



BOURBON FINANCIAL MANAGEMENT, LLC

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FAQ

1. Why would choosing an independent financial adviser be the most important decision you may make?

The financial services area continues to become more complex, with more investment choices, more players, faster speed of the markets, and greater volatility. When you make a decision to put a professional advisor on your side, **start by making sure he is really on your side**. Whether you are preparing to retire and your retirement rollover represents everything you have, or you have accumulated resources you want to invest into the stock markets, your decision as to whom to trust must be made with wisdom. This choice will determine most of your financial success or failure.

2. Why should my independent financial adviser be a fiduciary?

Fiduciary - an independent financial adviser with a fiduciary duty occupies a special trust and confidence when working with a client. As a fiduciary, the financial advisor is required to act with undivided loyalty to the client. This includes disclosure of how the financial advisor is to be compensated and of any corresponding conflicts of interest.

A fiduciary is simply someone who represents your interests, even above their own interests. You can see why this is important when you must grant an advisor limited discretion to act on your behalf. You want to be certain that investment decisions made for you are not only suitable for you, but are truly in your first and best interest.

Not every financial advisor accepts fiduciary duty. Some (brokers, for example) are held only to the standard of suitability of the investment for someone in your circumstances. Suitability allows compensation by commission, which presents a conflict between a broker's self interest and acting in your best interest first and foremost. As such, brokers are not fiduciaries. **Bourbon Financial Management gladly accepts and holds to the highest standard of ethics in the financial services industry - Fiduciary Duty to act in the interest of our clients, even above our self-interests.**

3. Does BFM accept Fiduciary Duty to its clients?

The Committee for the Fiduciary Standard developed a five point statement of principles delineating what it means to deal fairly with a client. Here they are:

1. Put the client's best interest first;
2. Act with prudence - that is, with the skill, care, diligence and good judgment of a professional;
3. Do not mislead clients; provide conspicuous, full and fair disclosure of all important facts;
4. Avoid conflicts of interest; and
5. Fully disclose and fairly manage unavoidable conflicts of interest in the client's favor.

BFM accepts these as a minimum standard of what it means to put your interests first.

4. How much experience should independent financial advisors have before I consider hiring the firm?

More is better. We suggest 10 years minimum. Ideally, you will find someone who has worked through a full market cycle and through a severe bear market. Please note that hiring an inexperienced advisor who works for a firm that has been around for decades is not the same as hiring experience. The wisdom earned through experience is what will help you through future markets volatility.

In the final analysis, **you are paying a wealth advisor for their experience or you are paying an inexperienced advisor to learn with your money.** Credentials do not give you experience or wisdom. Only living through dramatic market conditions over many years can give you the depth of experience to be prepared for the future. There is no shortcut to preparation.

5. How experienced is Patrick Bourbon?

Patrick is an established investor with unique credentials and a 15 yearlong successful investment track record and access to a large investment professional network. His experience includes 10 years at UBS Global Asset Management, one of the largest asset managers in the world. He is an adjunct faculty member at the Illinois Institute of Technology. He is a talented and dedicated investment professional, with a client-centered focus, who wishes to share his investment passion and experience in an ethical manner. Patrick is constantly striving for excellence. His unique combination of international experience and strong educational background give him a significant edge when it comes to analytical depth as well as optimizing your wealth.

More information can be found at: <http://www.linkedin.com/in/patrickbourbon>

6. What is the minimum size portfolio you accept?

We have no minimum portfolio size limit. We have a client with negative net worth.

7. Do you work with clients located outside of Chicago?

We have clients in the U.S., Europe and Asia.

8. How do you work with clients that are not local?

We are easily able to use technology as well as face to face visits to work with clients anywhere. Through the effective use of phone conferences, emails, and Skype, we are able to address clients' concerns and questions.

9. How does Bourbon Financial Management make money?

The flat annual fee for services depends on the assets under advisement, the client's needs, and complexity.

