

OUR FIRM provides comprehensive fee-based planning and wealth management services to executives, professionals, retirees, business owners and institutional clients. We take an interactive and rigorous approach to analyzing and planning a client's investment portfolio, retirement, estate plan, cash flow, and income taxes. Recommendations are based solely on your specific needs, circumstances and goals. The firm is a Registered Investment Advisor in compliance with the rules of the State of Illinois Securities Department. The founder is a Certified Financial Planner - CFP®, earned a Masters in Business Administration in Finance from The Wharton School, University of Pennsylvania, and has twenty years investing experience. He is an active member of The Financial Planning Association (FPA) and the Chicago FPA Council.

OUR MISSION is to partner with clients to establish and achieve financial goals through objective planning and management of investment assets. Our purpose is to help build, manage and preserve your wealth. We put our client's interest first, act with integrity and honesty, and strive for excellence in every facet of our practice. Our success is not measured by performance statistics but rather by our clients' success in achieving their goals.

OUR CLIENTS share in the realization that by coordinating and managing today's financial decisions they can achieve their goals for tomorrow. They are individuals, businesses, and institutions that expect excellence and have made a firm commitment to achieving it for themselves, their heirs, and their stakeholders. Our clients want an expert reviewing and managing their financial affairs on a daily basis, want to simplify their lives, and are willing to enter into a long-term relationship that is mutually beneficial. They are highly motivated to find and work with a professional advisor, rather than a sales representative.

OUR PHILOSOPHY is to provide our clients with the highest level of service and technical expertise in the management and preservation of wealth. This is the defining quality that sets us apart from the competition.

YOUNGBLOOD FINANCIAL, INC. seeks to build and preserve your wealth. Through client-specific financial analysis and investment research, our services are designed to secure your financial well being for the long-term. As your investment manager, we are dedicated to delivering advice in a manner that is both confidential and consistent with your needs.

A SERVICE ORIENTATION

Service and personal attention are the hallmark of Youngblood Financial, Inc. The personal relationship that we develop with each of our clients starts with an initial meeting that identifies your needs, objectives, and risk tolerances. Thereafter, we develop a plan and illustrate our investment process, philosophy, and portfolio design. Once we have agreed upon an appropriate portfolio, we implement our portfolio recommendations. Every month we post a portfolio summary report with rate-of-return information on our secured web-site for your review and download. This gives you a timely picture of your account status and performance. In addition, semi-annually we provide a time-weighted rate-of-return analysis against selected benchmarks so that you can assess your risk-adjusted returns. We like to meet clients at least semi-annually to review performance and discuss account rebalancing.

In short, Youngblood Financial, Inc. is *service oriented - not sales oriented*. Our ongoing attention to the composition and performance of your portfolio, and our frequent communication with each of our clients, distinguishes Youngblood Financial, Inc as a truly client focused firm.

FINANCIAL PLANNING

We believe in the financial planning process. This is the process of identifying goals, gathering and reviewing financial data, and designing and implementing a plan to help you reach your goals. It is a *lifelong process*. Once the plan is in place, it needs to be monitored, reviewed and updated to meet the dynamic circumstances of your life. Not everyone needs to have a written comprehensive financial plan. Everyone, however, can benefit from the financial planning process.

OBJECTIVES

There is no one particular investment portfolio that is appropriate for all individual investors. The optimal portfolio will depend on the amount and timing of cash flow needs, tax considerations and market conditions. Therefore, investment decisions should be based on the client's objectives. Through that objective-driven process, crucial factors such as appropriate levels of risk and return are derived and optimized to achieve those objectives.

INVESTMENT PLANNING

Investing is only one component of financial planning though certainly an important one. We believe that an optimal investment policy and asset allocation can be designed only after the initial financial planning process is complete and a target return is established. We allocate assets among the major asset classes: cash, stocks, bonds and real estate. Stocks are divided between domestic and foreign; and across large, mid, and small capitalization. We further divide domestic stocks into value and growth styles and primarily use mutual funds and ETFs for these allocations. Bonds allocations are divided into short, intermediate and long-term duration and most often represented via bond mutual funds for broad diversification. For any real estate allocation we use mutual funds specializing in real estate investment trusts (REITs).

