

## **REGULAR DISCRETIONARY INVESTMENT ADVISORY AGREEMENT**

AGREEMENT, made this \_\_\_\_\_ between the undersigned party, \_\_\_\_\_ (hereinafter referred to as the “Client”), and ZEGA Financial LLC, a registered investment adviser, whose mailing address is 3801 PGA Boulevard Suite 600 Palm Beach Gardens, FL 33410 (hereinafter referred to as the “Adviser”).

1. Scope of Engagement.

(a) The Client hereby appoints the Adviser as an Investment Adviser to perform the services hereinafter described, and the Adviser accepts such appointment. The Adviser shall be responsible for the investment and reinvestment of those assets of the Client designated by the Client to be subject to the Adviser’s management (which assets, together with all additions, substitutions and/or alterations thereto are hereinafter referred to as the “Assets” or “Account”);

(b) The Client delegates to the Adviser all of its powers with regard to the investment and reinvestment of the Assets and grants the Adviser full authority to buy, sell, or otherwise effect investment transactions involving the Assets in the Client’s name and for the Client’s Account without consulting Client;

(c) The Adviser is authorized, without prior consultation with the Client, to buy, sell, and trade in stocks, bonds, mutual funds, and other securities and/or contracts relating to the same, on margin (only if written authorization has been granted) or otherwise, and to give instructions in furtherance of such authority to the registered broker-dealer and the Custodian of the Assets;

(d) The Client acknowledges that the Adviser may, in accordance with the Client’s investment objective(s), determine to allocate all of a portion of the Assets among various individual debt and/or equity securities and/or mutual funds and/or derivatives, or among one or more of the Adviser’s proprietary index and derivative asset management programs;

(e) Index and Derivative Asset Management Program. The following disclosure is specifically applicable to Adviser’s proprietary index and derivative asset management programs:

1. *Initial Interview* – at the opening of the Account, the Adviser shall obtain from the Client information sufficient to determine the Client’s financial situation and investment objectives;

2. *Individual Treatment* – the Account is managed on the basis of the Client’s financial situation and investment objectives;

3. *Quarterly Notice* – at least quarterly, the Adviser shall notify the Client to advise the Adviser whether the Client’s financial situation or investment objectives

have changed, or if the Client wants to impose and/or modify any reasonable restrictions on the management of his/her/its Account;

4. *Annual Contact* – at least annually, the Adviser shall contact the Client to determine whether the Client’s financial situation or investment objectives have changed, or if the Client wants to impose and/or modify any reasonable restrictions on the management of the Account;

5. *Consultation Available* – the Adviser shall be reasonably available to consult with the Client relative to the status of the Account;

6. *Quarterly Report* – the Client shall be provided with a quarterly report for the Account for the preceding period;

7. *Ability to Impose Restrictions* – the Client shall have the ability to impose reasonable restrictions on the management of the Account, including the ability to instruct the Adviser not to purchase certain securities;

8. *No Pooling* – the Client’s beneficial interest in a security does not represent an undivided interest in all the securities held by the Custodian, but rather represents a direct and beneficial interest in the securities which comprise the Account;

9. *Separate Account* – a separate account is maintained for the Client with the Custodian;

10. *Ownership* – each Client retains indicia of ownership of the Account (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations); and

11. *Tax Efficiency* – Client acknowledges and understands that Adviser’s index and derivative asset management programs may involve above-average portfolio turnover which could negatively impact upon the net after-tax gain experienced by the Client in non-qualified accounts.

