

LEGACY TRUST ADVISORS



A Registered Investment Advisory Firm

Most investors are familiar with transaction-oriented stock brokerage firms. Brokers from these firms are frequently on the phone with buy and sell recommendations. These brokers are not compensated when their investor holds on to quality investments. So, there is an artificial incentive for the broker to recommend buying and selling activity that may do nothing more than increase expenses for the investor – expenses that may not be necessary in order for the investor to make good money.

In contrast, our firm offers investment guidance for which we are compensated by asset-based advisory fees rather than transaction-based commissions. Our advice and counsel are provided in a generally conflict-free environment. We believe strongly in advisory fee relationships because our interests and those of our investment clients are not at odds. To the contrary, our interests are closely aligned. We work diligently to develop a personal relationship with each of our clients -- to understand their investment objectives and to offer investment advice tailored to each client's unique situation and needs.

This brochure will provide you with information about various services available through Legacy Trust Advisors, the registered investment advisory division of Champion Capital Corporation. If you are a client or prospective client, you will want to review this brochure carefully.

OVERVIEW

Legacy Trust Advisors (“Legacy”) is the registered investment advisory division of Champion Capital Corporation (the “Firm” or “Champion Capital”). Champion Capital is a member of the National Association of Securities Dealers, Inc. (NASD) and the Securities Investor Protection Corporation (SIPC).

Legacy Trust Advisors offers consulting and investment advisory services on a fee-for-services basis to both individual clients and institutional clients. By way of example, institutional clients are pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

INVESTMENT ADVISORY RELATIONSHIPS

Three distinctly different types of investment advisory relationships are available through Legacy Trust Advisors. Here is a brief overview of each of these:

Private Advisory Client Services – Working closely with both individual and institutional clients, Legacy Trust Advisors provides research, guidance, and recommendations (as explained in more detail below) to design a portfolio that is broadly diversified across asset categories. These portfolios are managed primarily by professional money managers through mutual funds, privately-managed accounts, or a combination of the two. The client remains in complete charge and makes all final decisions concerning portfolio design, asset allocation, manager selection, and manager retention. Of the total assets placed under advisement with Legacy, some clients choose to maintain a portion in individual stocks (often portfolio holdings of long-standing with significant unrealized gain). On a case-by-case basis, Legacy may provide research; buy, hold, sell recommendations; periodic performance reports; and/or suggestions on the use of covered call options. Generally, Legacy does not have discretionary investment authority to act without consulting the client.

When mutual fund managers are used, both **open-end** and/or **closed-end** funds may be recommended. Managers of both **load** and **no-load** mutual funds may be recommended. (We’ll explain below how commissions are used to offset advisory fees.)

Legacy Trust Advisors has entered into an arrangement with the Litman/Gregory companies headquartered in Orinda, CA under which substantial research related to economic analysis, market evaluation, asset allocation, and specific mutual fund managers is provided to Legacy.

Private money managers are sometimes utilized. These private money manager(s) select, purchase, and manage a diversified portfolio of securities in accordance with the client’s defined investment objectives. The client owns 100% of the securities in the portfolio. By contrast, with a mutual fund the client owns shares of the mutual fund. The mutual fund then invests in a vast composite portfolio representing the interests of thousands of mutual fund shareholders. The direct ownership of securities is an important difference when private money managers are utilized because this arrangement can provide a variety of tax efficiencies and customization features that may enhance overall investment performance.

Private money managers can be particularly important for taxable accounts when, for example, disproportionately large holdings in one or more marketable securities make it difficult, due to income tax considerations (large amounts of unrealized capital gains) or client preference, to adequately diversify the portfolio. Private money managers are sometimes willing to include these existing stocks in the managed portfolio and can coordinate with the client and/or client’s tax advisors before making trading decisions. If the client desires to diversify these holdings, various techniques can be used over time to minimize realized capital gains.

Legacy Trust Advisors has entered into an arrangement with Persimmon Research Partners, Inc. (“Persimmon Research” or “PRP”), headquartered outside Philadelphia, to bring the benefits of privately-managed accounts (private money managers) to clients for whom this service is deemed appropriate. Persimmon Research is an investment advisor registered with the Securities and Exchange Commission. Through Persimmon Research, Legacy’s clients have access to selected private money managers with reduced fees and reduced account minimums. **Each** private money manager’s minimum is typically \$100,000 under this special program in which Legacy participates as a registered investment advisor. Otherwise, minimums of several million dollars are required by some of these same managers. The truly low minimum investment requirements that have been negotiated allow clients with relatively small portfolios to diversify among several private money managers, each specializing in a different investment style or to structure their portfolio using a combination of private money managers and mutual fund managers. Persimmon Research provides Legacy with detail analysis and reviews of the manager’s style, research techniques, and performance.

Private money managers recommended are not affiliated with Legacy Trust Advisors, although a few managers are associated with Persimmon Research. Legacy strives to eliminate all conflicts of interest that might influence the

recommendation of one money manager over another. Legacy make a sincere effort to help the client choose the investment management firm(s) that will best meet the client's needs.

The role of Legacy Trust Advisors is very similar whether the client's funds are to be managed by one or more mutual fund manager(s) and/or private money manager(s).

