

## ***Kurfees Capital Management, LLC's Service Agreement***

This agreement is made and entered into today, \_\_\_\_\_, by and between Kurfees Capital Management, LLC (KCM) and \_\_\_\_\_.

### **I. Client Services**

KCM, in conjunction with Ameritrade, will provide investment advisory services including, but not limited to, the following:

- Establishment of appropriate asset allocation and overall investment strategy relative to your “investor profile” and time frame resulting in an “Investment Policy Statement.”
- Portfolio reviews to ensure acceptable performance relative to risk, return, tax efficiency, and expenses.
- Rebalancing of the portfolio to maintain the agreed upon asset allocation at appropriate timeframes.
- On-going communication with you including monthly activity reports, performance reports (also available online), annual tax report and meetings as needed.
- Additionally, you and KCM will use the “Integrated Planner” as the basis for on-going advising in order to reach agreed upon goals.

### **II. Other Service Agreements**

- You will also sign agreements with Ameritrade including an account application, which will enable Ameritrade to custody your assets and make them available to the money managers for trading.
- This agreement also allows the deduction of fees from your account.

### **III. Acceptance of Risks**

- You recognize that asset values will fluctuate and that performance results are not guaranteed in any way.
- You understand that KCM is acting strictly as an investment advisor.

### **IV. Fees**

- Your account will be debited quarterly 25 percent of the fee schedule below multiplied by the total value of invested assets with KCM based on the value of the last day of each quarter. KCM reserves the right to modify this fee at any time and will notify you in writing a minimum of 30 days before the fee is deducted.

Assets Under Management (AUM) Fee:

\$0 to \$500,000	1.0%
Next \$500,000	.8%
Next \$1 million	.7%
Next \$1 million	.6%
Remainder	.5%

- In addition, your portfolio may incur other investment management costs via the fund companies, which will be deducted.
- A \$240 advisory fee might be charged for non-AUM clients.

**V. Confidentiality**

- All interaction between you and KCM will be considered confidential and will not be disclosed unless ordered to do so by a court of law.

**VI. Receipt of ADV Part II**

- By signing this agreement, you acknowledge receipt of KCM's ADV II.

**VII. Cancellation**

- This agreement may be terminated by you, anyone acting in your legal stead, or KCM at any time upon written notice. Termination of the account will occur within a reasonable time frame.

**VIII. Governing Law**

- This Agreement dated can only be changed or terminated in writing. This Agreement supersedes all prior agreements between you and KCM covering investment advisory services. The laws of the State of Ohio shall govern this Agreement.

**IX. Arbitration**

- In the event of any dispute, resolution will result from binding arbitration in Columbus, Ohio, according to the rules of the American Arbitration Association.

**X. Assignment**

- This agreement may not be assigned to another party without prior written consent of the client.

## **XI. Investment Policy Statement**

- The purpose of this Statement of Investment Policy (SIP) is to establish a clear understanding between you and KCM regarding investment objectives and policies applicable to your investment portfolio by establishing:
  - Clear and on-going communication of reasonable expectations, objectives, and guidelines relative to the asset allocation.
  - An investment structure detailing permitted asset classes, normal allocations and permissible ranges of exposures.
  - The framework for a well diversified asset mix that can be expected to generate acceptable long-term returns at a level of risk suitable to you.
  
- Your portfolio will use an asset allocation strategy (blend of stocks, bonds, and cash equivalents with consideration of personal assets and debt) with broadly diversified investments. Low cost, tax efficient index funds (typically exchange traded funds) will be used for the portfolio's core, and actively managed mutual funds will also be used to complement the index funds. At times, individual stocks and bonds might be included. Maximizing net return (gross return less investment expenses and taxes) will be the goal given acceptable risk.

The portfolio's core, passive investments in ETF's, will normally use a stop-loss, good-till-canceled strategy with the goal to protect the portfolio's principal and/or appreciation.

➤ Your Statement of Investment Policy:

- All owners of this portfolio have discussed this SIP and agree with the data below.
- Financial goal for this portfolio is: \_\_\_\_\_.
- Date cash will be needed: \_\_\_\_\_. Duration of cash need: \_\_\_\_\_.
- Portfolio will be reviewed quarterly and compared to benchmarks and peers. Modifications will be based on long-term performance inferiority and/or a change in the owner's investment profile.
- Long-term inflation is estimated at 3 percent.
- Based on your risk-tolerance evaluation, nature of the financial goal, other personal assets and debt, and timeframe until cash is needed, the portfolio's asset allocation will be the category checked below.

(Source of data: Ibbotson Associates and SEI Investments based on returns from 1926-2001. Stock returns are the S&P 500 index. Bond returns are the US Intermediate Government, and cash is the US 30 day T-Bill.)

- 90% Stock, 0% Bonds, 10% Cash Equivalents
  - √ Largest loss & gain: (38.9%) & 48.6%
  - √ Average loss & gain: (10.6%) & 20.9%
  - √ Average return: 11.8%
  - √ Percent yrs negative & positive: 28.9% & 71.1%
  - √ Percent of yrs greater than inflation: 68.4%
- 70% Stock, 20% Bonds, 10% Cash Equivalents
  - √ Largest loss & gain: (30.7%) & 38.2%
  - √ Average loss & gain: (8.8%) & 16.3%
  - √ Average return: 10.3%
  - √ Percent yrs negative & positive: 23.7% & 76.3%
  - √ Percent of yrs greater than inflation: 68.4%
- 50% Stock, 40% Bonds, 10% Cash Equivalents
  - √ Largest loss & gain: (22.5%) & 27.8%
  - √ Average loss & gain: (5.6%) & 13.1%
  - √ Average return: 8.9%
  - √ Percent yrs negative & positive: 22.4% & 77.6%
  - √ Percent of yrs greater than inflation: 71.1%
- 30% Stock, 60% Bonds, 10% Cash Equivalents
  - √ Largest loss & gain: (14.3%) & 24.9%
  - √ Average loss & gain: (3.6%) & 9.4%
  - √ Average return: 7.5%
  - √ Percent yrs negative & positive: 14.5% & 85.5%
  - √ Percent of yrs greater than inflation: 71.1%
- 10% Stock, 80% Bonds, 10% Cash Equivalents
  - √ Largest loss & gain: (6.1%) & 26.5%
  - √ Average loss & gain: (2.7%) & 6.7%
  - √ Average return: 6.0%
  - √ Percent yrs negative & positive: 6.6% & 93.4%
  - √ Percent of yrs greater than inflation: 75.0%
- No guarantees are implied by your SIP regarding future performance. Historical returns only serve an illustrative purpose. The above returns do not reflect investment expenses and taxes.

