



## **Discretionary Investment Advisory Agreement (American Funds)**

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On this date \_\_\_\_\_, by and between PMB Capital Management LLC DBA Brookstone Financial (“Brookstone”) and \_\_\_\_\_ (“Client”).

### **WITNESSETH**

WHEREAS, the undersigned Client being duly authorized has funds available (“Account”). In consideration of the premises and mutual covenants contained herein, and intending to be legally bound hereby agrees to the following terms and conditions:

**INVESTMENT ADVISORY SERVICES** – Investment Advisory Services are detailed throughout this Agreement.

### **(A) Appointment and Acceptance as Investment Advisor**

The Client hereby appoints Brookstone as investment advisor for the Account. Brookstone shall supervise and direct the investments of and for the Account, subject to the objectives, limitations and restrictions listed in Schedule A.

### **(B) Duties of Brookstone**

Brookstone hereby accepts appointment and fiduciary duty of utmost good faith to act solely in the best interest of each Client pursuant to the terms and conditions set forth in this Agreement and to comply with impartial conduct standards of:

- Charging no more than reasonable compensation for services provided; and
- Making no misleading statements regarding investments, compensation and conflicts of interest.

Brookstone shall **have authority in its sole discretion** to:

1. Direct the Custodian to invest and reinvest or sell the Account assets in common and preferred stocks, bonds, debentures, notes, mutual fund shares, exchange traded funds, options, variable life insurance, and variable annuities.
2. Direct the Custodian to exercise or abstain from exercising any options, privileges or rights held as part of the account.
3. Render to Client at least quarterly a written statement of the investments of the Account. This statement may come directly from the Custodian.
4. In addition to the authority granted to Brookstone under this Agreement, Client hereby grants Brookstone full discretionary authority and authorizes Brookstone to select and appoint one or more Sub-Advisor(s) to provide Sub-Advisor Services to Client’s Account without prior consultation with or the prior consent of Client. Such Sub-Advisor Services will be as determined by Brookstone. Such Sub-Advisor(s), in providing Sub-Advisor Services, shall have all of the same authority relating to the management, including fee deduction authority, of Client’s Account as is granted to Brookstone in this Agreement. In addition, at Brookstone’s discretion, Brookstone may grant such Sub-Advisor(s) full authority to further delegate such discretionary investment authority to other Money Managers.

**Brookstone will not be required to 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 Account may be invested from time to time.**

Brookstone represents and warrants that it has authority to enter into this Agreement and to perform this Agreement in accordance with its terms and that it is licensed as an investment advisor under the laws of the State of Indiana and other jurisdictions in which it may conduct business.

**(C) Duties of Client**

Client agrees to:

1. Notify Brookstone of a change in life status including but not limited to, employment, retirement, marital status, or household.
2. Promptly notify Brookstone in writing of any changes to its investment policy, and any changes to the restrictions or limitations applicable to the Account, and to provide Brookstone with prior written notice of any changes in the identity of persons authorized to receive information with respect to the Account.
3. Execute any and all agreements, including limited powers of attorney, necessary or appropriate to enable Brookstone to perform its investment advisory services hereunder.
4. Cause the Custodian to pay all Account charges and fees, including but not limited to brokerage commissions and taxes, and investment advisory fees. Client authorizes the custodian to automatically deduct Brookstone's advisory fees from client accounts.

**(D) Custodian**

The Custodian at the time this Agreement is executed is identified in Schedule C. Brookstone may receive certain administrative benefits from the Custodian that enable Brookstone to provide the Client with advisory services.

Under no circumstances will Brookstone act as Custodian for the Account or have possession of any portion of the funds or investments of the account except for authorized fee withdrawal.

**(E) Directed Brokerage**

Brookstone does not allow directed brokerage accounts.

**(F) Services to Other Clients**

It is understood that Brookstone performs investment advisory services for various Clients. Client agrees that Brookstone may give advice and take action in the performance of its duties with respect to any of its other Clients which may differ with the advice given or action taken with respect to the Account, so long as it is Brookstone's policy, to the extent practical, to allocate investment opportunities to the Account over a period of time on a fair and equitable basis relative to other Clients. Nothing in this Agreement shall be deemed to confer upon Brookstone any obligation to acquire for the Account a position in any security which Brookstone, its principals or employees may acquire for its or their own accounts or for the account of any other Client, if in the sole and absolute discretion of Brookstone it is not for any reason practical or desirable to acquire a position in such security for the Account. Brookstone shall not be held responsible for any loss incurred by reason of any independent act or omission of any broker or the Custodian for the Account.

