
OPENING A LORING WARD ACCOUNT

Step One:

Portfolio Allocation Statement

- Check that the Portfolio Allocation Statement (last page of the Investment Policy Statement) reflects the desired allocation and that it matches the target allocation shown in the Investment Policy Statement - they may not align if you customized the implementation.
- If you customized the implementation, check that the allocation on the Portfolio Allocation Statement adds up to 100%.
- Have client(s) sign and date the Portfolio Allocation Statement. Do not submit the Investment Plan report or Investment Policy Statement or any pages of these reports. These reports are for your records only.

Step Two:

New Account Paperwork from the Account Opening Wizard

- Complete custodian paperwork (Schwab, Pershing, Fidelity, TD Ameritrade, etc.).
- Complete Loring Ward paperwork (Transmittal Form, Client Agreement).
- If you are using a Distribution Portfolio complete one of the periodic distribution forms listed below.

For Schwab, submit one of the following:

- Check & Journal Request Form
- Custodial Disbursement Letter of Authorization (LOA)
- Electronic Funds Transfer (MoneyLink) Authorization Form

For Fidelity, submit one of the following:

- Cashiering Journal Request
- IRA Periodic Distribution Request
- Personal Withdrawal Service Application

For Ameritrade, submit:

- Electronic Funds Transfer Form

Step Three:

Submit the Following Completed Paperwork to Loring Ward

- Portfolio Allocation Statement
- Custodian Paperwork
- Loring Ward Transmittal Form
- Periodic Distribution Form (if you are using a Distribution Portfolio model)
- Client Agreement
 - Structured Investing Portfolio Services (bundled fees) - To be used with SA Funds only
 - Structuring Investing Advantage (unbundled fees) - To be used with DFA Funds or any outside positions

Questions? Contact your Loring Ward Service Team at 800-366-7266.



Investment Policy Statement

Recommendations for Jim and Sandy Client

December 08, 2017

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I. Investment Policy Statement

Executive Summary

Investment Policy Statement for: Jim and Sandy Client

Approximate value of assets: \$100,000

Risk tolerance: Moderate

Model allocation: Moderate 60-5

Financial Advisor: Alan Advisor

Purpose

This Investment Policy Statement (IPS) is to assist Jim and Sandy Client (Investor) and Alan Advisor (Advisor) in effectively supervising, monitoring, and evaluating the investments of the portfolio. Its purpose is to describe formally how investment decisions are related to plan goals and objectives, as well as the vision for the portfolio.

It details a suggested investment structure for managing the portfolio. This structure includes various asset classes, portfolio allocation, and acceptable ranges that, in total, are intended to produce an appropriate level of overall diversification and risk over the investment time horizon as indicated in the discovery process.

Investment Objectives

This document defines the nature of the relationship of how the Advisor will manage the investment process. The Advisor will strive to minimize risk while generating a level of return sufficient to meet the stated investment objective(s):

- Retirement

Investors recognize and acknowledge that some risk must be assumed in order to achieve long-term investment objectives, and that there are uncertainties and complexities associated with investment markets.

Roles and Responsibilities

Financial Advisor

The Advisor will be responsible for guiding the Investor through a disciplined investment process. The primary responsibilities of the Advisor include, but are not limited to:

- Designing, implementing and maintaining an appropriate asset allocation plan consistent with the investment objectives, time horizon, risk profile, guidelines and constraints outlined in this statement
- Advising you about the selection and allocation of asset classes
- Monitoring the performance of all selected assets
- Periodically reviewing the suitability of your investments
- Recommending changes to this Investment Policy Statement
- Avoiding prohibited transactions and conflicts of interest
- Controlling and accounting for all investment expenses
- Making recommendations to you and implementing investment decisions as directed by you
- Meeting with you to discuss your investment policy at appropriate intervals
- Recommending an appropriate custodian to safeguard your assets

Custodian

Custodians are responsible for the safekeeping of the portfolio's investments. The specific duties and responsibilities of the custodian include, but are not limited to:

- Holding in custody for safekeeping all cash, securities and other property delivered to your investment account(s) and collecting and retaining income and other distributions credited to those account(s)
- Effecting transfers of cash and/or securities credited to or debited from your account(s), including transfers incident to the settlement of purchase and sale transactions
- Providing monthly or quarterly reports showing receipts, disbursements and transfers in connection with your account assets, trade settlements and balances
- Providing all tax-related reporting to the Internal Revenue Service for your account(s)

Investor

The Investor's primary responsibilities may include, but are not limited to:

- Overseeing your advisor
- Granting your advisor discretionary control for purchases and sales of securities previously approved by you. Your advisor shall have no authority to withdraw funds from your accounts, except to cover payment of previously agreed to fees or at your specific written direction
- Approving the investment objectives and policies of the portfolio
- Directing your advisor to make changes regarding policy, guidelines, objectives and specific investments on a timely basis
- Providing your advisor with all relevant information on your financial conditions and risk tolerances and any changes to this information
- Reading and understanding the information contained in the prospectuses for your investment portfolio
- Exercising all rights, including voting rights, as are acquired through the ownership of securities
- Reviewing custodial statements and performance reports

Risk Tolerance

Based on information provided, a customized portfolio has been designed with the objective to minimize risk and potentially earn a return sufficient to meet stated investment goals. With this objective, the Investor should be prepared to accept a certain degree of volatility (risk) within the portfolio. Moreover, no investments can be guaranteed against loss, including loss of principal, but we believe that investing in stocks is a prudent step for long-term investors.

Based on the feedback provided by the Investor to the Advisor, risk tolerance for this portfolio has been categorized as “Moderate”. Based on this category, the portfolio value would have to decline by more than 30 percent over a twelve-month period before the Investor would lose confidence in the investment strategy and consider altering the portfolio asset mix.

Historically, hypothetical portfolios based on index data with the asset mix recommended for this portfolio have experienced annual returns ranging from -25 to 32 percent from 1972 through 2016 (Sources: CRSP, MSCI EAFE Index, NAREIT Composite Index,). However, there is no guarantee that the future returns of this portfolio will be within this historical range.

We believe portfolios with an emphasis on long-term growth will tend to experience wide price fluctuations in the short-term. Two of our primary goals are to attempt to minimize cumulative portfolio fluctuation with the potential for earning a return sufficient to meet stated long-term goals.

Design Considerations

We use a four-step approach to define the investment plan. The first step involves a careful examination of the current financial position, future investment goals, need for current income, liquidity requirements, risk profile, and investment time horizon to ensure that the recommended portfolio aligns with the investment objectives. The results of this examination are listed below.

- **Time Horizon:** Based on the information you provided on 10/31/2017, your investment time horizon is 20 years or more.

You currently require a 0 - 2 percent annual withdrawal from this portfolio to fund your day-to-day expenses.

- **Liquidity Requirements:** You do not require access to readily available cash from this portfolio for a major purchase or life event in the foreseeable future.

The second step involves allocating specific asset classes within the portfolio to help achieve optimal tax treatment. Our account aggregation system benefits investors by providing a total portfolio solution across different investment accounts, by aggregating multiple accounts into one portfolio. This benefit provides a distinct advantage in achieving the stated financial goals by attempting to minimize the impact of taxes in the portfolio.

The third step involves tracking the portfolio. The Advisor is in the process of establishing the investment plan. This plan requires constant adjustment and fine-tuning. The Advisor provides the professional knowledge to consider changes in the financial situation in order to make adjustments to the plan as new opportunities, as well as challenges, develop during the investment time horizon.

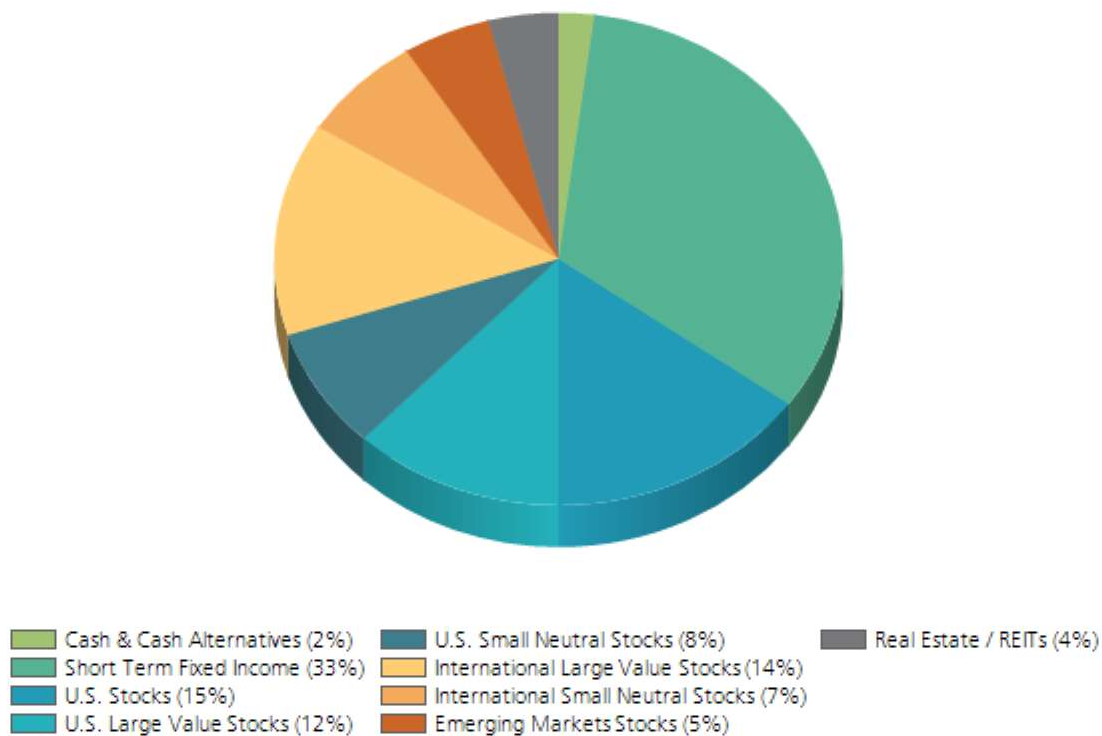
The fourth step involves detailed and ongoing consultation with the Advisor. The Advisor is critical to the long-term implementation of the wealth management process, which may from time-to-time require alteration of the investment portfolio to meet changing needs.

Summary of Recommendation

We believe investors are best served by implementing a portfolio that minimizes risk while generating the return required to meet stated investment objectives. The goal is to assist the Investor in reaching stated financial goals while managing the risk of the portfolio.

The pie chart below represents the Investor's specific customized portfolio. Its design provides diversification benefits through the use of asset classes with historically attractive risk-return relationships. We hope to minimize the negative impact of unexpected downturns in any one or two asset classes. At the same time, we recognize that there is no guarantee that the whole market would not decline, leading to a loss of principal. Diversification and a buy-and-hold strategy do not guarantee a profit or protect against a loss.

Asset Classes and Target Allocations



International and Emerging markets involve additional risks, including, but not limited to, currency fluctuation, political instability, foreign taxes, and different methods of accounting and financial reporting. As a result, they may not be suitable investment options for everyone.

Historical Returns

Because portfolio volatility tends to narrow significantly over time, remaining focused on the long-term investment strategy is fundamental to help achieve stated goals. Investors who stay invested through short-term market fluctuations may be rewarded with higher returns over the long-term. The table below contains the historical data of a hypothetical portfolio that represents the specified asset mix for the Investor using index returns for each asset class from 1972 to 2016.

Time Period 1972-2016	Return
Annualized Return	10%
Lowest 1-Year Return	-25%
Lowest Annualized 5-Year Return	1%
Lowest Annualized 10-Year Return	4%
Greatest 1-Year Return	32%
Greatest Annualized 5-Year Return	21%
Greatest Annualized 10-Year Return	18%

The return assumption in this report are hypothetical in nature and not reflective of any specific products. They do not reflect investment results and do not include any fees or expenses that may be incurred by investing in specific products. They may not reflect the impact material economic and market factors might have had on decision-making if actual client money were being managed at that time. The actual returns of a specific product may be more or less than the returns used in this report. They should not be considered a guarantee of future performance or a guarantee of achieving overall financial objectives.

Indexes are unmanaged baskets of securities in which investors cannot directly invest; they do not reflect the payment of advisory fees or other expenses associated with specific investments or the management of an actual portfolio.

