

ONTHEMARK INVESTING CLUB LLC

**INTRODUCTION,
PARTNERSHIP AGREEMENT AND
OPERATING PROCEDURES**

AUGUST 31, 2011

Introduction to OnTheMark Investing Club LLC

In April, 2010 Dan Miley and Mark Bates started an investment website and newsletter called OnTheMarkInvesting (www.onthemarkinvesting.com). It offers market advice using a blend of Fundamental investing and Technical investing techniques. In the months since, the investing and diversification recommendations have performed very well versus the market at large.

In June, 2011 we decided to expand our investing activities to form an Investment Club. This expands the number of ideas and perspectives, and it is our hope that again we can blend the best of all ideas into investments and strategies that will outperform the overall market.

Members of the club will be individuals that are interested in low-volatility, high-performance investing strategies that consistently beat the market. The club may be for you if:

- You have a sizable percentage of your wealth invested in the market through self-directed 401K or direct investments
- You have an interest in managing your own investing activities, or you wish to learn how to do so
- You do not believe that "Buy and Hold" is always the best strategy
- You believe that one can do better if they are patient and market alert

An Investment Club should be a pleasurable experience as well as an opportunity to learn and to make money. It is our intent to do both.

Partnership Agreement for OnTheMark Investing Club LLC

This AGREEMENT of PARTNERSHIP, effective as of September 1, 2011, by and between the undersigned, to wit:

NOW, THEREFORE IT IS AGREED:

1. Formation. The undersigned hereby form a Partnership in the form of Member-Run Limited Liability Company in accordance with and subject to the laws of the State of Kentucky.
2. Name. The name of the partnership shall be OnTheMark Investing Club LLC.
3. Term. The partnership shall begin on September 1, 2011 and shall continue until August 31, 2012 and thereafter from year to year unless earlier terminated as hereinafter provided.
4. Purpose. The only purpose of the partnership is to invest the assets of the partnership solely in stocks, bonds and other securities ("securities") for the education and benefit of the partners.
5. Meetings. Periodic meetings shall be held as determined by the partnership.
6. Capital Contributions. The partners may make capital contributions to the partnership on the date of each periodic meeting in such amounts as the partnership shall determine, provided, however, that no partner's capital account shall exceed twenty-five percent (25%) of the capital accounts of all partners.
7. Value of the Partnership. The current value of the assets of the partnership, less the current value of the liabilities of the partnership, (hereinafter referred to as the "value of the partnership") shall be determined as of a regularly scheduled date and time ("valuation date") preceding the date of each periodic meeting determined by the Club.
8. Capital Accounts. A capital account shall be maintained in the name of each partner. Any increase or decrease in the value of the partnership on any valuation date shall be credited or debited, respectively, to each partner's capital account on that date. Any other method of valuing each partner's capital account may be substituted for this method, provided the substituted method results in exactly the same valuation as previously

provided herein. Each partner's contribution to, or capital withdrawal from, the partnership shall be credited, or debited, respectively, to that partner's capital account.

9. Management. Each partner shall participate in the management and conduct of the affairs of the partnership in proportion to his capital account. Except as otherwise determined, all decisions shall be made by the partners whose capital accounts total a majority of the value of the capital accounts of all the partners.
10. Sharing of Profits and Losses. Net profits and losses of the partnership shall inure to, and be borne by, the partners, in proportion to the value of each of their capital accounts.
11. Books of Account. Books of account of the transactions of the partnership shall be kept and at all times be available and open to inspection and examination by any partner.
12. Annual Accounting. Each calendar year, a full and complete written account of the condition of the partnership shall be made to the partners.
13. Bank Account. The partnership may select a bank for the purpose of opening a bank account. Funds in the bank account shall be withdrawn by checks signed by any partner designated by the partnership.
14. Broker Account. None of the partners of this partnership shall be a broker. However, the partnership may select a broker and enter into such agreements with the broker as required for the purchase or sale of securities. Securities owned by the partnership shall be registered in the partnership name unless another name shall be designated by the partnership.

Any corporation or transfer agent called upon to transfer any securities to or from the name of the partnership shall be entitled to rely on instructions or assignments signed by any partner without inquiry as to the authority of the person(s) signing such instructions or assignments, or as to the validity of any transfer to or from the name of the partnership.

