

BIRCH AND JOSSI FINANCIAL
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ADVISORY SERVICES AND FEES

The principal business of Birch and Jossi Financial consists of furnishing “investment supervisory services” to clients. This activity includes the provision of continuous advice concerning investment of monies consistent with the circumstances, preferences and objectives of each client. The investment management process includes an evaluation of each client’s objectives, requirements, restrictions and portfolio holdings. We attempt to establish an investment program based on the individuality and uniqueness of each client’s personal situation, as opposed to a ‘one fits all’ approach.

On occasion, and as requested by the client, Birch and Jossi Financial may offer advice not limited to securities, and these services would generally fall under the general title of ‘financial planning’ or a similar term.

Birch and Jossi Financial may provide investment advice to individuals, (both retirement and non-retirement accounts) participants in defined-contribution retirement plans (i.e., 401(k) and 403(b)) plans, trusts, estates or charitable organization, as well as corporations or business entities not listed above.

Birch and Jossi manages all client accounts on a *fully discretionary* basis, meaning we do not consult clients regarding ‘buy and sells’. We do not prepare charts, graphs, formulas or analysis for assisting clients in security selection. Investment allocation and security selection is our responsibility.

Prior to investing any new assets, advisors will determine the client ‘risk profile’, and propose an investment strategy. The onus is on the client to let the advisor know if their situation has changed and a revised investment strategy is necessary. Periodic reviews are offered to all Birch and Jossi Financial Investment advisory clients, and their frequency will vary based on the client’s requirements and the nature of the account.

Birch and Jossi Financial may also provide advice or utilize the services of other professionals in the areas of Financial Planning, Estate Planning, Business and Insurance Planning. At the clients option, these services can be offered at the *firms standard hourly rate of \$175*, or can be waived, should the client chose to invest a minimum of \$500,000 with the firm (B&J).

All clients choosing to engage the Investment Advisory Services of Birch and Jossi Financial will be charged a 'one time' *new account establishment fee of \$375*.

The following Table presents the Birch and Jossi Financial Fee Schedule.

<u>Household Assets*</u>	<u>Management Fee</u>
Up to \$249,999	1.50%
\$250,000 - \$499,999	1.25% (retroactive to \$1)
\$500,000 - \$999,999	1.10% (retroactive to \$1)
\$1,000,000 - \$2,499,999	.95% (retroactive to \$1)
\$2,500,000 - \$3,999,999	.90% (retroactive to \$1)
\$4,000,000+	.85% (retroactive to \$1)

* In the case of multiple accounts within a family, billing is based on the collective value of all accounts held by the family members.

MINIMUM HOUSEHOLD SIZE

We generally recommend a portfolio account minimum of \$250,000; although in select cases we will as a courtesy accept smaller account sizes.

NEGOTIABILITY OF FEES

To ensure the equal treatment of all clients, our fees are generally not negotiable, although we reserve the right to negotiate fees for unusually large clients or special situations.

BILLING PROCESS

All new client accounts are billed quarterly in advance. Billing for new accounts is calculated based on the day assets are received, and prorated thru the end of the quarter. Billing for existing clients is based on the closing value of the accounts on the last day of the quarter. A client account with a value of \$734,500 on September 30th would as an example pay a quarterly management fee as follows:

$$\text{\$734,500} \times 1.10\% = \text{\$8079.50} / 4 = \text{\$2019.88}.$$

All clients must sign an Investment Advisory Agreement with Birch and Jossi Financial. *Either party may terminate this agreement by written notice to the other party.* While Birch and Jossi Financial impose no fees or penalties for termination, the client may potentially incur some transaction costs (imposed by the custodian) associated with liquidating the portfolio.

BIRCH AND JOSSI FINANCIAL OFFERS ADVICE ON THE FOLLOWING TYPES OF INVESTMENTS

- Equities from both US and Foreign issuers
- Corporate Debt Securities
- Certificates of Deposit
- Municipal Securities
- Investment Company Securities, including, variable life insurance / variable annuities / mutual fund shares
- US Government Securities
- Options contracts on securities / commodities
- Real Estate LLC's

METHOD OF ANALYSIS, SOURCES OF INFORMATION AND INVESTMENT STRATEGIES

Birch and Jossi utilize a variety of sources to assess to access risk and opportunities in the capital markets. We have developed a network of sources to provide us with information necessary to assist our investment process. These include but are not limited to, fund company research, newspapers and magazines, web-based data, proprietary paid independent research, timing services, press releases etc.

