

# Sample Plan

## Investment Policy Statement

### Introduction

Your Investment Policy Statement is a summary of your current situation, your requirements and goals, and your recommended general investment strategy. Going forward, it will serve as a guide to your investment plan, governing how, why, and where your money is invested. Consider it a living document; this policy will adjust over time as your financial goals and investments evolve.

### Client Information

#### Client Profile

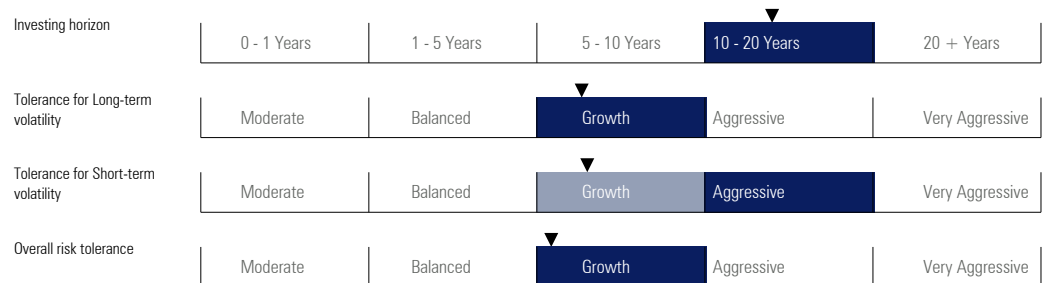
Name: Sample Client  
 Birth Date: 1/09/1960  
 Relationship: Primary Member  
 Gender: Male

### Statement of Objectives

#### Risk Profile

Your risk tolerance is scored based on three factors that impact investing decisions: time horizon, long-term goals and expectations, and short-term risk attitudes. The graph above illustrates your risk tolerance.

#### Risk Questionnaire and Adviser Select Results



**Moderate** This suits investors with a minimum three-year timeframe or those who primarily seek income with some potential for capital growth. This portfolio also suits investors seeking a low level of investment value volatility, and therefore willing to accept lower potential investment performance, hence the 70.0 percent exposure to income assets (cash and fixed interest).

**Balanced** This suits investors with a minimum four-year timeframe or those who seek both income and capital growth. This portfolio suits investors who desire a modest level of capital stability but are willing to accept moderate investment value volatility in return for commensurate potential investment performance, hence the 50.0 percent exposure to growth (shares and listed property) and 50.0 percent exposure to income (cash and fixed interest) assets.

**Growth** This suits investors with a minimum five-year timeframe or those who are willing to accept higher levels of investment value volatility in return for higher potential investment performance. Some capital stability is desired, hence the 30.0 percent exposure to income assets (cash and fixed interest).

**Aggressive** This suits investors with a minimum six-year timeframe or those who are willing to accept high levels of investment value volatility in return for high potential investment performance. The 85.0 exposure to growth assets (shares and listed property) means that capital stability is only a minor concern.

**Very Aggressive** This suits investors with a minimum seven-year timeframe or those who are willing to accept very high levels of investment value volatility to maximise potential investment performance. The 100.0 percent exposure to growth assets (shares and listed property) means that capital stability is not a consideration.

Your risk tolerance is scored based on three factors that impact investing decisions: time horizon, long-term goals and expectations, and short-term risk attitudes. This graph illustrates your risk tolerance.

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## Constraints

### Current Portfolios

Portfolio Name	Owner	Portfolio Type	Value (AUD)
Sample Quick Portfolio	Sample Client	Superannuation	84,344.60
Sample Generic Portfolio	Sample Client	Investment	10,000.00

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Asset Class	Current %
Domestic Equity	63.68
Int'l Equity	2.98
Dom Listed Property	10.57
Int'l Listed Property	0.10
Unlisted Property	1.06
Mortgages	0.00
Dom Fixed Interest	9.67
Int'l Fixed Interest	4.68
Cash	7.27
Other	0.00

**Expense Summary**

Description	Start Year	End Year	Amount (AUD)
Sample Client	2025	2050	5.00% of Income
Travel	2015	2030	5,000.00
Child Tuition	2012	2015	10,000.00

**Legal & Regulatory**

The information contained in this report is not guaranteed to be accurate, complete or timely. Neither your advisor nor anyone who helped your advisor create or populate this report, including, but not limited to, any software or information provider, shall be liable for any damages or losses related to your use of the information contained in it.

