



**INFORMATION FOR PROSPECTIVE LICENSEES
REQUIRED BY THE FEDERAL TRADE COMMISSION**

**THE MUTUAL FUND STORE, LLC
(a Missouri limited liability company)
355 Ozark Trail Drive, Suite #4
St. Louis, Missouri 63011
Telephone: (636) 386-6868**

To protect you, we've required your franchisor to give you this information. *We haven't checked it and don't know if it's correct.* It should help you make up your mind. Study it carefully. While it includes some information about your contract, don't rely on it alone to understand your contract. Read all of your contract carefully. Buying a franchise is a complicated investment. Take your time to decide. If possible, show your contract and this information to an advisor, like a lawyer or an accountant. If you find anything you think may be wrong or anything important that's been left out, you should let us know about it. It may be against the law.

There may also be laws on franchising in your state. Ask your state agencies about them.

FEDERAL TRADE COMMISSION
Washington, D.C. 20580

Date of Issuance: March 31, 2003

OFFERING CIRCULAR

THE MUTUAL FUND STORE, LLC
(a Missouri limited liability company)
355 Ozark Trail Drive, Suite #4
St. Louis, Missouri 63011
Telephone: (636) 386-6868

Business: You will operate a fee-based investment management business under the trade name THE MUTUAL FUND STORE® offering personalized mutual fund management services to retail investors (the “Franchise Business”).

Initial Fees: The initial franchise fee (“Initial Franchise Fee”) ranges between \$50,000 - \$250,000 depending on the size of the territory you purchase. See Items 5 and 12 of this Offering Circular.

Initial Investment: We estimate that your initial investment to open THE MUTUAL FUND STORE® will range between \$120,700 and \$482,250. The low estimate includes a \$50,000 Initial Franchise Fee and the high estimate includes a \$250,000 Initial Franchise Fee.

Risk Factors:

1. THE FRANCHISE AGREEMENT REQUIRES THAT ALL DISPUTES (WITH LIMITED EXCEPTIONS) BE RESOLVED FIRST BY NON-BINDING MEDIATION, AND IF THAT PROCESS DOES NOT RESULT IN RESOLUTION, BY COURT PROCEEDING. MEDIATION MUST OCCUR AT OUR HEADQUARTERS. ALL LITIGATION MUST OCCUR IN THE STATE OR FEDERAL COURTS IN OR CLOSEST TO OUR HEADQUARTERS, EXCEPT IF WE BRING THE ACTION IN YOUR HOME STATE UNDER THE CIRCUMSTANCES THAT WE DESCRIBE IN THE FRANCHISE AGREEMENT OR IF LOCAL LAW REQUIRES THAT THE ACTION BE BROUGHT IN YOUR HOME STATE. PRESENTLY, OUR HEADQUARTERS ARE IN ST. LOUIS COUNTY, MISSOURI, BUT WE MAY CHANGE THE LOCATION OF OUR HEADQUARTERS AT ANY TIME.
2. THE FRANCHISE AGREEMENT PROVIDES THAT MISSOURI LAW GOVERNS THE AGREEMENT. THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR LOCAL LAW IF YOU RESIDE OUTSIDE OF MISSOURI. YOU MAY WANT TO COMPARE THESE LAWS.
3. REFER TO THE STATE-SPECIFIC ADDENDUM ATTACHED TO THIS OFFERING CIRCULAR FOR MORE DETAILS ABOUT THE LAWS APPLICABLE IN YOUR STATE.

4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Information comparing companies granting franchises like this one is available. Call the state administrators listed in **Exhibit A** or your public library for sources of information.

Registration of this franchise with a state does not mean that the state recommends it or has verified the information in this Offering Circular. If you learn that anything in this Offering Circular is untrue, contact the Federal Trade Commission and the applicable state agency listed in **Exhibit A**.

Effective Date of this Offering Circular: **See Exhibit I.**

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Item 1.

THE COMPANY, ITS PREDECESSORS AND AFFILIATES

1. **Terminology.** To simplify the language in this Offering Circular, "Company", "us" or "we" means The Mutual Fund Store, LLC. "You" means the person who buys the franchise. If you are a business entity (e.g., a corporation, partnership, LLC, LLP or other entity), "you" means both the entity and its owners.

2. **Our Business.** We were formed as a Missouri limited liability company on August 28, 2000. Our principal business address is 355 Ozark Trail Drive, Suite #4, St. Louis, Missouri 63011. We disclose the background of our current officers, Adam Bold and Chris Braudis, in Item 2. Our members are Adam Bold and VenVest, Inc., a Delaware corporation.

Since July, 1998, Adam Bold has produced a weekly radio talk show, THE MUTUAL FUND SHOW, devoted exclusively to mutual funds and investment strategies, featuring Mr. Bold and different guest hosts. The show currently airs in various markets in the Midwest, including in the markets of the two operating THE MUTUAL FUND STORES®. Mr. Bold also provides voice for radio commercials promoting the radio show. We will negotiate with a local station in your market meeting our broadcast range and audience demographic standards to broadcast THE MUTUAL FUND SHOW and sell you radio advertising time to enhance local awareness of THE MUTUAL FUND STORE® name. As a radio show talk host personality, Mr. Bold indirectly provides services to our franchisees. However, you will not make any payments to him or to any third party for these services.

We have no affiliates that offer franchises in any line of business or that provide products or services to our franchisees. We also have no predecessors.

Our agent for service of process in Missouri is SNR Missouri Registered Agent, Inc. In certain states, we may also appoint a state agency as our agent for service of process in that state. **(Exhibit B)**

We were formed for the purpose of licensing independent THE MUTUAL FUND STORES® and do not currently engage in other business activities. While we have not operated, and do not currently operate, businesses of the type being franchised, our managers have experience operating THE MUTUAL FUND STORES® in Kansas City and St. Louis through entities in which our managers have an interest (see subpart 3 below). We derive our experience from our managers' experience in the securities industry generally and in operating THE MUTUAL FUND STORES® through these affiliate companies.

3. **Prior Business Experience.** With a background in general securities brokerage services and as a Certified Mutual Fund Counselor, Adam Bold founded THE MUTUAL FUND STORE® concept and opened the first THE MUTUAL FUND STORE® in June, 1996 in Kansas City, Kansas. THE MUTUAL FUND STORE® concept focuses on asset allocation services for individual investors through a diverse portfolio of carefully selected mutual funds. Mr. Bold, through a wholly owned corporation, continues to own and operate the Kansas City THE MUTUAL FUND STORE® and is co-owner of the St. Louis THE MUTUAL FUND

STORE® opened in October, 2000 with VenVest, Inc. The Kansas City and St. Louis THE MUTUAL FUND STORES® are substantially similar to the business which you will conduct as our franchisee. See Item 20 for the addresses of the operating THE MUTUAL FUND STORES®.

4. THE MUTUAL FUND STORE® Franchise.

If we offer you a franchise, you will sign our Franchise Agreement (**Exhibit C**), which will grant you a license to operate a fee-based investment management company offering personalized mutual fund management services to retail investors under our proprietary name, "THE MUTUAL FUND STORE®," and the other trademarks, service marks, logos and commercial symbols that we designate (the "Proprietary Marks"). The license will permit you to use our distinctive marketing, operating and asset allocation systems and models (collectively, "TMFS System").

TMFS System includes, without limitation:

- Methodologies, including our proprietary SAMS ("Strategic Asset Management System") for developing personalized investment strategies for retail customers based on the investor's income requirements, investment objectives, risk tolerances, and time horizons and the compatibility of our investment proposals with the investor's existing holdings.
- Continuous research using modern portfolio theory to identify a diverse portfolio of mutual funds meeting specific investment objectives. Our research efforts enable us to update continuously a list of diversified mutual funds which you may select among in providing investment management services to your clients.
- Initial and on-going training for you and your Investment Advisor Representatives ("IARs").
- Advertising and marketing services, including distribution of THE MUTUAL FUND SHOW to a radio station in your market meeting our broadcast and audience demographic specifications. You must purchase advertising airtime from the radio station to promote your Franchise Business during the weekly show and at other strategic times during the week. In some markets, the radio station may also charge a fee to broadcast THE MUTUAL FUND SHOW, for which you are responsible. These expenses are included in the Item 7 initial investment chart. For additional disclosures regarding THE MUTUAL FUND SHOW, see Items 8 and 11.
- Strategies for client development, retention and suitability assessment, including recommended sales scripts and closing techniques.
- Operating protocols, including covering the following subjects: minimum account balance recommendations; reporting and record keeping forms; specifications for office design, decoration, and signs; recommendations for staffing; workflow processes; and other matters. We publish our operating protocols in our confidential operations manual ("Manual") and loan you a copy of the Manual for the franchise term when you sign the Franchise Agreement. **Exhibit D** is a copy of our Manual's table of contents. We give you a copy of

the Manual to review before you execute the Franchise Agreement if you sign our Confidentiality Agreement (see **Exhibit E**).

- Access to SchwabLINK, proprietary software provided free to our franchisees by Schwab Institutional, Charles Schwab & Co., Inc.'s professional investment manager division serving more than 2 million clients and custodian of more than \$25 billion of funds from clients of investment managers world-wide. SchwabLINK enables you to track your client accounts and process trades electronically using Schwab Institutional as custodian, and allows your clients to view their account balance instantly on-line. We are not affiliated with Schwab Institutional and Schwab Institutional does not compensate us for designating them as the custodian of all THE MUTUAL FUND STORE® accounts.
- As custodian for all THE MUTUAL FUND STORES®, Schwab Institutional's services include sending monthly account statements and trade confirmations directly to your clients. You do not make any payments to Schwab Institutional or any third party in exchange for their services as custodian. You must enter into Schwab Institutional's form of custodian account agreement (see Schwab's current form of Investment Manager Service Agreement attached as **Exhibit F**) before you open the Franchise Business, and maintain an investment management account with Schwab. See additional disclosures in Item 8.
- Access to proprietary software programs available from third parties enabling you to set up, monitor and close client accounts, perform portfolio assessments; prepare investment portfolios; maintain client contact information; and manage your accounts receivable.
- Back office assistance, including the following services: compiling and sending out quarterly reports to your clients that compares their portfolio to leading indices; monitoring and assisting with client transfers and initial account set-up; maintaining your client contact and account information; and performing all client billing and accounts receivable management.
- A simplified process for collecting Management Revenue. To establish an account at Schwab Institutional, your clients will sign a limited power of attorney that allows Schwab to debit their account for the quarterly management fees which they owe to you under your fee schedule. (See Schwab's authorization form which your clients must sign to open an account, attached as **Exhibit F**). We compile a quarterly accounting for each of your clients estimating the quarterly management fees due from the client, which you will approve and process with Schwab Institutional, which will then debit your clients' accounts and credit your investment management account for your quarterly management fees. Under the Custodian Account Agreement that you sign with Schwab Institutional, when Schwab Institutional credits your investment management account for quarterly management fees, it will also immediately debit your account, and credit our account, for the Royalty Fees due to us. Through this process, we simplify your collection procedure as well as your payment of Royalty Fees to us. See disclosures in Items 6 and 8.

We distinguish THE MUTUAL FUND STORES® by promoting *fee-based* investment management services. *Fee-based* means that clients pay an all-inclusive pre-set management fee for all services that you provide, ranging from account management, portfolio selection, and

processing of trades, to preparation and distribution of quarterly performance reports. You will establish your own fees, which you may choose to vary depending on the size of the portfolios that you manage. While we may recommend certain fee structures and promote THE MUTUAL FUND STORES® as following our recommended fee structure, we do not set the fees you must charge and require only that you follow a one-rate, flat fee approach.

The one-rate, flat fee approach bases compensation on the total portfolio value under management, typically calculating the fee as a percentage of the portfolio value, applying a descending percentage as portfolios exceed specific levels. The traditional model of compensation for investment advisors is to charge a percentage commission on the dollar amount of each transaction. A one-rate, flat fee approach, unlike traditional transactional (percentage) broker commissions, eliminates any incentive for an investment advisor to recommend trades for the sake of generating commissions for himself or herself. Therefore, a one-rate, flat fee approach removes a potential source of conflict from the advisor-client relationship and a frequent focus of regulatory inquiry. The one-rate, flat fee commission approach is a distinctive feature of THE MUTUAL FUND STORE® marketing program.

If you purchase a large Territory which we believe can support a second THE MUTUAL FUND STORE®, you may apply to open a second location after 2 years of operation if your first location meets our minimum asset level (see Item 12) and you are in good standing under the Franchise Agreement. You must sign our current form of Franchise Agreement for the second location, which may materially differ from the Franchise Agreement that we attach to this Offering Circular (Exhibit C). We will waive the Initial Franchise Fee for the second location. In selling you a franchise for a large Territory, we do not require you to open a second location, but may impose this obligation as a condition to renewing your franchise rights. Additionally, as we disclose in Item 12, if you purchase a large Territory and do not reach our minimum asset level after 2 years of operation, we may reduce the boundaries of your Territory.

