
Special Income	11.0%
Canadian Equities	7.0%
Canadian Small Cap Equities	9.0%
U.S. Equities	8.0%
U.S. Small Cap Equities	11.0%
International Equities	8.0%
Real Estate	10.0%
Total	100.0%



Long-Term Return: 7.3%
Long-Term Risk: 7.7%



Assumptions

An Investment Policy Statement is a long-term planning document. Consequently, it is necessary to make a number of assumptions about the future so that we can identify the long-term impact your investment decisions will have on your portfolio. These are the assumptions that we have made in doing our calculations:

Inflation

The performance of most investments is significantly influenced by the rate of inflation experienced through the time period that you own them. Therefore, we have to apply an expected inflation factor to estimate future returns. We have used an assumed inflation rate of 3.0% throughout this report.

Portfolio Returns

The long-term average returns used for projecting portfolio performance, are based on historical real rates of return for each asset class. When we say “real” rates of return, this means that we take the historical return for each asset class and subtract the historical inflation for the same time period. We then take your inflation assumption of 3.0% as identified above and add this to the real rates of return to get a forward looking projected return. These long-term average returns are based on appropriate benchmarks for each asset class using 35 years of history where data is available.

Asset Class	Benchmark
Cash	91 Day T-Bills Index (1)
Short Term Fixed	DEX Short Term Bond Index
Fixed Income	DEX Universe Bond Index
Special Income	50% Canadian Dividend and 50% Income Trust (2)
Canadian Equities	S&P/TSX Total Return
Canadian Small Cap Equities	Nesbitt Burns Can Small Stock (3)
U.S. Equities	S&P 500 Composite Total Return Index \$Cdn.
U.S. Small Cap Equities	Russell 2000 US Small Cap Index \$Cdn. (4)
International Equities	MSCI World Total Return Index \$Cdn.
Real Estate	Globe Real Estate Peer Index (5)

1) Historical return reduced by 1%.

2) Canadian Dividends 1976 - 1985. 50% Canadian Dividend and 50% Canadian Income Trust from 1986. Historical return reduced by 1%.

3) S&P/TSX Total Return (1982 - 1986). Nesbitt Burns Canadian Small Stock from 1987.

4) Data from 1979.

5) Russell/Morguard Property Index (1973 - 1998). Globe Real Estate Peer Index from 1999.

While past investment performance is no guarantee of future performance, history does give us insight into how asset classes behave over long periods of time. That is why we use these benchmarks as the basis for projecting future investment performance. Note also that in your case we have reduced the projected returns by 1.0% in order to be more conservative in any projections done.

Portfolio Risk or “Volatility”

The calculation of expected risk or volatility of each asset class is based on historical indices for each asset class. In calculating overall portfolio volatility, however, another dimension must be considered, that being the degree to which returns of each asset class move up and down, compared to each other. In technical terms, this is called “correlation of returns” and it supplies



the real power of asset allocation to reduce risk, while simultaneously increasing return. This is accomplished by combining assets with varying patterns of return in the portfolio so that, as some are falling in value, others are offsetting that decline with positive returns. This is a simplified explanation and the actual calculation is complex. Fortunately, through the power of modern day computers, we are able to accurately compile portfolios that have the highest expected return for whatever level of risk an investor is willing to assume. Consequently, we can choose the portfolio that most efficiently matches risk and reward for you, and has the highest probability of meeting your objectives.



Implementing Your Investment Policy Statement

The creation of an Investment Policy Statement is an important first step, but the effective implementation of that strategy is equally, if not more, critical when it comes to the attainment of your overall goals and objectives. In implementing your investment strategy, we have a number of methods, approaches and styles from which to choose.

Implementation Methods

Individual Investments – Select individual stocks, bonds, GICs and other direct investments to implement the portfolio recommendations.

Mutual Funds Portfolio – Select a portfolio of different mutual funds from a variety of different asset classes and manually re-balance the portfolio at periodic intervals to maintain its intended risk/reward profile.

Asset Management Service – Identify an asset management service appropriate for your situation. The selection will take into account personal preferences, portfolio size, reporting requirements and range of investment options, measured against fees charged to ensure good value is received. The asset management service provider invests your money in asset class pools/funds according to your Investment Policy Statement. Your portfolio is automatically re-balanced whenever it becomes necessary, to maintain its intended risk/reward profile.

