



# **Investment Policy Statement**

**Prepared for**

**Mark & Maria Green**

**Prepared: March 7, 2011**  
**Prepared by: Lynne Myles**



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## ***Purpose for an Investment Policy Statement***

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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 money will be consistent, even when unexpected market fluctuations tempt to distract you from your long-term strategy. Investment recommendations will always be made based on the guidelines that we agree upon and outline in this document. I view the development of an 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.*



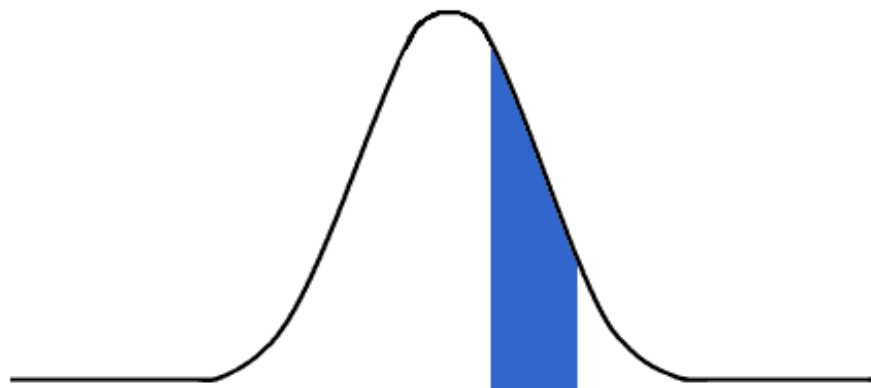
# Risk Tolerance

## Mark

### Your Risk Tolerance Score

Your Risk Tolerance Score enables you to compare yourself to a representative sample of the adult population. Your score is 62. This is a high score, higher than 87% of all scores.

When scores are graphed they form a bell-curve as shown below. To make the scores more meaningful, the 0to100 scale has been divided into seven Risk Groups. Your score places you in Risk Group 5.



Risk Group	1	2	3	4	5	6	7
Score Range	Less than 25	25-34	35-44	45-54	55-64	65-74	75 or more
No in Group	1%	6%	24%	38%	24%	6%	1%

In answer to the last question, you estimated your score would be 60. Congratulations! You were close. Most people under-estimate their score by a few points.

### Your Risk Group

The description of Risk Group 5 which follows provides a summary of the typical attitudes, values, preferences and experiences of those in your group. Two of your answers differed from this description. They are shown in italics below the relevant section. These differences fine-tune the description to you personally.

#### Making Financial Decisions

Most think of "risk" as "opportunity" and have a reasonable amount, if not a great deal, of confidence in their ability to make good financial decisions. They usually feel at least somewhat optimistic about their major financial decisions after they make them.

They are prepared to take a medium degree of risk with their financial decisions and are usually, if not always, more concerned about the possible gains than the possible losses.



## Financial Disappointments

Typically, when things go wrong financially they adapt at least somewhat easily.

## Financial Past

They have taken a medium degree of risk with their past financial decisions. About half have borrowed money to make an investment. Most have never invested a large sum in a risky investment mainly for the "thrill" of seeing whether it went up or down in value.

*You have made a "thrill" investment, but only somewhat rarely.*

## Investment

Most feel that it is at least somewhat more important that the value of their investments retains its purchasing power than that it does not fall. Over ten years, most expect an investment portfolio to earn, on average, from two to two and a half times the rate from GICs (guaranteed investment certificates). Typically, they would begin to feel uncomfortable if the total value of their investments went down by 20%.

Given these portfolio choices,

	<u>Expected Return and Risk</u>		
	<u>High</u>	<u>Medium</u>	<u>Low</u>
Portfolio 1	0 %	0 %	100 %
Portfolio 2	0 %	30 %	70 %
Portfolio 3	10 %	40 %	50 %
Portfolio 4	30 %	40 %	30 %
Portfolio 5	50 %	40 %	10 %
Portfolio 6	70 %	30 %	0 %
Portfolio 7	100 %	0 %	0 %

Where stocks and real estate are high return/high risk and cash and GICs are low return/low risk, their most common choice is Portfolio 5.

*With these portfolio choices, you would choose Portfolio 3.*

## Borrowing

If they were borrowing a large sum of money at a time when it was not clear which way interest rates were going to move and when the fixed interest rate was 1% more than the then variable rate, they would choose to have at least 50% of the loan at variable interest.

## Government Benefits and Tax Advantages

So long as there was only a small chance they could finish up worse off than if they'd done nothing, they would take a risk in arranging their affairs to qualify for a government benefit or obtain a tax advantage.



## How to Use This Report

Your Personal Financial Risk Profile has been prepared from information provided by you and is, of course, only relevant to you.

If, for example, you are one of a couple who make joint decisions, your partner should also do a risk tolerance assessment. Both Risk Profiles then need to be considered when joint decisions are being made. Similarly, where you are acting on behalf of someone else, e.g. under a power of attorney or as trustee, your own Risk Profile remains relevant but must be considered in the context of your responsibilities.

The factors, other than personality, which influence risk tolerance include financial know how and experience, as well as personal, family and work situations and aspirations. If there is a significant change in any of these, risk tolerance should be re-tested. This re-testing is not only for your subsequent decision-making but also for review of decisions made before the change.

People starting to actively manage their finances and/or investments for the first time can find that the new knowledge and experience lead to an increased risk tolerance. In such circumstances, risk tolerance should be re-tested within 6 to 12 months.

In any event, your risk tolerance should be re-tested every two or three years as it usually does change (slowly) with age.

You should discuss your Risk Profile with your financial adviser. Notes of this discussion should be made. These notes may include modifications of, or expansions on, particular aspects of your Risk Profile. Because it is critical that you and your adviser have the same understanding of your risk tolerance, you both should sign-off on your Risk Profile, including any changes made as a result of discussion.

It is important to have confidence in any person with whom you discuss your Risk Profile. They must have the experience, skill and capacity to incorporate it into a decision making process with you.

You can rely on your Risk Profile to assist you in your financial decision making. However, we cannot endorse or support any specific decision you may make because, while we fully support the Risk Profile itself, we are not privy to all the other information that effective financial decision making requires.

Our Risk Profiling system is the financial services equivalent of the first blood pressure machine. While an accurate blood pressure reading does not, by itself, determine a diagnosis or treatment, it does provide critically important information. As the use of scientific Risk Profilers becomes widespread, better 'diagnoses' will be made, more appropriate 'treatments' will be prescribed, the incidence of unpleasant 'side-effects' will be reduced and 'health' outcomes will improve.

