

PERSONALIZED INVESTMENT PLAN

Portfolio Recommendation and Investment Policy Statement



Prepared for
Robert Q. Sample

June 25, 2008

by First Affirmative Financial Network, LLC on behalf of

Kathy Stearns, AIF®

Arc Advisers, LLC
P.O. Box 488
Boise, Idaho 83701
208-350-6557



Summary Profile

Account Group Title:	Robert Q. Sample	
Approximate Initial	Rollover IRA	\$125,000
Investments:	TOTAL:	\$125,000
Total Portfolio Objectives:	Nearest Model Portfolio: Balanced Average Annual Return Objective: 8.0%	
Risk Tolerance:	Conservative to Moderate Expected Standard Deviation 9.36%	
Planned Contributions:	Rollover IRA: None Specified.	
Planned Withdrawals:	Rollover IRA: None Specified.	
Investment Time Horizon:	Rollover IRA: Long Term: More than 10 years	
Social Policy:	Social Policy Questionnaire Stored on File See Social Policy Questionnaire for details.	
Financial Adviser:	Kathy Stearns	

Introduction

This Personalized Investment Plan has been created by First Affirmative Financial Network to enable you to meet your long-term financial goals. It is the result of a comprehensive review and analysis process that began when you discussed your investment needs with your Financial Adviser, and has been designed in accordance with the information you and your adviser have given us about your investment goals and risk tolerance.

The recommended portfolio illustrated in these pages includes a range of investment options that are accessible, appropriate for your situation, and suitable from a fiduciary standpoint. Most investment management programs are subject to some set of limitations. Certain asset classes may not be available to the managers responsible for your portfolio—the range of suitable choices may be limited. As a result, the performance of your portfolio may differ somewhat from similar portfolios managed by other firms.

The following pages illustrate the proposed asset allocation we have developed for your portfolio, along with historical performance information for a portfolio with the same basic asset allocation. Upon approval, it will become the Investment Policy Statement (IPS) that will guide the management of your investment portfolio.

Your portfolio will be managed with discretion by First Affirmative Financial Network, LLC, a Registered Investment Adviser regulated by the Securities and Exchange Commission (SEC).

Purpose of an Investment Policy Statement

The asset allocations performed by First Affirmative are based upon the expected return and risk of the various asset classes. Significant risk, particularly over short periods of time, may accompany investments in stocks and bonds. The purpose of the Investment Policy Statement (IPS) is to articulate your objectives, risk tolerance, liquidity needs, time horizon, tax considerations, and unique circumstances, and to describe an investment strategy that will incorporate these considerations.

The IPS is the linkage between your objectives and the investment manager or managers. Its general purpose is to help you maintain a disciplined investment strategy and avoid spontaneous revisions and/or emotional decisions, so as to make achieving your financial goals and objectives more likely.

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Sustainable Investment Solutions incorporates several managed account strategies. No reasonable long-term investment strategy is without some degree of market risk. Keep in mind that your portfolio will fluctuate in value, and may be worth, upon redemption, more or less than your original investment.

History teaches that both investment managers and clients need help if they are to hold successfully to the discipline of long-term commitments. This means restraining themselves from reacting inappropriately to disconcerting short-term data and keeping themselves from taking those unwise actions that seem so obvious and urgent to optimists at market highs and to pessimists at market lows. The best shield for long-term policies against the outrageous attacks of acute short-term data and distress are knowledge and understanding committed to writing.

— Charles D. Ellis,
Winning the Loser's Game

Scope of Investment Policy

The scope of this Investment Policy Statement is limited to the following accounts/portfolios:

Rollover IRA	\$125,000
TOTAL:	\$125,000

These account initial values are approximate and are based on the information that has been provided to us. Your account values will, of course, change over time.

Other assets you may own, if not identified specifically, are beyond the scope of this Investment Policy Statement.

Delegation of Authority

With the acceptance of this Investment Policy Statement, First Affirmative is authorized to manage your portfolio with discretion in accordance with this Policy. Please see the Client Service Agreement for more information on the Delegation of Authority with respect to your portfolio.

General Investment Principles

Many professional investment advisers believe that the most important factor in the long-term performance of an investment program is asset allocation. Timing and securities selection are believed to be smaller determinants of performance. The goal of an asset allocation strategy is to develop an investment portfolio that utilizes various types of investment options in such a manner as to enhance total portfolio return and reduce market risks.

