

# CanterburyTollgate

## INVESTMENT ADVISORY AGREEMENT for QUALIFIED CLIENTS

\_\_\_\_\_ (“Advisor”), and \_\_\_\_\_ (“Qualified Client”) enter into this Investment Advisory Agreement (“Agreement”) as of \_\_\_\_\_ (the “Effective Date”). This Agreement sets forth the terms and conditions with regard to the investment management services Advisor will provide Qualified Client and the responsibilities of the parties.

The Agreement shall be applicable only to Qualified Clients as defined by the appropriate regulations and statutes. The definition of a Qualified Client can be found in the Appendix at the end of this Agreement.<sup>i</sup> Generally, a Qualified Client is defined as a person or company who, at the time of the Agreement, has investment assets managed by the Advisor equal to or greater than \$1,000,000.00 or a net worth equal to or greater than \$2,000,000.00 excluding primary residence.

This Agreement incorporates by reference the Statement of Investment Policy that the parties have separately agreed to, which is attached as Exhibit B to this Agreement.

### Terms and Conditions

#### 1. Advisor’s Discretionary Authority and Responsibilities

Qualified Client has hired Advisor to act as his or her investment advisor to perform the services described in this Agreement. Specifically, Qualified Client grants Advisor full power to direct, manage, and change the investment and reinvestment of the assets in the account, the proceeds and any additions. Advisor’s authority over Qualified Client’s investments includes discretionary authority to purchase and sell securities for Qualified Client’s account in accordance with Qualified Client’s objectives as Qualified Client has communicated them to Advisor, to submit aggregated trade orders for Qualified Client and others in order to obtain best execution, and to give instructions concerning these transactions to the broker-dealer(s) and other custodians with which Qualified Client’s account(s) are held. Advisor is not required to first consult with Qualified Client before placing any specific order or obtain specific authorization from Qualified Client for each specific transaction.

Advisor will manage the account and enter into transactions in Qualified Client’s account in accordance with the written investment guidelines contained in the separate but incorporated Statement of Investment Policy as it may be amended from time to time by Qualified Client (with notice to Advisor).

Advisor may invest Qualified Client’s account in securities of any kind, including but not limited to, common or preferred stock, warrants, rights, corporate, municipal or U.S. Treasury bonds or notes, and mortgage-backed securities, so long as such investments are consistent with the investment objectives set forth in the incorporated Statement of Investment Policy. Advisor may hold all or a portion of Qualified Client’s account in cash.

Advisor will have no authority to withdraw or transfer assets from Qualified Client’s account except to a destination pre-set by the Qualified Client and in accordance with Qualified Client’s specific instructions to Advisor.

Advisor will monitor Qualified Client’s account on an ongoing basis and conduct periodic portfolio reviews with Qualified Client. Advisor will generally be available to discuss Qualified Client’s account during normal business hours and will contact Qualified Client periodically. Advisor will attempt to meet with Qualified Client at least annually to discuss Qualified Client’s investment needs, goals and objectives. Advisor will also review Qualified Client’s account performance and the continued suitability of investments recommended by Advisor for Qualified Client at least quarterly.

Qualified Client authorizes Advisor to respond to inquiries from, communicate and share information with Qualified Client’s accountants, attorneys, advisors and other consultants or professionals as deemed necessary by Advisor to provide its services to Qualified Client and/or as requested by Qualified Client.

No services other than those discussed in this Agreement, such as financial planning, are implied or guaranteed, except as individually negotiated and confirmed in writing.

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Advisor is responsible only for the assets over which Qualified Client has provided Advisor discretionary authority and not for the diversification or prudent investment of any other assets of Qualified Client.

Advisor is acting as a fiduciary regarding its investment advisory services for Qualified Client and must put Qualified Client's interests above its own in managing Qualified Client's account. Advisor agrees to provide these services to Qualified Client in a manner consistent with its fiduciary duty to Qualified Client and the provisions of all applicable laws, including the Investment Advisers Act of 1940 (the "Advisers Act"). Before signing this agreement and periodically during the parties' advisory relationship, Advisor will provide Qualified Client written disclosures of any conflicts of interest that might reasonably compromise Advisor's impartiality or independence.

Advisor represents and warrants that Advisor (including its Investment Advisor Representatives) do not receive any compensation or other remuneration that is contingent on any Qualified Client's purchase or sale of a financial product. Advisor does not receive a fee or other compensation from another party based on the referral of a Qualified Client or Qualified Client's business. Advisor may refrain from rendering any advice or services concerning securities of companies in which Advisor may have substantial economic interest or other conflict, unless Advisor discloses such conflict to Qualified Client before providing such advice or services with respect to Qualified Client's account.

### **2. Qualified Client's Responsibilities**

Qualified Client agrees to deliver to Advisor all account forms and other documents, including a written statement of his or her investment objectives, policies and restrictions, as Advisor may reasonably require. Qualified Client also agrees to provide all corporate resolutions or similar documentation necessary to establish the undersigned's authority to execute and deliver this Agreement. Qualified Client agrees to promptly deliver all amendments or supplements to these documents and agrees that Advisor will not be liable for any losses, costs, damages or claims arising out of Qualified Client's failure to provide Advisor with any of these required documents.

Qualified Client acknowledges that Advisor's services to Qualified Client depend upon the information Advisor has concerning Qualified Client's net worth, income, investment goals and objectives, ability to assume risk, income needs, tax situation and estate plan, and other similar information. Therefore, Advisor cannot adequately perform those services unless Qualified Client provides Advisor with this information, updates it when it changes and otherwise diligently performs his or her responsibilities under this Agreement. Among other things, Qualified Client represents that the information set forth in the Statement of Investment Policy (Exhibit B to this Agreement) is an accurate representation of his or her financial position and the investment needs for the account. Qualified Client will promptly inform Advisor of any significant changes in that information. Qualified Client will also provide Advisor with any other information or documentation that Advisor may request in connection with this Agreement or related to Qualified Client's investment profile. Qualified Client is responsible for the accuracy and completeness of all information provided to Advisor and agrees that Advisor is not responsible for any losses, costs, damages or claims caused by Qualified Client's failure to provide such information to Advisor.

Qualified Client also agrees to give Advisor prompt written notice of any modifications, changes or investment restrictions applicable to the account and to notify Advisor if Qualified Client deems any investments recommended or made for the account to be in violation of such investment objectives or restrictions. Unless Qualified Client promptly notifies Advisor in writing of specific investment restrictions on the account, investments in line with Qualified Client's stated investment objectives that Advisor recommends or makes on behalf of Qualified Client shall be deemed to be in conformity with Qualified Client's investment objectives.

Qualified Client acknowledges that tax considerations are not generally a factor in managing accounts, and that it is Qualified Client's responsibility to notify Advisor if such considerations are relevant to Qualified Client's overall financial circumstances.

Qualified Client agrees that Advisor is entitled to rely upon the accuracy of information furnished by Qualified Client or on Qualified Client's behalf, without further investigation. Advisor is not required to verify any information obtained from Qualified Client or Qualified Client's other professional advisors, such as accountants or attorneys.

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Qualified Client agrees to notify Advisor before making any withdrawals or transfers from Qualified Client's account to allow Advisor to manage the impact of the withdrawal on Advisor's trading in the account. If Qualified Client fails to notify Advisor of any withdrawals or transfers, Advisor may immediately discontinue services and cancel this Agreement and will not be liable for any brokerage fees related to Qualified Client's failure to notify Advisor of withdrawals and transfers. If Qualified Client withdraws assets from the account, Qualified Client's advisory fee to Advisor will be appropriately adjusted to reflect the withdrawal. Except as otherwise instructed by Qualified Client in writing, all dividends, interest or other income earned by the account will be retained in the account.

