

# BENEFITS OF AN INVESTMENT POLICY STATEMENT

An Investment Policy Statement (IPS) should be the single most important financial document you possess. Quite simply, it is the map to your financial future. An IPS explains in detail your financial goals, risk tolerance, time horizon, and target asset allocation. An IPS serves as the foundation of all future decisions pertaining to your investments.

While an IPS may take different forms, its purpose is well-defined: to protect you from emotional responses to short-term market volatility and to ensure that a long-term outlook is maintained, despite the inevitable temporary setbacks. The IPS should also establish rebalancing procedures to allow for asset allocation adjustments in times of extreme volatility.

Your IPS is a critical component of your relationship with us. The IPS outlines both your and your advisor's responsibilities and specifically addresses such issues as performance monitoring of the overall portfolio—as well as of the individual managers—tax efficiency, and communication procedures.

Like any good plan, your IPS should be flexible, allowing for adjustments in response to the unexpected. We will interpret economic indicators to ensure that your IPS is drafted and revised to maximize the probability of reaching your long-term goals.

The collage displays several key components of an Investment Policy Statement:

- Asset Allocation Pie Chart:** Shows a diversified portfolio with allocations for Foreign Stocks (15%), Fixed Income (35%), Large U.S. Stocks (25%), and Cash (25%).
- Performance Table:** Compares 'Actual' performance against 'Benchmark' and 'Peer Group' over a 12-month period.
- REBALANCING PROCEDURES:** Text describing the process of maintaining target asset allocations.
- ADMINISTRATIVE INFORMATION:** Details regarding the advisor, client, and investment objectives.
- APPENDIX:** A table listing various investment vehicles and their characteristics.

An IPS is the plan we agree upon together. It outlines strategy, tactics, and joint responsibilities. It becomes the basis of our partnership.

