

## Custodial Arrangements

All investment securities, cash, and proceeds from the sale of securities are the sole property of the client at all times. Assets are held in an independent brokerage account established for the client at Charles Schwab & Co., Inc. (“Schwab”). The selection of Schwab as custodian for our managed accounts is based upon its strong reputation in the industry, its financial stability, competitive commission schedule, accessibility, and the diversity of services offered.

Stack Financial Management (“SFM”) has worked solely with Schwab for over 30 years and has developed a very strong relationship which benefits our clients. For instance, Schwab provides SFM with a dedicated support and trading team to ensure our clients receive the best possible service and execution across the spectrum of asset management.

## Minimum Account Balance

Our minimum opening balance is \$750,000 in a single account or \$1,000,000 in two accounts (provided neither account is less than \$250,000). Existing clients may open additional accounts with a minimum of \$250,000 each. Portfolios may be funded with cash and/or securities.

## Fees

Advisory fees are based on a percentage of the assets under management. Fees are paid in advance on a quarterly basis, starting with the first full quarter following acceptance of an advisory contract and establishment of an account with the custodial

brokerage firm. Subsequent payments will be due and payable each quarter based on the market value of the assets at the end of the preceding quarter. Typically, clients elect to have the custodial firm deduct management fees directly from the account.

## Annual Advisory Fees

Total Value of Account(s)	Annual Fee
Less than \$1,250,000	1.20%
\$1,250,000 - \$2,999,999	1.00%
\$3,000,000 - \$4,999,999	0.85%
\$5,000,000 - \$10,000,000	0.75%

A tiered fee structure applies for accounts over \$10,000,000 – please call.

The client is responsible for all transaction fees, commissions, and any other charges incurred by the custodial firm on the client’s behalf. Please note that the services provided by SFM could be available from other advisors at lower fees.

## Termination of Management Services

The advisory relationship may be discontinued by the client at any time, and may be discontinued by SFM with 30 days written notice. Upon termination, the client will be entitled to a prorated refund of fees charged based upon the amount of time the services were provided during the quarter in which the contract is terminated. The advisory contract may be rescinded within five business days without incurring any fees. SFM may, at its discretion, refuse to accept any potential client.

## Disclosure Information

This material has been independently produced by SFM. SFM is independent of, and has no affiliation with, Charles Schwab & Co., Inc. or any of its affiliates. Schwab is a registered broker-dealer and member SIPC. Schwab has not created, supplied, licensed, endorsed, or otherwise sanctioned this material nor has Schwab independently verified any of the information in it. SFM provides you with investment advisory services, while Schwab maintains custody of your assets in a brokerage account and will effect transactions for your account per our instruction.