

TJ-Directed SMA Performance-Based Fee

1. Fee Schedule:

Minimum Request	Management Fee	Performance Fee
\$100,000	1% per year, calculated and paid quarterly, if NAV less than original investment, No management fee.	20% of Increase of Portfolio, High water mark, calculated and paid quarterly

As per SEC rules, the Performance-base Fee can only be offered to the Qualified Investors *

*Qualified Investor is an investor who meets one of the following terms:

- 1). A natural person who immediately, after entering into the contract, has at least \$1,000,000 under the management of the investment adviser;
- 2). A natural person who has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than \$ 2,000,000 at the time the contract is entered into ("net worth" means the excess of total assets at fair market value, including home, home furnishings and automobiles, over total liabilities);
- 3). A natural person who is not a resident of United State.

2. Performance-based Fee Comparison

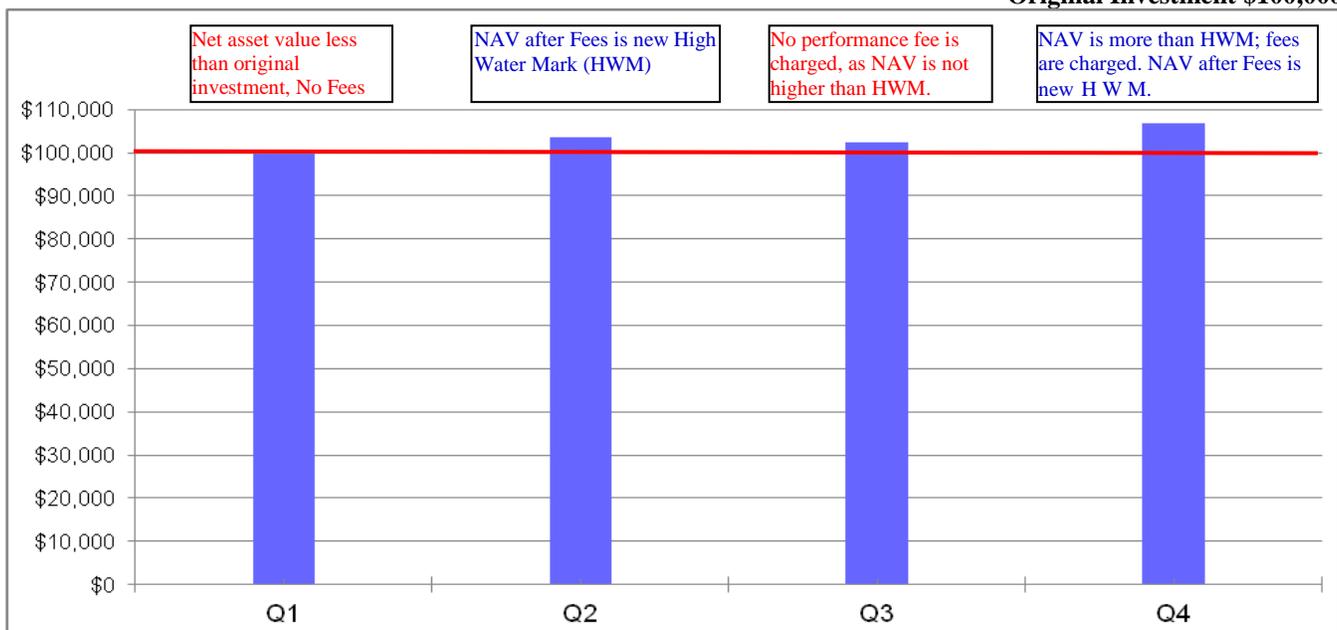
Comparing to the industry, TJ's performance-based fee is much more competitive. The industry standard is the management fee plus performance fee. Even though some companies use "High water mark" to calculate performance fee, they always charge the management fee regardless of investment results.

