H. Beck, Inc. Asset Management Program (HBI AMP)

For Broker-Dealer Use Only

Revised August 2015
IARs can now manage assets under:

- “ACAMP Plus” offered through H. Beck, Inc.
- “Rep as Portfolio Manager” offered through Envestnet
- “H. Beck Choice” offered through H. Beck, Inc.

Outside RIAs may not use these platforms
Approval Process

Complete the:
“Advisor as Portfolio Manager Approval Form”
found on the CFG Website under:
Forms → RIA & Fee-Based Business

Send to:
Ed Bove, Investment Advisory Compliance Manager
Email: ebove@cfginc.com
# IAR as Portfolio Manager Requirements

1. Advisor must use some sort of profiling that uses an investor’s investment experience, risk tolerance, time horizon, etc. For example, a client questionnaire.

2. The results of #1 leads to a pre-approved, specific asset allocation model (must be defensible). You must use some sort of pre-approved methodology to select the specific mutual funds to populate the segments of the asset allocation (again, defensible).

3. You must provide quarterly performance reports to the client.
   
   *QPR included in all platform fees*

4. In addition to a quarterly performance report (which could just be mailed to the client), you must have a documented review with the client no less than annually. You must explain how you plan to meet with clients, in person or by phone, and how you plan to remind yourself of this requirement (e.g., a tickler file or Outlook). A client meeting log must be kept on site.
# Program Comparisons

<table>
<thead>
<tr>
<th>Advisor as Portfolio Manager Programs:</th>
<th>H. Beck, Inc. ACAMP Plus</th>
<th>Envestnet Advisor as Portfolio Manager</th>
<th>H. Beck, Inc. Choice</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Eligible Assets:</strong></td>
<td>Mutual funds, stocks, fixed income, ETFs, options (only covered writing and buys, no spreads), annuities, UITs</td>
<td>Mutual funds, stocks, ETFs <em>No Fixed Income</em></td>
<td>Mutual funds, stocks, fixed income, ETFs, options (only covered writing and buys, no spreads), annuities, UITs</td>
</tr>
<tr>
<td><strong>Reporting:</strong></td>
<td>Quarterly Performance Reports (QPR) through PES</td>
<td>QPR, daily activity and performance snapshots</td>
<td>QPR, On Demand Monitor for updated daily performance, several advisor level reports</td>
</tr>
<tr>
<td><strong>Questionnaire/Investment Profile</strong></td>
<td>Rep must provide his own questionnaire or may use a 3rd party questionnaire (Envestnet, Choice, et al)</td>
<td>Questionnaire and IPS provided</td>
<td>Questionnaire provided, IPS provided if using MAPS asset allocations</td>
</tr>
<tr>
<td><strong>Platform fee:</strong></td>
<td>10 bps + ticket charges to the advisor</td>
<td>25 bps + tickets charges to the client</td>
<td>25 bps (there are no additional ticket charges)</td>
</tr>
<tr>
<td><strong>Custodians:</strong></td>
<td>Pershing LLC</td>
<td>Pershing Advisory Solutions, Fidelity, Schwab</td>
<td>Pershing Managed Account Solutions</td>
</tr>
</tbody>
</table>

Revised August 2015
ACAMP Plus
Platform Highlights

→ No account minimum
  ➢ *Balances less than $50,000 will incur a quarterly $25 service fee charged to the advisor*
  ➢ *May aggregate accounts to meet $50,000*
→ Custodian is Pershing
→ **Eligible assets**: stock, bonds, mutual funds, ETFs, Unit Investment Trusts, fee based annuities & options*
→ **Ineligible assets**: Inverse ETFs and Mutual Funds, Penny stocks, Private Stock, stocks of marijuana companies, limited partnerships, REITS, and commissionable annuities
→ Advisor incurs ticket charges
  ➢ *No ticket charge for FundVest No Transaction Fee (NTF) mutual funds; however, please keep in mind, FundVest funds held for less than 3 months will incur an early redemption fee of $52 charged to the ADVISOR*
→ Platform fee includes billing and Quarterly Performance Reports (QPR)
  ➢ QPR through Pershing’s Portfolio Evaluation Service (PES)
  ➢ Disseminated to client by Pershing
→ Accounts will be established under the ‘HB7’ Pershing office range
→ Advisors must use their own questionnaire, and it must be approved through our compliance department
→ Model building, Order Blasting, Proposals and Rebalancing options are available through Pershing’s OBR system for an additional monthly fee.
→ Any 12b1 fees are paid to the advisor
→ Client is billed in advance

*Only covered writing and buys are allowed. No spreads are allowed.

