



INVESTMENT POLICY STATEMENT

Internal Use Only
Client: \_\_\_\_\_
Date Prepared: \_\_\_\_\_

THE PURPOSE OF YOUR INVESTMENT POLICY: Your investment policy is intended to provide a conceptual framework to determine the suitability of any particular investment in the context of your overall investment plan. It will serve as a guidepost to identify goals and create a systematic review process. Your investment policy statement has four basic objectives: setting realistic objectives, defining the asset allocation policy, establishing management procedures and determining communication procedures. This is YOUR personal investment policy, and there are no right or wrong answers. Your investment policy is not intended to predict or guarantee any particular result concerning return or risk.

GOALS AND OBJECTIVE

- 1) What are your primary and secondary goal(s) you wish to accomplish through your investment portfolio?
a. Primary: \_\_\_\_\_
b. Secondary: \_\_\_\_\_
2) At what age would you like to retire, or have enough income so that your job would be optional?
Client 1 \_\_\_\_\_ Client 2 \_\_\_\_\_
3) At retirement, how much income would you like your investments to provide in today's dollars, after taxes? Client 1 \_\_\_\_\_ Client 2 \_\_\_\_\_ Combined \_\_\_\_\_
4) Generally, the higher the investment returns one desires, the greater the risk one must take to achieve that goal. With this in mind, what, if any, is YOUR expected total return for your overall investment portfolio? (Please specify before or after taxes) \_\_\_\_\_
5) How did you arrive at your expected total return goal? \_\_\_\_\_
6) As an overall categorization of your investment objectives, please circle ONE of the following letters that most accurately represents your objectives.
a. Safety of principle is my primary concern. The amount of capital appreciation and income my investments earn are secondary objectives.
b. My investments should be relatively safe and emphasize current income.
c. My investments can be exposed to moderate levels of risk with the primary goal of generating current income. Capital appreciation over time is a secondary objective.
d. My investments can be exposed to risk and should emphasize growth over time, but should also generate some current income.
e. My investments should emphasize 100% growth over the long term and can be exposed to the full risk that accompanies a diversified equity portfolio.
f. Other: \_\_\_\_\_
7) Which of the corresponding alternatives is most important to you? (Please answer three)
\_\_\_\_\_ Higher Reward OR \_\_\_\_\_ Consistent Returns
\_\_\_\_\_ Current Income OR \_\_\_\_\_ Capital Appreciation
\_\_\_\_\_ No down years OR \_\_\_\_\_ Outperforming Averages
8) Currently, how much income do you want your investment portfolio to provide annually?
\$ \_\_\_\_\_ (Taxable or Tax-Free?) \_\_\_\_\_
9) Other Goals and Objectives? \_\_\_\_\_



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**LIQUIDITY**

- 10) Separate of any extraordinary cash needs, how much cash do you prefer to have on hand at any given time? \_\_\_\_\_
- 11) In the foreseeable future, do you have any extraordinary cash needs you feel may be important to your investment strategy?  
What? \_\_\_\_\_ Cash Needed \_\_\_\_\_
- 12) Relative to your current investments, are any of them illiquid, non-reallocable, or you are reluctant to sell (for past performance, tax, family, personal preference, or other reasons)?  
\_\_\_\_\_  
\_\_\_\_\_

**PAST EXPERIENCE AND EXPECTATIONS**

- 13) If you have ever used a financial or investment manager in the past, what did you like or dislike about the services you received?  
Liked \_\_\_\_\_  
Disliked \_\_\_\_\_
- 14) What total return have you been getting in recent years? \_\_\_\_\_% Or (x)\_\_\_ I don't know.
- 15) How would you describe your economic/investment outlook over the next 12 to 24 months for the following global regions? Very Positive, Somewhat Positive, Neutral, Somewhat Negative, Very Negative, Undecided/No Opinion  
United States? \_\_\_\_\_ Foreign Markets \_\_\_\_\_
- 16) What are your expectations of your financial planner? \_\_\_\_\_  
\_\_\_\_\_

**RISK TOLERANCE**

- 17) How do you define investment risk? \_\_\_\_\_  
\_\_\_\_\_
- 18) The degree to which the value of an investment or portfolio moves up or down is referred to as its "volatility." In general, while volatile investments are more uncertain in the short-term, they have more long-term growth potential than more stable investments. Volatile investments may produce greater losses than less risky alternatives. With respect to your goals, how much volatility are you willing to accept?  
a. Minimal  
b. Some  
c. Moderate  
d. Considerable
- 19) Investors seeking to maximize safety sometimes earn less than the inflation rate. This means while no money is lost; there is a loss in purchasing power. With respect to your goals, which of the following is most true?  
a. I am not willing to lose any principle even if I lose purchasing power.  
b. I am willing to risk an occasional loss of principle so my investments may grow at about the same rate as inflation over time.  
c. It is important that my investments grow faster than inflation. I am willing to accept some risk while trying to achieve this objective.  
d. Over a long period of time, my assets should grow at a much faster rate than inflation. I am willing to take considerable risk while attempting to achieve this goal.



**CARTER CAPITAL  
MANAGEMENT**

**INVESTMENT POLICY STATEMENT**

- 20) Although the stock market (S&P 500) has averaged over 10% annually over the past 70 years, in any given one year period, the stock market has lost over 35%. If your investments totaled \$500,000, at what level of loss are you willing to accept?
  - a. -40% (\$300,000 account value)
  - b. -35% (\$350,000 account value)
  - c. -20% (\$400,000 account value)
  - d. -15% (\$425,000 account value)
  - e. -10% (\$450,000 account value)
  - f. -5% (\$475,000 account value)
  - g. No loss (\$500,000 account value)
- 21) In considering the risk of decline in value, what is the time horizon that you will use to determine if your investment return goals and risk parameters are being met?
  - a. One year
  - b. Three years
  - c. Five years
  - d. Other \_\_\_\_\_
- 22) Consider the following two hypothetical investments, X and Y. Investment X provides an annual return of 5% with minimal risk of principle loss. Investment Y provides an average annual return of 15%, but carries a potential principle loss of 40% or more in given year. If I could choose to invest between Investment X and Investment Y to meet my goal, I would invest my money as follows.
 

a. 100% in Investment X	0% in Investment Y
b. 80% in Investment X	20% in Investment Y
c. 50% in Investment X	50% in Investment Y
d. 20% in Investment X	80% in Investment Y
e. 0% in Investment X	100% in Investment Y

**MANAGEMENT AND COMMUNICATION PROCEDURES**

- 23) How would you prefer your investment decisions to be executed?
  - a. I will execute the investment decisions
  - b. Carter Capital Management will execute the investment decisions
  - c. Execution of investment decisions will take place on a case by case basis
- 24) How often would you like to hear from your financial planner?
  - a. Weekly
  - b. Monthly
  - c. Quarterly
  - d. When Necessary
- 25) How often do feel you should receive a comprehensive monitoring report for your investment portfolio?
  - a. Annually
  - b. Semi – Annually
  - c. Quarterly

**ADDITIONAL INFORMATION:**

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**Client 1 Signature:** \_\_\_\_\_ **Client 2 Signature:** \_\_\_\_\_