



**BIRKELBACH MANAGEMENT CORP., INC.**

**INVESTMENT ADVISOR AGREEMENT**

THIS INVESTMENT ADVISOR AGREEMENT, hereinafter referred to as the “Agreement”, made and entered into as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, is by and between BIRKELBACH MANAGEMENT CORP., INC., an Illinois corporation with its principal place of business located at: 208 South LaSalle Street, Suite 1700, Chicago, Illinois 60604(“BMC” or Advisor”) and \_\_\_\_\_, hereinafter referred to as “Client”, {whose name, address and related information appear below} both of whom are collectively referred to herein as the “Parties”:

WHEREAS, Client desires to engage the services of BMC to manage investment account(s) (“Account”) for trading and investing in stocks, corporate and government bonds, stock option contracts, mutual funds, and any other securities derived from or related thereto, (“Securities”), as well as and other types of investment instruments, collectively, “Investments”, and

WHEREAS, BMC desires to manage the Account of Client,

NOW THEREFORE, in consideration of the premises, the mutual covenants and promises contained herein, and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties hereto agree:



## **1. Account Opening**

Client shall open a discretionary securities brokerage account with BMC, an Illinois registered securities investment advisor (“I.A.”) identifying BMC and BMC’s principal, Carl M. Birkelbach or his authorized and Illinois Investment Advisor (“I.A.”) registered designee(s) as Client’s agent and attorney-in-fact. (See, Appendix, Exhibit 3 and Signature Packet.)

## **2. Authority**

As Client’s agent and attorney-in-fact, BMC and/or Carl Birkelbach or his authorized I.A. registered designee(s) shall have full power and authority, to buy, sell (including short sales) trade and invest in, Securities, and other Investments, on margin or otherwise, for Client’s Account and risk. Such transactions may be of any nature and shall relate to all such Securities which are now traded, or which may be traded in the future, on world-wide securities exchanges, the U.S. over-the-counter (OTC) market and/or in domestic or international dealer markets. The Broker, as defined below, is, accordingly, authorized and empowered to follow the instructions of BMC, as agent and attorney-in-fact for Client, in every respect with regard to any such transactions, trades, purchases or sales, on margin or otherwise, and Client hereby ratifies and confirms any and all transactions, trades, purchases, sales or dealings placed with Broker for Client by BMC.

## **3. Brokerage Firm (“Broker”)**

a) Client may open a securities brokerage account with any U.S. Securities and Exchange Commission (“SEC”) registered broker-dealer that is a member of any securities industry self-regulatory organization, (“SRO”), including, but not limited to the: New York Stock Exchange, Inc. (“NYSE”), NASD-Regulation, Inc. (“NASD-R”), (f/k/a the National



Association of Securities Dealers, Inc. (“NASD”)) or any other national securities exchange and registered to do business in Client’s state of domicile/residence, (“Broker”).

In this event, Client will provide Broker with the executed Limited Power of Attorney and Discretionary Trading Authorization form attached as Tab 3 in the Appendix to BMC’s Disclosure Document and Brochure (“Appendix”) and Tab 2 in the accompanying Signature Packet. In addition, Client will execute and provide to Broker the Authorization to Debit Account for Advisory Fees form. (See, Appendix, Exhibit 4, and Signature Packet, Tab 3.)

b) Client may open a securities brokerage account with Birkelbach Investment Securities, Inc. (“BIS”), an Illinois corporation with its principal place of business located at 208 South LaSalle Street, Suite 1700, Chicago, Illinois 60604. BIS is a broker-dealer in securities, registered as such with the SEC, the state of Illinois, among other states, and is a member of NASD-R. However, Client is not obligated to maintain a securities brokerage account at BIS, in order to maintain a securities advisory account at BMC. BMC advisory Accounts carried at BIS are on a negotiated fee basis with a minimum commission charge of .05 per share, or \$25.00 per transaction, whichever is greater.

BIS is a fully disclosed securities broker-dealer and a correspondent of Pershing, L.L.C., a division of the Bank of New York, and a member of the Securities Investor Protection Corporation (“SIPC”).

