

# Important Information About Investing

We value our relationships, and as a client of Brokers International Financial Services (BI Financial Services) and one of our independent contractor financial professionals, we make it our business to strive to help you achieve your financial goals and objectives. So, whether you are a new or long-time investor, saving for college or accumulating wealth for retirement, we can help by making it easier for you to invest and manage your money. We offer a wide variety of services, products and resources that help meet your investment needs.

We want to ensure that before you make an investment, you understand your rights and responsibilities, as well as the risks and costs associated with investments. Investing is serious business and investments involve risks that can result in losses. That's why we developed this valuable information. We believe that providing you the information you need to make sound decisions is the first and most important step in developing a lasting relationship. Please take a moment to read each section carefully. Our firm and your financial professional are available to answer any questions.

## WORKING WITH YOUR FINANCIAL PROFESSIONAL

As an independent contractor, your financial professional has autonomy in managing his/her own business. In dealing with your securities investments as a registered representative of BI Financial Services, your financial professional acts in accordance with our firm's policies, and places your interests first. The following information is important to your working relationship with your financial professional.

### Your Rights as an Investor

Clients have the right to high standards of professionalism from their financial professionals. The following is what you can expect to receive from our firm and your financial professional:

- Courteous and timely service from your financial professional and all other associates and employees of our firm.
- The ability to select your own financial professional or request a different one if you are not satisfied.
- Confidential treatment of personal information (please see our Privacy Promise at [www.brokersifs.com](http://www.brokersifs.com)).
- Investment suggestions based upon our understanding of your financial needs, goals and objectives.
- Receive from our firm a copy of the current prospectus, and review the potential risks, benefits and costs of the suggested transactions.
- Timely execution of transactions.
- Account statements that are accurate and easy to understand for securities that are purchased in your brokerage account(s).
- Prompt response to any questions or concerns you have, and fair resolution of any problems with your account(s).
- On request, information regarding your financial professional's experience and industry background.

### It is important to realize that securities investments:

- Are not deposits and are not FDIC/NCUSIF insured;
- Are not insured by any federal government agency;
- Are not guaranteed by any bank or credit union or by BI Financial Services;
- May fluctuate and/or decline in value; and
- May be illiquid in certain circumstances, which means that they cannot be readily sold.

## Your Responsibilities as an Investor

You also have important responsibilities when it comes to working with your financial professional. To ensure the best possible relationship with our firm and your financial professional, you as our client and as an investor should:

- Provide complete information to your financial professional about your income; net worth; tax status; investment experience; occupation; age; dependents; investment experience and risk tolerance; and other information as requested. Inform your financial professional about mutual fund holdings you may have at other broker-dealers, banks or trust companies, or held directly with a mutual fund company (including those you may hold in a retirement plan or as part of an annuity). This is to ensure that you can receive any appropriate discounts on purchases you make through our firm.
- Be open and clear about your current financial situation and objectives, and contact your financial professional immediately if your circumstances change. To best serve you, your financial professional must be aware of all relevant facts.
- Assume decision-making responsibility for your investments. You can expect your financial professional to offer more than one alternative for investing. You should evaluate the advice of your financial professional and determine which actions are best. Also, educate yourself in the basics of financial markets, the nature of risk and other aspects of investing. You should be able to make a reasoned judgment about investment suggestions. It is your responsibility to make decisions about your account and investments.
- Consider carefully the validity and reliability of investment information obtained from all sources, especially unsolicited information obtained over the Internet.
- Request and carefully read prospectuses and other materials before making any decisions. It is important that you have a clear understanding of the potential risks and benefits of each investment you make. If you have any questions about the information, ask your financial professional.
- Review all statements and confirmations and report any errors to your financial professional immediately. Your financial professional should be able to quickly provide you with answers to your questions.
- Review your holdings on a regular basis and whenever your financial circumstances change.
- Have cash or securities available in your account at the time of a transaction. The SEC requires payment for purchases of securities by settlement date, which is usually between one to three business days.
- Never make any payments for securities payable to your financial professional.
- Do not loan any money or securities to, or borrow from, your financial professional.
- Never make a check or money order payable to your financial professional nor give your financial professional cash to make an investment purchase. Do not make any investment in any business or venture in which your financial professional is involved in the organization or management of the business, unless the investment is made through our firm and your funds for the purchase are forwarded to our firm.
- Do not authorize or permit your financial professional to act as personal custodian of your securities, stock powers, money, or other real or personal property you own. You should not give your financial professional any personal identification numbers (PIN) for bank accounts or securities accounts, or expect them to transfer money from those accounts for any purpose.
- Ask questions. Your financial professional is there to serve your best interests and you should feel free to ask any question about any aspect of your account or a transaction.
- Inform your financial professional if you do not understand his or hers suggestions and explanations. You should not invest if you do not understand the suggestions, explanations, products, services, or risk.

