



HIGHTOWER

AN UNOBSTRUCTED VIEW

Klein Wealth Management: Our Process

Our Advisory Process

1. Discovery

Getting to Know the Client on both an Emotional and Financial level; Develop Total Client Profile

Discovery Meeting

Financial Plan & Proposal

2. Financial Plan & Proposal

Presenting the Investment Policy Statement

3. Mutual Commitment Meeting

Discussing the Plan and Agreeing to Move Ahead

Mutual Commitment Meeting

4. Follow-Up Meeting

On-line Access, Reading Statements & other Admin. matters

Day 45: Follow-up Meeting

5. Ongoing Progress Meetings

Scheduling Quarterly Meeting Calendar

Ongoing – Regular Progress Meetings

What is Wealth Management?

- Wealth Management can be best defined by the following equation:

$$\mathbf{WM = IC + AP (WE, WT, WP, CP) + RM (CRM, ERM)}$$

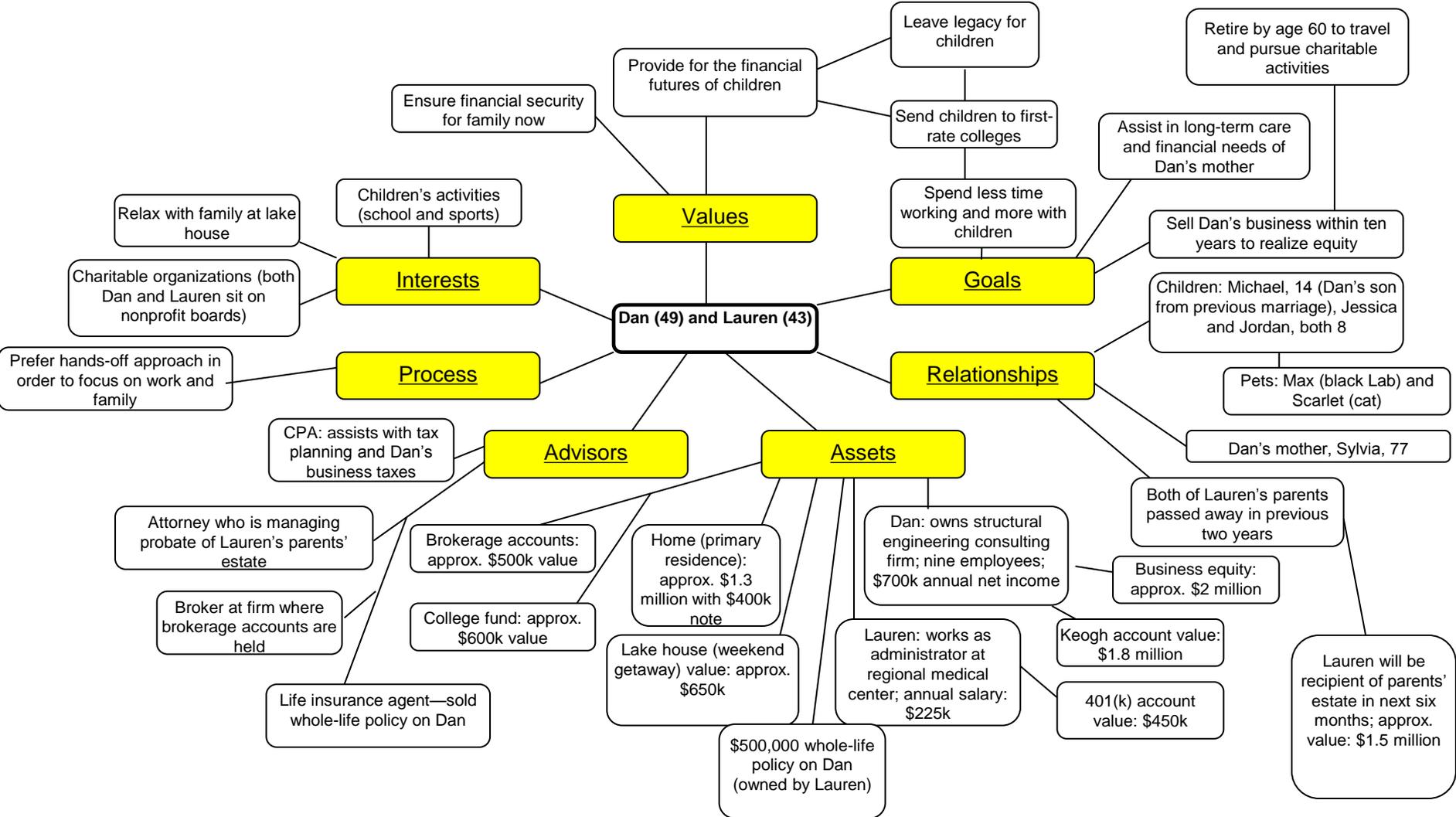
Where:

- **IC = Investment Consulting**
Dedication to the science of finance; living and breathing the capital markets & the economy
- **AP = Advanced Planning : which is comprised of**
 - Wealth Enhancement: maximizing cash flow and tax efficiency
 - Wealth Transfer : insuring assets are titled properly and beneficiary papers are on file
 - Wealth Protection: insurance reviews—making sure of the best coverage at the best price
 - Charitable Planning: building legacies for generations to come
- **RM = Relationship Management**
 - Client Relationship Management: Communication; Proactive Empathy
 - Expert Relationship Management: collaborating with client's CPA, Attorney, Banker, etc.

- Always insist on a margin of safety
- This time is never different
- Be patient and wait for the fat pitch
- Be contrarian
- Risk is the permanent loss of capital, never a figure
- Be leery of leverage
- Never invest in something that you don't understand

Michael Steinhardt

The Total Client Profile: A Sample Case



*Cash Flow Optimization, Long Term Preservation &
Disposition of Wealth*

ADVANCED PLANNING

- **Personalized Planning Unique to Each Client**
 - Your HighTower advisor will work with you to craft a highly personalized financial plan with well-defined, long-term goals. From asset allocation to implementation and execution, your HighTower advisor provides the necessary expert analysis to craft a custom financial plan.
- **The Power of Wall Street Delivered From an Independent Perspective**
 - Our goal is to help you pave a path to financial security and success. At HighTower, we harness the power of Wall Street to give you access to a wide-range of investment opportunities and options.
- **Once your financial plan is in place, your HighTower advisor will monitor and manage it, making sure you stay firmly on track.**
 - Ongoing monitoring of financial accounts, regardless of where assets are held.
 - Proactive and periodic adjustments based on capital market performance and future expectations.
- **Financial planning services include:**
 - Tax Strategies
 - Gifting Strategies
 - Entrepreneurial Family Relationships / Succession Planning
 - Trust and Estate Planning Strategies / Insurance Coverage
 - Cash Flow / Retirement Planning
 - Education Planning
 - Liability Management/Planning
- **Confidentiality**
 - The integrity of our client relationships is of paramount importance to us. We understand the value of discretion and trustworthiness.

Why Conduct Insurance Reviews?



- **Reviewing your existing life insurance program is extremely important. People often purchase life insurance and never review it.**
- **Insurance companies won't contact you to tell you that you can purchase less expensive coverage and that there may be a problem with your policy in the future.**

Term Life Insurance: The cost of life insurance has decreased in recent years. This may present an opportunity to save on your current premium. You can often extend your fixed period or increase coverage for the same outlay.

Variable Life Insurance: Careful attention needs to be paid to ensure that the contracts are performing adequately based upon the values of the investment sub-accounts. Account reallocation or increased premiums may be required.

Universal Life Insurance: These policies are interest-rate sensitive. The current low interest-rate environment has affected existing policies. Projections from the existing insurance company often show that policy owners may need to pay additional premium or face losing their coverage at a time in life when it may not be affordable.

