

Rinehart & Associates

Financial Planning • Asset Management

521 East Morehead Street • Suite 580 • Charlotte, NC, 28202 • 704-374-0646 • 704-377-0746 Fax
Rinehart & Associates is a Registered Investment Advisor

CONTENTS

Section 1	Our Firm
Section 2	Investment Management Services
Section 3	Our Associates
Section 4	Fee Schedule
Section 5	Additional Information
ADV in back of booklet	

WHO WE ARE

Rinehart & Associates is a Charlotte, North Carolina *Fee-Only* Financial Planning and Investment Advisory firm. Founded in 1985, **Rinehart & Associates** is the oldest firm of its kind in the Charlotte area. We have always practiced with a commitment to providing unbiased advice to our clients. Consequently, we sell no products and receive no commissions. We take seriously our fiduciary duty to our clients to always act in their best interest. This manner of doing business is what differentiates us from brokers, insurance sales people, fee-based advisors and other “financial consultants.”

Today, **Rinehart & Associates** manages over \$200 million of invested assets. Our only business is to understand our clients’ needs and goals, develop strategies which will give our clients financial success and independence, and help implement these strategies. We provide the plan, the tools and expertise to help our clients reach their goals.

As a result of our integrity, our objectivity and our hard work, we have built an exceptional reputation. Mary Rinehart, our founder, continues to be sought out for her opinions and recommendations, as evidenced by quotes appearing in *Business Week*, *Forbes*, *the New York Times*, *U.S. News & World Report*, and *USA Today*. Our associates have also gained the respect of the industry by being recognized in a number of publications, including *Smart Money Magazine*, *Financial Planning Magazine*, *Kiplingers Personal Finance Magazine*, *the Journal of Financial Planning*, *National Underwriters L&H*, and *Charlotte Parent Magazine*. We have contributed articles to the *NAPFA Planning Perspectives* consumer newsletter, various non-profit newsletters and *The Charlotte Observer*.

We hold positions of leadership within the community, serving on the boards of the Mecklenburg County Bar Foundation, The Madeira School and All Saints Mission of the Episcopal Church. Mary is a past president of the local chapter of the Institute of Certified Financial Planners (ICFP) and Cheryl Sherrard is President of the South Region of the National Association of Personal Financial Advisors (NAPFA). Our associates include active members of the FPA and Registered Financial Advisors with the National Association of Personal Financial Advisors (NAPFA).

OUR ROLE

As a client of **Rinehart & Associates**, you will experience many distinct advantages from our services. Our Investment/Financial Counseling process can be the solution to your investment goals and needs.

- We provide investment advisory services and ongoing asset management within the context of your particular objectives.
- We establish an investment policy based on your risk tolerance, target portfolio return, planning horizon, liquidity needs and other factors.
- You have access to nationally recognized institutional investment managers.
- You will receive personal attention and attentiveness to details.
- You will avoid rash investment decisions that often result from human emotions by adhering to a written investment policy.

WHAT DISTINGUISHES US?

We are first and foremost *holistic* financial advisors. We look at the total financial picture of each client and work with the client to define and refine their financial goals and plan the steps necessary for them to accomplish their goals. We customize each client's portfolio to achieve the distinct investment goals desired. We work for a long-term relationship with our clients because it is over time that financial security is established.

Because of our *fee-only* structure, we recommend investment vehicles based solely on their appropriateness for the client. We are not trying to sell our clients any particular product but offer solutions to meet their financial needs. We are devoted entirely to serving the needs of our clients.

Questions to Ask Any Potential Financial/Investment Manager:

1. Does your "financial consultant" acknowledge a fiduciary duty to you?
2. Does your financial consultant conduct a comprehensive review of your financial situation and make necessary recommendations? Does this get updated as your situation changes?
3. Does your financial consultant take the time to truly understand your situation? Is your portfolio being designed with your specific goals and objectives in mind, along with your specific tolerance for risk?
4. Will you receive understandable portfolio reports with time weighted rates of return to gauge performance? Will you have access to the investment manager if you have questions about a particular investment?
5. Is the advisor a Registered Investment Advisor with the Securities and Exchange Commission?

We believe our highly personalized services, objective views and our acknowledged fiduciary duty to our clients set us apart as distinctly different in the area of financial services.