Supported by academic research and according to fiduciary standards of care, First Affirmative emphasizes a non-heroic approach to risk management through prudent, efficient asset allocation. We believe in broad diversification in the implementation of the overall allocation, using mutual funds, folios, and/or separate accounts whose managers we know and whose investment processes we understand. To the extent that is practical, our portfolios are diversified as to asset classes, investment styles, and managers.

Investment Goals and Objectives

Your questionnaire indicates that for this portfolio, the following type of portfolio would make you most comfortable: **One with moderate growth potential and moderate volatility**

The investment objective of your overall portfolio is **to balance long term growth and short term protection against volatility, and you have indicated your willingness to accept less than maximum potential returns in order to achieve protection against significant downward fluctuations in portfolio value.** As a result, a "Balanced" management style is recommended.

This recommendation has been developed in conjunction with a review of your financial resources, financial goals, asset allocation, risk tolerance, and time horizon. In the management of your portfolio, and in order to accomplish this objective, First Affirmative, your Adviser, and/or the third-party managers selected to manage your portfolio will:

- Take a reasonable amount of investment risk and attempt to maximize potential total return at that specified risk level;

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- Maintain prudent diversification of investment assets;
- Strive to help you meet identified financial goals when each is expected to occur;
- Help you manage potential tax liabilities;
- Maintain a level of liquidity in order to meet short-term expense and cash flow needs;
- Monitor the portfolio, and revise as needed;
- Control investment expenses;
- Avoid prohibited transactions, and minimize conflicts of interest;
- Apply generally recognized socially responsible screening policies, and adhere to your specific social policy guidance (detailed in the “Social Policy” section below).

Prior performance is never a guarantee of future results; there can be no assurance that this or any investment program will achieve its objectives or generate profitable results.

Risk Tolerance

Your expressed ability to tolerate some of the uncertainties, complexities, and volatility inherent in the investment markets has been considered in the development of your portfolio. Your indicated risk tolerance for the accounts/portfolios covered by this Investment Policy Statement is [conservative to moderate](#).

Some of the main factors that determine your risk tolerance are: your age, your present financial condition, your future financial goals, your discretionary income and its variability, your cash flow needs, and other information you have provided. Our analysis of these factors suggests that you have the ability to accept the investment risk necessary to meet your investment objectives. Please contact your Adviser immediately if any factors that affect your risk tolerance change substantially.

Time Horizon

You have indicated that you would like us to invest this portfolio for the following time horizon:

[Rollover IRA: Long Term: More than 10 years](#)

Contribution/Withdrawal Policy

At this time, you have indicated that you intend to make the following additions and withdrawals from this portfolio:

Planned Contributions: [Rollover IRA: None Specified.](#)

Planned Withdrawals: [Rollover IRA: None Specified.](#)

Your investments will be managed accordingly. Should your needs shift, please contact your Adviser.

Social Policy

Social screening will always affect the composition of your portfolio, and is likely to cause its risk and return characteristics to be somewhat different from a comparable, unscreened portfolio. Your Questionnaire includes the following instructions regarding your Social Policy:

[Social Policy Questionnaire Stored on File](#)

[See Social Policy Questionnaire for details.](#)