Whole Life Insurance: Many of these policies will require several years of additional payments before you can stop paying premiums. Although they are often purchased for their cash values growth, clients may find less need for the cash and instead view the policy as an inheritance for their heirs. Sometimes leveraging the cash value for a higher death benefit is optimal.

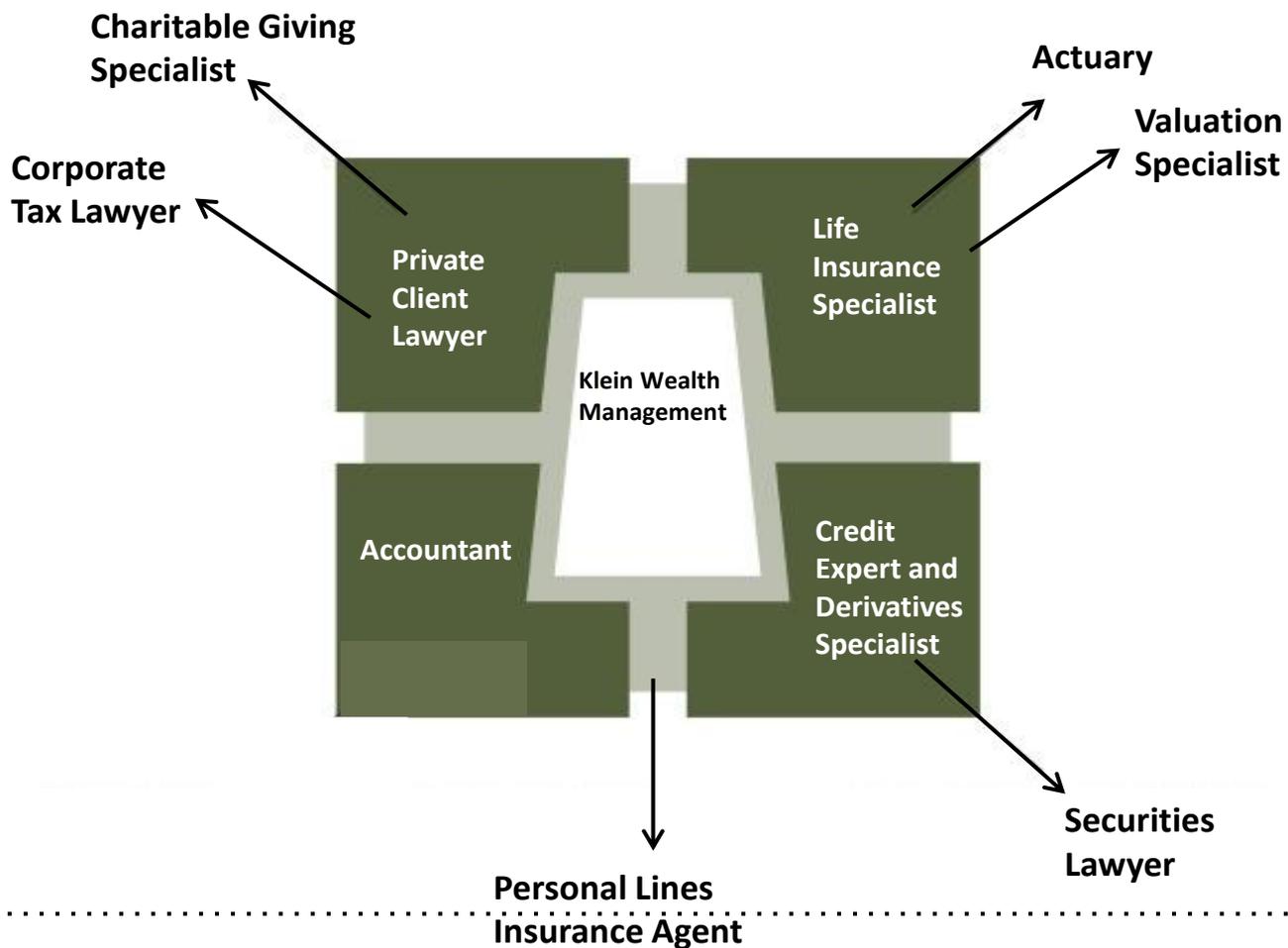
Essential Wealth Management Expertise



When needed, we can access all the expertise necessary for an integrated wealth management plan. We will work with trusted outside professionals to enhance the overall wealth management experience.