5. Competition

The financial products and services industry is highly competitive. You will compete with a variety of financial institutions, including banks; national, regional and local general securities brokerage firms; financial planners and personal investment advisors; mutual funds that sell their products directly to consumers; insurance companies that offer securities and financial planning services in addition to traditional insurance products; discount brokers; and other financial entities that offer similar products and services. Your competitors will include large institutions with global operations and highly-recognizable brand names in the financial industry offering all types of financial products and investment services not limited to mutual funds, as well as individual advisors focusing specifically on mutual fund products as we do. Mutual fund companies selling their products directly to consumers are another source of competition, although they traditionally do not offer investment advice.

6. Applicable Laws

Extensive laws and regulations apply to the sale of securities and will affect the way you do business. Individuals who provide investment supervisory services and financial advice to the public must qualify as an investment advisor representative ("IAR") by passing the National

Association of Securities Dealers ("NASD") Series 65 exam or any other exams required by the applicable state¹ and must affiliate with a firm that separately qualifies as an investment advisor in its home state. To qualify as an investment advisor, the firm must (i) file a Uniform Application for Investment Advisor (Form ADV) with each state in which they maintain an office (beginning in April 2001, some states require that filings be made through a national organization, the IARD, which is consolidating the regulatory requirements applicable to IARs); (ii) comply with applicable surety bonding requirements; and (iii) consent to jurisdiction in the state for claims arising out of their investment advisory services.

Many states require companies doing business as an investment advisor to register in the state even if they do not maintain an office in the state when the company manages money for more than 5 residents of that state. If the total assets under your supervisory management exceeds \$25 million, you may register your firm as an investment advisor with the federal Securities and Exchange Commission ("SEC"). However, when the total assets under your management exceed \$30 million, registration with the SEC is mandatory.

We use, and recommend that you retain, National Compliance Consultants, Inc., ("NCCI"), an independent consulting firm specializing in providing compliance and regulatory information services to the securities industry, to handle regulatory compliance with the SEC and applicable state agencies both for your firm and for the IARs that you employ or retain. We are not affiliated with NCCI and receive no compensation or other material benefits from NCCI by referring our franchisees to them for compliance and regulatory services.

In addition to licensing requirements for IARs, the NASD as well as individual states also regulate certain operational activities of IARs, including an IAR's custody or handling of client funds. You must investigate and comply with the laws applicable in your state.

Item 2.

BUSINESS EXPERIENCE

Our managers and executives with management responsibility are:

Chief Executive Officer: Adam S. Bold

Adam Bold founded THE MUTUAL FUND STORE® concept and opened the first THE MUTUAL FUND STORE® in June, 1996 in Kansas City, Kansas through his wholly-owned

¹ Under the Franchise Agreement, all IARs must successfully complete Series 65 testing and any other testing or licensing requirements under the laws of the state in which they operate the Franchise Business. We may modify the minimum requirements for IARs or impose different qualifications in the future. You must also operate the Franchise Business in compliance with all laws. States differ with respect to the regulation of IARs. Some states require only Series 65 testing, some require Series 63 and Series 65, some require Series 66 and Series 7, and some waive examination based on other qualifications. Currently Michigan, Minnesota, New York, Puerto Rico, Tennessee and Wyoming do not register IARs and therefore do not require testing. Georgia only requires principals to test. New Jersey does not register IARs, but requires employees of IARs to complete testing. Texas requires IARs to pass a Texas Securities Exam. The adoption of a uniform regulatory system applicable to IARs has been the subject of extensive examination among industry groups and state legislatures for some time, but, at the moment, no uniform regulatory system exists, resulting in significantly disparities among states.

corporation, Bold Financial Group, Inc. ("BFGI"), a Kansas corporation, located in Kansas City, Kansas. BFGI has operated the Kansas City THE MUTUAL FUND STORE® continuously since 1996, changing its corporate name in September, 2000 to The Mutual Fund Store, Inc., a Kansas Corporation (the "Kansas Licensor").

Mr. Bold is the creator and producer of the weekly THE MUTUAL FUND SHOW, currently, the Midwest's only radio show devoted exclusively to mutual funds and investments. Mr. Bold is a Certified Mutual Fund Counselor, a designation awarded to him in 1999 by the College for Financial Planning located in Boulder, Colorado. Mr. Bold has been affiliated with Cambridge Investment Research, Inc., with principal offices in Fairfield, Iowa, as a Registered Representative selling general securities from September 2000 until May, 2001. Before his affiliation with Cambridge, he was affiliated as a Registered Representative with Securities America, Inc. (Omaha, Nebraska) from October, 1999 until August, 2000; Round Hill Securities, Inc. (Leawood, Kansas) from July, 1996 until September, 1999; Prudential Securities, Inc. (Kansas City, Kansas) from February, 1995 until July, 1996; and Smith Barney, Inc. (Kansas City, Kansas) from May, 1992 until February, 1995.

Mr. Bold will primarily focus on marketing and operational matters with franchisees.

President and Chief Operating Officer: Christopher R. Braudis

Chris Braudis joined VenVest, Inc., a St. Louis, Missouri venture capital company engaged in strategic investments, as its officer responsible for business development and expansion, in January, 2000. He was responsible for opening the St. Louis THE MUTUAL FUND STORE® in August, 2000 and manages its operations. From January, 1998 through December, 1999, Mr. Braudis was in the mergers and acquisition group of the investment banking division of A.G. Edwards in St. Louis, Missouri. From August, 1995 until December, 1997, Mr. Braudis was a full-time student at the University of Missouri in Columbia, Missouri. He received a Bachelor of Science degree in Business Administration with an emphasis in finance in December, 1997 from the University.

Mr. Braudis will oversee all financial functions as well as marketing and operational matters with franchisees.

Item 3.

LITIGATION

On August 6, 1996, Adam S. Bold was named as a defendant in a matter filed with the Kansas City, Kansas office of the NASD, captioned *Paul E. Goff v. Prudential Securities, Inc., Vincent Lee Morris, Adam S. Bold, and Samuel Richard Taylor, Jr.*, Case No. 96-03463. Mr. Goff sought damages for alleged excessive trading, unauthorized trading and unsuitable trading. The plaintiff dismissed Mr. Bold with prejudice on July 23, 1997. Mr. Bold did not pay anything to settle the action or obtain the dismissal.

On July 24, 2001, Adam S. Bold and the Kansas Licensor (see Item 1) were named as defendants in a matter filed with the Kansas City, Kansas office of the NASD, captioned *Richard*

& Winifred Kreitzer v. Adam S. Bold & The Mutual Fund Store, Inc, Case No. NASD-DR 297-012252. The Kreitzers sought damages for alleged misrepresentations and omissions, negligence, breach of contract and breach of fiduciary duty. The parties entered into a confidential settlement and full release of all claims on or about May 13, 2002, which resulted in the complainants dismissing the case with prejudice and the Kansas Licensor paying the Krietzers a material sum of money, but substantially less than the amount sought in the complaint.

Except for the above, no other litigation is required to be disclosed in this Offering Circular.

Item 4.

BANKRUPTCY

No person previously identified in Items 1 or 2 of this Offering Circular has been involved as a debtor in proceedings under the U.S. Bankruptcy Code required to be disclosed in this item.

Item 5.

INITIAL FEE

1. Amount and Method of Payment.

The Initial Franchise Fee ranges between \$50,000 - \$250,000 depending on the population size of the Territory you purchase. See Item 12 for additional disclosures regarding your Territory.

We define your Territory using Metropolitan Statistical Areas ("MSAs"), which are geographic areas which the federal Office of Management and Budget (OMB) identifies according to uniform statistical criteria. The OMB publishes geographic, statistical and population data for MSAs relying on the most recent U.S. census data. Our Initial Franchise Fee schedule is as follows:

Amount	Population Size in Your Territory According to MSA Data
\$50,000	Under 500,000 population
\$75,000	500,000 or more, but less than 1 Million population
\$100,000	1 Million or more, but less than 1,500,000 population
\$125,000	1,500,000 or more, but less than 2 Million population
\$150,000	2 Million or more, but less than 2,500,000 population
\$175,000	2,500,000 or more, but less than 3 Million population
\$200,000	3 Million or more, but less than 3,500,000 population
\$225,000	3,500,000 or more, but less than 4 Million population
\$250,000	4 Million or more population

We identify your Territory and determine the amount of the Initial Franchise Fee when you are ready to sign the Franchise Agreement (**Exhibit C**). You pay the entire Initial Franchise Fee when you sign the Franchise Agreement and it is fully earned when paid. Except as we disclose in this Item 5, the Initial Franchise Fee is not refundable. Later fluctuations in the population size of your Territory do not affect the amount of the Initial Franchise Fee that you must pay to us, nor does it obligate us to refund any portion of the Initial Franchise Fee to you.

We do not collect any other fees or payments from you for goods or services that we provide to you before your THE MUTUAL FUND STORE® opens for business.

As noted in Item 1, if we allow you to open a second THE MUTUAL FUND STORE® in your Territory, we will enter into our then-current Franchise Agreement for the second store, but waive payment of the Initial Franchise Fee.

2. Conditions for Refund

We have 60 days after we sign the Franchise Agreement to negotiate a contract with a local radio show for broadcasting rights for THE MUTUAL FUND SHOW. The local station must meet our broadcast range and audience demographic standards and agree to sell you at least the minimum amount of broadcast advertising time we require at strategic time slots that will reach the show's target audience. We will use our best efforts to complete negotiations within 60 days, and, as soon as we are successful, we will notify you in writing so that you can begin site selection for your THE MUTUAL FUND STORE®. In some markets, radio stations may impose a fee to broadcast THE MUTUAL FUND SHOW in addition to requiring the purchase of advertising air time. When we notify you that we have a contract with a local radio station, we will also advise you of the broadcast advertising minimum we will require you to spend monthly to purchase advertising air time, as we explain in Item 8.

If we are not successful in negotiating a favorable broadcasting contract with a local radio station meeting our criteria, either you, or we, may terminate the Franchise Agreement. Additionally, if you are unwilling to accept the broadcast advertising minimum that we will require, you may terminate the Franchise Agreement.

To elect termination, you, or we, must give written notice to the other within 15 days after the end of the 60 day period (or by 75 days after we sign the Franchise Agreement). If either one of us elects to terminate the Franchise Agreement, we will refund the entire Initial Franchise Fee. To qualify for the refund, you must sign our General Release (**Exhibit G**).

If neither one of us elects to terminate the Franchise Agreement, the Franchise Agreement will remain in force.

You are responsible for investigating potential sites in the Territory that we assign to you for your THE MUTUAL FUND STORE® and must obtain our approval of a location before you may enter into a lease for the location. You have 60 days in which to obtain site approval. This 60 day period starts with the first to occur of the following two events: (i) the date that we notify you that we have a contract for the broadcast of THE MUTUAL FUND SHOW by an acceptable radio station in your market, or (ii) in cases when we cannot negotiate a contract on terms acceptable to us, the end of the 15 day period within which either one of us may terminate the

Franchise Agreement under the conditions that we describe in this Item 5. If you fail to get our approval of a site by the end of this 60-day period, we may terminate the Franchise Agreement, in which case we will refund all but \$5,000 of the Initial Franchise Fee. To qualify for the refund, you must sign our General Release (**Exhibit G**).

[End of Page]

Item 6.

OTHER FEES

Name of Fee*	Amount	Due Date	Remarks
Royalty Fee	30% of Management Revenue, except under limited circumstances as we disclose in Note 2, when we will reduce the Royalty Fee to 15% of Management Revenue.	Quarterly, payable each time when your investment management account at Schwab Institutional receives credit for Management Revenue. See Note 1	Management Revenue consists of the management fees and other charges that you collect from your clients for providing investment advisory services. See definition of Management Revenue in Note 1. Note 2 explains the conditions under which you may qualify for a lower Royalty Fee equal to 15% of Management Revenue.
Advertising Fee	After the Franchise Business has been open for 12 months, you must be able to show that your expenditures on Local Advertisements for the most recent trailing 12 months are at least 8% of Management Revenue. If you spend less, we may collect the difference between what you spend, and 8% of Management Revenue, as an Advertising Fee.	We will review your Local Advertisement Expense Reports monthly. If they indicate that your expenditures on Local Advertisements for the most recent trailing 12 months are less than 8% of Management Revenue, you authorize Schwab Institutional to debit your investment management account for the difference.	See Note 3.
Part 1 Initial Training After Opening	Our per diem training fee at our current rate at the time we provide services. Currently Part 1 training is a 5-day program. See Item 11.	Before training begins	We do not impose any training fee for providing training to you or your IARs before opening. IARs must complete at least 3 days of Part 1 training (see Item 11, Section 7), and IARs whom you want to qualify as a Supervising IAR (see Item 15) must complete the entire Part 1 training course. If your IARs do not attend pre-opening training with you (because, for example, you hire them after you open), you must pay our current per person, per diem training fee. Additionally, you remain responsible for any travel, lodging, food, and salary expenses for them to attend our training programs (both pre and post opening).