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### ACAMP Plus Fees

<table>
<thead>
<tr>
<th>Assets</th>
<th>Platform Fees</th>
<th>Maximum Advisor Fee</th>
<th>Total Maximum Client Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to $250,000</td>
<td>10 bps</td>
<td>2.00%</td>
<td>2.10%</td>
</tr>
<tr>
<td>$250,001-$500,000</td>
<td>10 bps</td>
<td>1.90%</td>
<td>2.00%</td>
</tr>
<tr>
<td>$500,001-$1,000,000</td>
<td>10 bps</td>
<td>1.80%</td>
<td>1.90%</td>
</tr>
<tr>
<td>$1,000,001-$5,000,000</td>
<td>10 bps</td>
<td>1.40%</td>
<td>1.50%</td>
</tr>
<tr>
<td>$5,000,000 +</td>
<td>10 bps</td>
<td>1.00%</td>
<td>1.10%</td>
</tr>
</tbody>
</table>

**Ticket charges incurred by advisor**

Refer to Pershing’s fee schedule located on the CFG Website under:
- Clearing Firms → Pershing → Service Fees
  for current ticket charges

No transaction charges apply to FundVest NTF mutual funds, however please keep in mind:

**FundVest funds held for less than 3 months will incur an early redemption fee of $52**
(charged to the ADVISOR)

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THE CAPITAL FINANCIAL GROUP
...the independent's choice®
Paperwork Required to Open an ACAMP Plus Account

- H. Beck New Account Form for Pershing
- ACAMP Plus Client Agreement
- The H. Beck ADV Part 2A and 2B must be given to the client. *The receipt form include in this individual form does not need to be signed, as it is included in the client agreement.*
- HBI Securities Transmittal/Order Instructions

*All paperwork must be sent to the H. Beck Home Office for approval*

**Please keep in mind, advisors first must be approved for the program by filling out the “Advisor as Portfolio Manager Approval Form”**
Envestnet - Rep as Portfolio Manager
Program Highlights

→ Account minimum of $25,000
  ➢ Can not aggregate accounts to meet minimum
→ Custodian is Pershing Advisory Solutions (PAS)
→ Eligible assets include: mutual funds, equities, and ETFs
  ➢ Inverse ETFs and Mutual Funds are not allowed in this program.
→ Client incurs ticket charges:
  ➢ Mutual Funds: $15 per ticket (no charge for FundVest NTF funds)
  ➢ Surcharged Funds[1]: $25 per ticket
  ➢ Mutual Fund exchanges: $10 per ticket
  ➢ Stocks and ETFs: $.03/share per transaction, with a minimum of $15 per transaction
→ Platform fee includes billing, QPRs, daily activity, and performance snapshots
  ➢ QPR to be disseminated to client by advisor
→ Provides tools required to build, implement, and monitor client portfolios
→ Profiling tool: Comprehensive 11 step questionnaire
→ Build your own models with Envestnet’s analytical tools
→ Additional reporting features
→ Rebalancing tools:
  ➢ Envestnet platform calculates holdings to be rebalanced
  ➢ Trades placed through Envestnet-specific NetX 360(Pershing Advisory Solutions)
→ Alerts and reminders
→ 12b1 fees are NOT paid to the advisor
→ Client is billed in advance

[1] Current families are Alpine Funds, Bridgeway Funds, CGM Funds, Dimensional Fund Advisors, Dodge & Cox Funds, Fairholme Funds, Longleaf Partners Funds, Meridian Funds, T. Rowe Price Funds, Vanguard Funds. Additional fund families may be included in the future. (no charge for FundVest NTF funds)

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Envestnet’s “Rep as Portfolio Manager” offers your client an actively managed portfolio comprised of products chosen directly by you. These model portfolios are constructed and rebalanced directly using the Envestnet web-based platform. This provides the advisor the freedom to choose the best solutions available to suit investor needs.

### Rep as PM

<table>
<thead>
<tr>
<th>Account Value</th>
<th>Platform Fee</th>
<th>Maximum Advisor Fee</th>
<th>Total Maximum Program Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>First $250,000</td>
<td>0.25%</td>
<td>2.00%</td>
<td>2.25%</td>
</tr>
<tr>
<td>Next $250,000</td>
<td>0.25%</td>
<td>2.00%</td>
<td>2.25%</td>
</tr>
<tr>
<td>Next $500,000</td>
<td>0.22%</td>
<td>2.00%</td>
<td>2.22%</td>
</tr>
<tr>
<td>Next $1,000,000</td>
<td>0.20%</td>
<td>1.40%</td>
<td>1.60%</td>
</tr>
<tr>
<td>Next $3,000,000</td>
<td>0.18%</td>
<td>1.00%</td>
<td>1.18%</td>
</tr>
<tr>
<td>Over $5,000,000</td>
<td>Negotiable</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Ticket charges incurred by client