Retirement Planning/ Family Needs	Asset Management	Credit and Lending	Business Succession Planning	Executive Compensation	Insurance and Liability Management	Estate Planning/ Philanthropic Giving
Comprehensive financial planning	Managed Accounts	Home loans / refinancing	Business needs review	Concentrated stock (monetizing, hedging)	Goal protection - Life insurance - Long-term care	Wills, trusts, gifting, asset titling
Retirement analysis	Mutual Funds	Securities-based lending	Cash management and capital needs assessment	Stock option strategies 10b5-1 trading programs	Dynasty Trust Life Insurance Trust	Durable power of attorney (POA) for healthcare / POA living will
Education planning	Alternative investments (hedge, funds, private equity, etc)	Personal credit management	Business valuation & Investment Banking services	Restricted securities, Rule 144 (liquidation & risk mgmt alternatives),	Dynasty Trust Life Insurance Trust	Charitable giving / Charitable trust Family Foundations
Special needs child assessment and planning	Independent proprietary portfolio management	Interest rate swaps	Succession planning documents	Expertise in highly regulated areas (collateral loans, OTC option collars, etc.)		Estate tax funding Family dynamics / family meeting
Planning for support of aging parent(s)				Estate and financial planning (executive compensation mgmt)		Endowments / Donor Advised Funds

Professional Network



- At Klein Wealth/ Hightower Advisors we take innovation and the use of technology very seriously—always striving to provide our clients with a cutting-edge client experience. Two recent offerings (more coming—stay tuned!) that fall into this category of innovation are as follows:
- Black Diamond—a specialized software program that allows a single point for holistic wealth management. A single site to access all of your holdings—those under our management and those that may not be (through an encrypted screen-scraping technology). This permits a comprehensive exposure report (*How much do I have in small cap equities? What is my allocation to technology stocks? Or international fixed income?*) as well as performance data that shows you how you are doing at any point in time. Critical data to keep you on your financial glide-path.
- Virtual Safety Deposit Box—a super-encrypted site offering that permits our clients to upload their scanned documents to a site where they can easily access this data and send it to their advisors for updates. Imagine being out of the country and needing your health care proxy? Or needing to access your trust documents quickly—no more digging through boxes of documents—right there at your finger tips.

The Black Diamond Difference



- Innovative Web-based Platform for Portfolio management
 - Reporting
 - Rebalancing
 - Client portal
 - Performance reporting
 - Client billing and more
- Complete Aggregation and Reconciliation Outsourcing Partner
- Mobility and accessibility - via the web-based client portal, anywhere, anytime.

Present
the Data
Your Way



Consolidated Performance Reporting



- Our Web-based portal, provides clients daily online access to account information, across multiple custodians. Some of the features include the following:
 - Account Aggregation
 - Flexible Data Views
 - Customized Reports
 - Target vs. Actual Reporting
 - Benchmark Tracking
 - Drill Down to Asset Level Performance
 - Gain/Loss & Dividend/Interest Reporting
 - Privately Held, Illiquid Asset Entry & Tracking

SO WHAT DO YOU GET FOR THE ANNUAL INVESTMENT MANAGEMENT FEE?

- Executions of trades at no cost (mutual funds at NAV—and the most robust platform)
- Black Diamond: our aggregation and reporting service—deep analytics on your complete portfolio (in addition to all of your outside assets—i.e. homes, 401ks, collectibles, etc.) can be listed to formulate a complete Net Worth Statement.
- Financial Planning and Wealth Management services—reviewing your estate planning, insurance policies, educational funding plans.
- Custody at Fidelity—the blue chip of safety & Banking services at Fidelity (checking, credit card) at no cost
- Fiduciary services for overall portfolio and your overall wealth management plan
- Research from all around the globe
- My research and ideas & my counsel with respect to the macro-economic environment
- Communication—always available; return calls quickly.
- **Proactive Empathy.** Understanding who you are financially and emotionally and working with you in a way that is right for you.
- Jane's services—administration, cash flow management, account reconciliation, tax planning, check requests, etc.—truly a committed professional always there to serve.

