



COMPASS

ACTIVE TACTICAL MANAGEMENT

Navigating Your Portfolio in the Right Direction



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**REGISTERED INVESTMENT ADVISORY AGREEMENT AND POWER OF ATTORNEY
(DISCRETIONARY ACCOUNTS)**

This agreement contains a discretionary trading authority over client funds supported by a power of attorney granted by Client.

This agreement is entered into as of this _____ day of _____, 20____ (date) by World Equity Group, Inc., an Illinois corporation registered under the Investment Advisors Act of 1940, as amended ("Firm") and _____ ("Client").

- 1) **Fees.** Investment advisory and management fees, which are based upon the market value of the portfolio, including cash and cash equivalents, are payable quarterly in advance in accordance with Exhibit A based upon the account balance on the first business day of such quarter. With an estimated initial account balance of \$ _____ your first quarterly management fee will be _____ % annualized, prorated to the date of this agreement.
- 2) **Minimum Account.** Firm will not accept accounts smaller than \$50,000.
- 3) **Custodian.** Firm will never have direct access to your investment capital but will, as provided in section 3 below, manage and trade such capital pursuant to a power of attorney. It will be necessary for you to open an account with a mutually agreeable custodian broker/dealer that will hold all of your cash and securities (excluding annuity and variable universal life insurance assets). Firm will assist you in completing the required account papers, in addition to selecting a broker/dealer if you so desire. Firm disclaims all responsibility for the safekeeping of securities and cash and the consummation of sales, purchases, deliveries and investments made pursuant to directions furnished to the custodian broker/dealer. Any checks drawn upon your account will be pursuant to your instructions only. Client shall not be entitled without the consent of Firm to withdraw upon less than 90 days prior written notice any amount of its funds which would cause the amount managed by Firm to be less than Firm's then-applicable account minimum. Client acknowledges that any withdrawals that are not contemplated at the inception of the relationship may adversely impact the returns on Client's portfolio. Firm shall not vote any proxies relating to investments selected by the Firm.
- 4) **Discretionary Account; Power of Attorney. THIS ACCOUNT IS DISCRETIONARY IN NATURE. THIS MEANS THAT FIRM WILL EXERCISE DISCRETION AND TRADING AUTHORITY AS TO THE SELECTION OF SPECIFIC INVESTMENTS. FIRM STRONGLY ENCOURAGES A CONTINUING DIALOGUE BETWEEN CLIENT AND**

**FIRM REGARDING CLIENT CIRCUMSTANCES AND CHANGES THEREIN,
INVESTMENT PHILOSOPHY AND SPECIFIC INVESTMENT VEHICLES.**

In furtherance of the foregoing, Client hereby grants to Firm with full power of substitution (exercisable through any of the registered broker-dealers employed by Firm from time to time), a power of attorney over the assets delivered by Client to Clearing Firm. The authority granted by this power of attorney may be delegated to such broker-dealers for the purpose of executing the trades determined by Firm to be appropriate. This power of attorney authorizes Firm to invest and reinvest such assets for the benefit of Client and any income and/or capital gains therefrom in any securities or deposits in FDIC-insured banks in Firm's sole discretion. This power of attorney encompasses the authority to sign such documents in the name of Client and do such other things as Firms may deem to be necessary or appropriate for the implementation of Firm's recommendations. Such investment activities are expected to involve payment out of Client's funds of brokerage and other commission and other remuneration to affiliates of Firm. This power of attorney may be revoked only in connection with the termination of Client's relationship with Firm and then only upon 5 days prior written notice.

- 5) **Retained Ownership.** Notwithstanding the discretionary trading and investment authority granted to Firm hereunder Client is not relinquishing ownership of cash or securities in Client's account with Firm. In accordance with the Investment Advisors Act of 1940, Firm shall not make any assignment of this Agreement without Client's written consent.
- 6) **Waiver of Certain Claims; Acknowledgement of Absence of Guarantees. TO THE FULLEST EXTENT PERMITTED BY FEDERAL SECURITIES LAW, CLIENT AGREES THAT NEITHER FIRM NOR ANY EMPLOYEE, AGENT, OFFICER, DIRECTOR OR STOCKHOLDER THEREOF SHALL BE LIABLE FOR ANY LOSS SUSTAINED BY CLIENT UNLESS SUCH LOSS IS ATTRIBUTABLE TO THE ACTIVE FRAUD OR GROSS NEGLIGENCE OF FIRM.** Furthermore, Firm shall not be liable in any event for any loss resulting from any action or omission of any custodian of the Client's funds or securities. Client should enter into this agreement only if he/she fully understands as is prepared and equipped to bear the inherent risk of any investment program. While Firm endeavors to invest in accordance with Client's expressed objectives, it cannot guarantee that such objectives will be met or that any particular level of performance will be attained. Client and Firm recognize that a minimum of 5 years is necessary for full implementation of the designated investment strategy. Client Acknowledges by its signature below that the investment program contemplated hereby is long-term in nature and that the value of the investment assets is expected to fluctuate from time to time.
- 7) **Transactions Fees.** Purchases and sales of securities in the managed Brokerage account may carry a transaction fee of no more than twenty five dollars (\$25.00). This transaction fee varies by portfolio strategy and includes a possible combination of the following: execution charges from the clearing firm and broker-dealer, postage fees, and costs assessed by the firm's SRO. World Equity Group, Inc. reserves the right to change these fees in accordance to adjustments by the clearing firm.
- 8) **Delivery of Form ADV.** Client, by its signature below, acknowledges receipt of a copy of Firm's Form ADV (Part II only) filing as amended to date and the understanding of the material contained therein as well as the opportunity to ask of Firm any questions deemed by Client to be relevant to its decision to enter into this agreement. Client reserves the right to cancel for five (5) days from the signing of this contract for a full refund of fees unless Firm's Form ADV (Part II only) was received at least 48 hours prior to entering into this agreement.

