

EQUITY ADVISORS OF KENTUCKY, INC

ASSET MANAGEMENT PROGRAM

For over 24 years we have assisted our clients in the selection of mutual funds and other investments, balancing the investments as a portfolio, rather than a group of individual products.

Our firm is based on the concept of Comprehensive Financial Planning, not just Asset Management. We integrate budgeting, cash flow, estate planning, college funding, and especially income tax planning and retirement planning with our asset management work, to provide our clients with the best possible after tax return on investment for themselves, and for those they love and want to provide for. Our fee structure is based on this integrated approach. Our firm is organized to provide these services, on a consistent basis, for the next 40 years.

We charge a smaller than normal fee based on the value of all client investments. This fee is compensation for our comprehensive planning work, including education funding, recommendations on home and auto refinancing, estate planning and especially income tax planning. We offer three different fee choices for clients with over \$1 Million in Assets Under Management.

Assets Under Management	Basic Fee Fee as a % Of Assets	Alternative 1 5% Appreciation	Alternative 2 10% Appreciation
To \$ 300,000	\$3,600	N/A	N/A
To \$ 750,000	1.25%	N/A	N/A
To \$1,000,000	1%	0.75%	0.5%
To \$2,500,000	0.9%	0.6.5%	0.45%
To \$5 Million	0.7%	0.45%	0.25%
Over \$5 Million	0.5%	0.35%	0.2%

The appreciation fee is calculated and paid at year end. It is based on the growth of the client portfolio, less all fees paid. Our only charge for growth is for growth above the highest value ever in the client portfolio, net of client withdrawals. In other words, if the portfolio grows 10% in one year, then falls 20% the next year, the entire drop must be recovered before the client is charged for growth again. In no case is a client charged more than 3% of the value of their portfolio in any one year. A client would have to have growth in excess of 35% for this high rate to apply.

Many investors are comfortable managing their own portfolio. We believe that the best possible combination for investors that want help in the management of their assets is a program that uses professional investment advice, and "no load" investments. We only recommend "no load" mutual funds. All mutual funds charge fees, and we point out to clients that the fees incurred inside the fund are in addition to our fee. These funds charge no commissions, so the full amount is invested for the client. Statistics show that "no load" fund performance is generally better for the investor, because of the absence of commissions. A professional investment advisor can recommend the investments that best fit the client situation. Consideration includes the nature of the investment, performance, risk profile, expenses, surrender charges, and the client tax situation.

Many of our clients want to be certain that our recommendations are not biased by possible commissions. We only recommend "no load" investments. We receive all client investment information, and we prepare a quarterly performance review of each item in the client portfolio. Our objective is to develop and maintain a portfolio of investments suited to the client situation, and achieve the highest possible after tax growth for the client, consistent with the client risk tolerance.

Included in the assets that our fee is based on are all retirement plan accounts that have asset allocation choices, and all liquid assets, including savings and CD's. Real estate investments and business partnership interests may or may not be included, depending on mutual agreement in advance.

Our fee is deducted on the first day of the quarter. **Any quarterly fee paid is refundable within 30 days after the end of the quarter covered by mailing a written request for a refund, and termination of this agreement. Appreciation fees are not refundable.**