

YFI **Youngblood Financial, Inc.**
PRIVATE CLIENT SERVICES



Financial Planning & Wealth Management

OUR FIRM provides comprehensive fee-based financial planning and wealth management services to executives, professionals, retirees, and business owners. We take an interactive and rigorous approach to analyzing a client's goals and resources so that all the pieces of the financial puzzle work together: investment portfolio, retirement plan, estate plan, college savings, cash flow, and income taxes.

Recommendations are based solely on your 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® and earned an MBA in Finance from The Wharton School, University of Pennsylvania. He is an active member of The Financial Planning Association (FPA) and the Chicago FPA Council.

OUR MISSION is to partner with clients to achieve life and financial goals by integrating the planning process with a risk-managed investment approach. Our purpose is to help build, manage and preserve your wealth by delivering highly competent advisory services in harmony with your values and needs. 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 merely 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, families, and business owners 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 CORE VALUE-ADD is providing 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.

OUR PHILOSOPHY

YOUNGBLOOD FINANCIAL, INC. seeks to build and preserve your wealth. Our services are designed to secure your financial well being for the long-term through client-specific financial analysis and disciplined investment management. As your financial planner and investment manager, we are dedicated to delivering advice in a manner that is highly 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 tolerance. Thereafter, we develop a plan that illustrates 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 we provide a time-weighted rate-of-return analysis against selected benchmarks semi-annually so that you can assess your risk-adjusted returns. We like to meet clients at least semi-annually to review performance, discuss account rebalancing and market trends.

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 life & financial goals. It is a *life-long process*. Once the plan is in place, it needs to be monitored, reviewed and updated to meet the changing circumstances of your life. We believe that everyone could 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 are based on client goals and objectives. Through an objectives-driven process, crucial factors such as appropriate levels of risk and return are derived and optimized to achieve your objectives.

INVESTMENT PHILOSOPHY

Core Beliefs	Implications
Asset allocation is the primary driver of returns.	We implement through a mix of actively managed funds and ETFs.
Diversification improves returns over the full cycle of good and bad markets.	We maintain allocation to areas that “cost” ST performance so that they “add” LT performance as market leadership rotates.
Lower volatility leads to more predictable returns.	We perform intensive research into volatility and correlation to tune-in lower volatility
Efficient market hypothesis is sometimes <i>wrong</i> .	We use a core and satellite approach to address opportunities. We may under/overweight or hedge sectors and classes.
Rebalancing reduces risk and improves returns.	We rebalance semi-annually or as macro-events make prudent.

APPROACH

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 risk-return target established.

We allocate assets among the major asset classes: stocks, bonds, real estate, and cash. Stocks are divided between domestic and foreign; and across large, mid, and small capitalization. We 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 diversified real estate investment trusts (i.e., REIT mutual funds).

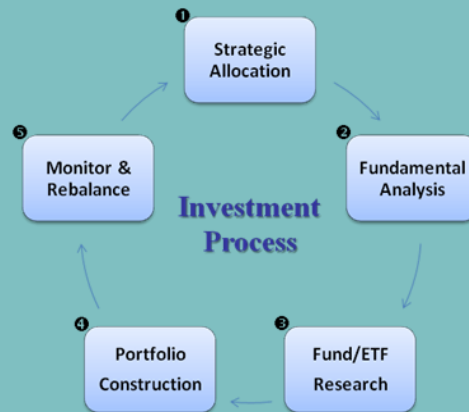
INVESTMENT POLICY

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 in-depth research and use of low-correlation assets helps us deliver market returns at below market risk over the full-cycle of market ups and downs. We build upon our proprietary "Full Cycle" risk-managed model portfolios ("Low-risk" to "Aggressive") in developing a customized portfolio design tailored to your risk tolerance and needs.

INVESTMENT PROCESS

Our investment process has five major step linked in a continuous feedback loop. The major steps are: (1) Strategic Allocation which reviews macro-economic and capital market forecasts and identifies strategic allocations for growth and income. (2) Fundamental Analysis reviews fundamentals of markets, sectors and industries and identifies opportunities / catalysts for change. (3) Fund/ETF Research which screens risk-adjusted returns and confirms fund management continuity and ETF liquidity. (4) Portfolio Construction maps investment policy into specific funds and ETFs. Finally step (5) Monitor & Rebalance, which monitors performance and closes the feedback loop to Step-1.

OUR INVESTMENT PROCESS



PRINCIPAL

ROY D. YOUNGBLOOD, CFP®, MBA

Roy is Principal and Founder of the firm and Chief Investment Officer. He 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.

CONTACT INFO

Youngblood Financial, Inc.

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(312) 698-9780

www.YoungbloodFinancial.com

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 ◆ Risk Management Plan
- ◆ Retirement Plan ◆ Cash Flow Plan
- ◆ Investment Policy ◆ 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. 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.

Marketable Net Worth	Planning Fee
First \$500K	\$1,500
\$500K to \$1 Mil.	\$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

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

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 any 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.

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