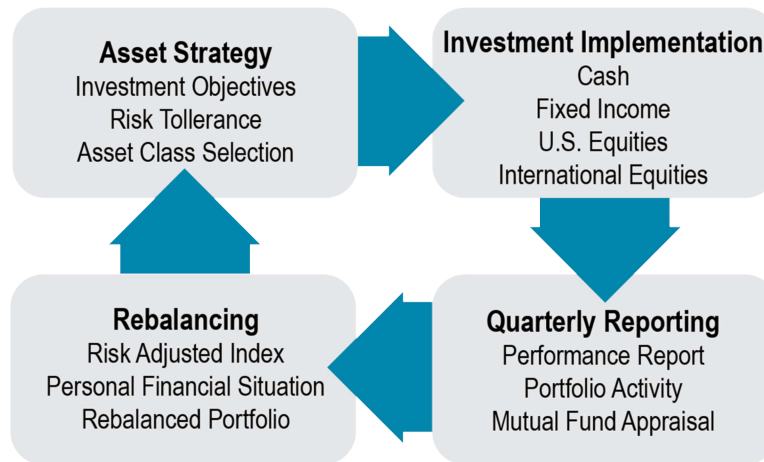
Returns assume dividend and capital gain reinvestment. All investments involve risk, including loss of principal. Foreign securities involve additional risks. Past performance is not indicative of future results. Asset allocation models may not be suitable for all investors.

Asset Class	Disclosure
Cash & Cash Alternatives	IA SBBI US 30 Day TBill TR USD (1972-1977). BofAML US Treasury Bill 3 Mon TR USD (1978-2016).
Short Term Fixed Income	50% IA SBBI US 1 Yr Trsy Const Mat and 50% IA SBBI US IT Govt. (1972-1984), 50% IA SBBI US 1 Yr Trsy Const Mat and 50% Citi WGBI 1-5 Years (hdg) (1985-1986), 50% BofA ML 1-3 yr US Corp/Govt Index, and 50% Citi WGBI 1-5 Years (hdg) (1986-2016)
U.S. Short Government Bonds	IA SBBI US 1 Yr Trsy Const Mat TR USD (1972-1977). BofAML US Treasuries 1-3 Yr TR USD (1978-1982). BofAML US Trsy/Agcs AAA 1-3 Yr TR USD (1983-2016).
U.S. Short Investment Grade Bonds	IA SBBI US 1 Yr Trsy Const Mat TR USD (1972-1986). BofAML US Corp&Govt 1-3 Yr TR USD (1987-2016).
U.S. Government Bonds	IA SBBI US IT Govt TR USD (1972-1972). Barclays US Government TR USD (1973-2016)
U.S. Investment Grade Bonds	IA SBBI US IT Govt TR USD (1972-1972). Barclays US Govt/Credit TR USD (1973-1975). Barclays US Agg Bond TR USD (1976-2016).
U.S. Long Government Bonds	IA SBBI US LT Govt TR USD (1972-1972). Barclays US Government Long TR USD (1973-2016).
U.S. Long Credit Bonds	IA SBBI US LT Corp TR USD (1972-1972). Barclays US Long Credit TR USD (1973-2016).
Global Short Bonds	IA SBBI US IT Govt TR USD (1972-1984). Citi WGBI 1-5 Yr Hdg USD (1985-2016).
Global Bonds	IA SBBI US IT Govt TR USD (1972-1984). Citi WGBI Hdg USD (1985-2016)
Municipal Bonds	IA SBBI US LT Corp TR USD (1972-1980). Barclays Municipal TR USD (1981-2016).
U.S. High-Yield Bonds	IA Barclays US HY Corporate Bonds (1972-1983). Barclays US Corporate High Yield TR USD (1984-2016).
U.S. Inflation-Protected Bonds	IA SBBI US LT Govt TR USD (1972-1997). Barclays US Treasury US TIPS TR USD (1998-2016).
U.S. Stocks	CRSP Deciles 1-10 Index (1972-1978). Russell 3000 TR USD (1979-2016).
U.S. Large Value Stocks	Fama/French US Large Value Index (ex utilities) (1972-1978). Russell 1000 Value TR USD (1979-2016).
U.S. Large Neutral Stocks	S&P 500 Index (1972-1978). Russell 1000 TR USD (1979-2016).
U.S. Large Growth Stocks	Fama/French US Large Growth Index (ex utilities)(1972-1978). Russell 1000 Growth TR USD (1979-2016).
U.S. Small Value Stocks	Fama/French US Small Value Index (ex utilities)(1972-1978). Russell 2000 Value Index (1979-2016).
U.S. Small Neutral Stocks	CRSP Deciles 6-10 Index (1972-1978). Russell 2000 TR USD (1979-2016).
U.S. Small Growth Stocks	Fama/French US Small Growth Index (ex utilities) (1972-1978). Russell 2000 Growth Index (1979-2016).
U.S. Microcap Stocks	CRSP Deciles 9-10 Index (1972-2000). Russell Micro Cap TR USD (2001-2016).
International Stocks (includes Int'l Developed)	MSCI World ex USA NR USD (1972-1994), MSCI World ex USA IMI NR USD (1994-2016)
International Large Value Stocks	MSCI World ex USA NR USD (1972-1974). MSCI World Ex USA Value NR USD (1975-2016).
International Large Neutral Stocks	MSCI World ex USA NR USD (1972-2016).

Asset Class	Disclosure
International Large Growth Stocks	MSCI World ex USA NR USD (1972-1974). MSCI World Ex USA Growth NR USD (1975-2016).
International Small Value Stocks	Dimensional International Small Cap Index (1972-1981). Dimensional International Small Cap Value Index (1981-1994). MSCI World Ex USA Small Value NR USD (1995-2016).
International Small Neutral Stocks	Dimensional International Small Cap Index (1972-2000). MSCI World Ex USA Small Cap NR USD (2001-2016).
International Small Growth Stocks	Dimensional International Small Cap Index (1972-1989). S&P Developed Ex US Small Growth TR (1990-1994). MSCI World Ex USA Small Growth NR USD (1995-2016).
Emerging Markets Stocks	MSCI Pacific Ex Japan NR USD (1972-1987). MSCI EM GR USD (1988-1998). MSCI EM NR USD (1999-2016).
Real Estate / REITs	FTSE NAREIT All Equity REITs TR USD (1972-1986). DJ US Select REIT TR USD (1987-2016).
Commodities	S&P GSCI TR USD (1972-1990). Bloomberg Commodity TR USD (1991-2016).
Other	S&P 500 (Price Return) (1972-2016)
Conservative Allocation	80% IA SBBI US IT Govt TR USD, 20% MSCI World NR USD (1972-1972). 80% Barclays US Govt/Credit TR USD, 20% MSCI World NR USD (1973-1975). 80% Barclays US Agg Bond TR USD, 20% MSCI World NR USD (1976-2016)
Moderate Allocation	50% IA SBBI US IT Govt TR USD, 50% MSCI World NR USD (1972-1972). 50% Barclays US Govt/Credit TR USD, 50% MSCI World NR USD (1973-1975). 50% Barclays US Agg Bond TR USD, 50% MSCI World NR USD (1976-2016)
Aggressive Allocation	20% IA SBBI US IT Govt TR USD, 80% MSCI World NR USD (1972-1972). 20% Barclays US Govt/Credit TR USD, 80% MSCI World NR USD (1973-1975). 20% Barclays US Agg Bond TR USD, 80% MSCI World NR USD (1976-2016)
Global Developed Stocks (includes Int'l Dev, U.S.)	MSCI World NR USD (1972-1994), MSCI World IMI NR USD (1994-2016)
Global Stocks (includes Int'l Developed, U.S., EM)	MSCI World NR USD (1972-1994), MSCI ACWI IMI NR USD (1994-2016)

II. Investment Policy Statement (IPS) Process

Below is a picture of the dynamic process that is guided by the IPS:



Asset Strategy

We employ a scientific approach to determine an appropriate asset class selection to meet stated financial goals. The Advisor will periodically review the investment objectives and risk tolerance with the Investor to identify any changes in the financial situation. If the investment objectives or financial situation changes, the Advisor should make adjustments to this plan to ensure that the plan remains on track to meet stated investment goals.

Investment Implementation

After the Investor opens the account and we receive the money to invest, we place purchase orders or “trades” through the custodian for the various investments that make up the chosen portfolio. After we complete the trades, the Investor will receive trade confirmations from the custodian showing the number of shares, trade date, price-per-share and other pertinent data regarding purchases, including the trading costs.

In addition, we provide customized performance reports, newsletters and correspondence. One of the first reports the Investor will receive from us is the Trade Report. We send this report each time the account receives additional funds resulting in trades. After the first deposit, we invest the assets and send the Trade Report showing what actions we have taken.

Quarterly Reporting

After each calendar quarter, we provide the Investor and the Advisor with an easy-to-understand, detailed review of the account. This report allows investors to evaluate account performance, both for the portfolio as a whole and for each individual asset class.

The formal tax reports, which are sent to the IRS, are prepared and sent by the custodian of the account. The custodian also provides account statements and trade confirmations.

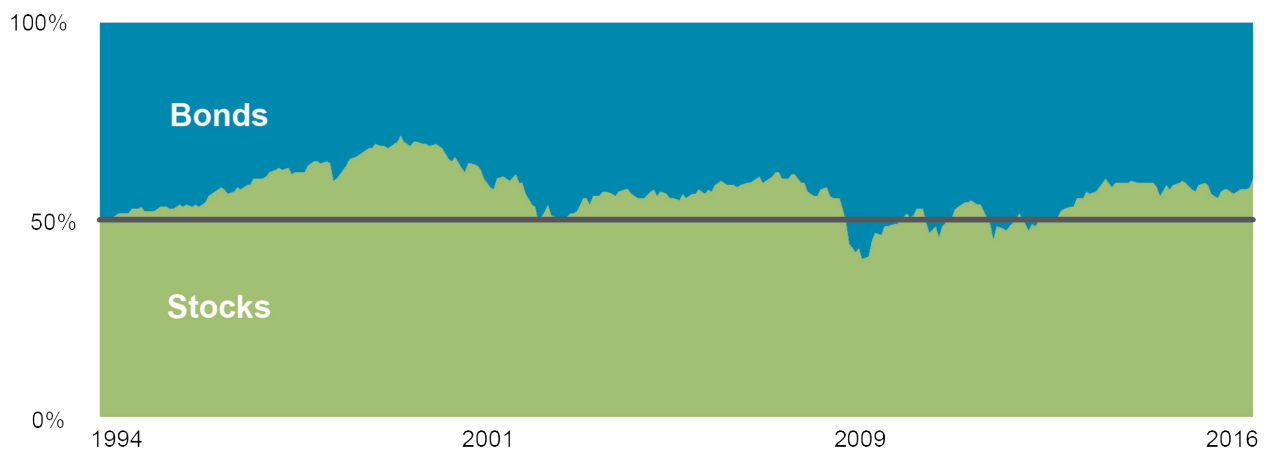
Rebalancing

The rebalancing process is designed to maintain the target asset allocation consistent with the allocation and distribution instructions. Certain variances from the target asset allocation will occur if necessary to lower account expenses.

The graph below illustrates how a portfolio composed of 50% stock (represented by the S&P 500 Index) and 50% bonds (represented by the SBBI Long-Term Bond Index) would have drifted from its target allocation over time without the implementation of a systematic rebalancing strategy. As seen, the amount of equities in the portfolio exceeds well over 50% at times, shifting the portfolio to a more aggressive risk exposure. In contrast, this same portfolio mix invested using our rebalancing logic would have maintained stock and bond percentages close to the target allocation of 50% stocks and 50% bonds, thus maintaining the overall risk dimensions of the portfolio.

Sample 50% Stocks/50% Bonds Portfolio Without Rebalancing

1994-2016



Data source: Center for Research in Security Prices (CRSP), January 2017. Past performance is no indication of future results. All investments involve risk, including loss of principal. Stocks are represented by the S&P 500 Index. Bonds are represented by the SBBI Long-Term Bond Index. Indexes are unmanaged baskets of securities in which investors cannot invest and do not reflect the payment of advisory fees associated with a mutual fund or separate account. Returns assume dividend and capital gain reinvestment. Rebalancing does not guarantee a return or protect against a loss.