INVESTMENT POLICY

We believe in developing client-specific investment strategies that emphasize diversified asset allocation. Each client has a personalized Investment Policy Statement, which outlines the strategy just right for that individual or family. Our proprietary "Full Cycle Investment Approach" produces a range of risk-managed model portfolios (from "Low-risk" to "Aggressive") that are the foundation of our recommended Investment Policy. Your Investment Policy may be based on a base model, or a customized variation, depending on your risk tolerance and needs.

TAX SENSITIVITY

Taxes represent a significant consideration for every long-term investor. By minimizing income taxes, investors retain more wealth to help meet their goals. We exercise care in the appropriate placement of investments within taxable and tax-deferred accounts. For example, we generally place index and tax-managed vehicles in taxable accounts and higher turnover mutual funds in tax-deferred accounts. However, tax considerations do not dominate our portfolio management process.

ETFs & INDEXING

We predominantly use actively managed funds, but may use exchange-traded funds (ETFs) and index funds for domestic bonds or for style, sector, or market-cap representation. We also use EFTs and index funds as substitutes when recommended funds close from time to time. Exchange-traded funds and index mutual funds offer low transaction costs, minimal asset class drift, and very good tax efficiency.



SERVICES & FEES

FINANCIAL PLANNING

These services develop written strategic plans for reaching specific financial goals and/or solving specific financial problems. Our financial plans typically include three or more of the following:

Financial Planning – Service Components

- ◆ Portfolio Review
- ◆ Retirement Plan
- ◆ Investment Policy
- ◆ Risk Management Plan
- ◆ Cashflow Plan
- ◆ Education Plan

There is a one-time fee charged for initial plan development. The minimum fee is \$1,500 and fees typically run \$1,500 to \$3,000 depending upon the scope and complexity of the plan. Planning fees are calculated using a scale based on client’s “marketable net worth”. “Marketable net worth” excludes real estate, personal items, and value of owned businesses. It is used a proxy for complexity based upon: (a) advanced financial planning issues that are faced as net worth increases, (b) broader set of holdings that must be reviewed and assessed, and (c) increase in analytic complexity as the asset base expands. Marketable net worth is not related to assets under management as it includes all marketable net worth assets without regard to asset manager, custodian, or source.

Marketable Net Worth	Financial Planning Fee
First \$500K	\$1,500
\$500K to \$1 Million	\$2,000
\$1 to \$2.5 Million	\$2,500
\$2.5 to \$5 Million	\$3,000
Above \$5 Million	\$3,000 plus 0.05% of the amount over \$5M

All fees are agreed upon in writing by both parties prior to work being performed. Generally, one-half the fee is payable upon engagement with the remainder payable at completion. Either party may terminate the engagement at any time for any reason.

RENEWAL OF A FINANCIAL PLAN

We charge a one-time fee for “Renewing” or extensively updating an existing financial plan that we prepared. Many mid-career clients find that updating the plan every two years keeps them on track to long-term goals. We charge 30% less than the above rates for renewal in recognition of the time-saved collecting information and preparing the various client reports.

SERVICES & FEES

ESTATE & TAX PLANNING

The firm works with clients on Estate Planning issues through two primary channels: (1) client education regarding the issues and techniques of Estate Planning, and (2) referral to highly qualified Estate Planning Attorneys. We maintain a network of seasoned Estate Planning Attorneys that we can recommend with confidence. Our Estate and Tax consultation and referrals may encompass, but are not limited to the following:

Estate & Tax Planning Consultation

- ◆ Estate Plan
- ◆ Tax Plan
- ◆ Charitable Plan
- ◆ Asset Protection Plan
- ◆ Business Continuity Plan
- ◆ Business Transition Plan

Initial consultation is provided at no charge to Financial Planning and Asset Management clients. Where extensive consultation or financial modeling is requested by a client, or their legal counsel, we prepare a written proposal detailing the one-time fee based on our hourly rates. All fees are agreed upon in writing by both parties prior to work being performed.