Proxy Voting Policy

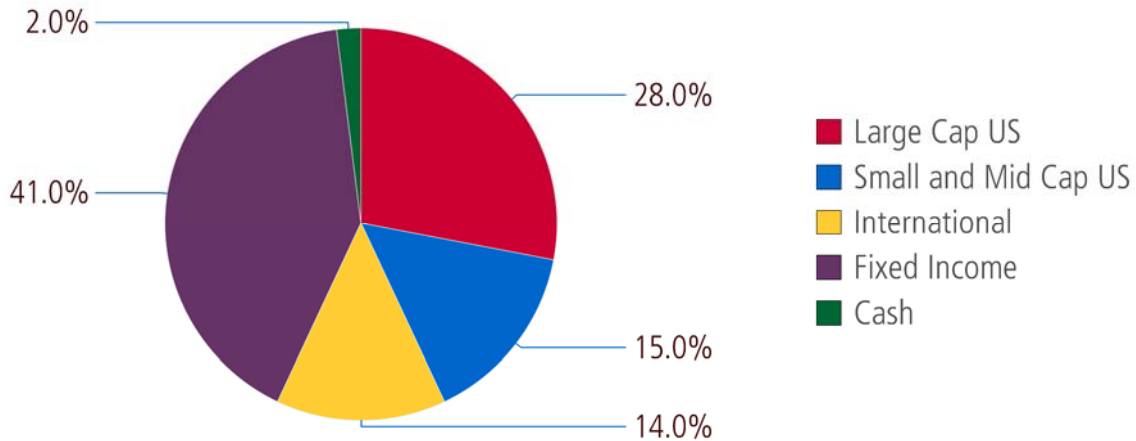
You have chosen the following Proxy Voting Policy: [I elect to have First Affirmative Financial Network LLC to vote my proxies.](#) A summary of our proxy-voting policy is available on request.

Other Considerations

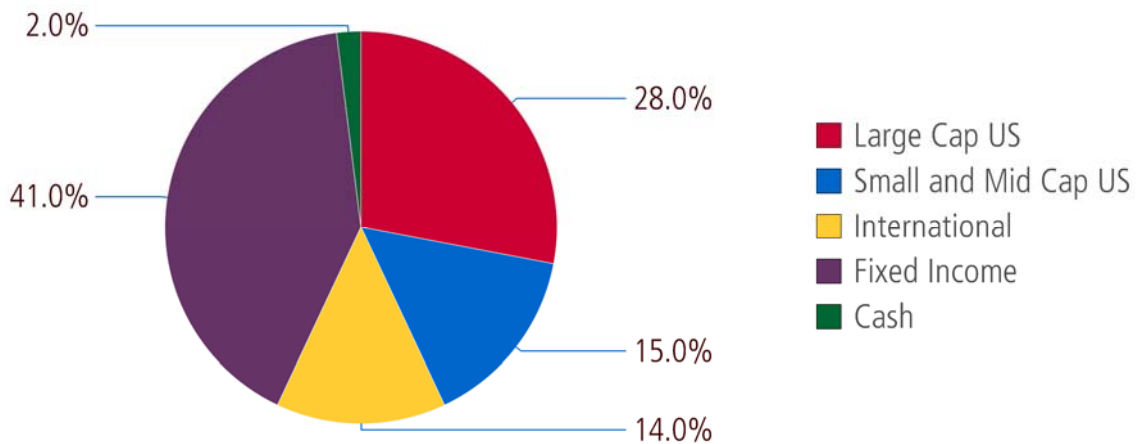
[None Specified.](#)

Portfolio Target Asset Allocation Recommendation

Your Proposed Portfolio Allocation

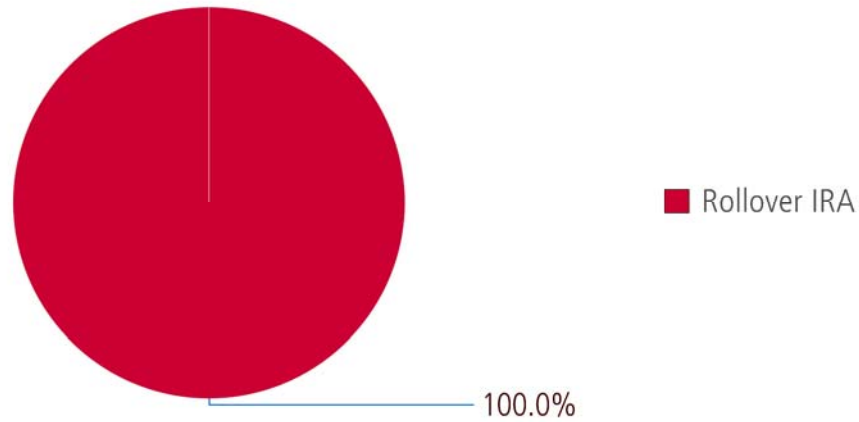


Closest-Fit Model Portfolio Allocation: Balanced



These graphs and tables represent approximate current values of these accounts and target portfolio allocations. Market conditions may cause changes to the account values, or necessitate changes to the target allocations that First Affirmative will make without prior notification. Both your unique investment and social requirements, and the different performance of different asset classes, may cause your portfolio's allocation and performance to vary from the target allocation portfolio.