If Qualified Client wants to make a particular investment that Advisor did not recommend using funds in the Advisor-managed account, Qualified Client must withdraw the funds needed before making the investment to eliminate any question of responsibility for the performance of this investment. If Qualified Client makes trades in an account that Advisor has not agreed to make trades in, Advisor may immediately discontinue services and cancel this Agreement. If during the term of this Agreement, Advisor purchases specific individual securities for the account at the direction of Qualified Client, Qualified Client acknowledges that Advisor shall do so as an accommodation only and that Qualified Client shall maintain exclusive ongoing responsibility for monitoring these individual securities and their disposition. Qualified Client acknowledges and agrees that Advisor is in no way responsible for the performance of securities Qualified Client purchases on Qualified Client's own, regardless of whether they are reflected on any quarterly account reports prepared by Advisor.

### **3. Qualified Client's Understanding, Acknowledgment and Acceptance of Certain Risks**

Qualified Client acknowledges that he/she understands Advisor's services, and the terms and conditions of this Agreement and the incorporated Statement of Investment Policy (Exhibit B to this Agreement), and has had an opportunity to ask questions about them.

Qualified Client also understands that investments made for Qualified Client's account are subject to general market, currency, economic, political and business risks, as well as the risk associated with investments in individual securities and agrees to accept those risks.

Qualified Client acknowledges that Advisor's past performance and advice regarding Qualified Client's account cannot guarantee future results. As with all market investments, Qualified Client investments can appreciate or depreciate, and Advisor does not guarantee or warrant that the services it offers will result in a profit or perform in any particular way. Qualified Client also understands that there are no guarantees that his or her investment goals or objectives will be met or that any investment strategy selected by Advisor for his or her account will be successful in achieving its long-term objectives or perform within the target risk limitations set forth in the incorporated Statement of Investment Policy. Qualified Client also understands that his or her account is not insured and that the value and return of the account and the investments in the account will fluctuate over time. At any point in time, Qualified Client's portfolio may be worth more or less than the amount originally invested in the account.

All purchases and sales of securities pursuant to this Agreement shall be for Qualified Client's account and not for the account or at the risk of Advisor. Qualified Client agrees to pay any debit balance in the account promptly, on demand of Advisor or the broker carrying the account.

Qualified Client understands that Advisor will not consider any other securities, cash or other investments Qualified Client owns unless Qualified Client has told Advisor to do so in written instructions provided.

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### 4. Fees and Expenses

Qualified Client agrees to pay Advisor a fee for its investment advisory services. This fee shall be based on a percentage of the market value of the assets under management in accordance with the Schedule of Fees below, and in accordance with the procedures described in Advisor's Form ADV. The following Schedule of Fees applies to all performance-fee paying accounts other than Charter Clients.

Assets Under Management		Annual Mgmt Fee*	Percent of Profits*	Hurdle Rate*
Less than	\$1,500,000	1.00%	20.0%	5.0%
1,500,001 to	5,000,000	0.90%	17.5%	5.0%
5,000,001 to	20,000,000	0.80%	15.0%	6.0%
20,000,001 to	50,000,000	0.65%	12.5%	6.0%
Greater than	50,000,000	0.55%	10.0%	7.0%

\*Annual Management Fee is applied monthly. Percent of Profits and Hurdle Rate are applied quarterly.

Qualified clients must meet current regulatory requirements of either (1) a minimum amount of invested assets or (2) a minimum net worth or income not including primary residence.

All assets held in Qualified Client's account will be subject to this fee, including assets, such as cash, that are temporarily awaiting investment. If Qualified Client authorizes Advisor to use margin in managing the account, the market value of the account and the corresponding fee payable to Advisor will be increased.

**The management fee will be calculated on an annualized basis but will be billed and payable monthly** within 10 days after the end of each month. To the extent that Qualified Client engages Advisor any time after the first day of a period, Qualified Client's fee will be prorated from the date of engagement through the end of the period. **Performance-fees will only be paid on the quarterly net return** earned above the Hurdle Rate (i.e. the net Qualified Client return after management fees less the hurdle rate). For example, if a Qualified Client has a hurdle rate of 1.25% for the quarter and earns a return of 1% after investment management fees, no performance-fee shall be charged. Additionally, a rolling 12-quarter **high-water mark** will be applied to all investment portfolios which pay performance-fees. The high-water mark is assessed at the end of each quarter. No performance-fee is paid for Qualified Client portfolios where the value is less than their highest end-of-quarter value of the previous 12-quarters.

Advisor may amend and/or increase the fees set forth in the Schedule of Fees if Advisor provides Qualified Client with written notice of the amendment 30 days in advance.

Qualified Client understands that services similar to those provided by Advisor in this Agreement may be available from other sources at lower costs.

Qualified Client authorizes the broker and/or Custodian carrying Qualified Client's account to charge his or her account the amount of Advisor's fee and to remit such fee to Advisor in accordance with Qualified Client's instructions. Qualified Client acknowledges that it is Qualified Client's responsibility to verify the accuracy of the Custodian's calculation of Advisor's fee. If there is not enough liquid cash or equivalents in the account to pay the fee when due, Qualified Client will instruct the Custodian to liquidate the necessary positions in the account to cover the amount of the fees due to Advisor under the Agreement.

All brokerage commissions, custodial fees, stock transfer fees, transaction fees, charges imposed directly by mutual, index or exchange-traded funds, fees imposed by variable annuity providers, certain deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees and other similar charges incurred in connection with transactions for Qualified Client's account imposed by unaffiliated third parties will be paid out of the assets in the account and are in addition to the fees paid by Qualified Client to Advisor.

### 5. Custody of Assets and Brokerage of Transactions

Qualified Client has appointed \_\_\_\_\_ as its broker and custodian (collectively, the "Custodian") to take and have possession of the assets (including funds and securities) in Qualified Client's account and to execute securities transactions. Qualified Client's relationship with the Custodian will be governed by a separate custody/brokerage account agreement between Qualified Client and the Custodian. Advisor shall not be

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liable to Qualified Client for any act, conduct or omission by the Custodian in its capacity as broker or custodian. Advisor shall not be responsible for ensuring Custodian's compliance with the terms of the brokerage account or payment of brokerage or Custodian charges and fees. Qualified Client shall be responsible for brokerage expenses that are billed directly by the Custodian. If the identity of Qualified Client's Custodian changes, Qualified Client will provide Advisor with prompt, written notice of the change. Qualified Client authorizes Advisor to receive from the Custodian a copy of any custody agreement in effect at any time with respect to the account. In addition, Advisor and Qualified Client may choose to move some or all of the assets Advisor is managing for Qualified Client to another Custodian. The parties will record this agreement in a separate writing and do not need to amend this Agreement or form a new Agreement to effectuate this change.

Qualified Client authorizes Advisor to direct and place all orders for the execution of transactions with or through the Custodian, give instructions to the Custodian with respect to all investment decisions regarding the assets, and request information about the brokerage account from the Custodian under Qualified Client's independent, exclusive agreement with the Custodian. The Custodian is hereby authorized and directed to effect transactions and otherwise take such actions as Advisor shall direct in connection with the performance of Advisor's obligations related to the assets under this Agreement. Qualified Client will execute any instructions regarding Advisor's trading authority required by the Custodian.

Qualified Client understands that by instructing Advisor to execute all transactions on behalf of the account through the Custodian, Qualified Client may not necessarily obtain commission rates and execution as favorable as possible and Advisor will generally not attempt to negotiate commissions on behalf of Qualified Client. Qualified Client acknowledges that directing brokerage activities solely to the Custodian may result in the loss of best execution of orders at the most favorable prices reasonably obtainable.

