FOUNTAIN STRATEGIES LLC
Financial Planning and Investment Management
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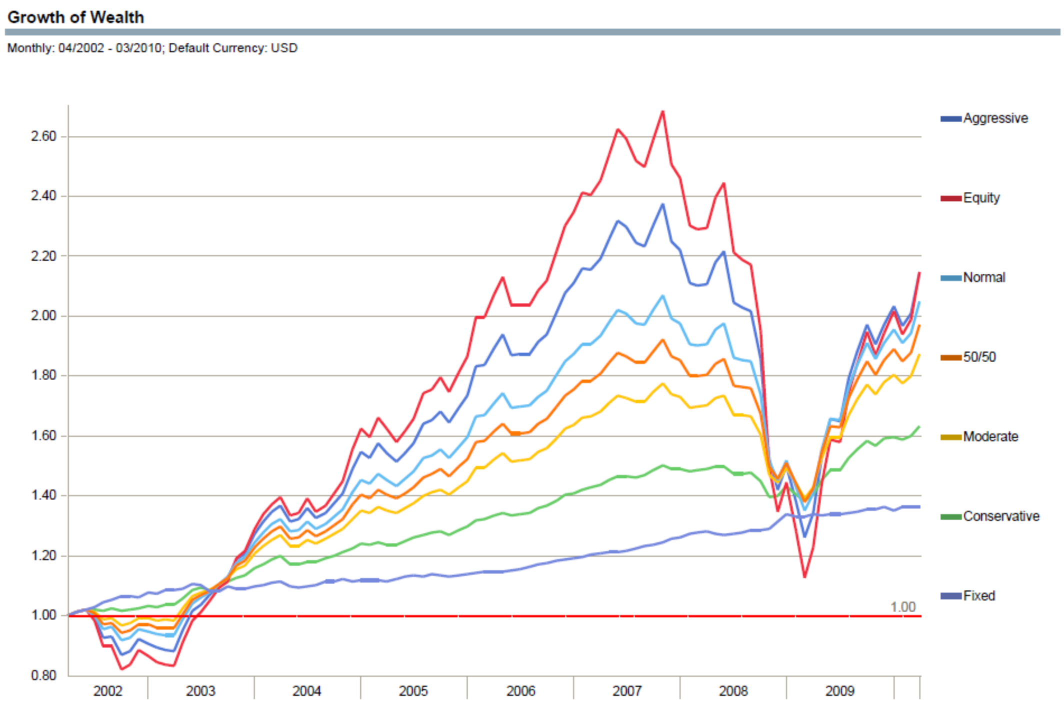
INVESTMENT POLICY STATEMENT
for
Client

INTRODUCTION

The following Growth of Wealth graphic illustrates performance of seven Fountain portfolio models in rising and falling world markets across a turbulent eight-year period. The curves show that an increase in equities exposure for a portfolio did indeed increase the range of performance volatility as well as investment returns and losses during the period. An underlying lesson is that in assembling a successful portfolio design, not losing money can be just as important as making money.



Fixed = 0% equities, **Conservative** = 20% equities, **Moderate** = 40% equities, **50/50** = 50% equities, **Normal** = 60% equities, **Aggressive** = 80% equities, **Equity** = 100% equities

This Investment Policy Statement treats your choice of the **Fountain 50/50 Balanced** portfolio model and its projected performance possibilities based on years of market data. There is no assurance that past performance data is the key to future results, but it will help you become acquainted with your chosen balance of risk versus return and the assets that will make up your portfolio. Finally, this IPS assigns the role and responsibilities as Investor to you, and the role and responsibilities as Advisor to Fountain.

INVESTMENT OBJECTIVES

- Long term appreciation striving for a Return (before inflation) of 6.5% or better, and Standard Deviation as a measure of volatility at 10% or lower. "Long term" implies five years or longer.

- Diversification among **sixteen** asset classes.

- Portfolio internal costs averaging less than 0.50% and annual retainer fee amounting to 1% or less of the portfolio valuation.