The rebalancing process is usually executed four times a year. We evaluate the portfolio to see if trades are required to bring the portfolio in line with the model allocation. In general, asset classes varying by more than a pre-determined threshold around its target are rebalanced. Thresholds range from +/- 2 to 5% around the target and are defined for each asset class based on specific characteristic such as volatility, correlation with other assets, and the size of the allocation to the asset class. A minimum trade size is incorporated to prevent small trade rebalancing where costs may exceed the benefits. For taxable accounts, tax-efficiency is also incorporated into the rebalancing process. The rebalancing process may have adverse tax consequences.

III. Selection of Asset Classes

Selection Process

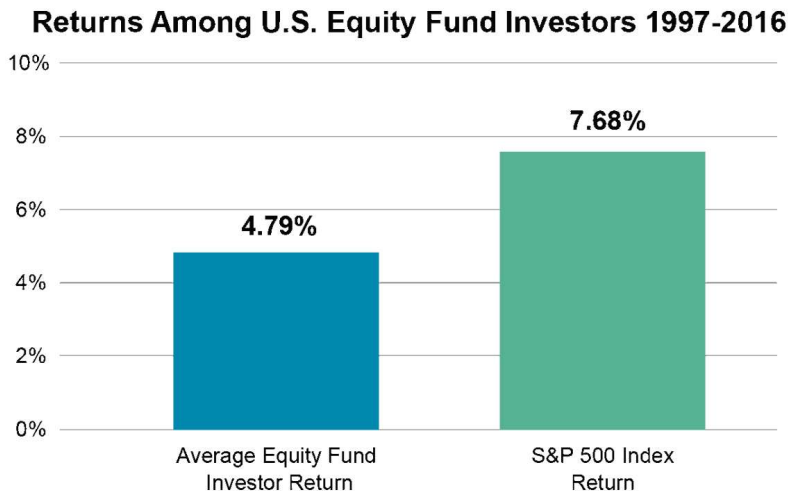
To help the Investor determine which asset classes are appropriate for the investment portfolio, we begin with a review of the world's equity and fixed income markets. Our alliance with a leading institutional investment manager, Dimensional Fund Advisors Inc., gives us the confidence that the portfolio has the potential to earn asset-class rates of return necessary to meet stated goals.

Our review of these markets is based upon rigorous academic studies from leading economists and the country's leading finance experts. We thoroughly analyze the relationships between asset classes, such as returns, standard deviations, and correlations to help determine which portfolio is appropriate for the Investor.

It is important to note that our service provides a portfolio solution. Each asset class represented inside the portfolio has its own expected return and standard deviation. It is the combination of the selected asset classes and the rebalancing process that allows these individual investment vehicles to work in concert as we seek to meet stated investment goals.

In addition to the application of high-level quantitative analysis, our service uses the insights of Behavioral Finance. Academic research in the field of Behavioral Finance, and its application to customized portfolio design, assists us in selecting the correct portfolio for the Investor by providing us insights into investor behavior that allow us to create a portfolio that is best suited to the Investor's ability and willingness to take risk. We use Behavioral Finance to create a customized, integrated solution, rather than providing a haphazard mixture of product and services.

To achieve long-term goals, we believe an investor must maintain discipline and avoid reaction to short-term investment cycles. DALBAR, Inc.'s "Quantitative Analysis of Investor Behavior" study concluded that although more than nine out of ten investors articulated a long-term investment strategy (ten years or more), nearly 80 percent of them significantly reallocated their portfolios every three years. This reallocation occurred in both good and bad market cycles. The results of the study, conducted from 1997 through 2016, showed the average investor earned approximately 4.79% of the 7.68% that the U.S. market (measured by the S&P 500 Index) returned during the same

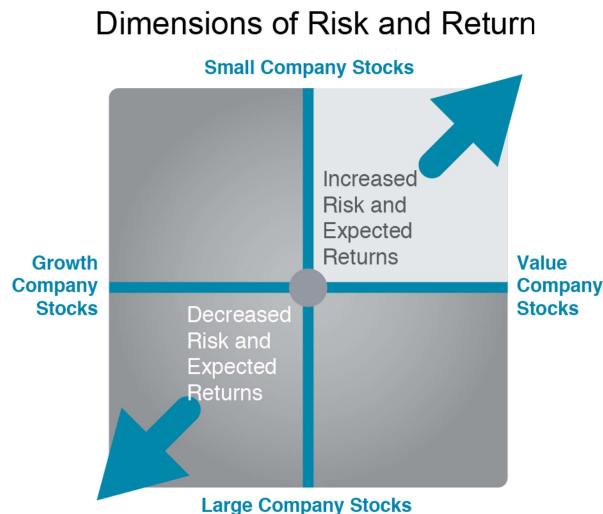


Data source: DALBAR, Inc. "Quantitative Analysis of Investor Behavior," 2017. Average stock investor and average bond investor performances were used from a DALBAR study, Quantitative Analysis of Investor Behavior (QAIB), 12/2015. QAIB calculates investor returns as the change in assets after excluding sales, redemptions, and exchanges. This method of calculation captures realized and unrealized gains, dividends, interest, trading costs, sales charges, fees, expenses, and any other costs. After calculating investor returns in dollar terms (above), two percentages are calculated: total investor return rate for the period and annualized investor return rate. Total return rate is determined by calculating the investor return dollars as a percentage of the net of the sales, redemptions and exchanges for the period. The fact that buy-and-hold has been a successful strategy in the past does not guarantee that it will continue to be successful in the future. Indexes are unmanaged and do not reflect the payment of advisory fees and other expenses associated with other investments. Investors cannot directly invest in an index.

Dimensional Fund Advisors is an investment advisor registered with the Securities and Exchange Commission and is unaffiliated with LWI Financial Inc.

Dimensions of Risk and Return

A portfolio that has a greater exposure to risk will have a greater expected return because risk and reward are related. Over time, most investors expect to receive higher returns from stocks than bonds because stocks are riskier than bonds. As illustrated below, some economists believe that small company stocks and value company stocks have greater expected returns because the market rationally discounts their prices to reflect underlying risk. These lower prices provide investors with the potential for higher returns as compensation for bearing this risk.



Data Source: Eugene F. Fama and Kenneth R. French, "Size and Book-to-Market Factors in Earnings and Returns," Journal of Finance 50 (1995). Notes: Chart for illustration purposes only. Past performance is no guarantee of future results.

After extensive academic research, economists Eugene F. Fama and Kenneth R. French found that there are three primary risk factors that influence portfolio returns:

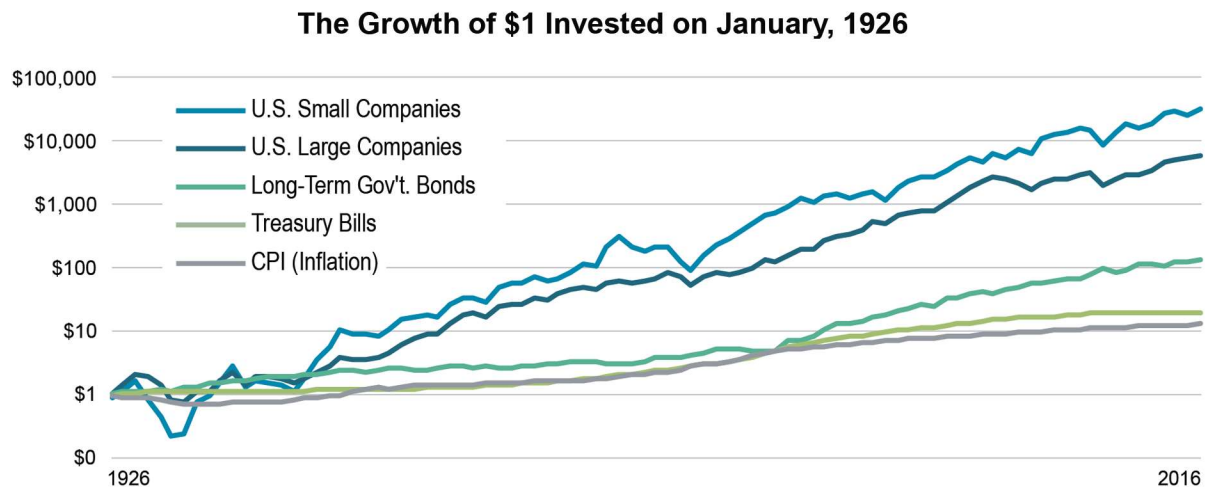
- The "Market" Factor: The percentage invested in stocks versus bonds
- The "Size" Factor: The percentage invested in small company versus large company stocks
- The "Value" Factor: The percentage invested in value company versus growth company stocks

Deciding the extent to which a portfolio is exposed to each of the three factors is an integral part of asset class investing. Rather than analyzing individual stocks, investing becomes a matter of deciding the proportion of stocks versus bonds or the extent to which small, large, value, and growth stocks should be represented in a portfolio. Detailed discussion of these asset class allocation decisions will be covered in the sections that follow.

The risks associated with investing in stocks and overweighting small company and value stocks potentially include increased volatility (up and down movement in the value of your assets) and loss of principal.

Equities vs. Fixed Income Investments

We begin with a historical review of various investment categories in order to determine which asset classes may be considered for the portfolio. This is not to say that the past is indicative of future performance; however, it does indicate a historical relationship between asset classes.



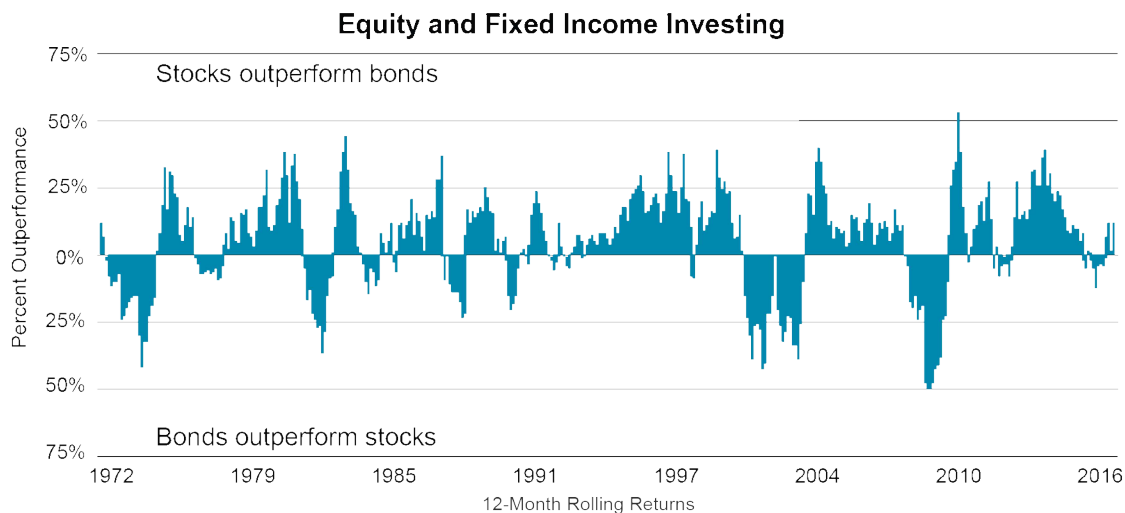
Hypothetical value of \$1 invested on January 1, 1926 and kept invested through December 31, 2016. Assumes reinvestment of income and no transaction costs or taxes. This is for illustrative purposes only and not indicative of any investment. The risks associated with investing in stocks and overweighting small company and value stocks potentially include increased volatility (up and down movement in the value of your assets) and loss of principal. Small company stocks may be subject to a higher degree of market risk than the securities of more established companies because they may be more volatile and less liquid. Bonds are subject to market and interest rate risk. Bond values will decline as interest rates rise, issuer's creditworthiness declines, and are subject to availability and changes in price.

On the graph above, one can see that equities historically outperformed fixed income securities by a significant amount. For example, one dollar invested in common stocks (measured by the S&P 500 Index) at the beginning of 1926 would have been worth \$6,031 (assuming reinvestment of dividends) by the end of 2016, while an investment in small company stocks (measured by the CRSP 9-10 index) would have been worth \$33,817. Fixed income vehicles had trouble even keeping pace with inflation. That same dollar invested in 20-year U.S. government bonds (measured by the 20-Year U.S. Government Bond index) would have been worth \$134 and only \$21 if invested in 30-day U.S. Treasury bills (measured by the 30-Day U.S. Treasury Bill index). Investments over this period required an increase in value to \$13 simply to keep pace with inflation (measured by the Consumer Price Index)*.

