



Investment Policy Statement – 2015

The purpose of this investment policy statement (IPS) is to assist McFarlin Financial Partners (MFP) in effectively allocating, monitoring and evaluating the investment performance of its client accounts. This IPS is also intended to inform employees, clients and prospects of McFarlin Financial Partners about the investment philosophy and general strategy of the principal, Hunter McFarlin, CFP®. Though our advice is guided by this IPS, each client is distinct. Therefore, every institution and individual is provided a proposal of recommendations, which will be discussed and agreed upon before making any investment allocations. All recommendations are customized for the institutional or personal client to suit specific concerns and to comply with our investment research committee guidelines.

We advise clients under the authority of the SEC (Securities Exchange Commission), FINRA (Financial Regulatory Authority) and Kalos Capital, our broker-dealer. This means that Kalos supervises our communication with the public and with our clients according to the rules and regulations set forth by the SEC and FINRA. The supervision includes emails, events and written correspondence, as well as any advertisements and social networking posts, blogs, or tweets put out by McFarlin Financial Partners employees and proposed investment allocations. Kalos supervises and approves the suitability of all investments made for each client. All McFarlin Financial Partners employees are held accountable to Kalos' company guidelines, FINRA's regulatory authority and the SEC rules and regulations. Hunter McFarlin is accountable to the code of ethics and continuing education requirements of the Certified Financial Planners® Board of Standards and the Real Estate Investment Securities Association's Direct Participation Program Advisor certification.

The primary custodian of our clients' accounts is NFS (National Financial Services, a Fidelity-owned company). NFS holds nearly all client assets and provides reporting through monthly statements and online account access.

The aim of MFP's investment strategy is threefold, to: 1. preserve capital, 2. provide income, and 3. outperform inflation by 7% each year. Our inflation reference is the CPI (Consumer Price Index) published by the U.S. Department of Labor. We hold each of these three objectives in equal and utmost importance. Currently, McFarlin Financial Partners' overall objective is to provide clients with an asset allocation that will be reasonably expected to provide a 10-year average annual rate of return of 10%. The objectives of 7% growth above inflation each year and the 10-year average of 10% are the measurements we use to judge our performance. MFP's team works diligently toward these results and measures effectiveness by comparing our clients' portfolios to these specific objectives.

Similar to the Endowment Model, we believe in illiquid income-producing assets as a significant core for an investment portfolio. The State of Tennessee requires clients to have a minimum household net worth of \$250,000 or a net worth of \$70,000 combined with income of \$70,000 to be eligible for these investments. These assets include non-traded REITs (Real Estate Investment Trusts), Equipment Finance, Mineral Rights, Oil & Gas Infrastructure and Drilling Programs, Business Development Companies and Private Equity Funds. These companies typically provide monthly or quarterly cash flow. McFarlin Financial Partners rely on diversified equity and bond products, and fixed and variable annuities. Likewise, we assist clients with life insurance and long term care protection and self-directed IRA investing.

The proper allocation and use of various investment products are unique for each client. Risk tolerance, liquidity demands, time horizon, institutional investment policy guidelines, personal and family concerns and other factors play a significant role in each client's personal/organizational financial considerations. It is MFP's objective to engage in extensive dialogue to reach a mutual understanding of investor preferences, balanced with investment opportunity and limitations, to create the most suitable portfolio structure and individual or institutional investment strategy.