

# **INVESTMENT MANAGEMENT AGREEMENT**

This Investment Management Agreement is entered into by \_\_\_\_\_ (“**Client**”) and Shapiro Financial Security Group, Inc. (“**Advisor**”) as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

WHEREAS, Client desires to appoint Advisor as an investment adviser with discretionary investment authority over the assets of the Account (as defined below) in accordance with the terms and conditions of this Agreement and Advisor desires to so act.

**1. Investment Management Services.** Client hereby retains the Advisor to render investment management services and manage securities in Client’s investment account(s) (the “**Account**”) as agreed to and reflected on Exhibit A attached hereto.

- Throughout the term of this agreement, the Advisor shall have a limited power of attorney granting the Advisor the authority to manage and direct securities transactions in the Account on a discretionary basis, including, but not limited to, to purchase, sell, invest, exchange, convert and otherwise deal in securities and financial instruments deemed appropriate for the account, unless specifically restricted by the client in writing.
- The Advisor may provide such other services as are mutually agreed to by the Client and the Advisor from time to time.
- This limited power of attorney will terminate upon a designated date for termination of this agreement, or upon receipt by the Advisor of written notice from the Client as set forth in Section 12 of this agreement.

**2. Client Responsibilities.**

- The Client has provided, and shall continue to provide Advisor with such information as to the Client’s investments, investment portfolio requirements and objectives, financial requirements, assets, liabilities and such other information as will reasonably enable Advisor to furnish the services under this Agreement including as set forth on Exhibit A.
- Client acknowledges that Exhibit A sets forth Client’s desired risk level, hypothetical return target range and investment universe for the Account based on information provided by Client to Advisor (collectively, the “**Account Information and Guidelines**”).
- The Client shall communicate to Advisor, in writing, any desired amendments to the Account Information and Guidelines and shall consult with Advisor thereon. Upon approval by Advisor, any such amendments shall become effective at such time as is agreed to by Advisor and Client.
- Client understands and acknowledges that, to the extent the Account Information and Guidelines impose restrictions on or otherwise limit the full exercise of discretionary authority by Advisor the performance of the Account may be adversely affected relative to the performance of a similar account lacking such restrictions. In addition, the responsibilities of Advisor shall be limited to those of an investment adviser for the Account and shall not include any responsibilities for any other Client assets not listed on Exhibit A.
- Client recognizes that current and accurate information is critical to Advisor’s ability to perform its obligations under this Agreement and agrees to provide Advisor with relevant information, including any material changes with respect to Client’s circumstances, as Client deems necessary

or appropriate, without any duty or inquiry by Advisor, as well as any other materials or information that Advisor may reasonably request to enable it to perform its responsibilities pursuant to this Agreement.

- Client hereby represents that any information provided to Advisor is, to the best of Client's knowledge and belief, true, complete and accurate and agrees that Advisor may continue to rely upon such information until notified to the contrary.

### **3. Custody of Assets.**

- Client will be required to deposit funds and securities into a securities brokerage account operated by one or more third party brokerage/custodian firm(s) as set forth on Exhibit A or otherwise agreed to by Client and Advisor ("**Custodian**").
- Client will provide each Custodian authorization for Advisor to execute purchase and sale transactions for Client's benefit. Client will not change a Custodian or add a custodian without giving Advisor reasonable prior written notice of its intention to do so together with the name and other relevant information with respect to the successor or additional custodian. For the avoidance of doubt, nothing herein shall prohibit the Client from placing or managing assets outside the Account with another Custodian.
- The Account belongs to the Client and assets will be held in this Account. Advisor will have no authority to take or have possession of any assets in the Account or to direct delivery of any securities or payment of any funds held in the Account, except as provided in Section 6(d).
- Client understands and agrees that at no time will Advisor have actual custody or physical control over the assets, except for the ability to deduct fees from the account, as allowed by and in conformity with Rule 206(4)-2 under the Investment Advisors Act of 1940.
- The Client agrees that it will not enter into any agreement with any Custodian for the Account, or issue any instruction to any such Custodian, that would give Advisor any power to dispose of Client funds or securities for any purpose other than authorized trading pursuant to this Agreement.

### **4. Account Statements and Advisor Reports.**

- Advisor understands that Custodian is to provide to the Client statements at least quarterly with details on investment holdings and transactions in the Account, and Advisor shall not be responsible for providing such statements.
- Advisor will provide to Client written reports with performance review, investment strategy outlook, as well as other investment topics and commentary around investment strategies from time to time.
- Client shall monitor the Account by reviewing statements or reports from Advisor or the Custodian regarding the Account, shall compare such reports received from Advisor and Custodian and shall advise Advisor if Client has any questions or concerns about any investment as soon as possible, but in any event not later than thirty (30) days after the receipt of such statement or report.