**(G) Fees**

In computing the market value of any investment of the Account, each security listed on any national securities exchange or otherwise subject to current last-sale reporting shall be valued at the last sale price on the valuation date. However, for assets such as alternative investments where a fee is charged and the custodian does not price the security, the asset may be priced by the provider of the asset according to their pricing policy or may also involve independent pricing services for

assets that are priced in that manner. Brookstone itself, does not price any investment or security for which it charges a management fee or that is included in the portfolio return.

The investment advisory fee is billed directly to the Custodian, with an informational copy of the invoice to Client. The Custodian deducts the fee for the Account upon receipt of the invoice, or shortly thereafter. Brookstone will not be compensated based on the basis of a share of capital gains or capital appreciation of the assets in the Account.

Client shall be given thirty (30) days prior written notice of any increase in fees and Client will acknowledge, in writing, any agreement of increase in said fees.

Client acknowledges that representatives of Brookstone may provide Client with various insurance and securities products upon which a commission may be paid to Brookstone's representatives, and such commissions are separate and apart from the fees charged under this Agreement. A conflict exists because of the relationship. This conflict is mitigated by disclosures, procedures and Brookstone's fiduciary obligation. The Client is under no obligation to act upon the investment advisor's recommendations. If the Client elects to act on any of the recommendations, the Client is under no obligation to effect the transaction through Brookstone or its representatives.

#### **(H) Duration and Termination**

This Agreement shall become effective on the date written above and shall continue in effect until terminated. This agreement may be terminated by Brookstone with thirty (30) days written notice to Client or by Client at any time with written notice to Brookstone. Clients will be responsible for investment advisory fees up to and including the effective date of termination.

No assignment of this Agreement by Brookstone shall be effective without the prior written consent of Client. Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement with no obligation and without penalty.

#### **(I) Confidentiality**

Client's personal information will be disclosed to third parties as presented in the privacy policy of Brookstone.

#### **(J) Title to Assets**

Except to the extent Client has notified, or in the future notifies, Brookstone in writing, Client represents that assets in the Account belong to Client free and clear of any liens or encumbrances.

#### **(K) Market Conditions**

Client acknowledges that Brookstone's past performance and advice regarding Client's Account cannot guarantee future results. **Client investments can appreciate or depreciate.** Brookstone does not guarantee or warranty that services offered will result in profit.

#### **(L) Notices**

All notices and other communications contemplated by this Agreement shall be deemed duly given if it is transmitted to Brookstone at the email or mailing address listed on Form ADV Part 2A.

And to Client at the address appearing below, or at such other address or addresses that shall be specified, in each case, in a written notice similarly given.

#### **(M) Limitation of Liability**

Brookstone shall not be responsible for independent acts, omissions, or solvency of the Custodian or any broker or agent selected by it to affect any transactions for the Account. Brookstone shall not be relieved of any liability imposed by the Investment Advisors Act of 1940 or any applicable state laws that cannot be waived. Nothing in this Agreement may be interpreted to limit or modify the investment adviser's fiduciary duties to its Clients and nothing in this Agreement shall be deemed a

waiver of any right or remedy that a Client may have under federal or state securities laws. Federal and state securities laws impose liabilities under certain circumstances on persons who act in good faith.

**(N) Governing Law**

The validity of this Agreement and the rights and liabilities of the parties hereunder shall be determined in accordance with the laws of the State in which the Client resides, except to the extent preempted by ERISA.

**(O) Captions**

The section headings of this Agreement are inserted for convenience of reference only, and shall not affect the interpretation of this Agreement.

**(P) Brochure and Privacy Notice**

Client acknowledges receipt of the Privacy Policy and Form ADV Part 2A & 2B of Brookstone. If Form ADV Part 2A & 2B was not delivered to the Client at least 48 hours prior to the Client entering into any written advisory contract with Brookstone, then the Client has the right to terminate the contract without penalty within five (5) 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, otherwise signified their acceptance, any other provisions of this contract notwithstanding.

\_\_\_\_\_  
Client Initials                      Date                      Client Initials                      Date

Client chooses to have all required documents delivered via electronic communication, including, but not limited to, the documents listed above. Please send my documents to my secure online portal or email address:

\_\_\_\_\_

Email Address

\_\_\_\_\_

Email Address

**Email Address Certification.** You certify that the email address provided (“Client Email”) is a functioning email address owned and maintained by you or your agent on your behalf, and that all electronic communications of reports sent to the Email Address shall be accessible by you. You agree to notify us in writing, of any change in the Email Address.

Brookstone reserves the right to email additional forms and/or documents to the email indicated above. My signature below authorizes Brookstone to send any forms or documents that they feel are necessary to my email address.