* Sources: Center for Research in Security Prices (CRSP), March 2017.

This example shows that stocks clearly have outperformed bonds over this time period. Using a more recent time period, 1972 through 2016, a U.S. Total Market portfolio (measured by the CRSP 1-10 index) would have delivered an annualized rate of return of 10.4%, while U.S. Bonds (measured by the Five-Year Treasury Index) provided an annualized rate of return of 7.0%. However, the risk of the U.S. Total Market portfolio was higher than the risk with U.S. Bonds. If we look at the standard deviation of stocks, we find that the U.S. Total Market portfolio had a monthly annualized standard deviation of 15.6%, whereas the monthly annualized standard deviation of U.S. Bonds was only 5.4%.

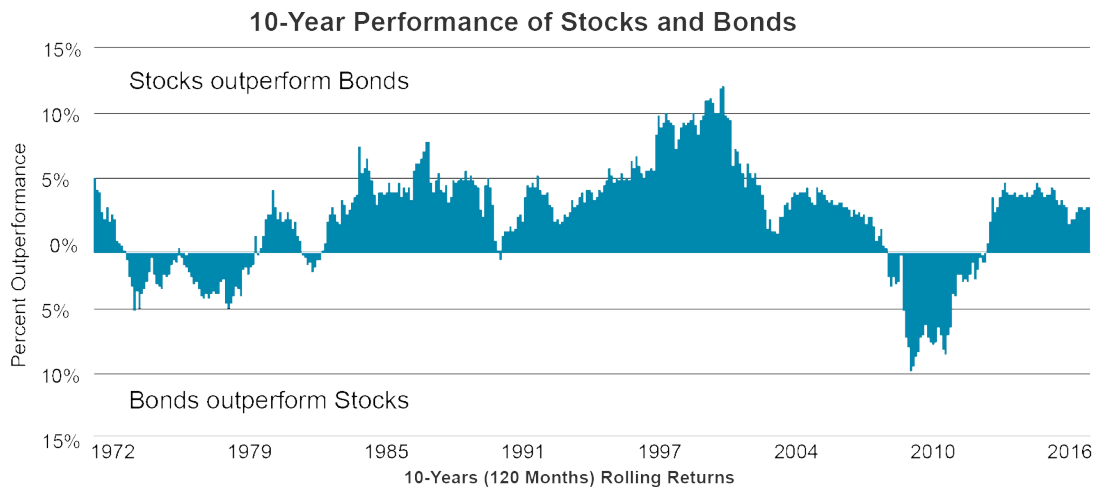
The addition of bonds to a portfolio is intended to reduce the portfolio's volatility. Using the following chart, we observe that for short periods, individual investments can have significant market volatility. The Investor needs to determine to what degree they are willing to tolerate this potential volatility. The Investor's acceptance, or lack thereof, of short-term volatility helps to determine the percentage allocation between fixed income and equity in the portfolio.



Data source: Center for Research in Security Prices (CRSP), March 2017. Bonds represented by the Five-Year Treasury Index. Stocks represented by the CRSP 1-10 Index. Indexes are unmanaged baskets of securities in which investors cannot directly invest; they do not reflect the payment of advisory fees or other expenses associated with specific investments or the management of an actual portfolio. Returns assume dividend and capital gain reinvestment. All investments involve risk, including the loss of principal. Stock investing involves risks, including increased volatility (up and down movement in the value of your assets) and loss of principal. Fixed income securities are subject to interest rate risk because the prices of fixed income securities tend to move in the opposite direction of interest rates. In general, fixed income securities with longer maturities are more sensitive to these price changes and may experience greater fluctuation in returns.

Refer to the Historical Index Return on the last page of this document to see annual returns for each of the indexes show in the graph above.

Volatility has historically declined as time horizons increase. While the historical standard deviation of annual returns of an all-stock portfolio (measured by the CRSP 1-10) was 17.9%, it was only 5.2% when the time horizon was 10 years. Longer time horizons brought lower volatility in every portfolio, not just in all-stock portfolios. While the standard deviation of rolling 12-month returns of a 50% bond/50% stock portfolio was 9.7%, it declined to 4.2% for rolling 120-month periods (10 years).



Data source: Center for Research in Security Prices (CRSP), March 2017. Bonds represented by the Five-Year Treasury Index. Stocks represented by the CRSP 1-10 Index. Indexes are unmanaged baskets of securities in which investors cannot directly invest; they do not reflect the payment of advisory fees or other expenses associated with specific investments or the management of an actual portfolio. Returns assume dividend and capital gain reinvestment. All investments involve risk, including the loss of principal. Stock investing involves risks, including increased volatility (up and down movement in the value of your assets) and loss of principal. Fixed income securities are subject to interest rate risk because the prices of fixed income securities tend to move in the opposite direction of interest rates. In general, fixed income securities with longer maturities are more sensitive to these price changes and may experience greater fluctuation in returns.

Refer to the Historical Index Return Information on the last page of this document to see annual returns for each of the indexes show in the graph above.

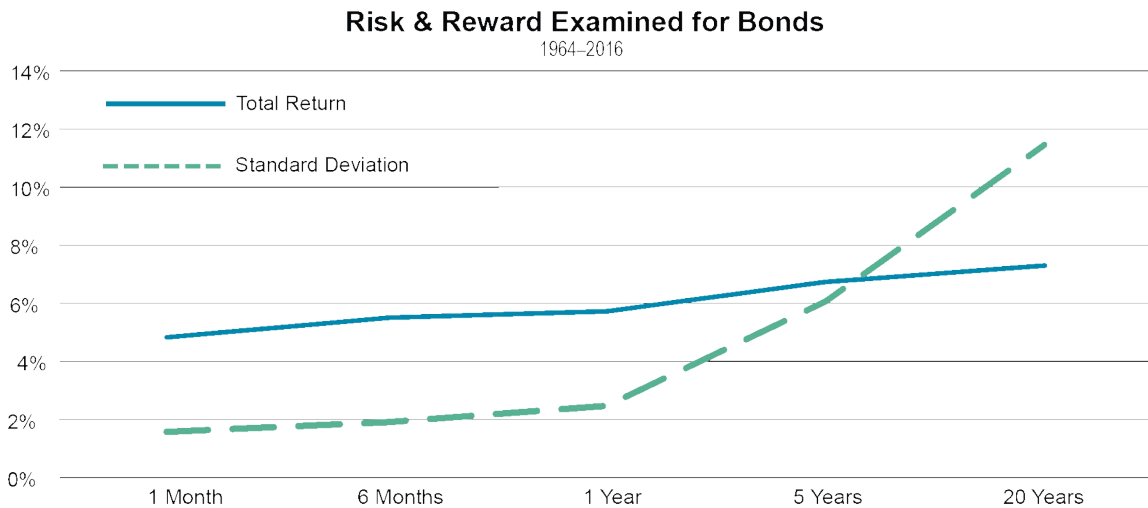
The illustration above presents the returns of an all-stock portfolio (measured by the CRSP 1-10 Index) and an all-bond portfolio (measured by the Five-Year Treasury index) over 10-year periods between 1972 and 2016. The best 10-year period for stocks ended in September 2000 with an annualized gain of 19.7%. The worst period ended in February 2009 with an annualized loss of -2.5%. In contrast to this, the best 10-year period for bonds ended September 1991 with an annualized gain of 13.7%, while the worst 10-year period ended March 2014 with an annualized gain of 3.8%.

Fixed Income Investments

We suggest that some portion of the portfolio's assets should be invested in fixed income investments. Fixed income securities historically have tended to be less volatile than equities and provide greater asset diversification. Fixed income instruments can be used to reduce the overall level of portfolio risk to the Investor's comfort level. It is important to note that historically, over the long term, fixed income investments have had similar returns to inflation.

For the fixed income investments in the portfolio the Investor can choose short- to intermediate-term bonds. Research by Eugene Fama and other respected academicians concluded that long-term bonds, historically, have had wide variances in their rates of total return without sufficiently compensating investors with higher expected returns*. In terms of variability of total return, long-term bonds look more like stocks than shorter-term fixed income vehicles such as Treasury bills. However, over long time periods, their respective returns have consistently lagged behind equities. A look at the following graph helps illustrate the higher standard deviations (volatility) and lower total returns of bonds with maturities beyond five years.

* For example, see Edward L. Martin, "Intermediate-Term Bonds," AAIL Journal, January 1991, pp. 13-16.

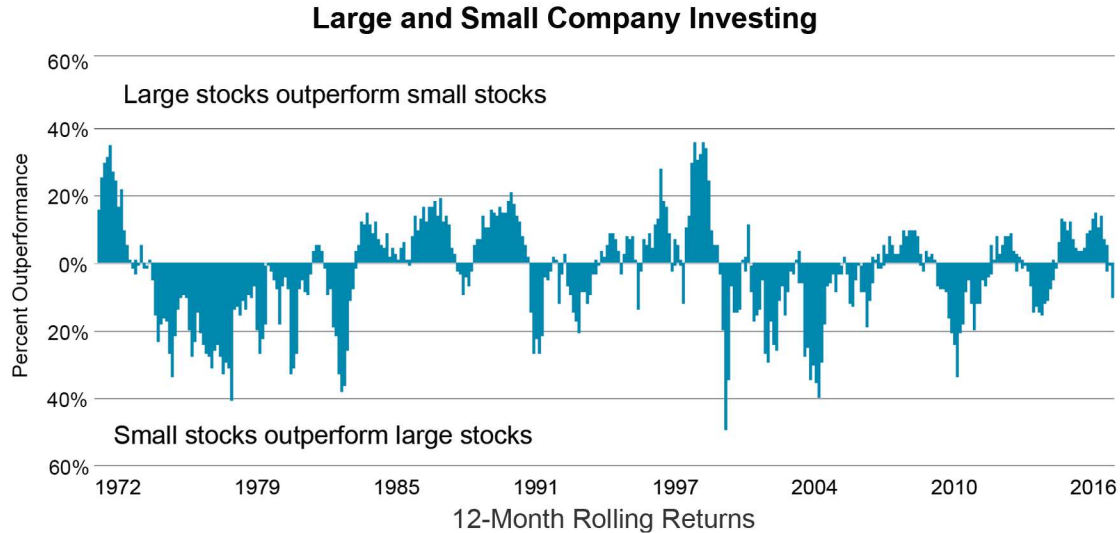


Data source: Center for Research in Security Prices (CRSP), March 2017. Bonds represented by Treasury Indexes with varying maturities. Indexes are unmanaged baskets of securities in which investors cannot directly invest; they do not reflect the payment of advisory fees or other expenses associated with specific investments or the management of an actual portfolio. Returns assume dividend and capital gain reinvestment. All investments involve risk, including the loss of principal. Fixed income securities are subject to interest rate risk because the prices of fixed income securities tend to move in the opposite direction of interest rates. In general, fixed income securities with longer maturities are more sensitive to these price changes and may experience greater fluctuation in returns.

The purpose in holding some fixed income securities is to lower the volatility of the overall portfolio and match the Investor's individual risk tolerance. We believe a combination of equities and short-term fixed income instruments is the most effective way to achieve an objective of minimizing risk while earning the required return. We would expect that replacing the traditional long-term bonds with a combination of common stocks and short- and intermediate-term fixed income securities may maintain the portfolio's expected rate of return while decreasing its volatility.

Domestic Equity Investments

We begin building domestic equity exposure with the U.S. Total Market asset class. This asset class attempts to capture a return similar to the total U.S. stock market return. The Investor's willingness to accept short- and long-term volatility in the portfolio helps us determine the appropriate allocation between fixed income and equity investments.