TJ Performance-based Fee vs. Industry Standard

	Management Fee	Performance Fee	High Water Maker for Performance Fee	Waive of Management Fee
TJ -Director SMA Performance-based Fee	1%	20%	Yes	Yes, if NAV less than original investment
Industry Standard Fee	1 - 2%	20 - 30%	Some of them	No

3. Performance-based Fee, High Water Mark Chart

Original Investment \$100,000



4. Performance-based Fee Example

Original Investment \$100,000	
<p>Q1:</p> <p>Investment Return: -0.25%</p> <p>Asset value at the end of Q1: $\\$100,000 \times (1 - 0.25\%) = \\$99,750$</p> <p>\$99,750 is less than original investment, No Fee charged.</p>	<p>Q2:</p> <p>Investment Return: 5%</p> <p>Asset value at the end of Q2: $\\$99,750 \times (1 + 5\%) = \\$104,738$</p> <p>Management Fee for Q2: $\\$104,738 \times 0.25\% = \\262</p> <p>Performance Fee is 20% of increase of NAV after management fee: $(\\$104,738 - \\$100,000 - \\$262) \times 20\% = \\895</p> <p>Total Fees: $\\$262 + \\$895 = \\$1,157$</p> <p>NAV after Fees: $\\$104,738 - \\$1,157 = \\$103,580$</p> <p>\$103,580 is the new High Water Mark.</p>
<p>Q3:</p> <p>Investment Return -1%</p> <p>Asset value at the end of Q3: $\\$103,580 \times (1 - 1\%) = \\$102,545$</p> <p>\$102,545 is less than High Water Mark (\$103,580), only Management Fee will be charged: $\\$102,545 \times 0.25\% = \\256</p> <p>NAV after fee: $\\$102,545 - \\$256 = \\$102,289$</p> <p>High Water Mark is still \$103,580.</p>	<p>Q4:</p> <p>Investment Return: 5.5%</p> <p>Asset value at the end of Q4: $\\$102,289 \times (1 + 5.5\%) = \\$107,914$</p> <p>Management Fee for Q3: $\\$107,914 \times 0.25\% = \\270</p> <p>\$107,914 is more than the last High Water Mark \$103,580, new performance fee will be charged, the amount is 20% of the difference between asset value and the last high water mark after management fee $(\\$107,914 - \\$103,580 - \\$270) \times 20\% = \\813</p> <p>Total Fee: $\\$270 + \\$813 = \\$1,083$</p> <p>NAV after Fees: $\\$107,914 - \\$1,083 = \\$106,832$</p> <p>\$106,832 is the new High Water Mark.</p>

Advantages of Performance-Based Fee

Our mission is to bring clients the best professional services with the most fair, reasonable and attractive fee terms. Our fee structure has the following advantages.

(1). "No Profit, No Management or Performance Fee"

We will not charge any Management or Performance fees, if client's account does not earn a profit. Unless our clients make money, we don't make money.

- a. No Management Fee will be charged, if end-quarter net asset value under management is less than the original investment. Original investment is defined as the cash deposited and the cash from the liquidation of the securities being transferred in.
- b. No Performance Fees will be charged if end-quarter, net asset value under management is less than the last "High Water Mark". "High Water Mark" is the last highest NAV after previous performance fee being paid. If at the end of quarter, the client's account does not generate NEW net profits, i.e. the NAV is not more than last High Water Mark, and no performance fee will be charged until the account experiences new net profits in a subsequent quarter.

(2). “No Charge for consulting on portfolio being transferred from brokerage firm”

If clients transfer their portfolio from another brokerage firm, we give free investment advice, such as fundamental, technical and risk analysis, etc.

(3). “No Management or Performance Fee on Non-Managed Assets”

If clients transfer their portfolio from another brokerage and prefer not to immediately liquidate the stocks, mutual funds or bonds in the portfolio, we treat these as “non-managed assets” and will not charge any management or performance fee until they are liquidated and re-invested by us.

(4). Easy to calculate, no hidden fees

At the end of quarter, client will receive an advisory fee notice which describes the amount of total fee and the calculation in details, therefore client will know exactly what they are paying for the service we provide, and there are no any hidden fees.

(5). Paid in arrears

Fees are paid quarterly, in arrears. That means before receiving compensation for our services we must first do the job for which client has hired us.