

TAYLOR & WILLIAMS, INC.

INVESTMENT POLICY STATEMENT

Purpose:

To agree to a set of general parameters for Taylor & Williams, Inc. ("T&W") to use to manage client investment portfolios. The "Portfolio" applies only to those investment assets directly managed for the client by T&W and held by the custodian(s) designated on page two.

Investment Objectives:

To select the appropriate target portfolio, given the client's risk tolerance and return needed to accomplish long-term goals.

To practice prudent analysis and employ sound diversification when selecting individual investments.

To target the average annual return associated with the selected portfolio.

To avoid unnecessary fees, transaction costs, and other expenses that are not justified by the needs and realistic objectives of the portfolio.

Portfolio Guidelines:

All assets placed with T&W will have an expected rolling minimum investment horizon of at least three years.

In general, a single investment (individual security or mutual fund) will normally not exceed 25% of the consolidated investment portfolio.

T&W's asset allocation models are dynamic. Over time, there will be changes in market conditions that necessitate adjustments. T&W periodically reviews and revises its models to meet current market conditions or outlook and automatically makes changes for clients on managed accounts.

Clients can expect to see a mix of no load, no transaction fee mutual funds in their accounts.

Client accounts may have individual securities such as common stocks, preferred shares, and / or bonds. Having individual issues in taxable accounts gives potential for added tax efficiency. While investment decisions are not based solely on tax issues, T&W will manage portfolios for growth with sensitivity to the tax liabilities created.

Portfolios are managed on a "total return" basis (i.e., capital gains plus interest and dividends.) Where prudent, income may be withdrawn from the portfolio.

Ordinarily, there will be no margin purchases or other use of borrowed funds. Puts, calls, straddles, or other option strategies will be used rarely, if at all, and then only part of a "hedging" strategy unless otherwise requested by the client.

There will typically be no "short sales" or purchases of commodities in the portfolio.

Significant cash positions will be invested over a period of up to three to six months. This can reduce portfolio returns if the market climbs over that period, but more importantly, it can also protect portfolios if there is a market decline soon after investing begins.

Changes in portfolio investment objective (e.g. from Moderate Growth to Growth) will also be accomplished over a period of up to three to six months.

Unless otherwise constrained, investments transferred in to T&W managed accounts will generally be sold within three months.

Portfolio performance reporting will be provided quarterly by T&W.

Diversification:

T&W believes it is prudent to build a diversified portfolio based on fundamental analysis with exposure to stocks (both U.S. and international), bonds, and cash. By doing so, clients avoid "putting all of their eggs in one basket." Based on historical results, spreading investments among different asset classes reduces overall risks (e.g. business, interest rate, and purchasing power risk) over time.

In addition to diversifying by company size, T&W evaluates investments based on "growth" and "value" styles. The growth style involves buying companies with the potential to grow faster than the economy and their competitors on a sustainable basis. With the value approach, companies purchased are out of favor and trade at a discount to their estimated true economic value. Employing both investment styles can reduce portfolio volatility if the market favors one style over the other.

Because T&W believes in managing investments through a diversified approach, client portfolio returns will fall between the best performing and worst performing asset classes during any given time period.

Model Portfolios:

T&W has four model portfolios for client accounts that are used as an asset allocation guideline: Conservative Growth, Moderate Growth, Growth, and Aggressive Growth. Each model consists of a different "target" asset allocation in up to six different asset classes.

The six asset classes are:

- Large-Cap U.S. Value Stocks
- Large-Cap U.S. Growth Stocks
- Small-Cap U.S. Value Stocks
- Small-Cap U.S. Growth Stocks
- International Stocks
- Fixed Income and Cash

T&W may use asset allocation, security selection, industry selection, and / or style weighting to try and outperform appropriate benchmarks for client portfolios. In general, T&W does not believe it is prudent or possible to time the overall market. Once client portfolios become fully invested (subject to allocation or other constraints), they will tend to remain fully invested. T&W may, however, attempt to enhance portfolio returns by timing the purchases and sales of individual securities. This timing of individual securities may be based on fundamental and / or technical analysis.

Other Thoughts:

Past performance is no guarantee of future results. There may be quarters or even years when accounts show negative returns or are significantly below their target returns. This is normal and should be viewed as a short-term market fluctuation. The investors who come out on top are the ones who stay the course and plan for the long-term.

Acceptance of Investment Policy Statement:

Client and T&W agree to have T&W manage client's investment portfolio in accordance with the guidelines for the following portfolio model:

_____ Conservative Growth

_____ Moderate Growth

_____ Growth

_____ Aggressive Growth

_____ Other (Describe):

Client requests that T&W observe the following constraints while managing client's portfolio:

Designated Account Custodian(s):

X

Client Signature (Owner/Trustee)

Client Name (Print or Type)

X

Client Signature (Joint Owner/Co-Trustee)

Client Name (Print or Type)

X

Client Signature (Joint Owner/Co-Trustee)

Client Name (Print or Type)

Date _____

Taylor & Williams, Inc.
Registered Investment Advisor

By _____

Title: President & Principal