

# IQ TRENDS PRIVATE CLIENT ASSET MANAGEMENT SELECT BLUE CHIP FOLIO INVESTMENT MANAGEMENT PROGRAM AGREEMENT

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This Agreement is made effective as of \_\_\_\_\_ between the undersigned party (hereinafter referred to as the “**Client**”) and IQ Trends Private Client Asset Management (“Private Client”), a Registered Investment Adviser located at 27132 Paseo Espada, Suite B1222, San Juan Capistrano, CA 92675 (collectively referred to as the “Parties”).

## 1. SCOPE OF ENGAGEMENT.

### Discretionary Management

\_\_\_\_\_(*Client Initial Here*) \_\_\_\_\_(*Client Initial Here*) Client hereby appoints Private Client as the Investment Adviser to perform the services hereinafter described. Private Client accepts such appointment. Private Client shall be responsible for *discretionary* investment and reinvestment of those Assets designated by the Client on Schedule A to be subject to Private Client’s management (the “Assets” or “Account”). Private Client *is authorized*, without prior consultation with the Client, to buy, sell, and trade in stocks, bonds, mutual funds, and other securities and/or contracts relating to the same. Unless otherwise agreed to by both Parties, any subsequently opened Accounts shall be governed by this Agreement. The authority granted to Private Client herein shall continue in force until revoked by the Client in writing. Such revocation shall be effective upon receipt by Private Client.

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(a) Our firm creates and supervises on a discretionary basis an actively managed Model portfolio, consisting primarily of individual common stocks chosen from the universe of Select Blue Chips as identified within the *Investment Quality Trends* newsletter.

This Model portfolio is held at Folio Investments and is available only through an account with Folio Institutional. Clients access this Model portfolio by linking their Folio account to one or more Select Blue Chip FOLIO Models selected by the investment manager at his discretion. When securities are bought or sold in the Model portfolio, buy and sell orders are automatically generated in the Client account to synchronize the account with the Model.

(b) Client acknowledges and understands that the service to be provided by Private Client under this Agreement is limited to the management of the Assets and DOES NOT include financial planning or consulting services.

(c) Private Client’s management personnel or financial advisors review accounts on at least an annual basis. The nature of these reviews is to learn whether the Client’s accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Private Client does not provide written reports. Verbal reports take place on at least an annual basis when Clients are contacted. Private Client may review Client Accounts more frequently than described above, based on major market or economic events, the Client’s life events, requests by the Client, etc.

(d) Private Client believes that the annual fee assessed in Section 2 is reasonable in relation to (1) the advisory services provided under this Agreement; and (2) the fees charged by other investment advisers offering similar services/programs. To comply with CCR Section 260.238(j), we disclose that lower fees for comparable services may be available from other sources.

(e) Client agrees to provide information and/or documentation requested by Private Client in furtherance of services provided under this Agreement as it pertains to the Client’s income, investments, taxes, insurance, estate plan, etc. Client also agrees to discuss specific investment objectives, needs and goals with Private Client, and to keep Private Client informed of any changes regarding the aforementioned items. Client

acknowledges that Private Client cannot adequately perform services unless Client diligently performs their responsibilities under this Agreement. Private Client shall not be required to verify any information obtained from the Client, Client's attorney, accountant or other professionals, and is expressly authorized to rely thereon.

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## **2. ADVISER COMPENSATION.**

The total annual advisory fee for this service shall not exceed 0.75%. A portion of this fee will be paid to Folio Investments (0.25%). This fee covers all online statements, confirmations, 1099's, performance reporting, and commissions when trades are executed through the twice daily trading windows. Folio does impose additional fees for paper reporting, direct trades made outside the trading windows, wire transfers and bank checks.

Fees to be assessed will be outlined in Schedule A of this Agreement. Annualized fees are billed on a pro-rata basis monthly in arrears based on the value of the account(s) on the last day of the month. Fees are negotiable and will be deducted from Client account(s). Private Client does not offer direct invoicing. As part of this process, Clients understand the following:

- (a) Client provides authorization permitting Private Client to be directly paid by these terms; and
- (b) Client's independent custodian sends statements, at least quarterly, showing the market values for each security included in the Assets and all account disbursements, including the amount of the advisory fees paid to Private Client; and
- (c) Folio Investments sends monthly statements to Client showing the fee amount, the value of the assets upon which the fee is based, and the specific manner in which the fee is calculated as well as disclosing that it is the Client's responsibility to verify the accuracy of fee calculation, and that the custodian does not determine its accuracy.