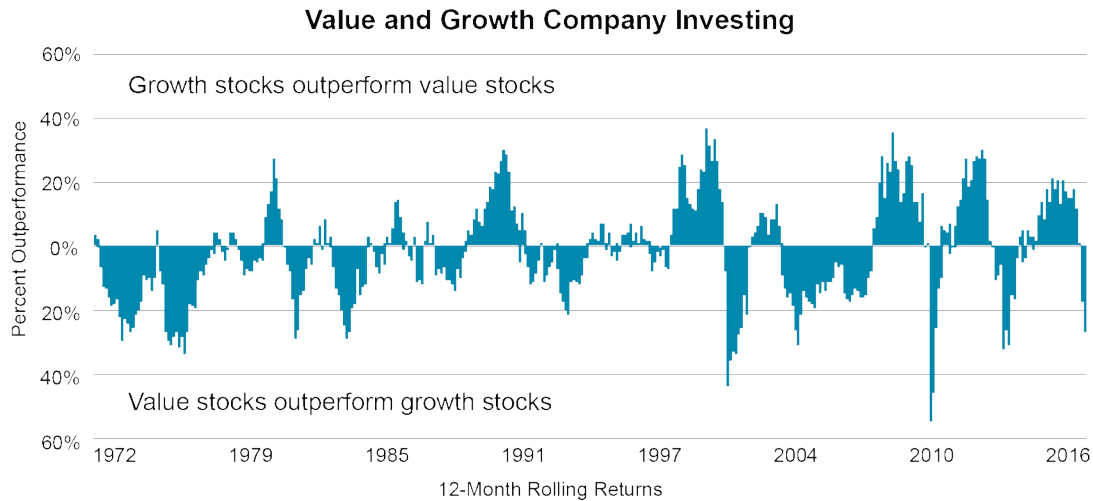


Data Source: CRSP, March 2017. Large stocks represented by the S&P 500 Index. Small stocks represented by the CRSP 6-10 Index. Indexes are un-managed baskets of securities in which investors cannot directly invest; they do not reflect the payment of advisory fees or other expenses associated with specific investments or the management of an actual portfolio. Returns assume dividend and capital gain reinvestment. All investments involve risk, including the loss of principal. Small company stocks may be subject to a higher degree of market risk than the securities of more established companies because they may be more volatile and less liquid.

Refer to the Historical Index Return Information on the last page of this document to see annual returns for each of the indexes show in the graph above.

Next we may add stocks of small U.S. companies (represented by the CRSP 6-10 Index) to the total U.S. market asset class to help further diversify the portfolio and potentially reduce the risk. The correlation, a measure of how two asset classes move relative to each other, between stocks of small U.S. companies and large U.S. companies (represented by the S&P 500 Index) from 1972 to 2016 was 0.82. Stocks of small U.S. companies and large U.S. companies had similar annual returns over the period from 1972 to 2016. However, the year-to-year movement of these two asset classes has not been in concert. For example, stocks of small companies lost 2.6% in 2007, while stocks of large companies gained 5.5%.

Historically, small companies have tended to have higher expected rates of return and higher risk than large companies. We believe that they provide diversification benefits to a portfolio, but can potentially make the portfolio look very different from popular market indexes over short periods of time. We might include the small company asset class in the portfolio for added diversification and the potential for higher return.



Data source: Center for Research in Security Prices (CRSP), March 2017. Growth stocks represented by the Fama/French U.S. Large Growth Index. Value stocks represented by the Fama/French U.S. Large Value Index. Indexes are unmanaged baskets of securities in which investors cannot directly invest; they do not reflect the payment of advisory fees or other expenses associated with specific investments or the management of an actual portfolio. Returns assume dividend and capital gain reinvestment. All investments involve risk, including the loss of principal. The risks associated with investing in stocks and overweighting value stocks potentially include increased volatility (up and down movement in the value of your assets) and loss of principal.

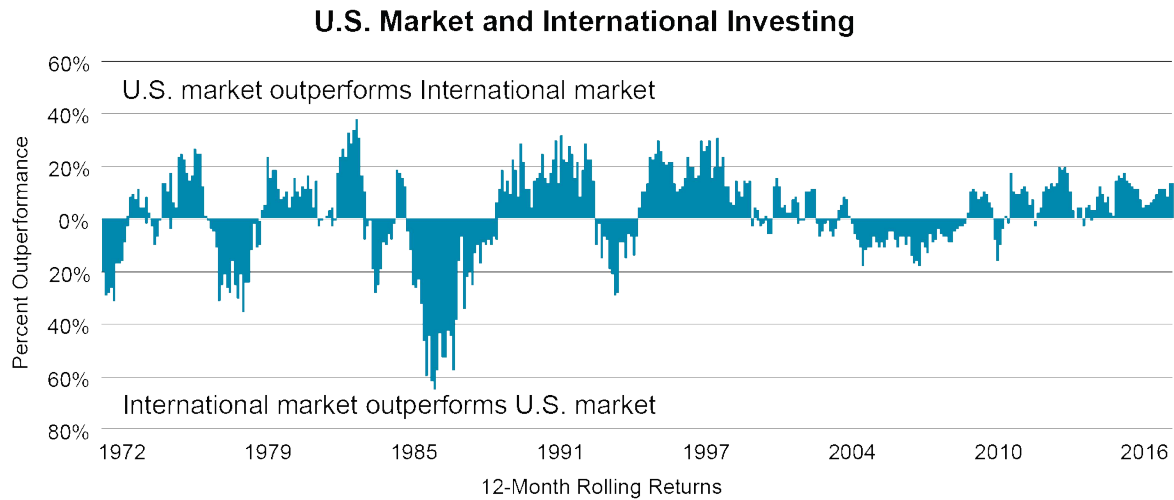
Refer to the Historical Index Return Information on the last page of this document to see annual returns for each of the indexes show in the graph above.

In addition, we may consider the inclusion of “value” companies, which have historically outperformed stocks of growth companies over the long term. Similarly, the annualized rate of return for stocks of value companies (represented by the Fama/French U.S. Large Value Index (ex utilities)) between 1972 and 2016 was 11.1%, while the annualized rate of return for growth companies (represented by the Fama/French U.S. Large Growth Index(ex utilities)) was 9.7%. There were many years, however, during which growth company stocks outperformed stocks of value companies. For example, value company stocks lost 12.2% in 2007, while growth company stocks gained 15.7%. You might include the value company asset class to your portfolio in return for the potential of higher return.

International Equity Investments

International and U.S. markets historically have exhibited imperfect correlation. The primary reason for diversifying globally is to lower volatility. The correlation between the performance of international stocks versus U.S. stocks has historically been lower than the correlation between the large and small segments of the U.S. market. We incorporate international asset classes to help broaden diversification within the equity markets.

An example of how a combination of foreign and U.S. stocks may provide diversification and help reduce risk is illustrated in the following graph. The following observation draws conclusions based on foreign stock returns (represented by the MSCI EAFE Index) and U.S. stock returns (represented by the CRSP 1-10 Index). The correlation between foreign and U.S. stocks over the period from 1972 to 2016 was only 0.64. Foreign stocks had returns that were similar, on average, to the returns of U.S. stocks over that period, but their yearly returns were very different. As an example, the best year for foreign stocks was 1986 with a gain of 69.4%, while the best year for U.S. stocks was 1975 with a gain of 38.8%.



Data source: Center for Research in Security Prices (CRSP), March 2017. U.S. market represented by the CRSP 1-10 Index. International market represented by the MSCI EAFE Index. Indexes are unmanaged baskets of securities in which investors cannot directly invest; they do not reflect the payment of advisory fees or other expenses associated with specific investments or the management of an actual portfolio. Returns assume dividend and capital gain reinvestment. All investments involve risk, including the loss of principal. The risks associated with investing in stocks include increased volatility (up and down movement in the value of your assets) and loss of principal.

Refer to the Historical Index Return Information on the last page of this document to see annual returns for each of the indexes show in the graph above.

Some U.S. investors are reluctant to allocate much of their portfolio to foreign stocks because they are less familiar with them than U.S. stocks. However, exposure to foreign markets has historically added diversification benefits to portfolios containing U.S. and foreign equities.

Evidence suggests that there are potential advantages of investing in both small and value stocks overseas. Studies imply that investors can potentially achieve higher returns with lower risk when compared to investing in the U.S.*

* Dimensional Fund Advisors, Inc., "International Small Company Stocks—A New Dimension for Institutional Investors", (1987); also, "International Small Companies", a DFA presentation (1990).

Dissimilar Price Movement for Each of the Asset Classes

A diversification strategy is intended to reduce risk when asset classes move dissimilarly with regards to their prices. The correlation coefficient is a measurement of the magnitude of the dissimilar price movement between two asset classes and is measured by dividing the covariance of two variables by the product of their respective standard deviations. Correlation coefficients are measured on a scale from “+1.000” to “-1.000,” where “+1.000” indicates that both asset classes always move in the same direction. A “-1.000” indicates that both asset classes always move in opposite directions. A measure of zero indicates no measurable relationship between the two asset classes.

In constructing your portfolio, we believe it is critical to include asset classes with imperfect coefficients, the lower the better. Historical correlation coefficients for each of the asset classes are illustrated below.

Correlation Coefficients 1972 to 2016

	Money Market	Fixed Income	U.S. Market	U.S. Value	U.S. Small	Int'l Value	Int'l Small	Emerging Markets	REITs
Money Market	1								
Fixed Income	0.743	1							
U.S. Market	0.045	0.142	1						
U.S. Value	0.070	0.207	0.903	1					
U.S. Small	0.025	0.093	0.843	0.832	1				
Int'l Value	0.043	-0.022	0.622	0.578	0.536	1			
Int'l Small	0.005	-0.114	0.498	0.430	0.489	0.885	1		
Emerging Markets	-0.039	-0.119	0.587	0.485	0.586	0.678	0.638	1	
REITs	-0.014	0.046	0.546	0.645	0.678	0.408	0.375	0.384	1

IV. Determination of Investment Methodology

Generally, there are three methods of investing: Market Timing, Security Selection and Asset Class Selection. A number of studies suggest that the most effective of the three methodologies may be Asset Class Selection.*

In 1990, the Nobel Memorial Prize in Economic Sciences was awarded to three noted financial economists for their work in developing Modern Portfolio Theory as a portfolio management technique. We use these concepts to develop the program that is used to generate this IPS and ultimately manage the portfolio.

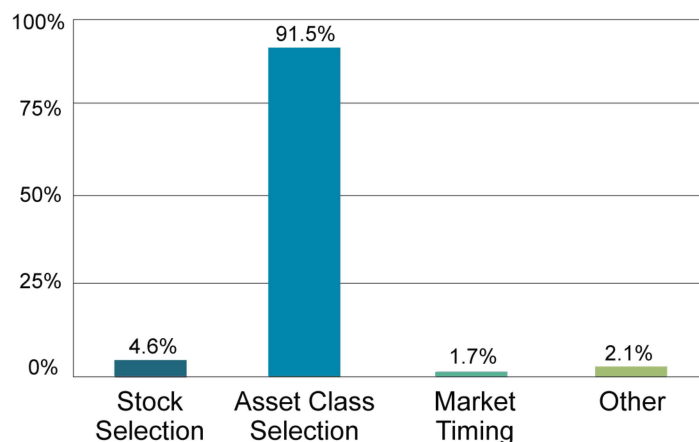
Modern Portfolio Theory is based on four basic premises. The first is that investors inherently avoid risk without compensation. In other words, investors are not willing to accept risk except when the level of returns compensates them for it. Investors are often more concerned with risk than they are with reward.

The second premise is that securities markets are efficient. In finance, the efficient-market hypothesis (EMH) asserts that financial markets are "informationally efficient", or that prices on traded assets (e.g., stocks, bonds, or property) already reflect all known information, and instantly change to reflect new information. Therefore, according to the theory, it is impossible to consistently outperform the market by using any information that the market already knows, except through luck.

The third premise is that the focus of attention should be shifted away from individual securities analysis to consideration of the portfolio as a whole, based on the explicit risk/reward parameters and on the total portfolio objectives. We believe that an efficient allocation of capital in a portfolio to specific asset classes is far more important than selecting the individual investments.

A study conducted by three leading financial analysts evaluated the importance of asset class selection as compared to the timing and selection of a portfolio's holdings*. The study concluded that, on average, 91.5% of the variability in returns of a given ten-year portfolio could be explained by the asset class selection policy. The balance of the variability was attributed to the policies of individual security selection (4.6%), market timing's buy and sell decisions (1.7%) or other factors (2.1%). The study also made it clear that it is especially important to invest over the long term, regardless of management style. This is true because an investment policy's success cannot be fully realized until the underlying portfolio has gone through various economic and market cycles over a long period of time.

Determinants of Investment Portfolio Profitability



Note: Past performance is not indicative of future results. Data source: Brinson, Singer and Beebower, "Explanation of Total Return Variation," Financial Analysts Journal, May/June 1991.