Our investment strategies include buying securities for the longer term (12 months or more) short term purchases and trading, option writing, including covered calls, or other spreading strategies. We are cognizant of the current tax implications for 'non-retirement' accounts, and prefer to adapt strategies that offer us the ability to incur long term capital gains rates for our clients, where at all possible.

EDUCATION AND BUSINESS STANDARDS

Birch and Jossi Financial requires any officer or employee of the firm who gives investment advice to clients, to demonstrate a clear command of the firm's investment discipline, its principles and implementation, and its suitability for clients. We place a premium on our fiduciary responsibilities, and insist that our team meet the highest professional standards in dealing with our clients, exhibited by a high level of financial sophistication, derived from both education and experience.

EDUCATION AND BUSINESS BACKGROUND

Raymond A. Birch	President
Born	1958
Education	Helderberg College, South Africa Diploma in Business Studies; 1983 Andrews University, Bachelor of Business Administration; 1989 N.E.F.E., Chartered Mutual Fund Counselor (CMFC); 1997
Background	President, Birch and Jossi Financial, 2002 - present Vice President, Birch and Monteith Inc., 1994 – 2002 Agent, New England Financial, 1992 – 1994

Raymond is primarily responsible for the Asset Management Program here at Birch and Jossi Financial.

Steven M. Jossi	Vice President,
Born	1957
Education	University of Portland, BS <i>with honors</i> ; 1980
Background	Vice President, Birch and Jossi Financial, 2002 – present Financial Administrator, Sunnyside Foursquare Church, 1982 – 2002

Steve brings 25 years of real estate and development experience to Birch and Jossi Financial, experience that have proven to be invaluable with regard to different real estate and development LLC's that have been established, in addition to his financial advisory role here at the firm.

PARTICIPATION AND INTEREST IN CLIENT TRANSACTIONS

Both Raymond Birch and Steve Jossi are general partners in various "project specific" real estate LLC's in which client may be invited to invest, via secured promissory notes, with stated interest rates and duration. Steve Jossi is primarily responsible for these endeavors. Both Raymond and Steve will typically invest their own money alongside the firm's clients, both to align the interest of the firm with those of our clients, and as an expression of confidence in the firm's Asset Management Program, and any outside endeavors.

At Birch and Jossi Financial, our code of ethics is straightforward: Treat our clients at all times as we would want to be treated, manifested in the highest level of professionalism and integrity. We hold sacred the trust that our clients have placed in us, and strive to always align our interests with the best interests of our clients.

CONDITIONS FOR MANAGING ACCOUNTS

At Birch and Jossi Financial, we provide investment advisory services, manage accounts and provide a 'big picture' level of financial planning. We typically require that all 'new' clients have \$250,000 in investable assets to open an account.

REVIEW OF ACCOUNTS

Individual accounts are reviewed on a constant basis by Birch and Jossi Financial. This is facilitated in part by the fact that Birch and Jossi utilize primarily model portfolio's, not unique accounts for each household. Review meetings are encouraged and are available as requested by the clients. All client accounts will be reviewed by at least one principal of the firm, who will manage no more than 75 family accounts. All portfolios will be reviewed to ensure that are appropriate with regard to the clients goals, objectives, risk tolerance and time horizon. Accounts are managed in accordance with the signed, mutually agreed upon, statement of investment objectives.

Clients will receive a monthly statement for the custodian (currently Charles Schwab or TD Ameritrade) showing holdings, valuations and account activity. Once a quarter, Birch and Jossi Financial will provide our clients with a summary statement and billing invoice. An annual year end summary is mailed to clients, showing the performance of the portfolio for the preceding 12 month period.

INVESTMENT AND BROKERAGE DISCRETION

After consultation with our clients, Birch and Jossi have discretionary authority to determine the type and amount of securities bought and sold in our client's accounts. Our custodian selection process is based on the level of service afforded our clients and our firm, in conjunction with reasonable and competitive commission rates. As a fee based practice, we strive to obtain best execution and commission rates for our clients. We do not receive any part of the commissions charged to our clients by the custodian.