At the time of a transfer of securities, the corporation or transfer agent is entitled to assume (1) that the partnership is still in existence and (2) that this Agreement is in full force and effect and has not been amended unless the corporation has received written notice to the contrary.

15. No Compensation. No partner shall be compensated for services rendered to the partnership, except reimbursement for expenses.

16. Additional Partners. Additional partners may be admitted upon the unanimous consent of the partners, so long as the number of partners does not exceed twenty-five (25).

(a) Transfers to a Trust. A partner may, after giving written notice to the other partners, transfer his interest in the partnership to a revocable living trust of which he is the grantor and sole trustee.

(b) Removal of a Partner. Any partner may be removed by agreement of the partners whose capital accounts total a majority of the value of all partners' capital accounts. Written notice of a meeting where removal of a partner is to be considered shall include a specific reference to this matter. The removal shall become effective upon payment of the value of the removed partner's capital account, which shall be in accordance with the provisions on full withdrawal of a partner noted in paragraphs 18 and 20. The vote action shall be treated as receipt of request for withdrawal.

17. Termination of Partnership. The partnership may be terminated by agreement of the partners whose capital accounts total a majority in value of the capital accounts of all the partners. Written notice of a meeting where termination of the partnership is to be considered shall include a specific reference to this matter. The partnership shall terminate upon a majority vote of all partners' capital accounts. Written notice of the decision to terminate the partnership shall be given to all the partners. Payment shall then be made of all the liabilities of the partnership and a final distribution of the remaining assets either in cash or in kind, shall promptly be made to the partners or their personal representatives in proportion to each partner's capital account.

18. Voluntary Withdrawal (Partial or Full) of a Partner. Any partner may withdraw a part or all of the value of his capital account in the partnership and the partnership shall continue as a taxable entity.

The partner withdrawing a part or all of the value of his capital account shall give notice of such intention in writing to the Secretary. Written notice shall be deemed to be received as of the first meeting of the partnership at which it is presented. If written notice is received between meetings it will be treated as received at the first following meeting. Withdrawal may only take place after the first six months of partnership operation.

In making payment, the value of the partnership as set forth in the valuation statement prepared for the first meeting following the meeting at which notice is received from a partner requesting a partial or full withdrawal, will be used to determine the value of the partner's account.

The partnership shall pay the partner who is withdrawing a portion or all of the value of his capital account in the partnership in accordance with paragraph 20 of this Agreement.

19. Death or Incapacity of a Partner. In the event of the death or incapacity of a partner (or the death or incapacity of the grantor and sole trustee of a revocable living trust, if such trust is partner pursuant to Paragraph 16A hereof), receipt of notice shall be treated as a notice of full withdrawal.
20. Terms of Payment. In the case of a partial withdrawal, payment will be made in securities of the partnership. In the case of a full withdrawal, payment will be made in securities or a mix of securities and cash at the option of the remaining partners. In either case, where securities are to be distributed, the remaining partners select the securities.

The partnership shall transfer to the partner (or other appropriate entity) withdrawing a portion or all of his interest in the partnership, an amount equal to the value of the capital account being withdrawn, less any actual expenses to the partnership related to the withdrawal and less a pro rata share of taxable income before the distribution. Payment may be made by transferring cash or securities or both as noted above. The value of securities transferred shall be as shown on the Club's valuation statement prepared to determine the value of that partner's capital account in the partnership and securities shall be transferred as of the date of that valuation statement (the "withdrawal valuation date"). The Club's broker shall be advised that ownership of the securities has been transferred to the partner as of the withdrawal valuation date. Cash shall be paid within 10 business days after the withdrawal valuation date.

21. Forbidden Acts: No partner shall:

- (a) Have the right or authority to bind or obligate the partnership to any extent whatsoever with regard to any matter outside the scope of the partnership purpose.
- (b) Except as provided in paragraph 16A, without the unanimous consent of all the other partners, assign, transfer, pledge, mortgage or sell all or part of his interest in the partnership to any other partner or other person whomsoever, or enter into any agreement as the result of which any person or persons not a partner shall become interested with him in the partnership.
- (c) Purchase an investment for the partnership where less than the full purchase price is paid for same.