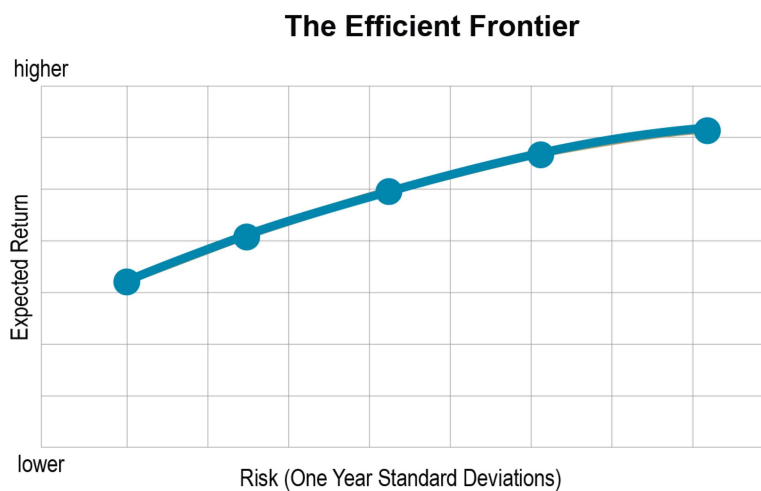
* Brinson, Hood and Beebower, "Determinants of Portfolio Performance," Financial Analysts Journal, July/August 1986

Brinson, Singer and Beebower, "Determinants of Portfolio Performance II: An Update," Financial Analysts Journal, May/June 1991

Ibbotson and Kaplan, "Does Asset Allocation Policy Explain 40%, 60% or 100% of Performance," Financial Analysts Journal, April 1999

The final premise of Modern Portfolio Theory is that for every risk level there is an optimal combination of asset classes that maximizes returns for the degree of accepted risk. One can use quantitative methods to measure risk and diversify effectively among asset classes. Portfolio diversification is not so much a function of how many individual stocks or bonds are involved, as it is of the relationship of one asset to another. The percentage and the proportionality of these assets in the portfolio are of paramount importance.

The efficient frontier is a theoretical range based on historical information. It shows how much risk an investor could have accepted in order to achieve the highest return. A poorly designed portfolio blends assets in a way that could potentially take more risk than necessary to reach a certain goal—or establishes too lofty a goal given the risk level an investor is willing and able to tolerate. The efficient frontier theory represents the range of hypothetical portfolios that offer the maximum return for a given level of risk. Any portfolios above the frontier line are considered unachievable on a consistent basis. Portfolios below the frontier are considered inefficient portfolios. The ideal portfolio exists on the efficient frontier.



Data Source: Harry Markowitz, "Portfolio Selection," Journal of Finance 7 (1952): 77-91. Notes: Expected return, standard deviation and efficient frontier are terms of specialized use. They are based upon historical information and assumptions about the future. They are not intended to provide future performance results. Chart for illustrative purposes only.

V. The Efficient Market Hypothesis

The Efficient Market Hypothesis* has significant implications for all investors, especially when it comes to portfolio construction.

The Efficient Market Hypothesis states that while the returns of different securities may vary as new information becomes available, these variations are inherently random and unpredictable. Especially important are the beliefs that one cannot expect to profit by "timing the market" (attempting to buy when the market is low and then sell when the market is high) or by picking individual securities that will do better than the market as a whole.

The Efficient Market Hypothesis is at odds with traditional investment strategies. It has, however, been supported by numerous academic studies, both theoretical and empirical. These studies conclude, among other things, that the risk-adjusted returns, represented by the Sharpe Ratio, achieved by professional investment managers are no better than those of the market as a whole.

Attempting to "beat the market" through active portfolio management could also significantly increase the costs of managing the portfolio**. These higher expenses could include higher than average management fees due to the cost of researching investments, additional commissions, and transaction costs. These expenses can become quite burdensome when compounded over many years. Since the Investor will ultimately bear all of these expenses through lower net returns, we suggest not engaging in these practices.

* An introduction to this concept may be found in William F. Sharpe and Gordon J. Alexander, *Investments*, 4th Edition, Prentice Hall, Englewood Cliffs, NJ, 1990. The same principles are also discussed in Zvi Bodie et al., *Investments*, Richard D. Irwin, Inc., Homewood, IL, 1989 and Eugene F. Fama, *Foundations of Finance*, Basic Books, New York, 1976.

** See Richard A. Brealey, *An Introduction to Risk and Return from Common Stocks*, M.I.T. Press, Cambridge, MA, 1987. Chapter Three is entitled "Can Professional Investors Beat the Market?" and includes an extensive list of references. See also Sharpe and Alexander, *op. cit.*, pp. 651-661; Robert H. Jeffrey, "The Folly of Stock Market Timing," *Harvard Business Review*, July-August 1964; John J. Curran, "High Scoring Strategies with Stocks," *Fortune Magazine 1986 Investors' Guide*; Daniel Seligman, "Can You Beat the Stock Market?" *Fortune*, December 26, 1983; and Burton Malkiel, *A Random Walk Down Wall Street*.

VI. Understanding ERISA

The Employee Retirement and Income Security Act of 1974

This section will assist pension plan trustees, advisors and fiduciaries in the management of plan assets. More importantly, it provides a framework to assist trustees, advisors and fiduciaries in developing a system to carry out their duties and fulfill their fiduciary obligations. The standards outlined in this section will aid trustees in attaining the greatest value for their plans.

The Employee Retirement and Income Security Act of 1974 (“ERISA”) was enacted to protect participants in employee benefit plans from discriminatory practices and self-dealing by those charged with administering employee benefit plans. The scope and complexity of ERISA has led to a lack of understanding of its requirements and a commensurate lack of understanding of the liabilities to which fiduciaries may be subject.

Compliance with ERISA rules has been a major concern of trustees and plan sponsors since ERISA was passed in 1974. These rules, administered by the U.S. Department of Labor (DOL), impose strict requirements on any persons involved in the management of employee benefit plans. Unfortunately, many trustees and advisors are not aware of the responsibilities, liabilities, and penalties under ERISA until they find themselves in violation of the act.

This section has two purposes: The first is to briefly explain certain ERISA’s fiduciary requirements; the second is to provide a road map that can lead to investment success.

This section is intended as a general discussion of the subject matter and is not intended to be a complete discussion of ERISA or fiduciary duties under ERISA. Do not rely on this section for legal advice. Each ERISA fiduciary issue has its own unique set of facts and circumstances demanding specific attention. Seek the advice of competent ERISA legal counsel on any questions concerning ERISA duties.

Introduction

Before discussing the requirements that apply to an ERISA fiduciary, it is important to understand who is a fiduciary. Generally, ERISA provides that a trustee is a fiduciary to the extent he or she:

- exercises any discretionary authority or control over the management of a plan or exercises any authority or control respecting the management or disposition of its assets*;
- renders investment advice to a plan for a fee or other compensation, direct or indirect, with respect to any assets of the plan, or has any authority or responsibility to do so; or
- has any discretionary authority or responsibility in the administration of such plan.

The definition of fiduciary under ERISA is intended to be broadly construed. The approach to determining who is a fiduciary under ERISA is a functional one and, if a person engages in any of the activities listed above, that person is a fiduciary regardless of title or whether they are aware of their status or not. In the words of one court: "If it Talks Like a Duck ...and Walks Like a Duck...It is a Duck" (Donovan v. Mercer, 5 EBC 2513 (1984)).

ERISA also requires specifying a "named fiduciary". Named fiduciaries are those listed in the plan documents as having responsibility for plan management. Trustees and plan administrators fall into this category. Persons who are delegated fiduciary duties by named fiduciaries are also fiduciaries. Corporate officers, directors, and some shareholders may exert sufficient control over the assets or administration of a plan to be fiduciaries also.

Investment advisors may also be fiduciaries if they provide investment advice to a plan or if they have the discretionary authority to invest plan assets. Although fiduciaries are always liable for their own actions under ERISA, if trustees or named fiduciaries appoint a properly qualified money manager/investment advisor, they will transition liability to the money manager/investment advisor for acts and omissions in the management of assets of the plan under the advisor's management. A fiduciary has an obligation to use due care in selecting an investment manager and monitoring its activities as they relate to the plan.

* Section 404(c) of ERISA and the DOL Regulations at 29 C.F.R. 2550.404c-1 provide that to the extent a plan has individual accounts for participants and beneficiaries and the participant or beneficiary has discretionary control over the investment of assets in his or her account (i.e., a 401(k) plan with participant directed accounts), no fiduciary responsibility or liability attaches to the participant or the fiduciary for the investment of those assets.

It is extremely important for all ERISA plan fiduciaries to understand the scope of their responsibilities and the potential penalties for failing to comply with the standards imposed by ERISA. ERISA imposes personal liability on plan fiduciaries for breaches of duty under ERISA. A breach of fiduciary duty under ERISA generally requires a fiduciary to make the plan whole, which may entail restoring lost profits to the plan for an imprudent investment decision or a missed investment opportunity.

ERISA provides a federal standard of conduct to be followed and observed concerning the management of retirement fund assets. A fiduciary that fails to comply with the requirements of ERISA is not only subject to personal liability, but may also place the plan under management at a risk of losing its tax-qualified status.

A trustee not only has a duty to become familiar with ERISA and to follow its standards, but also to seek outside assistance when appropriate.

Fiduciary Duties and Conduct

The duties and standard of conduct imposed on fiduciaries under ERISA are basic in their description, but extensive in their reach. Section 404(a)(1) of ERISA provides that a "...fiduciary shall discharge his duties with respect to a plan with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use..."

The prudent man rule defines the standard of competence with which a fiduciary is charged with respect to plan investment decisions. This standard of conduct is objective and acting in good faith is no defense to making imprudent investments.

This standard has also been called the "prudent expert" rule because fiduciaries can be held to the same level of skill as that of a professional money manager in making investment decisions. It is important to remember that pension dollars belong to employees and beneficiaries, not the sponsoring company and ERISA holds fiduciaries to the same standard as a professional investment expert when they are investing plan assets.

In *Marshall v. Glass/Metal Association and Glaziers and Glassworkers Pension Plan*, 507 F. Supp. 378 (1980), the court held that the fact that fiduciaries may have acted with good intentions or in good faith is no defense if their conduct does not meet the objective "prudent man" standard.

Prudent Man vs. Prudent Expert

Under common law, the “prudent man” rule requires that an individual with fiduciary responsibilities (for example, the trustee of a trust or the executor of an estate) act as would a reasonable person under similar circumstances. ERISA’s standard of care is set forth in Section 404(a)(1)(B) and states that a fiduciary should act with care, skill, prudence and diligence. It is important to note that this section differs from the rule at common law. It takes into consideration the circumstances and requires skill with such matters. In other words, if the circumstances, such as the complexity of the investments or the requirements of the plan, require the knowledge of a professional, the fiduciary should consult an expert or be willing to have their decisions scrutinized to the same degree as if they were made by a professional. A fiduciary’s common sense may be more than adequate to prudently invest a small plan’s assets in mutual funds and treasury bills. But that same fiduciary’s common sense may not be sufficient to prudently invest in more complicated securities or take into account the considerations involved with a larger account. It will be no defense that the fiduciary acted like a reasonable person if the investment’s complexity or the plan’s requirements necessitated an expert’s advice.

Common law also has the “prudent expert” rule that is similar to the rule under ERISA. Individuals who claim to have superior skills, such as doctors and lawyers, are held to a higher standard of care. This rule requires an expert, in the exercise of his or her profession, to act as a reasonable person of similar training and experience. For instance, a doctor administering emergency care at the scene of an accident is held to a higher standard of care than would a passerby that provides the same assistance. This rule prevents a financial expert, in the exercise of his profession, from escaping liability by arguing that he acted as a prudent person. ERISA’s prudent expert rule requires a fiduciary to act as a prudent financial expert, even if the fiduciary does not have special training on or knowledge about investing.