Private Money Management Service – Identify a Private Money Management Service that is appropriate to your situation. The selection will take into account personal preferences, portfolio size, reporting requirements and range of investment options, measured against fees charged to ensure good value is received. The private money management firm may allocate your money to pooled funds that invest in specific asset classes or, possibly, individual securities, depending on your investment management strategy. The Private Money Management Service will re-balance the portfolio in accordance with a pre-determined strategy, which is also outlined in your IPS. Due to the higher level of customization that can be achieved in portfolio design and monitoring, money managers limit their services to individuals with portfolios of a certain minimum size.

Asset Allocation Approach

There are several schools of thought when it comes to the approach to be used when it comes to implementing a target Asset Allocation. The two primary approaches are “**Strategic**” or “**Tactical**”. A choice needs to be made as to which of these approaches should be used in your situation.

Investment Style

Investment Managers tend to favour certain types of securities in the portfolios they manage. They are thus often referred to as either “**growth**” or “**value**” oriented, although it is possible to include a combination of the two. As we structure your portfolio, these investment styles will be taken into consideration.

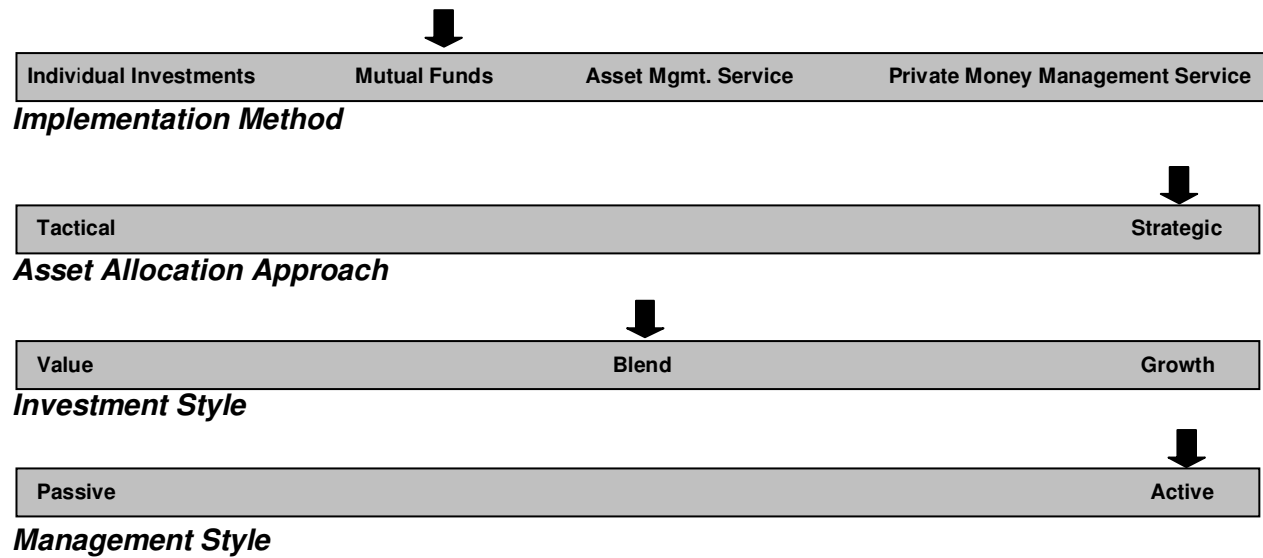
Management Style

The Management Style used will determine how your money is managed. The two possibilities are either “**passive**” or “**active**” management styles. The choice of investments within your portfolio will also be dependant on the management style most appropriate for you.



Recommended Option

The following chart graphically illustrates the method of implementation that we feel is appropriate for you, given your profile and objectives:





Implementation Strategy

Mark's RRSP - 38455443	Current	Target	Change
AGF Canadian Money Market	\$0	\$3,066	\$3,066
AGF Canadian Stock	\$0	\$4,293	\$4,293
AGF Elements Global Portfolio	\$0	\$4,906	\$4,906
AGF-Canada Class	\$8,492	\$0	-\$8,492
AGF-Canadian Bond Fund	\$42,831	\$8,585	-\$34,246
AIC-Money Market	\$10,000	\$0	-\$10,000
Dynamic Focus+ Real Estate	\$0	\$6,132	\$6,132
Dynamic-Marquis U.S. Equity Pool Series I	\$0	\$4,906	\$4,906
Ethical Canadian Dividend Class F	\$0	\$6,746	\$6,746
Fidelity Small Cap America CI F	\$0	\$6,746	\$6,746
Mackenzie-Sentinel Short-Term Income Fund	\$0	\$10,425	\$10,425
Trimark Canadian Small Companies	\$0	\$5,519	\$5,519
Subtotal	\$61,324	\$61,324	

