



2432 W. Peoria Avenue Suite 1168 Bldg 9 Phoenix AZ 85029 602/995-2100 fax: 602/944-1317

INVESTMENT POLICY STATEMENT

A-Advantage Tax and Financial Services, as a Registered Investment Advisor, finds it to your and our advantage to **ALWAYS** make sure that you, the investor must ultimately live with your accumulated wealth, and to **UNDERSTAND** the seriousness and potential repercussions of your and our investment decisions.

WE ALWAYS WANT YOU TO BE INFORMED OF WHAT INVESTING IS AND WHY IT IS DONE. We want to emphasize that investing occurs every day. Whether we invest our time, money, or something else (intelligence, love, etc.) we always risk losing it forever.

THAT IS WHY we start large and work small with this **INVESTMENT POLICY STATEMENT**. The idea of investing your money to have something more in the future is the most basic concept that we can understand. Therefore that is why we will address investing in three levels:

LEVEL I

INVESTING YOUR MONEY FOR SAFETY AND SAVINGS is the first level. It does require you to address how much of your investment wealth, speaking of dollars, is truly important for you **TO NEVER LOSE, TO EARN FIXED, KNOWN RATES OF RETURN, AND TO ONLY BE SUBJECT TO TAX EROSION AND INFLATION EROSION**. The first section of this **INVESTMENT POLICY STATEMENT** hammers out solid answers to these issues. Please be advised that **INVESTING FOR SAFETY CAN TAKE THE FORM OF UNUSUAL ASSETS AND STRATEGIES**. Also be advised that our general recommendations will always be developed around **SOUND FINANCIAL PLANNING PRINCIPLES** accepted by those who study and practice in this field.

LEVEL II

INVESTING FOR LONG TERM GOALS, I.E. RETIREMENT, COLLEGE SAVINGS, LEGACY TRANSFERS, ETC. is the next level of investing. This level is traditionally done with specific investment products that can go up in value, down in value, and stay at the same value for extended periods of time. These products may or may not have liquidity consequences to them. These products may or may not have sales expenses related to them. Finally these products can never be considered **AS SAFE AS LEVEL ONE INVESTMENTS**. While this description may scare many people away from this type of investing, it is generally recognized that this type of investment product recommended by a scrupulous and ethically honest advisor, has, in the past, rewarded long term investors with gains that make them a historically popular and optimistic choice for setting aside dollars for the above stated purposes. **NO GUARANTEES CAN EVER BE MADE AS TO THE ABILITY OF THESE PRODUCTS TO HELP YOU REACH YOUR LONG TERM FINANCIAL GOALS.**



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LEVEL III

The next and most exciting investment product/strategy involves **TRADING**. As much as the prior two programs are implied to build on each other, really trading is what stimulates the investment concept and makes it work for all levels of investing.

Historically traders have always bought something for one price and sold it for another price. Hopefully for more than they paid for it. This is nothing new and will continue as long as one man has a need and another has a product. **WHEN WE ADDRESS THE CONCEPT OF INVESTING BY TRADING WE TRULY WANT YOU TO ACCEPT THE DOLLAR CONSEQUENCES OF THE INVESTMENT PRODUCT GOING UP IN VALUE, OR GOING DOWN IN VALUE.** Although we think we know about trading, it is really up to you to make the final decision as to when to buy and sell a given investment security. All this being said, we truly need to educate you as to how and why to **TRADE**. Once you have a feel for the tools we use to introduce you to trading, only then can you be set free to buy and sell on your own behalf. We will always give subjective advice on the trading process. And hopefully it will reward you with profitable trades. **BUT TRADING DOES NOT MAKE YOUR LONG TERM FINANCIAL GOALS EASIER TO ATTAIN. IN FACT IT PROBABLY MAKES THEM HARDER TO ATTAIN.**

As a trader of stocks, bonds, mutual funds, gold, land, options, ETF's postage stamps, precious materials, items found on ebay, old cars, or parts of old cars, it still requires you to **KNOW YOUR MARKET** and know your limits. And that is the purpose of developing an **INVESTMENT POLICY STATEMENT**.

