

# American Estate & Trust, LC (AE-Trust)

## Hi-Yield Stable Value Fund

### Disclosure Statement, Terms And Conditions

Date: September 1, 2008

#### Current Yield Paid By The AE-Trust *Hi-Yield Stable Value Fund*

Annual Percentage Yield ** For Various Investment Amounts And Indicated Durations					
Term	\$5,000 – 50,000	50,001 – 150,000	150,001 – 500,000	500,001 -1,000,000	1,000,000 +
6 Months	3.50	4.00	4.50	5.00	5.50
12 Months	4.00	4.50	5.00	5.50	6.00
24 Months	4.50	5.00	5.50	6.00	6.50

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**Resetting Yield Rate At End of Investment Term.** The interest rates quoted above are guaranteed for the term stated. At the end of the term which you initially choose, the yield rate on your investment may be reset by AE-Trust. Any re-setting of the yield will be based on an analysis of the 1 year Constant Maturity Treasury rate (CMT) of the Federal Reserve Board which is in effect at that time. Any re-setting of your yield will only be done at the end of your initial investment term (6, 12 or 24 months) and/or on any subsequent investment term.

**Automatic Renewal of Investment Term.** Unless you specify otherwise, at the end of the investment term which you initially choose (6, 12 or 24 months), AE-Trust will automatically renew your investment for the same term as you originally chose, and guarantee your new rate for the renewed term (which may be a different rate than you received in your initial term, per the above paragraph). This renewal process will be repeated at the end of each successive term until you end it, or upon a full distribution after your death. You have 30 days at the end of each investment term in which to change the term's duration for the upcoming period.

**Penalties For Early Withdrawal or Transfer Requests:** Withdrawals or transfers from your investment before the end of your initial investment term will be subject to penalties as follows: Withdrawals or transfers from your investment in the Fund within the first six months are subject to a five percent penalty on the amount withdrawn or transferred, and you will lose all interest which otherwise would have been earned on the amount withdrawn or transferred. Withdrawals or transfers from your investment between six months and the end of either a 12 or a 24 month investment term will lose all interest which otherwise would have been earned on the amount withdrawn or transferred, but no penalty will be assessed. In addition, a normal transaction fee will be imposed for any withdrawal or transfer, per the amount stated in the AE-Trust fee schedule.

**No Penalties For Withdrawals or Transfers After Initial Investment Term.** You may withdraw or transfer any amount of your investment during any renewed term without penalty or loss of interest.

**No Penalties For Withdrawals For Required Minimum Distribution.** No penalties or loss of interest will be assessed for withdrawals which are in the amount of and which are necessary to meet required minimum distribution rules (RMD) for retirement accounts. That is, no RMD withdrawal which is at the RMD amount will be penalized or subject to a loss of interest.

**Time Required To Meet Withdrawal or Transfer Requests.** Requests for withdrawals or transfers of funds, either within or after the penalty periods stated above, will generally be met in 3 to 10 business days. If you request a withdrawal or transfer of the entire amount of your investment, in some unusual cases it could take up to 30 days to meet your request.

**Automatic Reinvestment of Yields.** All yields are automatically re-invested.

**Additions And Reductions To Principal.** Reductions to principal in the first investment term are subject to penalties, per the topic above "Penalties For Early Withdrawal or Transfer Requests". Principal reductions may also subject your remaining balance to begin earning a lower yield if your principal balance is reduced to a lower yield category (for example, a reduction from a \$175,000 balance to \$149,000). Additions in principal will be paid the same yield as your existing investment qualifies for, and will be subject to the same investment term or duration and other rules as your existing investment is governed by. No new yield or rules will apply to principal additions until your existing investment term ends.

**Right To Change Terms And Conditions.** AE-Trust reserves the right to change the terms and conditions under which the Fund operates upon the end of any investment term.

**Underlying Fund Investments.** The actively managed Fund High invests primarily in bank instruments and publicly traded securities, including: High yield investment grade and U.S. government backed bonds, bank money market accounts, CDs and bank notes, bond mutual funds, mutual fund company money market funds, corporate bonds and notes, muni bonds, high yield preferred stocks, exchange traded funds (ETF) and notes (ETN) paying income and/or dividends. All yields from the Fund are classified as interest or ordinary income to the investor (which is tax deferred for Traditional IRAs and non-taxable to Roth IRAs)

**Account Statements.** AE-Trust prints and mails quarterly statements to all client accounts. Statements may be requested on an interim basis.

**Front End Load, Management Fees.** To cover sales, marketing and general overhead costs, there is a one time, up front charge of two percent. This front end load or commission will reduce your initial investment by two percent. You will earn the full amount of the sales load back in approximately 4.8 months, based on earning an APY of 5.00% from the Fund (investment of \$50,000 to 150,000 for 24 months). There are no on going fees charged to your investment or back end or termination loads charged to your investment, other than the above stated early withdrawal penalties and loss of interest.

American Estate & Trust's fees for managing the Fund *do not come out of your principal nor your stated yield*. AE-Trust's management fees come only from earnings which are above the amount needed to pay your stated yield and to protect your principal. Earnings, if any, which are above that threshold and obligation to investors are retained by AE-Trust as its investment management fee. However, for all AE-Trust trust or IRA accounts which have less than \$50,000 there is a flat annual fee charged (see AE-Trust fee schedule). Accounts which have \$50,000 or more with AE-Trust are free, that is, they incur no AE-Trust annual fees

<sup>(1)</sup> Footnote:

An investment in the Portfolio 4 Stable Value Fund involves risks. AE-Trust is regulated by the Financial Institutions Division of the State of Nevada. But the Fund is not FDIC insured or guaranteed and is not regulated under Rule 2a-7 of the SEC Investment Company Act of 1940. The safety of principal and the return of interest are guaranteed and backed only by the reserves of the Fund and the quality of the underlying investments of the Fund. To minimize risk, funds are spread across, invested in, a large number of investments so that the poor results of any one investment, if any, should have a limited effect on the Fund. American Estate & Trust, LC assumes no liability for losses in the underlying investments of the Fund, if any, though the company's only means of compensation for on-going management and administration of the Fund is to maximize the safety of principal and the Fund's yield.

\*\* APY (annual percentage yield) for the Hi-Yield Stable Value Fund assumes that all interest is reinvested as it is earned, and not actually paid out until the end of the investment term (6, 12 or 24 months). Annual percentage yields offered to new investors or subsequent investments are subject to change weekly, however the yield in effect when you invest is the yield which you are guaranteed for the investment term which you select.

**I hereby acknowledge receipt and notice of the above "Disclosure Statement, Terms And Conditions" for the Hi-Yield Stable Value Fund from American Estate & Trust, LC (AE-Trust):**

Name: \_\_\_\_\_ Date: \_\_\_\_\_  
(Print Only)

Signature: \_\_\_\_\_