## **Your Financial Professional's Other Businesses**

As an independent contractor, your financial professional may have a business other than securities separate from, and unaffiliated with, our firm. If properly licensed, your financial professional, under a separate marketing identity, may offer non-securities products and services including, among others:

- Real estate brokerage
- Legal services
- Accounting services
- Estate planning
- Business planning
- Tax preparation
- Fixed insurance

When acting as your registered representative, your financial professional may only recommend products approved by our firm, and sales or purchases of these products may only be done through our firm. When engaged in the non-securities related activities noted above, your financial professional is not acting as a representative or agent of BI Financial Services and is not subject to the rules and regulations of the SEC, FINRA and other securities regulatory bodies, although he or she may be subject to other regulations. You should independently assure that your financial professional is properly qualified to engage in non-securities related activities before agreeing to conduct any of these businesses with him or her. Do not hesitate to contact our home office by writing to the attention of the Compliance Department at BI Financial Services, 102 SE 13<sup>th</sup> Street, Panora, Iowa, 50216 if you have any questions about your financial professional or any product or service.

## **IMPORTANT THINGS TO KNOW ABOUT INVESTING**

As a firm, we offer a wide variety of investments, some of which are quite complex. You should always educate yourself about a particular investment before purchasing it. You should always read prospectuses and other documents you receive concerning your investment. We have included the following general information to assist you and not as a substitute for your reading the more complete documents relating to your specific investment.

### **Keys for Investing**

Every investor should know the basic "keys" for better investing. One of the most important steps in attaining your financial objectives is to establish a long-term relationship with your financial professional. A financial professional must be educated in investments and techniques of investing and care about his or her clients. Our financial professionals receive regular training and are dedicated to helping you reach your financial goals.

Once you have established a relationship with your financial professional, we suggest the following rules of investing that should be followed throughout your relationship:

- Stay in frequent touch with your financial professional. Be honest about your concerns and ask questions about risks or transaction charges.
- Approach investing like you would any important goal: Get involved in the process. First, gain an understanding of your starting point. What are your resources, your risk tolerance, your time horizon, and your goals. Second, design an investment plan suited to your individual circumstances. Third, monitor your results and make adjustments if necessary to keep you on track. Your financial professional has the tools and skills to help guide you through the process.
- If an investment seems too good to be true, it probably is. Be wary of stock tips and other promises of high returns. The first rule of investing: Higher investment returns are usually accompanied by higher risks. Don't reach for unrealistically high returns.
- Diversify over a broad spectrum of investments. Your financial professional can help you select asset classes that are appropriate for you.

