

# SmartValue Investment Management LLC



69 Long Hill Farm  
Guilford, Connecticut 06437

Phone: (203) 453-1077  
E-mail: support@smartvalueinvmgmt.com  
Web: <http://www.smartvalueinvmgmt.com>

## Investment Advisory Agreement

Re: \_\_\_\_\_ (the "Account"). The undersigned ("Client") hereby employs SmartValue Investment Management LLC ("SmartValue") as investment adviser for the Account.

SmartValue agrees to serve in that capacity under the following terms and conditions:

- 1. Authority** - SmartValue shall have full power to direct, manage, and change the investment and reinvestment of the assets in the Account, the proceeds thereof, and any additions thereto, and to take other action with respect to such assets, with or without consultation with the Client, in accordance with such objectives as Client may, from time to time, have furnished SmartValue in writing, and subject only to such written limitations as Client may impose. In providing all services hereunder, SmartValue is entitled to rely on the financial information and other information provided by Client without any duty or obligation to investigate the accuracy or completeness of the information. SmartValue does not guarantee the investment performance of any of the investments in the Account.
- 2. Reports to Client** - SmartValue and/or Custodian will send Client an inventory of the investments, list of transactions, and performance returns of the Account as soon as reasonably possible after the end of each quarterly period. Copies of confirmations of transactions executed will be sent promptly to the Client or its designated party by the Custodian (as defined below)\*. SmartValue does not assume responsibility for the accuracy of information furnished by Client or any other party.
- 3. Custody** - The assets in the Account shall be held for safekeeping with the Custodian. SmartValue shall not act as Custodian for the assets in the Account and shall not be liable to Client for any act, conduct or omission by Custodian. SmartValue is hereby authorized and empowered to issue instructions to Custodian and to request information about the Account from Custodian. Clients have the flexibility to choose or remain with any Custodian and Broker-Dealer of their preference. Unless the client directs otherwise, SmartValue will generally recommend that all such investment management accounts, be maintained at a top-rated Custodian and Broker-Dealer. SmartValue shall generally recommend that this Custodian and Broker-Dealer serve as the broker-dealer and custodian/clearing firm for the investment advisory accounts. However, the Custodian and Broker-Dealer is not a related person of SmartValue. Prior to engaging SmartValue to provide investment management and advisory services, the client will be required to enter into a formal Investment Advisory Agreement with SmartValue setting forth the terms and conditions under which SmartValue shall manage the client's investment portfolio and assets, and a separate broker-dealer and custodian/clearing agreement. The Investment Advisory Agreement(s) between SmartValue and the Client will continue in effect until terminated by either party by verbal or written notice.
- 4. Confidential Relationship** - All information and advice furnished by either party to the other shall be treated as confidential and shall not be disclosed to third parties except as required by law. All investment information, recommendations, selections, and advice furnished by SmartValue to the Client under this Agreement shall be regarded as confidential by the Client and not be disclosed to any other person or entity. All of this information is SmartValue's intellectual property, which includes SmartValue's knowledge, ideas, recommendations, and identity.
- 5. Proxy Voting** - SmartValue does not vote Client proxies. The Client is responsible for voting any such proxies.
- 6. Non-Exclusive Contract** - Client understands that SmartValue acts as adviser to other clients, and may publish or give advice and take action with respect to any other client which may differ from the timing or nature of action taken with respect to the Account. Client further understands that SmartValue will not have any obligation to purchase or sell for the Account, or to recommend for purchase or sale by the Account, any securities which SmartValue, its principals, affiliates, or employees may purchase or sell for any other client or themselves if in their opinion such transaction appears inadvisable for the Account. Client recognizes that transactions in a specific security may not be accomplished for all clients at the same time at the same price.
- 7. Liability** - SmartValue shall not be subject to liability for any act or omission in the course of, or connected with, its performance of this agreement, except in the case of willful misfeasance, bad faith or gross negligence on the part of SmartValue, or the reckless disregard by SmartValue of its obligations and duties under this agreement, but nothing herein shall in any way constitute a waiver or limitation of any rights which Client may have under any federal or state securities law or the Employee Retirement Income Security Act of 1974 ("ERISA"), if applicable. All actions taken by SmartValue hereunder, either before or after the death or incapacity of the undersigned, but before receipt by SmartValue of information of such death or incapacity, shall be binding upon Client and Client's legal representatives who shall hold SmartValue harmless hereunder from all liability arising from such action so taken.
- 8. Disclaimers and Limitations** - The Client's investments are subject to risks associated with investing in securities, including various market, currency, economic, political and business risks. SmartValue does not guarantee the performance of the Client's investments or guarantee that SmartValue's investment advice or strategies will be successful or that the Client's investment objectives will be met. In the event that the Client directs SmartValue to use a particular broker or dealer, SmartValue may not be authorized under those circumstances to negotiate commissions

