

Investment policy statement (IPS)

This portfolio is designed for a young investor less than 30 years old with a moderately aggressive tolerance for risk. The primary objective of this portfolio is long term growth focused on price appreciation. Furthermore, using a total return strategy capturing interest and dividend income is the underlying secondary investment objective. The portfolio will target an annual total return of 10% with a 3-year average standard deviation of less than 16. The target and annually maintained asset allocation to achieve the risk and return goals for this investment strategy is 70% stocks, 25% bonds and 5% cash. The portfolio is to be rebalanced an annual basis at the beginning of each calendar year starting Jan 1, 2017. Using 3-year statistical data, the investment holding period will be determined using the efficient frontier, upon annual review, when an asset becomes inefficient relative its peers it will be replaced. The investment strategy has no asset restrictions. The portfolio can be invested in ETFs, mutual funds, individual equities, options, futures, and can invest in international markets. The underlying benchmark for comparing relative performance will be 70% S&P 500 Index TR, 25% Barclays Agg Total Bond Market TR, and 5% Three Month T-bill.

Stock-Trak Portfolio Report

Investment Policy Statement for 23-year-old:

Funds are to be invested in moderate to higher-risk investments with equal to or greater risk of stock indices such as the S&P 500 and NASDAQ; hence, investor seeks an annual return of at least 8%.

The portfolio will hold up to 80-percent equity from either domestic or foreign ETFs in an effort to diversify within a given industry or growth area. 15-percent of the portfolio is to be invested in short and intermediate-term fixed income/bond ETFs. The remaining 5-percent will be held in cash as an emergency reserve.

The portfolio is to be rebalanced once per year as well as asset allocation. Also, if losses beyond 15 percent occur, the investment guidelines can be adjusted at the client's discretion.