The assets in the account remain in Qualified Client's possession at all times and in the custody of the Custodian. At no time will Advisor accept, maintain possession or have custodial responsibility for Qualified Client's funds or securities. Qualified Client funds and securities will be delivered between Qualified Client and the Custodian only.

Qualified Client acknowledges that the Custodian will provide duplicate confirmations and/or electronic access to Advisor for all trades in Qualified Client's account. The Custodian will also promptly send Qualified Client copies of confirmations of transactions executed and an inventory of investments. Qualified Client will also receive regular account statements from the Custodian. Advisor does not assume responsibility for the accuracy of information furnished by the Custodian or any other third party. At least quarterly, the Custodian will provide Qualified Client and Advisor a written statement showing the value of the portfolio at the beginning and end of the period as well as advisory fees and all broker and custodian fees deducted from the account during the quarter.

If Qualified Client requests, Advisor will arrange for the execution of securities brokerage transactions for the account through broker-dealers that Advisor reasonably believes will provide best execution. In seeking best execution, Advisor will select a broker that gets Qualified Client a favorable deal based on the broker's execution quality, research and other services, commissions and fees, the quality of the brokerage services provided, and responsiveness. Although Advisor will seek competitive commission rates, it may not always necessarily obtain the lowest possible commission rates for Qualified Client's transactions. Consistent with its best execution obligations, transactions for Qualified Client's account may be effected through broker-dealers in exchange for research products and/or services that may assist Advisor in its investment decision making process. This research will generally be used to service all of Advisor's Qualified Clients and brokerage commissions paid by Qualified Client may be used to pay for research not used in managing his or her account. Qualified Client may pay a broker-dealer a commission greater than another broker-dealer may charge for the same transaction when Advisor determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services received.

### **6. Valuations**

The Custodian will perform all valuations for the account. Advisor may rely on these valuations. Any valuation shall not be deemed to be a guarantee of any kind by Advisor regarding the value of the assets in Qualified Client's account. Qualified Client will receive daily and/or monthly statements from the Custodian valuing the investment positions in the account.

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### **7. Non-Exclusivity**

Qualified Client acknowledges that Advisor shall be free to render investment advice to others and Advisor does not make its investment management services available exclusively to Qualified Client. Qualified Client also understands that Advisor provides investment advisory services to multiple Qualified Clients with different economic needs and agrees that Advisor may give advice and take action with respect to any of its other Qualified Clients, which may differ from the advice given or the timing or action taken regarding Qualified Client's account. Nothing in this Agreement shall impose on Advisor any obligation to Qualified Client to purchase, sell or recommend for purchase or sale any security that Advisor, its principals, affiliates, officers, members or employees may purchase or sell for their own accounts or for the account of any other Qualified Client if in the sole and absolute discretion and reasonable opinion of Advisor it is not for any reason practical or desirable to acquire a position in such security for Qualified Client's account.

Qualified Client understands that conflicts of interest could exist between Qualified Client's account and other Qualified Clients including with respect to the allocation of investment opportunities, time, and resources between Qualified Client and other Qualified Clients. Among other things, Advisor may be compensated differently by Qualified Client than by other Qualified Clients. Advisor will regularly monitor the performance and investment portfolio of Qualified Client while also fulfilling its duty to manage other Qualified Client accounts. Advisor may determine in its sole discretion to allocate certain investment opportunities to its other Qualified Clients and not Qualified Client and vice versa. Advisor may also pursue and execute trades in the same or different securities for Qualified Client and other Qualified Clients at different times and it may purchase or hold securities for Qualified Client at the same time as it sells such securities for other Qualified Clients or sell securities for Qualified Client at the same time that it purchases or holds them for other Qualified Clients. Although Advisor will use its best efforts to manage all Qualified Client accounts consistently, factors including date of account opening, account additions, withdrawals, and different investment choices may lead to different investment performances for similarly situated Qualified Clients. Qualified Client also acknowledges that transactions in a specific security may not be accomplished for all Qualified Clients at the same time at the same price.

### **8. Aggregation of Trades**

Transactions for Qualified Client's account will generally be effected independently of transactions in other Qualified Client accounts, unless Advisor decides to purchase or sell the same securities for several Qualified Clients at approximately the same time. Advisor may, in its discretion, combine transactions in the same securities for multiple Qualified Clients at approximately the same time to obtain best execution, negotiate more favorable commission rates or fairly allocate differences in prices, commissions and other transaction costs among Qualified Clients. When Advisor aggregates transactions, it will (or have the Custodian) average the executed prices of the aggregated transactions and allocate the transactions in proportion to the orders placed for each Qualified Client on any given day. Qualified Client's account will be deemed to have purchased or sold its proportionate share of the instruments involved at the average price obtained. Advisor will not receive any additional compensation or remuneration from aggregating multiple Qualified Client orders.

If Qualified Client directed Advisor to use a specific broker-dealer to execute some or all transactions for Qualified Client's account, Advisor is not obligated to seek better execution services or prices from other broker-dealers or aggregate Qualified Client transactions for execution through other broker-dealers with orders for other Qualified Client accounts managed by Advisor (especially as they may not be using the same broker-dealer). As a result, Qualified Client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices on transactions for the account than would otherwise be the case. Qualified Client understands that Advisor would be in a better position to negotiate brokerage commissions by aggregating Qualified Client's transactions with those of other Qualified Clients if Qualified Client had not directed Advisor to use a specific broker.

### **9. Trade Errors**

Advisor will place all trades in the account electronically or by phone. Advisor assumes responsibility for any account losses for trading errors directly resulting from Advisor's failure to follow its trading procedures or from a lapse in Advisor's internal communications and will compensate Qualified Client for any corresponding losses.



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Qualified Client acknowledges, however, that Advisor will not be responsible for account errors or losses that occur when Advisor has used its best efforts to execute trades in a timely and efficient manner. If a trade or some portion of a trade is not effected or an electronic error occurs through no fault of Advisor, resulting in an account not being traded at the time or price initially intended or at the same time or at the same price as other Qualified Clients, the resulting loss will not be considered a trading error for which Advisor is responsible. Advisor will not be responsible for trades that are not properly executed by any clearing firm, custodian, mutual fund, or insurance company, when Advisor properly submitted the order.

### **10. No Illegal Investments or Transactions**

In no event is Advisor obligated to make any investment or enter into any transaction that Advisor believes in good faith would violate any federal or state law or regulation.

### **11. Inside Information**

Qualified Client acknowledges that Advisor obtains information from a wide variety of publicly available sources and does not claim to have sources of material nonpublic ("inside") information. Advisor is not obligated to seek any inside information about any issuer of securities. Nor is Advisor obligated to purchase or sell, or to recommend for purchase or sale for Qualified Client's account, the securities of any issuer on the basis of any inside information that may come into Advisor's possession.

### **12. Proxies**

The Advisor will not vote proxies on Qualified Client's behalf.

Advisor is not required to take any action or render any advice with respect to the voting of proxies regarding the issuers of securities held in Qualified Client's account except as may be directed by Qualified Client or otherwise required by law. Qualified Client is responsible for all decisions concerning the voting of proxies for securities held in his or her account, and Advisor cannot give any advice or take any action with respect to the voting of these proxies. Also, Advisor shall have no responsibility to render legal advice or take any legal action on Qualified Client's behalf with respect to securities then or previously held in the account or the issuers thereof, that become the subject of legal proceedings, including bankruptcy proceedings or class actions. Qualified Client remains responsible for: (i) directing the manner in which proxies solicited by issuers of securities will be voted; and (ii) making all elections relating to mergers, acquisitions, tender offers, bankruptcy proceedings and other events pertaining to the securities in the account.