The client grants to each money manager selected (whether mutual fund or private money manager) the right to invest and reinvest assets in accordance with stated investment strategy and objectives. Legacy is not involved in these day to day investment management decisions made by the investment manager(s). Legacy Trust Advisors assists the client with the on-going evaluation of manager performance.

Private Advisory Client Services can be utilized in connection with personal funds, institutional funds (including business assets and charitable funds), tax-deferred programs such as qualified pension and profit-sharing plans, individual retirement accounts (IRAs), 401K plans, 403b plans, and with trusts where discretionary authority is not granted to Legacy Trust Advisors.

Trust Advisory Client Services – Many clients are concerned about who will handle the investments they leave in trust for their family after they die. Two traditional options are: (1) placing investment responsibility in the hands of an impersonal institution like a bank trust department or (2) leaving investment decisions to one or more family members. Legacy Trust Advisors provides a flexible alternative.

During the clients' lives, they become comfortable with Legacy and develop confidence in the Legacy investment process. Because of this, Legacy advisory clients frequently provide instructions in their estate planning documents that Legacy's services are to continue after they die. The type of continuing investment advisory relationship they feel will be most appropriate for their family following their death(s) varies.

Some possibilities following a client's death:

If there is an investment-savvy family member (perhaps, the surviving spouse), the estate plan may call for Legacy to continue providing Private Advisory Client Services (no discretionary investment authority) until the surviving spouse's death. Plans often stipulate Trust Advisory Client Services thereafter. Some clients specify Trust Advisory Client Services immediately following their death. Other clients elect Trust Advisory Client Services only following the death of one or more of their children, thus providing more complete investment management for their grandchildren.

Trust Advisory Client Services are designed for use in connection with trusts administered under the laws of the state of Delaware and under the laws of other jurisdictions that provide for the trustee and the trust investment advisor to be separate entities. Legacy Trust Advisors will usually serve as a trust fiduciary with full discretionary investment authority. In some cases, Legacy Trust Advisors may share varying degrees of this discretionary authority with one or more family members in investing trust assets and/or with one or more institutional investment management firm(s).

In fulfilling its investment advisory responsibilities, Legacy is guided by the wishes and instructions of the trust maker as provided in the trust agreement. Family members are most always given the power to fire Legacy if they become dissatisfied with Legacy's services. Trust Advisory Client Services are critically important in connection with some of the estate planning strategies advocated by Wealth Creation and Preservation, Inc., another affiliate of the Champion Group of Companies discussed on page 11 of this brochure. The need for specialized investment advisory services in connection with estate planning strategies provided the stimulus that led to the initial creation of Legacy Trust Advisors.

Where appropriate, the same professional money managers (mutual funds, privately-managed accounts, or a combination of the two) and the same outside research consultants (Persimmon Research and Litman/Gregory) listed above under Private Advisory Client Services are also utilized with this type of service.

Illiquid Asset Advisory Client Services – Individual and institutional clients that need guidance and assistance in liquidating securities with limited marketability, such as Section 144 stock or thinly traded corporate securities, will find this service desirable. Legacy Trust Advisors also, in some situations, assists clients with assets other than securities. Assistance includes the possibilities of mortgaging, hypothecating, assigning, or otherwise pledging assets as security for financing in order to obtain liquidity. Legacy develops creative strategies designed for the client's specific situation. Legacy may, in some cases, be given limited discretionary authority, usually to better manage periodic liquidation of large blocks of stock in thinly traded companies.

THE CLIENT INVESTMENT PROCESS

Determining Investment Strategy for Private Advisory Client Services

Legacy Trust Advisors collects certain information from each client in order to understand the client's goals and objectives, overall financial situation, level of risk tolerance, and the length of time before income or other withdrawals will be needed from the assets under advisement. The information provided is used by Legacy to help the client evaluate and identify an appropriate investment strategy. The client participates in a discussion of the broad characteristics of various asset categories, including risk/reward trade-offs and historical correlation patterns between asset categories. From this discussion, written **Investment Strategy Guidelines** are developed in which the client defines the specific asset categories to be included in his/her investment strategy and the percentage of assets to be invested in each category.

Legacy delivers to the client a broad array of investment options and analyses. By hypothetically comparing the client's asset allocations with historical performance data, Legacy can assist the client in determining the approximate statistical probability that the client's stated objectives would have been met in the past over various periods. Of course, there can be no assurance that the client's investment objectives will be achieved since past performance cannot be relied upon as an indication of future performance.

Determining Investment Strategy for Trust Advisory Client Services

Since Legacy Trust Advisors serves as a trust fiduciary with full discretionary investment authority over the trust assets, the selection of specific trust investments depends upon the wishes and instructions provided by the trust maker in the trust agreement. To the extent practical and consistent with these instructions, Legacy attempts to involve trust beneficiaries in developing investment strategy and in selecting specific investments and/or professional money management firms. Some of the comments that follow concerning advisor interaction with the client do not apply to Trust Advisory Relationships when Legacy has been given discretionary authority over the account.