- 5. Confidentiality.** Except as otherwise agreed in writing or as required by law, (1) Advisor agrees to maintain in strict confidence all information regarding Client's identity, financial affairs, or investments; and (2) Client agrees to maintain in strict confidence all investment advice and information furnished by Advisor.

**6. Asset-based Fee.** Client agrees to pay Advisor for services provided by Advisor pursuant to this Agreement in accordance with the fee schedule attached hereto as Exhibit B. Any annual fee shall be pro-rated and paid quarterly, in advance, based upon the market value of the Assets on the first day of the quarter. No increase in any annual fee shall be effective without prior written notification to Client. Until paid, fees due Advisor for all or any portion of a calendar quarter shall constitute a lien upon the Account.

(a) Fees will be pro-rated for the initial and final quarter if the inception date does not correspond with the first day of the quarter or the termination date does not correspond with the final day of the quarter, with fees for Accounts closed during a quarter calculated based on the greater of actual days under management or a minimum number of days to the midpoint of the quarter. Advisor will promptly (at the beginning of the subsequent quarter) refund any pre-paid but unearned fees.

(b) Fees shall be calculated quarterly, based on the fair value of the Account on the Valuation Date (defined below), determined in accordance with the valuation process described in paragraph Section 6(c) below. Client understands that, to the extent Advisor's fee schedule includes breakpoints based on assets under management, withdrawals (as well as market movements) may adversely affect Client's effective fee rate. For purposes of this Agreement, "**Valuation Date**" means (i) the quarter's first trading day on the New York Stock Exchange or (ii) the date of termination; provided, however, that if the date of termination is not a trading day, the last trading day prior to termination.

(c) In computing the value of an asset for purposes of this Agreement, a security regularly traded shall be valued at the latest available price quotation furnished to the Advisor by sources it deems appropriate. Any other Account asset shall be valued in such a manner as shall be determined by the Advisor in its discretion to reflect its fair market value. In the event that pursuant to any applicable custody agreement the Custodian is responsible for the valuation of the Account, the Advisor shall have the right to challenge the valuation determined by the Custodian and shall endeavor to resolve the dispute directly with the Custodian. In the event the Advisor and the Custodian are unable to resolve the dispute, the valuation of the Account, or asset, shall be resolved by the Client after consultation with the Advisor and Custodian.

(d) Client authorizes the Custodian to charge the Account for the amount of the Advisor's fee and to remit such fee to the Advisor in accordance with the following procedure. Advisor shall (1) send to Client an invoice showing the amount of the fee, the value of assets in the Client's Account on which the fee was based, and the specific manner in which the Advisor's fee was calculated, and (2) instruct the Custodian to send to Client a statement, at least quarterly, indicating all amounts disbursed from the account including the amount of advisory fees paid directly to Advisor. Custodian shall make payment of the invoiced amount directly to Advisor promptly upon receipt thereof. The Client shall bear its own expenses, including, without limitation, investment expenses, brokerage commissions, clearing and settlement charges, custodial fees, all fees and expenses of the Custodian, initial and variation margin, interest expense, stock borrowing fees, mutual fund advisory fees and expenses, consulting, investment banking and other professional fees relating to particular or prospective investments, legal expenses, audit and tax preparation expenses, and other expenses related to the investment of the Account.

**7. Brokerage, Trade Aggregation and Allocation.** Except to the extent Client directs otherwise, Advisor will use its discretion in selecting the broker, dealer or other counterpart to execute each transaction in the Account.

- Advisor will often select Fidelity as the broker-dealer for implementation and execution of securities transactions because of the combined services of asset custody and securities transactions without separate fees, but may also select other broker-dealers from time to time.
- Advisor will comply with its fiduciary duty to obtain best execution on securities transactions and with the provisions of the Securities Exchange Act of 1934.
- In selecting a broker-dealer, Advisor may consider, among other things, commission pricing, efficient trading execution and settlement, quality of services, reputation, financial strength and research and related brokerage services provided by the broker-dealer to the Advisor, notwithstanding that the Account may not be the direct or exclusive beneficiary of such services.

Advisor is authorized in its discretion to aggregate purchase, sale or other transactions made for the Account with purchase, sale or other transactions in the same or similar securities for other clients of Advisor. When transactions are so aggregated, the actual prices applicable to the aggregated transaction will be averaged. Securities will then be allocated in a proportionate share among all clients in the aggregated transaction, and then the Account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price so obtained.