FinaMetrica Pty Ltd 1998-2010 U.S. Patent No.6859788

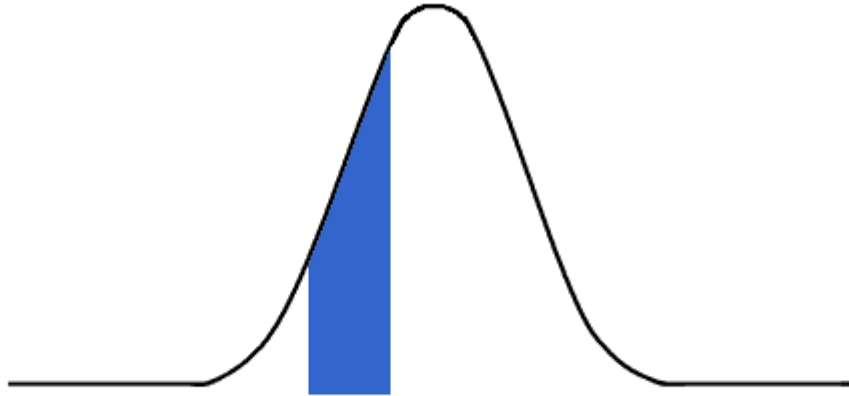


# Maria

## Your Risk Tolerance Score

Your Risk Tolerance Score enables you to compare yourself to a representative sample of the adult population. Your score is 37. This is a very low score, lower than 89% of all scores.

When scores are graphed they form a bell-curve as shown below. To make the scores more meaningful, the 0to100 scale has been divided into seven Risk Groups. Your score places you in Risk Group 3.



Risk Group	1	2	3	4	5	6	7
Score Range	Less than 25	25-34	35-44	45-54	55-64	65-74	75 or more
No in Group	1%	6%	24%	38%	24%	6%	1%

In answer to the last question, you estimated your score would be 40. Congratulations! You were close. Most people under-estimate their score by a few points.

## Your Risk Group

The description of Risk Group 3 which follows provides a summary of the typical attitudes, values, preferences and experiences of those in your group. Four of your answers differed from this description. They are shown in italics below the relevant section. These differences fine-tune the description to you personally.

### Making Financial Decisions

They usually think of "risk" as "uncertainty". They have a reasonable amount of confidence in their ability to make good financial decisions and usually feel somewhat optimistic about their major financial decisions after they make them.

They are prepared to take a small to medium degree of risk with their financial decisions and are usually more concerned about the possible losses than the possible gains.

*You usually feel somewhat pessimistic about your major financial decisions after you make them.*



## Financial Disappointments

Typically, when things go wrong financially they adapt somewhat or very uneasily.

## Financial Past

They have taken a small to medium degree of risk with their past financial decisions. Two-thirds of this group have never borrowed money to make an investment.

## Investment

With regard to the value of their investments, they feel that retaining its purchasing power is of comparable importance to its not falling. Over ten years, most expect an investment portfolio to earn, on average, from one and a half to twice the rate from GICs (guaranteed investment certificates). Typically, they would begin to feel uncomfortable if the total value of their investments went down by 10%.

Given these portfolio choices,

	<u>Expected Return and Risk</u>		
	<u>High</u>	<u>Medium</u>	<u>Low</u>
Portfolio 1	0 %	0 %	100 %
Portfolio 2	0 %	30 %	70 %
Portfolio 3	10 %	40 %	50 %
Portfolio 4	30 %	40 %	30 %
Portfolio 5	50 %	40 %	10 %
Portfolio 6	70 %	30 %	0 %
Portfolio 7	100 %	0 %	0 %

where stocks and real estate are high return/high risk and cash and GICs are low return/low risk, their most common choice is Portfolio 3.

*With these portfolio choices, you would choose Portfolio 2.*

## Borrowing

If they were borrowing a large sum of money at a time when it was not clear which way interest rates were going to move and when the fixed interest rate was 1% more than the then variable rate, most would choose to have a 50/50 mix of fixed and variable interest.

*You would choose to have all the loan at fixed interest.*

## Government Benefits and Tax Advantages

So long as there was only a small chance they could finish up worse off than if they'd done nothing, they would take a risk in arranging their affairs to qualify for a government benefit or obtain a tax advantage.

*You would not take a risk if there was any chance you could finish up worse off.*



## How to Use This Report

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If, for example, you are one of a couple who make joint decisions, your partner should also do a risk tolerance assessment. Both Risk Profiles then need to be considered when joint decisions are being made. Similarly, where you are acting on behalf of someone else, e.g. under a power of attorney or as trustee, your own Risk Profile remains relevant but must be considered in the context of your responsibilities.

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Our Risk Profiling system is the financial services equivalent of the first blood pressure machine. While an accurate blood pressure reading does not, by itself, determine a diagnosis or treatment, it does provide critically important information. As the use of scientific Risk Profilers becomes widespread, better 'diagnoses' will be made, more appropriate 'treatments' will be prescribed, the incidence of unpleasant 'side-effects' will be reduced and 'health' outcomes will improve.

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## Portfolio Objectives

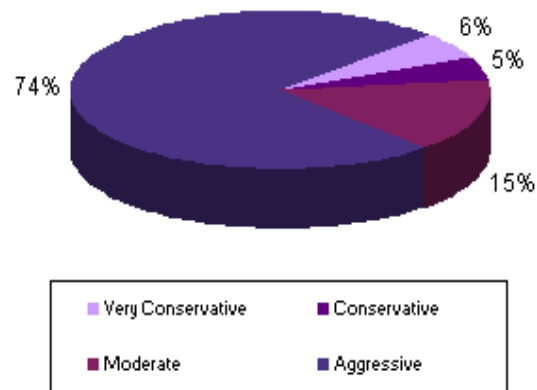
When developing an investment strategy, it is very important that your investment objectives be identified and understood. To do this properly, we determine the purpose for each of your investment accounts and group them into "Portfolios". Each of these portfolios then has individual investment objectives based on:

**Time Horizon:** Considers the timing of each of the goals associated with the portfolio and any need for short term liquidity.

**Risk Capacity:** How much of a loss could you withstand and still meet your goals given your time horizon.

Here's an overview of your portfolios, including the risk tolerance associated with each, their respective objectives and the recommended investment portfolio for each.