WEALTH MANAGEMENT SERVICES (PLAN DRIVEN ASSET MANAGEMENT)

Our wealth management services provide a comprehensive level of planning and investment management in two phases. The first phase of our wealth management services includes development of a financial plan and portfolio design. There is a one-time fee charged for this initial plan development as outlined above. The second phase is the ongoing investment advisory services. The linking of these two phases connects the client's goals to action and outcome. Minimums and fees for the asset management component are listed below.

INVESTMENT ADVISORY SERVICES (ASSET MANAGEMENT)

The Investment Advisory Service begins with the establishment of an Investment Policy Statement. It includes quarterly reports on the client's investment portfolio, target allocation and related performance. This includes the tracking of portfolio holdings, interest and dividend payments, capital gains, overall portfolio performance, and so forth. We implement the target portfolio, then manage and re-evaluate your portfolio on a regular ongoing basis. Periodic meetings are held with clients to review their investment portfolios and current situation. A carefully selected group of no-load mutual funds and ETFs are typically used. Assets are custodied at Fidelity Investments to assure clients of reliable execution and reporting.

We have no minimum for managed accounts, but our minimum fee of \$2,000 per annum, billed at \$500 per quarter, makes sense beginning at \$150K to \$200K of managed assets. The schedule is as follows:

- ◆ The first \$1 million is billed 0.25% per quarter;
- ◆ The next \$4 million is billed 0.225% per quarter;
- ◆ Amounts over \$5 million are billed 0.20% per quarter.

PRINCIPAL

Roy D. Youngblood, CFP®, MBA

Roy is Principal and Founder of the firm and Chief Investment Officer. He has twenty years of investment experience and founded Youngblood Financial in 2002 to provide clients comprehensive financial planning and wealth management. He is also a Registered Investment Advisor Affiliate of the firm. Roy specializes in retirement planning, portfolio design and management, and education planning. He is a Certified Financial Planner – CFP®, member of the Financial Planning Association (FPA), and the Chicago Chapter of the FPA. Roy holds a Masters in Business Administration in Finance from The Wharton School, University of Pennsylvania, and a Bachelors Degree from the University of Nebraska.

Prior to founding this firm Roy was a management consultant for fourteen years focusing on the financial services industry. During his tenure at A.T. Kearney and Accenture he advised some of the largest brokers and banks in the country on strategic, financial and operational issues. Even then he was deeply involved with Planning and Investment issues. In his free time Roy enjoys outdoor activities and the symphony.

CONTACT INFORMATION

CONTACT US FOR ALL YOUR FINANCIAL PLANNING AND MONEY MANAGEMENT NEEDS

Youngblood Financial, Inc.

53 West Jackson Blvd, Suite 1622
Chicago, IL 60604

Phone: (312) 698-9780

E-Mail: Roy@YoungbloodFinancial.com

Web Site: www.YoungbloodFinancial.com

OUR CODE OF ETHICS

Our company has adopted a code of ethics to guide our performance of all services. Our code is based on one recommended by the Financial Planning Association. We require all employees, both CFP designees and others, to abide by this code and adhere to the following seven key principles:

1. Integrity – We will offer and provide professional services with integrity
2. Objectivity – We will be objective in providing professional services to clients
3. Competence – We will provide services to clients competently and maintain the knowledge necessary to do so
4. Fairness – We will perform professional services in a manner that is fair and reasonable to clients, principals, partners and employers, and shall disclose any and all conflicts of interest in providing such services
5. Confidentiality – We will not disclose and confidential client information without the specific consent of the client unless in response to proper legal process; to defend against charges of wrongdoing by CFP Board designee; or in connection with a civil dispute between the CFP Board Designee and the client
6. Professionalism – Our conduct in all matters will reflect a credit upon the profession
7. Diligence – We will act diligently in providing professional services

OUR PRIVACY POLICY

In the course of providing our services the advisor may collect non-public personal information about our clients from sources including:

- Self-reported Information from account applications, tax forms, or other planning forms
- Information about clients' transactions with the advisor or others
- Information gleaned from conversations with clients

Advisors are allowed to share non-public information solely for the purpose of servicing clients and their accounts. The Advisor will not disclose any non-public information about clients or former clients to anyone, except as permitted by law. If a client decides to close their account(s), or otherwise become inactive, Advisor will continue to adhere to the privacy policy as described herein.