

**ASSET MANAGEMENT AGREEMENT**  
**TACTICAL ASSET ALLOCATION SERVICES**

1. **PARTIES:** This Agreement is made this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ between \_\_\_\_\_ ("Client") and Hypo Financial Services and Investment Adviser. ("HFSIA") whose principal office is located at 250 N G Street, Suite 100, San Bernardino, CA 92410.

2. **APPOINTMENT:** Client agrees to retain HFSIA to provide Client with investment advisory services for the compensation specified in this Agreement. Both Client and HFSIA intend to be legally bound by this agreement.

3. **SERVICES:** HFSIA shall provide the Client the tactical asset allocation services indicated below. Client desires to utilize the services of HFSIA in an investment program using defensive money market accounts and one or more aggressive funds. The purpose of this program is to attempt to have downside protection in a falling market and appreciation possibilities in a rising market by converting between the types of funds as signals to buy and sell are indicated. It is recognized that short-term capital gains or losses may be realized. Depending upon the types of mutual funds used, receipt of dividends might be incidental to the purpose of the program and may be received only on an irregular basis.

Client hereby authorizes HFSIA to move the investment of the Client within various investment alternatives in accordance with the receipt of signals to buy and sell of the allocation program indicated on the attached schedule. HFSIA shall also have the discretion to choose a different fund than that listed hereunder for a particular portfolio position (e.g. when a fund company requests that fund switching be reduced) as long as the choice does not incur any back-end or front-end sales charge or penalty.

In the event that a conversion is missed due to a clerical error with material losses resulting therefrom, the Client's subscription for those dollars affected will be extended for up to one year without charge but HFSIA assumes no responsibility for losses resulting therefrom. Client should carefully review the prospectus of funds held for any fund restrictions on exchanges as HFSIA will not be responsible for losses resulting from any such restriction. All newly received client monies will be placed in a money market account until such time as HFSIA can implement computer and other procedural inputs. Delays can occur in this process. If a signal is received during the initial processing, a Client may not be moved into the signaled position and thus possible losses may occur during this period for which HFSIA assumes no responsibility.

HFSIA makes no promises, representations, warranties or guarantees that any of the services to be rendered hereunder will result in a profit to the Client. The tactical asset allocation decisions are based upon techniques and indicators that have been well researched or would have produced profitable buy and sell signals in the past. However, there can be no guarantee that they will produce profitable results in the future. Client agrees to hold HFSIA and its officers, directors, members, representatives and any affiliates harmless for any losses in Client accounts due to any decrease in net asset value of mutual funds owned by Client or due to tactical asset allocation decisions made by HFSIA which prove to be unprofitable.

4. **TERM:** The term of this Agreement is for an initial period of one year and will continue thereafter unless either party terminates the agreement on 30 days' written notice.

5. **TERMINATION:** Client may terminate this agreement by written notice given within five (5) days after the date of this Agreement and receive a full refund of all fees paid to HFSIA. This Agreement may also be terminated by either party for any reason upon 30 days' written notice to the other party.

In the event of termination after five business days, the first fifty percent (50%) of the quarterly fee is considered direct cost and is not refundable. The remaining fifty percent (50%) is refundable on a monthly prorated basis. Upon cancellation of this agreement, all funds will be exchanged into the defensive (money

market) position unless otherwise instructed in the written notification of cancellation. Non-payment of fees does not serve as notification of cancellation.

6. **CONFIDENTIALITY:** All information and documents furnished by Client to HFSIA shall be confidential. In the event HFSIA is compelled to disclose confidential information by legal process, HFSIA will use its best efforts to give written notice to Client prior to such disclosure. Client agrees not to disclose to any other party, or to use in any way, for the benefit of Client or any other party, information regarding the specific move dates of HFSIA or specific funds chosen under any active tactical asset allocation service in such a way that this information might be used for another's benefit.
7. **FEES:** Client shall pay HFSIA in advance the applicable advisory fee as indicated below, based on the Client's assets under management:

Tactical Asset Allocation services:

For all securities instruments except municipal bond and corporate bond funds: \_\_\_\_\_% per year; negotiable

For municipal bond funds: \_\_\_\_\_% per year; negotiable

For corporate bond funds: \_\_\_\_\_% per year; negotiable

Administrative Servicing Fee: \_\_\_\_\_%

Said fee shall be due and payable quarterly on a calendar year basis, in advance, and shall be deducted from the Client's respective account or from another of the Client's accounts covered under this agreement. The fee on the initial investment will be billed in addition to the first quarter fees, at the end of the month in which the Client initiates the account and will be prorated for the period remaining until the end of the quarter. If additional amounts are contributed, a pro-rata fee will be due at the time of the deposit or on the next quarterly billing. The fee will also be prorated for the quarter in which the account is terminated. There is also an administrative servicing fee on new monies deposited with the advisor, due at the time of such deposit. This fee shall be up to 2.4% and is negotiable.