(f) The Client agrees to provide information and/or documentation requested by Adviser in furtherance of this Agreement as pertains to Client’s investment objectives, needs and goals, and to keep Adviser informed of any changes regarding same. The Client acknowledges that Adviser can not 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, and Client agrees to notify Adviser promptly of any material changes to the information provided to Adviser or any other material change to Client’s financial circumstances or investment objectives which might affect the manner in which the Account should be managed;

(g) Adviser’s Fee. The Adviser believes that its annual fee is reasonable in relation to: (1) the advisory services provided under this Agreement; and (2) the fees charged by other investment advisers offering similar services/programs. *However*, Adviser’s annual

investment management fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to *Adviser Compensation* (see paragraph 2 below), the Client will also incur charges imposed at the security level (e.g. mutual fund advisory fees and other fund expenses) and charges imposed by the Account custodian;

(h) Affiliated Investment Funds. Adviser or an affiliate of Adviser may serve as the investment adviser or sub-adviser to one or more investment funds such as mutual funds, exchange traded funds (“ETFs”), or private funds (each, an “Affiliated Investment Fund”). The investment objectives, risk factors, fees and expenses for each Affiliated Investment Fund will be as described in the offering documents and disclosure materials for each Affiliated Investment Fund. Client understands and acknowledges that, in certain cases, the fees charged by an Affiliated Investment Fund will be in addition to the fees listed on Exhibit A; and

(i) Client acknowledges and understands that the service to be provided by Adviser under this Agreement is limited to the management of the Assets and does not include financial planning or any other related or unrelated services.

## 2. Adviser Compensation.

(a) The Adviser’s annual fee for investment management services provided under this Agreement shall be a percentage (%) of the net value of the Assets under management in accordance with the fee schedule annexed hereto and made a part hereof as Exhibit “A”. This annual fee shall be prorated and paid quarterly, in arrears, based upon the average of all of the daily net values of the Assets for the previous quarter. No increase in the annual fee shall be effective without prior written notification to the Client;

(b) Unless the Client pays the Adviser directly for its services (in which event Adviser’s fee is due and payable upon receipt of Adviser’s billing invoice), Client authorizes the Custodian of the Assets to charge the Account for the amount of the Adviser’s fee and to remit such fee to the Adviser in accordance with required regulatory procedures;

(c) In addition to Adviser’s annual investment management fee, the Client shall also incur, relative to certain securities purchases, charges imposed directly at the securities level (e.g. mutual fund advisory fees and other fund expenses); and

(d) No portion of *Adviser Compensation* shall be based on capital gains or capital appreciation of the Assets except as specifically agreed by Adviser and Client and as provided for under the Investment Advisers Act of 1940 (the “Advisers Act”).

3. Custodian. The Assets shall be held by an independent custodian, not the Adviser. The Adviser is authorized to give instructions to the custodian with respect to all investment decisions regarding the 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 custodial fees charged to the Client are exclusive of, and in addition to, *Adviser Compensation* as defined in paragraph 2 above. Client may direct Custodian to remove assets from the Account at any time without Adviser’s consent, provided that Client will be bound by all transactions executed for the Account on or prior to the date of actual

receipt by Adviser of notice of such removal. Client may deposit funds or securities into the Account at any time provided that Adviser, will not be responsible for investing or managing the additional assets under the applicable strategy until Adviser has received notification of their receipt by Client and/or the Custodian. Client will hold Adviser harmless from and against any liability, cost or lost opportunity that may arise from Client's failure to provide Adviser with timely notification of additions to or withdrawals from the Account.

4. Execution of Brokerage Transactions (when applicable). 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 value of research provided, 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.

Consistent with obtaining best execution, transactions for the Account may be effected through Broker-Dealers in return for research products and/or services which assist Adviser in its investment decision making process. Such research generally will be used to service all of Adviser's Clients, but brokerage commissions paid by Client may be used to pay for research that is not used in managing the Account. The Account may pay to a Broker-Dealer a commission greater than another qualified Broker-Dealer might charge to effect the same transaction where Adviser determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services received.

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 current guidance from the U.S. Securities and Exchange Commission. 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 effected through a Broker-Dealer that refers investment management Clients to the Adviser, the potential for conflict of interest may arise.

