

Keep It Simple Guide To Investing

■ *Investing Should Not Be Complicated*

In this *Keep It Simple Guide to Investing*, we outline our firm's investment philosophy and suggest some basic steps you can take to reach your financial goals.

We've tried to make this a quick read, tried to keep it simple, but at the same time include all of the essential information you need to invest wisely.

You are encouraged to speak with a financial advisor about your own circumstances. She may be able to further refine your goals and investment strategy. But this Guide will be a good start.

■ *Save Enough*

Here's the most important question: "How much money do you save every month?"

The answer to that question has a much greater impact on whether you achieve your financial goals than where you invest your money.

If you do not save enough of your income on a monthly or annual basis, it doesn't matter much where you put your money or what return you get on your investments. You aren't going to reach your financial goals.

By far, the largest factor in a successful investment strategy is how much you save and how soon you start to save. A high savings rate may compensate for below average investment returns and poor investment decisions, but the opposite is rarely true.

Assuming average market returns of 8%, a person age 35 who starts saving \$250 a month will have \$372,590 at age 65. If the person waits to age 45 to start saving \$250 a month, they will have only \$147,255 at age 65, just 40% as much. *These results are hypothetical and do not represent any particular investment.*

Consider saving at least 5%, preferably 10%, of your monthly income. The sooner you start, the more opportunity your money has to grow and work for you.

■ *Allocate Your Money*

The next step is to divide up your money based on when you need it.

Cash Reserve (Short Term Money). First, set aside some savings for emergencies, such as a lost job or medical expense. A good rule of thumb is to keep in cash 6 months of living expenses.

Also we suggest paying off any debts with an interest rate over 10%. No sense investing to earn 6-10% a year if you pay 14% in interest on a credit card balance.



Bonds (Medium Term Money). Next, determine how much money you will need within 15 years. This could be savings for a down payment on a house or to pay for a child's education.

If you are retired or nearing retirement, include here the money you will withdraw over the next 15 years as retirement income. For example, if you will retire in 10 years and plan

to withdraw \$20,000 per year in retirement, include \$100,000 (\$20,000 per year x 5 years) in this bucket.

For the amount of money you need within 15 years, consider investing in bonds. Bonds historically give a better return than keeping money in cash, but are typically less volatile than stocks. For your medium term needs, you don't want the money to go down substantially as you will need it fairly soon.

Stocks (Long Term Money). Consider investing your money, less the amount in cash reserve and bonds, in stocks. Stocks tend to provide the best return over time and typically outpace bonds by an average of 3-5% per year ¹.

Stocks may go up and down in bigger swings over the short to medium term. But, historically if you hold stocks for long periods of time, returns can be significantly more than other types of investments.

■ *Use Index Investing*

Now that you have divided up your money into cash, bonds and stocks, choose specific investments to put your money to work.

Instead of picking individual stocks and bonds to buy, or investing in a mutual fund where a professional manager tries to pick winning stocks and bonds, consider index investing.

The idea with index investing is to own the whole market at a low cost so your returns will closely track the overall market average.

Historically, this works better than trying to pick particular stocks and bonds. Evidence suggests that over the long haul just 0.6% of stock picking mutual funds outperformed the market².

Even when a manager is lucky enough to beat the market one year, he typically won't beat it the next year, so an investor in actively managed mutual funds inevitably falls behind the overall market.

To avoid this poor performance of stock picking fund managers, consider owning the entire stock or bond market using index investing.

■ *Stick With It*

One of the biggest mistakes investors make is losing faith in their investment strategy and changing direction. They make some investments, and when the

market goes down or they get nervous, they bail out of the strategy and do something else.

A similar variation of this mistake is to believe you can guess when the market is headed up or down and buy and sell your investments to time the market.

You do not know which way the market will go and cannot time the market. Do not even try.

Evidence suggests that individual investors may lose up to 80% of market returns by entering and exiting the market at the wrong times. Don't be one of them.

Use this Guide to lay out a plan for saving and investing and stick with it.

■ *About U.S. One*

U.S. One, Inc. is an SEC registered investment advisor. We strive to improve the results for individual investors through information and products that hold true to the time honored conservative principles of buy-and-hold, low cost index investing.

For more information, please contact us at:

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Join our email list for further information and updates at: www.onefund.com/email.

Example Investment Portfolio

Category	Investment Product	Notes
Cash	30 to 90 day bank CD, savings account or money market fund	Choose one or more based on current interest rates. For money that needs to be immediately available, so don't commit to anything that holds your money for very long.
Bonds	A total bond market fund	Many bond funds exist which follow an index investing strategy. You may choose one with investment grade corporate and U.S government bonds at a low cost (under 0.25% annual expenses.)
Stocks	One Fund ETF (ONEF)	Broad diversification, including large and small companies in the U.S. and abroad in a single fund. Follows index investing strategy.

How To Buy An ETF: One Fund is an Exchange-Traded Fund (ETF). You buy ETFs like a stock through your brokerage account. Use the ticker symbol shown in () above to buy the number of shares you want to own.

■ *Important Information*

It is important to note that while all investments are subject to certain risks, stocks have a greater degree of risk than bonds. Although both fluctuate in value, stocks are considered to have a greater degree of risk and increased volatility. Investing in foreign securities involves more risk than investing in U.S. companies due to currency fluctuations, economic or financial instability, lack of timely or reliable financial information and unfavorable political or legal developments. Certificates of deposits (CDs) are insured and offer a fixed rate of return. Money market funds are not insured and it is possible to lose money.

■ *Not Investment Advice*

This Guide is for informational purposes only and is not an offer, solicitation or recommendation that any particular investor should purchase or sell any particular security or pursue a particular investment strategy. The investment strategies and the securities shown may not be suitable for you. U.S. One, Inc. expressly disclaims all liability in respect to actions taken based on this Guide.

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■ *One Fund Disclosure*

One Fund is advised by U.S. One, Inc. and the following disclosure applies to any references to One Fund.

Before investing you should carefully consider the Fund's investment objectives, risks, charges and expenses. This and other information is in the prospectus, which may be obtained by visiting www.onefund.com. Please read the prospectus carefully before you invest. Foreside Fund Services, LLC, Distributor.

An investment in the Fund is subject to risk, including the possible loss of principal amount invested. Other Fund risks include asset allocation risk, foreign securities and currency risk, emerging markets risk, small-cap, mid-cap and large-cap risk, trading risk, and turnover risk that can increase Fund expenses and may decrease Fund performance. The Fund is, also, subject to the risks, which can result in higher volatility, associated with the underlying ETFs that comprise this "fund of funds". Newly organized, actively managed Funds have no trading history and there can be no assurance that active trading markets will be developed or maintained. Brokerage costs will reduce returns. When the Fund invests in Underlying ETFs, in addition to directly bearing the expenses associated with its own operations, it will bear a pro rata portion of the Underlying ETFs' expenses (including operating costs and management fees). Consequently, an investment in the Fund entails more direct and indirect expenses than a direct investment in the Underlying ETF.

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¹ Ibbotson Associates, historical data 1926-2008.

² "False Discoveries in Mutual Fund Performance: Measuring Luck in Estimated Alphas" by Laurent Barras, Olivier Scaillet, and Russ Wermer, April 2009, compared 2,076 U.S. open-end stock mutual funds over 32 years from January 1975 to December 2006.