Our work is driven by ongoing communication with the client. We strongly believe in taking the time to listen to you, so that we can gain a clear understanding of your perspective, goals, and vision for the future. We carefully review all your data, using our experience to learn the specifics of your situation, thereby enabling us to tailor our planning to meet your needs. There is a difference.

OUR INVESTMENT PHILOSOPHY

Rinehart & Associates believes that, to achieve and sustain solid returns, money needs to be managed by controlling risk through diversification using multiple asset classes, investing over an extended period of time (five to ten years). We work to educate our clients as to the risks involved to achieve a certain return. Consequently, we explain to our clients the Nobel Prize winning investment strategy known as Modern Portfolio Theory. This theory has proven mathematically that over time, through the use of broad diversification across multiple asset classes and the utilization of professional money managers, rewards will be enhanced and risk reduced. Proper diversification aimed at controlling risk and increasing returns requires the inclusion of additional asset classes such as international securities and real estate. This technique enables the diversification of the portfolio across a broad range of investment opportunities while simultaneously reducing the risk (volatility) inherent in over-reliance on a single asset class or management style.

Numerous studies have shown that asset allocation decisions in the long term contribute to well over 90% of a portfolio's return. Market timing or security selection over the short term may outperform the market but there is no accepted academic evidence suggesting that market timing works except for brief periods. We emphasize the importance of understanding *the volatility level required to achieve a target portfolio rate of return*.

We also believe that diversification can be further achieved by using different management styles. Many people try to pick today's top manager or top style in order to attain their long-term objectives. Then they are constantly changing managers with the annual performance reports. Investment experience and research clearly concludes that *no single manager can deliver superior results* through constantly changing market conditions. Our solution is to use a "team" of professional money managers in each asset class. We use no-load mutual funds to develop portfolios, which produce the mix of investments we desire. We also use individual bonds laddering the maturities and individual stocks when appropriate.

It is through the use of asset allocation and diversification that we manage the inherent risk in the markets and achieve long term financial rewards for our clients.

PORTFOLIO STATEMENTS AND PERFORMANCE REPORTING

Our portfolio and performance reports give a detailed listing of your portfolio at the end of each quarter. They include the original cost and the current value of each security. They also include the percentage each individual investment represents of the total portfolio, current yield and the unrealized gains or losses of the asset value from the date the investment was purchased. These reports show the portfolio's annual and cumulative returns through the current quarter. Once your portfolio has been under management for a year, these reports will provide an annualized return for the period.

These reports show the net changes in the total portfolio due to additions, withdrawals, capital appreciation, income, management fees and other expenses. Two primary returns are tracked on the reports to help you evaluate your portfolio's performance. The "target return" is established and tracked against your personal goals. It is based on your own stated financial objectives and time horizon. The "blended index return" is given to allow you to compare your portfolio's performance with an industry average for a portfolio with the same asset allocation as your portfolio. We choose an industry index for each asset class and weight each to mirror your portfolio.

PORTFOLIO ALLOCATION

A portfolio allocation is used to design your portfolio after carefully analyzing your risk tolerance, goals, liquidity needs and time horizon. This portfolio allocation is used to illustrate the importance of diversification, discuss recommended investments and as a general education tool. The following 2 pages show an example of a typical portfolio allocation. The percentage and dollar amounts we have elected to use are examples only and don't necessarily reflect an actual client portfolio. Each client's portfolio is tailored to their individual requirements.

SOCIALLY RESPONSIBLE INVESTMENT MANAGEMENT

Rinehart & Associates is pleased to be able to offer our clients the opportunity to invest with their values. Through socially responsible investment management, we have the unique ability to combine diversification with solid results, using individual issues, mutual funds, and separate account management.

Historically, we have specialized in financial planning and asset management, and continue to offer these services as our core business. Because of our personal commitment to several social areas and because a number of our clients were interested in investing their monies in such a manner, we have developed a process for screening companies showing strengths in specific social areas, with the goal of achieving superior results.

We are fortunate to be doing this at a time when we have access to excellent research software, which is enormously powerful and comprehensive as a screening tool. At present, we screen corporations for the following social indicators, looking for companies demonstrating strengths in:

- *Community Involvement and Giving*
- *Diversity*
- *Employee Relations*
- *Environmental Impact*
- *Non-U.S. Operations*
- *Product Quality and Development*

We can screen for one or all – the more screens used, of course, the fewer the available investment choices. In addition, we can screen for alcohol, tobacco, nuclear, military and gambling.