Carl M. Birkelbach is the principal of BIS and BMR. Accordingly, BIS and BMR are affiliates. (See also, Appendix, Tab 1.)

c) Client may also direct BMC to seek to obtain for Client in such transactions the best execution price but may, consistent with the foregoing, allow BMC to select brokers and dealers on the basis of their having furnished statistical, research and other services to BMC.



d) Client acknowledges that potential conflicts of interests and related issues exist if Client maintains an Advisory Account at BMC and a brokerage account at BIS. The disclosures related thereto are contained in BMC's Disclosure Document and Brochure and Form ADV – Part II, incorporated herein by this reference, which Client acknowledges reading. (See, Appendix, Tab 1 and accompanying Disclosure Document and Brochure.) (See also, paragraph 6, below.)

**4. Duties of Advisor.**

a) Advisor will assume all investment duties with respect to assets held in the Account and shall have all investment powers, including sole investment authority. Advisor shall invest and reinvest in principal and income, including the proceeds thereof and additions to said Account, in such Securities or other property of any kind as it deems in the best interest of Client, consistent with BMC's Socially Responsible Investment ("SRI") program, Client's modifications to the SRI, if any, the investment objectives of Client and Client's profile, subject to such specific limitations, restrictions or specifications, if any, which Client discloses in Addendum A, to this Agreement. However, Client shall retain all indicia of ownership, and will not give up ownership of the cash or securities in the Client's Account. Advisor may take any action or non-action as it deems appropriate, with or without other consent or authority from the Client, and may exercise its discretion and deal in and with such assets exactly as fully and freely as the Client might do as owner thereof, except that Advisor is not authorized to withdraw any money, securities, or other property either in the name of the Client or otherwise, other than in conjunction with payment of fees owed to the Advisor, which may be debited from the Client's Account upon receipt of the Advisor's invoice, (quarterly, in arrears). (See, Authorization to Debit Account for Advisory Fees form, Appendix, Tab 4 and Signature Packet and Tab 3.)



Advisor shall be free to sell securities in the Account regardless of the length of time they have been held. Advisor shall further be free to make investment changes regardless of the resulting rate of portfolio turnover, when in Advisor's discretion, it shall determine that such changes will promote the investment objectives of the Account.

b) The orders and transactions Advisor places or recommends for Client's Account shall be for the account and risk of Client. The Advisor makes no guarantee that any of its services will result in a profit to Client. The Client understands the risks of trading in Securities and other Investments. The Client assumes the responsibility for losses that may be incurred and the expenses related to the activities in Client's Account, including the Advisor's management fee.

c) In the performance of services under this Agreement, BMC shall not be liable for any failure to purchase or sell any Securities on behalf of Client on the basis of any information known by it, or by any of its officers, directors, employees or agents if the use of such information might, in BMC's opinion, constitute a violation of any federal or state law, rule or regulation or a breach of any fiduciary or confidential relationship between BMC or any of its officers, directors, employees, or agents, and any other person or entity.

d) Within twenty-one calendar (21) days following the end of each calendar quarter, Advisor will provide Client with a written report on the activity in the Account. Such report shall be in the form of a written summary of assets of the account as of the date of the review, Securities/Investments purchased, sold and held, realized and unrealized gains and losses, and fees charged to the Account and any other information BMC deems pertinent.



## 5. Minimum Account Size

a) The suggested minimum deposit for opening the Account with BMC is \$100,000 in cash and/or securities. However, Accounts can be opened for lesser sums, for different management fee schedules, and for different trading strategies, and other considerations, following successful negotiations with the Advisor.

b) Said deposit shall be made with Client's Broker or Custodian, as herein defined. By making such deposit, Client acknowledges and accepts the propriety of Advisor's trading program and methodology as disclosed in the Disclosure Document and Brochure and Form ADV – Part II, which is incorporated herein by this reference. (See, Appendix, Tab 1.) The deposit by Client also signifies Client's suitability for the economic risk of loss in trading in the Securities and Investments and Client acknowledges BMC's right to rely on such representations.

## 6. Fees

a) Fees are charged as a percentage of assets under management, averaged at each month end within the calendar quarter, payable at the end of each calendar quarter, in arrears. Fees are pro-rated for accounts open within any calendar quarter. The fees are shown below but are subject to change by written notice and are negotiable. Management fees are charged to the Account automatically (with the clients' written authorization). See, Appendix, Tab 4 and Signature Packet, Tab 3.