- Be patient. Stick to your plan. Consider employing a dollar cost averaging strategy and approach the market with a long-term point of view.
- Don't succumb to fear when the market is dropping and don't become greedy when prices are rising. Emotions can be the greatest enemy to your long-term investment plan. Don't try to "time" the market as no one can do it successfully all the time.
- Educate yourself about the investment under consideration and do your best to understand the risks, costs and liquidity of any investment you make. If you don't understand any information in a prospectus, ask your financial professional to help explain the information.
- If you are investing in mutual funds, ask about breakpoint availability in the funds.
- Consider asset allocation—a tactical, sophisticated long-term approach to investing. Asset allocation provides the blueprint, which helps you diversify your assets into the appropriate asset classes with proper balance. Again, your financial professional has the tools and skills to help you.
- It is better to error on the side of being conservative than too aggressive.

These keys for investing are common-sense rules that should give you a higher probability of success. Remember though, that there are no "guarantees" in investing, and a disciplined approach to investing, working with your financial professional, will help you achieve your financial objectives.

## **UNDERSTANDING YOUR INVESTMENT RISKS**

All investments carry some risk and it is always possible to lose money when you invest in any securities product. Apply the same principles when making any investment—understand what you are purchasing and how much it will cost you. Below are some of the risk considerations in making investments.

### *Market Risk*

Your investment's principal value may fluctuate from day-to-day depending on a variety of factors. Global events, events in the United States or just a change in market psychology can affect how your investments perform. Fluctuations in investment values may be short-term and not indicative of long-term performance.

### *Company Risk*

The value of any company's stock is affected by current expectations for how that company or other similar companies may perform, independent of market risk.

### *Interest Rate Risk*

Bonds fluctuate depending on movements in interest rates. Generally, short-term bonds are less impacted by interest rate movements than long-term investments. Bond values tend to move inversely to interest rates (i.e., when interest rates go up, bond values go down.)

### *Credit Risk*

Common to bonds, the lower the credit worthiness of your investment, the higher its yield and risk in comparison to investments with a higher credit rating.

### *Liquidity Risk*

Risk involved when some securities are not readily available to convert to cash.

### *Currency Risk*

Certain investments in foreign securities, or in securities that invest in foreign investments, can be subject to fluctuations due to the value of the dollar compared to the currency of other nations.

### *Securities Risk*

Some securities are prone to greater risk factors. Typically, low priced securities, newly issued securities, low-rated or un-rated fixed income securities and securities for which there is no ready market and cannot be readily sold (such as limited partnerships) are considered more speculative in nature than the securities of more mature, seasoned companies. Securities are available with all levels of risk and potential reward.

### **Margin Risk**

Occasionally, you as an investor may use “margin” to purchase securities. This means that you open a margin account and borrow the funds from your broker-dealer to pay for all or part of an investment. Margin accounts are not appropriate for all investors. When using margin, the client agrees to allow our firm to use the securities in the account as collateral for repayment of the loan amount and agrees to a specific interest rate for the loan. If the securities decline in value, so does the collateral supporting the loan and the client must either add additional funds to the account or our firm may have to sell some of the securities in the account to maintain the equity in the account that is required by law or by our firm’s in-house requirements. We can choose which securities in the account to sell. The client is responsible for any shortfall in the account after such a sale. We will usually contact a client before selling securities in the account to meet margin requirements, but are not required to do so.

Therefore, the use of margin in an account can increase the impact on the client of a decline in the value of the client’s securities. Before entering into any margin agreement, you should thoroughly discuss all of the risks and requirements with your financial professional.

### **Risk Tolerance and Diversification**

Every investment you make can be affected by one or more of the risks noted above. There is no escaping the fact that you always face a degree of risk when you invest. For that reason, it’s important to consider your risk tolerance, investment time lines and goals before making an investment decision.

Diversification is a basic principle of investing that helps balance potential returns against risk. Rather than putting all of your assets in one type of investment, you can diversify among several different types of investments with different characteristics.

Another way to reduce risk is to take a long-term approach to investing. This gives you the opportunity to ride out market fluctuations and realize market returns over a period of time. Your financial professional can help you determine your risk tolerance, timeline and goals and work with you to develop a personal investment plan that makes the most sense for you.