Currently, Rinehart & Associates has approximately \$30 million under management in a socially responsible manner. If this type of investing interests you, please call us! We would love to discuss this offering with you.

OUR ASSOCIATES

Mary C. Rinehart, CFP[®], Chairman and Chief Investment Officer

Mary Rinehart is Founder and Chairman of Rinehart & Associates, specializing in comprehensive personal financial planning and asset management since 1985. Mary brings to her clients the kind of advice she found lacking in Charlotte when she took over the management of her parents' financial affairs many years ago.

She began building her financial background in the early 1970's when her father chose to teach Mary, the most business-oriented of his three daughters, the nuts and bolts involved in managing his multi-faceted investment portfolio. Mary learned about brokerage accounts and investment trusts, real estate holdings and money managers. As her father aged, the actual management of these investments fell increasingly on Mary's shoulders.

Much of Mary's financial education came from real world experiences even though she is a college graduate from Sweet Briar College with additional business training taken at Queens College, Charlotte, North Carolina. The downturn of the stock market in the 1970's and the default of her father's New York municipal bonds taught Mary about risk. An IRS audit gave Mary a primer in federal taxation. As she paid bills for her mother's round-the-clock nursing, Mary realized how expensive medical care could be at the end of a person's life. She settled both of her parents' estates and learned how estate taxes can erode an improperly planned estate.

During those years, Mary realized the limitations of the financial advisory resources available in Charlotte. There were many people available to sell particular financial products, but there was no single resource she could go to for advice about the many different types of financial issues that she was facing. Money managers only handled multi-million dollar portfolios. Moreover, the best money managers did not operate in Charlotte, but were found in the national marketplace.

Mary decided to use the knowledge she had gained through her own experiences to help other people who found themselves dealing with financial security matters for which they were not equipped or did not wish to handle on their own. She completed the two-year course from the College of Financial Planning, Denver, Colorado in 1988. Mary is a Certified Financial Planner[™] Certificant. When she opened her financial planning practice in 1985, Mary determined that she would never sell any financial products. As one of the oldest fee-only firms in Charlotte, Mary's business has built a reputation for integrity and objectivity in providing financial services.

Mary has served as president of the local chapter of the Institute of Certified Financial Planners (ICFP). She is a member of the National Association of Personal Financial Advisors (NAPFA), the largest association for **fee-only** financial planners. She is a Registered Investment Advisor with the Federal Securities and Exchange Commission.

A native of Charlotte, Mary shares her financial expertise with the community. She is a member of the Planned Giving Committee at Christ Episcopal Church and serves on the Board and Finance Committee of the Madeira School. She also serves as Chairman of the Bishops Committee and All Saints Episcopal Mission in Linville, NC and is a member of the Women's Impact Fund.

Mary is also a member of the Women Business Owners Association and serves on the Board of Directors at Wing Haven. In the past, she has served as a board member of the Junior League of Charlotte, Inc. and a treasurer on the Vestry at Christ Episcopal Church.

Treven L. Ayers, CFS, CFP[®], Portfolio Manager

Treven Ayers is our Portfolio Manager. A native of Morristown, New Jersey, he came to us from Professional Financial Services, Inc. in Reston, Virginia, where he managed both individual and institutional investment portfolios.

Treven received his Bachelor of Arts (1991) and Master of Arts (1993) degrees in Economics from the University of South Carolina. Treven obtained his Certified Fund Specialist designation in 1996. Treven is also a Certified Financial Planner[™] Certificant. Treven has passed the Level I exam for his Chartered Financial Analyst (CFA) designation and is working toward completion of that rigorous program.

Anna C. Abdo, Client Services Associate

In her role as Client Services Associate, Anna works closely with the Financial Advisors and clients, assisting them with activities related to account openings, transfers and ongoing service. She previously served as the firm's Managing Associate.

Currently the only South Carolinian member of the firm, she and her husband recently moved from Orange County, California where she owned an Interior Design company. Anna's plans are to continue her education in Business Marketing.

Wm. Eric Clark, CFP[®], President, Financial Advisor

Eric Clark joined our firm in March of 1999 after thirteen years with Bank of America and its predecessors, NationsBank and NCNB. During his tenure with Bank of America, his responsibilities included banking center management, process re-engineering, new product development, project management and consumer product marketing, where he was involved with the NationsBank and Bank of America merger.

