

EQUITY ADVISORS OF KENTUCKY, INC
ASSET MANAGEMENT PROGRAM

For over 30 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 and retirement planning with our asset management work, to provide our clients with the best possible after tax return on investment. Our fee structure is based on this integrated approach. We are organized to provide these services, on a consistent basis, for the long term.

We charge a smaller than normal fee based on the value of all client investments, and our fee includes investment planning, education funding, estate planning, recommendations on home and auto refinancing, and especially income tax planning. Our fee is 1.3% of the total managed investments, (AUM); our minimum fee is \$5,000. We also offer three different fee choices to clients who meet the definition of a "qualified client". These choices include a **Fixed Fee**, **Plus 5% Appreciation** and **Plus 10% Appreciation (Plus 10% Appreciation is available only to those that already have a Plus 10% Agreement)**. Rule 205-3(d)(1) of the Securities Act of 1933 states that an "Qualified Client" shall mean any person who comes within any of the following categories, or who the issuer reasonably believes comes within any of the following categories, at the time of entering into the advisory contract:

1. 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;
2. 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 \$2,100,000. For purposes of calculating a natural person's net worth:
 - i. The person's primary residence must not be included as an asset;
 - ii. 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
 - iii. 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
3. 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.

Assets Under Management	Fixed Fees Rate	Quarterly Fee	Alternative 1	Alternative 2
			Plus 5% Appreciation	Plus 10% Appreciation
Under \$400,000	\$5,000	\$1,250 Quarter	N/A	N/A
To \$1,000,000	1.30%	as calculated	N/A	N/A
To \$2,500,000	1.00%	as calculated	0.800%	0.25%
To \$5,000,000	.90%	as calculated	0.700%	0.20%
To \$7,500,000	.70%	as calculated	0.525%	0.15%
Over \$7,500,000	.60%	as calculated	0.375%	0.10%

Any appreciation fee is calculated and paid after calendar year end, or at the end of an agreement, if it terminates mid-year. It is based on the growth of the client portfolio, less all quarterly fees paid already in the calendar year (i.e. the quarterly fee totals paid during the calendar year are subtracted from the total growth amount to determine the net growth amount. The appreciation fee is based on the net growth amount and not on the total growth amount).

For alternative 1, the charge for growth is on that portion of growth above the highest accumulated growth ever in the client portfolio (considering client withdrawals) that was used in a year-end appreciation calculation. In other words, if the portfolio grows 11% in one calendar year, then falls 20% the next year, the entire dollar value 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 one year. A client would have to have growth in excess of 35% for this high rate to apply.

For alternative 2, the 10% appreciation growth and net growth amounts do not take into consideration the highest accumulated growth ever of the client's portfolio and no losses are carried forward to the next year.

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 minimize the cost of purchasing securities. We always attempt to reduce costs wherever possible by buying no load mutual funds.

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.

Since our fees are fixed and/or portfolio performance based, our recommendations are not biased by possible compensation. 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. We always take into consideration risk tolerance in order to help our clients get "A good night's sleep"

Our fee is based assets including retirement plans and 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 business day of the client month each 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. In the case of clients terminating the contract, appreciation fees are calculated and charged on the year to date results. Appreciation fees are not refundable.

At the request of our clients, we keep track of several passwords and access information, so that we can prepare for our meetings bringing the most up to date information possible, and so that we can work without undue burden on the client to research and recommend the best choices available as investments in assets that are not held in custody at Schwab. In some cases, for clients who are also friends, and at absolutely no added cost, we act as Power of Attorney, and we may be named Executor in the client's will.

Our incidents of power of attorney responsibilities therefore represent, by Kentucky Legislature 808 KAR 10:200, that we have custody of client assets. This is important to the extent that it imposes certain capital and reporting requirements upon our firm. We meet the requirements.

Equity Advisors of Kentucky, Inc. ~ Privacy Policy

Equity Advisors of Kentucky, Inc. (EAK), an independent financial planning firm, considers client privacy to be a fundamental aspect of our relationships. We are committed to maintaining the utmost confidentiality, security and integrity of our current, prospective and former clients' personal information. We may collect, retain, and otherwise use client information for the purpose of providing planning services and meeting legal and regulatory requirements. This information may come from sources, such as the interview, account applications, your investment statements and other correspondence. We do not disclose, sell or exchange client information with outside organizations unless it is required by law.

We reserve the right to disclose or report personal information where we believe that disclosure is required under law. We do reserve the right to disclose information with our employees, to the extent that they are involved or responsible for the financial planning process and also to other third parties who service and maintain client accounts, to meet legal requirements that they face. We will disclose information about these third parties to the client, should the client request. Finally, to further safeguard digital client information we maintain password-protected systems, updated anti-virus software and use encrypted hardware and software firewalls.