**Unique Needs & Circumstances****Asset Allocation****Current vs. Target Allocation**

Current	Target	Portfolio Asset Allocation	Current	Target
		Asset Weight (%)		
		● Domestic Equity	63.68	29.69
		● Int'l Equity	2.98	38.40
		● Dom Listed Property	10.57	0.33
		● Int'l Listed Property	0.10	2.07
		● Unlisted Property	1.06	0.00
		● Mortgages	0.00	0.00
		● Dom Fixed Interest	9.67	3.88
		● Int'l Fixed Interest	4.68	25.63
		● Cash	7.27	0.00
		● Other	0.00	0.00
		Standard Deviation	12.75	9.58
		Expected Return	10.01	9.65
		Yield	0.00	0.00
		Sharpe Ratio	0.79	1.01

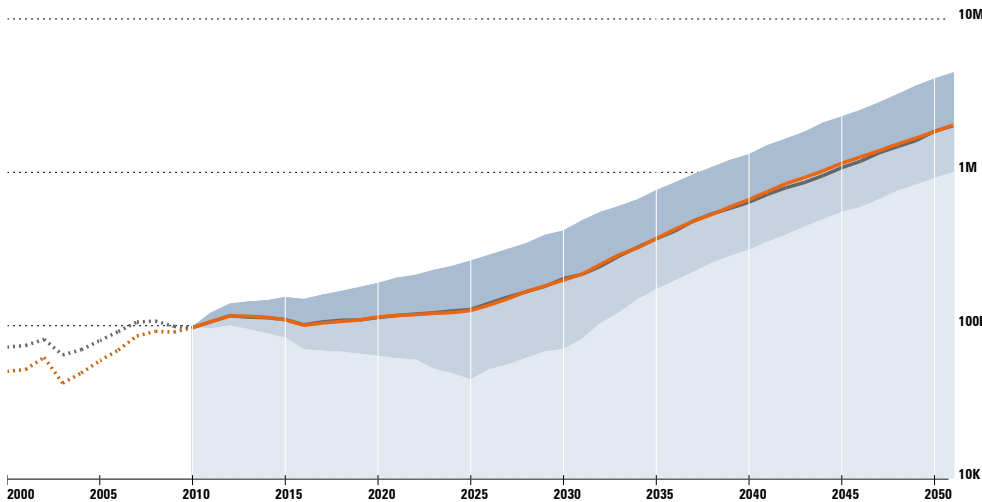
**Probability of Achieving Goal**

We project that you have 98.40% chance of reaching your goals using the new asset allocation. This estimate is based on your current wealth, planned contributions to your portfolios, the risk and return projections for your target asset allocation, expenses, and taxes. Our analysis applied an enhanced Monte Carlo simulation to 500 possible scenarios.

**Wealth Forecast**

Current Allocation: ■ Median ●●● Historical Wealth  
(Wealth (AUD) vs Years)

Target Allocation: ■ 10% ■ 50% ■ 90% ■ Median ●●● Historical Wealth  
(Percentiles)



**Probability of Success**

Current Allocation	97%
Target Allocation	98%

**Wealth Percentiles**

	10th	50th	90th
1Year	91.9K	103.2K	116.3K
3Year	91.0K	112.0K	137.7K
5Year	79.9K	106.0K	147.1K
10Year	60.9K	110.8K	181.7K
41Year	960.2K	2.0M	4.3M

**IMPORTANT:** The projections or other information generated by Advisor Workstation regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results.

Advisor Workstation calculates a range of projected wealth amounts over time based on user-entered data that describes a client's financial situation (e.g., income, assets) and desired financial goals. At the lower end of each wealth range is the amount Advisor Workstation predicts the client will have a 90% chance of attaining or exceeding (labeled as 10th percentile). We also show the wealth levels that the user has an estimated 50% and 10% probability of meeting or exceeding. To determine these income ranges, Morningstar uses an enhanced form of Monte Carlo simulation, a mathematical method used to calculate distributions in statistical models.

**Investments**

**Investment Evaluation & Selection**

In addition to the asset allocation discussed previously, the preferences listed below have been used to select securities to fulfill your investment plan:

**Limitations on Investment Holdings**

**Monitoring Your Progress**

This investment recommendation is based on your current situation, your resources, and your goals. In addition, it is based on our current expectations of the behavior of asset classes included in your asset allocation. Your situation and goals will change over time, as will reasonable performance projections. Other securities may become more appropriate for you over time. Your portfolio should be re-evaluated at least annually to ensure that you are making solid progress toward your goals. In the meantime, please make every effort to update your advisor when substantial changes in your goals or situation take place.

The performance of the securities selected for your portfolio will be monitored on an ongoing basis. Periods of underperformance are not unusual or alarming for an individual security or an asset class as a whole. Our intent in monitoring performance is to ensure that 1) you continue to be on track to achieve your goals, 2) over a reasonable period your investments produce acceptable return in relation to risk, 3) securities contribute to the portfolio as anticipated, and 4) the portfolio continues to feature an acceptable level of risk. If we have concerns about the performance of your securities, we'll contact you to discuss these concerns and necessary changes. Likewise, if you have concerns about the performance of your portfolio, please let us know.

At times, out performance of some securities and underperformance of others may result in the need to rebalance your portfolio to maintain a comfortable level of risk. We anticipate that this may need to be done at least annually.

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Sample Client

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Rachel Baluyot

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**Agreement**

I have reviewed and agree with the tenets of this Investment Policy Statement. I will notify Rachel Baluyot of any changes to my information, risk tolerance, goals, or investments. This policy will be reviewed annually.