On-Site Training and Assistance	Per diem at our current rate at the time we provide services, plus reimbursement of reasonable travel, lodging and out-of-pocket expenses to send one of our staff members to your THE MUTUAL FUND STORE®	Per diem fee is payable in advance; reimbursement of travel, lodging and personal expenses is payable within 30 days after invoice.	Only if you request on-site assistance. We publish our current per diem on-site fee in the Manual. Fee does not apply to Part 2 of the pre-opening initial training program.
Seminars and Other Additional Training After Opening (Other than Annual Meeting)	If we host additional training, we may impose a training fee, which will be at our current rates at the time we provide the training. The rate we charge may vary depending on the length of the course and the curriculum. If a third party conducts a seminar or training program for us or during a program that we host, the third party vendor may impose a separate fee. In some cases, you may pay the fee directly to the vendor, not to us.	Training or seminar fees are payable before you attend the course. You remain responsible for all travel, lodging, personal expenses and salary for you and your staff.	We may host or offer additional training programs both in-person and through Internet-enabled technology and computer software. For both live, instructor-led training, and for online training, we may impose a training fee at our current rates. We may also host an Annual Meeting. We do not impose any training or meeting fee to attend the Annual Meeting. See Item 11.
Transfer Fee	20% of your Initial Franchise Fee	When you apply for our consent to a proposed transfer	The Franchise Agreement defines what events constitute a "transfer" requiring payment of a transfer fee and what constitutes a "Qualified Transfer." See Item 17 and applicable provisions in the Franchise Agreement.
Short-Term Management Fee in the Event of your Death or Disability	20% of all Management Revenue for as long as we manage the Franchise Business after your death or disability. Payable in addition to Royalty Fees.	Payable quarterly at the same time, and in the same manner, as Royalty Fees.	After your death or disability, we allow your successor, such as your surviving spouse, heirs or remaining owners, 180 days to qualify as a transferee, or to sell the Franchise Business. If your successor does not have the proper licenses to operate the Franchise Business under applicable laws, we may, in our discretion, assign our own IAR to operate the Franchise Business for you. During this time, your successor (i) is liable for all operating expenses, including salary to our IARs, and (ii) must pay us a Short-Term Management Fee equal to 20% of the Management Revenue of the Franchise Business, in addition to the Royalty Fee.

Indemnification and Defense	All costs including attorneys' fees; amount will vary under circumstances	As we incur expenses and present them to you	You must reimburse us for losses which we suffer resulting from the operation of your business. We may retain our own legal counsel. You must reimburse us for our legal and other professional expenses in connection with the claim.
Cost and Attorneys' Fees	Will vary under circumstances	Upon settlement or conclusion of claim or action	Awarded to prevailing party.
Replacement Manual	\$500, plus shipping costs	Within 10 days of invoice	If you lose the Manual that we lend to you and the loss is not the result of your breach of the Franchise Agreement and you are not otherwise in default.

[Notes to Item 6 continue on next page]

Notes to Item 6 - Other Fees

* All fees are non-refundable and payable to us.

NOTE 1: "Management Revenue" means the aggregate of all management fees and other revenue which you collect from your clients for investment advisory services during the applicable client's quarterly accounting period, less any credits or rebates that you document you have given to the client during the accounting quarter. As we disclose in Item 1, while we require you to follow a one-rate, flat fee approach, you establish your own fee structure.

NOTE 2: The applicable quarterly period starts on the date of the client's initial deposit. Therefore, your clients will have different quarterly accounting periods.

Within 15 days after the end of each client's quarterly accounting period, we will provide you with an accounting, for your approval, showing an estimate of the quarterly management fees due from the client under your fee structure. You are responsible for reviewing the accounting for accuracy, revising it, if necessary, and submitting it to Schwab Institutional for processing. Schwab Institutional will (i) debit the client's account and credit your investment management account for your quarterly fee, and immediately (ii) debit your investment management account, and credit our own account at Schwab for our Royalty Fee, which is 30% of your Management Revenue (15% in limited circumstances). We may change the manner in which we collect Royalty Fees at any time upon no less than 30 days written notice.

After your THE MUTUAL FUND STORE® opens, the radio station that agrees to broadcast THE MUTUAL FUND SHOW may, for any reason, cancel the show or change the broadcast time or frequency, or we may cease producing THE MUTUAL FUND SHOW. We are not liable to you if any of these events occurs. However, if THE MUTUAL FUND SHOW no longer is broadcast in your Territory to at least the majority of the region, or if live weekly broadcast does not occur over any period of 4 consecutive weeks or longer, we will reduce the Royalty Fee to 15% of Management Revenue. The Royalty Fee shall remain at 15% of Management Revenue for the remainder of the franchise term or until broadcast of THE MUTUAL FUND SHOW resumes on a comparable radio station in your market, in which case the Royalty Fee will return to 30% of Management Revenue starting on the date that live broadcast resumes. We make no promise about our ability to enter into a broadcasting contract with a suitable substitute radio station.

If, before your THE MUTUAL FUND STORE® opens, we cannot negotiate a favorable contract with a local radio station in your market meeting our criteria, but you do not elect to terminate the Franchise Agreement as we explain in Item 5, your Royalty Fee is 30% of Management Revenue.

Except for reducing the Royalty Fee under the circumstance we describe in this Note 2, you have no claim against us if (i) the radio station we select cancels broadcast of THE MUTUAL FUND SHOW in the Territory at any time; (ii) we cannot negotiate a broadcasting contract for THE MUTUAL FUND SHOW with a comparable radio station in the Territory acceptable to us; (iii) the radio station fails to broadcast THE MUTUAL FUND SHOW live for any period; (iv) we decide to stop producing THE MUTUAL FUND SHOW;

or (v) we or the radio station make material changes in the format, content or broadcast schedule of THE MUTUAL FUND SHOW. We have sole discretion (i) to negotiate a broadcasting contract with a radio station meeting our broadcast and demographic criteria and on terms acceptable to us, and (ii) to cease producing THE MUTUAL FUND SHOW at any time for any reason.

NOTE 3: After your Franchise Business is open for 12 months, you must spend at least 8% of Management Revenue on Local Advertisements. See Item 11, Section 3. Expenses for Local Advertisements include, for example, the cost to produce broadcast advertising and buy airtime from the radio station that broadcasts THE MUTUAL FUND SHOW. To verify your expenditures, you must submit a Local Advertisement Expense Report to us each month starting with the date that your Franchise Business opens.

After your Franchise Business has been open for a full year, we look back at your total expenditures on Local Advertisements for each trailing 12-month period. Thus, in the 13th month after your Franchise Business opens, your monthly Local Advertisement Expense Reports for months 1 through 12 must show that you have spent at least 8% of Management Revenue for the corresponding 12 month period on Local Advertisements; in the 14th month, your monthly Local Advertisement Expense Reports for months 2 through 13 must show that you have spent at least 8% of Management Revenue for the corresponding 12 month period on Local Advertisements, and so on.

If your aggregate expenditures on Local Advertisements for any trailing 12 month period are less than 8% of Management Revenue for the corresponding 12 month period, we may collect the difference as an Advertising Fee, which we will deposit into our Marketing Fund. See Item 11 for further disclosures.

Item 7.

INITIAL INVESTMENT

Unless otherwise shown, all initial investment categories cover the first 3 months of operations. We assume that you do not already own or lease suitable retail premises and that you are not currently registered as an IAR in your state. Your initial investment costs will be lower if you currently occupy suitable retail premises and/or have the requisite permits, licenses, registrations, certificates and authorizations.

If we give you permission to open a second THE MUTUAL FUND STORE® in your Territory (see Item 1), we will at that time provide you with our current Offering Circular, which will include the Franchise Agreement for the second store and our current initial investment estimate.

<u>Name of Cost</u>	<u>Amount</u>	<u>Method of Payment</u>	<u>Due Date</u>	<u>Payable To</u>
Initial Franchise Fee (Note 1)	\$50,000 to \$250,000	Lump sum	Upon signing Franchise Agreement	Us
Real estate costs and deposits (Note 2)	\$5,000 to \$31,250	As incurred	Before opening and according to lease	Third party landlord
Leasehold improvements and miscellaneous fixtures (Note 3)	\$15,000 to \$60,000	As incurred	Before opening	Contractor and miscellaneous third parties
Furniture, furnishings and interior decoration (Note 4)	\$10,000 to \$30,000	As incurred	Before opening	Suppliers, retailers, and other third parties
Computer hardware, software, installation and set-up costs (Note 5)	\$10,000 to \$25,000	As incurred. Financing may be available, but we assume you purchase outright.	Before opening	Suppliers, retailers, and other third parties
Other business equipment; telephones; start-up business supplies; signage (Note 6)	\$3,000 to \$15,000	As incurred	Before opening	Suppliers, retailers, and other third parties
Utilities (Note 7)	\$900 to \$4,500	As incurred	Before opening	Utility companies
IAR and other securities licenses, certificates, and registration fees (Note 8)	\$1,000 to \$3,000	As incurred	Before opening	Government agencies, NCCI or comparable compliance consulting firm
Travel and living expenses during initial training (Note 9)	\$2,000 to \$6,000	As incurred	Before and in connection with opening	Airlines and other transportation providers, hotels, restaurants, employee salaries.
Insurance (Note 10)	\$300 to \$1,500	As incurred	Either lump sum or in monthly installments	Insurance companies
Advertising expenses - initial phase (Note 11)	\$1,500 to \$21,000	As incurred	As incurred during initial period	Various media, advertising agencies, graphic designer, and other third parties

<u>Name of Cost</u>	<u>Amount</u>	<u>Method of Payment</u>	<u>Due Date</u>	<u>Payable To</u>
Additional Funds (Note 12)	\$22,000 to \$35,000	As incurred	As incurred	Miscellaneous; Schwab Institutional
TOTAL	\$120,700 to \$482,250			

Notes to Item 7 - Initial Investment

NOTE 1: See Item 5 regarding the conditions for refund.

NOTE 2: We base our estimates on a prototype office of 1,500 square feet. You must locate in retail space with storefront visibility meeting our site specifications (see Item 11). The cost per square foot of retail space varies considerably depending upon the location and market conditions affecting commercial property, the size and pre-existing condition of the premises, and your own credit-rating. We estimate that rent per square foot will range from \$10/sq. ft. (low) to \$50/sq. ft. (high), therefore, monthly rent will range from \$1,250 (low) to \$6,250 (high). Most commercial landlords require security deposits of one or two months' rent. Our estimate for real estate costs includes rent for the first 3 months, plus security deposit of one month (low) to two months (high).

NOTE 3: Depending on the prior use and condition of your location, you may have to do some leasehold improvement work to convert the space to professional offices, including relocating and adding walls and changing lighting, flooring, wall coverings, and ceiling treatments. The Manual contains specifications for imaging, decoration, furnishings, and furniture. We estimate that costs for leasehold improvements and miscellaneous fixtures will range from \$10 (low) to \$40 (high) per square foot.

NOTE 4: We assume you purchase all furniture and furnishings. Our estimate allows for expenses for a professional decorator.

NOTE 5: At your option, you may purchase or lease computer hardware meeting our minimum specifications, although we recommend that you purchase, rather than lease, equipment to avoid extra financing costs. Your total expense for this category will depend on the size of your opening staff and whether you purchase desktop or laptop computers. Our estimate assumes you open with 1 IAR and 1 non-professional administrative staff and that each person has a desktop computer and shares one high-quality network printer. This category includes the cost to get connectivity to our computer network (with Internet access) either through a Wide Area Network (WAN) in our space or with a secure Internet account. You will need to install network and telephone cabling to properly operate your computer system. See Item 8 for the initial and continuing costs of the proprietary software that we require you to use to operate the Franchise Business. We include those costs in our estimates.

NOTE 6: You will incur expenses for other business equipment including calculators, telephones, photocopier, and postage machine, which you may purchase or lease at your option by arrangement with the vendor. You will also incur expenses for stationery, business

cards, general office supplies and similar materials. We also include in this category the cost of purchasing interior and exterior signs.

NOTE 7: You must contract with a phone company for local and long distance service. Other utilities include electric, water and natural gas.

NOTE 8: You will need to obtain permits, licenses, registrations, certificates and authorizations for the Franchise Business and for each person who will offer investment advice to the public before you may open your THE MUTUAL FUND STORE® for business. As we disclose in Item 1, we use, and recommend that you retain, NCCI to assist you with compliance duties.

NOTE 9: See Items 6 and 11 for additional disclosures. Estimates reflect travel, lodging, food and salary expenses for 2 people to attend Part 1 of the initial training program in Kansas City.

NOTE 10: See Item 8. Estimates reflect cost of premiums payable during the first 3 months for professional errors & omissions insurance for your opening staff and other mandatory insurance covering the risks and meeting the minimum coverage conditions that we prescribe in the Franchise Agreement and Manual.

NOTE 11: In some markets, the local station broadcasting THE MUTUAL FUND SHOW may impose separate charges to broadcast the show and for radio advertising. In other markets, the station may include the broadcasting charge in the advertising rate. This category covers our estimate of all of the payments you may make to the local station for the first 3 months of operations. While we assume that your aggregate expenditures for Local Advertisements at the end of your first 12 months will be at least 8% of your Management Revenue for the same 12 month period, we do not base these estimates on 8% of what we believe your likely Management Revenue will be for this period. We do not, and cannot, predict your likely Management Revenue either during the initial period or anytime later.