Advisor will instruct the Custodian to forward copies of all proxies and shareholder communications relating to the assets in the account, including information concerning legal proceedings or corporate actions involving securities in the account to Qualified Client and not Advisor. The Custodian, and not Advisor, is responsible for timely transmission of any proxy materials to Qualified Client.

The Advisor will vote proxies on Qualified Client's behalf.

Qualified Client hereby gives Advisor the authority to vote proxies for securities held in Qualified Client's account pursuant to Advisor's written policies and procedures, which are outlined in Advisor's Form ADV Part 2. Advisor will be responsible for voting all proxies with respect to stock held in Qualified Client's account and will keep required records regarding this activity. Qualified Client understands that Advisor will not vote proxies for restricted securities held in Qualified Client's account.

Qualified Client understands that Advisor will generally determine how to vote proxies based on Advisor's reasonable judgment of what vote is most likely to produce favorable financial results for Qualified Client and Advisor's other Qualified Clients who hold the security. Advisor will generally cast proxy votes in favor of proposals that maintain or strengthen the shared interests of the issuer's shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders. Advisor will generally cast proxy votes against proposals having the opposite effect. However, Advisor will consider both sides of each proxy issue to be voted on. Advisor will not take into account social considerations, absent contrary instructions from Qualified Client.

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Conflicts of interest may arise between Advisor or a principal of Advisor and its Qualified Clients regarding a proxy issue. If Advisor's Chief Compliance Office determines that a material conflict of interest exists, Advisor will follow the following procedures:

- a. Advisor may disclose the existence and nature of the conflict to the Qualified Client owning the securities to which the conflict relates and seek directions on how to vote the proxies;
- b. Advisor may abstain from voting, particularly if there are conflicting Qualified Client interests; or
- c. Advisor may follow the recommendations of an independent proxy voting service in voting the proxies.

Advisor keeps certain records required by applicable law in connection with its proxy voting activities for Qualified Clients and shall provide proxy-voting information to Qualified Client upon its written or oral request. Copies of Advisor's proxy voting policies are available to Qualified Client upon request.

Qualified Client will maintain exclusive responsibility for all legal proceedings or other type of events relating to the assets in the account, including but not limited to class action lawsuits.]

### 13. Reports

Advisor will provide Qualified Client with written quarterly reports for the account as soon as reasonably possible after the end of each quarter. These quarterly reports will provide Qualified Client with a comprehensive overview of the account's market valuation, relative market performance and success in achieving Qualified Client's investment objectives. Advisor is not required to verify any information received from Qualified Client or Qualified Client's other professional advisors and is expressly authorized to rely on it in performing Advisor's services and in providing reports. Advisor cannot and does not guarantee the accuracy or completeness of any report or any other information provided to Qualified Client or Advisor by the Custodian or another service provider to Qualified Client.

Qualified Client acknowledges that Advisor's reporting of assets over which Advisor does not have discretionary authority is done as an accommodation to Qualified Client only and does not indicate that Advisor is providing investment management, review or monitoring services regarding these assets. Qualified Client, not Advisor, remains exclusively responsible for the investment performance of these assets.

Qualified Client agrees to carefully review upon receipt all confirmations, statements and reports sent by Custodian to Qualified Client and compare those to the reports received from Advisor. Qualified Client must notify Advisor and/or the Custodian of any discrepancy or unauthorized activity.

### 14. Legal, Tax and Accounting Advice

Qualified Client expressly understands and agrees that Advisor is not qualified to, and does not purport to provide, any legal, accounting, estate, actuary, or tax advice or to prepare any legal, accounting or tax documents. Nothing in this Agreement shall be construed as providing for such services. Qualified Client will rely on his or her tax attorney or accountant for tax advice or tax preparation. Even if Advisor's reports to Qualified Client may be used to assist Qualified Client in preparing tax returns, the reports do not represent the advice or approval of tax professionals. But Qualified Client may request Advisor to provide assistance in the coordination of estate and tax planning with Qualified Client's designated estate and tax advisors.

Qualified Client agrees to review the brokerage statements, transaction confirmations and tax reporting forms provided by the Custodian for tax-related information. Qualified Client acknowledges that any sales, exchanges or dispositions of securities may have federal and/or state income tax consequences for Qualified Client and may result in Qualified Client having to pay additional income taxes.

### 15. Liability

Except as otherwise provided by law, Advisor or its officers, directors, employees or affiliates will not be liable to Qualified Client for any loss:

- a. Qualified Client may suffer as a result of Advisor's investment decision or other action taken or omitted in good faith and with the degree of care, skill, prudence and diligence that a prudent person acting in



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a similar fiduciary capacity would use in conducting an enterprise of a similar nature and with similar objectives under the circumstances;

- b. Caused by following Qualified Client's written or oral instructions;
- c. Caused by using inaccurate, outdated or incomplete information provided by Qualified Client and/or by Qualified Client's failure to promptly inform Advisor of changes in his or her financial and/or economic situation, investment objectives or any restrictions that may affect the management of Qualified Client's account;
- d. Caused by any action or omission by the Custodian, any broker or dealer to which Advisor directs transactions for Qualified Client's account or by any other third-party professionals or service providers;
- e. Resulting from the failure or delay in performance of any obligation under this Agreement arising out of or caused by circumstances beyond Advisor's reasonable control, including, without limitation, acts of God, earthquakes, fires, floods, wars, terrorism, civil or military disturbances, sabotage, epidemics, riots, interruptions, loss or malfunctions of utility, computer software or hardware, transportation or communication service, accidents, labor disputes, acts of a civil or military authority, governmental actions or inability to obtain labor, material, equipment or transportation; or
- f. Consisting of any indirect, special, incidental or consequential damages.

If Qualified Client's account contains only a portion of Qualified Client's total assets, Advisor shall only be responsible for those assets that Qualified Client designates as the subject of Advisor's investment management services under this Agreement. Qualified Client agrees that Advisor need not consider additional assets over which Qualified Client has not given Advisor discretionary trading authority.

In certain instances, federal or state securities laws, including but not limited to the Advisers Act and the Employee Retirement Income Security Act ("ERISA"), impose liabilities on persons who act in good faith, and this Agreement does not waive or limit Qualified Client's rights under those laws.

### **16. Non-Waiver of Compliance**

Nothing in this Agreement, including any condition, stipulation or provision, may be interpreted to waive or limit any obligation of Advisor to comply with the Advisers Act or any rights that Qualified Client may have under applicable federal and state securities laws, rules and regulations.

### **17. Termination and Cancellation**

This Agreement will continue in effect until terminated by either party. Either party may terminate the Agreement at any time by giving thirty (30) days' signed written notice to the other party.

In the event that either party terminates this Agreement, any fees will be prorated to the date of termination and Qualified Client will be refunded any unearned portion of those fees. Termination of this Agreement will not affect:

- a. The validity of any action previously taken by Advisor;
- b. Any liabilities or obligations of the parties for transactions initiated before termination; or
- c. Qualified Client's obligation to pay and Advisor's right to retain fees for services rendered under the Agreement.

If a party terminates this Agreement, Advisor is not obligated to recommend or take any action with regard to the securities, cash or other investments in Qualified Client's account or liquidate any assets in Qualified Client's account after the termination date. It shall be Qualified Client's exclusive responsibility to provide written instructions to Advisor regarding any assets in the account following termination.

