

# MIDDLE COAST INVESTING LLC

## DISCRETIONARY INVESTMENT MANAGEMENT AGREEMENT

AGREEMENT, made on \_\_\_\_\_, 20\_\_ between Middle Coast Investing LLC, a registered investment adviser, whose mailing address is 206 East Loomis Street, Ludington, MI 49431 (hereinafter referred to as the "Adviser") and \_\_\_\_\_/\_\_\_\_\_,(hereinafter referred to as the "Client") whose mailing address is \_\_\_\_\_ Adviser shall provide investment management services to the brokerage and/or custodial account(s) identified on the signature page of this Agreement (herein after collectively referred to as "Account").

**1. Registered Investment Adviser.** Adviser acknowledges that it is an investment adviser registered, excluded or exempt from registration in the state(s) in which it conducts business.

**2. Duties of Investment Adviser – Discretionary Management.** Client appoints Adviser to act as a discretionary investment manager with respect to all assets held in the Account(s). The Adviser accepts such appointment. Adviser shall have complete discretion to direct and implement the investment and reinvestment of the assets held in the Accounts without consultation with the Client. Adviser's authority shall survive Client's death, incapacity, dissolution, or insolvency until Adviser's receipt of written notice of that event. All transactions in the Accounts to this limited discretionary authority shall be solely for the benefit and risk of the Client. All assets under Adviser's management shall be held or distributed in the Client's name or as the Client otherwise directs Adviser in writing.

In connection with the advisory services provided to Client, Adviser is entitled to rely on the information provided to Adviser by Client in formulating a plan of investment.

**3. Permissible Investments.** With discretionary management, the Adviser is authorized, without prior consultation with the Client, to buy, sell, and trade debt and equity securities offered for sale, or bank deposit products. Permissible investments in debt and equity securities shall include, without limitation, shares, units, and direct or indirect interests in stocks; bonds, corporate, federal, state, municipal, and agency debt; money market funds; mutual funds (open and closed-end investment companies); exchange traded funds; hedge funds; unit investment trusts; real estate investment trusts; limited partnerships, oil and gas interest, limited liability companies, business trusts investing in mortgages, consumer or commercial loans, securities or other types of fixed or intangible assets; and other kinds of investment trusts; collateralized mortgage obligations; asset-backed securities; and other types of securities now or later offered by domestic or foreign issuers.

**4. Investment Strategy and Limitations.** Adviser's investment authority will be limited by any investment objectives, guidelines, or restrictions as Client and Adviser may agree upon from time to time in writing, as well as limitations imposed under any applicable legal investment laws. Adviser's investment decisions will be largely driven by Adviser's investment strategy and any limitations, rather than the timing of Client's purchase of any particular investment or how long Client has held a particular investment. If there are tax consequences or surrender charges, the Adviser will discuss the situation with the client before the transaction occurs.

**5. Adviser's Fees and Billing Arrangement.**

a. Client will pay Adviser an annual management fee from and after the date of this Agreement indicated on page 1. The management fee is based on a percentage of the assets under management in the Account as reported by the custodian. Advisers' maximum annual management fee is 1.00% with a minimum annual fee of \$100 per account. Accounts are aggregated in a household and may achieve a lower management fee as a result.

The management fee is negotiable primarily based on, but not limited to, the amount of assets being managed, the amount of time and cost to be spent managing and servicing the relationship, as well as the regularity of client review meetings. The negotiated management fee is contained in the signature block below.

b. The portfolio management fee is calculated and collected quarterly, in arrears based on the average daily value of the assets held in the account over the calendar quarter. For example, fees for a given day with assets

under management of \$500,000 is \$13.69 (\$500,000 multiplied by 1.00% divided by 365 days equals \$13.69); the daily fee is then multiplied by 90 days in a quarter (\$13.69 multiplied by 90 equals a total quarterly fee of \$1,232.10). The total fee is then deducted on a quarterly basis. The initial billing period's management fee will be prorated for the number of days services were rendered during the initial month.

c. The Client's custodian will send at least a quarterly account statement indicating the management fee amount withdrawn from the Client's Account.

d. Cash balances and investments in money market funds, demand deposit accounts, and certificates of deposit held by the Account are included in the fee calculations.

e. The Client authorizes the Adviser with the ability to instruct the custodian to withdraw the management fees directly from the Client's Account. The Client may terminate this authorization at any time by contacting the Adviser or the Client's custodian at any time.

f. Adviser's management fee does not include ticket charges, brokerage commissions, transaction fees, and other related costs and expenses that are normally incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive, of and in addition to, Adviser's management fee and Adviser will not receive any portion of these commissions, fees, and costs.

g. Adviser's fees are not based on the financial performance or capital gains or losses experienced by the Account.