NOTE 12: The Additional Funds category covers a variety of miscellaneous costs that do not fall within the above categories, including subscriptions to periodicals; dues to professional organizations and networking groups; general business development expenses; and legal and accounting expenses to set up the Franchise Business. We base our estimates on your likely additional cash needs above cash flow from operations to sustain operations during the first 3 months after you open for business. We do not, and cannot, estimate your cash flow either before or after the initial period. For purposes of planning, you should not assume that cash flow after the first 3 months would necessarily be sufficient to pay all operating expenses of the Franchise Business. We do not project your break-even point or when you might reach it; you must investigate this on your own and make your own calculations.

The initial investment figures exclude Royalty Fees since the amount that you will pay us during the initial period will depend on your Management Revenue, which we cannot estimate or project. You should allow for payment of these fees during the initial period in making your own calculations. These estimates also exclude any allowance for payments that you may make to a lender if you finance any of the initial investment expenses, and any salary to you or to the franchisee owners.

Item 8.

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We have no mandatory specifications or designated suppliers for goods, services or real estate relating to your franchise business, except for the following: (i) you must use Schwab Institutional as custodian and clearinghouse for executing all mutual fund trades; (ii) you must use certain proprietary software applications that we designate; (iii) we restrict the particular mutual funds that you may sell to your clients and prohibit you from offering or selling any other securities or investment products; (iv) you must purchase a minimum amount of advertising air time from the local radio station in your market that broadcasts THE MUTUAL FUND SHOW; and (v) you must enter into our form of lease addendum (**Exhibit H**). We describe our mandatory requirements and restrictions on the source of products and services in this Item 8.

We are not a supplier of any of the items that we describe in this Item 8, nor do we provide material benefits of any kind to you if you select certain suppliers whom we designate or may recommend. During our first fiscal year which ended on December 31, 2001, we received no revenue or other material consideration from any recommended or mandatory supplier.

1. **Schwab Institutional:** See Item 1. You must use Schwab Institutional, Charles Schwab & Co., Inc.'s professional investment manager division, as custodian of your client accounts and to process all mutual fund transactions and enter into Schwab Institutional's custodian account agreement before you open the Franchise Business. (**Exhibit F**)

As your custodian, Schwab Institutional will provide you with free access to SchwabLINK proprietary software, which enables you to communicate trade instructions and manage client accounts electronically. We are not affiliated with Schwab Institutional and receive no compensation or other material benefits from Schwab Institutional or any other person for designating Schwab Institutional as the exclusive custodian for all THE MUTUAL FUND STORE® clients. You will not make any payments to Schwab Institutional to serve as custodian or to use SchwabLINK.

Your clients will enter into a custodial contract directly with Schwab Institutional granting Schwab a limited power of attorney to charge their account for the management fees that they agree to pay to you for your services. You will also authorize Schwab to charge your investment management account for an amount equal to the Royalty Fees, and any Advertising Fees, due to us under the Franchise Agreement. See Item 6. These collection procedures are a mandatory feature of our franchise program.

We may change brokerage custodians at any time effective on no less than 30 days written notice. You must transfer all of your client accounts to the new custodian that we designate at your sole expense.

2. **Proprietary Software:** See Item 11. You must use the following proprietary software applications that we designate to operate your THE MUTUAL FUND STORE®. We

may modify these specifications at any time upon written notice. We are not a supplier of any of these software products:

Name of Software Application	Designated Supplier	Available from Alternative Suppliers?	Current estimated costs	Function
SchwabLINK	Schwab Institutional provides free to THE MUTUAL FUND STORE® franchisees	No	Free (for both software and updates)	Tracking client accounts and executing trades electronically
Microsoft Small Business Office; Adobe Acrobat Reader/Writer and other common business software	Microsoft; Adobe	Yes	Varies by retailer although often the software is sold bundled with computer hardware	Various word processing, accounting, spread sheet functions; Adobe Acrobat Reader/Writer for application processing
Allocation Master	Frontier Analytics	No	Initial license fee of \$495; quarterly fee of \$99 covers updates; payable to supplier, not us	Asset allocation for client portfolios
Investment View	Wiesenberger	No	Initial cost ranges between \$700 to \$1,200 to purchase; monthly updates cost approximately \$250/year; payable to supplier, not us	Tool for preparing investment proposals; allows you to create hypothetical investment scenarios
Principia Pro	Morningstar, Inc.	No	When you purchase the software, you will for the first year pay approximately \$550; thereafter, you will purchase monthly updates (currently around \$50/month or less); payable to supplier, not us	Research and monitor performance of mutual funds

Centerpiece or Techfi	Performance Technologies (Centerpiece) or Techfi	No	Each product, initial cost ranges between \$4,000 to \$8,000 as yearly license fee; monthly updates range between \$3,000 to \$6,000/year; payable to supplier, not us	Billing and performance monitoring of client accounts. At this time, you have the option of selecting between the Centerpiece and Techfi products.
Act!	Interact Commerce Corporation	No	Initial cost ranges between \$150 to \$250 to purchase, payable to supplier, not us. To our knowledge, there is no monthly updating service	Manages client contact information

We do not receive payments from these designated suppliers or other third parties, or otherwise derive revenue, on account of your use of any of the software applications that we mandate. The chart indicates those applications available only from a single source. For those applications available from alternative sources, such as general retailers of business products that are authorized to sell or license the proprietary software applications, we do not regulate or require you to obtain our prior approval of the alternative source. Software licensors often impose their own terms of use of their software through what the industry commonly refers to as a "shrink wrap" license, which you are deemed to accept when you open or load the software.

We will notify you in writing of all hardware configuration requirements and modifications to operate the proprietary software, which you may purchase from any supplier you select. See Item 11.

3. Mutual Funds: While we forbid you from selling or promoting mutual funds that we do not include on our select list, neither we nor our principals receive any compensation or other material benefits from the mutual funds that we select or from any third party on account of our selection decisions. In choosing mutual funds, we do extensive research on the fund's managers and their experience and tenure with the fund; the fund's historical performance; past and current portfolios; investment philosophy; performance in comparison to other funds with similar investment objectives; overall market performance; and current holdings. We use computer programs to screen through the more than 11,000 mutual funds available to investors to identify those with the greatest opportunity for growth going forward. The mutual funds on our select list at any time represent funds with diverse investment objectives and risk expectations, enabling you to develop a sound asset allocation plan for your clients. We may modify our mutual fund select list at any time upon written notice.

4. **THE MUTUAL FUND SHOW:** You must purchase a minimum dollar amount of advertising air time from the radio station that broadcasts THE MUTUAL FUND SHOW in your market to promote the Franchise Business. The minimum, which we determine in our sole discretion, will range between \$2,000 to \$14,000 per month depending on, among other factors, the cost of broadcast and air time in your market and local competition. We intend to arrange for local broadcasting within 60 days after you sign the Franchise Agreement and, once we do, we will notify you of your minimum local radio advertising obligation at that time. If we are unable to secure a station meeting our standards that is willing to broadcast THE MUTUAL FUND SHOW or if you are unwilling to accept the broadcast advertising minimum that we require, you may terminate the Franchise Agreement, as we disclose in Item 5. We do not derive any revenue or other material benefits from the radio station or other third parties directly on account of your purchase of radio advertising time. As we note elsewhere in this Offering Circular, in some markets, radio stations may impose a fee to broadcast THE MUTUAL FUND SHOW in addition to requiring the purchase of advertising air time. You pay these expenses directly to the radio station.

5. **Mandatory Addendum to Lease:** You must sign, and have the landlord of the franchise premises sign, our Addendum to Lease (**Exhibit H**). The Addendum is a contract between you and the landlord of the premises that gives us the option to assume your lease if the Franchise Agreement expires or terminates for any reason.

6. **Insurance:** You must carry insurance covering the risks and meeting the minimum coverage conditions that we prescribe in the Manual protecting you and naming us as an additional insured. Mandatory insurance includes professional errors & omissions insurance, any insurance or other bonding requirements as a condition to maintaining in good standing the IAR registrations and licenses for your Franchise Business and for all persons performing services as an IAR on your behalf, and customary liability and property damage insurance.

7. **Other Restrictions and Specifications:** We impose comprehensive specifications for the location, design and appearance of your THE MUTUAL FUND STORE® to promote a uniform image to the public and strengthen consumer identification of our Proprietary Marks, brand and services. For example, we identify the type and styles of office furniture, furnishings and office equipment that you must have and, in some cases, may specify or recommend items by brand name. We provide specifications for exterior signs and interior displays. We explain these specifications in the Manual and may revise our specifications, in our discretion, as frequently as we believe is necessary through written supplements to the Manual. You must conform to all changes in our specifications, at your cost, within the time we allow. You may purchase items conforming to our specifications from any source of your choosing. Generally, the office furniture and furnishings that we specify are available from major business retailers. While we may recommend suppliers of office furniture, furnishings, office equipment and supplies, we do not regulate the selection process or require that you obtain our prior approval of a supplier. In the future, we may negotiate special purchasing arrangements with specific suppliers of our own choosing, but you will retain discretion in selecting suppliers. We do not presently assist with purchasing furniture, furnishings, office equipment or other suppliers.

We have certain promotional brochures which we have third parties prepare for us. You may purchase reprints directly from our suppliers at your own expense. We derive no revenue on account of any purchases that you make.

Item 9.

YOUR OBLIGATIONS

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT. IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS TO US.

	Section in Franchise Agreement (Exhibit C)	Item in Offering Circular
a. Site selection and acquisition/lease	Sections I and IV	Items 6 and 11
b. Pre-opening purchases/leases	Sections I and IV	Items 7 and 8
c. Site development and other pre-opening requirements	Sections I and IV	Items 6, 7 and 11
d. Initial and ongoing training	Section V	Item 11
e. Opening	Sections I and V	Item 11
f. Fees	Sections I and X	Items 5 and 6
g. Compliance with standards and policies	Sections I and XII	Item 11
h. Trademarks and Confidential Information	Sections I, VI, VII and VIII	Items 13 and 14
i. Restrictions on products/services offered	Sections I, XII and XIII	Item 16
j. Warranty and customer service requirements	Sections VII, XII and XIII	Item 11
k. Territorial development/sales quotas	Sections I and II	Items 1 and 12
l. Ongoing product/service purchases	Section XII	Item 8
m. Maintenance, appearance and remodeling requirements	Sections I, IV, XII and XIII	Items 7 and 11
n. Insurance	Sections I and XIV	Items 6 and 8
o. Advertising	Sections I and IX	Items 6 and 11
p. Indemnification	Section XIX	Items 6 and 17
q. Owner participation/management/staffing	Section V	Items 11 and 15

	Section in Franchise Agreement (Exhibit C)	Item in Offering Circular
r. Records/reports	Section XI	Item 6
s. Inspections/audits	Section XI	Items 6 and 11
t. Transfer	Section XVIII	Item 17
u. Renewal	Section III	Item 17
v. Obligations arising after termination or expiration	Section XVII	Item 17
w. Non-competition covenants	Section XVII	Item 17
x. Dispute Resolution	Section XXII	Item 17

Item 10.

FINANCING

We do not offer any financing arrangements to assist you to purchase the franchise or open or operate your THE MUTUAL FUND STORE®, nor do we guarantee any loans, leases or obligations that you enter into with third parties.

Item 11.

OUR OBLIGATIONS

Except as disclosed below, we need not provide any assistance to you.

1. **Pre-Opening Services.** Before you open your Franchise Business, we provide you with the following services and assistance:

Initial Training: We provide an initial training program to you and your IARs consisting of 5 days of instruction at the Kansas City THE MUTUAL FUND STORE® (or at another operating THE MUTUAL FUND STORE® that we designate), and 5 days of on-site instruction at your location during the first week of operation. Your IARs must attend at least 3 days of Part 1 training, except Supervising IARs must attend the entire Part 1 training session. See Item 11, Section 7 for further discussion of our initial training program. (Franchise Agreement, Section V).

THE MUTUAL FUND SHOW: We arrange with a local radio station in your market area meeting our broadcast range, air time requirements, and audience demographic standards to broadcast THE MUTUAL FUND SHOW and to sell you a minimum amount of advertising air time at strategic times so that you can promote your Franchise Business in the local market. You

will directly contract with the radio station to purchase broadcast and advertising time. (Franchise Agreement, Section IX).

SchwabLINK: As our franchisee, you will receive SchwabLINK, Schwab Institutional's proprietary software, without charge. SchwabLINK enables you to track your client accounts and process trades electronically through Schwab Institutional, custodian of all THE MUTUAL FUND STORE® client accounts. See Item 8. (Franchise Agreement, Section XII).

Other Software. We provide specifications for other software applications that we identify in Item 8 that will enable you to provide portfolio analysis, design investment proposals, and monitor client accounts electronically. (Franchise Agreement, Section XII).

Manual: We will loan you one copy of the Manual, which contains mandatory and suggested specifications, standards and operating procedures. (Franchise Agreement, Section VII). The Manual is confidential and remains our property and you must return your copy when the Franchise Agreement expires or terminates. If you lose any portion of the Manual, you must pay us the fee that we disclose in Item 6. We may modify the Manual by written supplements, in which case we will provide you with a copy. We will give you a copy of the Manual to review before you execute the Franchise Agreement if you sign our Confidentiality Agreement (see **Exhibit E**). (Franchise Agreement, Section VII).