### **18. Binding Effect, Successors and Assigns, Assignment and Ownership Changes**

This Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, executors, successors, administrators, conservators, personal representatives, successors in interest, successors in trust, and permitted assignees.

Neither Qualified Client nor Advisor may assign this Agreement within the meaning of the Advisers Act and/or any applicable state securities law without the express prior written consent of the other party. Should there

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## ADVISORY AGREEMENT for QUALIFIED CLIENTS

be a change of control of Advisor, the successor advisor will notify Qualified Client in writing within a reasonable time after such change and continue to provide the services previously provided to Qualified Client by Advisor. If Qualified Client continues to accept the services provided by the successor without written objection during the 60 days after receipt of the written notice from the successor, the successor may assume that Qualified Client has consented to the assignment and the successor will become the advisor to Qualified Client under the terms and conditions of this Agreement.

Qualified Client acknowledges that transactions that do not result in a change of actual control or management of Advisor shall not be considered an assignment pursuant to Rule 202(a)(1)-1 of the Advisers Act and/or any applicable state securities law.

Advisor is a partnership and Advisor will notify Qualified Client of any change in the membership of the partnership within a reasonable time after such change.

### **19. Governing Law**

This Agreement will be governed by and construed in accordance with the laws of the State of Tennessee without giving effect to its conflict of laws principles. The Agreement shall also be construed in a manner consistent with the Advisers Act and the SEC rules and regulations under that Act and nothing in this Agreement shall be construed in any manner inconsistent with the Advisers Act or any SEC rule, regulation or order promulgated thereunder and applicable to Advisor.

### **20. Disclosure Concerning Advisor's Registration**

Advisor represents that it is currently duly registered as an investment advisor with the State of Tennessee pursuant to the Tennessee Department of Commerce and Insurance Division of Securities.

For Qualified Client accounts covered by the provisions of the Employee Retirement Income Security Act of 1974, the Advisor represents that it is an "investment manager" and acknowledges that it is a "fiduciary" with respect with the account within the meaning of ERISA.

### **21. Qualified Client Acknowledgement of Receipt of Form ADV Brochure and Privacy Policy**

Qualified Client acknowledges having received, on or before the date of this Agreement, a copy of Advisor's Form ADV Part 2A Brochure and Form ADV Part 2B Brochure Supplement(s) or an equivalent document meeting the disclosure requirements of the Investment Advisers Act and the Tennessee Department of Commerce and Insurance Division of Securities.

Qualified Client further acknowledges that he or she has had a reasonable opportunity (at least 48 hours) to review the Form ADV Brochure and to discuss its contents with Advisor or professionals of Qualified Client's choosing before executing this Agreement. This Agreement will not take effect until at least 48 hours after Qualified Client has received Advisor's Form ADV Part 2 and Advisor has accepted this Agreement. If Qualified Client has not received a copy of Advisor's Form ADV Brochure at least 48 hours prior to signing this Agreement, Qualified Client may cancel this Agreement in writing without penalty within five (5) business days from the date of execution. In such case, Qualified Client shall not be responsible for the payment of any fees under this Agreement, but shall be responsible for all expenses and losses associated with the transactions executed in the account prior to receipt of such notice by Advisor.

Qualified Client understands that Advisor will provide Qualified Client with an annual notice indicating the manner in which Qualified Client can obtain an updated Form ADV Part 2, and will provide Qualified Client with a copy of the same upon request.

Qualified Client also acknowledges receiving, on or before the date of this Agreement, copies of Advisor's Privacy Policy and agrees to allow Advisor to make such limited disclosures of Qualified Client information as are permitted under its Privacy Policy.

### **22. Confidentiality**

During the term and following the termination of this Agreement, the parties agree to treat as confidential all information and advice furnished by either party, including their agents and employees, and all transactions and investments held in Qualified Client's account. This confidential information shall not be disclosed to any

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## ADVISORY AGREEMENT for QUALIFIED CLIENTS

third parties except as agreed upon in writing, as required by federal or state law, regulatory authorities, or as may be necessary to effect transactions in the account.

Qualified Client has received and reviewed a copy of Advisor's Privacy Policy detailing how Advisor protects Qualified Client's non-public personal information. Except as otherwise agreed in writing or as required by law, Advisor will keep confidential all information concerning Qualified Client's identity, financial affairs, and investments. Typically, Advisor will only disclose information Qualified Client provides to Advisor in connection with this Agreement as required by law, or as needed, to implement Qualified Client's investment needs or to perform the services contemplated by the Agreement. Qualified Client may disclose confidential information to its attorneys, accounts or other professional advisors who may need this information in connection with providing services to Qualified Client provided that they agree to protect its confidentiality and to use the information only for the purpose of providing services to Qualified Client.

When this Agreement terminates, Qualified Client's documents will be returned upon request. Advisor may retain copies of documents and other information in its files for compliance purposes.

### 23. Representations

Each party executing this Agreement represents that:

- a. If an individual, it is of legal age and capacity;
- b. It has full legal power and authority to enter into this Agreement;
- c. This Agreement will be legally binding and enforceable against such party when executed;
- d. The terms of this Agreement and the performance of the actions called for under the Agreement by such party will not violate any law, regulation or contractual obligation to which such party is subject; and
- e. If one of the parties is an entity, that party represents that:
  - i. The entity is validly organized under the laws of the applicable jurisdiction;
  - ii. This Agreement has been entered into by an appropriate agent with power to bind the entity who is of legal age and capacity; and
  - iii. This Agreement has been duly authorized by appropriate entity action and when executed and delivered will be binding in accordance with its terms.

Qualified Client confirms that the terms of this Agreement and his or her engagement of Advisor do not violate any obligations of Qualified Client, whether arising by contract, operation of law or otherwise.

Qualified Client warrants and represents that he or she owns all property deposited in the account free and clear of any lien or encumbrances and that no restrictions on disposition exist as to any such property.

Qualified Client agrees to notify Advisor in writing of any event that might affect his or her authority or the validity of the Agreement. Qualified Client and Advisor agree to immediately notify each other in writing if any of the representations set forth in this section of the Agreement cease to be accurate.

If the Qualified Client is a retirement plan (the "Plan") organized under ERISA, the Qualified Client represents that it is validly organized and is the beneficial owner of the assets. The Plan further represents that Advisor has been furnished true and complete copies of all documents establishing and governing the Plan and evidencing the Plan's authority to retain Advisor as an "investment manager" within the meaning of ERISA. The Plan will promptly furnish to Advisor any amendments and further agrees that, if any amendment affects the rights or obligations of Advisor, such amendment will not be binding on Advisor until agreed to by Advisor in writing. If the assets contain only a part of the investments of the Plan's assets, the Plan understands that Advisor will have no responsibility for the diversification of all of the Plan's assets, and that Advisor will have no duty, responsibility or liability for the Plan investments that are not part of the assets.

The parties agree to the following terms required by ERISA:

- a. Advisor acknowledges that it is a "fiduciary" with respect to Qualified Client within the meaning of that term under ERISA;
- b. The person signing the Agreement on Qualified Client's behalf acknowledges its status as a "named fiduciary" with respect to the control or management of the assets held in Qualified Client's account

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and agrees to notify Advisor of any change in the identity of the named fiduciary with respect to Qualified Client's account;

- c. Qualified Client agrees to obtain and maintain a bond, satisfying the requirements of Section 412 of ERISA, and to include Advisor and its agents among those insured under that bond;
- d. Qualified Client represents that Advisor's investment strategy is appropriate for the account's assets; and
- e. Qualified Client is authorized to appoint Advisor as an investment advisor for the account.