No transaction charges apply to FundVest NTF mutual funds, however please keep in mind: FundVest funds held for less than 3 months will incur an early redemption fee of $50
Paperwork Required to Open an Envestnet Rep as PM Account

Paperwork is generated on the Envestnet Website:

- HBI New Account Form – Direct Business
- Pershing Individual Managed Account Application and Agreement
- AML Advisor’s Certification
- H. Beck/Envestnet RPM Asset Management Program Client Agreement
- The H. Beck ADV Part 2A and 2B must be given to the client. *The receipt form included in this individual form does not need to be signed, as it is included in the client agreement.*
- HBI Securities Transmittal - Order Instructions

*All paperwork must be sent to the H. Beck Home Office for approval

**Please keep in mind, advisors must first be approved for the program by filling out the “Advisor as Portfolio Manager Approval Form”

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For Broker-Dealer Use Only
Account minimum of $50,000

Cannot aggregate multiple accounts to meet minimum. At least one account in a household must meet this minimum.

Accounts may be set up in a household for fee billing

Custodian is Pershing Managed Account Solutions

Eligible assets: stock, bonds, mutual funds, ETFs, Unit Investment Trusts, fee based annuities & options*

Ineligible assets: Inverse ETFs and Mutual Funds, Penny stocks, Private Stock, stocks of marijuana companies, limited partnerships, REITS, and commissionable annuities

No ticket charges

Platform fee includes billing, Quarterly Performance Reports (QPR), On Demand Monitor performance reports, drift reporting, and cost basis reporting.

Access to Securian’s Investment Resource Group (IRG) to assist in model building and analyzing client portfolios

Due diligence available if using the Investment Resource Group’s Preferred List

Investment Policy Statement is provided if using Securian’s approved Asset Allocation Models

9 question profiling client questionnaire

Integrated Block Trading and Rebalancing is done through NetX360 or by calling the H. Beck trade desk

12b-1 fees are not paid to the advisor

Client is billed in advance

*Only covered writing and buys are allowed. No spreads are allowed.
# H. Beck Choice Highlights

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>PLATFORM FEES</th>
<th>MAXIMUM ADVISOR FEE</th>
<th>TOTAL MAXIMUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>$50,000 - $250,000</td>
<td>25 bps</td>
<td>2.00%</td>
<td>2.25%</td>
</tr>
<tr>
<td>$250,001 - $500,000</td>
<td>25 bps</td>
<td>1.90%</td>
<td>2.15%</td>
</tr>
<tr>
<td>$500,001 - $1,000,000</td>
<td>22 bps</td>
<td>1.80%</td>
<td>2.02%</td>
</tr>
<tr>
<td>$1,000,001 - $2,000,000</td>
<td>19 bps</td>
<td>1.40%</td>
<td>1.59%</td>
</tr>
<tr>
<td>$2,000,001 - $3,000,000</td>
<td>15bps</td>
<td>1.40%</td>
<td>1.55%</td>
</tr>
<tr>
<td>$3,000,001 - $4,000,000</td>
<td>12bps</td>
<td>1.40%</td>
<td>1.52%</td>
</tr>
<tr>
<td>$4,001,000 - $5,000,000</td>
<td>10bps</td>
<td>1.40%</td>
<td>1.50%</td>
</tr>
<tr>
<td>$5,000,001 +</td>
<td>6 bps</td>
<td>1.00%</td>
<td>1.06%</td>
</tr>
</tbody>
</table>

Ticket charges included in platform fee

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Paperwork Required to Open a H. Beck Choice Account

Paperwork can be found on the CFG Website or in Laser App under Broker Dealer/H. Beck:

→ HBI New Account Form – Direct Business
→ MAPS Questionnaire
→ Choice Investment Management Agreement
→ Model and Custom Account Allocation
→ HBI Securities Transmittal - Order Instructions
→ Give client a copy of H. Beck Choice Wrap Fee Program Brochure
→ Give copy of H. Beck Form ADV Part 2A and 2B. The acknowledgement of receipt of the H. Beck Form ADV Part 2A and 2B must be signed by client and included in paperwork sent to H. Beck.

*All paperwork must be sent to the H. Beck Home Office for approval*
Accessing the Envestnet, H. Beck Choice and ACAMP Plus Platforms

Once you login to the CFG website, choosing Envestnet from the Sign-Ons tab will allow you to access their platform. Information on Securian’s IRG can found under Advisory Services. ACAMP+ and H. Beck Choice accounts may be accessed through NetX360.

If you encounter an error while attempting to use the seamless sign-on for Envestnet from the CFG Website, please contact the IT Department at ITDept@cfginc.com

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