ASSET MANAGEMENT AGREEMENT - Fixed Fee

This agreement is entered into on **Agreement Date** between Equity Advisors Of Kentucky, Inc, of Waddy, KY, (The Advisor) and **Client Names** of Client City (The Client).

The Advisor will provide at least the services indicated below to the client, in exchange for compensation as agreed.

On a quarterly basis;

A review of performance and values by investment, with buy/sell/hold recommendations;

A review of the actual assets, by category, with recommendations on balancing the portfolio;

On an annual basis;

A review of the total portfolio value, with an eye toward modification of asset mix or retirement spending, if needed;

Retirement and tax planning recommendations as appropriate to the client situation;

Estate planning recommendations, as appropriate to the client situation.

Other financial planning services as requested by the client, as needed.

All fees for advice related to retirement plan accounts will be billed to and paid by the retirement plan account. No fees will be billed to the retirement plan account that are not related to retirement plan asset management. Fees are deducted from client accounts in proportion to holdings in each account type (.e.g. brokerage, 401K or IRA).

In accordance with the schedule shown on the attached information bulletin, the annual fee will be **\$xx,xxx** which represents **x.xx%** of your total portfolio value. Twenty-five percent of the annual fee, **\$x.xxx**, will be paid each quarter. Fees are billed on the first business day of the client month within the quarter. Any quarterly fee paid is refundable, without question, during the quarter, upon written request from the client.

This agreement does not constitute a Power of Attorney granted by the client to Equity Advisors. The Advisor will not trade client securities without permission. By common agreement, The Advisor does not have discretion over any client assets.

This agreement will be in force for one year from the date indicated, but may be cancelled with 30 days written notice by either party. EAK's Asset Management Agreement is intended to be renewed annually, upon the anniversary of the initial agreement. Agreement services will continue until either party terminates the agreement with verbal or written notice. This agreement is not assignable by Equity Advisors of Kentucky. This constitutes the entire agreement between the parties.

Client Name
Client Street
Client City State Zip

Spouse/Partner Name

Fon Rogers, President
Equity Advisors of Kentucky, Inc.
Box 5009 Waddy, KY 40076

5% APPRECIATION

This agreement is entered into on **Agreement Date** between Equity Advisors Of Kentucky, Inc. of Waddy, KY, (The Advisor) and **Client Names** of Client City (The Client).

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A review of the actual assets, by category, with recommendations on balancing the portfolio;

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In accordance with the schedule shown on the attached information bulletin, the annual fee will be **\$xx,xxx** which represents **0.xx%** of the portfolio, plus 5% of the calendar end-of-year growth of investments that is above the highest accumulated growth ever (considering client withdrawals) . The calculation is net of all fixed fees (i.e. the quarterly fee totals paid during the calendar year are subtracted from the total growth amount to determine the net growth amount. The additional appreciation fee is based on the net growth amount and not on the total growth amount).

Twenty-five percent of the annual fee, **\$x,xxx**, will be paid each quarter Fees are billed on the first business day of the client month within the quarter. Any quarterly fee paid is refundable, without question, during the quarter, upon written request from the client. In the case of clients terminating the contract, appreciation fees are calculated and charged on the year to date results. Appreciation fees are not refundable.

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10% APPRECIATION

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The Advisor will provide at least the services indicated below to the client, in exchange for compensation as agreed.

On a quarterly basis;

A review of performance and values by investment, with buy/sell/hold recommendations;

A review of the actual assets, by category, with recommendations on balancing the portfolio;

On an annual basis;

A review of the total portfolio value, with an eye toward modification of asset mix or retirement spending, if needed;

Retirement and tax planning recommendations as appropriate to the client situation;

Estate planning recommendations, as appropriate to the client situation.

Other financial planning services as requested by the client, as needed.

All fees for advice related to retirement plan accounts will be billed to and paid by the retirement plan account. No fees will be billed to the retirement plan account that are not related to retirement plan asset management. Fees are deducted from client accounts in proportion to holdings in each account type (.e.g. brokerage, 401K or IRA).

In accordance with the schedule shown on the attached information bulletin, the annual fee will be **\$xx,xxx** which represents **0.xx%** of the portfolio, plus **10%** of the calendar end-of-year growth of investments that is above the highest accumulated growth ever (considering client withdrawals) . The calculation is net of all fixed fees (i.e. the quarterly fee totals paid during the calendar year are subtracted from the total growth amount to determine the net growth amount. The additional appreciation fee is based on the net growth amount and not on the total growth amount).

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