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Sample Client

Date

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Rachel Baluyot

Date

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Year	Beginning Balance(AUD)	Additions(AUD)	Withdrawals(AUD)	Investment Gains/Losses(AUD)	Ending Balance(AUD)
2010	94.3K	0.0	0.0	8.8K	103.2K
2011	86.0K	0.0	0.0	26.1K	112.1K
2012	115.2K	0.0	10.7K	7.4K	112.0K
2013	108.7K	0.0	11.2K	12.7K	110.2K
2014	101.4K	0.0	11.2K	15.9K	106.0K
2015	111.6K	0.0	16.6K	2.6K	97.6K
2016	109.8K	0.0	5.5K	-3.3K	101.0K
2017	99.7K	0.0	5.5K	9.2K	103.5K
2018	109.2K	0.0	6.8K	3.3K	105.8K
2019	100.8K	0.0	5.5K	15.4K	110.8K
2020	112.7K	0.0	6.9K	7.4K	113.2K
2021	120.4K	0.0	7.3K	1.5K	114.6K
2022	109.8K	0.0	6.3K	13.3K	116.8K
2023	133.0K	0.0	7.2K	-7.7K	118.1K
2024	123.2K	0.0	7.1K	5.9K	122.0K
2025	137.5K	2.1K	0.0	-7.3K	132.2K
2026	104.9K	785.1	0.0	39.8K	145.5K
2027	145.1K	2.4K	0.0	15.0K	162.5K
2028	148.3K	1.0K	0.0	27.0K	176.3K
2029	174.1K	2.1K	0.0	16.2K	192.4K
2030	171.6K	2.0K	0.0	36.9K	210.5K
2031	212.6K	12.8K	0.0	18.6K	244.1K
2032	225.5K	13.6K	0.0	42.7K	281.7K
2033	282.4K	14.0K	0.0	16.1K	312.5K
2034	279.9K	12.8K	0.0	66.3K	359.0K
2035	359.9K	10.4K	0.0	42.6K	413.0K
2036	425.6K	8.8K	0.0	30.8K	465.2K
2037	475.6K	16.6K	0.0	23.5K	515.8K
2038	566.5K	12.3K	0.0	642.8	579.4K
2039	532.5K	16.0K	0.0	96.2K	644.8K
2040	605.9K	14.3K	0.0	106.6K	726.8K
2041	801.3K	14.0K	0.0	5.3K	820.6K
2042	846.5K	21.1K	0.0	30.3K	898.0K
2043	974.7K	18.4K	0.0	-86.4	993.0K
2044	1.2M	9.2K	0.0	-85.3K	1.1M
2045	1.1M	24.2K	0.0	81.3K	1.2M
2046	1.2M	18.6K	0.0	145.4K	1.3M
2047	1.3M	17.9K	0.0	135.3K	1.5M
2048	1.6M	22.4K	0.0	-22.2K	1.6M
2049	1.4M	12.8K	0.0	367.4K	1.8M
2050	1.7M	9.1K	0.0	253.7K	2.0M

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Your current situation and future income needs.

What is your current age?

- Less than 45  
 45 to 55  
 56 to 65  
 66 to 75  
 Older than 75

When do you expect to start drawing income?

- Not for at least 20 years  
 In 10 to 20 years  
 In 5 to 10 years  
 Not now, but within 5 years  
 Immediately

**Long-Term Goals and Expectations**

Your views of how an investment should perform over the long term.

What is your goal for this investment?

- To grow aggressively  
 To grow significantly  
 To grow moderately  
 To grow with caution  
 To avoid losing money

Assuming normal market conditions, what would you expect from this investment over time?

- To generally keep pace with the stock market  
 To slightly trail the stock market, but make a good profit  
 To trail the stock market, but make a moderate profit  
 To have some stability, but make modest profits  
 To have a high degree of stability, but make small profits

Suppose the stock market performs unusually poorly over the next decade, What would you expect from this investment?

- To lose money  
 To make very little or nothing  
 To make out a little gain  
 To make a modest gain  
 To be little affected by what happens in the stock market

**Short-Term Risk Attitudes**

Your attitude toward short-term volatility.

Which of these statements would best describe your attitudes about the next three years' performance of this investment?

- I don't mind if I lose money  
 I can tolerate a loss  
 I can tolerate a small loss  
 I'd have a hard time tolerating any losses  
 I need to see at least a little return

Which of these statements would best describe your attitudes about the next three months' performance of this investment?

- Who cares? One calendar quarter means nothing  
 I wouldn't worry about losses in that time frame  
 If I suffered a loss of greater than 10%, I'd get concerned  
 I can only tolerate small short-term losses  
 I'd have a hard time stomaching any losses

The Risk Assessment Questionnaire helps determine the most appropriate asset mix for a specific level of risk tolerance.

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Asset Class	Expected Return (%)	Standard Deviation
Domestic Equity	11.47	18.00
Int'l Equity	10.78	15.00
Dom Listed Property	8.67	12.50
Int'l Listed Property	10.10	16.00
Unlisted Property	8.67	12.55
Mortgages	6.05	1.05
Dom Fixed Interest	6.62	5.00
Int'l Fixed Interest	6.29	3.50
Cash	6.05	1.00
Other	6.05	1.06
Inflation	3.00	2.34