A 1985 graduate of the University of Kentucky, Eric earned his Master in Business Administration from Wake Forest University's Babcock School of Management in 1999. Eric is a Certified Financial Planner[™] Certificant. He received his certification in 2002.

Kelsey Linville, Managing Associate

Kelsey joined Rinehart & Associates in August of 2008. As the firm's Managing Associate, Kelsey serves a dual role as both receptionist and office manager. She works closely with Eric Clark managing the daily operations of the firm and serves as the first point of contact for the clients.

She is a recent graduate from Davidson College where she earned a Bachelor of Arts in History. During her time at Davidson, Kelsey played an active role in her school's community as captain of the Women's Varsity Tennis Team.

Cheryl J. Sherrard, CFP[®], ATP, Director of Financial Planning

Cheryl Sherrard, joined Rinehart & Associates as a Financial Planner in May, 2003. Prior to joining the firm, Cheryl was employed as a Tax Associate with McGladrey & Pullen, LLP in Charlotte. While there, she specialized in gift taxation and provided support to the Wealth Management group in the area of financial planning.

Cheryl graduated from Mount Union College in Alliance, Ohio with a double major in Math and Computer Science. She attended the University of California, Berkeley and received a certificate in Personal Financial Planning in 1998. Cheryl is an Accredited Tax Preparer (ATP) and a Certified Financial Planner[™] Certificant. She is an active member of the Financial Planning Association (FPA) and current President of the South Region of the National Association of Personal Financial Advisors (NAPFA).

Marilyn Spencer, CFP[®], EA, Financial Advisor

Marilyn Spencer joined our firm in November of 2008, after working in public accounting for ten years. She began her career as a Tax Consultant in the Charlotte, London, and Sydney offices of PricewaterhouseCoopers, LLP. After returning to the states, she worked as a Tax Supervisor at RSM McGladrey, Inc. During her years in the accounting industry, she specialized in tax compliance and planning for high net worth individuals and executives working overseas.

Marilyn earned a Bachelor of Arts degree from Colgate University. She is an Enrolled Agent, which is a tax-only designation granted by the IRS, and is also a Certified Financial Planner[™] Certificant. She is a member of the Financial Planning Association (FPA) and a Corporate Professional of the National Association of Personal Financial Advisors (NAPFA). She is also an accomplished singer and enjoys playing tennis in her free time.

Angela Strome, Client Services Associate

Angela Strome joined Rinehart & Associates in October 2006 after working for Family Dollar Stores Inc. as a Forecast Analyst. In her role as Client Services Associate she works closely with the Financial Advisors and clients, assisting them with activities related to account openings, transfers and ongoing service.

A native of Charlotte, she received her Bachelor of Science in Economics from the University of North Carolina at Charlotte in 2005 where she graduated with honors. Angela enjoys spending time with her daughter, family, and friends. In her leisure time, she loves to read.

Jeff Taylor, CFP[®], Financial Advisor

Jeff Taylor joined Rinehart & Associates in March 2006 after working for Wachovia Corporation as a Senior Consultant in the Corporate & Investment Banking's Fixed Income Division. Prior to this, Jeff worked at Bank of America on the Mortgage-Backed Securities Research Desk.

A Virginia native, Jeff received a Bachelor of Business Administration degree in Finance from James Madison University (1996).

Jeff obtained his CFP certification in October of 2006 and is a Registered Advisor of the National Association of Personal Financial Advisors (NAPFA).

Cassandra Harris Tydings, J.D., LL.M., CFP[®], Financial Advisor

Cassandra Harris Tydings joined Rinehart & Associates in March of 2006. She was previously Vice President of Planned Giving for the Foundation for the Arts & Sciences, a supporting foundation of Foundation For The Carolinas. Prior to working with the Foundation, she was an associate attorney, practicing in the areas of estate planning, corporate succession, and corporate transactions, with the law firm Johnston, Allison & Hord, in Charlotte.

Cassandra received a Bachelor of Science from Louisiana State University. She earned a law degree from Loyola University in New Orleans and a Masters of Laws in Taxation from Georgetown University Law Center. She is a member of the North Carolina State Bar, North Carolina Bar Association – Estate Planning and Fiduciary Law Section, and the Mecklenburg County Bar. She is currently serving on the Board of Directors of the Mecklenburg Bar Foundation. Cassandra is a Certified Financial Planner[™] Certificant.