Portfolio Implementation Recommendation



Account	Solution	Model Portfolio	Approximate Initial Investment
Rollover IRA	Efficiencies	Balanced	\$125,000

More information on the Solutions and Model Portfolios included in this Portfolio Implementation Recommendation is available from your Adviser, and in an Addendum to this Investment Policy Statement.

Goals, Risk, and Expected Future Performance

The following two graphs represent a series of long-range return probabilities for an investment account allocated according to the recommendation developed for your specific situation. Figure 1, “Range of Expected Returns”, shows that the probability of unusually high or low average annual returns diminishes over time; Figure 2, “Range of Expected Ending Values”, shows that when returns are expressed instead in dollars, both portfolio risk and positive and negative return potential increase over time. The graphs are based on the probabilities of total return outcomes for various periods. Normally, outcomes can be expected to occur between +1 and -1 standard deviation 68% of the time, and between +2 and -2 standard deviations 95% of the time. However, abnormally sharp advances and declines do occur with greater frequency than these graphs depict.

Note also that the Expected Ending Values depicted in Figure 2 are calculated under the assumption that there will be no significant cash flows: in other words, that there will be no large additions or withdrawals, and also that dividends will be reinvested. To the extent that dividends are paid out in cash, rather than reinvested, expected ending values will be reduced – and while this effect may seem small in the short-term, it will be very large in the long term.

These graphs are not projections or implied promises of future performance. Historical performance is not a guarantee of future results. Note also that your portfolio’s return will be reduced by the deduction of advisory, money management, custodial and transaction fees.

