

Aleph Investments, LLC
Investment Advisory Agreement

This investment advisory agreement is between Aleph Investments, LLC (“Aleph”) and (_____ “client”). Aleph is registered with the States of Maryland, Texas and California and (client) wants to retain us to act as your investment advisor in accordance with the terms and conditions of this agreement.

This agreement is intended to outline the responsibilities of the parties with regard to the investment management services to be provided by Aleph.

1. For equity accounts, we will manage your assets following the same strategy that our principal, David Merkel, continues to use for his own assets. This strategy is only suitable for assets that can afford to suffer total loss, as we are investing in the stock market. The stock market and strategies in the stock market have been known to produce spectacular losses on occasion. For the most part, your account(s) will be invested in stocks, but subject to market conditions, will contain money market funds, preferred stocks, bonds, CDs, municipal and government securities, mutual funds, and other appropriate investments. Clients requesting a hedged version of the strategy will also have securities sold short and options in their account(s).
2. For fixed income accounts, we will manage your assets using David Merkel’s strategy of only taking risks that we are paid to take, stressing capital preservation, with yield being a secondary concern. We will use bonds, fixed income Exchange Traded Products and Closed-end funds to attempt to achieve returns that outpace inflation. David has employed this strategy before for prior employers, but has no verifiable track record on this strategy.
3. We will, after consulting with you, recommend that you establish and maintain, in your name, account(s) with our custodian into which you shall deposit funds and/or securities, which shall be referred to as managed assets. We will manage your assets with full discretion to buy and sell. If you deposit securities, we will sell them to fund the account so that we can apply our strategy.
4. Clients wishing to use Aleph’s services will have to open an account (or accounts) with Interactive Brokers, Aleph’s custodian. Aleph will make every effort to obtain the best execution for all trades, but cannot guarantee best execution will be achieved. When trading for multiple accounts, Aleph will allocate trades at the average price obtained for all trades as a whole.
5. You will receive statements directly from the custodian. Aleph doesn’t prepare regular client reports.
6. You may request that securities be sold/withdrawn in order to help you manage your taxes, and Aleph will make its best efforts to carry out your request, but does not guarantee any specific tax result. During such times, Aleph will adjust your account(s) to make it as close to its strategy as it can, but cannot guarantee that performance will do as well as the unadjusted strategy.

7. The same is true if you want to place ethical restrictions on the investments in your account. Aleph will happily heed your request, and will adjust your account(s) to make it as close to its strategy as it can, but cannot guarantee that performance will do as well as the unadjusted strategy.
8. You may at any time increase or decrease your managed assets. Your account(s) will, at all times, be held solely in your name and will require your authorization for withdrawal.
9. You agree to pay Aleph at the following annualized rates:

	Assets	Equities	Fixed Income
\$ 1,000,000	and under	1.00%	0.30%
\$ 1,000,000	to \$ 50,000,000	0.50%	0.15%
\$ 50,000,000	and over	0.25%	0.10%

The fee will be based on the value of your accounts on the last day of each quarter, and will be paid quarterly, after the end of each quarter. Clients may prefer to have our fee withdrawn for their account(s). This will only be permitted if: Aleph has written authorization from the client to deduct advisory fees from the account held by a qualified custodian; and each time a fee is directly deducted from a client's account, Aleph concurrently (A) sends the qualified custodian notice of the amount of the fee to be deducted from the client's account, and (B) sends the client an invoice itemizing the fee, including the formula used to calculate the fee, the net value of assets under management upon which the fee is based, and the time period covered by the fee; the custodian sends statements, at least on a quarterly basis, to the client, showing all disbursements from the custodian account, including the amount of the advisory fees; and Aleph notifies the Commissioner in writing on form ADV that Aleph intends to use the safeguards provided above.

Note that lower fees for comparable services may be available from other sources.

10. You acknowledge that past performance of investments recommended by Aleph should not be construed as an indication of future results, which will prove to be better or worse than past results. **YOUR INVESTMENTS WILL GO UP OR DOWN, DEPENDING ON MARKET CONDITIONS.** Aleph will make its best efforts for you, but **YOU MAY LOSE MONEY AS A RESULT OF OUR ASSET MANAGEMENT** even if Aleph does its best for you. We make no promises, guarantees or warranties that any of our services will result in a profit to you. You may rely on information furnished by us to be reasonably accurate and reliable.
11. This agreement may be modified upon such terms as may be mutually agreed upon in writing. This agreement is terminable by you at any time. Any unpaid fees will be billed or deducted on a prorated basis. Either party may terminate this agreement upon written notice. Written notice means sending an email to david.merkel@gmail.com, or to aleph.investments@gmail.com. The agreement is not assignable by Aleph without the advance written consent of the client.
12. If this agreement is established by you, the undersigned, in a fiduciary capacity, you hereby certify that you are legally empowered to enter in or perform this agreement in such a capacity. If

this agreement is established by a corporation, the undersigned certifies that the agreement has been duly authorized, executed and delivered on behalf of such corporation and that the agreement is a validly certified copy of a resolution of the Board of Directors of the corporation to that effect and authorizing the appropriate officers of the corporation to act on its behalf in connection with this agreement.