**(Q) Entire Agreement and Amendment**

This Agreement (including the Schedules listed below) contains the entire agreement and understanding of the parties with respect to the subject matter hereof and supersedes all prior written agreements and understandings with respect hereto. This Agreement may only be amended or modified, and the terms hereof may only be waived, by a writing signed by all parties hereto or in the case of a waiver, by the party entitled to the benefit of the terms being waived.

- Schedule A Client’s Individual Account Level Suitability
- Schedule B Identification of Authorized Persons
- Schedule C Identification of Custodian
- Schedule D Schedule of Fees

**SCHEDULE A Client’s Individual Account Level Suitability**

Complete the information below for each different registration type.

**Account 1**

Owner of account: \_\_\_\_\_  
 Type of account: \_\_\_\_\_  
 Risk tolerance: \_\_\_\_\_  
 Investment objective: \_\_\_\_\_  
 Investment horizon: \_\_\_\_\_  
 Restrictions: \_\_\_\_\_  
 Source of funds: \_\_\_\_\_  
 Liquidity needs: \_\_\_\_\_

**Account 2**

Owner of account: \_\_\_\_\_  
 Type of account: \_\_\_\_\_  
 Risk tolerance: \_\_\_\_\_  
 Investment objective: \_\_\_\_\_  
 Investment horizon: \_\_\_\_\_  
 Restrictions: \_\_\_\_\_  
 Source of funds: \_\_\_\_\_  
 Liquidity needs: \_\_\_\_\_

**Account 3**

Owner of account: \_\_\_\_\_  
 Type of account: \_\_\_\_\_  
 Risk tolerance: \_\_\_\_\_  
 Investment objective: \_\_\_\_\_  
 Investment horizon: \_\_\_\_\_  
 Restrictions: \_\_\_\_\_  
 Source of funds: \_\_\_\_\_  
 Liquidity needs: \_\_\_\_\_

**Account 4**

Owner of account: \_\_\_\_\_  
 Type of account: \_\_\_\_\_  
 Risk tolerance: \_\_\_\_\_  
 Investment objective: \_\_\_\_\_  
 Investment horizon: \_\_\_\_\_  
 Restrictions: \_\_\_\_\_  
 Source of funds: \_\_\_\_\_  
 Liquidity needs: \_\_\_\_\_

Attach additional sheets as necessary.

**SCHEDULE B Identification of Additional Authorized Persons**

The following persons are authorized to receive information with respect to the Account. Client will provide Brookstone with prior written notice of any changes to authorized persons.

Name(s): \_\_\_\_\_

**SCHEDULE C Identification of Custodian**

Custodian: \_\_\_\_\_

**SCHEDULE D Schedule of Fees**

**Managed by Brookstone:**

Brookstone offers discretionary direct asset management services to advisory Clients using American Funds. Brookstone charges an annual investment advisory fee based on the total assets under management as follows:

Assets Under Management	Standard Fee	Negotiated Fee
Up to \$499,999	1.50%	
\$500,000 - \$999,999	1.25%	
\$1,000,000 - \$1,999,999	1.00%	
\$2,000,000 - \$4,999,999	0.75%	
Over \$5,000,000	0.50%	

This is a tiered or breakpoint fee schedule, the entire portfolio is charged the same asset management fee. The annual fee is negotiable based upon certain criteria (e.g., historical

relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with Clients, etc.). Fees are billed quarterly in arrears based on the amount of assets managed as of the close of business on the last business day of the previous quarter. Lower fees for comparable services may be available from other sources. Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement with no obligation and without penalty. After the initial five (5) business days, the agreement may be terminated by Brookstone with thirty (30) days written notice to Client and by the Client at any time with written notice to Brookstone. For accounts opened or closed mid-billing period, fees will be prorated based on the days services are provided during the given period. All unpaid earned fees will be due to Brookstone. Client shall be given thirty (30) days prior written notice of any increase in fees. Any increase in fees will be acknowledged in writing by both parties before any increase in said fees occurs.

Brookstone may also utilize the services of a Sub-Advisor to manage Clients' investment portfolios. Brookstone will enter into Sub-Advisor agreements with other registered investment advisor firms. When using Sub-Advisors, the Client will not pay additional fees. The Sub-Advisors fees are inclusive of the fees charged by Brookstone.

***By signing below, Client agrees to the above fee schedule.***

IN WITNESS WHEREOF, the parties hereto have executed and agreed to this Agreement as of the date below,

**PMB Capital Management LLC DBA Brookstone Financial**

By: \_\_\_\_\_  
Advisor Signature

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

\_\_\_\_\_  
Advisor Printed Name

**CLIENT DATA**

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

Address: \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Client Signature

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

\_\_\_\_\_  
Client Signature

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