### 24. Relationship with Multiple Owners of Qualified Client's Account

If more than one person or entity has an ownership interest in the account, Qualified Client acknowledges that multiple persons have an ownership in the account and each person or entity agrees to be jointly and severally liable for all obligations under this Agreement with respect to the account. Advisor will base its investment advisory services under this Agreement on Qualified Clients' joint goals as collectively provided to it. Advisor may rely on instructions and information it receives from either Qualified Client in connection with the handling of the account, the disposition of the assets, and the termination of the Agreement, unless and until such reliance is revoked pursuant to instructions attached to this Agreement signed by all Qualified Clients.

If Advisor receives conflicting instructions from multiple signatories to this Agreement or is aware of a dispute or conflict of interest between such signatories (including, without limitation, separation or divorce proceedings), Advisor may, in its sole discretion, refrain from acting on instructions from one such signatory until all signatories' consent in writing to the same instruction. Advisor is not responsible for any claims or damages resulting from such reliance or accountable for any change in the relationship between joint Qualified Clients. Each Qualified Client agrees to promptly close the account or open a new account if there is a change in his relationship with his co-owners.

Advisor shall not be responsible for any claims or damages resulting from:

- a. Reliance on the instructions provided by any signatory to this Agreement;
- b. Failure to act if Advisor receives conflicting instructions from multiple signatories to this Agreement or is aware of a dispute or conflict of interest between such signatories; or
- c. Any change in the status of the relationship between the Qualified Clients.

### 25. Referral Fees

The advisor does not accept referral fees.

### 26. Arbitration Agreement

To the extent not inconsistent with applicable law, Qualified Client and Advisor agree to settle by mandatory and binding arbitration any controversy between themselves and/or any officers, directors, employees, or agents of Advisor relating to this Agreement, this account or any account transactions, or in any way arising from Qualified Client's relationship with Advisor. The parties further agree that this arbitration shall be conducted in accordance with the rules of the American Arbitration Association ("AAA") and shall be submitted to the AAA for resolution if the AAA accepts jurisdiction.

By signing this Agreement, Qualified Client and Advisor understand and agree that:

- a. Arbitration awards are generally final and binding, and a party's ability to have a court reverse or modify an arbitration award is very limited;
- b. The parties' ability to obtain pre-arbitration discovery including documents, witness statements, or other discovery is generally more limited in arbitration than in court proceedings;
- c. The arbitrators do not generally have to explain the reason(s) for their award and any party's right to appeal or to seek modification of rulings by the arbitrators is strictly limited;
- d. The list from which the arbitrators are selected may include a minority of arbitrators who were or are affiliated with the securities industry;
- e. The rules of some arbitration forums may impose time limits for bringing a claim in arbitration;

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## ADVISORY AGREEMENT for QUALIFIED CLIENTS

- f. The rules of the arbitration forum in which the claim is filed and any amendment thereto are incorporated into this Agreement;
- g. The arbitration will be pursuant to the Federal Arbitration Act;
- h. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction; and
- i. This pre-dispute arbitration agreement shall survive the termination of the Agreement or Advisor's advisory services under this Agreement.

Qualified Client acknowledges and agrees that he has had a reasonable opportunity to review and consider this arbitration provision prior to executing this Agreement.

Any arbitration is voluntary in nature and the parties understand that by agreeing to arbitrate their disputes that are not waiving any rights under the Advisers Act and/or any applicable federal or state securities laws.

### **27. Death and Disability**

Qualified Client's death, disability or incompetency will not automatically terminate or change the terms of this Agreement. But Qualified Client's executor, personal representative, guardian, attorney-in-fact or other authorized representative may terminate this Agreement by giving written notice to Advisor. Qualified Client recognizes that the Custodian may not permit any further account transactions until such time that any documentation required to establish authority regarding of Qualified Client's account is provided by Qualified Client's representative.

### **28. Notices and Consent to Electronic Delivery**

Any notice given to a party under this Agreement (including notices, instructions, and directions related to changes in Qualified Client's investment objectives) must be in writing and shall be effective upon receipt by the other party, if delivered to the party at its mailing or email address specified in this Agreement.

Qualified Client agrees and consents to have Advisor deliver or make available electronically all current and future agreements, agreement revisions, deliveries and offers of Form ADV Part 2, account statements, notices (including privacy notices), letters, regulatory communications and other information, documents, data, records and reports related to the account. Electronic communications may include email delivery and/or electronic communications via Advisor's website. Qualified Client acknowledges and agrees that such email delivery and electronic provision will constitute delivery. Qualified Client acknowledges and agrees that it must inform Advisor in writing of any changes to his email address. Qualified Client may revoke this consent to email and electronic delivery at any time by providing advance written notice to Advisor. Qualified Client understands that there are risks associated with electronic delivery of information, including the risk of system outages or interruptions, which may, among other things, inhibit or delay Qualified Client's receipt of information. Advisor will not be liable for any interception by any third party of the information transmitted electronically. Qualified Client acknowledges that it is his or her responsibility to immediately review communications delivered via email to the email address provided to Advisor. At its discretion, Advisor may still choose to send any correspondence in hard copy format. If Qualified Client withdraws this consent to receive communications electronically, Advisor will provide the required documentation in hard copy format but reserves the right to close Qualified Client's account.

Qualified Client must send to Advisor all notices, correspondence, or other communication electronically to:

[CTG@CANTERBURYTG.COM](mailto:CTG@CANTERBURYTG.COM).

### **29. Miscellaneous**

Customer agrees to the provision of this Agreement in English and represents that Customer understands its terms and conditions. This Agreement contains the entire agreement between the parties, who have made no other representations or warranties. If any provision of this Agreement is unenforceable, it shall not invalidate other provisions. Failure of either party to enforce any term or condition of this Agreement is not a waiver of the term or condition.

### **30. Advice of Counsel**

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## ADVISORY AGREEMENT for QUALIFIED CLIENTS

Each party acknowledges that, in executing this Agreement, such party has had an opportunity to seek the advice of independent legal counsel, and has read and understood all of the terms and provisions of this Agreement. This Agreement shall not be construed against any party solely because such party drafted or prepared this Agreement.

**By executing this Investment Advisory Agreement, the parties acknowledge, understand and accept their respective rights, duties, and responsibilities.**

**By signing this Investment Advisory Agreement, Qualified Client acknowledges that he or she has received Advisor's Form ADV, a copy of the Investment Advisory Agreement signed by both parties, and a copy of Advisor's Privacy Policy, and that he or she understands, accepts and agrees to all the terms of this Agreement.**

**By signing this Investment Advisory Agreement, both parties agree to the arbitration provision set forth in Section 26 above. Each party represents that it has read and understands the foregoing arbitration provision.**

Qualified Client(s)	
Name	Name
Signature	Signature
Mailing Address	Mailing Address
Email	Email
Date	Date

Advisor
Name
Title
Signature
Mailing Address
Email
Date

(signature page)





## *ADVISORY AGREEMENT for QUALIFIED CLIENTS*

### **Exhibit A: Investment Policy Statement**

#### **PURPOSE AND SCOPE**

A Qualified Client's Investment Policy Statement ("IPS") is a key component of Qualified Client's personal investment strategy. The purpose of this IPS is to set forth in writing:

1. Qualified Client's objectives and goals related to the investment of the assets in Qualified Client's portfolio;
2. The asset classes that Advisor may trade and hold in Qualified Client's account;
3. The permissible ranges of exposure for Qualified Client's portfolio; and
4. Qualified Client's asset allocation and investment guidelines.