**6. Client Responsibilities.** The Client agrees to provide information and/or documentation requested by Adviser in furtherance of this Agreement as pertains to Client's investment objective, needs and goals, and to keep further informed by any changes regarding same. The Client acknowledges that that Adviser cannot adequately perform its services for the Client unless the Client diligently performs his responsibilities under this Agreement. Adviser 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. Client shall communicate to Adviser promptly, in writing, any material changes in such information.

**7. Custodian Services.** The Assets shall be held by an independent custodian, not the Adviser. A custodian may be a broker-dealer, bank, or trust company. The Adviser is authorized to give instructions to the custodian with respect to all investment decisions regarding the Account's Assets and the custodian is hereby authorized and directed to effect transactions, and otherwise take such actions as the Adviser shall direct in connection with the performance of the Adviser's obligations in respect of the Assets. The Adviser cannot serve as a custodian and shall have no liability with respect to custody arrangements or the acts, conduct, or omissions of the custodian.

**8. Brokerage/Execution Services.** If requested, Adviser will arrange for the execution of securities brokerage transactions for the Account through Broker-Dealers that Adviser reasonably believes will provide "best execution". In seeking best execution, the determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Broker-Dealer's services including the execution capability, commission rates, and responsiveness. Accordingly, although Adviser will seek competitive commission rates, it may not necessarily obtain the lowest possible commission rates for Account transactions.

Transactions for each Client account generally will be effected independently, unless Adviser decides to purchase or sell the same securities for several Clients at approximately the same time. Adviser may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to

allocate equitably among Adviser's Clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among Adviser's Clients in proportion to the purchase and sale orders placed for each Client account on any given day. To the extent that the Adviser determines to aggregate Client orders for the purchase or sale of securities, including securities in which Adviser's principal(s) and/or associated person(s) may invest, the Adviser shall generally do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, Inc.* The Adviser shall not receive any additional compensation or remuneration as a result of the aggregation.

The Client may direct Adviser to use a particular Broker-Dealer to execute some or all transactions for the Account (subject to Adviser's right to decline and/or terminate the engagement). In such event, the Client will negotiate terms and arrangements for the Account with that Broker-Dealer, and Adviser will not seek better execution services or prices from other Broker-Dealers or be able to "batch" Client transactions for execution through other Broker-Dealers with orders for other accounts managed by Adviser. As a result, Client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the Account than would otherwise be the case. In the event that the transactions for the Account are affected through a Broker-Dealer that refers investment management Clients to the Adviser, the potential for conflict of interest may arise.

**9. Directions to the Adviser.** All directions by the Client to the Adviser (including notices, instructions, and directions relating to changes in the Client's investment objectives) shall be in writing. The Adviser shall be fully protected in relying upon any such direction, notice, or instruction until it has been duly advised in writing of changes therein.

**10. Adviser Liability.** Except as otherwise provided by federal or state securities laws, the Adviser, acting in good faith, shall not be liable for any action, omission, investment recommendation and/or decision, or loss in connection with this Agreement including, but not limited to, the investment of the Assets, or the acts and/or omissions of other professionals or Third-Party service providers recommended to the Client by the Adviser, including a broker-dealer and/or custodian. If the Account contains only a portion of the Client's total assets, Adviser shall only be responsible for those assets that the Client has designated to be the subject of the Adviser's investment management services under this Agreement without consideration to those additional assets not so designated by the Client. Additionally, nothing in this Discretionary Investment Advisory Agreement constitutes a waiver of any rights under the States Uniform Securities Act, as amended, or under federal securities laws.

**11. Risk Acknowledgement.** Adviser **does not** guarantee the future performance of the Account or any specific level of performance, the success of any investment decision or strategy that Adviser may use, or the success of Adviser's overall management of the Account. Client understands that investment decisions made for the Account by Adviser are subject to various market, currency, economic, political and business risks, and that those investment decisions will not always be profitable.

**12. Term and Termination.** This Agreement will continue in effect until terminated by either party by written notice to the other (email notice will not suffice), which written notice must be signed by the terminating party. Termination of this Agreement will not affect (i) the validity of any action previously taken by Adviser under this Agreement; (ii) liabilities or obligations of the parties from transactions initiated before termination of this Agreement; or (iii) Client's obligation to pay the Adviser's fees (prorated through the date of termination). Upon the termination of this Agreement, Adviser will have no obligation to recommend or take any action with regard to the securities, cash or other investments in the Account. The Client has a right to terminate (including for nonperformance) this Agreement without penalty within five (5) business days after entering the Agreement. Thereafter, the Agreement may be terminated at any time by giving ten (10) days written notice.