Prudent Investment Procedures

The following is a list of some ERISA requirements that impact a plan’s investment procedures:

1. An ERISA retirement plan must provide a written procedure for establishing and carrying out a funding policy. ERISA Sections 402(b)(1) and 404(A)(1)(D)
2. Qualified plan assets must be diversified, unless under the circumstances it is clearly not prudent to do so. ERISA Section 404(a)(1)(C)
3. Qualified plan investments must be made in accordance with ERISA’s prudent man (or “prudent expert”) standard. ERISA Section 404(a)(1)(B)
4. The investment of qualified plan assets must be monitored and reviewed. ERISA provides that a fiduciary may be held personally liable for plan losses and a review of a plan’s investment returns and holdings should be conducted at least annually or more often if that is the prudent course under the circumstances. ERISA Section 409(a) and 405(a)
5. Qualified plan administration expenses (for example, investment fees) must be reasonable. ERISA Section 404(a)
6. A qualified plan investment must not result in a direct or indirect prohibited transaction. ERISA Section 406

Liabilities and Penalties

Any fiduciary that breaches ERISA’s fiduciary obligations can be held personally liable for losses caused by the breach of duty. As discussed earlier, the definition of a fiduciary is broad and ERISA’s standards for fiduciary conduct are high. Moreover, fiduciaries may be personally liable if they know of or should have known of a breach by another fiduciary and do not take reasonable steps to correct the breach. Pleading ignorance, bad communications or inexperience will not be adequate defenses. The delegation of responsibilities to prudent experts and the proper oversight of them is the best way for a fiduciary to reduce his or her liability.

A willful violation carries personal criminal penalties of up to a \$5,000 fine and a year in prison in the case of an individual and a \$100,000 fine in the case of a corporation. In addition, state criminal laws may apply; these are not preempted by ERISA.

In addition to criminal liability, civil penalties apply. Civil actions can be initiated by plan participants, beneficiaries, fiduciaries and the DOL. Losses to the plan, as well as profits made from the improper use of plan assets must be restored to the plan. A civil penalty equal to 20 percent of the recovered amount can be assessed against a fiduciary that knowingly participates in a violation of ERISA.

Failure to disclose information to plan participants after a request from the same can result in a daily penalty of \$110, payable to each participant. A failure to file an annual return/report (a Form 5500) can result in daily penalty of up to a \$1000. The DOL can also remove a fiduciary and take over the control of plan assets.

A Written Investment Plan

Requirements for a Plan Investment Policy

An Investment Policy Statement (IPS) may range from the very simple to the very elaborate. As the name indicates, it sets forth the objectives, guidelines and requirements for the investment of assets of a qualified plan. Typically a trustee, a plan sponsor or an investment manager writes the investment policy statement. Although the investment manager may not be identified as a fiduciary, his assistance in developing an IPS may create fiduciary liability.

An IPS will help to serve several purposes. It will assist fiduciaries in meeting the plan's objectives and will help promote effective communication with investment managers. It can also aid in satisfying the regulatory requirements of ERISA by establishing investment and funding procedures. The following are issues that should be addressed in an investment policy statement*:

- the fund's investment objective (e.g., aggressive growth, conservative growth, income, etc.)
- the fund's liquidity requirements (i.e., cash equivalents needed)
- the marketability of the pension fund investments
- the quality of the pension fund investments (bond and security ratings)
- the level of turnover or trading action allowable
- the rate of return to be achieved
- the time period for measuring investment performance
- the risk constraints and other restrictions to be placed on the investment manager.

Qualitative aspects are also important. Therefore, at a minimum, the following items should be covered when designing an Investment Policy Statement:

- Nominal return benchmarks (with consideration of the "real" rate of return)
- Definition of "risk"
- Risk tolerance
- Time period for review and evaluation
- Allowable investments and quality standards
- Liquidity requirements
- Asset allocation policy
- Procedure for selecting and dismissing money managers
- Cash flow of the plan (both in and out)
- Company finances, etc.

* Pennington, Investments and Fiduciary Responsibilities under ERISA, National Endowment for Financial Education (1994), pp. 2627.

The IPS does not have to be overly complex, as long as the objectives are specific enough to meet plan needs and goals. Some very comprehensive investment policy statements have been contained within three pages. Written objectives are as important to a three-person pension plan as they are to plans with thousands of participants. Fiduciaries in both cases are subject to ERISA's high standards.

Diversification of Plan Assets

Prudent Diversification Considerations

ERISA section 404(a)(1)(B) creates a duty to diversify except when clearly not prudent to do so. However, the act does not provide much assistance in defining diversification other than as a method to minimize the risk of large losses. The purpose behind the diversification requirement is to protect a plan from catastrophic loss due to economic hardship or natural disaster. A fiduciary should realize that the duty to diversify is separate from the duty of prudence. A fiduciary may diversify the plan assets, but do so with imprudent investments. In an action based upon a failure to diversify, the burden proof is on the plaintiff to demonstrate that there has been a failure to diversify. If a lack of diversification is shown, the burden then shifts to the fiduciary to justify the failure to diversify. Occasionally, the failure to diversify is warranted, for example, maintaining a large cash equivalent position in the face of a declining or unstable market. See Pennington, page 9.

It is an investment axiom that diversification is the key to reaching long-term goals, yet this principle is often violated by pension plan fiduciaries. While ERISA does not specify recommended percentages among asset classes, diversification is widely considered prudent action a fiduciary must take to protect the long-term financial stability of a plan.

The following should be considered when evaluating diversification of the plan's portfolio:

- The amount of plan assets
- Type of investments (stocks, bonds, real estate, etc.)
- Projected portfolio returns versus funding objectives
- Volatility of investment returns
- Liquidity and future cash flows
- Maturity dates and retirees' pension distributions
- Economic conditions affecting the company and plan investments
- Company and industry conditions
- Geographic distribution of assets

There is not a specific minimum or maximum for each asset class. ERISA's diversification requirement mandates that a fiduciary not invest an unreasonably large portion of plan assets in any one investment type unless it is otherwise prudent to do so. A related issue is whether the fiduciary has considered a sufficient number of comparable investments to ensure that the best alternative was chosen for the plan. The fiduciary should be confident that enough alternatives have been reviewed to make the most suitable choice for the plan given inflation, comparable yields, risk versus return, etc. A fiduciary should choose a money manager taking into account its credentials, past performance and qualifications to manage the particular plan's assets. A broad menu of choices that are consistent with the plan's goals should be reviewed and the reasons for choosing (or not choosing) certain investments should be documented.

Risk Management

All investments involve some risks. Therefore, the duty of a fiduciary does not call for the avoidance of risk, but rather for the prudent management of risk. This requires that careful attention be given to a particular trust's risk tolerance; that is, to its susceptibility to volatility. Asset allocation decisions are an integral part of a sound investment strategy and a starting point in formulating a plan of asset diversification.

Trustees have a duty to diversify unless, under the circumstances, it is clearly prudent not to do so. This is fundamental to the management of risk, regardless of the level of safety an individual investment offers.

The degree of risk permitted for a particular trust is ultimately a matter of judgment. It is important that trustees make a reasonable effort to understand the levels of risk and the types of investments suitable to the fund based on the fund's short-term and long-term goals.

- In terms of liquidity, diversification, return and safety, each individual investment should be appropriate in relation to the total portfolio.
- Once each asset class is selected (stocks, bonds, etc.), the fiduciary is required to determine the expected rate of return of that asset class, given the appropriate levels of risk. In other words, the choice must be made in the context of overall risk; and the investment choice should represent a "fair" return, not necessarily the "highest".
- Everything being equal, a fiduciary faced with investments of equal risk should not choose the one with the lower returns, if a higher return is available.
- In order to evaluate alternatives, objective standards must be established against which the alternatives can be measured. Effectively, this is a two-step process. First, the funding and investment policies should be determined and put in writing. Second, the most suitable investments or qualified investment manager should then be selected to execute the established policies.

Monitoring and Evaluation

In *Whitfield v. Cohen*, 682 F. Supp. 188 (1988), the court held the plan trustee and the corporate sponsor jointly and severally liable for the plan's investment losses totaling \$637,000 because, among other violations, the trustee failed to adequately monitor the investment manager's performance.

It is critical to bear in mind that the fiduciary's responsibilities are ongoing and liability exists even when professionals (e.g., money managers) are hired and subsequently breach their fiduciary duties or fail to meet plan goals. In other words, delegation without proper oversight will not protect a fiduciary, but a system of delegation and oversight may.

The following minimum standards should be considered when designing an investment manager oversight process:

- Establish the benchmarks or indices against which the manager will be judged.
- Determine the appropriate time frame and frequency of review.
- Compare real versus nominal return.
- Measure return benchmarks in relation to risk benchmarks. (What if the manager's returns are slightly subpar, but risk elements are superior?)
- Analyze manager performance relative to peers.
- Define the degree of personal attention desired.
- Qualitative aspects, such as change of philosophy or personnel turnover. (Sometimes these fundamental changes can be improvements.)

Modern Portfolio Theory

"Modern portfolio theory" is a philosophy that has attracted billions of investment dollars. One of the tenets upon which it is based is that the portfolio should be viewed in its entirety. By properly diversifying the portfolio, overall risk can be reduced. A low risk and low return investment may be used to counterbalance a riskier investment with greater potential for reward. Ideally, the end result is a balanced portfolio with a potential for a greater return and lower overall risk than the specific assets in the portfolio. This philosophy has resulted in an evolution in the scrutiny given to portfolios. The entire portfolio is considered in judging the prudence of investments rather than considering a single investment in isolation.

Asset Class Investing

One approach to investing plan assets is to invest in asset class funds that reflect the various segments of the overall market, such as Large Cap Value or Micro Cap stocks. Asset class funds are mutual funds that own all or most of the stocks or bonds represented in a given sector of a market and are based on fundamental factors such as book-to-market value or market capitalization.

Asset class funds attempt to emulate a particular market segment by acquiring a representative percentage of that market's stocks. These funds typically have significantly lower management costs and lower turnover rates than the average of all funds. They may attempt to add value through trading strategies that can be gained by economies of scale, but not through forecasting markets.

By investing in a wide range of asset class funds which tend to move in very different cycles, it is possible for an investment manager to lower the portfolio's risk.

Studies have shown that asset class fund portfolios have outperformed more than 75% of active stock fund managers over periods of ten years or more. Asset class diversification implemented with mutual funds is an academically sound approach for virtually any investor to pursue*.

Money managers who utilize an asset class approach try to capitalize on both the random nature of the equity markets and their high level of efficiency. Asset class investing is supported by numerous empirical studies covering 45 years of professionally managed portfolios.

There is a body of academically sound research available supporting modern portfolio theory. The Advisor believes that by shortening fixed income maturities and adding U.S. small companies plus large and small international companies, it is possible to increase investment returns while lowering investment risks.

The Investment Professional

It is obvious from the foregoing discussion that the typical fiduciary will have difficulty in meeting many of ERISA's requirements without professional assistance.

ERISA's strict and numerous requirements are powerful incentives for fiduciaries to use financial professionals, especially money managers. Most fiduciaries do not possess all the necessary skills to adequately discharge their duties. Therefore, working with a consultant and/or money manager is often the most prudent course of action. While a fiduciary may have the exclusive authority to manage and invest plan assets, that authority can be delegated to a professional if the plan provides so in writing. Only a named fiduciary that has been given the authority to do so in the plan document can delegate responsibility for management of plan assets.

The delegation of plan asset management provides two specific benefits to the plan and its fiduciaries. First, it is consistent with ERISA's prudence requirement if done diligently. Second, the trustee is generally not liable for any acts or omissions of the investment manager provided the fiduciary maintains adequate oversight of the manager. This oversight obligation consists of regular monitoring and evaluating, which are facilitated via a systematic reporting procedure.

The fiduciary should be aware of the fact that suitable money managers:

- Must be registered with the SEC under the Investment Advisers Act of 1940 or their state's securities commission (unless exempt, as would be the case for most banks and insurance companies).
- Must acknowledge their fiduciary status in writing. Any professional providing advice must do so pursuant to a written agreement.
- Should demonstrate their understanding of the plan's objectives by reviewing or drafting a written IPS and acknowledging such in writing.

* See Active vs. Passive Management, Rex Sinquefeld, transcript of debate at Schwab Institutional Conference, Oct. 12, 1995.

ERISA Summary

Surveillance and audits of small and medium-sized plans by the DOL may increase in the future. The role of the plan sponsor will intensify in the near future and an extensive understanding of ERISA is going to be key to long-term success in this area.

An Eight Step Approach

Step One

Write an Investment Policy Statement. This statement should provide specific instructions to an investment advisor and cover such topics as target rates of return, risk tolerance, anticipated withdrawals or contributions, regulatory issues, desired holding periods of asset classes and short-term and long-term investment goals.

Step Two

Select an investment advisor who constructs portfolios using asset class strategies. Market-timing and individual stock selection may be unreliable management techniques. Proper asset class investing offers an academically supported approach to investing.