It is further agreed that Client will bear the cost of all securities purchased for the Client as well as taxes, interest (if any), brokerage fees and commissions, and custodian charges (if any). Client is hereby informed that all mutual funds or variable life/annuity accounts have a separate level of management fees.

8. **INDEMNITIES:** Client acknowledges that HFSIA's investment recommendations will place the Client under some risk, and that this risk can result in Client losing investment capital and/or income and/or tax benefits and/or purchasing power. Client may also miss investment opportunities as HFSIA attempts to protect principal. There can be no guarantee that any of HFSIA's money management systems will result in a profit to the Client. Client agrees to suffer all losses or missed gains from Client's own funds. Client agrees to hold HFSIA, its officers, directors, employees, agents, independent contractors, and representatives forever harmless from all claims, liabilities, losses, damages, attorney's fees, costs and expenses which may arise from any actions, services rendered, or advice taken pursuant to this Agreement, unless rendered or taken in bad faith or as a result of willful misconduct.

Client agrees to hold HFSIA, its officers, directors, employees, agents, independent contractors, and representatives forever harmless from all claims, liabilities, losses, damages, attorney's fees, costs and expenses which may arise from any act (on Client's behalf or for Client's account), omission, or insolvency of any broker/dealer, agency, professional, independent contractor or financial products salesperson.

9. **THE FEDERAL SECURITIES LAWS IMPOSE LIABILITIES UNDER CERTAIN CIRCUMSTANCES ON PERSONS WHO ACT IN GOOD FAITH, AND THEREFORE NOTHING HEREIN SHALL IN ANY WAY CONSTITUTE A WAIVER OR LIMITATION OF ANY RIGHTS WHICH THE CLIENT OR HFSIA MAY HAVE UNDER ANY FEDERAL SECURITIES LAWS.**

10. **CLIENT'S OTHER PROFESSIONALS:** Client should retain, separately, Client's own attorneys, accountants, and other financial services professionals. Client agrees that said professionals shall be solely responsible for the preparation and accuracy of legal advice, legal opinions, legal documents, accounting

documents, tax opinions and tax returns. Client acknowledges that HFSIA cannot provide legal advice, legal opinions or legal documents. Client further acknowledges that HFSIA does not prepare or provide audit documents, tax opinions or tax returns, and that HFSIA cannot represent Client before the IRS.

11. ASSIGNMENT: This Agreement is not assignable without the prior written consent of both parties.

12. SECURITIES AND EXCHANGE COMMISSION REQUIREMENTS: Client acknowledges that HFSIA is an investment advisor registered with the state of California under the Investment Advisers Act of 1940, as amended. Client acknowledges receipt of HFSIA's current Form ADV Part II and Privacy Notice Policy.

13. NOTICE: Any and all notices, designations, consents, offers, acceptances, or any other communications provided for herein shall be given in writing and shall be deemed to have been duly given if : (A) delivered personally; (B) transmitted by prepaid facsimile, telegram or telex, if confirmed within twenty-four (24) hours thereafter by a signed original; (C) sent by a nationally recognized express courier service, postage or delivery charges prepaid, or (D) sent by certified mail, return receipt requested.

14. NON-WAIVER: Failure of either party to object to or take other action with respect to any conduct of the other party that may be a breach of this Agreement shall not be deemed a waiver of any breach or of any future breach or wrongful conduct.

15. SEPARABILITY: If any provision of this Agreement or its application to any person or circumstance is found to be invalid or unenforceable, the remainder of the Agreement or the application of that provision to other persons or circumstances shall not be affected and shall remain in full force and effect.

16. GOVERNING LAW: The validity, interpretation, and performance of this Agreement shall be governed by and construed under the laws of the State of California.

17. ENTIRE AGREEMENT: This Agreement contains the entire understanding of the parties. Any oral understandings are incorporated and merged in this Agreement. No representations were made or relied upon by either party except as set forth. This Agreement may not be changed unless both Client and HFSIA agree to the change in writing.

18. ACKNOWLEDGEMENT: Client acknowledges that a properly-licensed registered representative, Agent, independent contractor or broker-dealer firm may receive a portion of any fee(s) charged hereunder as a commission for their services.

A SCHEDULE IS ATTACHED HERETO LISTING THE ACCOUNT(S) TO BE MANAGED UNDER THIS AGREEMENT.

\_\_\_\_\_  
Client

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Hypo Financial Services and Investment Adviser  
Paul Lo, CEO, CFP®

\_\_\_\_\_  
Client

\_\_\_\_\_  
Address

\_\_\_\_\_  
Date