### Fee Schedule

#### Equity Accounts

<u>Account Size</u>	<u>Annual Fees</u>
• \$100,000 to \$350,000	2.00%



- **\$350,000 to \$1,000,000** **1.75%**
- **\$1,000,000 to \$2,500,000** **1.00%**
- **\$2,500,000 to \$10,000,000** **0.85%**
- **Over \$10,000,000** **Negotiable**

#### **Income Accounts**

<u>Account Size</u>	<u>Annual Fees</u>
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b) Client agrees to execute the Fee Payment Authorization form, enabling Broker to make payments from the Client's Account to the Advisor in compensation for the services Advisor provides as set forth in this Agreement. Client also agrees to execute any similar document provided by the Broker to allow such payments to the Advisor to be made. (See, Appendix, Tab 4, Signature Packet, Tab 3.)

c) Since BMC has received full and complete authority from Client to make all trading decisions on behalf of Client's Account, Client acknowledges a potential conflict of interest exists because BMC will receive such management fee regardless of whether Client's Account is profitable. Moreover, if Client's Account is carried at BIS, BMC will have an incentive to trade actively to generate commissions for its affiliate, BIS. BMC represents and warrants that it will not engage in active trading for the purpose of generating commission income for the benefit of BIS and to the detriment of Client. Notwithstanding these conflicts of interest, which Client acknowledges, Client agrees to the payment of such management fee



whether or not Client's Account is profitable, and if applicable, the carrying of Client's Account at BIS from which BIS will derive commission income for executing transactions in Client's Account at the direction of BMC.

d) All expenses related to the Account, including, but not limited to, any costs of safekeeping, mutual fund expenses, transport and acquisition and disposition, such as brokerage and other execution costs, custody fees and margin cost, shall be paid by the Client.

e) BMC will pay its expenses in connection with its performance of the investment advisory services ("Services") it performs on behalf of Client.

f) For the first year the Client agrees to pay to the Advisor an early closing fee of one additional quarterly management fee, equal to the previous quarterly fee, or \$2,000, whichever is larger in order to defray the administrative costs of establishing an advisory Account.

## **7. Custody of Assets**

a) The Advisor shall at no time have custody or physical control of account assets. Client shall appoint a custodian ("Custodian") to hold the securities and other assets in the account. The Custodian may be another Broker, as defined above, but referred to herein as "Custodian". Client authorizes the Advisor to issue instructions to Custodian as may be appropriate in connection with the settlement of transactions initiated by the Advisor pursuant to paragraph 2 of this Agreement. Client agrees to accept responsibility for the prompt delivery of cash or securities to settle securities transactions effected on behalf of Client by the Advisor.

b) The Custodian/Broker shall provide Client with copies of trade confirmations and monthly statements detailing the current value of assets, transactions in the account, any changes in value in the account for that month versus the preceding month, and related information.



## **8. Margin**

Client agrees to fulfill his/her margin requirements, as required by Broker, by depositing cash, Treasury bills or other securities and collateral with the Broker. Client acknowledges and understands that Broker may require Client to deposit greater margin amounts in Client's Account than the minimum margin requirements established by the Federal Reserve Board.

## **9. Reinvestment in Account**

Client recognizes that the profitability of Client's Account depends upon long-term, uninterrupted investment of capital. Therefore, all profits will be automatically reinvested, and distributions of capital and profits, if any, will be on a limited basis and only on the express request of the Client. Client should consult with Client's accountants and/or financial advisors to determine the tax effects of such profits, losses, distributions or withdrawals.

## **10. Additions to Account**

Client may make additions to the Account from time to time, in any amount, at which time or times all of the representations herein will be deemed to be expressly confirmed by Client, including the representation that, after giving effect to the addition, Client can assume any additional trading risk.