BIRCH AND JOSSI FINANCIAL PRIVACY POLICY

At Birch and Jossi Financial, we understand that our clients have entrusted us with detailed personal information concerning their family, their wealth, business, estate and financial planning. In a predominantly 'referral based' practice, we place a premium on ensuring the highest level of client / advisor confidentiality.

HOW WE GATHER INFORMATION

In order to provide suitable investment advice while fulfilling the firm's fiduciary responsibility, Birch and Jossi Financial will collect and store detailed information about the firm's clients. This information will include, but is not limited to, names; residential and business postal addresses; phone numbers and e-mail addresses; Social Security numbers, including those of family members; detailed financial information including income, tax status and history, net worth data, asset lists, insurance and estate planning documents; and other personal, household and business information.

To develop an appropriate Asset Management Program, Birch and Jossi Financial gathers information from a combination of the following sources: client profile forms; bank, brokerage and trust account statements; retirement statements and estate planning documents; interviews with you, with members of your family, as well as any trusted advisors working on your behalf, or any information received from you; whether written, telephonic or in electronic form.

OUR CLIENT PRIVACY POLICY

Birch and Jossi Financial serve as a fiduciary for its investment advisory clients. In that capacity we protect personal information by maintaining standards that meet or exceed applicable law. We will never sell, share or divulge personal information to an unaffiliated third party, except as outlined below.

DISCLOSURE OF INFORMATION REQUIRED TO CONDUCT BUSINESS ON CLIENTS BEHALF.

In the normal course of conducting business for you and acting as fiduciary on your behalf, we must necessarily share or disclose some data about you to custodial organizations, brokerage firms we may select to execute transactions on your behalf, clearing agent firms, and law firms pursuing shareholder class action suits. These organizations have their own privacy and client confidentiality obligations and procedures. You should understand that we would be unable to conduct business on your behalf without disclosing certain limited information about you and your account(s) to these affiliated and unaffiliated third parties.

DISCLOSURE OF INFORMATION WITH YOUR CONSENT

In the normal course of business at Birch and Jossi Financial, clients routinely ask firm personnel to provide confidential information concerning profit and loss records, asset cost basis, portfolio market values etc., to other financial professionals, and we are always happy to comply with these requests.

DISCLOSURE OF INFORMATION TO LEGALLY EMPOWERED REGULATORY

Birch and Jossi Financial is subject to the registration requirement of the states of Oregon as well as Washington. Regulatory authorities are empowered by law to perform certain audit functions to ensure that Birch and Jossi Financial complies with Federal, State and local laws governing Registered Investment Advisors (RIA's). In the course of an audit, regulatory authorities may request information concerning Birch and Jossi clients.

We invite you to contact us should you have any further questions or comments concerning this Privacy Notice or the policies, practices, and procedures it describes.

BIRCH AND JOSSI CLIENT RECORD KEEPING POLICIES

All Birch and Jossi Financial clients use a custodial brokerage firm to hold their securities and cash. Any such custodian holds securities, collects (and reinvests if applicable) dividends and interest, make disbursements, processes deposits, and handles other routine back-office functions. All custodians track account activity, using proprietary software and technology, and provide regular account statements to clients. This includes an annual gain / loss report to assist the client with tax preparation.

Birch and Jossi Financial may also provide independent reports generated by our internal software, reports designed to complement those provided by the custodian. When a client establishes a new account, we make a concerted effort to determine the cost basis of the client's current positions. In so doing, we must often rely on clients themselves or their accountant or other financial advisor to provide us with this advice. As such, Birch and Jossi Financial cannot always be relied upon to provide complete and accurate capital gain and loss information, if and when positions are subsequently liquidated.

As part of the portfolio management process, Birch and Jossi Financial (with the assistance of their custodians) will track various "corporate actions" such as spinoffs, stock splits, tender offers etc. The firm makes a concerted effort to maintain accurate records to provide precise data concerning portfolio performance and tax implications.

Birch and Jossi Financial and most custodians accept client instructions, authorizations and notifications sent by e-mail. One important exception is that we require signed original copies of account establishment and transfer forms.