Portfolio	Capital	Risk Tolerance	Time Horizon	Risk Capacity	Recommended Investment Portfolio
<b>Strategic Portfolio</b>	\$161,417	High	More than 10 years	Moderate ability to adapt	Aggressive
You indicated that you had no constraints related to this portfolio.					
<b>Education Portfolio</b>	\$12,321	Low	Within the next year	Little or no flexibility	Very Conservative
You indicated that you had no constraints related to this portfolio.					
<b>Maria's Retirement Portfolio</b>	\$33,302	Low	More than 10 years	Significant ability to adjust	Moderate
You indicated that you had no constraints related to this portfolio.					
<b>Short Term TFSA Portfolio</b>	\$10,000	Average	From 6 to 10 years	Moderate ability to adapt	Conservative
You indicated that you had no constraints related to this portfolio.					
<b>Total</b>	\$217,040				





## Current Holdings

This Investment Policy Statement has been prepared with regards to the following investments:

Portfolio Description: Strategic Portfolio				
Account Description	Holdings	Account Types	Owner	Amount
Mark Registered Investments	Acuity Canadian Equity Class F	RRSP	Mark	\$ 15,454
	AGF US Value Class			\$ 6,576
	AGF Canadian Balanced Value			\$ 16,878
	AGF Canadian Bond			\$ 22,343
Non-Registered Investments	AGF Global High Yield Bond	Open	Joint	\$ 33,545
	Fidelity Canadian Growth Company Sr A			\$ 18,765
	AGF Canadian Money Market			\$ 12,332
	AGF Canadian Balanced			\$ 22,434
	Desjardins Global Real Estate			\$ 12,989
<b>Portfolio Total</b>				<b>\$161,417</b>

Portfolio Description: Education Portfolio				
Account Description	Holdings	Account Types	Owner	Amount
Registered Education Savings	Acuity Pooled Canadian Balanced	RESP - Individual Plan	Joint	\$ 12,321
<b>Portfolio Total</b>				<b>\$12,321</b>

Portfolio Description: Maria's Retirement Portfolio				
Account Description	Holdings	Account Types	Owner	Amount
Maria Registered Investments	Bond Portfolio	RRSP	Maria	\$ 22,434
	AlarmForce Industries Inc.			\$ 5,434
	Royal Bank of Canada			\$ 5,434
<b>Portfolio Total</b>				<b>\$33,302</b>

Portfolio Description: Short Term TFSA Portfolio				
Account Description	Holdings	Account Types	Owner	Amount
Mark Tax Free Savings Account	Tax Free Savings Account	TFSA	Mark	\$ 5,000
Maria Tax Free Savings Account	Tax Free Savings Account	TFSA	Maria	\$ 5,000
<b>Portfolio Total</b>				<b>\$10,000</b>
<b>Grand Total</b>				<b>\$217,040</b>



# Asset Allocation

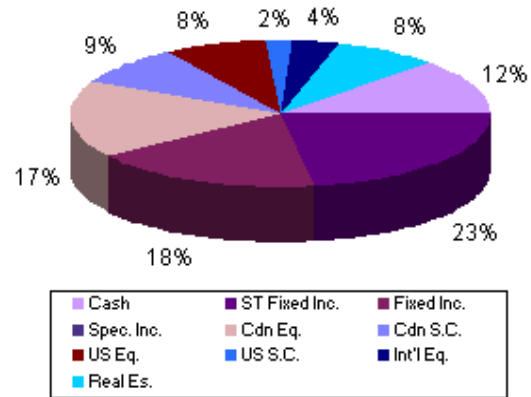
Asset allocation is the cornerstone of good investing. Each investment included in your portfolio should be part of an overall investment strategy. In order to identify an appropriate asset allocation we take into consideration your risk tolerance and your investment objectives, translating these constraints into a proposed asset allocation recommendation.

## Strategic Portfolio

### Current Asset Allocation

Based on the information that you have provided, the current asset allocation for this portfolio is:

Cash	12.00%
Short-Term Fixed Income	23.00%
Fixed Income	17.80%
Canadian Equities	16.90%
Canadian Small Cap Equities	8.80%
US Equities	7.80%
US Small Cap Equities	2.20%
International Equities	3.70%
Real Estate	7.90%
<b>Total</b>	<b>100.00%</b>

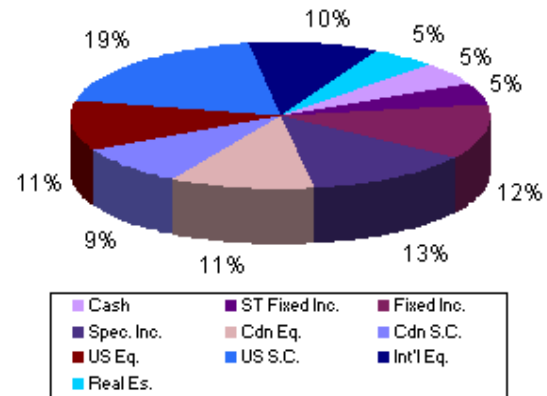


**Long-Term Historical Return: 5.80%**  
**Long-Term Historical Risk: 7.47%**

### Proposed Asset Allocation

We propose the following asset allocation for this portfolio:

Cash	5%
Short-Term Fixed Income	5%
Fixed Income	12%
Special Income	13%
Canadian Equities	11%
Canadian Small Cap Equities	9%
US Equities	11%
US Small Cap Equities	19%
International Equities	10%
Real Estate	5%
<b>Total</b>	<b>100%</b>



**Long-Term Historical Return: 7.22%**  
**Long-Term Historical Risk: 11.24%**

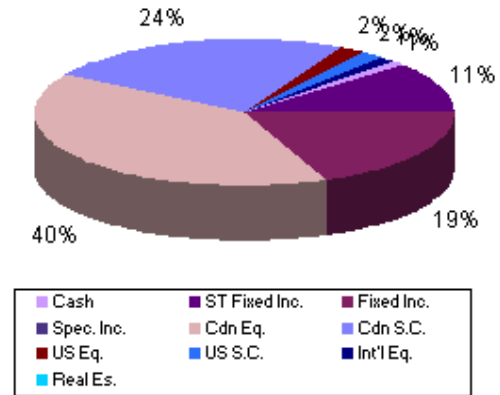


## Education Portfolio

### Current Asset Allocation

Based on the information that you have provided, the current asset allocation for this portfolio is:

Cash	1%
Short-Term Fixed Income	11%
Fixed Income	19%
Canadian Equities	40%
Canadian Small Cap Equities	24%
US Equities	2%
US Small Cap Equities	2%
International Equities	1%
<b>Total</b>	<b>100%</b>



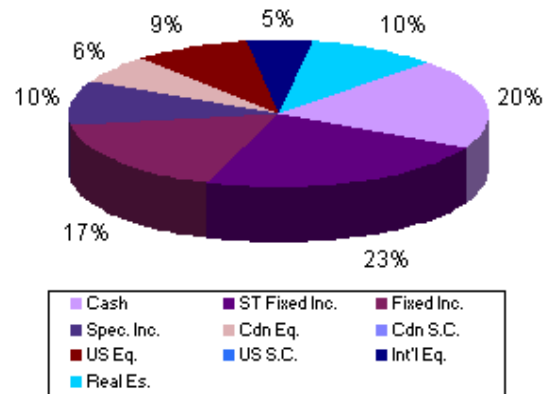
**Long-Term Historical Return: 6.95%**

**Long-Term Historical Risk: 12.77%**

### Proposed Asset Allocation

We propose the following asset allocation for this portfolio:

Cash	20%
Short-Term Fixed Income	23%
Fixed Income	17%
Special Income	10%
Canadian Equities	6%
US Equities	9%
International Equities	5%
Real Estate	10%
<b>Total</b>	<b>100%</b>



**Long-Term Historical Return: 5.35%**

**Long-Term Historical Risk: 5.70%**

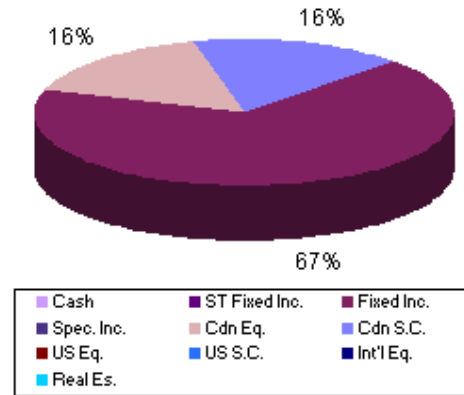


## Maria's Retirement Portfolio

### Current Asset Allocation

Based on the information that you have provided, the current asset allocation for this portfolio is:

Fixed Income	67.40%
Canadian Equities	16.30%
Canadian Small Cap Equities	16.30%
<b>Total</b>	<b>100.00%</b>

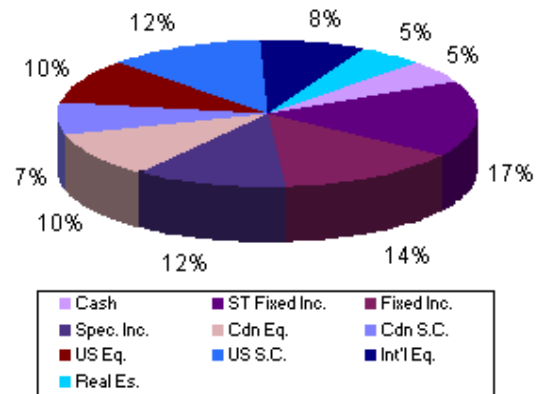


**Long-Term Historical Return: 5.89%**  
**Long-Term Historical Risk: 8.71%**

### Proposed Asset Allocation

We propose the following asset allocation for this portfolio:

Cash	5%
Short-Term Fixed Income	17%
Fixed Income	14%
Special Income	12%
Canadian Equities	10%
Canadian Small Cap Equities	7%
US Equities	10%
US Small Cap Equities	12%
International Equities	8%
Real Estate	5%
<b>Total</b>	<b>100%</b>



**Long-Term Historical Return: 6.64%**  
**Long-Term Historical Risk: 9.37%**

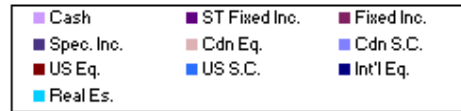


## Short Term TFSA Portfolio

### Current Asset Allocation

Based on the information that you have provided, the current asset allocation for this portfolio is:

Cash	100%
<b>Total</b>	<b>100%</b>



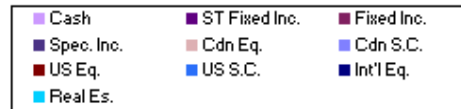
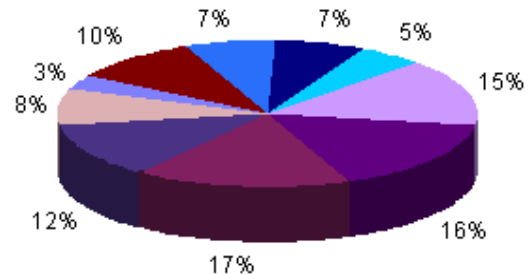
**Long-Term Historical Return: 2.98%**

**Long-Term Historical Risk: 3.92%**

### Proposed Asset Allocation

We propose the following asset allocation for this portfolio:

Cash	15%
Short-Term Fixed Income	16%
Fixed Income	17%
Special Income	12%
Canadian Equities	8%
Canadian Small Cap Equities	3%
US Equities	10%
US Small Cap Equities	7%
International Equities	7%
Real Estate	5%
<b>Total</b>	<b>100%</b>



**Long-Term Historical Return: 6.05%**

**Long-Term Historical Risk: 7.65%**

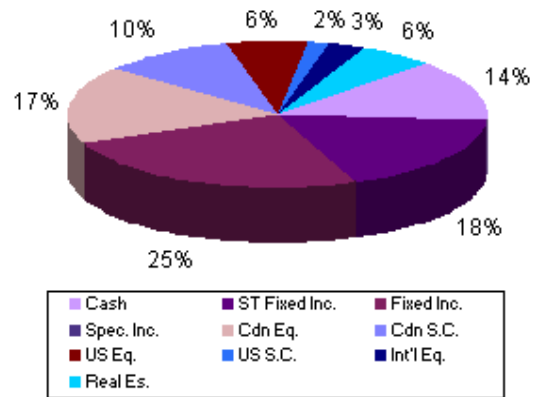


## All Portfolios

### Current Asset Allocation

Based on the information that you have provided, the current asset allocation for this portfolio is:

Cash	13.60%
Short-Term Fixed Income	17.70%
Fixed Income	24.70%
Canadian Equities	17.30%
Canadian Small Cap Equities	10.40%
US Equities	5.90%
US Small Cap Equities	1.70%
International Equities	2.80%
Real Estate	5.90%
<b>Total</b>	<b>100.00%</b>