Disclosure

CFP[®], Certified Financial Planner[™], and federally registered CFP (with flame logo) are certification marks owned by the Certified Financial Planner Board of Standards, Inc. These marks are awarded to individuals who successfully complete the CFP Board's initial and ongoing certification requirements.

SERVICES and FEES

INVESTMENT MANAGEMENT SERVICES:

- Monthly Account Review
- Quarterly Portfolio Statements
- Regular Telephone and in Person Conferences to Review Asset Allocation, Portfolio Performance, Strategies and Constraints
- Annual Comprehensive Financial Review and Performance Reporting
- Ongoing Financial Planning Services
 - Conferences and Data Gathering to Analyze Financial Situation.
 - Statements of Financial Position Developed.
 - Written Recommendations Resulting from Evaluation of the Following Areas:
Cash Flow, Income Tax, Risk Management, Investments, Retirement, and Estate Planning.
- Implementation Assistance with Recommendations, if needed.

INVESTMENT MANAGEMENT FEES:

The compensation for our services shall be calculated and paid in accordance with the following Schedule of Fees which may be amended from time to time by the Advisor upon thirty (30) days written notice to Client. The Advisor fee is based on a percentage of the market value of assets under management that are discretionary and non-discretionary (for example, an employer's 401(k) plan) according to the schedule shown below:

On balances less than \$1,000,000	1% Annually
On balances from \$1,000,000 to \$1,500,000	.75% Annually
On balances over \$1,500,000	.50% Annually

We may charge an initial one-time financial planning fee and/or an account set up fee for new clients. This fee, which is due at the time our investment advisory agreement is executed, is based on the complexity of required financial planning and account set-up. This fee is billed at an hourly rate of \$150.00 and is disclosed along with the standard asset management fees in the investment advisory agreement. In subsequent years, no minimum fee will apply, and billing will occur based solely on the value of the assets under management and the Schedule of Fees listed above.

Ongoing fees will be billed at the end of each calendar quarter. Inflows and outflows of assets during the calendar quarter will be prorated based on the number of days the assets were under the management of the Advisors. Amounts equal to or less than \$500 will be exempt from this proration. In the event of inception or termination of relationship during the calendar quarter, fees will be prorated based on number of days the account(s) were under management of Advisor. A bill will be sent to the client for review. The amount will be automatically deducted from the cash balance of the client's accounts. If necessary, small portions of positions may be sold to bring the cash balance to the level required for the automatic deduction of fees. It is understood that the payment of these fees will reduce the total investment return. It is also understood that Advisor's fees are in addition to any trading commissions or charges paid to broker/dealer, custodian and mutual fund fees.

OTHER IMPORTANT DETAILS

Office Hours: Monday through Friday, 8:30am to 5pm

Toll-Free Number: For your convenience, our toll-free number for calls from out-of-state is 888-374-0646

Local Number: 704-374-0646

Fax Number: 704-377-0746

E-mail Address: rinehart@rinehartassociates.com

Web Page: www.rinehartassociates.com

PRIVACY DISCLOSURE STATEMENT

Rinehart & Associates maintains strict confidentiality policies and has in place procedural, electronic and physical safeguards to protect your personal, private information.

We collect certain information about you and your financial situation, including names, addresses, social security numbers, assets, income, cash flow and investment objectives. In the course of our service to you, we also track transactions, basis, use of accounts and products preferred. We share client information that is necessary to effect, administer, document or enforce a transaction as you have directed or authorized us to do so. **We do not disclose any information with any person or firm for marketing purposes.**

This disclosure is made pursuant to the Gramm-Leach-Bliley Act and Regulation S-P (Privacy of Consumer Financial Information), as issued by the Securities and Exchange Commission. It is important to note that the broker relationship you have with Charles Schwab is independent of that with Rinehart & Associates. Each brokerage has its own privacy policies and disclosures, as distributed to clients.

If you have any questions, please contact us via phone, fax, e-mail, or postal address.

521 East Morehead Street • Suite 580 • Charlotte, NC, 28202 • 704.374.0646
Rinehart & Associates is a Registered Investment Advisor