9) **Delivery of Privacy Policy.** Client, by its signature below, acknowledges receipt of Firm's Privacy Policy.

10) **Fee Schedule.**

<u>Assets Under Management</u>	<u>WEG Management Fee</u>	<u>Recommended WEG Rep Fee</u>	<u>Recommended Total Management Fee</u>
\$50,000 – 100,000	1.25%	1.50%	2.75%
100,001 – 250,000	0.70%	1.30%	2.00%
250,001 – 500,000	0.60%	0.90%	1.50%
500,001 – 1,000,000	0.55%	0.80%	1.35%
1,000,001 – 3,000,000	0.50%	0.75%	1.25%
Over 3,000,000	0.45%	0.55%	1.00%

11) **Termination.** This agreement may be terminated by either party for any reason upon five (5) days prior written notice to the other at the address indicated below. In such event, Firm shall return to Client the prorated portion of any previously paid fee and shall transfer the funds and/or securities in Client's account with the designated custodian in accordance with Client's written request. Absent such written notice of termination or formal notice from a court of competent jurisdiction of Client's mental incompetence, this agreement shall continue in full force and effect.

12) **Confidentiality.** All information and advice furnished by either party to the other including their respective agents and employees shall be held in confidence except as may be otherwise required by law.

13) **No legal Advice, Etc.** While Client legal and/or tax considerations may be taken into account in the investment selection process, Firm disclaims the obligation to act as Client's tax or legal advisor (unless expressly engaged in writing for tax preparation or advice services) and suggests that Client engage separate qualified advisors for such purpose(s).

1. Binding Arbitration

By agreeing to arbitration, you give up the right to resolve disputes in court, including the right to a jury trial, unless a waiver would violate applicable law.

Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.

Discovery is generally more limited and follows different rules in arbitration than in court proceedings.

The arbitrators' decision may not include factual findings or legal reasoning. The arbitrators do not have to explain the reason(s) for their award.

The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court.

Your right to appeal or seek to change the decision is strictly limited.

Arbitrators are not judges, and the panel will typically include at least one member who was or is in the securities industry.

YOU HEREBY AGREE THAT ANY DISPUTE, CLAIM OR CONTROVERSY ARISING NOW OR IN THE FUTURE UNDER OR RELATING IN ANY WAY TO THIS AGREEMENT ("CLAIM"), REGARDLESS OF THE NATURE OF THE CAUSE(S) OF ACTION ASSERTED (INCLUDING CLAIMS FOR INJUNCTIVE, DECLARATORY, OR EQUITABLE RELIEF), SHALL BE RESOLVED BY BINDING ARBITRATION. CLAIMS SUBJECT TO ARBITRATION INCLUDE CLAIMS THAT ARE MADE AS COUNTERCLAIMS, CROSS CLAIMS, THIRD PARTY CLAIMS, INTERPLEADERS, OR OTHERWISE. ARBITRATION REPLACES THE RIGHT TO GO TO COURT, AND YOU THEREFORE AGREE TO WAIVE ANY RIGHT THAT YOU OR WE MIGHT OTHERWISE HAVE HAD TO A JURY TRIAL OR THE OPPORTUNITY TO LITIGATE ANY CLAIMS IN COURT BEFORE EITHER A JUDGE OR JURY. YOU FURTHER AGREE THAT YOU WILL NOT BE ABLE TO BRING A CLASS ACTION OR OTHER REPRESENTATIVE ACTION (SUCH AS AN ACTION IN THE FORM OF A PRIVATE ATTORNEY GENERAL) TO LITIGATE ANY CLAIMS IN COURT BEFORE EITHER A JUDGE OR JURY; NOR WILL YOU BE ABLE TO PARTICIPATE AS A CLASS MEMBER IN A CLASS ACTION OR OTHER REPRESENTATIVE ACTION TO LITIGATE ANY CLAIMS IN COURT BEFORE EITHER A JUDGE OR JURY.