- A dedication to fully understand our client's make-up---not only on a financial level but also, importantly, on an emotional level (*What makes this investor tick? What are their aspirations? Worries?*). We call this "Proactive Empathy".
- Excellence in Investment Management
- Timely Communication—via email, phone calls or private portfolio reviews (scheduled quarterly).
- A commitment to confidentiality



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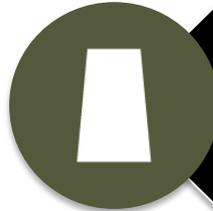
Klein Wealth Management

Who We Are

HighTower: Who We Are

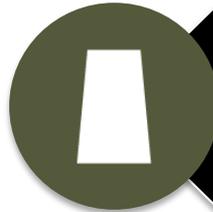


HighTower is the nation's first advisor-owned financial services firm serving wealthy families and institutional clients.



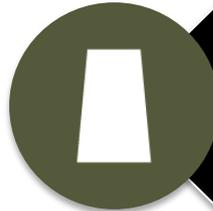
- Founded in 2008 as an independent registered investment advisor
- 35 advisor teams across 28 locations nationwide, managing in excess of \$25 Billion

HighTower Advisors are totally independent, yet fully supported in both viewing the financial lives of clients more completely and working with them more effectively.

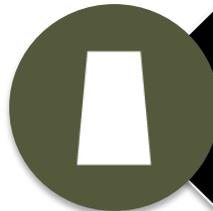


- Managed by Partnership consisting of financial advisors and management
- Governed by an independent Board of Directors

HighTower does not trade a proprietary balance sheet, and does not act as custodian for clients assets.



- Capitalized by institutional investment with long-term focus
- Equity capital in excess of \$165 million



- HighTower has received numerous industry accolades and is recognized as the destination of choice for “breakaway” advisors.

HighTower By The Numbers



Why We're Different



- **A Higher Standard**
 - HighTower was founded to address a systemic problem that has plagued investors for decades: large, vertically integrated brokerage firms claiming to be financial advisors, when in reality they are manufacturers and purveyors of financial products.
 - At HighTower, we perform multiple roles – advisor, strategist, consultant, financial confidant – but we are never proprietary salespeople.
 - HighTower is unique: we are an independently owned, registered investment advisory firm that has achieved a high level of Wall Street sophistication while fully retaining our autonomy. Led by a partnership of experienced investment professionals with their own established practices, HighTower is in an ideal position to meet client demand for more objectivity, transparency and independent thought at a time when confidence is shaken and trust in the traditional brokerage system has been lost.
- **A Fiduciary Duty**
 - First and foremost, HighTower has a fiduciary relationship with each client. Putting your interests first and providing objective advice and solutions is more than just a mission statement – it is our duty.
 - We use an investment process that is fully supported by our own independent research, due diligence and investment decision-making. HighTower's capital partners have no direct interest in or involvement with our investment management, which eliminates many of the conflicts of interest found at traditional brokerage firms.

“We’re the foremost advisory firm that has accomplished both a fiduciary duty and access to Wall Street sophistication.”

--CEO Elliot Weissbluth

At Klein Wealth Management, we are naturally curious. We explore and discover opportunities with a scientific intensity based on a refined and methodical approach.

"I live and breathe the markets. I want my clients to know I'm passionate about this business. ... But most importantly, I want them to know that that passion translates to proactive empathy and an unceasing dedication to their financial wellbeing, their goals and dreams."