Selection of Appropriate Investment Managers

As a fee-based advisor, Legacy Trust Advisors goes to great effort to provide advice within an unbiased framework. The professional investment managers recommended by Legacy are selected based on extensive screening criteria. In this selection process, there is no financial incentive for Legacy to select one particular investment management firm over another. In the unusual situation where commissions are involved, unless the client requests some other arrangement, all commissions received by Champion Capital Corporation for products on which advisory fees are charged are credited against that client's advisory fees with the sole exception of life insurance products where such a rebate would be in violation of state law. These credits also include any trail commissions and/or 12-b-1 fees.

Legacy Trust Advisors uses a carefully-honed screening process to periodically evaluate investment managers. The objective of this screening process is to document the overall performance, philosophy, and style of each manager so that, in making recommendations, Legacy can *match* appropriate money managers with specific client objectives and strategies.

Legacy Trust Advisors' approach to manager research recognizes that past performance is useful only as a tool for screening managers to identify those that may be worthy of further research. Value added comes not from evaluating performance but from studying *why* management performed well, determining if the portfolio management team has an identifiable edge, and assessing whether the edge is likely to be sustainable. As part of this process, Legacy Trust Advisors often uses an independent research firm with whom it maintains a contract, thus outsourcing much of the legwork to specialists. These are professional cynics with years of first-hand experience at sorting truth from fiction. Their research generally includes periodic interviews with investment managers by phone and in person. We work with these experts as an extension of our own organization and collectively include the work they do for us in describing our selection process.

In recommending investment management firms and specific securities, Legacy considers both qualitative and quantitative factors. Legacy's sources of information for evaluating these factors include financial publications, company press releases, proprietary Morningstar databases and reports, data provided by outside research consultants, investment advisors, and broker/dealers, annual reports, prospectuses, and filings with the Securities and Exchange Commission,. Fundamental analysis may also be used.

Legacy assists the client with evaluation of each investment manager's continued suitability over time.

Rebalancing

Periodic portfolio rebalancing can potentially reduce risk and improve investment performance. There are no guarantees, however. Rebalancing allows a client to retain approximately the same asset distribution by categories as originally decided upon. The need for rebalancing is periodically evaluated and discussed with the client for both taxable and tax-deferred portfolios. For taxable advisory portfolios, rebalancing usually triggers recognition of capital gains. Therefore, rebalancing of taxable assets is approached with income tax considerations in mind. The client is urged to consider various techniques for accomplishing rebalancing over time, such as directing dividends and/or new investment funds towards underfunded categories. Rebalancing is more aggressively emphasized with tax-sheltered or tax-deferred portfolios. Transaction fees are a consideration in both taxable and tax-deferred portfolios. Final decisions concerning rebalancing are made by the client.

Other Advisory Matters

On some occasions, Legacy assists clients develop strategies dealing with exchange-traded securities, over-the-counter securities, securities option contracts, variable life insurance, and variable annuities when these products are deemed appropriate.

Investment strategies used to implement investment advice given to clients are primarily based on long-term purchases, but may occasionally include short-term purchases, margin transactions, and option writing (primarily covered calls).

A Summary of Private Advisory Client Services and Trust Advisory Client Services Provided as Seems Appropriate to the Specific Type of Advisory Relationship:

1. Assisting the client define goals and objectives.
2. Discussing investment-related, tax efficiency techniques with client.
3. Assisting the client develop an investment strategy that reflects the client's distinctive and unique needs, objectives, risk tolerance, net worth, income, time horizon, and other relevant factors.
4. Helping the client select specific diversified asset categories and the amounts that each is to represent in the portfolio allocation.
5. Assisting the client prepare written **Investment Strategy Guidelines** and periodically update these guidelines.
6. Utilizing proprietary screening criteria in combination with outside research consultants under contract with Legacy Trust Advisors to evaluate professional investment managers. Recommending specific managers for client consideration.
7. Periodically reviewing the selected investment managers to determine their continued suitability.
8. Reporting progress toward the client's goals. Performance reports are prepared and mailed to each client shortly following the close of each calendar quarter.
9. Assisting the client with periodic rebalancing and investment plan fine-tuning, that client considers consistent with overall objectives and tax considerations.
10. Identifying "Targets of Opportunity" for client consideration.
11. Assisting the client with execution of securities transactions.
12. Providing investment advisory services at highly competitive pricing, including a sliding scale that reduces advisory fees on larger accounts.

Not all services are necessarily appropriate for or provided to any one client.

Investment Philosophy and Approach

Legacy Trust Advisors believes that long-term investment success is strongly influenced by how the client emotionally handles declines in the equity markets. As the legendary investment guru Peter Lynch has been quoted, "Far more money has been lost by investors trying to protect themselves from market downturns than has been lost in the downturns themselves."

Legacy emphasizes the importance of utilizing the services of professional money managers either directly in privately-managed accounts or by way of mutual funds and even in variable life insurance. Legacy advocates careful initial selection of these managers in anticipation of long-term relationships. Legacy recommends changes in money managers only infrequently. Regardless of Legacy's strong advocacy of a long-term view, at least quarterly Legacy

reviews updated comparisons, checks fundamentals, monitors performance, etc. From time-to-time, Legacy may recommend a shift in certain investments or managers based on numerous criteria primarily involving changes in the underlying fundamentals that led to the initial selection. In some cases, the recommended change may be deemed to require prompt client notification. More typically, the recommendation will be delayed until a regularly scheduled client review. Advisory clients should note that with any investment the possibility for loss exists along with the potential for profit. Future performance based on prior results should not be assumed.

