

secondary market whatsoever. Because reported valuations of these illiquid investments will be based on either of the two methods described above, and because these valuations will often be higher than what the interests could actually be sold for, the fees paid to AIC will often be higher than they otherwise would be if the assets were able to be valued at current fair market value like other assets in the account. This potentially could create a conflict of interest in situations in which AIC might consider that it could obtain more fees by recommending illiquid investment than it could by recommending liquid investments.

Fees for Other Advisory Services (Investment Plans/Planning Services/401(k) Plan Investment Selection & Monitoring):

Hourly consultation fees and/or fixed fees may be charged for the construction of investment plans, as well as other planning services. Hourly consultation fees are negotiable but will not exceed \$350 per hour. Fixed fees will be agreed upon in advance by the Affiliate and the client. A retainer, not to exceed 50% of estimated charges, may be required for investment planning advisory services. The balance is due upon delivery of the plan/services. Fees for investment planning services will not be collected for services to be performed more than six months in advance.

Fees for 401(k) plan services limited to investment selection and monitoring are computed as a percentage of plan assets using a fixed annual percentage rate. Fees are billed in arrears and are based on asset values as of the last business day of the billing period, i.e., calendar quarter-end, month-end, or other period as agreed upon by the client. Fees for new plans will be assessed pro-rata for the first period billing to reflect the partial period. Cash flow will not be prorated. AIC's maximum fee for providing 401(k) plan services limited to investment selection and monitoring, expressed as an annual percentage, is 1%.

For other advisory services, upon termination by either party, AIC agrees to refund any prepaid fee, prorated to the termination date (where applicable).

All advisory fees may be negotiated by the Affiliate on a case-by-case basis.

In negotiating fees, the scope of the services offered and the comparable fees for the geographic area will be considered. In no case will fees exceed the schedules and/or amounts described above.

At times, AIC and its Affiliates may waive fees for commissions received; however, we may provide both commission and fee services.

Payments of fees may be paid direct by the client or payment of fees may be made by the custodian holding the client's funds and securities. The following criteria will be met when payment is made by the custodian: (1) the client provides written authorization permitting the fees to be paid directly from the client's account held by the independent custodian, (2) AIC sends to the client a bill showing the amount of the fee, the value of the client's assets on which the fee was based, and the specific manner in which the fee was calculated, (3) AIC discloses to the client that it is the client's responsibility to verify the accuracy of the fee calculation and that the custodian will not determine whether the fee is properly calculated, (4) AIC sends a bill to the custodian indicating the amount of the fee to be paid by the custodian, and (5) the custodian agrees to send to the client a statement, at least quarterly, indicating all amounts disbursed from the account including the amount of advisory fees paid directly to AIC.

In addition to fees paid for advisory services with respect to clients' investments in mutual funds, clients may pay additional fees on certain mutual fund investments because certain mutual funds also pay advisory and/or management fees to an advisor.

12b-1 trail compensation and/or servicing fees are paid to broker-dealers by certain mutual funds, variable insurance products or other investment vehicle sponsors.