

## Fee Schedule

SelectAlts' absolute return strategies are designed to compete with absolute return-style hedge funds, which typically charge an asset-based fee of 2% and a performance-based fee of 20% of profits. Our intention in fixing our fees is to be demonstrably less expensive than the typical hedge fund. Typically a "qualified client" (defined as one who either invests at least \$1 million with us or who has a net worth of at least \$2 million excluding their primary residence) will be offered a choice between the following asset-based fee schedule (with no performance-based fee), or an agreed upon performance-based fee (with no asset-based fee), or a blend of the two. Our asset-based fee schedule is as follows:

### Long/Short Multi-Strategy Portfolio

- 1.50% on the first \$2,000,000 of assets under management
- 1.00% on assets between \$2,000,000 and \$5,000,000
- 0.75% on assets between \$5,000,000 and \$10,000,000
- 0.50% on assets over \$10,000,000

### Multi-Strategy Portfolio

- 1.00% on the first \$2,000,000 of assets under management
- 0.75% on assets between \$2,000,000 and \$5,000,000
- 0.625% on assets between \$5,000,000 and \$10,000,000
- 0.50% on assets over \$10,000,000

### Tax-Managed Multi-Strategy Portfolio

- 0.50% on all assets under management

Performance-based fees, if selected by a qualified client, are negotiated separately and reduce or replace the above asset-based fee. Typically, performance-based fees are paid quarterly, in arrears, based upon a percentage of the total profits for the quarter. A "high water mark" is usually used, which means that a performance-based fee will be assessed only to the extent that prior losses have been recovered. To the extent that a performance-based fee is used rather than an asset-based fee, some of the risk and return of the strategy is being shifted from the client to us. We believe that this helps to align our economic interests with our client's economic interests. If a client chooses to only have a performance-based fee (and no asset-based fee), our schedule is as follows:

### Long/Short Multi-Strategy Portfolio

- 20% of profits on the first \$2,000,000 of assets under management
- 13.33% of profits on assets between \$2,000,000 and \$5,000,000
- 10% of profits on assets between \$5,000,000 and \$10,000,000
- 7.5% of profits on assets over \$10,000,000

### Multi-Strategy Portfolio

20% of profits on the first \$2,000,000 of assets under management

15% of profits on assets between \$2,000,000 and \$5,000,000

12.5% of profits on assets between \$5,000,000 and \$10,000,000

10% of profits on assets over \$10,000,000

### **Fee Payment Terms**

Asset-based investment advisory fees are either deducted from client accounts daily, or deducted from client accounts monthly or quarterly in arrears, depending on the client's preferences and the custodian selected by the client. Asset-based fees that are paid monthly or quarterly in arrears (rather than daily) are calculated based on the market value of the client account as of the last day of the month or quarter.

Performance-based fees are deducted from client accounts at the end of the evaluation period, typically at the end of a calendar quarter or year. In certain circumstances, fees (whether asset-based or performance-based) may be billed directly to the client quarterly in arrears.

Clients typically grant SelectAlts the authority to deduct its advisory fees (whether asset-based or performance-based) directly from the client's account. The client's custodian will typically provide, at a minimum, monthly or quarterly account statements directly to the client that reflect all transactions in the client's account(s), including the amount of any advisory fee deducted. The client is responsible for verifying the accuracy of SelectAlts' fee calculation, as the client's custodian may not determine whether or not the fee was properly calculated. SelectAlts will not accept physical custody of clients' securities or cash. Clients will retain ownership of all securities and cash in their accounts.

### **Other Fees and Expenses**

In addition to investment advisory fees, client accounts will incur costs from the custodian broker(s) including custodial fees and transaction costs. Transactions involving the use of leverage and/or short sales will result in expenses in addition to investment advisory fees and broker execution costs. Investment companies (mutual funds, ETFs, ETNs, etc.) in which a client's assets may be invested charge additional management fees and other expenses. Such costs are in addition to SelectAlts' fee.

### **Account Minimum**

SelectAlts has established a minimum initial account value for new accounts of \$500,000. SelectAlts may, in its sole discretion, accept such lesser amounts as it deems appropriate.