## **11. Withdrawals from Account**

Client understands that Client may make partial or total withdrawals at quarter's end payable quarterly from the Account by notifying BMC, except in the event of a partial withdrawal which reduces the Account balance below the minimum level at which BMC believes, in its discretion, that the Account can be properly traded. In that event, BMC reserves the right to stop trading and implement protective measures (e.g., the purchase, sale or writing of option contracts or other derivative instruments, etc.) in an effort to preserve the Account's



value, as best as possible, or to liquidate positions in the Account and deposit the proceeds in a government securities money market fund. But further diminution in the value of the Account cannot be guaranteed. BMC will also contact the Client as described in paragraph 12, below. Such notice of withdrawal shall not affect any of Client's Account liabilities, or payment of the Advisor's management fee.

## **12. Drawdown**

Client understands that BMC will seek income and/or capital appreciation over time by trading and/or investing in rapidly changing markets. If Client's Account declines to a level that BMC, in its sole discretion, determines that additional trading would not be prudent, BMC may stop trading the account, implement protective measures (e.g. the purchase, sale or writing of option contracts or other derivative instruments, etc.) in an effort to preserve the Account's value, as best as possible, or to liquidate positions in the Account and deposit the proceeds in a government securities money market fund. BMC will also contact the Client for instructions. At that time, Client may elect either to: add funds to the Account in order to engage in additional trading, control the account, retain another investment advisor, transfer the Account, or to terminate Client's participation and close the Account. Client will be responsible for all obligations in Client's Account, including any debit balance that may occur, as well as payment of the pro-rata portion of Advisor's management fee. No assurance can be given that Client's losses will not exceed the Account's beginning net asset value after liquidation, due to adverse market conditions.

## **13. Trading Methodology**

Client acknowledges and understands that BMC uses a proprietary trading methodology developed by BMC, as described in Form ADV – Part II, and as amended from time to time, in



the Disclosure Document and Brochure, the Appendix, of which this Agreement is a part, as the basis of all buying and selling initiated in Client's Account. See, Disclosure Document and Brochure, Form ADV, Part II, Appendix, Tab 1.

**14. Indemnification and Hold Harmless**

Client hereby agrees to indemnify and hold BMC, its officers, directors, employees, and agents harmless from any and all investment or trading losses, costs, expenses (including reasonable attorney's fees), indebtedness and liabilities arising from the relationship created hereby, including any acts, omissions or errors of Broker in executing orders in Client's Account, unless a court of competent jurisdiction, or duly constituted arbitration panel, has found that BMC has committed gross negligence, willful misconduct or wanton recklessness in connection with the activities related to Client's Account.

**15. Limit of Liability**

It is understood that the Advisor shall act in good faith and shall not be liable for any loss in connection with recommendations or investments made or other action taken on behalf of the Client's Account due to: errors of judgment, or by reason of its advice, including action taken or omitted prior to the written notice of termination. Advisor shall not be excluded from liability for losses occasioned by reason of its willful malfeasance, bad faith, or negligence in the performance of its duties, or by reason of its reckless disregard of its obligations and duties hereunder; provided however, that nothing in this Agreement shall constitute a waiver or limitation of any rights that Client may have under applicable federal or state law. Advisor shall not be responsible for any loss incurred by reason of any act or omission of Client, a Custodian, or any Broker.



## **16. Regulatory Authority**

All transactions executed for Client's Account shall be subject to the constitution, laws, rules, regulations and customs, as they may be amended, of those securities industry Self-Regulatory Organizations ("SRO's"), including, but not limited to: the exchanges or markets, or their clearing houses where such transactions are effected, and the provisions of the Securities Exchange Act of 1934 ("Exchange Act"), and the regulations promulgated thereunder by the SEC, or any state securities "Blue Sky" law.

## **17. Proprietary Trading and Trading for Other Client Accounts**

a) Client acknowledges that BMC, its affiliate BIS, its principal, Carl M. Birkelbach and other officers, employees and family members of BMC and BIS may trade Securities and other Investments for their own account as well as trade Securities and Investments for other client accounts.