**13. Account Reporting.** The Account's Custodian shall provide the Client with at least quarterly account statements.

**14. Proxy Voting.** Adviser **will not** be responsible for responding to or voting proxies that are solicited with respect to an annual or special meeting of shareholders of securities held in the Account. Proxy solicitation materials will be forwarded to Client for response and voting directly from the Account's Custodian.

**15. Binding Arbitration.** Client agrees with Adviser to resolve any and all disagreements by final and binding arbitration.

**a. Important Disclosures.** Client acknowledges that:

- ◆ **Arbitration shall be final and binding on Adviser and Client.**
- ◆ **Client and Adviser are each waiving their respective rights to seek remedies in court, including the right to jury trial.**
- ◆ **Pre-arbitration discovery is generally more limited than, and different from, court proceedings.**
- ◆ **The right to appeal or to seek modification of rulings by the arbitrators is strictly limited.**
- ◆ **The panel of arbitrators may include a minority of arbitrators who were or are affiliated with the securities industry.**
- ◆ **This agreement to arbitrate does not constitute a waiver of the right to seek a judicial forum to the extent that such a waiver would be void under applicable law.**

**b. Agreement to Arbitrate.** Client agrees with Adviser that, except as inconsistent with the preceding sentence, **ALL CLAIMS OR CONTROVERSIES, AND ANY RELATED ISSUES**, which may arise at any time between the parties (including their representatives, members, managers, officers, employees, and agents) concerning any investment advice, recommendation, or exercise of limited discretionary authority with respect to any subject matter; any transaction or order; the conduct of their representatives, members, managers, officers, employees, and agents; the construction, performance, or breach of this or any other agreement between Client and Adviser, whether entered into prior to, on, or subsequent to the date of this Agreement; the breach of any common law or statutory duty; or the violation of any federal or state law of any nature **SHALL BE RESOLVED BY BINDING ARBITRATION RATHER THAN BY A LAWSUIT IN A COURT OF LAW OR EQUITY.**

**c. Arbitration Forum.** Any arbitration pursuant to this Agreement shall be conducted in accordance with, and governed by, a mutually agreeable arbitration forum, but, in the absence of such agreement, then the American Arbitration Association and its Code of Arbitration Procedure. Any arbitration must be commenced by delivery to the other party of a written demand for arbitration or a written notice of intention to arbitrate setting forth in detail the claim or controversy to be arbitrated. The location for all arbitration proceedings shall be in a mutually agreeable location but, in the absence of such agreement, then in the State of Michigan.

**d. Arbitration Award.** The arbitrators shall issue a written and reasoned decision with their award. The award of the arbitrators, or of the majority of them, shall be final and binding, and judgment upon the award rendered may be entered in any federal or state court having jurisdiction. Client agrees and consents that any state or federal court located in Michigan shall have personal and subject matter jurisdiction to enter judgment on an arbitration award.

**16. Applicable Law.** This Agreement supersedes and replaces, in its entirety, all previous investment advisory agreement(s) between the parties. To the extent not inconsistent with applicable law, this Agreement shall be governed by and construed in accordance with the laws of the State of Michigan. In addition, to the extent not inconsistent with applicable law, the venue (i.e. location) for the resolution of any dispute or controversy between Adviser and Client shall be in a mutually agreed upon location.

**17. 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.

**18. Client's Acknowledgement and Authority.**

a. Client acknowledges receipt of Adviser's disclosure brochure (Form ADV, Part 2A/2B), on or before the date of execution of this Agreement, which may be amended and updated from time to time and provided to Client.

b. Client Acknowledges receipt of Adviser's Privacy Policy describing its practices for the collection and sharing of client information.

c. Client acknowledges that he/she/they/it has (have) all requisite legal authority to execute this Agreement, and that there are no encumbrances on the Assets. The person named as Client representative is duly authorized to act on Client's behalf with respect to the Account. Adviser shall be permitted to rely, without independent verification, upon the directions and instructions of the person or any other representative with apparent authority to act on Client's behalf. The Client correspondingly agrees to immediately notify the Adviser, in writing, in the event that either of these representations should change.

d. Client acknowledges that Adviser serves other clients and affiliates, and may give advice and take action with respect to any of them that may differ from the advice given, or the timing or nature of action taken, with respect to Client and the Account. Adviser shall have no obligation to purchase or sell for the Account, or to recommend for purchase or sale by the Account, any security that Adviser, its principals, affiliates, or employees may purchase or sell for themselves or for any other client.

**19. Client Conflicts.** If this Agreement is between the Adviser and related Clients (i.e. husband and wife, life partners, etc.), Adviser's services shall be based upon the joint goals communicated to the Adviser. Adviser shall be permitted to rely upon instructions from either party with respect to disposition of the Assets, unless and until such reliance is revoked in writing to the Adviser. The Adviser 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.