Site Selection Criteria and Imaging Specifications. After you sign the Franchise Agreement, we will provide you with written guidelines identifying our site selection criteria and imaging standards for THE MUTUAL FUND STORES®. You must occupy a retail site with storefront visibility from a major retail artery serving a community with housing prices in the upper quartile of all available housing within the MSA we assign to you. Our site selection criteria considers demographic data (population size, age and income levels); adjacent tenant mix; size, layout, existing condition and adaptability of space for professional office use; road visibility, traffic patterns, access to parking and similar access issues; and proximity of other investment brokerage offices serving the same market area. (Franchise Agreement, Section IV). Our imaging standards identify general décor, layout and color schemes, office furniture standards and recommended suppliers, office equipment specifications, and exterior and interior sign specifications. You are solely responsible for site selection, leasing arrangements, leasehold improvements and furnishing your THE MUTUAL FUND STORE® in accordance with our specifications. Although the 60 days which you have to obtain our site approval does not start until we know if we can secure a broadcast contract in your Territory (see Items 5 and 6), we expect you to begin investigating potential sites as soon as you sign the Franchise Agreement.

Site Visit: After we receive your written site proposal, we may visit the proposed sites at our expense in connection with our site review process. (Franchise Agreement, Section IV).

2. On Going Services. During the term of the Franchise Agreement, we provide you with the following services and assistance:

Mutual Fund Products: We research and identify mutual fund products and develop a select list of funds with historical above-average performance in their investment category. We provide you with written notice regarding changes in our select list and share the general results

of our research and selection process with you periodically. (Franchise Agreement, Section XIII).

Proprietary Software: We will monitor new technology for the investment community, make recommendations, and identify any new software applications which you must use to operate the Franchise Business. See Item 8. (Franchise Agreement, Section XIII).

Asset Allocation: We will recommend a list of computer-generated asset allocation models, illustrating the most conservative to the most aggressive investment strategies. We do not recommend specific investment strategies or require you to use a particular model for any client. You are solely responsible for evaluating the suitability and investment objectives of each client and for making investment recommendations that you base upon the special circumstances of each client. (Franchise Agreement, Section XIII).

Accounting and Collection Procedures. We provide back-office, accounting and collection support that simplifies your administrative responsibilities to clients. Under our mandatory collection process, your clients must authorize Schwab to debit their accounts, and credit your account, with the management fees payable under the fee schedule that you establish with your clients. Once Schwab credits your investment management account with management fees, Schwab will debit your account, and credit our account, for the Royalty Fees and other sums payable to us under the Franchise Agreement, as we disclose in Item 6. Since Royalty Fees are payable after the end of each client accounting period, which is different for each client, these journal entry credits and debits occur constantly without unnecessary paperwork. (Franchise Agreement, Section XIIB.).

THE MUTUAL FUND SHOW: We will continue to produce THE MUTUAL FUND SHOW in your market broadcasting on a radio station that meets our broadcast range and audience demographic standards, subject to our disclosures in the notes to Item 6. (Franchise Agreement, Section XIII).

Annual Meeting: We may conduct an annual meeting of franchisees at which we will discuss our mutual fund research, select list, industry changes, compliance topics, Schwab Institutional practices, client recruitment and retention, sales presentation methods, local marketing, client records, personnel administration, and other topics of common interest to our franchisees. We will determine the length and location of the annual meeting and may require that you, your owners, Supervising IARs, and/or all IARs attend the annual meeting, in our discretion, but in no event will the annual meeting exceed 3 days in length, or require attendance by more than 2 persons on behalf of your Franchise Business (one of whom must be you and, if you are not an IAR, the other must be your Supervising IAR). We select the annual meeting location each year, which may vary from year to year. (Franchise Agreement, Section XIII). See Item 6 regarding fees and expenses to attend the annual meeting.

Seminars and Other Additional Training After Opening: In addition to our initial training program, which we periodically repeat on an as-needed basis, we may host, or offer, seminars and additional training programs on new computer applications, compliance topics, and other select topics to enhance professional skills and when we believe training in newly introduced features of TMFS System cannot wait until the annual meeting. In some cases, these programs

may be taught by a third party. For live instructor-led programs, we will designate the location for these programs, which we anticipate will vary depending on whether we or a third party conducts the seminar or training program. If we provide instructor-led training, we intend to conduct it at either the Kansas City or St. Louis THE MUTUAL FUND STORE® and will charge a per person training fee based on our current hourly rates. While we may make attendance by you, your owners, Supervising IARs, and/or all IARs mandatory at certain live training sessions, we will not require that more than 2 persons attend more than 3 days of additional instructor-led training per 12 months (one of whom must be you and, if you are not an IAR, the other must be your Supervising IAR). (Franchise Agreement, Section V).

Additionally, we may require that you, your owners, Supervising IARs, and/or all IARs complete additional training programs that we offer or arrange through Internet-enabled technology and computer software. See Item 6 regarding other training expenses, and additional disclosures regarding training in this Item 11.

THE MUTUAL FUND STORE® Website: We will list your Franchise Business on our web site and on all other public electronic commercial sites that we may maintain for THE MUTUAL FUND STORES® generally to publicize your Franchise Business and its association with us to the general public. We will provide you with your own web page on which you may provide information to the public relevant to the Franchise Business, but we do not allow you to maintain your own web site using the Proprietary Marks or otherwise promoting your Franchise Business. Content that you post on your web page constitutes advertising subject to (among other things) our prior written approval. (Franchise Agreement, Section IX).

Advertising Materials: We will assist you with the purchase of advertising air time from the radio station in your market that agrees to broadcast THE MUTUAL FUND SHOW and advise you regarding broadcast content, selection of strategic advertising times, compatible programming, and other relevant subjects. You may not engage in any type of advertising or marketing on your own without our prior consent. See additional disclosures in this Item 11 regarding our advertising assistance. (Franchise Agreement, Section IX).

3. Advertising Assistance. See generally: Franchise Agreement, Section IX.

Advertising Fees; Marketing Fund: As we disclose in Item 6, after your Franchise Business is open for 12 months, you must spend at least 8% of Management Revenue on Local Advertisements, a term we explain in this section. To verify your expenditures, you must submit a Local Advertisement Expense Report to us each month starting with the date that your Franchise Business opens. If your total expenditures on Local Advertisements for any trailing 12 month period is less than 8% of Management Revenue for the corresponding 12 month period, we may collect the difference as an Advertising Fee, which we will deposit into our Marketing Fund. We will also deposit into the same Marketing Fund any Advertising Fees that we may collect from other franchisees and from our affiliates.

We will use the Marketing Fund for the benefit of all THE MUTUAL FUND STORES®. As the administrator, we will direct all advertising and marketing programs and have sole discretion over all creative concepts, materials and endorsements and the geographic, market and media placement of all programs. We do not promise that we will spend the Marketing Fund in

any given geographic region or that the benefits you may receive will be in proportion to your contributions, if you make any.

THE MUTUAL FUND STORES® that our affiliates own will contribute to the Marketing Fund at a rate that is equal to the lowest percentage contribution rate that any franchisee then pays to the Marketing Fund for the same 12 month period and on the same basis as the franchisee contributing at the lowest percentage.

If we implement a Marketing Fund, we may terminate, and resume, it periodically; however; any decision to terminate or resume the Marketing Fund will apply to all franchisees equally. We will not terminate the Marketing Fund before making arrangements to spend any balance in the Marketing Fund after payment of all expenses. If we resume the Marketing Fund, we will collect Advertising Fees in the manner, on the terms and at the rate that your Franchise Agreement specifies. We may change the terms and conditions pertaining to the amount or method for collecting Advertising Fees in the future, and do not promise that all franchisees will pay Advertising Fees or will be subject to the same terms and conditions that you are.

If we create a Marketing Fund, we may use it to pay for the cost to prepare and produce advertising materials; purchase media space or time; administer local, regional and national advertising programs, including buying direct mail and other media advertising; conduct electronic advertising promoting TMFS System and Proprietary Marks; employ advertising, public relations and media buying agencies to assist us in these activities; and support public relations, market research and other advertising and marketing activities. Additionally, we may use the Marketing Fund to furnish our franchisees with sample marketing, advertising and promotional formats and materials, like advertising art, radio and television commercials, print advertisements, point of sale materials, outdoor advertising art, direct mail pamphlets and literature, and electronic listings in white and yellow page web sites in our discretion. Upon request, we may agree to provide you with multiple copies of Marketing Fund marketing, advertising and promotional materials if you pay us to reproduce the materials for you.

If we create a Marketing Fund, we may use it to support the cost of maintaining our web site. Our web site will identify all THE MUTUAL FUND STORES® by street address. We may charge the Marketing Fund for our cost to maintain a toll-free telephone number and system-wide Intranet if we elect to provide these services at a later date and use these services to provide our franchisees with marketing assistance. We may also charge the Marketing Fund for expenses that we incur to negotiate broadcast advertising contracts for individual franchisees since we regard the broadcast of THE MUTUAL FUND SHOW in any market fall within the Marketing Fund's general purposes.

If we create a Marketing Fund, we will keep it separate from our other funds. Out of the Marketing Fund, we may pay ourselves for the direct costs, salaries, travel expenses, administrative costs and other direct overhead we incur to administer the Marketing Fund including the cost of preparing an annual accounting, costs to develop and execute specific marketing and advertising programs (including costs for market research and production) and costs to fund the annual meeting of franchisees if we elect to hold one. We agree that our administrative costs to manage the Marketing Fund will not exceed 15% of the aggregate contributions to the Marketing Fund in any trailing 12-month period.

In any given year, we may spend more or less than the total amount we collect for that year. We may carry-forward any Marketing Fund surplus or deficit to a future fiscal period. We will prepare an annual income and expense statement showing Marketing Fund collections and expenditures, and will furnish you with a copy upon written request.

We collected no Advertising Fees during our fiscal year ended December 31, 2002.

THE MUTUAL FUND SHOW: We will use our best efforts during the term of the Franchise Agreement, for as long as we produce THE MUTUAL FUND SHOW, to negotiate with a local radio station to broadcast THE MUTUAL FUND SHOW. The station that we select must meet our demographic and broadcasting criteria and agree to air THE MUTUAL FUND SHOW on a weekly basis at a time most likely to reach the show's target audience. If we are successful in obtaining a broadcast agreement, the agreement will include the radio station's commitment to sell you a minimum dollar amount of broadcast advertising at strategic times. We consider any broadcast advertising that you create to be local advertising, for which you must obtain our prior written approval before use (see below). You will enter into advertising contracts directly with the local station and pay the station directly for any fees that it imposes to broadcast the show and for advertising air time.

Local Advertising: We consider all advertising or marketing materials that you may create which publicizes or promotes your Franchise Business to be "Local Advertisements" under the Franchise Agreement for which you must obtain our prior written approval before you may publish or distribute them. "Local Advertisements" refer to anything, in tangible, electronic, visual or spoken format that promotes your THE MUTUAL FUND STORE® or its identity as belonging to TMFS System, or which uses or displays the Proprietary Marks, and, for example, includes local radio advertising to promote THE MUTUAL FUND SHOW and your Franchise Business. The Manual sets forth local radio advertising guidelines, including advice for identifying strategic time slots, content concepts, production suggestions, and compatible programming.

You must maintain, at your own expense, white and yellow page listings for the Franchise Business in the telephone directories which we designate covering the Territory. All telephone directory advertising must conform to our specifications and is subject to our prior approval. (Franchise Agreement, Section IX).

You may purchase from our supplier any promotional brochures and in-store displays that we may develop.

4. Computer Systems. See generally Franchise Agreement, Section XII.

In operating the Franchise Business, you must purchase and use certain proprietary software products that we designate, compatible personal computer (PC) workstations with all necessary network and battery back-up devices, and peripheral equipment, including high quality network printers suitable for printing investment proposals and other correspondence, CD-Roms, and dedicated modems. All hardware, software and network specifications are in the Manual. We may specify different computer systems in the future, including proprietary software that we

develop exclusively for the TMFS System. There are no contractual limitations on the frequency or cost of upgrades or changes in the computer system that we may impose.

Item 8 describes the proprietary software applications which we require you to use at this time.

While we recommend that you use Dell-brand computer hardware with current generation Pentium processor for each employee, and purchase at least a 1 year warranty and 1 year next business day on-site services contract and telephone support, we allow you to purchase or lease other hardware brands that are compatible with the proprietary software. Except as we disclose in Items 8 and 11, you may purchase or license computer hardware and software applications meeting our specifications from any approved third party vendor. You must pay for all costs to acquire and install the equipment and software, and for maintenance and all upgrades that we require. (Franchise Agreement, Section XII). At this time we do not offer purchasing, setup or support services for the computer systems that we describe in the Manual.

You must have an Internet connection for the purpose of communicating and completing transactions with Schwab Institutional, us and your clients. Connectivity speed must meet the minimum specifications that we set forth in the Manual. We may independently access and retrieve data from your computer system without prior notice and use the data for any valid business purpose. (Franchise Agreement, Section XI).