Liquidity Concerns

Advisory clients who need liquidity, such as those depending on their investments for significant regular income, must make choices. Choosing allocations between stocks and bonds is the most frequent quandry. Although bond prices tend to be more stable than stock prices (especially short-term and intermediate-term bonds), bond prices do fluctuate substantially, triggered primarily by changes in interest rates. Thus, including bonds in a portfolio potentially reduces the risk of needing to sell an asset when the price is down. On the other hand, stocks have historically provided substantially higher returns than bonds. Let's assume a particular client is an **aggressive investor, comfortable with market volatility**. This client is retired and needs a reliable income stream. Should this client ignore bonds in his/her portfolio? Consider these points. Depending upon the specific asset allocation decided upon, anticipated dividends from the stock portfolio are likely to provide no more than 1-2% of a diversified portfolio. The client will probably need to sell equities periodically to meet the total income requirement. This is not necessarily bad. But, it means that when the market is down, some stocks are likely to be sold at a loss. Designing a solid investment portfolio to provide an income intended to last a lifetime is a challenging undertaking. There are many trade-offs. Legacy Trust Advisors can provide meaningful assistance based on proprietary tools and years of experience.

Reviews with Investment Advisory Clients

Legacy Trust Advisors strongly encourages each client to meet, at least annually, with one or more members of our Investment Committee for an overall review.

This review should include an update of the client's objectives and strategies as well as any changes in the client's financial circumstances that would have any bearing on the investment recommendations Legacy provides to the client. Semi-annual and quarterly reviews are often also desirable. Legacy Trust Advisors intends to provide reminder notices to each client encouraging reviews of the client's situation, but the burden for taking advantage of the full benefits of Legacy's services is entirely upon the client with regard to scheduling and actually attending review meetings. Legacy Trust Advisors understands that some clients may, for various reasons, choose to skip some reviews. In all events, at least annually, each client is requested to inform Legacy Trust Advisors of any changes in financial condition, investment objectives, and other relevant factors.

Reviews of Private Advisory Client Services

In connection with Private Advisory Client Services, Legacy conducts a formal review with each client at least annually. Reviews are to include the following:

- Ask the client to make Legacy aware of changes in financial circumstances, needs, and objectives.
- Assist the client in monitoring progress towards goals and objectives.
- Assist the client with any changes client wishes to make in the **Investment Strategy Guidelines** as a result of the review or changes in circumstances or objectives.
- Discuss portfolio rebalancing with the client and, based on client's desires, assist client with rebalancing. Various rebalancing techniques can be used over a period of time to minimize triggering capital gains taxes on taxable portfolios. For tax-sheltered or tax-deferred portfolios, rebalancing can be more immediate.
- Accentuate the importance of a long-term investment strategy and long-term relationships with portfolio managers.

Review of Trust Advisory Client Services

For any investment advisory account for which Legacy provides management or supervisory services, such as Trust Advisory Client Services, reviewers are given the following instructions:

- Coordinate with trustee to determine if changes have occurred in financial circumstances or needs.
- Investment Strategy Guidelines are carefully prepared at the outset of the advisory relationship. These are to be reviewed at least annually thereafter to make sure they state accurately the overall investment approach to be used in each specific situation and that the guidelines are being followed.
- Investment performance for each client is to be reviewed no less often than quarterly.

- The need for rebalancing is to be reviewed no less often than annually. Larger accounts may be reviewed more frequently.
- Changes in market conditions, changes in portfolio holdings, and/or the needs of beneficiaries may trigger special reviews.

No reviewer is given primary responsibility for more than thirty reviews with investment advisory clients in a calendar quarter.

ADVISORY FEES

Legacy's Portfolio Design Fee

Legacy's investment advisory services generally consist of two components. The **first** is assisting the client with the initial development of an investment strategy suitable to the client's needs and the design of a portfolio commensurate with that strategy.

A Portfolio Design Fee of 1½% (less for larger amounts invested) of the initial investment is charged for the design of an investment strategy and portfolio. This fee, like commissions on most investment products, offsets on-going Advisory Fees dollar-for-dollar as they come due. Portfolio design services are available independently of on-going advisory services. Generally, a separate fee for portfolio design services is only needed at the time that an advisory relationship is initiated unless there are such substantial additions to the investment portfolio or changes in the client's investment criteria to make it important that the client subsequently totally redesign the original investment strategy. In those cases, Legacy's assistance may necessitate an additional Portfolio Design Fee. Any such additional Portfolio Design Fee is based upon mutual agreement between Legacy and the client in advance.

The Portfolio Design Fee is based on the value of assets as of the market close immediately preceding the inception date of the Agreement Concerning Investment Advisory Services or other agreement in which the client engages Legacy Trust Advisors to provide this service. Any advisory assets that are not actively traded in public markets will be valued in a manner determined in good faith by Legacy.

