
Investment Policy Statement

Prepared for

Mr. and Mrs. Moderate Client
(Main Scenario)

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Provided by

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SECTION 1. SUMMARY

The Investment Policy Statement considers the information you have provided about your present and future financial circumstances. It is to document and ensure the long-term adherence to an investment program. It covers the policies, practices and procedures for managing your investment assets.

Total Assets: \$1,680,000
Time Horizon: 30 years
Return Objective: 10.16% (pre-tax gross)
 9.12% (after-tax net)
Risk Tolerance: Moderate

SECTION 2. OBJECTIVES

These are the main objectives of the investment program. The objectives have been developed in conjunction with a review of your financial resources, financial goals, asset allocation, risk tolerance and time horizon.

1. To take a reasonable amount of investment risk. To maximize return at that risk level.
2. To maintain a prudent diversification of the investment assets.
3. To have the ability to meet the financial goals when each is expected to occur.
4. To minimize potential tax liabilities.
5. To maintain a level of cash reserves in order to meet short-term emergency expenditures.
6. To periodically monitor and revise the portfolio as required.

SECTION 3. TIME HORIZON

This investment program is based on an investment time horizon of at least five years. The investment program does attempt to consider the active management of short-term investment fluctuations. The asset allocation has been developed as a long-term strategy for the management of your investment assets.

SECTION 4. RISK TOLERANCE

Your ability to tolerate the uncertainties, complexities and volatility inherent in the investment markets has been considered in the development of your investment program. The risk tolerance assessment for your portfolio is shown in the Summary section. This profile was developed in part through the use of a risk profiling questionnaire.

Some of the main factors that influence your risk tolerance assessment are: (1) Your age; (2) Your present financial condition; (3) Your future financial goals; (4) Your discretionary income and its variability; (5) and several other factors. These factors suggest your ability to accept investment risk in order to meet your long-term financial goals.

SECTION 5. EXPECTED PERFORMANCE

The long-term expected rate of return on your portfolio is shown below. It is based on the expected long-term total return for each asset class and its percentage weighting in your portfolio. This is compared against the assumed long-term average rate of inflation (as measured by the Consumer Price Index). The difference between your rate of return and the inflation rate is your real (after-inflation) expected return. Actual performance will vary from these assumed rates. The portfolio return may also be reduced by the deduction of advisory, money management, custodial and transaction fees.

Portfolio Return Objective:	10.16% (pre-tax gross)
	9.12% (after-tax net)
Long-Term Inflation Assumption:	2.50%

SECTION 6. HOLDING LIMITS

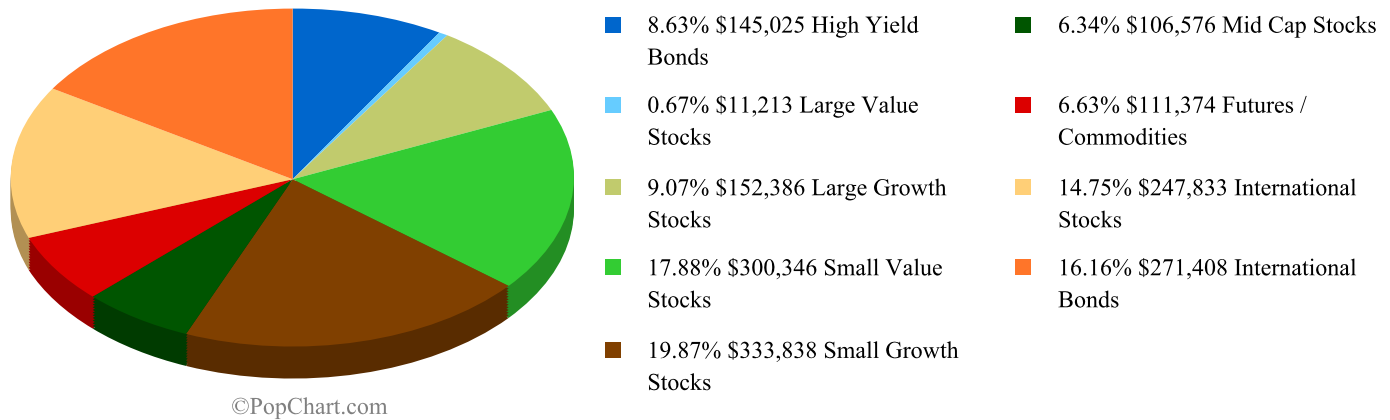
Your portfolio was developed subject to certain holding limitations. These are limitations on the minimum and maximum percentage investment in each asset class.

Holding Limits

Asset Class	Non-Qualified Assets		Qualified Assets		Non-Qualified Tax-Def Assets	
	Min %	Max %	Min %	Max %	Min %	Max %
Cash Equivalents	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%
T-Notes/CDs	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%
Fixed Annuities	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%
Inter-Term Govt Bond	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%
Long-Term Govt Bond	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%
Municipal Bonds	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%
Corporate Bonds	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%
Mtge Backed Bonds	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%
High Yield Bonds	0.00%	25.00%	0.00%	25.00%	0.00%	25.00%
Large Value Stocks	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%
Large Growth Stocks	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%
Small Value Stocks	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%
Small Growth Stocks	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%
Mid Cap Stocks	0.00%	100.00%	0.00%	100.00%	0.00%	0.00%
Balanced Funds	0.00%	100.00%	0.00%	100.00%	0.00%	0.00%
Real Estate	0.00%	100.00%	0.00%	100.00%	0.00%	0.00%
Futures / Commodities	0.00%	100.00%	0.00%	100.00%	0.00%	0.00%
Venture Capital/L.P.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
International Stocks	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%
International Bonds	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%
Emerging Equities	0.00%	25.00%	0.00%	25.00%	0.00%	25.00%

SECTION 7. ASSET ALLOCATION

Based on your financial resources, financial goals, time horizon, tax status, holding limitations, risk tolerance and expected investment performance a recommended portfolio has been determined. The portfolio balances risk and reward and attempts to achieve the stated objectives of the investment program. The composite asset allocation for your investment program is as shown:



SECTION 8. MONITORING AND REVIEW

Investment performance will be monitored and reported to you on a quarterly basis. The investment performance of your investment program shall be compared against the appropriate benchmarks. The investment program will be reviewed at least annually to make sure that it continues to achieve your stated objectives. Since this investment program is long-term in nature, the periodic adjustments made to your investment program should be small.

SECTION 9. REBALANCING

The percentage weighting to each asset class within the investment portfolio will vary. The percentage weighting within each asset class will be allowed to vary within a reasonable range of +/- 5% to 10% depending upon market conditions. When rebalancing is required, investment yield and net cash inflows will be used to meet the strategic asset allocation targets. If cash flow is not sufficient to meet the target allocation for an asset class, we will decide whether to effect transactions in order to rebalance the asset allocation.

SECTION 10. SELECTION CRITERIA

Investment products used to implement the investment program shall be subject to selection criteria. At a minimum, the investment product must be registered, have sufficient historical performance, provide timely compliant quarterly performance, provide necessary details about the firm (personnel, clients, fees, etc.), and strictly adhere to a clearly articulated investment philosophy. Each investment product will be monitored for adherence to your investment policy guidelines, major changes in the product, and comparative performance with similar investment products.

ACCEPTANCE AND ADOPTION:

I (We) have reviewed, approved and adopted this Investment Policy Statement for the investment program prepared with the assistance of James McCarthy.

Client's Signature

Date

Client's Signature

Date

Advisor's Signature

Date