This binding arbitration provision applies to any and all Claims that you have against Firm, our parent, subsidiaries, affiliates, licensees, predecessors, successors, assigns, and against all of their respective employees, agents, or assigns, or that we have against you; it also includes any and all Claims regarding the applicability of this arbitration clause or the validity of the Agreement, in whole or in part. It is made pursuant to a transaction involving interstate commerce, and shall be governed by the Federal Arbitration Act, 9 U.S.C. sections 1-16, as it may be amended.

The party filing a Claim(s) in arbitration must file its Claim(s) before the National Association of Securities Dealers, Inc. ("FINRA") under the rules of such arbitration administrator in effect at the time the Claim(s) was filed. Client consents to the FINRA's jurisdiction for purposes of its arbitration forum. Judgment upon any arbitration award may be entered in any court having jurisdiction.

This Arbitration Agreement shall survive: (i) termination or changes in the Agreement, and the relationship between you and us concerning the Agreement; and (ii) the bankruptcy of any party or any similar proceeding initiated by you or on your behalf. If any portion of this Arbitration provision is deemed invalid or unenforceable, the remaining portions shall nevertheless remain in force.

14) **Entire Agreement, Etc.** All notices hereunder may be validly given only in writing. This written agreement embodies and supersedes all prior or contemporaneous written or oral agreements between Firm and Client as to the subject matter hereof and may be amended only in writing.

WORLD EQUITY GROUP, INC.:

CLIENT:

By: _____
Advisor

Client Signature

By: _____
Firm Principal

Client Signature (if joint)

Client Address:

1650 N. Arlington Heights Rd., Suite 100
Arlington Heights, Illinois 60004

Client e-mail address

DEBIT AUTHORIZATION

To: RBC CS

The undersigned authorizes you to debit my (our) account with you and pay World Equity Group, Inc. from available funds in said account, the investment advisory fees are billed by the adviser.

This authorization shall continue in force until you receive written instructions to the contrary from the undersigned.

It is understood that there is no charge for this service, and that you, upon written notice, may terminate the service at any time.

The undersigned agree(s) that you shall have no responsibility to me (us) should you honor the investment advisory bills of World Equity Group, Inc.

Client Signature

Date

Client Signature

Date

Account Number

1650 N. Arlington Heights Road, Suite 100

Arlington Heights, Illinois 60004

Phone: 847-342-1700

Fax: 847-342-1717

Toll Free: 800-765-5004



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The Compass Investment Models

What is the investment objective of each model? Each model seeks to achieve an appropriate balance between long-term capital appreciation and capital preservation. The overall strategy is constructed to provide investors with diversification across multiple asset classes.

What asset classes are represented in the Models? Each model is designed to invest in four broad asset classes: Domestic Equities, International Equities, Fixed Income/Cash, and Alternative Assets. Exposure to each of these areas is achieved primarily through investing in ETF's, Mutual Funds, Individual Securities, and Stocks.



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Compass Traditional Model Portfolios

Portfolio Model	Cash Equivalents & Fixed Income	Domestic & International Equities	Long/Short Strategy
Total Return Model	0-100%	0-75%	25%
Model 1 Growth Model	0-100%	0-100%	N/A
Model 2 Moderate Model	30-100%	0-70%	N/A
Model 3 Conservative Model	50-100%	0-50%	N/A

(For RBC Capital Management Accounts only.)

The above allocations are maximum percentage weightings. We reserve the right to reallocate portfolios entirely into cash equivalents and bonds at any time.

Model: _____

Signature(s): _____



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Compass Variable Annuity Model Portfolios

Portfolio Model	Cash Equivalents & Fixed Income Funds	Domestic & International Funds
Model 1 Growth Model	0-100%	0-100%
Model 2 Moderate Model	30-100%	0 – 70%

Compass Variable Annuity Model Portfolios are utilized for the management of our Variable Annuity and Variable Universal Life programs. The above allocations are **maximum** percentage weightings. We reserve the right to reallocate portfolios entirely into cash equivalents and bonds at any time. Having a **Living Benefit Rider** may affect the stated maximums and minimums above. Please read your prospectus carefully and consult with your advisor.

Model: _____

Signature(s): _____



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Compass Retirement Plan Model Portfolios

Portfolio Model	Cash Equivalents & Fixed Income Funds	Domestic & International Funds
Model 1 Growth Model	0-100%	0-100%
Model 2 Moderate Model	30-100%	0-70%
Model 3 Conservative	50-100%	0-50%

Compass Retirement Plan Model Portfolios are utilized for the management of our Corporate Retirement Plan Programs. The above allocations are maximum percentage weightings. We reserve the right to reallocate portfolios entirely into cash equivalents and bonds at any time.

Model: _____

Signature(s): _____