Legacy's On-Going Advisory Fee Schedule

The **second** component of Legacy's services is for on-going monitoring of the client's investment portfolio, quarterly evaluation reports, recommended changes to the portfolio, and reviews with the client. The fee for this is also a percentage of assets under advisement.

Legacy Trust Advisory Fee Schedule for 2002

Total Market Value	Annual Fee	Size Bracket
On the first \$ 530,955	1.50%	First Bracket
On the next \$ 530,955	1.00%	Second Bracket
On the next \$1,061,910	0.60%	Third Bracket
On the next \$3,185,730	0.35%	Fourth Bracket
Above \$5,309,550	0.25%	Fifth Bracket

The Total Market Value amounts referenced in the Legacy Trust Advisory Fee Schedule above are for the year 2002 only and will be increased or decreased in January of each subsequent year based on cumulative changes in the Consumer Price Index-Urban, published by the United States Department of Labor, Bureau of Labor Statistics. The update in January of each year will be based on figures released the preceding September. If the Consumer Price Index-Urban is discontinued, then Legacy will determine the adjusted dollar amounts using a generally comparable method.

All Legacy fees are marginal rates. Thus, even the largest portfolios pay 1.5% on the First Bracket (shown in table above), 1% on the Second Bracket, 0.60% on the Third Bracket, and so on. Fee adjustments are sometimes negotiable based upon the portfolio allocation or other factors. Also, as explained earlier, any and all commissions that Legacy may receive on certain investment products for which advisory fees are charged are applied to offset Legacy's Advisory Fees.

Private Money Manager Related Fees

The range of fees for assets placed with private money managers is shown in the box below – additional details follow. Keep in mind that these fees replace the normal internal expenses and manager fees charged by mutual funds. With a few possible exceptions that are spelled out in an applicable agreement, they also take the place of all transaction fees involved with individual brokerage accounts. Private money manager fees are set by each private money manager and may be higher or lower.

Range of Fees for Assets Placed with Private Money Managers

<u>Range of Fees:</u>	<u>Low</u>	<u>High</u>
Private Money Manager Fee	.50%	.75%
Fidelity Brokerage/Clearing/Custody Fee	.06%	.35%
Persimmon Research Program Fee	.16%	.25%
Legacy Trust Advisory Fee	<u>.58%</u>	<u>1.50%</u>
Total Range of Fees	.71%	2.40%

Range of fees illustrated immediately above is somewhat lower for income-oriented accounts and for accounts larger than \$5 million. Fees shown above represent most of the private money managers recommended by Legacy. Some managers may occasionally be recommended that fall outside the range shown. More detail explanation of the above ranges is as follows and is based upon the respective fee schedules in effect at the time of this brochure's publication:

Fee Schedule for Private Money Managers

1. Private Money Manager Fees: A Representative Example (per client account)

<u>Total Market Value</u>	<u>Equity Managers</u>	<u>Fixed Income Managers</u>
On the first \$250,000	.50%	.35%
On the next \$250,000	.45%	.30%
On the next \$500,000	.40%	.25%
On the next \$4 million	.35%	.20%

2. Fidelity Brokerage/Clearing/Custody Fees: (per private money manager equity account per client)

<u>Account Size</u>	<u>Low Turnover</u>	<u>Medium Turnover</u>	<u>High Turnover</u>
Under- \$250,000	.0025%	.0030%	.0035%
\$250,001 - \$1,000,000	.0010%	.0013%	.0016%
\$1,000,001 - \$2,000,000	.0008%	.0011%	.0014%
Above \$2,000,000	.0007%	.0010%	.0013%

Range of fees illustrated above is for equity accounts. Fees for income accounts are slightly lower. As an alternative, transaction based pricing can be elected for equity trades as follows: If the order is phoned in, \$.05 per share with a \$30 minimum charge. If trade is sent via internet, first 1000 shares at \$24.95, then \$.03 per additional share.

3. Persimmon Research Fee

Persimmon Research charges for its services as a percentage of assets under management. The fee schedule is as follows:

<u>Total Market Value</u>	<u>Annual Fee</u>
On the first \$1,000,000	0.25%
On the next \$1,000,000	0.20%
On the next \$3,000,000	0.175%
On the next \$10,000,000	0.15%
On the next \$15,000,000	0.10%
Over \$30,000,000	0.05%

For additional information regarding Persimmon Research, please refer to that firm's Disclosure Statement.

Other Fee Arrangements

Legacy sometimes provides specific advisory services that are beyond the scope of those described in this brochure. Compensation is based on hourly charges, fixed fees, or a combination of the two. Such services and the appropriate compensation must be agreed upon in advance.

Billing Periods

Advisory fees are due and payable quarterly, in advance, and are based upon the market value of the client's advisory assets as determined by the custodian as of the close of business on the last day of the previous calendar quarter. Any advisory assets that are not actively traded in public markets will be valued in a manner determined in good faith by Legacy. Fees for the initial quarter will be adjusted pro-rata based upon the number of calendar days remaining in the calendar quarter that the Agreement goes into effect. The client grants authority for the quarterly payment of these fees to be deducted directly from assets under advisement.