5. Location Assistance. See Item 11, subpart 1, and Franchise Agreement, Section IV.

As we explain in this Item 11, we have criteria for selecting the location of your THE MUTUAL FUND STORE® that considers the location's and surrounding area's demographic and physical characteristics. We identify sources of information which you may use to research a particular area's demographic make-up. You are solely responsible for investigating and evaluating potential sites in the Territory that we assign to you in terms of their overall suitability and compatibility with our site selection criteria. (Franchise Agreement, Section IV).

As we disclose in Item 5, you have 60 days in which to obtain our approval of your office site. We measure the 60 day period from the first to occur of the following two events: (i) the date that we notify you that we have a contract for the broadcast of THE MUTUAL FUND SHOW by an acceptable radio station in your market, or (ii) in cases when we cannot negotiate a contract on terms acceptable to us, the end of the 15 day period that we describe in Item 5 within which either one of us may terminate the Franchise Agreement. However, even though the 60 day site approval period does not start until we know if we can secure an acceptable broadcast contract in your Territory, we expect you to begin investigating potential sites as soon as you sign the Franchise Agreement.

To obtain site approval, you must submit a written site proposal to us identifying up to 3 potential locations ranking them in your order of preference. The proposal must be in the form and contain the information that we specify in the Manual and explain why each site meets our site criteria. We have 21 days after we receive your complete site proposal in which to review it, complete any site visit that we deem necessary to help us evaluate your proposal, and notify

you of our approval (or, if you propose multiple locations, which location we approve). Our failure to notify you within the allowed time period means that we disapprove all of the sites you propose. If we choose to make a site visit, it will be at our expense.

If we do not approve a site for your THE MUTUAL FUND STORE® by the end of the 60 day period, we may terminate the Franchise Agreement, in which case we will refund all but \$5,000 of the Initial Franchise Fee. As we disclose in Item 5, to qualify for the refund, you must sign our General Release (**Exhibit G**).

6. Opening.

In our principals' experience, it should take between 30 to 90 days between obtaining site approval and opening your THE MUTUAL FUND STORE® for business. It is more difficult to estimate the typical length of time between signing the Franchise Agreement and obtaining site approval since this will largely depend on whether we need the full 60 days from the date of the Franchise Agreement to know if we will be successful in negotiating a contract with a local radio station in the Territory to broadcast THE MUTUAL FUND SHOW.

Factors which may affect the overall length of time from signing the Franchise Agreement until you are ready to open your THE MUTUAL FUND STORE® for business include the time it takes to negotiate a broadcasting contract, find an acceptable location, complete leasing arrangements, make necessary leasehold improvements, secure necessary office furniture, install computer systems, obtain the necessary securities' permits, registrations, certificates, licenses, and complete Part 1 of the initial training program.

7. Our Training Programs.

Before you open your THE MUTUAL FUND STORE®, we provide a two-part initial training program. Part 1 consists of 5 days (Monday - Friday) of on-the-job instruction at the Kansas City THE MUTUAL FUND STORE® or at another operating THE MUTUAL FUND STORE® that we designate. We gear the Part 1 program for owners and Supervising IARs, and devote 3 consecutive days of Part 1 training for all IARs addressing subjects that include client solicitation and retention, sales presentation approaches, and software applications. While we do not limit the number of IARs who may attend Part 1 training with you, attendance is subject to space availability. Part 2 of our initial training program consists of 5 days of on-site instruction at your location during the first week of operation. All IARs whom you have already hired or retained to render services when the Franchise Business opens must attend Part 2 training.

Our training curriculum is as follows:

Subject	When Held	Instructional Materials	Number of Classroom Hours	Number of Hours in-Office Training	Instructor
TMFS System	Part 1 training	Yes, including the Manual	N/A	All 5 days of Part 1 training involve on-the-job instruction; there is no formal classroom instruction. Training is	Adam Bold, Chris Braudis and employees of the Kansas City THE MUTUAL FUND

				conducted over a consecutive Monday-Friday period during normal business hours, for a total of approximately 40 hours	STORE®
*Client solicitation and retention; sales presentations process	Part 1 training	Same as above	N/A	Same as above	Same as above
*Investment proposals; asset allocation models, evaluating suitability	Part 1 training	Same as above	N/A	Same as above	Same as above
*Software Applications	Part 1 training	Same as above	N/A	Same as above	Same as above
Record keeping and accounting, including client records	Part 1 training	Same as above	N/A	Same as above	Same as above
Charles Schwab	Part 1 training	Same as above	N/A	Same as above	Same as above
On-the-job experience	Part 2 training, during the first week your THE MUTUAL FUND STORE® opens	No	N/A	All 5 days of Part 2 training involve on-the-job instruction in your THE MUTUAL FUND STORE® at the time of opening for a total of approximately 40 hours; days by mutual agreement.	Either Adam Bold, Chris Braudis or training staff under their supervision

*Portion of Part 1 training which all IARs must attend and successfully complete.

We may modify the initial training program at any time. We conduct Part 1 training on an as-needed basis. While you pay no fee or tuition to us for providing the initial training program, you are responsible for the personal expenses of you and your staff who attend, including transportation, lodging, food, and salary.

You must successfully complete Part 1 training before you open your THE MUTUAL FUND STORE® for business. If you will not serve as the Supervising IAR for your Franchise Business, you and your Supervising IAR must successfully complete Part 1. Additionally, all

other IARs who attend pre-opening Part 1 training with you must successfully complete their 3-day portion of Part 1 training.

If you are a business entity, one trainee must be your majority owner or a member of your senior management, such as your chief executive or operating officer (or equivalent) and, if he or she is not also your Supervising IAR, the second person must be your Supervising IAR designee. Completion must be to our satisfaction. To earn the designation of Supervising IAR, an IAR must complete the full 5-day Part 1 training program.

You may request to send later hires to Part 1 training, including IARs whom you employ or retain after your THE MUTUAL FUND STORE® opens or IARs on your staff whom you want us to recognize as a Supervising IAR. We will schedule training at a mutually convenient time. To enroll individuals in Part 1 training after your THE MUTUAL FUND STORE® opens, you must pay a per person per diem training fee as well as all personal expenses for each person to attend training, including transportation, lodging, food, salary and other personal charges. See Item 6.

As we disclose in Item 11, section 2, we may host, or offer, seminars and additional training programs on new computer applications, compliance topics, and other select topics to enhance professional skills and when we believe training in newly introduced features of TMFS System cannot wait until the annual meeting. We may deliver additional training programs through live, instructor-led courses or Web-based courses, CD-Roms or other software. We may also hold an annual meeting of franchisees. See earlier discussion regarding description and costs of these additional programs.

Item 12.

TERRITORY

We identify as potential territories those metropolitan areas which have one or more radio stations meeting our broadcast criteria. In most cases, we will have identified potential territories before we approve your franchise application. The application process will include our mutually agreeing upon a specific territory that we will assign to you.

By assigning you a specific territory ("Territory"), we agree not to open, or grant franchise rights for another THE MUTUAL FUND STORE® to open, in your Territory, subject to certain rights that we reserve.

We will define your Territory according to MSA boundaries (see Item 5). Therefore, your Territory will be a specific geographic area, which we identify by reference to political, geographic, roads or other readily identifiable boundaries. We may subdivide a large MSA in our discretion into more than one Territory and assign you a Territory consisting of a portion of a MSA delineating the boundaries by reference to political, geographic, roads or other readily identifiable markers within the MSA. We will inform you of the boundaries of your Territory before you sign the Franchise Agreement. As we explain in Item 5, the Initial Franchise Fee that you pay depends on the population in the Territory we assign to you at the time you buy the franchise relying on the most recent MSA population statistics.

The exclusive rights that we grant to you protect you only against the opening of another THE MUTUAL FUND STORE® in your Territory. We do not base territorial rights on the residence or workplace of the client. While the Franchise Agreement requires you to focus your advertising and marketing efforts on developing goodwill in your Territory, we do not forbid you from representing clients who reside outside of your Territory. Likewise, we, our affiliates and other franchisees may represent clients who reside in your Territory.

We expressly forbid you from advertising to solicit prospective clients in any media (print, broadcast, electronic, or otherwise) which predominately circulates, airs or is otherwise directed to persons who reside outside of your Territory unless the advertising clearly expresses your intention to direct the solicitation to persons who reside in your Territory. We want our franchisees to develop their client base from persons who reside or work in their Territory and to choose media for Local Advertisements that concentrates on that market.

You must open your THE MUTUAL FUND STORE® in the Territory that we assign to you. The franchise gives you the right to open one THE MUTUAL FUND STORE® in your Territory. However, as we disclose in Item 1, if you purchase a large Territory which we believe can support a second THE MUTUAL FUND STORE®, you may apply to open a second location in your Territory after 2 years of operation if your first location meets our minimum asset level and you are in good standing under the Franchise Agreement.

The Franchise Agreement provides that if your first location is in a large Territory which we believe can support a second location and, after 2 years of operation, your first location does not meet our minimum asset level, we may, at any time after 2 years, open or grant franchise rights for another THE MUTUAL FUND STORE® in your Territory. We will give you at least 30 days written notice before we, or our franchisee, opens a second location in your Territory under these conditions, and identify in our notice the new boundaries of your Territory, which we will re-draw in our discretion by referencing political, geographic, roads or other readily identifiable markers within the MSA.

In determining if you may exercise your right to open a second location or if we may exercise our right to change the size of your Territory, before you sign the Franchise Agreement, we will inform you of the minimum asset level that we expect you to achieve by the end of 2 years after opening. We will identify the minimum asset level in the Franchise Agreement so that you are aware of our expectations and the scope of your territorial rights before you buy the franchise. The minimum asset level for each franchisee may differ due to, among other factors, the population of the MSA, the geographic size of the initial Territory that we assign to you, and local competition at the time we enter into the Franchise Agreement.

Except as we explain in this Item 12, we cannot change the size of your Territory without your written agreement.

We reserve other rights within your Territory for ourselves and our affiliates. Although we have no plan at this time to engage in any of the following activities, we may do so in the future:

(i) The right to use the Proprietary Marks to offer the same goods and services as retail THE MUTUAL FUND STORES®, but through different channels of distribution, including, for example, from a web site which we control. In other words, in the future, we may offer personalized mutual fund management services to retail investors online under the Proprietary Marks; and

(ii) The right to use the Proprietary Marks to offer and sell services that we do not incorporate in the TMFS System.

TMFS System is a retail concept that relies on a physical place of business which you must locate in your Territory. Except on the web page that we provide for your use, you may not offer or sell the goods or services which we include in TMFS System through the Internet or through any other non-retail channel of distribution. You may not relocate your THE MUTUAL FUND STORE® except under certain conditions that we specify in the Franchise Agreement. We must approve the new location that you propose, which must be within the original Territory that we assign to you (or smaller area if we change the boundaries of your Territory before relocation occurs).

Item 13.

TRADEMARKS

We display our principal trademark and logo on the cover page of this Offering Circular. We grant you a non-exclusive license to identify and promote your business using the Proprietary Marks that we designate. By "Proprietary Marks," we mean the trade name, THE MUTUAL FUND STORE®, and other specific trade names, trademarks, service marks, logos and commercial slogans that we designate by written notice.

On October 20, 2000, we and Kansas Licensor (see Items 1 and 2) entered into a Trademark and System License Agreement ("License Agreement") in which the Kansas Licensor granted us an exclusive license to use and sublicense to our franchisees the trademarks that we describe as the "Proprietary Marks" and the business methods that the Kansas Licensor owns for the operation of companies specializing in the management of investment portfolios. The License Agreement is for a 99 year term and gives us exclusive rights throughout the United States to use and license the Proprietary Marks and the Kansas Licensor's business methods, except in the Greater Kansas City Metropolitan Area, which is the geographic area in which the Kansas Licensor currently owns and operates a THE MUTUAL FUND STORE® and may continue to do so under the License Agreement. TMFS System which we license to you incorporates the Kansas Licensor's business methods.

Under the License Agreement, we are responsible for ensuring that our franchisees use the Proprietary Marks and TMFS System correctly. If we fail to do so and the Kansas Licensor terminates the License Agreement for cause, the License Agreement provides the following consequences: (i) we will lose the right to use the Proprietary Marks and the Kansas Licensor's business methods in operating any THE MUTUAL FUND STORES® for our own benefit; (ii) we will lose the right to grant new THE MUTUAL FUND STORES® franchises after that date; and (iii) we may continue to fulfill our obligations to our existing franchisees and receive the

benefit of Franchise Agreements in existence at that time. The License Agreement provides that it will remain effective to the extent necessary to preserve our rights and the rights of our existing franchisees under outstanding Franchise Agreements. Consequently, termination of the License Agreement between us and the Kansas Licensor will not materially affect your right to use the Proprietary Marks or TMFS System during the term of your Franchise Agreement or during any renewal term. Termination will, however, prevent us from selling new THE MUTUAL FUND STORES® franchises or continuing to operate any THE MUTUAL FUND STORES® which we then may own.

The License Agreement does not significantly limit our right to use or license the use of the Proprietary Marks or TMFS System in any manner material to you. No other agreements are currently in effect which limit our use of the Proprietary Marks or TMFS System in any manner material to you.