Maria's RRSP - 8574543	Current	Target	Change
Acuity-Pooled Canadian Balanced Fund	\$12,132	\$0	-\$12,132
AGF Canadian Money Market	\$0	\$1,500	\$1,500
AGF Canadian Stock	\$0	\$2,100	\$2,100
AGF Elements Global Portfolio	\$0	\$2,400	\$2,400
AGF-Canadian Bond Fund	\$17,868	\$4,200	-\$13,668
Dynamic Focus+ Real Estate	\$0	\$3,000	\$3,000
Dynamic-Marquis U.S. Equity Pool Series I	\$0	\$2,400	\$2,400
Ethical Canadian Dividend Class F	\$0	\$3,300	\$3,300
Fidelity Small Cap America CI F	\$0	\$3,300	\$3,300
Mackenzie-Sentinel Short-Term Income Fund	\$0	\$5,100	\$5,100
Trimark Canadian Small Companies	\$0	\$2,700	\$2,700
Subtotal	\$30,000	\$30,000	

Joint Open Account - 87544433	Current	Target	Change
AGF Canadian Bond	\$0	\$13,984	\$13,984
AGF Canadian Money Market	\$0	\$4,994	\$4,994
AGF Canadian Stock	\$0	\$6,992	\$6,992
AGF Elements Global Portfolio	\$0	\$7,991	\$7,991
Clarington-Money Market Fund	\$10,000	\$0	-\$10,000
Dynamic Focus+ Real Estate	\$0	\$9,989	\$9,989
Dynamic-Advantage Bond Fund	\$66,811	\$0	-\$66,811
Dynamic-Focus + American Fund	\$12,984	\$0	-\$12,984
Dynamic-Marquis U.S. Equity Pool Series I	\$0	\$7,991	\$7,991
Ethical Canadian Dividend Class F	\$0	\$10,987	\$10,987
Fidelity Small Cap America CI F	\$0	\$10,987	\$10,987
Mackenzie-Ivy Enterprise Series M	\$10,090	\$0	-\$10,090
Mackenzie-Sentinel Short-Term Income Fund	\$0	\$16,981	\$16,981
Trimark Canadian Small Companies	\$0	\$8,990	\$8,990
Subtotal	\$99,885	\$99,886	



David's Education Savings - 4345656	Current	Target	Change
AGF Canadian Bond	\$0	\$1,212	\$1,212
AGF Canadian Money Market	\$0	\$433	\$433
AGF Canadian Stock	\$0	\$606	\$606
AGF Elements Global Portfolio	\$0	\$692	\$692
Dynamic Focus+ Real Estate	\$0	\$866	\$866
Dynamic-Marquis U.S. Equity Pool Series I	\$0	\$692	\$692
Ethical Canadian Dividend Class F	\$0	\$952	\$952
Ethical-Balanced Fund Class F	\$8,655	\$0	\$-8,655
Fidelity Small Cap America CI F	\$0	\$952	\$952
Mackenzie-Sentinel Short-Term Income Fund	\$0	\$1,472	\$1,472
Trimark Canadian Small Companies	\$0	\$779	\$779
Subtotal	\$8,655	\$8,656	

RESP with RBC	Current	Target	Change
AGF Canadian Bond	\$0	\$210	\$210
AGF Canadian Money Market	\$0	\$75	\$75
AGF Canadian Stock	\$0	\$105	\$105
AGF Elements Global Portfolio	\$0	\$120	\$120
Dynamic Focus+ Real Estate	\$0	\$150	\$150
Dynamic-Marquis U.S. Equity Pool Series I	\$0	\$120	\$120
Ethical Canadian Dividend Class F	\$0	\$165	\$165
Fidelity Small Cap America CI F	\$0	\$165	\$165
Mackenzie-Sentinel Short-Term Income Fund	\$0	\$255	\$255
Registered Education Savings	\$1,500	\$0	\$-1,500
Trimark Canadian Small Companies	\$0	\$135	\$135
Subtotal	\$1,500	\$1,500	
Grand Total	\$201,365	\$201,366	



Investment Policy Statement - Agreement

As a result of your input and our discussions, we have jointly developed this Investment Policy Statement (IPS). Its purpose is to guide us in effectively implementing and supervising a strategy for managing your investment assets. To accomplish this, we have:

- Ascertained your attitudes, expectations and objectives.
- Outlined the various asset classes and allocations to be used in the implementation of your IPS.
- Illustrated the target rate of return and associated risk associated with your proposed portfolio.