Private Client shall never have custody except for authorized fee withdrawal of any Client funds or securities, as the services of a qualified and independent custodian will be used. Private Client generally invests Client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, Private Client will try to achieve the highest return on Client cash balances through relatively low-risk and conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that Private Client may debit advisory fees for services rendered.

The fees charged are calculated as described above and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds, or any portion of the funds of an advisory Client (15 U.S.C. §80b-5(a)(1)).

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## **3. DIRECTIONS TO Private Client.**

Except for decisions regarding the purchase and/or sale of specific investments, all directions from the Client to Private Client (i.e. notices, instructions, including directions relating to changes in the Client's investment objectives) shall be in writing and shall be effective upon receipt by Private Client. Private Client shall be fully protected in relying upon any such direction, notice, or instruction until it has been duly advised in writing of changes therein.

Private Client does not usually allow Clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account. Exceptions will be made on a case-by-case basis.

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**4. DISCLOSURE STATEMENT.**

Client acknowledges receipt of Form ADV Part 2 and Private Client's Privacy Policy at or before the time of signing this Agreement in accordance with relevant state statutes and rules. Client acknowledges and consents to Private Client sending notices, including Form ADV Part 2 and Private Client's Privacy Policy, in electronic format to the email address(es) provided by Client.

Client acknowledges receipt of Part 2 of ADV; a disclosure statement containing the equivalent information; or a disclosure statement containing at least the information required by Part 2A Appendix 1 of Form ADV, if the client is entering into a wrap fee program sponsored by the investment adviser. If the appropriate disclosure statement was not delivered to the client at least 48 hours prior to the client entering into any written or oral advisory contract without penalty within five business days after entering into the contract. For the purposes of this provision, a contract is considered entered into when all parties to the contract have signed the contract, or, in the case of an oral contract, otherwise signified their acceptance, any other provisions of this contract notwithstanding.

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**5. CLIENT CONFLICTS.**

\_\_\_\_\_(Client Initial Here) \_\_\_\_\_(Client Initial Here) If this Agreement is between Private Client and related Clients (i.e. husband and wife, etc.), services provided by Private Client shall be based upon the joint communicated goals. Private Client shall be permitted to rely upon instructions from either party with respect to disposition of the Assets or the Account, unless and until such reliance is revoked in writing to Private Client. Private Client shall not be responsible for any claims or damages resulting from such reliance or from any change in the status of the relationship between the Clients.

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**6. ALTERNATE CONTACT AUTHORIZATION.**

\_\_\_\_\_(Client Initial Here) Client declines to authorize an alternate contact at this time.

\_\_\_\_\_(Client Initial Here) Client authorizes Private Client to contact and disclose any information and/or documents related to the Assets under management in the event that Private Client believes the Client's mental competency to be compromised. Private Client may disclose to the person(s) listed below any concern relating to the Client's health, well-being or financial condition, and may duplicate and share information related to the Assets in the Client's name including, but not limited to, official correspondence from Private Client, withdrawal patterns, tax ramifications, balances and positions, and lapse or termination of policies for non-payment of premiums. Private Client recommends the designation of someone other than a spouse. This authorization specifically excludes my trusted contact person from making any decisions on my behalf for my account(s) managed by Private Client. This designation shall remain in effect until Private Client receives written notification from me to terminate this authorization.

Authorized Contact Person 1: \_\_\_\_\_ Phone: \_\_\_\_\_

Relationship to the Client: \_\_\_\_\_ Email: \_\_\_\_\_

Authorized Contact Person 2: \_\_\_\_\_ Phone: \_\_\_\_\_

Relationship to the Client: \_\_\_\_\_ Email: \_\_\_\_\_

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**7. BROKER-DEALER/CUSTODIAN & EXECUTION OF TRANSACTIONS.**

The Assets are not held by Private Client. The Assets shall be held by a qualified custodian. Private Client is authorized to give instructions to the qualified custodian with respect to all investment decisions regarding the Assets. Client authorizes and directs the qualified custodian to effect transactions, deliver securities, make

payments and otherwise take such actions as Private Client shall direct in connection with Private Client's management of the Assets outlined in Section 1.