– Peter Klein



Peter J. Klein, CFA Managing Director, Klein Wealth Management Partner, HighTower

- Chartered Financial Analyst (CFA); Chartered Retirement Plan Specialist (CRPS)
- SUNY StonyBrook, 1987 BA in Economics
- CUNY Baruch College, 1995 MBA (Finance)
- Adjunct Professor (Graduate Finance) CW Post College, 1998
- Author of *“A Passion for Giving: Tools and Inspiration for Creating a Charitable Foundation”* (Wiley, 2012)
- Author of *“Getting Started in Security Analysis”* (Wiley, 1998)
- Memberships: The CFA Institute, NY Society of Security Analysts, Westinghouse (Intel) Science Talent Search Award Alumni, St. Anthony’s Fathers Guild
- Board Membership: The Claire Friedlander Family Foundation (President), The Holocaust & Tolerance Center of Nassau County, The Long Island Community Foundation; The Tilles Center for Performing Arts (Chairman of Council of Overseers); The Dante Foundation; Bronx High School of Science Alumni Association and Endowment Committee
- Fully licensed and registered securities professional since 1986
- Awards:
 - The Gillin Family Humanitarian Award --- The Diabetes Research Institute’s Gala, May 2013
 - Miracles Corner of the World, Keynote address, April 2013
 - Honoree---Child Abuse Prevention Service (keynote address), Nov. 2012
 - Honoree—The Holocaust Memorial & Tolerance Center of Nassau County, Nov. 2011
 - Honoree—Life’s WORC, Man of the Year, Golf Outing, June 2013
 - Honoree & Keynote Speaker—Big Brothers Big Sisters, October 2013

HighTower is a leading financial services company.

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- HighTower was founded in 2008 as an independent registered investment advisor
 - 35 advisor teams across 28 locations nationwide
 - 260 employees
- Managed by partnership consisting of financial advisors and management
- Governed by an independent Board of Directors
- Capitalized by institutional investment with long-term focus
- Majority of revenue from investment consulting and advisory practice

Investment Bank Research

- Morgan Stanley
- Barclays
- Goldman Sachs
- Deutsche Bank
- Credit Suisse
- Citigroup
- Bank of America
- Stifel Nicholas
- Jefferies
- Merrill Lynch
- RBC Dain Rauscher

Custodian/Partner Research

- Charles Schwab
- Pershing
- Fidelity
- JP Morgan
- Franklin Templeton
- MD Sass
- Guggenheim

Independent Research

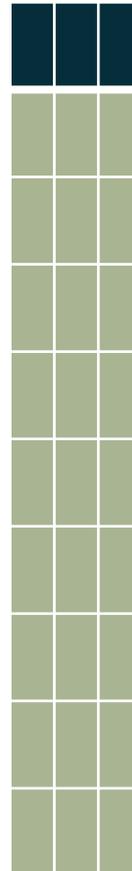
- GaveKal/Dragonomics
- WolfeTrahan
- Ned Davis Research
- Louise Yamada
- Strategas
- Macro Intelligence 2 Partners
- HedgEye Risk Management
- Welling on Wall Street

FIDELITY:

SAFEGUARDING YOUR ASSETS

Investment Advisors

- Assess the financial needs and goals of clients
- Provide portfolio management and investment recommendations to meet these financial goals
- Educate clients on investment options
- Monitor and update client goals and appropriate investment solutions