13. Unless otherwise indicated, this agreement shall be governed by the laws of Maryland. This agreement contains all the understanding of the parties as to this agreement. Residents of the following states will have this agreement governed by the laws of their state of residency:
California.
14. You certify that the social security number (or tax ID number) set forth is correct and that you are not subject to “backup withholding” under section 340(a)(1)(c) of the Internal Revenue Code or any successor provision.
15. Unless otherwise waived, the minimum account size is \$100,000.

Your legal name(s) is/are: _____

Your legal address is: _____

Your social security number (or tax ID number) is _____

Account type (check one):

Long only equities (default)

Long only fixed income

Long only equities and fixed income (What percentage do you want in equities?)

Hedged/market-neutral (not available for pensions/IRAs)

What percentage do you initially want hedged? (0-100%)

For Texas residents: Client acknowledges receipt of Part II of Form ADV; a disclosure statement containing the equivalent information; or a disclosure statement containing at least the information required by Schedule H of Form ADV, if the client is entering into a wrap fee program sponsored by the investment adviser. If the appropriate disclosure statement was not delivered to the client at least 48 hours prior to the client entering into any written or oral advisory contract with this investment adviser, then the client has the right to terminate the contract without penalty within five business days after entering into the contract. For the purposes of this provision, a contract is considered entered into when all parties to the contract have signed the contract, or, in the case of an oral contract, otherwise signified their acceptance, any other provisions of this contract notwithstanding.

For residents of all other states: By signing this agreement you acknowledge that you have reviewed Aleph's ADV, Part II as required by Maryland's investment advisory regulations.

Signature(s): _____ date _____

(For firm use)

Accepted by: _____ date _____

Suitability Analysis

More than the government in all of its wisdom wants, I don't want you to take too much risk. I have a moral obligation, though the legal obligation is less clear, to analyze whether you are taking too much risk by investing with me. This is not in my interest to do so, and most investment advisors don't do this too closely. This simple questionnaire is designed to analyze how much risk you should be taking, and whether you are taking too much risk by investing too much with me.

Why do I say this? Depressions are not impossible, and during the last Depression, stocks lost 89% of their value. A good manager did not lose much less. Stocks are very risky in stressed situations. For those not so old, think of 2008 and 2002. Or think of 1973-1974 for oldsters.

I'm trying to do investment the right way, not by hawking returns, but by prudent risk-taking in stock portfolios. But because I am only managing a stock portfolio, that means I am taking a lot of risk.

You are getting a reasonably good, but not perfect copy, of David Merkel's portfolio. It only has stocks and cash in it. Since it is a stock portfolio, it has all of the risks of the market as a whole. This is why at present my asset management is at best a partial solution to you financial needs. Someday if my practice expands, I will add in a bond strategy, but that is not now.

As such, I need to know a little about the rest of your financial picture, so if you would, please answer the following questions, and send it to me, along with the investment management contract.

Time Horizon

What will you eventually need these assets for, and when might that be likely?

How old are you, your spouse, and anyone else who you intend to benefit from your investments? How is the health of this group?

Are there any reasonably likely contingencies that might cause you to change these plans?

Knowledge & Personality

You are entering into a discretionary asset management relationship with me. I am going to be buying and selling common stocks on your behalf, in the same way that I do for me. First, do you understand that common stocks are volatile, and that about one out of every three years, they lose money, and sometimes, like 1929-31, 1973-74, 2000-2002, and 2008, they can lose a lot of money? Second, do you understand that almost all people in the midst of a panic tend to sell, often at the worst possible moment? In light of that, I'm asking you whether you know enough about common stocks, and understand yourself well enough, that you will be invest in common stocks successfully with me?

Composition of your Investments

What percentage of your liquid assets will this investment be?

Including this investment, what percentage of your liquid assets are invested in risky assets (i.e., stocks, high yield bonds, hedge funds, private equity, and anything of similar or greater risk)?