Client acknowledges and agrees that in order to discharge the responsibilities outlined in Section 1 of this Agreement, all securities transactions must be effected through a qualified custodian. Private Client must arrange to execute securities transactions for the Assets through a qualified custodian that will reasonably provide "best execution". In seeking best execution, the determining factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution for the Client. Private Client takes into consideration the full range of an independent custodian's services, including the value of research provided, execution capability, transaction costs, commission rates, other applicable fees and responsiveness. Private Client will seek to provide the Client with access to competitive commission rates, but may not necessarily obtain the lowest possible commission rates for applicable transactions. It is important to note that Private Client does not have discretion to negotiate commission rates with a qualified custodian.

Client will incur transaction charges for trades executed by their qualified custodian. These transaction fees are separate from Private Client's advisory fees. Client may also pay holdings charges imposed by the qualified custodian for certain investments, charged imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund's prospectus (i.e., fund management fees, initial or deferred sales charges, mutual fund sales loads, 12b-1 fees, surrender charges, variable annuity fees, IRA and qualified retirement plan fees, and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, fees for trades executed away from Client's qualified custodian. The applicable fees will be disclosed to the Client by the qualified custodian. These fees charged to the Client by a qualified custodian for securities transactions *ARE NOT included* within Private Client's compensation outlined in Section 2 of this Agreement. Private Client does not receive any portion of the fees charged by the qualified custodian.

Private Client generally processes transactions for each Client account independently, unless Private Client decides to purchase or sell the same securities for several Clients at approximately the same time. Private Client may (but is not obligated to) combine or "batch" orders for a variety of factors, including but not limited to, obtaining best execution for all parties. Under this procedure, the transaction price will be averaged, and securities will be allocated among Private Client's Clients in proportion to the purchase and sale orders placed for each Client account on any given day.

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## **8. NON-EXCLUSIVE MANAGEMENT.**

Private Client, its officers, employees, and agents, may have or take the same or similar positions in specific investments for their own accounts, or for the accounts of other clients, as Private Client does for the Client's Assets. Client expressly acknowledges and understands that Private Client shall be free to render investment advice to others and that Private Client does not make investment management services available exclusively to the Client. Nothing in this Agreement shall put Private Client under any obligation to purchase or sell, or to recommend for purchase or sale for any Client account, any securities which Private Client, Private Client employees, affiliates, representatives, or agents, may purchase or sell for themselves or for the account of any other client, unless in Private Client's determination, such investment would be in the best interest of the Client.

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## **9. RISK ACKNOWLEDGMENT.**

Private Client does not guarantee the future performance of the Assets or any specific level of performance, the success of any investment decision or strategy used, or the success of Private Client's overall management of the Assets. Client understands that investment decisions made for the Assets by Private Client are subject to various markets, currency, economic, political and business risks, and that those investment decisions will not always be profitable.

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**10. PRIVATE CLIENT LIABILITY.**

Except as otherwise provided by federal or state securities laws, Private Client, acting in good faith, shall not be liable for any action, omission, investment recommendation/decision, or loss in connection with this Agreement including, but not limited to, the investment of the Assets. Private Client shall not be liable for any act or failure to act by any qualified custodian to which Private Client directs transactions for the Client or by any other non-party.

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**11. PROXIES.**

Client acknowledges that Private Client will not vote proxies.

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**12. ASSIGNMENT.**

This Agreement may not be assigned (in accordance with relevant state statutes and rules) by either Party without the prior consent of the other Party. Client acknowledges and agrees that transactions that do not result in a change of actual control or management of Private Client shall not be considered an assignment pursuant to relevant state statutes and rules.