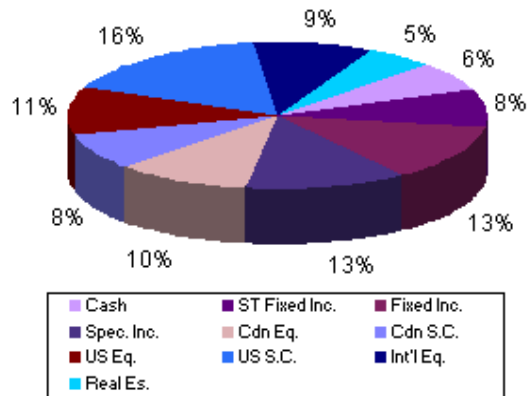
**Long-Term Historical Return: 5.75%**

**Long-Term Historical Risk: 7.51%**

### Proposed Asset Allocation - Combined

We propose the following asset allocation for this portfolio:

Cash	6.31%
Short-Term Fixed Income	8.37%
Fixed Income	12.82%
Special Income	12.63%
Canadian Equities	10.42%
Canadian Small Cap Equities	7.91%
US Equities	10.69%
US Small Cap Equities	16.29%
International Equities	9.27%
Real Estate	5.28%
<b>Total</b>	<b>100.00%</b>



**Long-Term Historical Return: 6.98%**

**Long-Term Historical Risk: 10.44%**

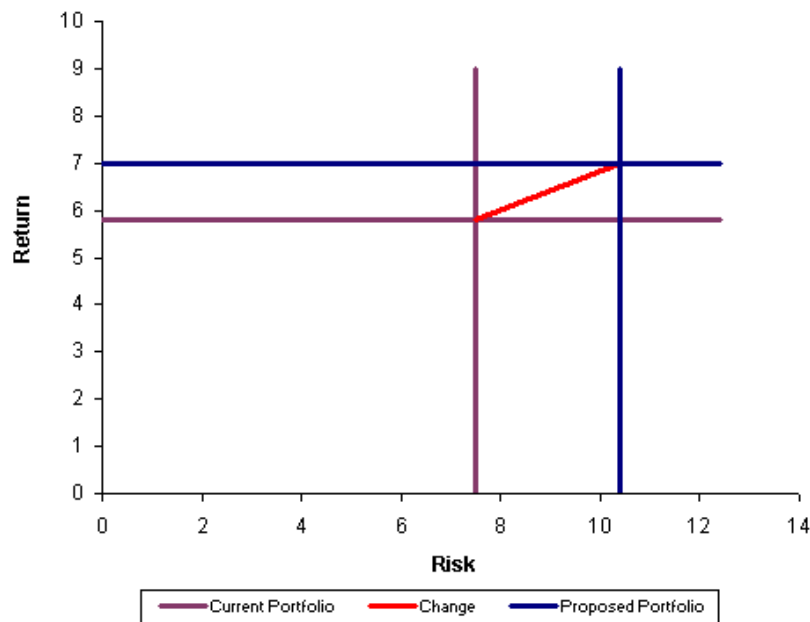


## Portfolio Risk vs. Return

Today it's widely recognized that there is a trade-off between risk and reward when investing. Higher reward can only be achieved by taking on some risk. However, in designing an investment portfolio, the objective should always be to achieve the highest expected return with the least amount of risk. Measuring reward is straightforward. It is the combined expected return of the individual assets. While risk can be measured in many ways, the most frequently used method is a statistical measurement of volatility called "Standard Deviation". This is a technical way to measure the range of return fluctuation expected for a given portfolio mix among the major asset classes. In calculating overall portfolio volatility there is another dimension that must be considered, that being the degree to which returns for 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 behind asset allocation to reduce risk. This is accomplished by combining assets in the portfolio with varying patterns of return so that, as some are falling in value, others are offsetting that decline with positive returns.

Our objective in developing an asset allocation strategy is to identify the portfolio that most efficiently matches the risk and reward for you that has the highest probability of meeting your objectives.

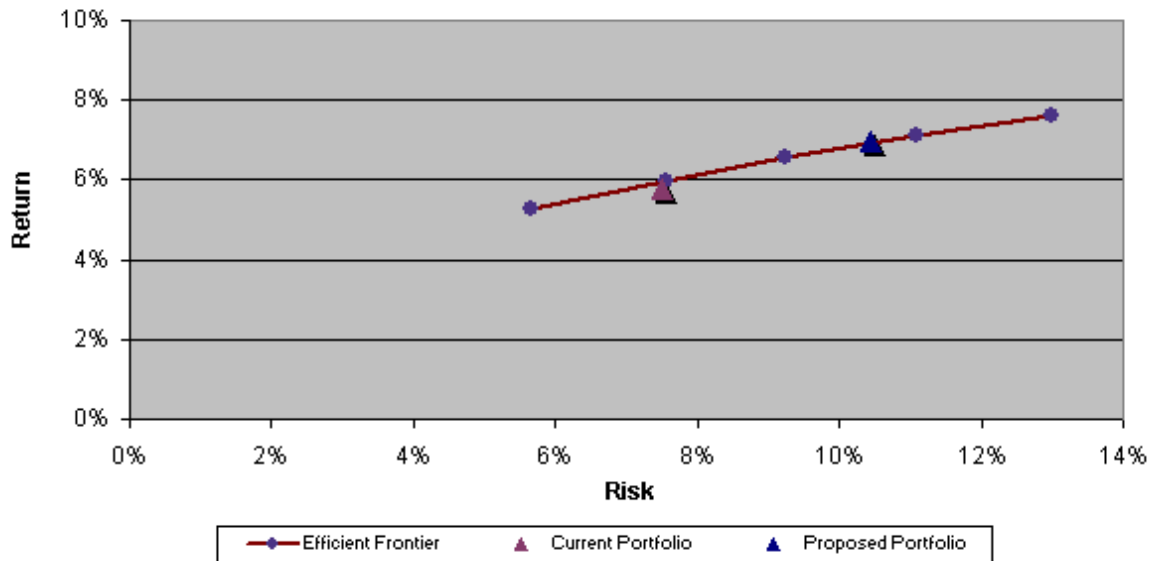
The Risk vs. Return graph below illustrates how the proposed change in your portfolio may impact your projected long-term return and the degree of risk or volatility within your portfolio. A portfolio that falls on the far left side of the graph, consisting almost entirely of short-term cash type investments, represents the least risky portfolio (one that is expected to fluctuate the least in the short-term) and has the lowest expected returns. A portfolio on the far right side of the graph, which would consist of mostly equity investments, represents a portfolio with the highest short-term volatility with the highest expected returns. Portfolios between these two extremes represent portfolios of gradually increasing returns and correspondingly increasing risk.