**20. Non-Exclusive Management.** Adviser, 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 the Adviser does for the Account. Client expressly acknowledges and understands that Adviser shall be free to render investment advice to others and that Adviser does not make its investment management services available exclusively to Client. Nothing in this Agreement shall impose upon the Adviser any obligation to purchase or sell, or to recommend for purchase or sale, for the Account any security which the Adviser, its principals, affiliates or employees, may purchase or sell for their own accounts or for the account of any other Client, if in the reasonable opinion of the Adviser such investment would be unsuitable for the Account or if the Adviser determines in the best interest of the Account it would be impractical or undesirable.

**21. Entire Agreement.** This Agreement constitutes the entire agreement between Client and Adviser with respect to the Account. In the event that any provision of this Agreement is declared to be invalid, such declaration shall not be deemed to affect the validity of any of the other provisions of this Agreement. This Agreement shall be governed and construed in accordance with the laws of the State of Michigan without regard for conflict of laws principles.

**22. Notices.** All required notices shall be in writing and directed to the addresses of record, or to such other address as may be designated for this purpose by Client or Adviser from time to time. Notice shall be deemed delivered and effective after five days if sent to the last designated address by ordinary United States mail, postage prepaid.

**23. Assignment.** No “assignment” (as that term is construed under the Federal Advisers Act) of this Agreement may be made by Adviser without Client’s prior written consent. Any corporate reorganization or change in ownership of Adviser that does not result in a change of control of Adviser is not an “assignment” for this purpose.

**24. Electronic Delivery of Documents.** Client may elect to receive electronic delivery of all documents from Adviser in the signature block below; if Client makes this election, then Client will generally not receive a paper copy. Client can withdraw this consent at any time at no cost by sending Adviser written notice. Allow Adviser ten business days to implement this change. Client’s consent to electronic delivery of documents will apply to all records and documents related to the Adviser-Client relationship that includes, but not limited to ADV Part 2A, Privacy Notice, Account disclosures, newsletters, and other notices regarding Client’s Account and such other documents, as Client or Adviser may make available from time to time. Client may request a paper copy of any document delivered electronically at no cost by calling Adviser. Please allow ten business days for processing the request. Requesting a paper copy will not affect Client’s participation in the electronic delivery of documents. In order to access documents electronically, Client will need a personal computer with internet access through an Internet Service Provider (ISP) and an email address. Client may download Adobe Reader at no cost on the Internet at <http://www.adobe.com>, but all other software, hardware and systems must be provided at Client’s cost. Client represents that his/her/its email address set forth on the signature page of this Agreement is a current, valid email address. In the event Client changes his/her/its email address, Client must notify Adviser immediately by contacting Adviser by telephone or in writing via U.S. mail. If Adviser is repeatedly unable to deliver Client’s electronic document(s) to the specified email address, Adviser reserves the right to terminate the electronic delivery of documents service and deliver the documents to Client via U.S. mail.

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This Agreement, including the **agreement to arbitration of disputes in Section 15**, has been signed and delivered by their duly authorized representatives on the date indicated below.

<b>Client(s):</b>		
_____	_____	_____
<i>Printed name and any representative capacity</i>	<i>Client's or representative's signature</i>	<i>Date</i>
_____	_____	_____
<i>Printed name and any representative capacity</i>	<i>Client's additional required signatures (e.g., joint account or co-trustee)</i>	<i>Date</i>

<b>Acknowledgements (ADV, Privacy, Email Authorization):</b>	<b>Account(s) Information</b>
<p>By initialing below, Client certifies that he or she has received Adviser's ADV Part 2A, ADV Part 2B and Privacy Notice. Client also hereby requests and consents to Adviser sending all communications and documents electronically, rather than in a paper format, upon the terms described in Section 24. Please carefully read those terms and related disclosures and do not hesitate to ask questions. This authorization can be terminated as provided in Section 24. The following email address(es) will be used to deliver documents and information unless and until Client notifies Adviser of a change.</p> <p>_____</p> <p><b>(client initials)</b>    <b>(client initials)</b></p> <p>_____</p> <p><i>Email Address</i></p> <p>_____</p> <p><i>Email Address</i></p>	<p>_____</p> <p><i>Account Title and Number</i></p>

<b>Investment Management Fees:</b>	<b>Middle Coast Investing LLC</b>
<p>Client hereby agrees to the annualized rate below:</p> <p><b>Client Initials:</b>                      <b>Annualized Rate:</b></p> <p>_____                      _____ %</p>	<p>_____</p> <p><i>Adviser Signature</i></p> <p>_____</p> <p><i>Printed name and title</i></p> <p>_____</p> <p><i>Date</i></p>