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**13. TERMINATION.**

Either Party may terminate this Agreement in writing at any time. Upon receipt of notice of termination, pro-rata advisory fees for services rendered will be deducted from the Client's managed account(s). If advisory fees cannot be deducted, Private Client will send an invoice for due advisory fees to the Client. Pursuant to CCR 260.235.4(c), Client is entitled to a full refund should terminated of this Agreement occur within five (5) business days.

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**14. DEATH OR DISABILITY.**

The death or incapacity of the Client shall not terminate the authority of Private Client granted herein until Private Client receives notice of such death or incapacity. Upon such notice the Client's executor, guardian, attorney-in-fact or other authorized representative must engage Private Client in order to continue to provide services to the Assets.

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**15. ARBITRATION.**

This Agreement supersedes any and all preexisting agreements and/or understandings. This Agreement contains a provision, which requires that all claims arising out of transactions or activities affecting the provision of services by Private Client to the Client be resolved through arbitration. To the extent permitted by law, all controversies which may arise between the Parties or any of their affiliated companies concerning any transaction arising out of or relating to this Agreement, or the construction, performance, or breach of this or any other agreement between the Parties, whether entered into prior to, on or subsequent to the date hereto, shall be submitted to arbitration conducted under the Rules of the American Arbitration Association. Arbitration must be commenced by service upon the other Party, of a written demand for arbitration or a written notice of intention to arbitrate. Judgment upon any award rendered by the arbitrator(s) shall be final and may be entered in any court having jurisdiction. The Parties hereby submit to the in personam jurisdiction of the courts of the state in which the Client resides and the local courts located therein ("Chosen Jurisdiction") (and expressly waive any defense to personal jurisdiction of the Client by such courts) for the purpose of confirming, vacating or modifying any such award or judgment entered thereon. Service of process in such action shall be sufficient if served on the Parties by certified mail, return receipt requested, at the last address known to the other Party. In this connection the Parties expressly waive any defense(s) to personal jurisdiction of the Parties by such court; to service of process as set forth above; to venue; and in addition, expressly agree that the Chosen Jurisdiction is a convenient forum for any such action.

Nothing herein shall be enforceable to the extent that the Client waives their rights under state or federal securities laws. The Parties acknowledge, understand and agree that: (i) Arbitration is final and binding on the Parties; (ii) The Parties are waiving their right to seek remedies in court, including the right to jury trial; (iii) Pre-arbitration discovery is generally more limited than and potentially different in form and scope from court proceedings; (iv) The Arbitration Award is not required to include factual findings or legal reasoning and any Party's right to appeal or to seek modification of a ruling by the arbitrators is strictly limited; and (v) The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.

No person shall bring a putative or certified class action to arbitration, nor seek to enforce any pre-dispute arbitration agreement against any person who has initiated in court a putative class action; or is a member of a putative class who has not opted out of the class with respect to any claims encompassed by the putative class action until: (i) the class certification is denied; or (ii) the class is decertified; or (iii) the customer is excluded from the class by the court. Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this Agreement except to the extent stated herein.

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#### **16. SEVERABILITY.**

Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms or provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction.

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#### **17. RETIREMENT OR EMPLOYEE BENEFITS PLAN ACCOUNTS.**

This section applies to the undersigned's account if it is part of a pension or other employee benefit plan (a "Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the account is part of a Plan and Private Client accept appointment to provide advisory services to such account, then the following applies:

- (a) Private Client acknowledges that Private Client are a "fiduciary" within the meaning of Section 3(21)(A) of ERISA (but only with respect to the provision of services described in Section 1 of this Agreement). As such Private Client must act with the care, skill, prudence and diligence under the circumstance then prevailing that a prudent person acting in like capacity and familiar with such manners would use the conduct of an enterprise of a like character with like aims (ERISA 404(a)(1)(B)).
- (b) Private Client represents that Private Client are registered as an investment adviser under the relevant state statutes and rules and duly qualified to manage Plan assets under applicable regulations.
- (c) Private Client does not reasonably expect to receive any compensation, direct or indirect, for services rendered other than the compensation described in this Agreement. If Private Client receives any other compensation for such services, Private Client will (i) offset that compensation against the stated fees, and (ii) will disclose to the Client the amount of such compensation, the services rendered for such compensation, the payer of such compensation and a description of the arrangement with the payer.
- (d) Client acknowledges the following: (i) Client independently made the decision to enter into this Agreement and were not influenced by Private Client status as a plan service provider under any other Agreement; (ii) Private Client's appointment and the services are authorized under the Plan documents; (iii) In performing the services, Private Client do not act as, nor have Private Client agreed to assume the duties of, a trustee or the Plan Administrator, as defined in ERISA, and Private Client have no discretion to interpret the Plan documents, to determine eligibility or participation under the Plan, or to take any action with respect to the management, administration or other aspect of the Plan; and (iv) This Agreement contains the disclosures required by ERISA Regulation Section 2550.408b-2(c).
- (e) Private Client agrees to provide the following disclosures, when required:
  - (i) Private Client will disclose, to the extent required by ERISA Regulation Section 2550.408b-2(c), to the Client any change to the information in this Agreement as to services, status and compensation required to be disclosed under ERISA Regulation Section 2550.408b-2(c)(1)(iv)(A) through (D), and

(G) as soon as practicable, but no later than sixty (60) days from the date on which Private Client are informed of the change (unless such disclosure is precluded due to extraordinary circumstances beyond Private Client control, in which case the information will be disclosed as soon as practicable).

- (ii) In accordance with ERISA Regulation Section 2550.408b-2(c)(1)(vi), upon the written request of the responsible plan fiduciary or plan administrator, Private Client will disclose all information related to the compensation or fees received in connection with this Agreement that is required for the Plan to comply with the reporting and disclosure requirements of Title I of ERISA and the regulations, forms and schedules issued thereunder. Such disclosure shall be made reasonably in advance of the date upon which the responsible plan fiduciary or plan administrator states that it must comply with the reporting and disclosure requirement (unless such disclosure is precluded due to extraordinary circumstances beyond Private Client's control, in which case the information will be disclosed as soon as practicable); provided that the responsible fiduciary or plan administrator provides the written request to us reasonably in advance of the date upon which the responsible plan fiduciary or plan administrator must comply with the reporting and disclosure requirement and any failure to do so shall be deemed to be an extraordinary circumstance beyond Private Client's control.
- (iii) If Private Client makes an unintentional error or omission in disclosing information under this Agreement, Private Client will disclose to the Client the corrected information as soon as practicable, but no later than thirty (30) days from the date on which Private Client learn of such error or omission.

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#### **18. APPLICABLE LAW.**

This Agreement supersedes and replaces, in its entirety, all previous investment advisory Agreement(s) between the Parties as it relates to similar services described herein. To the extent not inconsistent with applicable law, this Agreement shall be governed by and construed in accordance with the laws of the Chosen Jurisdiction. In addition, to the extent not inconsistent with applicable law, the venue (i.e. location) for the resolution of any dispute or controversy between Private Client and Client shall be the Chosen Jurisdiction.

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**19. ACKNOWLEDGEMENT.**

For the purposes of this provision, a contract is considered entered into when all Parties to the contract have signed the contract. This Agreement has been duly authorized and executed and constitutes the legal, valid, and binding agreement of Client, enforceable in accordance with its terms. Authorized Fiduciary or Trustee of the Plan signs below. Use of electronic signature or facsimile reproduction is satisfactory.

\_\_\_\_\_  
Client's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Client's Name (Print)

\_\_\_\_\_  
Client's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Client's Name (Print)

Client's Address: \_\_\_\_\_  
\_\_\_\_\_

**IQ Trends Private Client Asset Management**

\_\_\_\_\_  
Authorized Representative's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Authorized Representative's Name (Print)



## Schedule A: Managed Accounts

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Client's Managed Accounts will be assessed the following fees, as indicated in the table below:

**Flat Fee:** An annual flat annual fee of 0.75 %.

To assist us in preparing Transfer of Account Forms, in the table below provide the Account Title, Current Custodian and Account Number.

| Account Title | Custodian | Account Number |
|---------------|-----------|----------------|
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**Notes:**

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| <input type="checkbox"/> Capital Preservation |
| <input type="checkbox"/> Growth               |
| <input type="checkbox"/> Income               |
| <input type="checkbox"/> Total Return         |