BMC's authority under this Agreement shall not be impaired because BMC may or may not effect transactions with respect to Securities and other Investments for its own account or for the account of others which BMC manages, which are not identical or similar to Securities and other Investments as to which BMC may effect transactions for Client's Account, at the same or different times. BMC will not be required to, and may not take any action or render any advice with respect to the voting of proxies solicited by or with respect to the issuers of securities in which assets of the Client's Account may be invested from time to time.

b) Advisor agrees to act in a manner consistent with its fiduciary obligation to deal fairly with all clients when making investment decisions and effecting transactions. Client agrees that Advisor may give advice and take action in the performance of its duties with respect to any of its other clients that may differ from the timing or nature of action taken with respect to



the Client's Account. Advisor shall not be under any obligation to purchase or sell for the Client's Account any Securities or Investment that Advisor may purchase or sell for its own or an affiliated account, or purchase or sell or recommend for purchase or sale for the account of another client, if in the sole discretion of Advisor, such action is not practical or desirable for the Client's Account.

c) As a general rule, BMC or its affiliates will not place a buy order for a particular security until any buy orders placed for a client in that particular security are executed. Similarly, BMC or its affiliates will not place a sell order for a particular security until any sell orders placed for a client in that particular security are executed. Nothing in this sub-paragraph prevents BMC or its affiliates placing a bulk order for a particular security with one or more client orders, but if the orders are executed at different prices, BMC or its affiliates, will take the highest buy price or the lowest sell price, as the case may be, so as not to disadvantage any client.

## **18. Proxies**

The Advisor may receive proxies for Securities held in Client Accounts in the normal course of its advisory business. The Advisor is not responsible for voting proxies. The Advisor is not responsible for forwarding proxies received in error. The Client is responsible for properly directing the Custodian/Broker as to whom the proxies should be forwarded and/or voted.

## **19. ERISA Accounts**

a) Advisor acknowledges that within the scope of its appointment under this Agreement for Employee Retirement Income Security Act of 1974, ("ERISA") Accounts, (i) it is a fiduciary with respect to such ERISA accounts within the meaning of Section 3(21) of ERISA and Section 4975 of the Internal Revenue Code of 1954, as amended, (ii) it is registered as an



investment advisor in the state of Illinois under the Illinois Securities Act of 1953, as amended (“Illinois Securities Act”) and (iii) it shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. The trustee(s) of the ERISA Account reserve to themselves (or to a named fiduciary other than BMC) the right to vote proxies solicited by or with respect to the issuers of securities in which the assets of the ERISA Account may be invested under this Agreement. BMC shall not be required to, and will not, take any action with respect to the voting of such proxies.

b) BMC will furnish ERISA Clients such information and reports as are required to comply with Prohibited Transaction Class Exemption 79-1(as amended, PTE 86-128, October 17, 2002) of the Department of Labor. BMC will treat as confidential any information disclosed to it by Client or any other person connected with the ERISA Account and Client will treat any information furnished by BMC as confidential and for use only with respect to such ERISA Account.

c) Notwithstanding this separate provision for ERISA accounts, all other provisions of this Agreement apply to ERISA Accounts with the same force and effect as to any other Client Account.

## **20. Disclaimer on Socially Responsible Investment (“SRI”)**

BMC will determine, to the best of its ability, what companies are deemed to be socially responsible. However, the determination of “socially responsible” is subjective. Therefore, the determination of “socially responsible” companies will be at the sole, subjective discretion of BMC and the Client will have no recourse to BMC for that determination. In addition, there may be some companies in the portfolio that do have some participation in the sale of: tobacco,



alcohol, weapons, gambling, etc. However, BMC can customize the holdings of a Client's Account to exclude or include any specific company. A list of companies that do not meet BMC's "social criteria" can be obtained upon request.

Investing in companies that BMC determines are socially responsible may or may not outperform the general market and may entail additional risks by excluding certain investment sectors and not diversifying in such industries involved with: tobacco, alcohol, weapons manufacturers and gambling.