The Qualified Client information provided is instrumental in creating an investment strategy that best meets Qualified Client's needs. Defining Qualified Client's investment objectives, establishing Qualified Client's risk tolerance and understanding Qualified Client's investment time horizon are key components in developing an effective investment strategy suitable for Qualified Client.

This IPS is intended to summarize the investment philosophy and the procedures providing guidance for Qualified Client and Advisor. The investment guidelines described in this IPS should be updated over time as necessary to reflect Qualified Client's current status and philosophy regarding the investment of the portfolio.

Advisor will refer to Qualified Client's IPS as Qualified Client's investments grow and evolve. Advisor will use the criteria listed in Qualified Client's IPS to ensure that the investments selected for Qualified Client's portfolio continue to meet Qualified Client's requirements. If Qualified Client's circumstances or goals change, Qualified Client is responsible for contacting Advisor and asking that Qualified Client's IPS be updated to reflect as necessary so that Advisor can reevaluate and adjust the investment strategy for Qualified Client's account appropriately.

Advisor and Qualified Client will meet annually to review and update this IPS.

#### **Section I. Qualified Client Identification**

<b>Name(s):</b>		
<b>DOB:</b>		
<b>Mailing address:</b>		
<b>Phone number:</b>		
Mobile Home Work		
<b>Email address:</b>		
<b>Type of Qualified Client</b>	(a) Individual(s)___ (b) Corporation or Small Business___ (c) Institutional___ (d) Other___ describe:	
<b>Beneficiaries:</b> Name(s) and relationship		

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## ADVISORY AGREEMENT for QUALIFIED CLIENTS

### ACCOUNTS UNDER ADVISOR'S MANAGEMENT

Account Name/Title	Account Number	Current Market Value

### Section 2a. Investor Objectives

#### INVESTMENT, RETURN AND RISK OBJECTIVES

##### Investment objectives:

Generally, there is a correlation between portfolio returns (either positive or negative) and the amount of risk Qualified Client is willing to assume. Qualified Clients looking for long-term growth in their portfolio tend to experience high price fluctuations over the short term, and Qualified Clients generally need to accept higher portfolio risk if they seek higher returns.

- **Speculative Growth**

Qualified Client is prepared to take exceptional risk and accept significant fluctuation in his portfolio to achieve his investment goals. This may include taking highly speculative and concentrated positions in high-risk securities.

- **Aggressive Growth**

Qualified Client is not concerned with the level of fluctuation in his portfolio value. Qualified Client is prepared to take substantial risk to achieve his investment goal of significantly growing his portfolio.

- **Moderate Growth**

Qualified Client is less concerned with the level of fluctuation in his portfolio value and is prepared to accept some leverage to achieve his investment goals. Qualified Client has no need to receive current income from his portfolio.

- **Cautious Growth**

Qualified Client is willing to accept a moderate level of fluctuation in his portfolio's value. Qualified Client has no need to receive current income from his portfolio.

- **Growth and Income**

Qualified Client seeks both higher returns from capital appreciation and some current income. Qualified Client hopes to achieve this by investing the portfolio primarily in growth equities, which produce little or no current income, and in income-producing investments of all grades, while recognizing and accepting the increased risks associated with investments of this type.

- **Current Income**

Qualified Client's primary goal is to have a portfolio that produces current income. Qualified Client understands that a portfolio seeking income above the market average carries higher risks and can be more volatile than the general market.

- **Capital Preservation**

Qualified Client's primary goal is to preserve capital so the return must be at least equal to the inflation rate. Qualified Client is adverse to short-term loss and can accept only minimal

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## ADVISORY AGREEMENT for QUALIFIED CLIENTS

fluctuations in his portfolio value. Qualified Client has a need for current income from his portfolio.

### Section 2b. Risk Tolerance

How would you characterize each of the following? (circle one)	
Ability to take risk (experience volatility, short-term losses)	Very Low — Low — Average — High — Very High
Willingness to take risk, (experience volatility, short-term losses)	Very Low — Low — Average — High — Very High

Circle number for preferred choice			
When assessing investment options or managers, I would be more likely to:			
1	Consult close friends	Analyze information	2
1	Assume slightly less volatility for a safer return	Assume slightly more volatility for a higher return	2
1	Trust what others do	Be skeptical of what others do	2
1	Listen to or watch investment podcasts or TV	Read investment books or publications	2
1	Avoid overthinking it and go with my "gut" intuition	Think long and hard about possible risks and alternatives	2
1	Consider fees more important	Consider expected return more important	2
1	Find others are correct as much or more than I am	Find others are wrong as much or more than I am	2
1	All else equal, I would assess potential losses more than potential gains	All else equal, I would assess potential gains more than potential losses	2
1	Choose an investment manager who is trusted by community leaders	Choose an investment manager because I find him/her competent and trustworthy	2
Select an investment with:			
1	⇒ a 70% chance of earning 12% ⇒ a 20% chance of earning 5% ⇒ a 10% chance of losing 40%	⇒ a 10% chance of earning 30% ⇒ a 60% chance of earning 10% ⇒ a 20% chance of losing 7%	2

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## ADVISORY AGREEMENT for QUALIFIED CLIENTS

< 12: Lower = less independent, confident; more passive

13-18: Moderate = interdependent, moderately confident, balanced

19-20: Higher = more independent, confident, active

### Section 3. Investor Constraints

LIQUIDITY, CASH FLOWS, INVESTABLE FUNDS, TIME HORIZON, TAX CONSIDERATIONS, REGULATORY AND LEGAL, AND  
UNIQUE NEEDS

**Qualified Client's estimated net worth and liquid net worth [excluding primary residence]:**

Total Net worth (excluding primary residence)	Liquid Net worth (excluding primary residence)
<ul style="list-style-type: none"><li>o \$0 to \$500,000</li><li>o \$500,001 to \$1 million</li><li>o \$1 million to \$5 million</li><li>o \$5 million to \$10 million</li><li>o More than \$10 million</li></ul>	<ul style="list-style-type: none"><li>o \$0 to \$500,000</li><li>o \$500,001 to \$1 million</li><li>o \$1 million to \$5 million</li><li>o \$5 million to \$10 million</li><li>o More than \$10 million</li></ul>

**Approximate percentage of net worth Qualified Client is entrusting to Advisor for investment:**

- o Less than 20%
- o 21% to 40%
- o 41% to 60%
- o 61% to 80%
- o More than 80%

**When Qualified Client needs the capital in the account:**

The longer Qualified Client's investment time horizon, the greater the likelihood that Qualified Client will achieve his investment objectives. Qualified Client's time horizon may thus affect his ability to accept risk. With a long time horizon, Qualified Client has a greater ability to accept risk because he has a longer period of time to recoup any investment losses.

- o No specific time horizon
- o This year
- o 1 to 2 years
- o 3 to 5 years
- o More than 5 years

**Qualified Client's expected average annual return for the portfolio in the long term (+10 years) before tax and after inflation:** \_\_\_\_\_

**Qualified Client's minimum liquidity needs:** \_\_\_\_\_

**Whether capital in the account is needed to pay for a specific expense:**

- o No specific need
- o Children's college fund in the next 5 years
- o Retirement in the next 5 years
- o Upcoming bills (e.g., medical, mortgage)

**Qualified Client's tax concerns:**

**Any legal or regulatory constraints in making investments in Qualified Client's account:**

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## ADVISORY AGREEMENT for QUALIFIED CLIENTS

### Risk Tolerance:

Qualified Client's risk tolerance for the account should reflect the amount of risk Qualified Client is comfortable with. Qualified Client should notify Advisor when there are material changes in his financial condition or risk tolerance.