## Efficient Frontier

In his Nobel Prize winning work, Harry Markowitz employed advanced mathematics to solve the puzzle of how to achieve maximum return with the least amount of risk. He was able to calculate “mathematically correct” portfolios that were most effective in balancing the trade-off between the risk and reward of various asset classes. He called those portfolios “efficient” and was able to plot them graphically to illustrate the range of possibilities for each level of risk or expected reward. The graph below shows the “efficient frontier” for your portfolio from an overall strategic perspective.



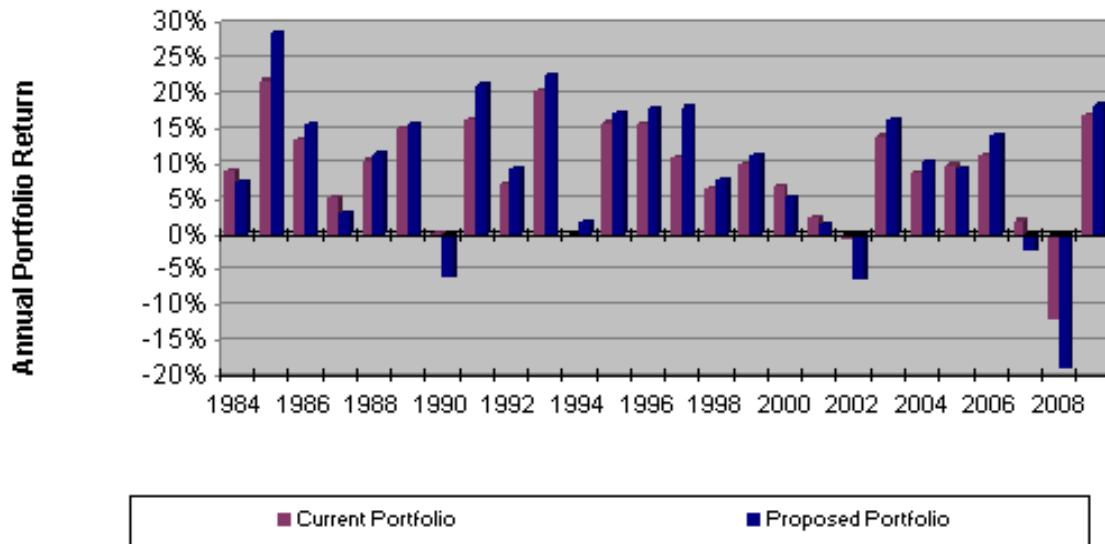
While it's considered ideal for your proposed portfolio to be positioned directly on the efficient frontier, it's also a reality that there are constraints that can limit your ability to achieve this ideal. These constraints might be a lack of liquidity in your current portfolio, tax ramifications of rebalancing or other limiting factors. In such cases you may not be able to achieve the ideal today, but over the long term we'll work with you towards this goal as the impact of such constraints are minimized.



## Historical Annual Returns

When we identified the long-term projected return of 5.75% for your current portfolio and 6.98% for your proposed portfolio, this creates an expectation for the future. However, it's also helpful to see how both the current and the proposed portfolio have performed historically based on the benchmarks used for each asset class. The following graph illustrates the actual annual returns achieved by each portfolio in the past. It highlights the fact that while we expect a certain return over the long term, actual returns from year to year will fluctuate.

**Annual Returns – 25 Years of History**



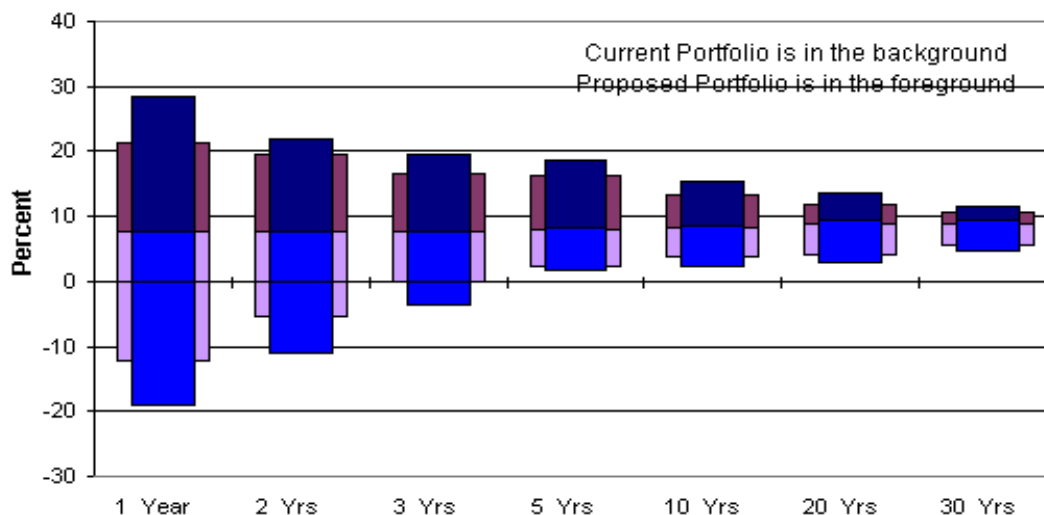
Recognizing the variable nature of historical returns can help us to understand how future returns will impact your investments going forward. With this understanding comes the ability to maintain a strategic approach to investment management and not be tempted to over react to short term fluctuations in the marketplace.



## Portfolio Risk vs. Time

The long-term projected returns for your current and proposed portfolio are based on historical rates of return for each asset class using data going back as far as 1950, where the actual rate of inflation is replaced with an estimated rate of inflation of 3.0%.

While we know that history does not repeat itself exactly, the rates of return for the various asset classes and their associated “risk” are influenced by economic cycles that do have a reasonably consistent long-term pattern. Consider the following “Portfolio Risk vs. Time” graph, which provides a good picture of the highest, lowest and average historical returns over both short-term and long-term time horizons for your current and proposed portfolio.