(d) Use the partnership name, credit or property for other than partnership purposes.

(e) Do any act detrimental to the interests of the partnership or which would make it impossible to carry on the business or affairs of the partnership.

This Agreement of Partnership shall be binding upon the respective heirs, executors, administrators and personal representatives of the partners.

The partners have caused this Agreement of Partnership to be executed on the dates indicated below, effective as of the date indicated above.

SIGN AND DATE HERE

Operating Procedures for OnTheMark Investing Club LLC

1. **FEES:** The initial fee of each partner will be fifty dollars (\$50) which goes to Petty Cash and Operating Revenues. The initial fee of \$50 per partner stays with the Club in the event of a partner's withdrawal from the Club.
2. **NEW MEMBERS:** The minimum initial capital contribution for a new member is \$2000. A new member may initially contribute money up to the average of the balances in the existing individual accounts. "Time-based earnings" is the accounting method.
3. **DUES & CONTRIBUTIONS:** Partner investment dues of two-hundred and fifty dollars (\$250) minimum will be due annually. A partner may contribute additional deposits at any other time but cannot exceed limitation as set forth in Article 6, Capital Contributions, of the Partnership Agreement.
4. **ACCOUNTING METHOD:** Partners' shares are tracked as investment credit units. The amount is ten dollars (\$10) for one unit.
5. **VOTING:** Decisions shall be made by a majority based on proportional ownership.
6. **AMENDMENTS OF RULES:** The rules of the club may be amended or rescinded at a properly constituted meeting of the club subject to agreement by at least 75% of members present.
7. **OFFICERS:** The President, Vice-President, and the Secretary/Treasurer shall be elected annually during the regular September meeting. Officer's terms will be for a one-year period. Officers may succeed themselves in the same office.
8. **DUTIES OF OFFICERS:** The duties of the officers are:
 - A. **PRESIDENT:** The duties of the President shall be to preside at meetings, set meeting dates and locations, appoint committees, and see that resolutions passed by the partnership are carried out.
 - B. **VICE-PRESIDENT:** The Vice-President shall assume the duties of the President when the President is absent or temporarily unable to carry out his/her duties. In addition, the Vice-President may assign companies to report on at Club meetings to partners and shall be responsible for insuring that the Club's study program is properly carried out.
 - C. **SECRETARY/TREASURER:** The Secretary/Treasurer shall maintain the partnership records, keep record of the actions authorized by the partners and notify partners of meetings and other activities. Financially, their duty is to keep a record of the Club's receipts and disbursements and partners' interests in the Club. The Secretary/Treasurer will give partners receipts for their payments, place

the buy and sell orders authorized by the partners with the Club's broker (or National Association of Investors Corporation (NAIC) and prepare the Club's monthly valuation statement. The Secretary/Treasurer will receive all correspondence for the Club and will forward the materials to the proper partner. The Secretary/Treasurer will see that the needed tax information is compiled and file the necessary reports for Secretary/Treasurer's term of office.

9. ANNUAL AUDIT: The Vice-President will appoint an audit committee consisting of two (2) or more of the general partners who are not signatories on the Partnership accounts. The audit will be completed within ninety (90) days of year-end.
10. DESIGNATED MEETING: Meetings will be held on a monthly basis at a time previously agreed to by the Partners. A majority of the general partners can change the meeting time. Any partner who fails to attend three (3) consecutive regular meetings and is not excused by the Presiding Partner from attending any such meetings, or six (6) meetings in any twelve- (12) month period, will be considered for termination.
11. GUESTS: Partners may invite guests to any meeting of the Club as long as advance clearance is obtained from the host of the meeting. When consideration is given to adding partners to the Club under terms of the Club's partnership agreement, anyone considered shall have been a guest for at least two prior meetings.
12. PARTNER OBLIGATIONS: Partners shall:
 - a. Pay annual assessments in a timely manner.
 - b. Attend Partnership meetings on a regular basis.
 - c. From time to time, serve on the Partnership Audit Committee.
 - d. Participate in the stock selection and portfolio maintenance functions of the Partnership.
 - e. Participate in the Partnership education and research activities.