- **Conservative**

Qualified Client values protecting principal over seeking appreciation, is comfortable accepting lower returns for a higher degree of liquidity and/or stability, and primarily seeks to minimize risk and loss of principal.

- **Moderately Conservative**

Qualified Client values principal preservation, but is also comfortable accepting a small degree of risk and volatility to seek some appreciation. Qualified Client wants greater liquidity and is willing to accept lower returns and minimal losses.

- **Moderate**

Qualified Client values reducing risks and enhancing returns equally, is willing to accept modest risks to seek higher long-term returns, and may accept a short-term loss of principal and lower degree of liquidity in exchange for long-term appreciation.

- **Moderate Growth**

Qualified Client values higher returns over the long-term, is willing to accept considerable risk, is comfortable with short-term fluctuations in order to seek long-term appreciation, and is willing to endure larger short-term losses of principal in exchange for potential higher long-term returns. Qualified Client is only secondarily concerned with liquidity.

- **Moderately Aggressive**

Qualified Client primarily values higher long-term returns, is willing to accept significant risk, believes higher long-term returns are more important than protecting principal, and is willing to endure large losses to seek of potentially higher long-term returns. Qualified Client is generally not concerned with the liquidity of the portfolio.

- **Aggressive**

Qualified Client values maximizing returns, is willing to accept substantial risk, believes maximizing long-term returns is more important than protecting principal, and is willing to endure extensive volatility and significant losses. Qualified Client is generally not concerned with the liquidity of the portfolio.

### ASSET ALLOCATION FRAMEWORK

Asset class	Sub-asset class	Target allocation	Approved range
Equity	U.S. / Non-U.S.		
Fixed income	Investment grade / Below investment grade		
Cash/Cash equivalents			

### USE OF MARGIN IN QUALIFIED CLIENT'S ACCOUNT

Making investments in the account using margin loans increases the risk to the portfolio because both gains and losses are magnified by the amount of margin used. Margin borrowing leverages Qualified Client's

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## ADVISORY AGREEMENT for QUALIFIED CLIENTS

investments, increases the risks to Qualified Client's investment equity, and may require additional deposits or the sale of securities in the account if the account's value declines. With the use of margin, Qualified Client risks losing more than his investment equity.

### **AUTOMATIC PORTFOLIO REBALANCING:**

Investments in Qualified Client's portfolio respond differently to changing market conditions, causing them to move in different directions and depart from the originally intended asset allocation. In other words, market conditions may cause investments in the portfolio to vary from the allocation established in the IPS over time. To prevent Qualified Client's portfolio asset mix from drifting and incurring undue risk and to remain consistent with the asset allocation guidelines established in this IPS, Advisor will periodically review the portfolio and each asset class in which the portfolio is invested. Advisor may then rebalance Qualified Client's portfolio periodically if any position moves greater than a set percentage specified below.

- +/- % Variance from chosen allocation mix requiring rebalancing
  - \_\_\_\_\_%
- Rebalancing frequency:
  - Monthly
  - Quarterly
  - Every six months
  - Annually

### **ANY LIMITATIONS ON INVESTMENTS IN THE ACCOUNT**

**Whether Qualified Clients wants to take and hold short positions and understands the risk associated with short positions:**

- Yes
- No

**Securities for which Qualified Client is an insider and in which Advisor should not make investments:**

--

**No investments in companies that Qualified Client deems not socially responsible (e.g., tobacco companies), including the following types:**

--



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## ADVISORY AGREEMENT for QUALIFIED CLIENTS

### ACKNOWLEDGMENTS

By signing this IPS, Qualified Client acknowledges and understands that:

- This Investment Policy Statement accurately reflects Qualified Client's investment objectives, risk tolerance and expectations for the portfolio.
- The type of portfolio outlined by Advisor matches Qualified Client's investment objectives;
- Qualified Client will keep Advisor informed of any changes in his financial situation and/or investment objectives for the entire investment period.
- There is no guarantee of investment returns and returns will fluctuate over time.
- Qualified Client wishes to implement the asset allocation proposed by Advisor in this Investment Policy Statement.

Agreed to by:

---

**Qualified Client Signature**

Qualified Client Name:

Date:

---

**Advisor Signature**

Advisor Name:

Date:

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## ADVISORY AGREEMENT for QUALIFIED CLIENTS

### APPENDIX

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#### <sup>i</sup> DEFINITION OF QUALIFIED CLIENT

(Source: <https://www.law.cornell.edu/cfr/text/17/275.205-3> and <https://www.sec.gov/rules/final/2012/ia-3372.pdf>)

(1) The term **Qualified Client** means:

(i) A natural person who, or a company that, immediately after entering into the contract has at least \$1,000,000 under the management of the investment adviser;

(ii) A natural person who, or a company that, the investment adviser entering into the contract (and any person acting on his behalf) reasonably believes, immediately prior to entering into the contract, either:

(A) Has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than \$2,000,000. For purposes of calculating a natural person's net worth:

(1) The person's primary residence must not be included as an asset;

(2) Indebtedness secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time the investment advisory contract is entered into may not be included as a liability (except that if the amount of such indebtedness outstanding at the time of calculation exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess must be included as a liability); and

(3) Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the residence must be included as a liability; or

(B) Is a qualified purchaser as defined in section 2(a)(51)(A) of the Investment Company Act of 1940 ( 15 U.S.C. 80a-2(a)(51)(A)) at the time the contract is entered into; or

(iii) A natural person who immediately prior to entering into the contract is:

(A) An executive officer, director, trustee, general partner, or person serving in a similar capacity, of the investment adviser; or

(B) An employee of the investment adviser (other than an employee performing solely clerical, secretarial or administrative functions with regard to the investment adviser) who, in connection with his or her regular functions or duties, participates in the investment activities of such investment adviser, provided that such employee has been performing such functions and duties for or on behalf of the investment adviser, or substantially similar functions or duties for or on behalf of another company for at least 12 months.

(2) The term **company** has the same meaning as in section 202(a)(5) of the Act ( 15 U.S.C. 80b-2(a)(5)), but does not include a company that is required to be registered under the Investment Company Act of 1940 but is not registered.

(3) The term **private investment company** means a company that would be defined as an investment company under section 3(a) of the Investment Company Act of 1940 ( 15 U.S.C. 80a-3(a)) but for the exception provided from that definition by section 3(c)(1) of such Act ( 15 U.S.C. 80a-3(c)(1)).

(4) The term **executive officer** means the president, any vice president in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions, for the investment adviser.

(e) **Inflation adjustments.** Pursuant to section 205(e) of the Act, the dollar amounts specified in paragraphs (d)(1)(i) and (d)(1)(ii)(A) of this section shall be adjusted by order of the Commission, on or about May 1, 2016 and issued approximately every five years thereafter. The adjusted dollar amounts established in such orders shall be computed by:

(1) Dividing the year-end value of the Personal Consumption Expenditures Chain-Type Price Index (or any successor index thereto), as published by the United States Department of Commerce, for the calendar year preceding the calendar year in which the order is being issued, by the year-end value of such index (or successor) for the calendar year 1997;

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## ADVISORY AGREEMENT for QUALIFIED CLIENTS

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**(2)** For the dollar amount in paragraph (d)(1)(i) of this section, multiplying \$750,000 times the quotient obtained in paragraph (e)(1) of this section and rounding the product to the nearest multiple of \$100,000; and

**(3)** For the dollar amount in paragraph (d)(1)(ii)(A) of this section, multiplying \$1,500,000 times the quotient obtained in paragraph (e)(1) of this section and rounding the product to the nearest multiple of \$100,000.