**8. Non exclusivity.** Client acknowledges and understands that Advisor engages in investment advisory and investment management services to other clients in addition to managing Client's Account. Client confirms that Advisor may give advice and take action with respect to any of its other clients based on each client's specific needs and objectives which may differ from advice given or the timing or nature of action taken with respect to the Account. It is Advisor's policy, to the extent practical, to allocate investment opportunities to Client over a period of time on a fair and equitable basis relative to other clients. Nothing in this Agreement shall limit or restrict Advisor or any of its officers, members or employees to acquire, increase, decrease, or dispose of securities which are at the same time being acquired, held or disposed of for the Account.

**9. Limitation of Liability.**

- Advisor does not warrant or guarantee any particular level of profitability in the Account. Not every investment made by Advisor will be profitable.
- Neither Advisor nor any of its affiliates nor any of their respective directors, officers, principals, shareholders, employees or agents (the "**Advisor Persons**") shall make, or be deemed to have made, to Client, any representations or warranties, express or implied, that any level of performance or investment results will be achieved by the Account or that the Account will perform comparably with any standard or index, whether public or private, including performance achieved by any other account.
- Client assumes all market risks associated with investments in the Account and understands that all investments are subject to various market, currency, economic, political and business risks.

- Advisor will not be liable for any loss that Client may suffer by reason of any investment decision made or other action taken or omitted by Advisor, except in the case of Advisor's gross negligence, intentional misconduct or lack of good faith.
- Without limiting the foregoing, Client agrees that neither Advisor nor any Advisor Persons shall be liable for (i) any loss suffered by reason of any investment decision, recommendation, or other action taken or omitted in good faith and in accordance with the Account Information and Guidelines, as they may exist from time to time; or (ii) any act or failure to act by a Custodian, by any broker to which Advisor directs transactions for the Account or by any other independent third party.
- Nothing in this Agreement shall, in any way, constitute a waiver or limitation by Client of any rights which may not be limited or waived in accordance with applicable law.

**10. Indemnification.** Client shall indemnify and hold harmless Advisor Persons for any loss, liability, cost, damage or expense, including reasonable attorneys' fees and costs (collectively, "**Losses**") incurred by Advisor Persons in connection with this Agreement, except where a court of competent jurisdiction has finally concluded that such Losses resulted from Advisor Persons' gross negligence, recklessness, or willful misconduct. Advisor shall indemnify and hold harmless Client, its affiliates, directors, officers, shareholders, employees and agents for any Losses that such a court has finally concluded result from the gross negligence, recklessness or willful misconduct of Advisor Persons.

**11. Assignment and Termination.** Advisor may not assign this Agreement without written consent of Client (which may be obtained by negative consent). This Agreement may be terminated by either party by giving thirty (30) days prior written notice of termination to the other. Upon termination, any fees owed to the Advisor will be paid by Client as set forth in Section 6 and Exhibit B.

If Client is a natural person, the death, disability or incompetency of Client will not terminate or change the terms of this Agreement. However, Client's executor, guardian, attorney-in-fact or other authorized representative may terminate this Agreement by giving written notice to Advisor.

**12. Acknowledgment.** Client hereby acknowledges receipt of a copy of Advisor's written disclosure statement (SEC Form ADV, Part 2, Firm Brochure).

**13. Arbitration.** In the event of any dispute pertaining to Advisor's services under this Agreement, both Advisor and Client agree to submit the dispute to arbitration in accordance with the auspices and rules of the American Arbitrations Association ("**AAA**"), provided that the AAA accepts jurisdiction. AAA rules can be found on the AAA website at [www.adr.org](http://www.adr.org).

- Advisor and Client understand that such arbitrations shall be final and binding on the parties, and that by agreeing to arbitration, both advisor and Client are waiving their respective rights to seek remedies in court, including the right to a jury trial. Judgment upon the award rendered by the Arbitrator may be entered in any Court having jurisdiction thereof.
- Client acknowledges that he/she/it has had a reasonable opportunity to review and consider this arbitration provision prior to the execution of this Agreement.

- The costs of the arbitration shall be borne equally by the parties.
- The arbitration shall take place in New Jersey or any other location mutually agreed to by the parties.
- Client acknowledges and agrees that, the foregoing notwithstanding, in the event of non-payment of any portion of the Advisor's fees pursuant to Section 6 of this Agreement, Advisor, in addition to the aforementioned arbitration remedy, shall be free to pursue all other legal remedies available to it under law, and shall be entitled to reimbursement of reasonable attorneys' fees and other costs of collection.

