

About Schulmerich & Associates Asset Management LLC

(Updated Winter 2011)

Business:

Schulmerich & Associates Asset Management, L.L.C. is a registered investment advisor (R.I.A.) with the Securities and Exchange Commission. It is a fee-only (non-commission) R.I.A. providing investment advisory and management services. Schulmerich & Associates manages over \$100 million in assets as of winter 2011 and is located in Portland, OR. Our recommended account minimum is \$100,000 although exceptions may be made. Stephen Schulmerich, founder and owner, is a Certified Financial Planner (C.F.P.), Certified Estate Advisor (C.E.A.) and an Accredited Investment Fiduciary (AIF). Assisting Mr. Schulmerich are two administrative individuals qualified in their specialties. Schulmerich & Associates Asset Management charges fees on quarterly bases on assets under management. In 2010 Schulmerich & Associates was rated one of the top 500 advisors with Barron's Inner Circle. An investment advisor disclosure document (ADV-Part 2) and current client references are available upon request. Schulmerich & Associates may be contacted at 1-888-866-5639 or 503-672-7750 or by e-mail at schulmerich@comcast.net.

Investment Strategy:

Schulmerich & Associates derives its investment strategy from Modern Portfolio Theory, MPT, and makes use of DFA's passive diversified asset class funds, Vanguard index funds and ETF's as well as maturity laddered bond portfolios and other passive investment vehicles where appropriate. Our mission is to develop ongoing inter-generational financial security by partnering with our clients to make sound, objective financial and investment objectives. Our firm's long-term viability depends on enduring core values: integrity, professional excellence, concern, personal empathy, and professional fiduciary oversight. We are committed to the highest international financial fiduciary standards possible by Fiduciary 360. They provide certification and training of Fiduciary standards as well as tools to monitor portfolios.

Management Services:

Schulmerich & Associates Asset Management, LLC provides investment services on a fee only basis. Advisory services encompass a wide range of investment objectives, from conservative to aggressive, which gives the client and the advisor the flexibility to design a custom program and asset allocation that meets the client's specific investment needs. Each investment program is continuously managed based on the program's strategy. However, clients have the opportunity to place reasonable restrictions on the types of investments to be held in their accounts.

Schulmerich & Associates Asset Management, LLC provides the following:

1. Initial Interview- at the opening of the account Mr. Schulmerich will obtain from the client information sufficient to determine the client's financial situation and investment objectives;
2. Individual Treatment- the client's account is managed on the basis of the client's financial situation and investment objectives;
3. Quarterly Notice- at least quarterly, client's are to notify Schulmerich & Associates Asset Management if their financial situation or investment objectives have changes, or if they want to impose and/or modify any reasonable restrictions on the management of their accounts;
4. Annual Contact- at least annually, clients will be contacted to determine whether their financial situation or investment objectives have changed, or if they want to impose and/or modify any reasonable restrictions on the management of their accounts; it is up to each client to schedule a review with his/her advisor after annual contact is made by Schulmerich & Associates;
5. Consultation Available- Schulmerich & Associates is reasonably available to consult with clients regarding the status of their accounts;
6. Statements- TD Ameritrade provides monthly statements to client. Accounts over \$100,000 Schulmerich & Associates provides on-line reporting at Advisor Vault, a protected website;
7. Ability to Impose Restrictions- clients have the ability to impose reasonable restrictions on the management of their accounts;
8. No Pooling- clients have a direct and beneficial interest in the securities in their accounts rather than an individual interest in all securities in the investment program;
9. Separate Account- a separate account is maintained for each client with the Custodian; and
10. Ownership- each client retains ownership of the account (e.g. right to withdraw securities or cash, and receive transaction confirmations).

Custodians:

All investment management accounts will be maintained at an independent qualified custodian, TD Ameritrade and Employee Fiduciary, for our 401 (k) accounts. Schulmerich & Associates does not take custody of the assets, sweep fees from accounts, unless requested, or disperse money from accounts, unless granted the power to do so. For Schulmerich & Associates Asset Management client accounts at TD Ameritrade or Employee Fiduciary, the firms does not charge a separate management fee but are compensated by small transaction costs on any buys or sells in Schulmerich & Associates clients accounts.

Management Fees:

Schulmerich & Associates Asset Management is a fee-only advisor and charges an investment management fee based on a percentage of the market value of the client's

accounts under management. Management Fees are payable quarterly, in arrears, fees are calculated as follows:

1.0 percent on the first \$500,000
.75 percent on the next \$500,000
.50 percent on the next \$1,000,000
Over \$2,000,000 will negotiate fee

References:

A list of current client references is available upon request. Our ADV-Part 11 and brochure is on our website, schulmerichandassoc.com.