and may not be able to obtain volume discounts or best execution. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to clients who direct SmartValue to use a particular broker or dealer.

9. **Agreement Not Assignable** - No assignment (as that term is defined in the Investment Advisers Act of 1940) of this Agreement may be made by either party without written consent of the non-assigning party.

10. **SmartValue Representations** - SmartValue represents that it is registered as an investment adviser under the Advisers Act with the State (i.e., State Registered Investment Adviser) and that such registration is currently effective. If the Account is subject to ERISA, SmartValue acknowledges that it is a "fiduciary" (as that term is defined by ERISA) with respect to the Account.

11. **Client Representations** - Client represents and confirms that the employment of Adviser is authorized by the governing documents relating to the Account and that terms hereof do not violate any obligations by which Client is bound, whether arising by contract, operation of law or otherwise, and, if Client is a corporation or trust, that (a) this Agreement has been duly authorized by appropriate action and when executed and delivered will be binding upon Client in accordance with its terms, and (b) Client will deliver to Adviser such evidence of such authority as Adviser may reasonably require, whether by way of a certified resolution or otherwise. The Client understands that the Investment Manager, based on its Investment philosophy, may determine to sell all or a substantial portion of the client's securities under management. The Client understands that the Client will be responsible for any tax liabilities, which result from such transactions. If the Account is subject to ERISA, (a) Client acknowledges that it is a "named fiduciary" with respect to the control of management of the assets of the Account; and (b) Client agrees to obtain and maintain a bond, satisfying the requirements of Section 412 of ERISA, and to include Adviser, and its agents, among those insured under the bond. Client represents that it owns all of the cash and securities in its account without restriction on investment or disposition. By execution of this Agreement, Adviser represents and confirms that it is registered as an investment adviser under the Investment Adviser's Act of 1940 and that with respect to the performance of its duties hereunder with respect to the Account (if it is a covered employee benefit plan) Adviser is a "fiduciary" as that term is defined under the Employee Retirement Income Security Act of 1974.

12. **Termination** - This agreement may be terminated at any time by either party upon 30 days' written notice to the other party. Fees will be prorated to date of termination. In the event of termination of this agreement, SmartValue shall have no obligation whatsoever to recommend any action with respect to or to liquidate the assets in the Account. SmartValue shall be entitled to be paid its fees in connection with its services provided hereunder for the period to such termination.

13. **Communications** - Instructions with respect to securities transactions may be given orally or via facsimile and where deemed necessary, may be confirmed in writing as soon as possible. Notices required to be given under this agreement, but not including reports to clients, shall be delivered by hand or by overnight mail or sent by certified or registered mail and shall be deemed given when received at the address specified below, and, as to the Custodian, at such address as it may specify to SmartValue in writing, or at such other address as a party to receive notice may specify in a notice given in accordance with this provision. SmartValue may rely on any notice from any person reasonably believed to be genuine and authorized.