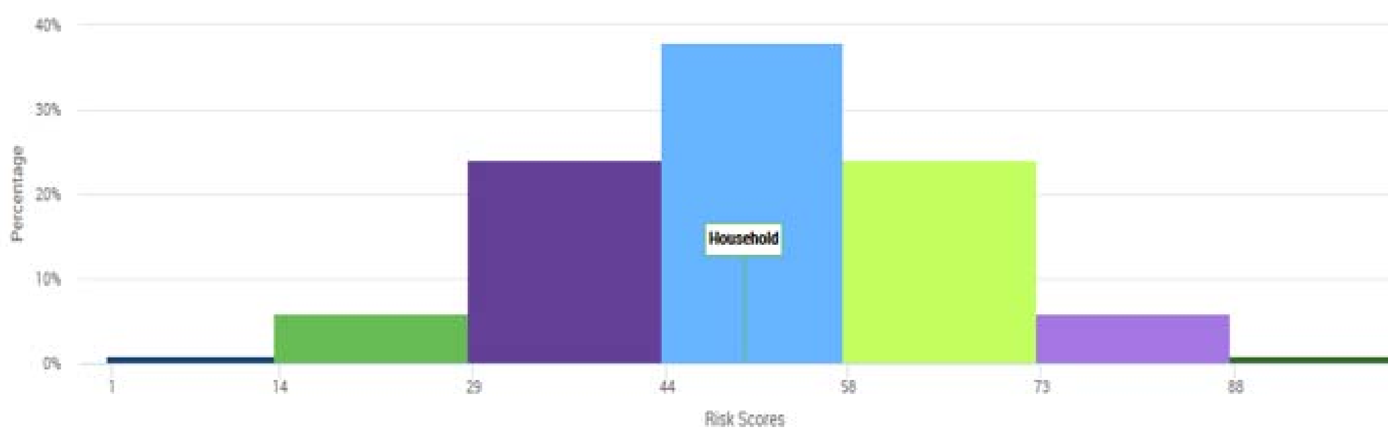
TIME HORIZON

For planning purposes the time horizon for holding your Portfolio is ten years. Actual holding periods may vary depending upon circumstances.

RISK TOLERANCE

Advisor's task is to aid you in determining your threshold for risk, as measured in units of Standard Deviation, and then to suggest the most suitable match from among the Fountain model portfolios. In your case, the **Fountain 50/50 Balanced** model is deemed the most suitable, given your known level of risk tolerance.

Your Risk Tolerance is About Average when compared to others in your age group



THE PORTFOLIO

Your target Portfolio is based on the **Fountain 50/50 Balanced** model, comprised of 16 asset classes divided **50%** to equities (stocks), **50%** to fixed income (bonds and cash). Ideally, equities would be allocated half among U.S. company stocks, and half among International company stocks.

Fountain 50/50 Balanced

Asset Class	%
US Large Cap Growth Stocks	5%
US Large Cap Value Stocks	5%
US Small Cap Growth Stocks	5%
US Small Cap Value Stocks	5%
REIT	5%
Int'l Large Cap Growth Stocks	5%
Int'l Large Cap Value Stocks	5%
Int'l Small Cap Growth Stocks	5%
Int`l Small Cap Value Stocks	5%
Emerging Markets Stocks	5%
Intermediate Govt Fixed Income	10%
TIPS	8%
Five Year Government	8%
Two Year Global Fixed Income	8%
One Year Fixed Income	8%
Cash Equivalent	8%

PROJECTED PERFORMANCE

The long-term projected annual rate of return identified as an Investment Objective is based on the historic returns for each asset class and its percentage weighting in your Portfolio. Actual performance will vary with market fluctuation, and the stated Portfolio return projection will be affected by the deduction of retainer and transaction fees.

Projected Return and Standard Deviation values shown for the **Fountain 50/50 Balanced** model in your plan suggest that for this investment model, two-thirds of all the projected return possibilities will probably fall within a range between **-3%** and **+16%.** Statistical results for the remaining third of projected returns will exceed that range in both positive and negative directions, and, while deemed less likely or quite impossible for all practical purposes, such "outlier" returns do occur.
For EXAMPLE:

For NORMAL Market Cycles: (two-thirds of the time can be): -3% and +16%.
Example: $500k portfolio gain/loss range between -$15k to +$80k

For PANIC Market Cycles: (remaining one third of the time can be): -22% and +35%.
Example: $500k portfolio gain/loss range between -$110k to +$175k

There are no guarantees of future performance, and this IPS does not offer any.

REBALANCING PROCEDURES

If/as your Portfolio's targeted asset class percentages drift by plus or minus 3% or more as markets change, Advisor will suggest rebalancing among asset classes to restore the model's targeted percentages.

INVESTMENT MONITORING AND CONTROL PROCEDURES

Reporting

The Custodian (Fidelity Investments) will send you monthly reports listing all account assets, values, and transactions in your Portfolio. These can take the form of mailed hard-copy reports or emailed reports, as you may determine.

