NEPSIS®
INVEST WITH CLARITY®

Margin Disclosure

Information Regarding the Use of Margin on Your Brokerage Account(s):

Definition of Margin:

Using margin to purchase securities is effectively like using the current cash or securities already in your account as collateral for a loan. The collateralized loan comes with a periodic interest payment that must be paid (interest rates will vary).

The investor is using borrowed money, or leverage, and therefore both the losses and gains will be magnified in the portfolio as a result. Margin investing can be advantageous in cases where the investor anticipates earning a higher rate of return on the investment than what he is paying in interest on the loan.

You can keep your loan as long as you want, provided you fulfill your obligations such as paying interest on time on the borrowed funds. When you sell stock in a margin account, the proceeds go to your broker against the repayment of the loan until it is fully paid. There is also a restriction called the maintenance margin, which is the minimum account balance you must maintain before your broker will force you to deposit more funds or sell stock to pay down your loan. When this happens, it's known as a margin call. A margin call is effectively a demand from your brokerage for you to add money to your account or close out positions to bring your account back to the required maintenance level. If you do not meet the margin call, your brokerage firm can close out any open positions in order to bring the account back up to the minimum value. Your brokerage firm can do this without your approval and can choose which position(s) to liquidate. In addition, your brokerage firm can charge you a commission (where applicable) for the transaction(s). You are responsible for any losses sustained during this process, and your brokerage firm may liquidate enough shares or contracts to exceed the initial margin.

Margin Highlights:

- Margin refers to money borrowed from a brokerage to trade securities.
- Margin trading therefore refers to the practice of using borrowed funds from a broker to trade a financial asset, which forms the collateral for the loan from the broker.
- A margin account is a standard brokerage account in which an investor is allowed to use the current cash or securities in their account as collateral for a loan.
- The collateralized loan comes with a periodic interest rate that the investor must repay to the broker.
- Leverage conferred by margin will tend to amplify both gains and losses. In the event of a loss, a margin call may require your broker to liquidate securities without prior consent.

8674 Eagle Creek Circle, Minneapolis, MN 55378
(952) 746-2003 • Fax: (952) 746-2006 • www.InvestWithClarity.com
Blog: www.InvestingWithClarity.com I Radio: www.InvestingSuccessForYou.com

Margin Disclosure

❑ I would like to set my account up with margin. I have read the above disclosure and understand the risks associated with using margin on my account. I agree to allow Nepsis, Inc. to utilize margin to assist my investment goals.

Investor's Signature: ______________________________ Date: ______________

Investor's Signature: ______________________________ Date: ______________

Financial Advisor Signature: ______________________________ Date: ______________

Account(s) associated with this Agreement:

____

8674 Eagle Creek Circle, Minneapolis, MN 55378
(952) 746-2003 • Fax: (952) 746-2006 • www.InvestWithClarity.com
Blog: www.InvestingWithClarity.com I Radio: www.InvestingSuccessForYou.com