Termination of Agreement

A client may terminate their investment advisory agreement by giving thirty days written notice to Legacy. Legacy will refund the pro rata, unearned portion of Advisory Fees paid in advance, except that Legacy's Portfolio Design Fee is non-refundable. However, should a client terminate the agreement within five business days after signing the initial contract, all fees paid in advance to Legacy, including the Portfolio Design Fee, will be refunded.

ABOUT CHAMPION CAPITAL CORPORATION

Champion Capital Corporation engages in two principal business activities. These are (1) the investment advisory services described in this brochure and (2) investment banking/corporate finance, which involves raising capital for client companies and assisting with mergers and acquisitions. In addition to the two principal business activities, Champion Capital also provides securities brokerage services as a general securities broker/dealer registered with the Securities and Exchange Commission and with state securities regulatory authorities. Champion Capital is a member of the National Association of Securities Dealers and the Securities Investor Protection Corporation.

The principals and/or stockholders of Champion Capital Corporation are C. Jonathan Champion, Chairman of the Board; Charles J. Champion, Jr., President; Benjamin L. Champion, Senior Executive Vice President and Deputy Compliance Officer; and John O. McIntosh, Executive Vice President and Chief Compliance Officer.

The amount of time spent or intended to be spent by the principals of Champion Capital Corporation on investment advisory services, investment banking, personal financial advisory services, and related activities is as follows:

C. Jonathan Champion, ChFC, CLU

Endeavors are divided approximately equally between investment advisory services (Legacy Trust Advisors), personal financial advisory services focused primarily on each client's specific estate planning and/or business needs (Wealth Creation and Preservation, Inc.), and the design, marketing, and servicing of tailor-made insurance products (C. J. Champion Company). Involvement in real estate development and investment banking is somewhat less.

Charles J. Champion, Jr.

Primary focus is consulting work related to mergers and acquisitions and developing public markets for securities of client companies. Some time is spent on other business activities.

Benjamin L. Champion, ChFC, CFP

Emphasis is divided approximately equally between investment advisory services (Legacy Trust Advisors), personal financial advisory services involving estate planning and/or business needs (Wealth Creation and Preservation, Inc.) and the design, marketing, and servicing of tailor-made insurance products (C. J. Champion Company). Involvement in real estate development and investment banking is somewhat less.

John O. McIntosh

Mr. McIntosh spends most of his time working for Ciber, Inc., headquartered in Colorado. Of the time Mr. McIntosh devotes to Champion Capital Corporation, approximately half is spent on supervisory duties related to Legacy Trust Advisors and half is related to the investment banking and other activities of Champion Capital Corporation.

Services as a Securities Broker/Dealer

Champion Capital Corporation usually does not act as a traditional "stockbroker." However, Champion Capital Corporation is a fully registered securities broker/dealer with both federal and state government regulators. Under no circumstances does Champion Capital Corporation hold any customer funds or securities.

Seminars

Legacy Trust Advisors conducts seminars on various topics from time-to-time. Fees are charged for reimbursement of expenses. The amount of the fee varies depending upon the expenses incurred in conducting the seminar.

Minimum Qualifications of Individuals Offering Investment Advice

Legacy Trust Advisors requires, as a minimum, that any affiliated individual offering investment advice has earned a college degree, holds a Series 7 securities license or its equivalent, and has a minimum of five year's experience as a professional in the investment/securities business. In addition, one or more of the principals of Legacy Trust Advisors spends extensive training time with each individual who will give investment advice in order to be certain that this individual fully understands the philosophy and procedures the Legacy utilizes in its practice.

Members of the Investment Committee

Legacy Trust Advisors utilizes an Investment Committee to evaluate investments for recommendation to clients. The names and backgrounds of the Investment Committee members are as follows:

C. Jonathan Champion

- Chartered Financial Consultant (ChFC), Chartered Life Underwriter (CLU)
- Chairman of the Board, Champion Capital Corporation
- Chairman of the Board, C. J. Champion Company
- Managing Member, Cattle Country, LLC, a real estate development firm
- Securities licenses: Series 1 and Series 24
- Entered the securities business in 1969
- Born 1937, earned Bachelor of Science Degree from Florida State University 1959

Charles J. Champion, Jr.

- President, Champion Capital Corporation
- Fund manager of the Champion Venture Fund
- Securities licenses: Series 7 and Series 24
- Entered the securities business in 1991
- Born 1967, earned Bachelor of Science Degree from Florida State University 1988

Benjamin L. Champion

- Chartered Financial Consultant (ChFC), Certified Financial Planner (CFP)
- Senior Executive Vice President, Champion Capital Corporation
- President, C. J. Champion Company
- Managing Member, Cattle Country, LLC, a real estate development firm
- Securities licenses: Series 7
- Entered the securities business in 1992
- Born 1969, earned Bachelor of Science Degree from Florida State University 1990

Compensation

In its capacity as a broker/dealer, Champion Capital Corporation provides a variety of services to clients for which it may be compensated by fees and/or commissions. The Firm affects securities transactions for clients as broker or agent. To the extent that an investment advisory client chooses to utilize Champion Capital's services as a broker/dealer, Champion Capital and its associated persons may earn compensation in the form of brokerage commissions. Brokerage commissions earned by Champion Capital on investments on which investment advisory fees are charged offset such investment advisory fees otherwise payable by the client, with the sole exception of life insurance products where such a rebate would be in violation of state law.

The principals of Champion Capital, in their capacity as registered representatives, may recommend the Firm's broker/dealer services to clients who are also utilizing investment advisory services. In such cases, services are offered to these clients at the same costs charged to non-advisory clients. Clients are under no obligation to purchase or sell securities through Champion Capital. If the client chooses to place his/her trades through the Firm, commissions earned may be higher or lower than commission rates found at other broker/dealers. In the event that

Legacy suggests that trades be executed through Champion Capital Corporation or another broker/dealer, the primary factors Legacy will consider in making such suggestion will be convenience and cost to the client.

Relationships Disclosure

The Firm or a related person may buy securities for its own account from a client or sell securities it owns to a client. In some cases, the Firm or a related person may act as a broker or agent for a client who buys or sells securities in a transaction with another client. However, these are not regular practices. In such transactions, material relationships are disclosed to the client and require specific client approval.

The Firm or a related person may recommend to certain clients the purchase or sale of securities or investment products in which it or a related person may have some financial interest including, but not limited to, the receipt of compensation, ownership, and/or control. In such transactions, material relationships and interests are disclosed to these clients.

The Firm or a related person may buy or sell for its own account securities that are also recommended to clients. To monitor potential conflicts of interest in this regard, the Firm requires that each advisory representative file with the Firm a list of all securities bought or sold each calendar quarter for personal accounts, or for accounts of family members or affiliates.

Legacy's Advisory Relationship Minimums

The minimum amount of assets accepted under advisement is generally \$250,000. In some situations, a lower minimum is negotiable depending upon, among other things, the likelihood of additional assets coming under advisement in the foreseeable future.

Discretionary Authority

Generally, Legacy Trust Advisors will not accept discretionary authority over assets under advisement. Unless Legacy is given and accepts specific written discretionary investment authority (e.g., trust advisory relationships), the client makes all final decisions on portfolio design, risk level, selection and retention of investment managers, and related matters. Throughout this brochure, all comments concerning recommendations to clients and decisions being made by clients must be interpreted with the understanding that this would not necessarily apply to advisory relationships for which Legacy has accepted discretionary investment authority.

In cases where discretionary authority has been granted by the client and accepted by Legacy, Legacy generally has the responsibility for determining which securities are to be bought or sold and the amount of such securities, as well as responsibility for hiring and firing the professional investment managers. Legacy does not have the authority to determine which broker/dealer will be used except for Trust Advisory Client Services. Where Legacy does have authority to determine which broker/dealer will be used, Legacy will not designate Champion Capital. Commission rates for such services are set by the broker/dealer selected, but may be determined by the issuer of the securities, particularly with mutual funds.

Legacy does recommend brokers to clients. Convenience and costs are carefully considered in selecting brokers to recommend (or to select on client's behalf). Neither Legacy nor its related persons receive products, research, or services that are a factor in recommending or selecting a broker/dealer. Likewise, neither Legacy nor its related persons have any arrangement to be paid cash or to receive any other economic benefit from a non-client in connection with providing investment advisory services to clients (other than is disclosed elsewhere in this brochure or as may be disclosed directly to the client). Neither Legacy nor its related persons directly or indirectly pay cash or provide any other economic benefit for referrals.

CHAMPION VENTURE FUND, INC.

Charles J. Champion, Jr. is the fund manager for the Champion Venture Fund, Inc., a private mutual fund. The fund is not an investment company within the meaning of the Investment Company Act of 1940. Mr. Champion does receive compensation from the fund for managing its affairs. In order to avoid any conflict of interest, perceived or actual, in providing investment advisory services, Legacy generally does **not** recommend purchase of shares in the Champion Venture Fund for inclusion in private advisory portfolios. In situations where an investment advisory client purchases (or otherwise acquires) shares in the Champion Venture Fund, Inc., the relationship between the fund and Legacy is carefully and fully disclosed prior to the client making an investment. If the investment advisory client then wishes to include this asset in his/her investment advisory relationship, the client may do so and investment advisory fees will be waived on this asset. Champion Capital Corporation sells shares in the Champion Venture Fund and does invest some of its own money in this fund.

WEALTH CREATION AND PRESERVATION, INC.

Wealth Creation and Preservation, Inc., one of the companies in the Champion Group of Companies, undertakes Strategic Planning Projects for clients on a fee basis. The focus of these projects depends upon the concerns of each client but generally centers on ways to reduce or eliminate estate taxes and to minimize income taxes. Owners of family businesses are often concerned with business succession planning. Wealth Creation and Preservation, Inc. evaluates the feasibility and practicality of numerous advanced strategies possibly applicable to each client's situation. Only those deemed to be most appropriate are presented. WC&P is so sure that it can provide a client with an array of interesting and highly effective methods of eliminating taxes it guarantees that if its efforts on the client's behalf fail to measure up to the client's expectations, the fees paid for the Strategic Planning Project will be waived¹. WC&P works with each client to his/her complete satisfaction. No one has ever asked for a refund. This is state-of-the-art, advanced wealth transfer and business continuity planning. Assistance is also provided in **implementing** selected strategies. Fees charged are determined according to the complexity of the planning engagement and the specific areas addressed. Generally, the initial meeting is free of charge, unless otherwise agreed upon in advance.

Legacy Trust Advisors is often asked to collaborate with Wealth Creation and Preservation, Inc. in these Strategic Planning Projects. Investments are often involved and all investment advice is provided by Legacy Trust Advisors. In such engagements, the client pays each firm directly.

The investment advisory services provided by Legacy do not include what is generally referred to as financial planning. The Strategic Planning Projects conducted by Wealth Creation and Preservation, Inc. are closer to some of the services traditionally referred to as financial planning and frequently involve an on-going annual retainer for continuing services unrelated to investment advice. This retainer is unrelated to the investment advisory fee.

C. Jonathan Champion, Charles J. Champion, Jr., and Benjamin L. Champion are also actively involved in this endeavor and receive payment for their services. The principals and stockholders of Legacy Trust Advisors (except for Mr. McIntosh) have been involved in estate planning and business succession planning for many years and have developed solid working relationships with numerous law firms. Recommended attorneys generally use legal documents with which the principals of Legacy are familiar and which are consistent with planning strategies that the principals and attorneys have previously researched as a joint project.

Neither Legacy Trust Advisors, Champion Capital Corporation, C. J. Champion Company, Wealth Creation and Preservation, Inc., nor the principals of these companies receive compensation from any attorney to whom clients are referred, with the exception of certain compensation for paralegal services, document preparation, and software developed by Benjamin L. Champion. Wealth Creation and Preservation, Inc., is works with **any** attorney or other advisor(s) chosen by the client.

C. J. CHAMPION COMPANY

C. Jonathan Champion also owns and operates an independent corporate insurance agency under the name C. J. Champion Company. C. Jonathan Champion, Charles J. Champion, Jr., and Benjamin L. Champion provide insurance-related services through C. J. Champion Company. Legacy does not receive any payment in connection with these services, but the above-mentioned individuals do receive commissions from insurance sold through C. J. Champion Company.

CATTLE COUNTRY, LLC

C. Jonathan Champion and Benjamin L. Champion are managing members of Cattle Country, LLC., a real estate development company. Both receive compensation from the company as investors and on a performance incentive basis for managing its affairs. They anticipate similar involvement in future real estate projects from time-to-time and that a separate corporation may be formed for each such endeavor.

Shares in Cattle Country, LLC were offered to a very limited number of investors by Champion Capital Corporation on behalf of Cattle Country, LLC. It is anticipated that Champion Capital Corporation will sell shares in any similar future real estate endeavor.

Although Champion Capital Corporation d/b/a Legacy Trust Advisors is also a registered investment advisor, Champion Capital Corporation acted in the above transactions only in the capacity of broker/dealer and not as a registered investment advisor.

¹ Wealth Creation and Preservation, Inc. guarantees that the client and the client's advisors will be pleased with its recommendations. WC&P cannot, of course, guarantee the long-term results or ultimate tax consequences over the many years spanned by this type planning.

IN SUMMARY

Legacy Trust Advisors strives to provide insight and long-term perspective on investing and market performance, to strengthen each client's understanding of investment concepts and strategies. Whether the stock market moves up, down or "sideways" (neither up nor down, but generally level), Legacy's role is to counsel the client against rash actions based on emotion or a short-term investment outlook. It is not the role of Legacy Trust Advisors to react to market fluctuations, no matter how extreme. It is the role of Legacy Trust Advisors to help the client understand the need to continue the pursuit of sound, long-term investment objectives and strategies regardless of the inevitable emotions caused by market fluctuations. Optimism, pessimism, impatience, hype, and even investment fads tempt investors. It is the role of Legacy Trust Advisors to temper such distractions by reminding the client of the hard lessons of history and the need for patience and perseverance at all times. Each client is encouraged to apply discipline, rather than emotion, in the consistent pursuit of a well thought out investment strategy.

Legacy Trust Advisors helps each client choose an investment strategy which is long-term, is within the client's risk tolerance, is well diversified, and generally involves entrusting the client's money to professional money managers. Once the client has determined a long-term strategy, Legacy recommends specific investment management firms for the client's consideration and ultimate selection. Then, on an on-going basis, Legacy offers the client an opportunity for periodic reviews, adjustments, and fine-tuning.

From time-to-time, modifications are needed in client portfolios and possibly in the basic strategy itself due to changes in the underlying fundamentals of specific investments and/or investment managers, as well as because of changes in the client's objectives, investment time horizon, and/or risk tolerance.

Private Advisory Client Services are offered by Legacy Trust Advisors on the basis of client consultations. All final investment decisions are made by the client. Trust Advisory Client Services are offered on the basis of direct investment management and/or investment supervisory services.

The principals and staff of Legacy Trust Advisors are committed to helping each client accomplish the objectives agreed upon. We do our very best to assist each client approach investing as a disciplined process.