5. Account Transactions

(a) The Client recognizes and agrees that in order for Adviser to discharge its responsibilities, it must engage in securities brokerage transactions described in paragraph 1 herein;

(b) Commissions and/or transaction fees are generally charged for effecting securities transactions;

(c) Adviser, in return for effecting securities brokerage transactions through certain broker-dealers, may receive from those broker-dealers certain investment research products and/or services which assist Adviser in its investment decision making process for the Client, all of which transactions shall be in compliance with Section 28(e) of the Securities Exchange Act of 1934; and

(d) The brokerage commissions and/or transaction fees charged to Client for securities brokerage transactions are exclusive of, and in addition to, *Adviser Compensation* as defined in paragraph 2 hereof.

6. Risk Acknowledgment. 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.

7. Directions to the Adviser. All directions by the Client to the Adviser (including notices, instructions, directions relating to changes in the Client's investment objectives) shall be in writing. Adviser may rely on any instruction reasonably believed by it to be genuine and to have been properly issued by or on behalf of Client. Client will give timely instructions to Adviser as necessary in regard to matters affecting Adviser's duties under this Agreement. 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.

8. 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/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. Federal and state securities laws impose liabilities under certain circumstances on persons who act in good faith, and this agreement does not waive or limit Client's rights under those laws.

9. Proxies and Legal Actions. Unless the Client directs otherwise in writing, the Client shall be responsible for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the Client shall be voted, and (2) making all elections relative to any class

action or other legal claims, mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the Assets. Adviser is authorized to instruct the Custodian to forward to Client copies of all proxies, notices of legal claims and shareholder communications relating to the Assets.

10. Reports. The Adviser and/or the Account Custodian shall provide the Client with periodic investment reports for the Account.

11. Termination. The Client may terminate the portfolio management agreement within five business days of the date of acceptance without penalty to the Client. After the five-day period, this Agreement will continue in effect until terminated by either party by 30-days written notice to the other (including email notice). 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 advisory 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.

12. Assignment. This Agreement may not be assigned (within the meaning of the Advisers Act) by either the Client or the Adviser without the prior written consent of the other party. The Client acknowledges and agrees that transactions that do not result in a change of actual control or management of the Adviser shall not be considered an assignment pursuant to Rule 202(a)(1)-1 under the Advisers Act.

13. 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.

14. Death or Disability. The death, disability or incompetency of Client will not terminate or change the terms of this Agreement. However, Client's executor, guardian, attorney-in-fact or other authorized representative may terminate this Agreement by giving written notice to Adviser.

15. Arbitration. Subject to the conditions and exceptions noted below, and to the extent not inconsistent with applicable law, in the event of any dispute pertaining to Adviser's services under this Agreement, both Adviser and Client agree to submit the dispute to arbitration in West Palm Beach, Florida, in accordance with the auspices and rules of the American Arbitration Association ("AAA"), provided that the AAA accepts jurisdiction. Adviser and Client understand that such arbitration shall be final and binding, and that by agreeing to arbitration, both Adviser and Client are waiving their respective rights to seek remedies in court, including the right to a jury trial. Client acknowledges and agrees that in the specific event of non-payment of any portion of *Adviser Compensation* pursuant to paragraph 2 of this Agreement, Adviser, in addition to the aforementioned arbitration remedy, shall be free to pursue all other legal remedies available to it

under law, and shall be entitled to reimbursement of reasonable attorneys fees and other costs of collection. The Client understands that this arbitration clause does not constitute a waiver of the right to seek a judicial forum where such waiver is void under state and federal securities laws.

16. Disclosure Statement. The Client hereby acknowledges prior receipt of a copy of the Disclosure Statement of the Adviser as same is set forth on Part 2A: Adviser Brochure. Client further acknowledges that he has had a reasonable opportunity (i.e. at least 48 hours) to review said Disclosure Statement, and to discuss the contents of same with professionals of his choosing, prior to the execution of this Agreement. If the Client has not received a copy of the Adviser's Disclosure Statement at least 48 hours prior to execution of this Agreement, the Client shall have 5 business days from the date of execution of this Agreement to terminate Adviser's services without penalty.