You will not enter into any contract with the Kansas Licensor. As we are the exclusive licensee of the Proprietary Marks and TMFS System in the United States (outside of Kansas City), we, alone, grant you the right to use the Proprietary Marks and TMFS System on the terms set forth in the Franchise Agreement. The Franchise Agreement is the sole source of your rights to use the Proprietary Marks and TMFS System.

The Kansas Licensor owns the following trademark which is registered on the Principal Register of the United States Patent & Trademark Office (“PTO”):

Mark	Registration No.	Date Registered
THE MUTUAL FUND STORE® and design	2,173,067	7/14/98

The time for filing affidavits to maintain the federal registration, and for renewing the registration, have not yet come due.

The Kansas Licensor has filed the following applications, which are now pending, with the PTO to register the following marks. We include these marks in the term Proprietary Marks:

Mark	Application Serial No.	Filing Date
THE MUTUAL FUND STORE (word mark)	76/288,465	July 20, 2001
THE SCIENCE OF INVESTING	76/471,591	December 2, 2002
THE MUTUAL FUND SHOW	76/444,039	February 24, 2003
THE MUTUAL FUND STORE® and design (as shown on the cover page of this Offering Circular)	76/288,325	July 20, 2001

You must follow our rules when you use the Proprietary Marks. Without our prior written consent, you may not use the Proprietary Marks or any part thereof: (i) in the name of

your organization if you are an entity; (ii) with any prefix, suffix or other modifying words, terms, designs, colors, logos or symbols; (iii) in any modified form; (iv) in connection with the sale of any unauthorized products or services; (v) in any manner not expressly authorized in writing by us; or (v) in any manner that could result in our liability for your debts or obligations. In using the Proprietary Marks, you must display the notices of trademark and service mark registration in the exact manner that we specify. If we change any of the Proprietary Marks, you must implement all changes at your own expense within a reasonable time after written notice from us. We do not have to reimburse you for these expenses.

We are not aware of any (i) currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; (ii) pending infringement, opposition or cancellation proceedings; (iii) pending material litigation involving any of the Proprietary Marks; or (iv) superior prior rights or infringing uses of the Proprietary Marks that could materially affect your use of the Proprietary Marks in the state where you locate your THE MUTUAL FUND STORE®.

You must immediately notify us in writing if you receive notice or are informed of any (i) improper use of any of the Proprietary Marks; (ii) use by any third party of any mark, design, logo or commercial symbol which you believe may be confusingly similar to any of the Proprietary Marks; (iii) use by any third party of any business practice which you believe may unfairly simulate our advertising or marketing programs in a manner likely to confuse or deceive the public; or (iv) claim, challenge, suit or demand asserted against you based upon your use of the Proprietary Marks. We do not have to take any action, but will respond to the information in the manner we think is appropriate. We will control the prosecution, defense or settlement of any legal action. You must cooperate and assist us in defending the Proprietary Marks. You may not take any action in your own name.

Unless we establish that a third party challenge is based on your misuse of the Proprietary Marks, we will defend and indemnify you in the matter. Our indemnity covers any damages you are held liable to pay to a third party arising from your use of the Proprietary Marks in accordance with the Franchise Agreement and any costs or expenses to adopt new Proprietary Marks in accordance with a court order or settlement of the claim. However, our indemnity does not cover lost profits or consequential damages of any kind that you may sustain.

Item 14.

PATENTS, COPYRIGHTS AND CONFIDENTIAL INFORMATION

We own no patents that are material to the business contemplated by the Franchise Agreement.

Although we have not filed an application for copyright registration, we claim common law rights and copyright protection in the Manual and in all advertising materials that we create for franchisees.

As a franchise owner, you will have access to information that we classify as confidential and proprietary (the "Confidential Information"), including information or knowledge regarding the proprietary Strategic Asset Management System for designing custom investment strategies, asset allocations and presentation methods; research methods integral to our mutual fund investment selection strategies; the terms and conditions of our material contracts with Schwab Institutional and other suppliers; demographic data relevant to client solicitation, marketing and retention; the names and profiles of clients of ours, our managers', and other franchisees' THE MUTUAL FUND STORES®; computer systems and other technologies; revenue, profit performance and other financial operating results of THE MUTUAL FUND STORES® generally or of particular locations; the results of marketing programs and client surveys; the activities of competitors; and, in general, any information which could, or does, give us a competitive advantage, whether the information is now known or exists or we acquire or create it in the future.

You agree to (i) confine disclosure of Confidential Information to those of your employees and agents who require access in order to perform the functions for which they have been hired or retained; and (ii) observe and implement reasonable procedures to prevent the unauthorized or inadvertent use, publication or disclosure of Confidential Information, including, without limitation, requiring that your employees with access to Confidential Information enter into our current form of Confidentiality Agreement with you. See **Exhibit E**. You must provide us with a copy of each executed Confidentiality Agreement upon request. The Confidentiality Agreement recites that the termination or expiration of the Franchise Agreement shall automatically result in your assignment of the Confidentiality Agreements to us so that we may enforce each Confidentiality Agreement in our own name.

Due to the special nature of Confidential Information, we may obtain immediate injunctive relief to safeguard this information without having to post a bond.

We do not know of any infringing use of the Confidential Information that would materially affect your use of the Confidential Information. Nothing restricts us from using information and data that we collect from you or based on your activities, subject to applicable law.

You must notify us immediately when you learn about any unauthorized use, or challenge to your use, of the Confidential Information. We do not have to take any action, but will respond to the matter in the manner that we think is appropriate. We will control the prosecution, defense or settlement of any legal action. You must cooperate and assist us in defending the Confidential Information. You may not take any action in your own name. Unless we establish that a third party challenge is based on your misuse of the Confidential Information, we will defend and indemnify you in the matter. Our indemnity covers any damages you are held liable to pay to a third party arising from your use of the Confidential Information in accordance with the Franchise Agreement. However, the indemnity does not cover lost profits or consequential damages of any kind that you may sustain.

You must, at your own expense, modify or discontinue the use of any or all of the Confidential Information if we modify or discontinue its use. You must not directly or indirectly contest our right to the Confidential Information.

We make no express or implied warranty regarding the Confidential Information, including any warranty of exclusive rights in the Confidential Information or the validity of any copyright registration.

Item 15.

**OBLIGATIONS TO PARTICIPATE
IN THE ACTUAL OPERATION OF
THE BUSINESS**

We do not require that you or your owners devote full-time and attention to the management and operation of your THE MUTUAL FUND STORE®, nor must you or your owners perform IAR services. However, you must designate at least one full-time employee as your Supervising IAR who must maintain all applicable IAR registrations and licenses, devote full-time and attention to the management and operation of your Franchise Business, have primary responsibility for supervising your IARs and for causing your THE MUTUAL FUND STORE® to comply with, and maintain in good standing, all applicable regulatory compliance requirements. The Supervising IAR must complete our initial and continuing training programs and attend the Annual Meeting at your expense. If you do designate yourself as the Supervising IAR, you are responsible for your Supervising IAR's compliance with the foregoing duties. While we recommend that you or the person owning a majority interest in the franchisee organization serve as your Supervising IAR, we do not require it as a condition of the franchise. Except with our written consent, an individual may not assume responsibility as a Supervising IAR until he or she completes Part 1 of our initial training program.

You must notify us in the event of any changes in the IARs who perform services for your Franchise Business. This includes both Supervising IARs and IARs.

You must hire or retain a sufficient number of qualified, competent and duly licensed or registered employees or professionals to ensure the efficient, effective, courteous and knowledgeable delivery of investment management services in compliance with all laws. Upon request, you must provide us with documentation to verify the credentials of all IARs who render services at your THE MUTUAL FUND STORE®. All IARs must complete to our satisfaction at least the 3 days of Part 1 training that we identify in Item 11, Section 7, although you may enroll them in the entire Part 1 training course. We do not charge any training fee if your IARs attend pre-opening Part 1 training with you. Otherwise, you must enroll them in our next available Part 1 training session. See Item 6 regarding training fees and costs.

You, or your owners, and each of your IARs must execute a Confidentiality Agreement with us in the form of **Exhibit E** (see Item 14). Among other things, the Confidentiality Agreement forbids your owners and IARs during the term of the Franchise Agreement from owning an interest in, or performing services in any capacity for, any person or entity selling investment, financial or insurance products or services of any kind. We do not forbid you or your IARs from engaging in these activities after the Franchise Agreement terminates or expires, but neither you, nor they, may use our confidential or proprietary materials, software,

methodologies, trade secrets, or Proprietary Marks or promote your former status or association with TMFS System.

Item 16.

RESTRICTIONS ON WHAT YOU MAY SELL

You must use the premises of your THE MUTUAL FUND STORE® solely as an investment management company and not use the premises for any other purpose or activity without our prior written consent. You may not relocate the premises except under certain conditions, in which case you must identify, and obtain our prior written consent to, the new location, which must be in the Territory. The premises of your THE MUTUAL FUND STORE® must conform to our design, décor, imaging and furnishings standards set forth in the Manual.

You may only offer the specific mutual fund products and services that we authorize and approve in writing, and no other products or services. We may change these products and services at any time and will notify you in writing of all changes.

In providing personalized investment portfolio analysis for your clients, you must use our proprietary SAMS system and other methodologies that we designate that distinguish TMFS System. You must sell only the mutual funds that are on the select list that we publish for our franchisees. We will periodically revise our select fund based on the continuous research that we do of market trends, fund managers, economic conditions and similar factors, and these changes will apply prospectively to your new sales only. As we disclose in Item 8, you must use SchwabLINK and Schwab Institutional to maintain your client accounts and process mutual fund transactions electronically.

The Manual contains guidelines on permissible practices for soliciting clients and standards for evaluating investor suitability. New clients must initially invest a minimum of \$25,000. This is a minimum initial investment per client and we allow balances to drop below this minimum. We may increase this minimum opening balance annually by up to 10% of the current minimum opening balance, and will give you written notice of any increase. The new minimum balance will apply only to your new clients who open their first account after the increase.

While we require that you direct your marketing and solicitation of new clients to persons who reside in your Territory, we do not forbid you from selling services to clients who reside outside of your Territory. Except as we describe in this Item 16, we place no material restrictions on you with respect to the clients to whom you may solicit or sell products or services to.

As we disclose in Item 1, we forbid you from charging a commission on each broker transaction you conduct. We require that you adopt a flat fee approach, which is a distinguishing aspect of TMFS System. While we recommend certain flat fee structures, we do not set the fees you must charge.

We may supplement and modify TMFS System at any time, and as frequently as we deem necessary, and will notify you of all changes in writing, either by written supplements to the Manual or through another form of written notice (including e-mail). You must cause your THE MUTUAL FUND STORE® to conform to all changes in TMFS System that we impose.

[END OF PAGE]

Item 17.

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table summarizes important provisions of the Franchise Agreement (**Exhibit C**). You should read these provisions in their entirety.

Provision		Section in Franchise Agreement	Summary
a.	Term of the franchise	Section III	5 years
b.	Renewal or extension of the term		One 5 year renewal option.
c.	Requirements for you to renew or extend	Section III	To exercise the renewal option, you must give timely notice; there must be no outstanding defaults; and you must sign our current Franchise Agreement and our form of General Release (Exhibit G). We may require you to open a second location in the Territory as a condition of renewal. There is no renewal fee.
d.	Termination by you	Section XVI	You may terminate the Franchise Agreement at any time by giving us 60 days written notice. If you seek to terminate due to our alleged material default, your notice must explain the nature of the alleged default and we have at least 60 days after receiving your notice in which to cure the alleged default. If you seek to terminate for any other reason, you must sign our form of General Release (Exhibit G).
e.	Termination by us without "cause"	N/A	Termination without cause is only possible by mutual agreement or if we exercise our right of first purchase. Our right of first purchase gives us the absolute right, anytime after the completion of three years from the date of the Franchise Agreement, to buy your business by paying you an amount equal to two times your trailing 3 months aggregate Management Revenue annualized, less any money that you owe to us. To annualize your "trailing 3 months aggregate Management Revenue," we take the sum of your Management Revenue for the 3 most recent calendar months and multiply that sum by 4.
f.	Termination by us with "cause"	Section XVI	Our dissolution; insolvency; non-curable and curable grounds of default.
g.	"Cause" defined – defaults which can be cured	Section XVI	Material defaults which we do not identify in the Franchise Agreement as being incurable.