	1 Year	2 Years	3 Years	5 Years	10 Years	20 Years	30 Years
<b>Current Portfolio</b>							
Actual Historical Highest (%)	21.45	19.43	16.49	16.31	13.40	11.91	10.54
Actual Historical Average (%)	7.63	7.57	7.70	7.96	8.33	8.88	8.95
Expected Return (%)	5.75	5.75	5.75	5.75	5.75	5.75	5.75
Actual Historical Lowest (%)	-12.17	-5.40	-0.16	2.40	3.71	3.98	5.45
<b>Proposed Portfolio</b>							
Actual Historical Highest (%)	28.47	21.77	19.40	18.56	15.29	13.56	11.49
Actual Historical Average (%)	7.61	7.57	7.77	8.15	8.69	9.37	9.35
Expected Return (%)	6.98	6.98	6.98	6.98	6.98	6.98	6.98
Actual Historical Lowest (%)	-19.07	-11.14	-3.46	1.64	2.27	2.86	4.68

This clearly illustrates that shorter time horizons demonstrate high historical volatility of returns whereas volatility over longer time horizons is reduced. This risk/reward profile is a key component to your personal Investment Policy Statement as it relates directly to your personal tolerance for risk. Portfolios with an emphasis on aggressive long-term growth will tend to experience a higher degree of volatility in the short-term than portfolios with a moderate or conservative emphasis on growth. This is the trade-off that must be accepted in order to achieve higher rates of return.



# Assumptions

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An Investment Policy Statement is a long-term planning document. Consequently, it's 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. The following are some of the key assumptions that we have made in doing our calculations.

## Inflation

The performance of most investments is significantly influenced by a number of economic factors, one very significant one being inflation. Your goals and objectives also will be impacted by future inflation rates. For this reason, it's necessary to identify an expected inflation factor. In your case we have used an assumed inflation rate of 3.0% throughout this report unless otherwise identified.

## 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 59 years of history where data is available.

Asset Class	Benchmark
Cash	91-Day T-Bill Index (1)
Short-Term Fixed Income	DEX Short Term Bond Index (2)
Fixed Income	DEX Universe Bond Index
Special Income	50% Canadian Dividend and 50% Income Trust (3)
Canadian Equities	S&P/TSX Total Return
Canadian Small Cap Equities	S&P/TSX Small Cap Total Return (4)
US Equities	S&P 500 Composite Total Return Index \$Cdn
US Small Cap Equities	Russell 2000 US Small Cap Index \$Cdn (5)
International Equities	MSCI EAFE Total Return Index \$Cdn (6)
Real Estate	Globe Real Estate Peer Index (7)

1) Cash return reduced by 1%.

2) Short Term Fixed data from 1966.

3) Canadian Dividends 1976 - 1985. 50% Canadian Dividend and 50% Canadian Income Trust from 1986.

4) Canadian Small Cap data from 1987.

5) US Small Cap data from 1979.

6) International Equities data from 1972.

7) Russell/Morguard Property Index (1950 - 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's 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 Repositioning Recommendations

The following illustrates the overall changes that need to be made in your current portfolio in order to achieve the proposed asset allocation that we have identified. As we move towards this ideal, we will need to take into consideration several issues. For example we will need to recognize the regulatory nature of your accounts, any tax consequences associated with the disposition of any existing holdings as well as the objective to minimize any fees and charges that may be related to repositioning.

Asset Category	Current %	Current Value (\$)	Target %	Target Value (\$)	Reposition %	Reposition Value (\$)
Cash	13.62	29,568	6.31	13,700	-7.31	-15,867
Short-Term Fixed Income	17.71	38,443	8.37	18,166	-9.34	-20,277
Fixed Income	24.67	53,546	12.82	27,826	-11.85	-25,719
Special Income	0.00	0	12.63	27,412	12.63	27,412
Canadian Equities	17.32	37,589	10.42	22,625	-6.89	-14,963
Canadian Small Cap Equities	10.41	22,601	7.91	17,158	-2.51	-5,442
US Equities	5.88	12,757	10.69	23,195	4.81	10,437
US Small Cap Equities	1.72	3,724	16.29	35,365	14.58	31,640
International Equities	2.77	6,017	9.27	20,121	6.50	14,104
Real Estate	5.89	12,792	5.28	11,468	-0.61	-1,324
<b>Totals</b>	<b>100%</b>	<b>217,040</b>	<b>100%</b>	<b>217,040</b>	<b>N/A</b>	<b>N/A</b>



## Tactical Implementation Strategy

The following illustrates the tactical changes we recommend be made to move you towards the proposed asset allocation that we have recommended.

<b>Strategic Portfolio</b>			
<b>Mark Registered Investments</b>	<b>Current</b>	<b>Target</b>	<b>Change</b>
Acuity Canadian Equity Class F	\$15,454	\$0	\$-15,454
AGF Canadian Balanced Value	\$16,878	\$0	\$-16,878
AGF Canadian Bond	\$22,343	\$0	\$-22,343
AGF Canadian Money Market	\$0	\$3,068	\$3,068
AGF Canadian Stock	\$0	\$6,749	\$6,749
AGF Global High Yield Bond	\$0	\$7,362	\$7,362
AGF Global Real Estate Equity	\$0	\$3,068	\$3,068
AGF US Value Class	\$6,677	\$0	\$-6,677
AIC Copernican Intl Dividend Inc	\$0	\$6,135	\$6,135
Dynamic-Marquis U.S. Equity Pool Series I	\$0	\$6,749	\$6,749
Ethical Canadian Dividend Class F	\$0	\$7,976	\$7,976
Mackenzie-Sentinel Short-Term Income Fund Series G	\$0	\$3,068	\$3,068
Trimark Canadian Small Companies	\$0	\$5,522	\$5,522
Trimark US Small Companies Class	\$0	\$11,657	\$11,657
<b>Subtotal</b>	<b>\$61,352</b>	<b>\$61,352</b>	
<b>Non-Registered Investments</b>	<b>Current</b>	<b>Target</b>	<b>Change</b>
AGF Canadian Balanced	\$22,434	\$0	\$-22,434
AGF Canadian Money Market	\$0	\$5,003	\$5,003
AGF Canadian Money Market	\$12,332	\$0	\$-12,332
AGF Canadian Stock	\$0	\$11,007	\$11,007
AGF Global High Yield Bond	\$33,545	\$12,008	\$-21,537
AGF Global Real Estate Equity	\$0	\$5,003	\$5,003
AIC Copernican Intl Dividend Inc	\$0	\$10,006	\$10,006
Desjardins Global Real Estate	\$12,989	\$0	\$-12,989
Dynamic-Marquis U.S. Equity Pool Series I	\$0	\$11,007	\$11,007
Ethical Canadian Dividend Class F	\$0	\$13,008	\$13,008
Fidelity Canadian Growth Company Sr A	\$18,765	\$0	\$-18,765
Mackenzie-Sentinel Short-Term Income Fund Series G	\$0	\$5,003	\$5,003
Trimark Canadian Small Companies	\$0	\$9,006	\$9,006
Trimark US Small Companies Class	\$0	\$19,012	\$19,012
<b>Subtotal</b>	<b>\$100,065</b>	<b>\$100,065</b>	
<b>Portfolio Total</b>	<b>\$161,417</b>	<b>\$161,417</b>	