Figure 1: Range of Expected Returns

Balanced Portfolio

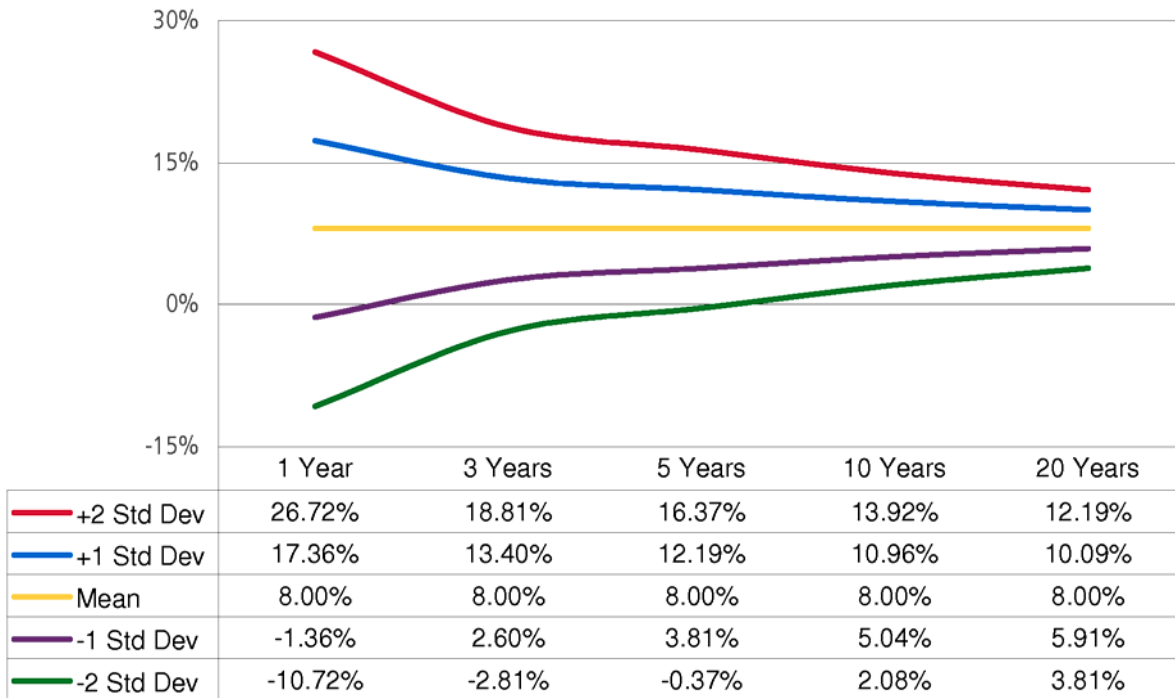
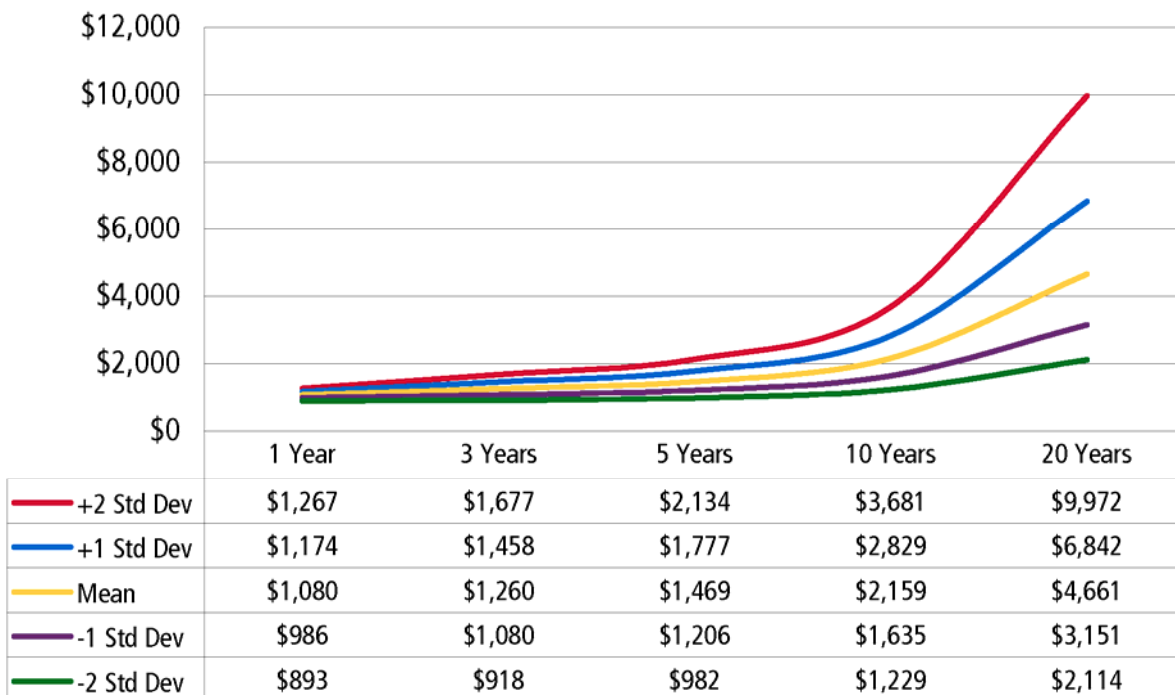


Figure 2: Range of Expected Ending Values

Balanced Portfolio



Another View of Investment Risk

Current academic debates over such significant issues as the appropriate values for the “equity risk premium” over the next decade, and other statistical evaluations have called certain aspects of these models into question. It is possible that your portfolio’s performance could vary significantly from these models.

There are many other definitions of investment risk, for example: a portfolio being worth less upon redemption than the original contribution, assets being illiquid or subject to a penalty for early withdrawal, performance at a significant variance (up or down) from expectations or target benchmarks, failure to grow enough to meet future needs or expectations such as college funding or retirement, failure to keep up with inflation, or even losing property as a result of war, terrorism, natural disaster or government action.