17. Conflicts of Interest. Client acknowledges and understands that Adviser engages in advisory businesses apart from managing the Account. This creates conflicts of interest with the Account over Adviser's time devoted to managing the Account and the allocation of investment opportunities among accounts (including the Account) managed by Adviser. Adviser attempts to resolve all such conflicts in a manner that is generally fair to all of its clients, including Client. Client confirms that Adviser may give advice and take action with respect to any of its other clients that may differ from advice given or the timing or nature of action taken with respect to Client so long as it is Adviser's policy, to the extent practicable, to allocate investment opportunities to Client over a period of time on a fair and equitable basis relative to other clients.

Nothing in this Agreement shall be deemed to obligate Adviser to acquire for the Account any investment that Adviser or its officers or employees may acquire for its or their own accounts or for the account of any other client, if, in the absolute discretion of Adviser, it is not practical or desirable to acquire a position in such investment for the Account.

Additionally, Client acknowledges and understands that Adviser may operate certain Affiliated Investment Funds and that Adviser may have an incentive to recommend such Affiliated Investment Funds for Client's Account.

18. Trade Errors. All Account trades are placed electronically or telephonically by Adviser. Adviser assumes responsibility for any Account losses for trading errors directly resulting from Adviser's failure to follow Adviser's trading procedures or from a lapse in Adviser's internal communications. In such instances, the Account(s) will be compensated for any such corresponding losses. However, the Client acknowledges that Adviser cannot and will not be responsible for Account errors and/or losses that occur where Adviser has used its best efforts (without direct failure on the part of Adviser) to execute trades in a timely and efficient manner. If a trade or some portion of a trade is not effected or an electronic "glitch" occurs which results in the Account not being traded at the same time or at the same price as others, and such occurrence is not a result of Adviser's failure to execute or follow its trade procedures, the resulting loss will not be considered a trading error for which Adviser is responsible. In addition, virtually all mutual funds, as disclosed in their prospectuses, reserve the right to refuse to execute trades if, in a fund's sole judgment, the trade(s) would jeopardize the value of the fund. Adviser has no authority to change, alter, amend, or negotiate any provision set forth in a mutual fund prospectus. The Client further acknowledges that Adviser cannot and will not be responsible for trades that are not properly executed by any clearing firm, custodian, mutual fund, or insurance company, when an order has been properly submitted by the Adviser. Finally, Adviser cannot be responsible for a

unilateral adverse decision by a mutual fund or insurance company to restrict and/or prohibit mutual fund asset management programs.

19. 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.

20. 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.

21. Privacy Notice. The Client acknowledges prior receipt of the Adviser's *Privacy Notice*.

22. Cyber Security Acknowledgement. Adviser may be subject to operational and information security risks resulting from breaches in cyber security. A breach in cyber security refers to both intentional and unintentional events that may cause Adviser to lose proprietary information, suffer data corruption, or lose operational capacity. Cyber security breaches may cause the release of Client information or confidential business information, impede investment, subject Adviser to regulatory fines or financial losses and/or cause reputational damage. The standard of liability described in Paragraph 8 will apply to any Client losses related to a breach in cyber security.

23. 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 Florida.

24. Authority. The 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 Client correspondingly agrees to immediately notify the Adviser, in writing, in the event that either of these representations should change.



IN WITNESS WHEREOF, the Client and Adviser have each executed this Agreement on the day, month and year first above written.

\_\_\_\_\_  
Client

\_\_\_\_\_  
Client Signature

JAY PESTRICHELLI  
\_\_\_\_\_  
Name of Adviser

By: \_\_\_\_\_

#### Exhibit A: Fee Schedule

The percentage fee calculated against the client's net value of the total Assets under management will be 1.5%.

In no event will the sum of the fees charged to a client for any four consecutive quarters be less than \$1,000.