14. **Fees** - For SmartValue's services, Client will pay a management fee based on the market value of the Account in accordance with the Schedule of Fees described below unless otherwise agreed to by both parties. SmartValue's fees are in addition to any fees assessed by the mutual funds Client's accounts are invested in. The percentage fee will be prorated for any period of less than a quarter year, but a fee shall be due for each such quarter during any part of which SmartValue is managing the Account. One fourth of the annual management fee will be charged each quarter based upon the Account's market value at the end of the quarter. Clients will be invoiced in arrears at the end of each calendar quarter based on the market value of the client's account(s). The Client will be billed and invoiced directly. Payment in full is expected upon invoice presentation. SmartValue will mail Client a copy of the bill and it is the Client's responsibility to verify the accuracy of the fee calculation. The annual fee will be determined based on the ending aggregate market value of the assets in the Account each quarter and Client will not be charged a greater fee for that portion of the assets in the Account which falls below the aggregate size listed below. Client is responsible for any management fee accrued from the beginning of the quarter to the date of termination. SmartValue is responsible for refund of any payment made in advance accrued from the beginning of the quarter to the date of termination.

<u>Assets Under Management</u>	<u>Annual Fee (%)</u>
under \$1,000,000	1.50%
\$1,000,000 - \$4,999,999	1.25%
\$5,000,000 and up	1.00%

SmartValue may also offer financial and investment consulting services on an hourly basis. It may take the form of various consulting engagements. SmartValue may be engaged by groups or institutions, on a fixed fee or hourly consulting basis, to provide investment-related educational seminars. Fees for these services are normally charged on an hourly basis at \$250/hour plus expenses.

15. **Disclosure** - Client acknowledges that he/she has read the foregoing and has kept a copy for future reference, and Client acknowledges receipt of SmartValue's Disclosure Statement, as required by Rule 204-3 under the Advisers Act. Client acknowledges receipt and review of a brochure containing a written disclosure of the background and business practices of SmartValue, as well as, a copy of SmartValue's Form ADV, Part II. Client also understands that this Agreement may be voided without penalty at any time during the next five (5) business days.

(a) Client acknowledges receipt of Adviser's SEC Form ADV, Part II, more than 48 hours prior to the execution of this Agreement.

[Client initial] \_\_\_\_\_ [Date] \_\_\_\_\_

(b) Client understands that it may terminate this Agreement without penalty within five business days after such date, provided that any investment action taken by the Adviser with respect to the Account prior to any such termination will be at Client's risk.

[Client initial] \_\_\_\_\_ [Date] \_\_\_\_\_

16. **Severability** - If any provision in this agreement is invalid or unenforceable, the remainder of the agreement will continue in full force and effect.

17. **Arbitration** - Client hereby agrees that all controversies which may arise between Client and SmartValue concerning any transaction or the construction, performance, or breach of this agreement between Client and SmartValue, whether entered into prior to, on, or subsequent to the date hereof, shall be determined by arbitration. Client understands that this agreement to arbitrate does not constitute a waiver of the right to seek a judicial forum where such waiver would be void under federal securities laws. Any arbitration shall be held in the city chosen by SmartValue or the American Arbitration Association, pursuant to the Arbitration Laws of the State of Connecticut, or before the American Arbitration Association and in accordance with its rules then applying.

18. **Captions** - The captions in this agreement are included for convenience of reference only and in no way define or delimit any of the provisions hereof or otherwise affect their construction or effect.

19. **Entire Agreement** - This agreement constitutes the entire agreement of the parties with respect to management of the Account and can be amended only by written document signed by both parties. This agreement and the rights and obligations of the parties hereunder shall be construed in accordance with and governed by the law of the State of Connecticut, without giving effect to the conflict of law principles thereof.

**If individual(s):**

---

Name of Client (type or print)

---

Client Signature

Date

---

Name of Client (type or print)

---

Second Signature (joint account)

Date

**If corporate entity:**

---

Name of Client (type or print)

---

Signature Title

Date

**Accepted by an Adviser of SmartValue Investment Management, LLC:**

---

Name (type or print)

---

Signature Title

Date