Step Three

Determine the appropriate time period to carry out the plan's investment policy. Use at least a five-year time horizon for investing. History indicates that the stock market has gone down on average one year out of every four years and no one has ever been able to accurately predict which year it would go down. For that reason, use a five-year or greater horizon and design a portfolio so that, when that down year occurs, the storm can be weathered.

Step Four

Determine the level of risk, particularly on the down side. For example, a three percent loss might be sustainable while an eight percent drop in a single year might be too aggressive for the Investor. Do not set up for failure. Recognize that there are going to be down years and the Investor has to be in a position to ride through those years. If not, the Investor should not be in the equity market and probably should not be acting as a fiduciary to a qualified retirement plan.

Step Five

Set target rates of return for the overall investment portfolio to achieve the Investor's objectives. An investment advisor can show the Investor different investment models and mixes suitable to achieving goals based on historical performance information.

Step Six

Select an advisor who is compensated on a fee-only basis. Advisors who work on commission may be more likely to recommend more frequent transactions in the portfolio.

Step Seven

Monitor the investment performance. The Investor should determine whether the market value of the entire portfolio is capable of achieving the target objective.

Step Eight

Rebalance the portfolio systematically. If an asset differs significantly from its original target allocation, then either buy more or sell some of the assets until the approximate target percentage is restored.

VII. Summary and Signatures of Acceptance

Summary

A key part of the investment process is that the Investor and Advisor communicate regularly to review the investment objectives and evaluate the portfolio's performance and parameters.

The Investor should notify the Advisor regarding changes in the financial condition, investment objectives, and/or risk tolerance in a timely manner so that the Advisor can make changes to this IPS if needed.

The Advisor will assist in making an appropriate asset allocation decision based on the Investor's needs, objectives, and constraints and will implement such decisions, report portfolio performance and rebalance the portfolio as necessary.

This IPS should be reviewed by the Investor and Advisor annually--at a minimum--to ensure it accurately reflects the financial situation, goals, risk tolerance and expectations.

This document will assist the Investor and Advisor in effectively managing the portfolio. It is a roadmap to help reach stated investment goals and should be reviewed before changes to the investment process for this portfolio are implemented.

Signatures of Acceptance

Investment Policy Statement for Jim and Sandy Client

Adopted and signed by:

_____ Signature	_____ Print Name	_____ Date
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_____ Signature	_____ Print Name	_____ Date
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_____ Signature	_____ Print Name	_____ Date
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_____ Signature	_____ Print Name	_____ Date
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_____ Advisor	_____ Print Name	_____ Date
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Please read the disclosures section on the following page for additional information.

VIII. Disclosures

Past performance is not indicative of future performance. All investments involve risk, including loss of principal. Bonds are subject to risks, including interest rate risk, which can decrease the value of a bond as interest rates rise. Small company stocks have additional risks, including greater volatility and less liquidity than stocks of larger companies. Value companies have more risk than growth companies and may underperform when the market favors growth companies. Foreign securities involve additional risks, including foreign currency changes, political risks, foreign taxes, and different methods of accounting and financial reporting. All indexes mentioned below are unmanaged baskets of securities in which investors cannot directly invest and do not reflect the impact of management fees. Diversification and buy-and-hold strategies do not guarantee a profit or principal protection.

Treasury bills and government bonds are guaranteed as to repayment of principal and interest by the U.S. government. Returns assume dividend and capital gain reinvestment.

CRSP is the Center for Research in Security Prices. CRSP ranks all NYSE companies by market capitalization and divides them into ten equally-populated portfolios. AMEX and NASDAQ National Market stocks are then placed into deciles according to their respective capitalization, determined by the NYSE breakpoints. CRSP Portfolios 1–2 represent large-cap stocks, Portfolios 3, 4 and 5 are mid-caps, Portfolios 6–8 represent small caps, and Portfolios 9–10 benchmark micro-caps. Value is represented by companies with a book-to-market ratio in the top 30% of all companies. Growth is represented by companies with a book-to-market ratio in the bottom 30% of all companies.

S&P 500 Index is the Standard & Poor's 500 Index. The S&P 500 Index measures the performance of large-capitalization U.S. stocks. The S&P 500 is an unmanaged market value-weighted index of 500 stocks that are traded on the NYSE, AMEX and NASDAQ. The weightings make each company's influence on the index performance directly proportional to that company's market value.

The MSCI EAFE Index (Morgan Stanley Capital International Europe, Australasia and Far East Index) is composed of more than 1,000 companies representing the stock markets of Europe, Australia, New Zealand and the Far East, and is an unmanaged index. EAFE represents non-U.S. large stocks.

The NAREIT Composite Index is an unmanaged index consisting of approximately 200 Real Estate Investment Trust stocks. The NAREIT Index excludes brokerage commissions and other fees. Investors cannot invest directly in an index.

“Expected return” is a term of specialized use. It is generally understood to mean the statistically achievable return (based on historical data) over a sufficiently long time horizon. Expected returns are theoretical returns; they are not estimated returns. “Risk,” as used in the asset allocation program, is defined as standard deviation. It is a measure of volatility, a statistical calculation based on past performance. It describes how far from the mean performance numbers have varied in the past.

For further disclosures concerning Loring Ward and its money management services, you may request a copy of the firm's most recent ADV Part 2. Call 1-800-366-7266 to request a copy of this disclosure form. If you would like a copy of your individual Advisor's ADV, please contact him or her directly.

Historical Index Return Information

Annual Return	Inflation	Cash & Cash Alternatives	Short Term Fixed Income	U.S. Stocks	U.S. Large Value Stocks	U.S. Small Neutral Stocks	International Large Value Stocks	International Small Neutral Stocks	Emerging Markets Stocks	Real Estate / REITs
1987	4.41%	5.46%	6.17%	1.67%	3.87%	-9.10%	35.10%	40.67%	3.67%	-3.64%
1988	4.42%	6.36%	6.63%	18.03%	24.05%	23.91%	38.59%	25.95%	40.43%	13.49%
1989	4.65%	8.38%	9.69%	28.86%	27.46%	16.09%	18.20%	30.77%	64.96%	8.84%
1990	6.11%	7.82%	8.92%	-5.96%	-22.55%	-20.23%	-21.61%	-17.94%	-10.55%	-15.35%
1991	3.06%	5.60%	11.44%	34.67%	34.76%	48.87%	9.95%	5.83%	59.91%	35.70%
1992	2.90%	3.51%	6.69%	9.80%	16.05%	19.52%	-9.84%	-20.59%	11.40%	14.59%
1993	2.75%	2.90%	6.88%	11.14%	24.52%	18.69%	46.91%	34.39%	74.84%	19.65%
1994	2.67%	3.91%	-0.03%	-0.06%	-0.33%	-2.04%	16.17%	14.78%	-7.32%	3.17%
1995	2.54%	5.60%	12.21%	36.79%	40.10%	30.64%	10.32%	0.99%	-5.21%	15.27%
1996	3.32%	5.20%	6.39%	21.35%	19.97%	18.39%	10.23%	2.80%	6.03%	35.27%
1997	1.70%	5.25%	6.99%	31.38%	33.75%	26.67%	0.39%	-14.55%	-11.59%	20.26%
1998	1.61%	4.86%	7.71%	24.30%	11.95%	-2.22%	23.11%	10.24%	-25.34%	-17.50%
1999	2.68%	4.69%	3.40%	25.22%	6.99%	32.61%	33.01%	30.16%	66.49%	-4.62%
2000	3.39%	5.88%	8.16%	-11.42%	-6.41%	-11.24%	4.01%	-12.26%	-30.83%	26.37%
2001	1.55%	3.85%	7.60%	-11.15%	-2.71%	17.60%	-15.41%	-16.75%	-2.62%	13.93%
2002	2.38%	1.63%	5.60%	-21.15%	-30.28%	-19.68%	-13.84%	-2.85%	-6.17%	3.82%
2003	1.88%	1.03%	2.34%	31.62%	36.43%	58.74%	69.18%	60.25%	55.82%	37.13%
2004	3.26%	1.19%	1.94%	11.97%	17.74%	19.61%	30.58%	32.11%	25.55%	31.58%
2005	3.42%	2.98%	2.42%	6.16%	9.70%	5.70%	15.10%	22.63%	34.00%	12.16%
2006	2.54%	4.81%	4.16%	15.48%	21.87%	16.79%	32.99%	26.32%	32.14%	35.06%
2007	4.08%	4.67%	6.60%	5.81%	-12.24%	-2.62%	6.27%	8.04%	39.42%	-15.69%
2008	0.09%	1.69%	5.64%	-36.71%	-53.14%	-38.72%	-45.09%	-47.11%	-53.33%	-37.73%
2009	2.72%	0.10%	3.07%	28.82%	37.51%	47.49%	48.60%	44.83%	78.51%	27.99%
2010	1.50%	0.11%	2.41%	17.73%	20.17%	30.11%	13.27%	20.73%	18.88%	27.96%
2011	2.96%	0.04%	1.94%	0.77%	-19.90%	-5.57%	-17.06%	-15.59%	-18.42%	8.29%
2012	1.74%	0.06%	1.79%	16.16%	28.03%	17.97%	21.21%	16.80%	18.22%	18.06%
2013	1.51%	0.07%	0.66%	33.55%	32.53%	38.82%	21.47%	25.55%	-2.60%	1.22%
2014	0.76%	0.03%	1.34%	12.56%	13.45%	4.89%	-5.41%	-5.34%	-2.19%	32.00%
2015	0.73%	0.05%	0.84%	0.48%	-3.83%	-4.41%	-7.68%	5.46%	-14.92%	4.48%
2016	2.07%	0.33%	1.39%	12.74%	17.34%	21.31%	7.39%	4.32%	11.19%	6.68%

1972-2016	Inflation	Cash & Cash Alternatives	Short Term Fixed Income	U.S. Stocks	U.S. Large Value Stocks	U.S. Small Neutral Stocks	International Large Value Stocks	International Small Neutral Stocks	Emerging Markets Stocks	Real Estate / REITs
Annualized Return	4.01%	5.18%	6.26%	10.38%	11.98%	11.03%	10.13%	13.22%	10.38%	11.25%
Standard Deviation	3.12%	3.85%	4.32%	17.74%	17.18%	22.25%	21.80%	28.20%	33.92%	18.51%
Total Return	487%	870%	1440%	8418%	16191%	11005%	7594%	26560%	8410%	12034%
Growth of \$1	\$5.87	\$9.70	\$15.40	\$85.18	\$162.91	\$111.05	\$76.94	\$266.60	\$85.10	\$121.34

Portfolio Allocation Statement for Jim and Sandy Client

Moderate 60-5

Fund Name	Ticker	%
Money Market Fund	\$CASH\$	2%
SA Global Fixed Income Fund	SAXIX	17%
SA U.S. Fixed Income Fund	SAUFX	16%
SA U.S. Core Market Fund	SAMKX	15%
SA U.S. Value Fund	SABTX	12%
SA U.S. Small Company Fund	SAUMX	8%
SA International Value Fund	SAHMX	14%
SA International Small Company Fund	SAISX	7%
SA Emerging Markets Value Fund	SAEMX	5%
SA Real Estate Securities Fund	SAREX	4%

Total: 100%

The allocation chart above represents the hypothetical model generated for you based upon your input into the program and that of your advisor. If you agree to use this hypothetical model as your target asset allocation portfolio, please sign below. Once your account is established and assets are deposited into your account, the above target model allocation will be acquired for your investment. Please note that should the Fund Name differ from its Ticker Symbol, the ticker symbol will identify the security to be acquired by the portfolio.

By signing below, you are acknowledging that Loring Ward (1) is authorized to purchase the mutual funds in the approximate percentage allocation listed above; (2) that the model is a hypothetical target and that the actual allocation of your account may differ depending upon share purchase or sale practices, market changes and instructions from your investment advisor; and (3) your investments are subject to market risks, including loss of return or capital, and there is no assurance that your account will gain in value. You are also acknowledging that you have either already submitted an account application or one is attached to this form and that you have received the Loring Ward ADV Part 2 and your Advisor's ADV Part 2 or substitute disclosure document.

Client Signature: _____

Date: _____

(MM/DD/YYYY)

Client Signature: _____

Date: _____

(MM/DD/YYYY)

Client Signature: _____

Date: _____

(MM/DD/YYYY)

Client Signature: _____

Date: _____

(MM/DD/YYYY)