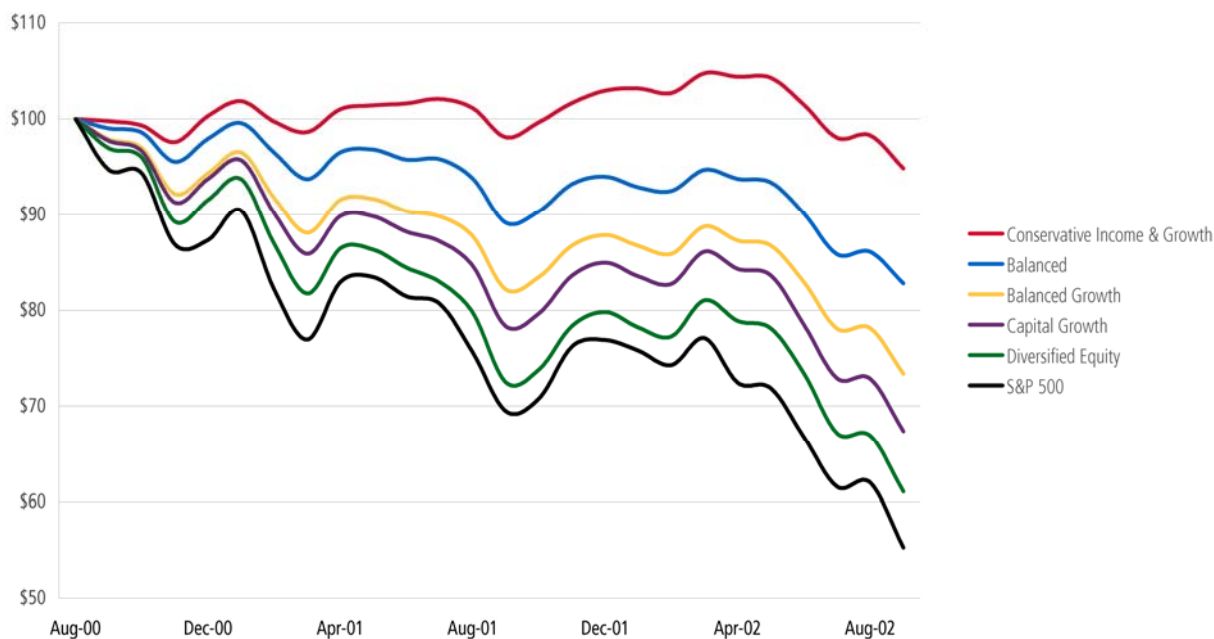
Investors tend most frequently to think about risk and return as dollars gained or lost, as opposed to percentage returns, positive or negative. It is common for investors to define “loss” as the amount a portfolio drops from a previous high valuation, rather than as a decline in the dollar amount invested. With that in mind, we have evaluated the recent “bear market” (2000-2003) which was among the most severe in modern financial history.

The graph in Figure 3, “Bear Market Performance”, shows the effect of the slide in the markets during the period from the highest month-end close of the S&P 500 Index in August 2000, through the lowest month-end close of the same index in October 2002. First Affirmative had client assets under management in diversified portfolios throughout this period. The graph shows the actual performance, net of fees, of different groups of portfolios, based on their allocation to equities (U.S. and International stocks, represented by SRI mutual funds), fixed income (U.S. bonds and mortgage backed securities, also represented by SRI mutual funds) and cash.

As you can see, \$100,000 held in a portfolio of large U.S. stocks, represented by the S&P 500 Index, fell by almost half. More conservative allocations lost proportionately less. You should also understand that the more conservative allocations went up less in the “bull market” that preceded this downturn. Risk of loss and opportunity for return go hand in hand. First Affirmative can give no assurance that any of our investment strategies will get your investments into markets before they go up and out again before they go down—in fact, you should not expect any advisor or portfolio manager to be able to achieve this feat on a regular basis.

Figure 3: Bear Market Performance: Value of \$100,000

Start Value of \$100,000, in thousands



Performance by Style	Equity	Fixed Income	Cash	End Value	Months to Recovery
Conservative Income & Growth	44.5%	52.5%	3.0%	\$94,850	8
Balanced	57.0%	41.0%	2.0%	\$82,820	14
Balanced Growth	70.0%	28.5%	1.5%	\$73,400	26
Capital Growth	82.5%	16.5%	1.0%	\$67,070	35
Diversified Equity	96.0%	3.0%	1.0%	\$61,070	42
S&P 500	100.0%			\$55,260	50

The asset allocation percentages presented here are approximate. Composite performance shown is net of all fees charged to clients, transaction costs, and internal mutual fund expenses. It includes the performance of any cash allocations. Composites are asset weighted, so larger portfolios carry a greater weight in the average. The S&P 500 is an unmanaged index often used as a proxy for “the market.” Investors cannot invest directly in the S&P 500, but can purchase mutual funds designed to track its performance.

