

compensation in the form of commissions from the insurance companies for the sale of such products. Please refer to Item 10 Other Financial Industry Activities and Affiliations.

INDIVIDUAL AND MODEL PORTFOLIO MANAGEMENT SERVICES

The annualized fees charged for both Individual and Model Portfolio Management Services are a percentage of assets under management. The following is our current fee schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
Zero to \$250,000	1.50%
\$200,001 to \$2,000,000	1.00%
Over \$2,000,001	0.90%

Our fees are billed quarterly, in advance, at the beginning of each calendar quarter based upon the value (market value or fair value in the absence of market value), of the client's account balance at the end of the previous quarter. Fees are debited from the account in accordance with the client authorization in the Discretionary Investment Management Agreement. Clients may choose to have a separate invoice sent to them electronically for services rendered quarterly or annually.

Upon acceptance of a client, fees are debited from their account balance based upon the date that the assets are first registered in their account. If a client's account balance is registered within a quarter, the fee is prorated based upon the number of days remaining in the quarter.

If a client terminates their relationship with Spinnaker with a prepaid balance in the account, any unearned fees, prorated for the remaining days left in the quarter, will be returned to the client. If time is available, these fees will be returned electronically through a fee reversal within their account. If a client's account is closed before we are able to reversal the fee balance, a check will be sent within a reasonable amount of time.

Limited Negotiability of Advisory Fees: Although Spinnaker has established the Portfolio Management fee schedule shown above, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee is identified in the contract (Discretionary Investment Management Agreement) between the adviser and each client.

We may group certain related client accounts for the purpose of determining and achieving a minimum annualized fee.