## **21. Representations and Warranties of Client**

a) Client represents that Client has reached the age of majority; that the information given to BMC in connection with the opening of the Account (including, but not limited to, the information set forth herein) is full, complete and accurate; that Client received, read and understands BMC's Disclosure Document and Brochure, Form ADV – Part II, and related documents; that Client understands that investing, speculating and trading in Securities and other Investments involves a high degree of risk of loss and is suitable only for persons who can assume the risk of substantial loss; that Client's Account may not be widely diversified at any given point in time due to the nature of the trading in Client's Account; that no "safe" trading system has ever been devised and that no one can ever guarantee profits or freedom from losses; that Client understands that because of margin requirements for Securities trading, losses could exceed the amount of funds in Client's Account; that Client has a large liquid net worth and thus can assume the risks associated with this trading Account; and that BMC may rely on such information until BMC receives written notice from the Client of any changes.

b) Client represents and warrants that the terms hereof do not violate any obligation by which Client is bound, whether arising by contract, operation of law, or otherwise, and that if



required, (i) this contract has been duly authorized by appropriate action and is binding upon the Client in accordance with its terms, and (ii) the Client will deliver to Advisor such evidence of such authority as it may reasonably require, whether by way of certified resolution, trust agreement, or otherwise, if Client is a corporation, partnership or other type of business entity, association or entity.

c) The Client represents that Client has sufficient capital for the principal purpose of investing in Securities and other Investments and has been informed and is fully cognizant of the risks associated with such Securities/Investments.

d) The Client further represents, warrants and agrees that: (i) all of the information contained in this Agreement is true, correct and complete as of the date hereof and since Advisor is relying thereon, Client will promptly notify the Advisor of any changes herein; (ii) the trading in the Securities and other Investments is within the power of the Client and such activity will in no way contravene the provisions of any statutes, rules or regulations, judgments, orders, decrees or agreements to which the Client is bound or subject; (iii) if Client is a corporation or other association or entity, it is duly organized and in good standing under the laws of the state of its incorporation or formation and in every state in which it does business; (iv) the actions of the authorized person designated on the Agreement to act for the Client has been authorized by all necessary or appropriate corporate/entity/organization actions if applicable, such person has full authority to execute this Agreement and all related documents on behalf of the Client and to act for Client in all matters regarding Client's account(s) and Advisor may at all times rely on the fact of such authority without any duty to investigate into either the authenticity or extent thereof; (v) if applicable, Client will confirm the matters contained in part (iv) of this paragraph by supplying the Advisor, within a reasonable time, prior to the commencement of trading, with



an executed copy of resolutions of the Board of Directors, or similar governing authority, of Client in a form prescribed by the Advisor; (vi) if Client is a partnership, association, or similar organization, the partnership, association, organization, etc., has express authority to make Investments as contemplated herein; and (vii) Client has never been suspended or barred from trading by the SEC, CFTC or any predecessor agency or any other federal or state regulatory agency or any exchange or trade association (“SRO”), and Client undertakes to notify the Advisor of any change in such status within two (2) business days of any such change.

e) Client agrees to inform BMC or any of its principal(s) immediately, and in no event later than five (5) business days after receipt of any written record or confirmation, if Client is dissatisfied with BMC’s investment or trading decisions, performance record or actions, or if Client is dissatisfied with the Broker’s handling of the Account. Failure to do so shall constitute a ratification of the transaction(s) in question.

## **22. Mutual Funds**

The Advisor may also trade in closed-end, exchange traded mutual funds. An exchange within any family of funds or sale of a fund constitutes the sale or purchase of securities and as such, any gain or loss resulting may have inherent tax consequences (as does the purchase or sale of any Securities/Investments contemplated herein), and Client should discuss such consequences with Client’s tax advisors. It is not the responsibility of Advisor to determine tax liabilities for Client’s Account.

## **23. Term – Duration**

a) This Agreement shall be for a period of one year and shall automatically be extended each year, but may be terminated by either party giving written notice at least five (5) days prior to the effective date of such termination or at such other time as mutually agreed.



