

Titleist Asset Management, Ltd. would like to take this opportunity to remind you of the comprehensive protections in place to help protect your brokerage assets.

### **National Financial Services LLC (NFS)**

As part of our effort to provide you with quality service, our broker-dealer has a relationship with National Financial Services LLC, Member NYSE, SIPC, a Fidelity Investments® company, to provide trade execution, custody and other related services for your brokerage account. As custodian of your brokerage account, NFS, at the direction of {Name of Correspondent} is responsible for:

- The execution, clearance and settlement of securities transactions.
- Preparing and sending periodic statements of your account and transaction confirmations.
- The custody (or safekeeping), receipt, and delivery of funds and securities.

### **Regulatory Oversight**

As a registered broker-dealer, NFS is subject to the rules and regulations of the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), and other exchanges of which NFS is a member, including the Municipal Securities Rulemaking Board (MSRB). These regulatory organizations each have certain rules and regulations that NFS must follow to safeguard your assets, including:

- Protecting client assets that are fully paid for by segregating them and ensuring they are not used for any other purpose.
- Keeping accurate records of your assets held at NFS.
- Maintaining net capital at required levels.

In compliance with these rules, NFS has its financial information audited on an annual basis and is subject to regulatory oversight examinations. As of June 30, 2010, NFS had net capital of \$2.0B, which exceeds its minimum regulatory requirements by \$1.7B.

### **Asset Protection**

Securities in accounts carried by NFS are protected in accordance with the Securities Investor Protection Corporation ("SIPC") up to \$500,000. For claims filed on or after July 22, 2010, the \$500,000 total amount of SIPC protection is inclusive of up to \$250,000 protection for claims for cash, subject to periodic adjustments for inflation in accordance with terms of the SIPC statute and approval by SIPC's Board of Directors. NFS also has arranged for coverage above these limits. Neither coverage protects against a decline in the market value of securities, nor does either coverage extend to certain securities that are considered ineligible for coverage. For more details on SIPC, or to request a SIPC brochure, visit [www.sipc.org](http://www.sipc.org) or call 1-202-371-8300.

In addition to SIPC protection, NFS provides for brokerage accounts additional "excess of SIPC" coverage from Lloyd's of London together with other insurers<sup>(1)</sup>.

The "excess of SIPC" coverage would only be used when SIPC coverage is exhausted. Like SIPC protection, "excess of SIPC" protection does not cover investment losses in customer accounts due to market fluctuation. It also does not cover other claims for losses incurred while broker-dealers remain in business. Total aggregate "excess of SIPC" coverage available through NFS's "excess of SIPC" policy is \$1 billion.

Within NFS's "excess of SIPC" coverage, there is no per account dollar limit on coverage of securities, but there is a per account limit of \$1.9 million on coverage of cash. This is the maximum "excess of SIPC" protection currently available in the brokerage industry.

Lloyd's of London currently has an A (Excellent) rating with "Stable Outlook" from ratings firm A.M. Best and an A+ (Strong) with "Stable Outlook" from Fitch Ratings and Standard & Poor's<sup>(2)</sup>.

It is important to bear in mind that SIPC coverage *only* applies when a brokerage firm is closed due to insolvency or other financial difficulties and then *only* if customer assets are missing from accounts. Finally, "excess of SIPC" protection would *only* be used were SIPC protection to be exhausted.

If you have any additional questions about NFS, please go to [www.mybrokerageinfo.com](http://www.mybrokerageinfo.com) or feel free to contact your investment representative.

Titleist Asset Management, Ltd.

- (1) Fidelity's "excess of SIPC" insurance is provided by Lloyd's of London together with Axis Specialty Europe Ltd. and Munich Reinsurance Co.
- (2) As of August 2010 and subject to change. For ratings and explanations, please go to [http://www.lloyds.com/Lloyds\\_Market/Ratings/](http://www.lloyds.com/Lloyds_Market/Ratings/)

Lloyd's of London is an independent company and not affiliated with National Financial Services LLC.

05/11