Past performance is no guarantee of future results. There can be no assurance that any investment strategy will generate profitable results. This information is provided for comparative and educational purposes only and does not represent any claim or projection of future results.

Transaction Expense Policy

First Affirmative and your Adviser have a fiduciary duty to you to control and account for all your investment expenses, including obtaining the “best execution” on your transactions. First Affirmative must consider the full range and quality of a broker's services in placing your account(s) including, among other things, the value of research provided as well as execution capability, commission rate(trading costs), financial responsibility, and responsiveness. The determinative factor is therefore not the lowest possible trading costs but includes the items mentioned above. At least quarterly, First Affirmative will review all client costs associated with all of our custodial relationships and determine if our Clients’ best interests are still being served by these relationships.

Rebalancing

The percentage weighting in each asset class within your portfolio will be allowed to vary within a reasonable range, depending on market conditions. When rebalancing is required, investment yield (i.e., dividends and interest) and net cash inflows and outflows will be used first to meet the strategic asset allocation targets. If this is not sufficient, program managers may effect transactions in order to rebalance the asset allocation.

Tax Strategy

All IRA accounts are tax-qualified, meaning that portfolio activity normally does not create tax consequences. Any IRA accounts within your portfolio will be managed accordingly.

In taxable accounts, all interest, dividends and capital gains are subject to income tax in the year they are realized. Taxes may be paid from the assets within the account or from outside sources. Taxes affect long-term portfolio performance, and thus should be managed to the extent practical within the methodology of the investment program. Based on the instructions you have provided, and at the discretion of First Affirmative, tax management of this account may include such strategies as the use of tax-exempt bond funds, or recognizing losses to offset gains at year-end or as appropriate throughout the year. Please keep in mind that the more you can communicate with your Adviser regarding any changes in your tax situation, the better First Affirmative and your Adviser will be able to tailor our services to your needs.

Tax management does not mean that we should strive to minimize taxes, if by doing so we compromise the overall risk/return profile of your portfolio. In the course of providing more

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efficient diversification, therefore, we may sell certain existing and/or future positions from your account. Some of these liquidations may trigger capital gains. You should be aware of and plan for these additional taxes. Although it is usually good tax policy to defer or avoid paying taxes for as long as possible, it is good investment policy to diversify, and to prevent tax considerations from dominating investment decisions.

If the investment strategy includes the use of folios, please be aware that folio managers may sell positions which, in the first year of your investment, will result in realized short-term gains and/or losses. This is unavoidable. Folio managers are aware of tax issues, and when they wish to realize gains from a profitable folio holding, they strive to realize long-term capital gains (as opposed to short-term capital gains). But because folios managers do not manage individual client accounts, they cannot know or base their decisions on each client's tax basis and date of purchase. Our opinion is that the relative tax inefficiency this brings to our clients' first year of investment in folios is more than offset by the long term benefits of the investment strategy.

By signing this Investment Policy Statement, you attest to your understanding of and agreement with the decision to diversify and to accept the tax consequences thereof.

Performance Reporting and Monitoring

Your personal Financial Adviser is available to answer questions, provide information, and help you follow your progress. As a client of First Affirmative, you will receive the following personal reports:

- **Confirmations:** Whenever there has been a change in your portfolio, or when any other account transaction has occurred, you will receive a confirmation directly from the custodian (FOLIOfn or Charles Schwab & Co.).
- **Monthly Statements:** You will receive monthly account statements directly from the custodian (FOLIOfn or Charles Schwab & Co.).
- **Quarterly Reports:** You will receive a quarterly summary of your portfolio's performance and a copy of our newsletter, *Affirmative Thinking*, from First Affirmative.
- **Annual Review:** In addition to an annual performance report and tax reporting information, you can expect that your Adviser will review your investment objectives and financial goals with you at least once a year.

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Acceptance and Adoption

I (we) have reviewed, approved and adopted this Investment Policy Statement for Sustainable Investment Solutions, prepared with the assistance of First Affirmative Financial Network, LLC.

Client/Representative Name (please print)

Client Name (please print)

Signature

Signature

Date

Date

Title (e.g., trustee)

Title (e.g., trustee)

Financial Adviser's Signature

Date



June 25, 2008

Johann A. Klaassen, Ph.D., AIF®
VP, Managed Account Programs