This Agreement shall be terminated automatically as soon as BMC receives actual notice of Client's death, physical or mental incapacity, insolvency or bankruptcy. In which case BMC will follow the procedures set forth in paragraph 12 hereof.

b) Illinois Clients have the right to cancel this Agreement, without penalty, within five (5) business days of signing it. All other Clients shall have such cancellation rights, if any, as provided by Client's state law of domicile. However, any investment activity in the Client's account prior to receipt of the cancellation notice will be at the sole risk of the Client.

c) Upon notice of termination, Advisor shall notify the Custodian, or Broker, who may be one in the same, of the termination of the advisory relationship between BMC and Client. Upon written request from the Client, BMC will liquidate the Account and invest all Client's assets in a government securities money market fund and then deliver such assets held pursuant to this Agreement, according to Client's written instructions, or transfer the Account to another investment advisor, or client may take control of Client's own account, as Client directs. Termination of this Agreement shall not affect any liability resulting from sales or exchanges initiated prior to receipt of written notice of such revocation, payment of margin obligations, other expenses related to the Account or the Advisor's pro-rata portion of the management fee calculated as of the date of termination rather than as of the close of the succeeding calendar quarter.

d) As noted above, for the first year the Client agrees to pay to the Advisor an early closing fee of one additional quarterly management fee, equal to the previous quarterly fee, or \$2,000, whichever is larger in order to defray the administrative costs of establishing an advisory Account.



## **24. Arbitration**

Any dispute regarding this Agreement, its interpretation or enforcement, the Account itself, the trading or other activity therein, fees assessed, management fees, etc., shall be submitted exclusively to binding arbitration at the arbitration facilities of the American Arbitration Association (“AAA”) in Chicago, Cook County, Illinois by the written demand of either party hereto, under the AAA’s commercial arbitration rules then in effect. In any such arbitration proceeding between Client and the Advisor, the prevailing party shall be entitled to reimbursement of the party’s costs, filing fees, expenses and reasonable attorney’s fees incurred in connection with the proceeding from its initiation through conclusion of the hearing to judgment or a final determination on an Application to Confirm or Vacate Arbitration Award as the case may be.

## **25. Notices**

Communications may be sent to Client at the address given below, or at such other address as Client may hereafter give BMC in writing, and all communications so sent, whether by mail, telegraph, e-mail, fax, messenger, or otherwise, shall be deemed given to Client personally, whether or not actually received. The Client agrees to advise BMC promptly, in writing, of any change in address, or adverse change in Client’s financial condition, at BMC’s offices:

208 South LaSalle Street  
Suite 1700  
Chicago, Illinois 60604  
(312) 853-2820  
(312) 853-3183 (FAX)  
E-mail: [carlbis@aol.com](mailto:carlbis@aol.com)

Each party shall be entitled to presume the correctness of such address unless informed in writing to the contrary.



**26. Waiver**

No waiver of any provision of this Agreement shall be deemed a waiver of any other provision, nor a continuing waiver of the provision or provisions so waived.

**27. Governing Law**

This Agreement, its validity and construction shall be governed by the laws of the State of Illinois and its provisions shall be continuous, shall cover individually and collectively all Account(s) which Client may open or re-open with BMC and shall inure to the benefit of BMC, its successors, and assigns, by merger, consolidation or otherwise.

**28. Invalidity**

If any provision hereof is or at any time should become inconsistent with any present or future law, court decision, statute, rule or regulation of any Securities SRO, the SEC, or of any other sovereign government agency, and if any of these bodies have jurisdiction over the subject matter of this Agreement, said provision shall be deemed, or be superseded or modified, to conform to such law, rule, or regulation, but in all other respects this Agreement shall continue and remain in full force and effect.

**29. Assignment**

No assignment of this Agreement may be made except with the written consent of Client.

**30. Amendment**

This Agreement may not be amended unless such Amendment is in writing and signed by both Parties.



### **31. Captions**

The captions in the Agreement are included for the convenience of reference only and in no way define or limit any of the provisions hereof or otherwise effect their construction or effect.

### **32. Continuity**

This Agreement, authorization and indemnity is a continuing one and shall remain in full force and effect until revoked by Client by a written notice addressed to BMC at the address set forth above.

### **33. Acknowledgement of Receipt of Disclosure Document and Brochure and Privacy Policy**

As required by Rule 204-3 of the Investment Advisers Act of 1940 and Rule 130.846 of the Illinois Securities Act, Client hereby acknowledges that Client has received and has had an opportunity to read BMC's Disclosure Document and Brochure, its Form ADV – Part II and related documents provided to Client. See, Appendix, Tab 5 and Signature Packet, Tab 4. Client also acknowledges receiving and reading the sample Solicitor's Disclosure Document and Solicitor's Solicitation Agreement, if applicable. See, Appendix, Tab 7. In that connection Client also acknowledges receipt of the Disclosure Pursuant to Rule 206(4)-3 under the Investment Advisors Act of 1940. See, Appendix, Tab 8 and Signature Packet, Tab 6. In addition, Client acknowledges receipt of the Advisor's Privacy Policy. See, Appendix, Tab 6 and Signature Packet, Tab 5.