**14. Consent to Receipt of Electronic Records.** The Advisor is hereby authorized and instructed to accept, execute and deliver, or otherwise make available, any and all records and notices, in respect of the Account to the Client in electronic form including, without limitation, by email or through a designated web-portal or web address. Client may terminate the consent provided under this Section 14 at any time by written notice to Advisor. Notwithstanding this consent, Advisor may still decide to send Client paper copies in certain circumstances including where electronic delivery is unavailable or Advisor reasonably believes Client's email address is not receiving the emails Advisor sends.

## **15. General Provisions**

(a) This Agreement shall be governed by and construed in accordance with the laws of the United States and the State of New Jersey.

(b) The invalidity or unenforceability of any provision hereof will in no way affect the validity or enforceability of any other provision hereof.

(c) This Agreement embodies the entire Agreement of the parties with respect to the subject matter hereof and supersedes all prior written and oral agreements related to the subject matter hereof.

(d) This Agreement can be modified or amended only by a writing signed by the parties hereto.

**[SIGNATURES ON FOLLOWING PAGE]**

IN WITNESS WHEREOF, the parties hereto have signed and executed this Agreement as of the year and date first written above.

CLIENT #1

Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

CLIENT #2

Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

ADVISOR :

Shapiro Financial Security Group, Inc.

By: \_\_\_\_\_  
Kenneth B. Shapiro, CFP®, CPA/PFS

Date: \_\_\_\_\_

**EXHIBIT A**  
**Account Information and Guidelines**

Household Name: \_\_\_\_\_

Custodian or Institution: \_\_\_\_\_

**Assets Under Management: The account relationship includes the sub-accounts listed below:**

Individual or Joint Taxable Acct.	<input type="checkbox"/>	Traditional, Rollover, Simple/SEP IRA Acct.	<input type="checkbox"/>
Roth IRA Acct.	<input type="checkbox"/>	Company 401K (Held Away) Acct.	<input type="checkbox"/>
UTMA/529 Acct.	<input type="checkbox"/>	Annuities	<input type="checkbox"/>

Other Type of Account to be Managed: \_\_\_\_\_

**Investment Guidelines:**

**Risk Tolerance Information**

	<u>Date</u>	<u>Score</u>	<u>Risk Range</u>	<u>Benchmark Allocation Equity/Fixed Income*</u>	<u>Check Target Selected</u>
Per Questionnaire:					<input type="checkbox"/>
Per Report:					<input type="checkbox"/>
Other: _____					<input type="checkbox"/>
Comments: _____					

\*Benchmark Alternatives = Percentages of Equity/Fixed Income/Cash (ie: 45-45-10)

**Acceptable Investment Universe:** See Paragraph 1- Investment Management Agreement

**Investment Restrictions (if any):** \_\_\_\_\_  
\_\_\_\_\_

**CLIENT :**

Printed Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Signature: \_\_\_\_\_

**ADVISOR :**

Shapiro Financial Security Group Inc.

By: \_\_\_\_\_  
Kenneth B. Shapiro, CFP®, CPA/PFS



**EXHIBIT B**  
**Investment Management Fee Schedule**

Last Modified August 29, 2007  
 Reaffirmed January 1, 2014 & January 1, 2020

<b><u>Amount under management</u></b>	<b><u>Annual Fee</u></b>
If Assets under Management are \$50,000 or Less	Hourly Rates Apply
If Assets under Management are Greater than \$50,000	
First \$100,000 (\$1 - \$100,000)	1.25%
Next \$150,000 (\$100,001 - \$250,000)	1.00%
Next \$250,000 (\$250,001 - \$500,000)	.80%
Next \$500,000 (\$500,001 - \$1,000,000)	.65%
Over \$1,000,000	Negotiable

Minimum annual fee - \$500.00

**Example**

\$250,000 Portfolio	\$1 - 100,000	1.25%	\$1,250
	\$100,001- 250,000	1.00%	<u>1,500</u>
	Total Fees Equal	1.10%	\$2,750 / \$250,000
 \$500,000 Portfolio	\$1 - 100,000	1.25%	\$1,250
	\$100,001- 250,000	1.00%	1,500
	\$250,001 - 500,000	.80%	<u>2,000</u>
	Total Fees Equal	.95%	\$4,750 / \$500,000

**Fee Schedules are subject to change.**

**Fees will be drafted from authorized accounts at the beginning of each quarter, based upon account balances on the first day of each quarter. Adjustments to fees will be reflected in the subsequent quarter for new funds transferred into an account or for funds withdrawn during the billing period.**

**Fees for accounts closed during a quarter will be based upon the greater of actual days in account during the final quarter or a minimum of days to midpoint of quarter. Clients will receive a refund at beginning of subsequent quarter for excess fees collected during final quarter.**