With the above broad definitions being stated, lets drill down and see what really makes you tick as an investor.

I HAVE READ THE ABOVE INFORMATION AND HAVE A GENERAL SENSE OF THE CONCEPTS INVOLVED.

Signed this _____ day of _____, 20_____



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LEVEL I INVESTMENT CRITERIA(Please circle your response where appropriate):

I know the difference between a checking account, a savings account, a money market account, and a certificate of deposit?

Yes

No

I currently own one, two or more of the above referenced accounts?

Yes

No

Not only do I own them, but I can tell you within \$500(combined) how much I have in each type of account

Yes

No

The amounts and types of accounts I have as of this date are:

Checking account with a dollar value of _____

Savings account with a dollar value of _____

Money market account with a dollar value of _____

Certificate of deposit with a dollar value of _____

In the event of a work or emergency related catastrophe I need \$_____ to survive on. This is approximately _____ months of my living expenses.

I have that amount of money in the above types of accounts.

Yes

No

I recognize a need to save for emergencies or other things.

Yes

No

I consistently put money aside in the above referenced accounts.

Yes

No

I am properly insured against a loss of life, health, or working catastrophe.

Yes

No



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LEVEL II INVESTMENT CRITERIA

I have set aside the above reference savings dollars and am now interested and/or doing Level II investing

Yes No

I have been involved in level II investing for _____ years.

I currently know what the following investments are:

US Government Bonds (any type) Yes No
Mutual Funds Yes No
Stocks Yes No
Bonds Yes No

If Yes, I own the following investments and they have approximate values of:

US Government Bonds (any type)
Mutual Funds
Stocks
Bonds

I am familiar with investment time horizons for my long-term financial commitments.

Yes No

I know when I want to retire.

Yes No

OR conversely I am retired and I know how long I want my money to last.

Yes No

I am familiar with terms like capital gains, dividends, operating expenses and commissions.

Yes No

I understand that there is always a cost to investing my money.

Yes No

I have used systematic investment programs and know how to keep track of my money.

Yes No

I know how to compare my wealth growth over long time frames in percentage terms.

Yes No

I need _____ dollars in _____ years to retire successfully.

I know that I will get a pension when I retire.

Yes No



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LEVEL III INVESTMENT CRITERIA

I understand the term risk as it relates to my LEVEL II AND LEVEL III investments.

Yes No

I have taken an investment class.

Yes No

I consider myself an experienced investor.

Yes No

I have made or lost \$1000.00's of dollars trading stocks or other investments

Yes No

I have measured my investment returns in percentages or dollars over long periods of time.

Yes No

If the stock market were to be effected by a major catastrophic event, such as a terrorist attack, a natural disaster, or some other unforeseen event I would

- Sell at my first opportunity _____
- Wait a day or so and then buy _____
- Sit back and realize that the market always recovers _____
- Contact my Registered Investment Advisor _____
- Do something else _____

I know what margin is.

Yes No

I have used or am not afraid to use margin for investing or trading purposes.

Yes No

I expect to start spending my investment portfolio within _____ years.

I want to give money to someone after I die.

Yes No

I am familiar with Internet investment information sources.

Yes No

I spend _____ hours per week reviewing my financial situation.

I am interested in understanding sophisticated investment strategies, such as options.

Yes No



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LEVEL III TRADING CRITERIA

Successful traders realize that there are many ways to make money trading. Whether the market goes up, or down, a trader is willing to trade it with the complete understanding that the trading capital is at risk of loss EVERY TRADE.

WE WANT TO HELP YOU become a successful trader. With that in mind lets build your trading parameters.

The amount of money I want to trade with is: _____

The amount of money I am willing to lose on any trade is: _____

The amount of money I am willing to make on any trade is: _____

The number of shares I want to buy on a given trade is: _____

The price I want to pay for stock is: _____

I want to use fundamental analysis of stocks based on the following:

Sales Growth	How Much	
Earnings Growth	How Much	
Industry Groups:	1)	2) 3)
Other fundamental trading parameters:		

I want to use technical indicators to help me engineer my trades. This would include:

Moving averages
Momentum indicators
Weekly/daily, or other trend lines
Other technical trading parameters:
