

**AIG Model Folios**  
**Client Proposal Letter – to commission clients**  
**Dan England**  
**April 22, 2005**  
**Draft 1**

Dear Client:

First, I want to thank you allowing me to advise you about your investments and for working with me as we apply sound financial strategies to your asset management. I truly appreciate your business and your trust.

I'm writing to you today to ask you to consider again something I'm sure you're already aware of. As you know, over the past few years, investment magazines and key market and investment watchers have been increasingly keen on the idea of having a fee-based relationship between client and financial advisor. The reasons are not hard to fathom. An annual flat fee means no further transaction fees, or commissions. But more important than that is what I'll call the "sales factor." I pride myself on always trying to do my level best for my clients. If I make a recommendation for a stock, say, or a rebalancing of assets, it's because I believe it will make your investments yield a better return.

But I know full well that it's just human nature to wonder if there isn't a sales motive behind the recommendation. Even when there isn't, the question remains. I'd rather that uneasiness was taken right out of the equation. And now it can be. With a fee-based relationship with no commissions for any changes in your investments, the changes that we agree on become inherently only for the sake of improving your bottom line. I like working with that understanding and I think you would as well.

The reason I'm bringing this up right now is that I've learned about an opportunity that I'm recommending to my commission and fee-based clients alike, although it requires a fee-based relationship. It's from AIG SunAmerica and it's called Model Folios. It uses an Asset Allocation strategy, the one that study after independent study shows to be the best way to invest over the long term. Here's how it works.

By using a Risk Tolerance Questionnaire you and I will determine what risk tolerance you have for investing, in a range from conservative to aggressive. Then we'll decide on one of the Model Folios portfolios that's right for you. Okay, so far this is not very different from what usually happens. The difference is the way Model Folios works.

SunAmerica has invited the very top, world-class money managers to oversee these portfolios. These are people with proven exemplary stock picking skills. The portfolio is made up of funds and what SunAmerica does is put three of these top managers in charge of each fund and then asks them to include in that fund their top ten stock picks. In effect, you're getting the advice of the world's best money managers for your investments.

But there's more. A SunAmerica team tracks these picks and requires that each manager not only outperform the relevant index, but outperform their peers as well. If, over a relatively short period of time, a manager does not meet this high standard, a replacement is chosen – someone with picks that are outperforming the market.

Once we get you into the system, these money managers automatically invest your money in their very best picks. About once a quarter, the portfolios will be rebalanced to take full advantage of market conditions. And once a quarter, we'll both get a comprehensive report about how your investments in Model Folios is doing. We'll have the chance to discuss any changes in your life's circumstance and make sure the portfolio is still right for you.

Because this is a fee-based system, you'll never be charged a commission or a transaction fee, not even an administration fee. I know you'll have some questions that a letter just can't answer. So I'll be in touch with you soon to talk about this Model Folios opportunity, that is, if you don't call me first. Then we can talk everything through completely.

I'm not usually so robust about a new product since I've seen plenty come and go over the years. But when I saw the quality of the money managers who will be looking after this Model Folios program, I just had to let you know it was available to you. I plan to be a part of it and I hope you will too.

So let's talk soon. And thank you once again for business.

Sincerely,

Financial Advisor