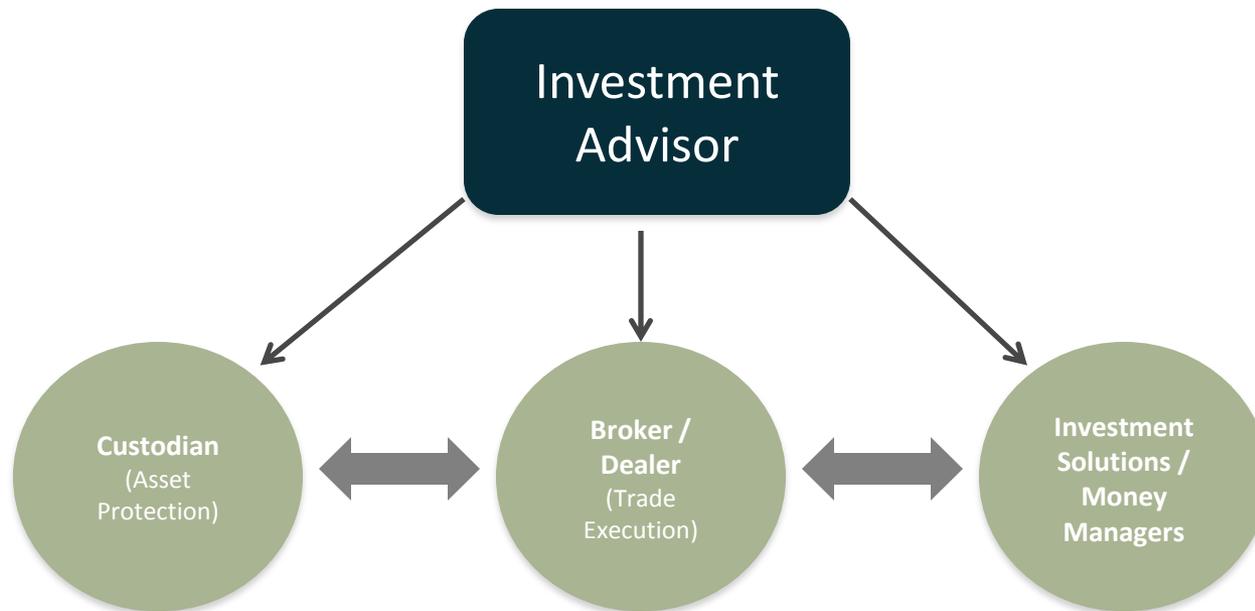


Custodians

- Safeguard financial assets
- Arrange settlement for purchases and sales of securities
- Issue statements and transaction confirmations

***Separating the Advisor
from the Custodian
provides an added level
of asset safety***

Separation of Services = Checks and Balances



- The functions of the three service providers above are separate and independent to provide for a system of checks and balances.
- When the investment advisor is independent of the other service providers, it minimizes or eliminates potential conflicts of interest.
- HighTower Advisors is an independently owned investment advisory firm that coordinates the expertise of the various custodians, money managers, and reporting providers.

- Fidelity Investments is a privately owned company which has been in the financial services business for more than 60 years
 - Current assets under administration: \$3.8 Trillion
 - #1 Provider of workplace retirement savings plans*
- Fidelity Institutional Wealth Services
 - Business unit dedicated to serving the brokerage and custody needs of Registered Investment Advisors, third-party administrators, and trust institutions.
 - Approximately 3,200 clients custody over \$550 billion in assets through Fidelity Institutional Wealth Services.
- Fidelity broker-dealer trading activity is limited to trading on behalf of clients
 - Fidelity does not have a proprietary trading desk and does not offer investment banking services

* Source: Cerulli 2011 Quantitative Retirement Update. Defined Contribution Plan Data for 2010 calendar year.
<http://www.fidelity.com/inside-fidelity/fidelity-facts/fidelity-corporate-fact-sheet>, as of Dec 31, 2012

- Assets Under Administration
\$3.857 trillion (as of December 31, 2012)
- Assets Under Management
\$1.665 trillion (as of December 31, 2012)
- Custodies
\$3.2 trillion in client assets (as of March 31, 2011)
70.6 million customer accounts
- Subject to regulations of SEC and other regulatory organizations, required to regularly file reports with SEC about its net capital position; required to maintain minimum net capital equal to 2% of aggregate debit items associated with customer transactions.
- Audited every year by an independent public accounting firm.
- Credit Ratings
Moody's Investors Service (A3) and Standard & Poor's (A-)

• Source: <http://www.fidelity.com/inside-fidelity/fidelity-facts/fidelity-corporate-fact-sheet>, as of Dec 31, 2012
<http://www.investor.fnf.com/ratings.cfm>

Client

“A person under the protection of another; dependent.”

Customer

“One that purchases a commodity or service.”

— Webster's Dictionary