	Provision	Section in Franchise Agreement	Summary
h.	"Cause" defined – defaults which cannot be cured	Section XVI	Insolvency or bankruptcy; abandon your THE MUTUAL FUND STORE®; lose possession of the business premises due to your breach of the lease; false reporting; felony or other conduct adversely affecting our reputation, unauthorized use of the Proprietary Marks; dissolution; revocation, cancellation, termination, suspension or nonrenewal of any professional license or registration for your THE MUTUAL FUND STORE® or IARs; health or safety violation; any other (non-licensing) violation of law which you fail to correct within 10 days of notice; or the death or incapacity of you, your majority owner, or any of your guarantors.
i.	Your obligations on termination/non-renewal	Section XVII	Pay all sums that you owe to us and any damages that we sustain in enforcing the termination provisions of the Franchise Agreement; return the Manual and all other confidential or proprietary materials, cease using Proprietary Marks; and cease using all proprietary software; change design and imaging of your THE MUTUAL FUND STORE®; sign general release; and either terminate or, if we request, assign to us your telephone numbers and business listings. If we exercise our right of first purchase, we will purchase all of your business assets and your client accounts. We may offset any fees or sums that you owe to us from the purchase price.
j.	Assignment of contract by us	Section XVIII	Unrestricted as long as assignee assumes our obligations.
k.	"Transfer" by you - defined	Section XVIII	Sale or assignment of, or encumbrance against, any of the following: (1) your interest in the Franchise Agreement, (2) the right to use the Proprietary Marks, or (3) all or significant portion of the assets of the Franchise Business.
l.	Our approval of transfer by you	Section XVIII	The Franchise Agreement is a personal service contract. We forbid any kind of transfer, whether done voluntarily or by operation of law, unless you first obtain our written consent.
m.	Conditions for our approval of transfer	Section XVIII	New franchisee qualifies; you pay transfer fee; you sign general release; no outstanding defaults; Part 1 initial training successfully completed; at our option either the existing agreement is transferred and assumed or the new franchisee signs our current form of agreement.

Provision		Section in Franchise Agreement	Summary
n.	Our right of first refusal to acquire your business	Section XX	We can match any third party offer to buy the franchise, assets or controlling interest which is the subject of a proposed transfer. We also have a right of first purchase that we may exercise anytime after the completion of three years from the date of the Franchise Agreement, by paying you an amount equal to two times your trailing 3 months aggregate Management Revenue annualized, less any money that you owe to us. See additional disclosure in Item 17, subpart e. regarding how we make this calculation..
o.	Our option to purchase your business	Section XX	We have a right of first purchase that we may exercise anytime after the completion of three years from the date of the Franchise Agreement, by paying you an amount equal to two times your trailing 3 months aggregate Management Revenue, less any money that you owe to us. See additional disclosure in Item 17, subpart e. regarding how we make this calculation.
p.	Your death or disability	Section XVIII	The Franchise Agreement is a personal service contract. Therefore, the death or incapacity of you or your guarantors results in a transfer which is subject to the conditions set forth in subpart m. above. Your heirs may apply to qualify as your successor; otherwise they or your legal representative must assign the franchise to an approved buyer within 180 days. If this does not occur, we can terminate the Franchise Agreement and exercise an option to buy the Franchise Business. If you assign, same requirements as a transfer (see subpart m. above), except no transfer fee. See disclosure in Item 6 regarding the Short-Term Management Fee if your successor lacks the proper licenses to operate the Franchise Business and we elect to assign one of our own IARs to manage the Franchise Business for you.
q.	Non-competition covenants during the term of the franchise	Section XV	Yes, during the term neither you, your owners nor your Supervising IARs may own an interest in, or sell investment, financial or insurance products or services of any kind.
	Non-competition covenants after the franchise is terminated or expires	Sections VII and XV	No, except that neither you, your owners nor your Supervising IARs, may use our confidential or proprietary materials, software, methodologies, trade secrets or Proprietary Marks after the Franchise Agreement terminates or expires or promote your former status or association with TMFS System.
s.	Modification of the Agreement	Section XXIV	The Franchise Agreement may not be modified except by a written agreement that you and we both sign. We can modify or change TMFS System through changes in the Manual in our discretion.

Provision		Section in Franchise Agreement	Summary
t.	Integration/merger Clause	Section XXIV	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises you claim were made to you cannot be enforced against us.
u.	Dispute resolution by arbitration or mediation	Section XXII	All disputes must be submitted to a mediation hearing conducted according to the procedure stated in the Franchise Agreement, except for specific disputes where we may proceed directly to court and apply for interim (e.g., injunctive) relief. Mediation will be held at our offices. Disputes that cannot be resolved through mediation or negotiation are resolved through litigation.
v.	Choice of forum	Section XXII	Litigation brought by you must be brought in the state or federal courts with jurisdiction in the county where we are headquartered; litigation brought by us may be brought in our discretion either in the state or federal courts with jurisdiction in the county where we are headquartered or in any other venue in which there is jurisdiction over you.
w.	Choice of law	Section XXII	Missouri law

These states have statutes that may supersede the provisions in contracts that you sign with us, including the areas of termination and renewal of your franchise: ARKANSAS [Stat. Section 70-807], CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Gen. Stat. Section 42-133e et seq.], DELAWARE [Code Sections 2551-2556], HAWAII [Rev. Stat. Section 482E-1], ILLINOIS [815 ILCS 705/19-705/20], INDIANA [Stat. Section 23-2-2.7], IOWA [Code Sections 523H.1-523H.17], MICHIGAN [Stat. Section 19.854(27)], MINNESOTA [Stat. Section 80C.14], MISSISSIPPI [Code Section 75-24-51], MISSOURI [Stat. Section 407.400], NEBRASKA [Rev. Stat. Section 87-401], NEW JERSEY [Stat. Section 56:10-1], SOUTH DAKOTA [Codified Laws Section 37-5A-51], VIRGINIA [Code 13.1-557-574-13.1-564], WASHINGTON [Code Section 19.100.180], and WISCONSIN [Stat. Section 135.03].

Item 18.

PUBLIC FIGURES

We regard our CEO, Adam Bold, to be a public figure as a result of publicity from broadcast of the weekly THE MUTUAL FUND SHOW in Midwestern U.S. markets. Other than payments that we may make to him on account of his owning 50% of our outstanding membership interests, Mr. Bold receives no compensation from us for the right to use his name or likeness or for endorsements which he makes of the franchise opportunity to prospective franchisees or others. As our CEO, Mr. Bold is actively involved in our day-to-day management and in all policy decisions.

Item 19.

EARNINGS CLAIM

We do not furnish, or authorize our salespersons to furnish, any oral or written information concerning the actual or potential sales, costs, income or profits of a THE MUTUAL FUND STORE®. Actual results may vary and we cannot estimate the results of any particular Franchise Business.

Item 20.

LIST OF OUTLETS

**Franchised
Stores Status Summary**

As of December 31, 2002/and for years ended 2001/2000/1999 ⁽¹⁾

<u>State</u>	<u>Transfers</u>	<u>Cancelled Or Terminated</u>	<u>Not Renewed</u>	<u>Reacquired By Franchisor</u>	<u>Left The System Other</u>	<u>Total From Left Columns⁽²⁾</u>	<u>Franchises Operating At Year End</u>
Alabama							
Alaska							
Arizona							
Arkansas							
California							1/1/0/0
Colorado							
Connecticut							
Delaware							
District of Columbia							
Florida							
Georgia							
Hawaii							
Idaho							
Illinois							
Indiana							1/0/0/0

<u>State</u>	<u>Transfers</u>	<u>Cancelled Or Terminated</u>	<u>Not Renewed</u>	<u>Reacquired By Franchisor</u>	<u>Left The System Other</u>	<u>Total From Left Columns⁽²⁾</u>	<u>Franchises Operating At Year End</u>
Iowa							
Kansas							
Kentucky							
Louisiana							
Maine							
Maryland							
Massachusetts							
Michigan							
Minnesota							
Mississippi							
Missouri							1/0/0/0
Montana							
Nebraska							1/0/0/0
Nevada							
New Hampshire							
New Jersey							
New Mexico							
New York							
North Carolina							
North Dakota							
Ohio							
Oklahoma							
Oregon							
Pennsylvania							
Rhode Island							
South Carolina							
South Dakota							
Tennessee							
Texas							

<u>State</u>	<u>Transfers</u>	<u>Cancelled Or Terminated</u>	<u>Not Renewed</u>	<u>Reacquired By Franchisor</u>	<u>Left The System Other</u>	<u>Total From Left Columns⁽²⁾</u>	<u>Franchises Operating At Year End</u>
Utah							
Vermont							
Virginia							
Washington							
West Virginia							
Wisconsin							
Wyoming							
TOTALS	0/0/0/0	0/0/0/0	0/0/0/0	0/0/0/0	0/0/0/0	0/0/0/0	4/1/0/0

Notes: (1) All numbers are set forth as of December 31, 2002. The Indianapolis franchise opened August, 2002; the California franchise opened November, 2001; the Rogersville, Missouri franchise opened March, 2002; and the Omaha, Nebraska franchise opened April, 2002. We began franchising in 2001.

(2) The number in the "totals" column may exceed the number of units affected because several events may have affected the same unit in the same or the four disclosed fiscal years.

**Status of Company Owned Stores
For Years Ended 2002/2001/2000/1999⁽¹⁾**

<u>State</u>	<u>Company-owned Businesses Opened During Year</u>	<u>Company-owned Businesses Closed During Year</u>	<u>Total Company-owned Businesses Operating At Year End</u>
Alabama			
Alaska			
Arizona			
Arkansas			
California			
Colorado			
Connecticut			
Delaware			

<u>State</u>	<u>Company-owned Businesses Opened During Year</u>	<u>Company-owned Businesses Closed During Year</u>	<u>Total Company-owned Businesses Operating At Year End</u>
District Of Columbia			
Florida			
Georgia			
Hawaii			
Idaho			
Illinois			
Indiana			
Iowa			
Kansas	0/0/0/0	0/0/0/0	1/1/1/1
Kentucky			
Louisiana			
Maine			
Maryland			
Massachusetts			
Michigan			
Minnesota			
Mississippi			
Missouri	0/0/1/0	0/0/0/0	1/1/1/0
Montana			
Nebraska			
Nevada			
New Hampshire			
New Jersey			
New Mexico			
New York			
North Carolina			
North Dakota			
Ohio			
Oklahoma			

<u>State</u>	<u>Company-owned Businesses Opened During Year</u>	<u>Company-owned Businesses Closed During Year</u>	<u>Total Company-owned Businesses Operating At Year End</u>
Oregon			
Pennsylvania			
Rhode Island			
South Carolina			
South Dakota			
Tennessee			
Texas			
Utah			
Vermont			
Virginia			
Washington			
West Virginia			
Wisconsin			
Wyoming			
TOTALS	0/0/1/0	0/0/0/0	2/2/2/1

Notes: (1) All numbers are set forth as of December 31, 2002.

**Projected Openings
as of December 31, 2003 ⁽¹⁾**

<u>State</u>	<u>Franchise Agreements Signed But Business Not Open</u>	<u>Projected New Franchised Businesses In Next Year</u>	<u>Projected Company Owned Businesses In Next Fiscal Year</u>
Alabama			
Alaska			
Arizona			

<u>State</u>	Franchise Agreements Signed But Business Not <u>Open</u>	Projected New Franchised Businesses <u>In Next Year</u>	Projected Company Owned Businesses <u>In Next Fiscal Year</u>
Arkansas			
California			
Colorado		1	
Connecticut			
Delaware			
District of Columbia			
Florida			
Georgia			
Hawaii			
Idaho			
Illinois			
Indiana			
Iowa			
Kansas			
Kentucky			
Louisiana			
Maine			
Maryland			
Massachusetts			
Michigan			
Minnesota			
Mississippi			
Missouri			
Montana			
Nebraska			
Nevada		1	
New Hampshire			
New Jersey			
New Mexico			

<u>State</u>	<u>Franchise Agreements Signed But Business Not Open</u>	<u>Projected New Franchised Businesses In Next Year</u>	<u>Projected Company Owned Businesses In Next Fiscal Year</u>
New York			
North Carolina			
North Dakota			
Ohio			
Oklahoma		1	
Oregon			
Pennsylvania			
Rhode Island			
South Carolina			
South Dakota			
Tennessee			
Texas			
Utah			
Vermont			
Virginia			
Washington			
West Virginia			
Wisconsin			
Wyoming			
TOTALS		3	

(1) During calendar year 2003, we anticipate selling 3 franchises. These projected franchise sales depend on our ability to secure a radio show in the local market first.

Attached as **Exhibit K** is a list of all of the operating locations as of March 31, 2003, both company-owned and franchised locations, together with names, addresses and telephone numbers.

There are no franchisees who, in our most recent full fiscal year end: (1) had a unit terminated by us; (2) had a unit not renewed by us; (3) otherwise voluntary or involuntarily ceased to do business under the Franchise Agreement; or (4) has not communicated with us within 10 weeks of the date the Company prepared and filed this Offering Circular.

Item 21.

FINANCIAL STATEMENTS

Attached as **Exhibit J** are our audited financial statements for our fiscal years ending December 31, 2001 and December 31, 2002.

Item 22.

CONTRACTS

Exhibit C	Franchise Agreement
Exhibit E	Confidentiality Agreement
Exhibit F	Schwab Institutional Custodian Account Agreement Schwab Customer Authorization for Payment of Management Fee
Exhibit G	General Release
Exhibit H	Addendum to Lease

Item 23.

RECEIPTS

The last two pages of this Offering Circular are detachable documents acknowledging your receipt of the Offering Circular. You must sign one copy and give it to us. The other copy is for your records. If these pages or any other pages or exhibits are missing from your copy, please contact us at this address or phone number:

THE MUTUAL FUND STORE, LLC
(a Missouri limited liability company)
355 Ozark Trail Drive, Suite #4
St. Louis, Missouri 63011
Telephone: (636) 386-6868