### **34. Complete Agreement**

This Agreement contains the final and complete Agreement between the Parties hereto and may not be altered or modified without the signed written consent of both Parties.



IN WITNESS HEREOF, the Parties hereto, intending to be legally bound, have executed this Agreement as of the day and year written above.

Client:

Birkelbach Management Corporation, Inc.

\_\_\_\_\_

By:

\_\_\_\_\_  
Carl M. Birkelbach, authorized  
corporate signatory



**ADDENDUM**

**A**

**CLIENT INFORMATION FORM**

CLIENT NAME: \_\_\_\_\_

CLIENT HOME ADDRESS: \_\_\_\_\_  
\_\_\_\_\_

TELEPHONE NO.'s: Day \_\_\_\_\_

Evening \_\_\_\_\_

Cell \_\_\_\_\_

Fax \_\_\_\_\_

E-MAIL: \_\_\_\_\_

SOCIAL SECURITY OR  
TAX IDENTIFICATION NO.: \_\_\_\_\_

CLIENT EMPLOYER: \_\_\_\_\_

BUSINESS ADDRESS: \_\_\_\_\_  
\_\_\_\_\_

TELEPHONE NO.'s: \_\_\_\_\_

Fax \_\_\_\_\_

**OBJECTIVES**

The primary objective is to obtain ongoing secure income obtained from fixed income and some equity sources. The client must be willing to absorb some principal risk associated with changing market and interest rate conditions.



I (we) wish Birkelbach Management Corporation to manage the account with the following objectives: (            ) I wish to invest in a socially responsible basis.

(            ) I do **not** wish to invest in a socially responsible basis.

**1. Active Growth Portfolio**

Portfolio management strategies emphasis: An actively managed portfolio with primary emphasis on appreciation and minimum emphasis on current income. The equity diversification includes companies expected to have well above average growth potential and price volatility. Some stocks may not be included in the S&P 500 index. Short term trading will occur. At times deemed appropriate by the Advisor, and when “buy candidates” seem limited, there may be cash in the Account that will either be invested in cash equivalents or securities bearing dividends or interests. The Client must be able to willing to accept the risks of an active strategy in the stock market.

**2. Aggressive Growth Portfolio**

The primary objective is to achieve growth of assets while minimizing risks. Stocks will be in the S&P 500 index. Only quarterly adjustments to the portfolio will be made. However, as in the active Portfolio strategy, at times deemed appropriate by the Advisor, and when “buy candidates” seem limited, there may be cash in the Account that will either be invested in cash equivalents or securities bearing dividends or interest. The Client must be able and willing to assume the risks of the stock market volatility.

**3. Growth Portfolio**

A diversified portfolio of equity issues emphasizing an objective that exhibits close or better returns as compared to the S&P 500. Stocks will be in the S&P 500 index. This strategy



calls for a fully invested position in the market at all times. The Client must still be willing to accept the risk of market volatility.

**[ ] 4. Growth and Income Portfolio**

This portfolio is represented by approximately equal issues of equities using our Five Point Investment Strategy and a portfolio of fixed income securities. This strategy calls for a close to fully invested position in the market at all times. Whereas a total return is desired to protect against inflation, the Client must be willing to assume the risk of stock market and interest rate volatility.

**[ ] 5. Income Portfolio**

The primary objective is to obtain ongoing secure income obtained from fixed income and some equity security sources. Returns can be expected in line with current yields. The Client must be willing to absorb some principal risk associated with changing market and interest rate conditions..

**Any special conditions of which we should be aware?**

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**Client's other special provisions, limitations, restrictions or specifications with respect to the Account:** \_\_\_\_\_

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If none, check here \_\_\_\_\_ and affix signature:

CLIENT:

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