Each time you enter your MoneyGuidePro account, all your individual asset values for assets held by Fidelity are updated to reflect previous market day closing prices.

Performance data for current assets in your portfolio are available in your account(s) at www.fidelity.com

Duties and Responsibilities

Advisor

Advisor is a Registered Investment Advisor firm. Advisor's Investment Advisor Representatives serve their clients until either party decides to terminate the advisory relationship, in accordance with a written Client Retainer Agreement signed by both parties.

Advisor's tasks and responsibilities include aiding you in determining your risk threshold and the appropriate Fountain Portfolio model to match your financial goals, investment objectives, cash flow requirements, and time horizon.

And:

-identifying specific assets and investment managers within each asset category
-providing you a current prospectus for each proposed investment
-monitoring the performance of all selected assets
-recommending changes to any of the above
-performing periodic reviews to determine drift or any change in suitability of the selected assets
-meeting or contacting you at least quarterly
-responding to your requests at any time.

Advisor will not take title to or exercise discretionary control over any of your assets. Advisor is responsible to the extent of making recommendations to you concerning your Portfolio, and to relay your investment decisions to the Custodian/Broker.

Investor

You agree to provide Advisor all relevant information concerning your risk tolerance, financial condition, and net worth, and you agree to notify Advisor promptly as significant changes occur in these areas. You should read and understand the information contained in the prospectus for each investment in your Portfolio.

INVESTMENT MANAGEMENT

Investment products used to fund your Portfolio must be registered, offer sufficient historic performance data, exhibit timely performance data, provide necessary details about the issuing firm (personnel, clients, fees, etc.) and adhere to a clearly articulated investment philosophy.

Investment products used to fund your Portfolio will include asset-class-specific, no-load, index-fund-like mutual funds offered by Dimensional Funds of Santa Monica, California.

SIGNATURES

The signatures below attest to mutual agreement between you and the Advisor to the terms set forth in this Investment Policy Statement, including any exceptions or amendments either party might add or note before signing.

Client: Date

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Advisor: Douglas M. Roesser, CFP® Date

Addendum: The Delicate Balance

Buying stocks everybody else is buying is a “buy high” approach to investing. Selling stocks when market prices plummet is only human, but it usually assures a “sell low” result. The trick is to adopt an investment strategy that will guide us to sell high and buy low as markets rise and fall. Over time, the average yield of marketable securities has outperformed that of bonds and cash; for those investors who take the longer view, buying and holding “the whole market” makes sense as a method for achieving and preserving wealth.

Buying the whole market shifts the buying strategy from picking promising stocks to buying stocks in asset classes that make up the whole market: large cap stocks of US and international growth and value companies, allocated across sixteen or so distinct asset classes that include fixed income assets. Rather than buying individual stocks and bonds, buying carefully selected asset-class-specific, index-fund-like no load mutual funds can be more efficient.

Risk and reward considerations are important when assembling an investment portfolio. Risk –the possibility of losing money, is measured in terms of Standard Deviation, which offers a measurement of a portfolio’s range of volatility as markets fluctuate. Reward is measured in terms of percentage average return over a period of time. We all understand that, over time, greater returns involve greater risks, but now it is possible to design portfolios that hold promise of equivalent return results at somewhat lower levels of risk. The advantages are relatively small, but over ten or twenty years the results for making the effort are worth pursuing.

Everyone has his own threshold for living with investment volatility: the strategy is to avoid the trigger point at which we would rush to sell off our portfolios in a falling market. The first step is to determine an investor’s personal risk threshold and then design a portfolio that can perform without reaching that threshold There are two aspects to such a strategy…to make money in rising markets and not to lose money in falling markets. In practice, adding fixed income assets (bonds and cash) to a portfolio of stocks serves to buffer the effects of market volatility to a range the investor can tolerate. It is a dynamic “buy and hold” strategy that requires balance and then “rebalancing” when changing markets cause asset class allocations to drift above or below their percentage targets. In rising markets rebalancing is a “sell high” event; in falling markets it becomes a “buy low” event.

The idea is to accept returns of the whole market over time, with a “buy and hold” approach to the design of a well-diversified, delicately balanced portfolio. Portfolio assets are allocated to respond to market fluctuations within one’s tolerance for risk, and a rebalancing discipline identifies buy low/sell high opportunities.