This IPS also creates an effective channel of communication between us so that important issues and concerns for either party can be clarified. By committing our agreed upon thoughts to a written document, the potential for conflict and general misunderstandings is greatly minimized. For this reason, we ask you to sign this IPS Agreement — to confirm that you agree with its contents. This Investment Policy Statement is not a contract of any kind, but a summary of our agreed upon investment strategy for your portfolio.

I agree with the Investment Policy Statement as outlined in this document. I further agree that this document shall provide the guidelines under which my investment portfolio will be managed.

Signed this _____ day of _____ 200____.

Mark Green

Maria Green

Lynne Myles



Action Plan Checklist

When	Who	What	Date Complete
Now	Lynne Mark Maria	Investment Policy Statement Agreement - Review this Investment Policy Statement and answer any questions or concerns you might have. Once you are satisfied that the proposed strategy is appropriate for you, sign the Agreement.	
Now	Lynne Mark Maria	Implementation of your Proposed Asset Allocation – We will work with you to implement your proposed asset allocation using various investment alternatives.	
Regularly	Lynne Mark Maria	Investment Reporting – Based on your recommended implementation option, you will receive investment reporting on a regular basis. This reporting will identify all transactions during the reporting period.	
Annually	Lynne Mark Maria	Portfolio Reviews – Together we will conduct annual meetings to review your portfolio results. If at any time you experience a change in your financial circumstances or life goals, we should discuss the implications that these changes may have on your investment portfolio.	

Future Planning Action Steps

When	Who	What	Date Complete
Mth/Year	Lynne Mark Maria	<p>Life Goals Analysis – From our review of your investments, it is apparent that you would gain significant benefit by having us complete a Life Goals Analysis to extend this Investment Policy Statement into an overall Personal Financial Strategy that goes beyond how to manage your portfolio.</p> <p>This Life Goals Analysis is a more comprehensive review of your personal financial goals and objectives and it offers broader recommendations of the action steps that need to be taken to achieve those goals and objectives. The depth of review has many benefits, the primary one being that you will have a roadmap to guide you in <i>all</i> of your financial decisions, not just those related to investments.</p> <p>For us to complete this work, we will need to collect some further information. This would include a discussion about your life goals, information about your personal cash flow and a review of your tax situation.</p>	
Mth/Year	Lynne Mark Maria	<p>Life Goals Analysis in the event of Death – From our review of your investments, it is apparent that you would gain significant benefit by having us complete a Life Goals Analysis in the Event of Death to extend this Investment Policy Statement into an overall Personal Financial Strategy.</p> <p>For us to complete this work, we will need to discuss your goals and objectives in the event of pre-mature death. This would include the lifestyle you desire for your family, any bequests you wish to make, as well as other estate planning concerns you might have. We would also review your existing life insurance coverage, employee group benefits, creditor insurance and so on.</p>	



When	Who	What	Date Complete
Mth/Year	Lynne Mark Maria	<p>Life Goals Analysis in the event of Disability – From our review of your investments, it is apparent that you would gain significant benefit by having us complete a Life Goals Analysis in the Event of Disability to extend this Investment Policy Statement into an overall Personal Financial Strategy.</p> <p>For us to complete this work, we will need to discuss your goals and objectives in the event of disability. We would also review your existing disability insurance coverage, employee group benefits and so on.</p>	
Mth/Year	Lynne Mark Maria	<p>Estate Planning Review – From our review of your investments, it is apparent that you would gain significant benefit by having us complete an Estate Planning Review for you. This would include a survey of your wills and powers of attorney (for personal property and personal care). Our report would identify any estate liabilities that would arise on your death or that of your spouse.</p> <p>For us to complete this review, we would need to spend time identifying what you would like to happen with your estate in the event of your death. As part of this review, we would examine your wills and powers of attorney.</p>	
Mth/Year	Lynne Mark Maria	<p>Critical Illness Review – Given today’s health care environment, critical illness insurance can protect you against potential exposure to significant medical expenses in the event of a serious or prolonged illness. It will also enable you to obtain time sensitive medical treatment when you need it, rather than being added to a list and waiting until that treatment is available.</p> <p>We feel that it would be beneficial for you to engage us to research the options available to you.</p>	
Mth/Year	Lynne Mark Maria	<p>Long Term Care Review – A review of your options in the event that you require long term care in the future would be very worthwhile. The risk in not doing so is the impact on your lifestyle and the capital erosion to your estate that could occur should you be unable to care for yourself due to a prolonged physical illness, disability or cognitive disorder.</p> <p>We feel that it would be beneficial for you to engage us to research the options available to you.</p>	