Our clients' needs vary from levels of extreme complexity, requiring much analysis and frequent consultation, to portfolio maintenance with minimal ongoing planning needs. We believe our fees should, in fairness, reflect these varied circumstances. Hence, our fees for our consulting services vary, dependent upon two main components:

- The first component is a flat fee based upon the complexity of the engagement and the time likely required of the consultant to deliver the services requested.
- The second component reflects the responsibilities which are assumed by the advising consultant in connection with the size of the client's investment portfolio, and the value added by the consultant.

Bourbon Financial Management, LLC gives advice to clients on a non discretionary basis for a fixed fee based on the client's assets with a minimum fee of \$900 per year. The negotiable reasonable annual fee depends on the size and the complexity of a client's assets.

10. Who has custody of my money when I hire you to manage it?

Bourbon Financial Management never physically has possession or access to your money. We give you advice and you keep your accounts with your banks/brokers.

11. Do you guarantee any rate of return for my investments?

No. It is illegal for a Registered Investment Advisory firm to guarantee returns. Instead, we devote a full-time effort in creating and executing investment strategies that we believe will help our clients reach their goals.

12. What services do you provide for your clients?

BFM's core service is our investment management service. In addition to superior money management, we include the following services for every client:

1. Helping you identify your investment goals and needs.
2. Helping you choose a customized strategy that has the appropriate level of risk and return for you.
3. Researching, selecting and monitoring the investments for your accounts.
4. Sharing communications with you about our current view of what is happening in the market and where it is headed.
5. Answering your questions and concerns about your financial life.
6. Meeting with you in person, or talking to you by Skype or by phone to review your goals and accounts.
7. Working with your tax preparer or attorney (with your permission) to answer questions and provide information as needed.

13. Am I locked-in? Are there termination penalties, if I decide to do something different with my money in the future?

No. There are no barriers to exit a relationship with Bourbon Financial Management. The relationship can be ended at any time by written notice. There are no forced liquidations, termination fees, back-end loads, redemption fees or other charges associated with the termination of an advisory relationship with BFM.

We charge a simple flat monthly/quarterly fee.

14. My question isn't in the list above. How can I get an answer?

Please email your question to us at info@bourbonfm.com, including all relevant information. If you need immediate assistance, please call us at +1 312 909 6539.

How to pick an advisor? Questions to ask

- 1) Are you registered with the SEC or a state securities regulator as an investment adviser? If so, have you provided me with all the disclosures required under those laws (including Part II of Form ADV)?
- 2) Do you or a related company have relationships with money managers that you recommend, consider for recommendation, or otherwise mention to the plan? If so, describe those relationships.
- 3) Do you or a related company receive any payments from money managers you recommend, consider for recommendation, or otherwise mention to the plan for our consideration? If so, what is the extent of these payments in relation to your other income (revenue)?
- 4) Do you have any policies or procedures to address conflicts of interest or to prevent these payments or relationships from being a factor when you provide advice to your clients?
- 5) If you allow plans to pay your consulting fees using the plan's brokerage commissions, do you monitor the amount of commissions paid and alert plans when consulting fees have been paid in full? If not, how can a plan make sure it does not over-pay its consulting fees.
- 6) If you allow plans to pay your consulting fees using the plan's brokerage commissions, what steps do you take to ensure that the plan receives best execution for its securities trades?
- 7) Do you have any arrangements with broker-dealers under which you or a related company will benefit if money managers place trades for their clients with such broker-dealers?
- 8) If you are hired, will you acknowledge in writing that you have a fiduciary obligation as an investment adviser to the plan while providing the consulting services we are seeking?
- 9) Do you consider yourself a fiduciary under ERISA with respect to the recommendations you provide the plan?
- 10) What percentage of your plan clients utilize money managers, investment funds, brokerage services or other service providers from whom you receive fees?

More at:

<http://www.porteval.com/documents/Recent%20News/2011/November%202011/Investment%20Advisor%20Presentation%20DH%20Nov%202011.pdf>