<b>Education Portfolio</b>			
<b>Registered Education Savings</b>	<b>Current</b>	<b>Target</b>	<b>Change</b>
Acuity Pooled Canadian Balanced	\$12,321	\$0	\$-12,321
AGF Canadian Bond	\$0	\$2,094	\$2,094
AGF Canadian Money Market	\$0	\$2,464	\$2,464
AGF Canadian Stock	\$0	\$739	\$739
AIC Copernican Intl Dividend Inc	\$0	\$616	\$616
Dynamic Global Real Estate	\$0	\$1,232	\$1,232
Dynamic-Marquis U.S. Equity Pool Series I	\$0	\$1,108	\$1,108
Ethical Canadian Dividend Class F	\$0	\$1,232	\$1,232
Mackenzie-Sentinel Short-Term Income Fund Series G	\$0	\$2,833	\$2,833
<b>Subtotal</b>	<b>\$12,321</b>	<b>\$12,321</b>	
<b>Portfolio Total</b>	<b>\$12,321</b>	<b>\$12,321</b>	



<b>Maria's Retirement Portfolio</b>			
<b>Maria Registered Investments</b>	<b>Current</b>	<b>Target</b>	<b>Change</b>
AGF Canadian Bond	\$0	\$4,662	\$4,662
AGF Canadian Money Market	\$0	\$1,665	\$1,665
AGF Canadian Stock	\$0	\$3,330	\$3,330
AGF Elements Global Portfolio	\$0	\$2,664	\$2,664
AlarmForce Industries Inc.	\$5,434	\$0	\$-5,434
Bond Portfolio	\$22,434	\$0	\$-22,434
Dynamic Global Real Estate	\$0	\$1,665	\$1,665
Dynamic-Marquis U.S. Equity Pool Series I	\$0	\$3,330	\$3,330
Ethical Canadian Dividend Class F	\$0	\$3,996	\$3,996
Fidelity Small Cap America CI F	\$0	\$3,996	\$3,996
Mackenzie-Sentinel Short-Term Income Fund Series G	\$0	\$5,661	\$5,661
Royal Bank of Canada	\$5,434	\$0	\$-5,434
Trimark Canadian Small Companies	\$0	\$2,331	\$2,331
<b>Subtotal</b>	<b>\$33,302</b>	<b>\$33,302</b>	
<b>Portfolio Total</b>	<b>\$33,302</b>	<b>\$33,302</b>	

<b>Short Term TFSA Portfolio</b>			
<b>Mark Tax Free Savings Account</b>	<b>Current</b>	<b>Target</b>	<b>Change</b>
AGF Canadian Bond	\$0	\$850	\$850
AGF Canadian Money Market	\$0	\$750	\$750
AIC Canadian Focused	\$0	\$400	\$400
AIC Copernican Intl Dividend Inc	\$0	\$350	\$350
Dynamic Global Real Estate	\$0	\$250	\$250
Dynamic-Marquis U.S. Equity Pool Series I	\$0	\$500	\$500
Ethical Canadian Dividend Class F	\$0	\$600	\$600
Mackenzie-Sentinel Short-Term Income Fund Series G	\$0	\$800	\$800
Tax Free Savings Account	\$5,000	\$0	\$-5,000
Trimark Canadian Small Companies	\$0	\$150	\$150
Trimark US Small Companies Class	\$0	\$350	\$350
<b>Subtotal</b>	<b>\$5,000</b>	<b>\$5,000</b>	

<b>Maria Tax Free Savings Account</b>	<b>Current</b>	<b>Target</b>	<b>Change</b>
AGF Canadian Bond	\$0	\$850	\$850
AGF Canadian Money Market	\$0	\$750	\$750
AIC Canadian Focused	\$0	\$400	\$400
AIC Copernican Intl Dividend Inc	\$0	\$350	\$350
Dynamic Global Real Estate	\$0	\$250	\$250
Dynamic-Marquis U.S. Equity Pool Series I	\$0	\$500	\$500
Ethical Canadian Dividend Class F	\$0	\$600	\$600
Mackenzie-Sentinel Short-Term Income Fund Series G	\$0	\$800	\$800
Tax Free Savings Account	\$5,000	\$0	\$-5,000
Trimark Canadian Small Companies	\$0	\$150	\$150
Trimark US Small Companies Class	\$0	\$350	\$350
<b>Subtotal</b>	<b>\$5,000</b>	<b>\$5,000</b>	
<b>Portfolio Total</b>	<b>\$10,000</b>	<b>\$10,000</b>	
<b>Grand Total</b>	<b>\$217,040</b>	<b>\$217,040</b>	



## Investment Policy Statement Agreement

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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 Agreement — to confirm that you concur with its contents. This Investment Policy Statement (IPS) is not a contract of any kind. It is only meant to be 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	<b>Investment Policy Statement Agreement</b> - 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	<b>Implementation of your Proposed Asset Allocation</b> – We will work with you to implement your proposed asset allocation using various investment alternatives.	
Regularly	Lynne Mark Maria	<b>Investment Reporting</b> – 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	<b>Portfolio Reviews</b> – 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><b>Life Goals Analysis</b> – 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'll 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><b>Life Goals Analysis in the event of Death or Disability</b> – 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 or 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 pre-mature death or disability. This would include the lifestyle you desire for your family, any bequests you wish to make, as well as other estate planning</p>	



When	Who	What	Date Complete
		<p>concerns you might have. We would also review your existing life and disability insurance coverage, employee group benefits, creditor insurance and so on.</p>	
Mth/Year	Lynne Mark Maria	<p><b>Estate Planning Review</b> – 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><b>Critical Illness Review</b> – 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><b>Long Term Care Review</b> – 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>	