

MESIROW FINANCIAL, INC.

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# Conversation starters

MFIM and MFI

# Conversation Starters MFIM

## Given my financial situation, should I choose an investment advisory service?

Our investment advisory services are appropriate for customers looking to establish an ongoing fiduciary relationship with a financial advisor. We provide discretionary and/or non-discretionary investment management targeting an individual's or family's unique financial goals, which are defined by a customized Investment Policy Statement (IPS). The IPS is agreed upon at the inception of our relationship and is periodically updated to reflect our customer's evolving needs. The IPS lists our understanding of the specific investment goals, our recommended asset allocation, an inventory of the accounts under our management, and relevant cash flow expectations.

As fiduciaries, we are responsible for the investments we recommend throughout the entirety of our relationship.

## Why or why not?

Due to the ongoing nature of our investment advisory services, this option may be appropriate for individuals and families in need of financial planning for their short-, intermediate- and long-term financial goals. We work with our investment advisory customers to identify their financial objectives in terms of specific dollar amounts and timeframes to develop strategies to help achieve their stated goals, such as financial organization, protection & insurance, education planning, retirement planning, tax efficiency, and/or estate & legacy goals. (Mesirow Financial does not provide tax or legal advice.)

We typically provide our investment advisory services for an ongoing asset-based fee. Breakpoints are available at certain asset thresholds, and minimum annual fees may apply. We do not receive any additional compensation from the investments we recommend (such as sales loads or 12b-1 fees).

In some cases, our customers engage with us on a more limited basis by choosing our brokerage services. In a brokerage service relationship, we're compensated for transactions (for example, the purchase or sale of individual securities, such as stocks, bond, and ETFs) and/or the mutual funds we recommend (for example, sales loads & 12b-1 fees). In these situations, we do not have any ongoing responsibility for the investments we recommend.

Our investment advisory service fee structure is asset-based and ongoing, and typically includes a financial planning component. Our brokerage services are provided on a transactional and/or security-specific basis. As such, advisory customers and brokerage customers may receive different services, and may pay greater or lesser costs on one platform or the other based on their specific needs, objectives, activity, and assets.

## How will you choose investments to recommend to me?

We manage our investment advisory services portfolios in accordance with the customer's Investment Policy Statement (IPS). Each individual's and family's IPS is unique to their specific financial situation and reflects the customer's specific goals, objectives, timeframes and risk tolerance. We use the IPS to define the appropriate asset allocation mix for each portfolio. Individual asset classes may include cash & equivalents, bonds & fixed income, hybrid & asset allocation strategies, stocks & equities, and/or alternative investments.

We select, recommend and monitor individual securities to meet the asset allocation mix defined by the IPS. As fiduciaries, we have certain legal obligations to our investment advisory services customers, including the requirement that we put our customer's best interest before our own, that we continuously evaluate the potential risk & reward profiles of the securities held in our portfolios (and proactively recommend changes as necessary), and that we use the lowest cost alternative available for each specific investment product (for example, institutional-share or no-load mutual funds).

## What is your relevant experience, including your licenses, education and other qualifications?

Your advisor will be able to tell you about his/her specific experience, securities licenses and/or accreditations...

## What do these qualifications mean?

The Financial Industry Regulatory Authority (FINRA) oversees all securities licensing procedures and requirements. This self-regulatory organization administers many of the exams that must be passed to become a licensed financial professional.

### Series 7

The Series 7 license is known as the general securities representative (GS) license. It authorizes licensees to sell virtually any type of individual security.

### Series 63

The Series 63 license, known as the Uniform Securities Agent license, is required by each state and authorizes licensees to transact business within the state.

### Series 65

The Series 65 license is required by anyone intending to provide any kind of financial advice or service on a non-commission basis. Financial planners and advisors that provide investment advice for an hourly fee fall into this category, as do stockbrokers or other registered representatives that deal with managed-money accounts.

### Series 66

This Series 66 is the newest exam offered by NASAA. Generally, it combines the Series 63 and 65 exams.

Additionally, some of our financial professionals hold educational or professional credentials, such as the Certified Financial Planner™ (CFP®) designation. Holding a professional designation generally indicates that the financial professional has completed certain courses or continuing education.

## How might your conflicts of interest affect me, and how will you address them?

We are compensated for our investment advisory services by an ongoing asset-based fee. In most circumstances, this aligns our interests with our customers' goals. As portfolios values grow, our total compensation increases; conversely, when portfolio values decline, our total compensation decreases.

We believe that an ongoing asset-based fee is the most appropriate compensation method due to the long-term nature of our investment advisory services and financial planning. However, it is important that our customers be aware of our potential conflicts of interest.

For example, as we are compensated for the assets under our management, we must be very cautious to examine all aspects of a customer's individual holdings, account types, and existing fee arrangements to be sure that a transfer is in the customer's best interest before making a recommendation to transfer accounts or securities to a portfolio under our management. This may include an analysis of the potential tax or transactional costs to liquidate or transfer securities or accounts, a review of the specific types of accounts being transferred, and an understanding of the existing fee and service arrangements.

We must also have safeguards in place to be sure that our portfolios have an appropriate mix of risk and reward. Historically, more volatile types of securities (such as stocks) have earned a higher rate of return than less volatile assets (such as bonds) but they have also experienced a greater possibility for loss. While a more aggressive asset allocation recommendation may result in greater portfolio growth (and an increase in our total compensation), it may also increase the portfolio's exposure to loss.

We clearly define our portfolios' risk & return profiles and recommended asset allocation in each customer's unique Investment Policy Statement (IPS). This IPS is mutually agreed upon at the inception of our investment advisory services relationship and is periodically reviewed with our customers to be sure it meets their evolving circumstances and goals.

## As a financial professional, do you have any disciplinary history? For what type of conduct?

Speak with your investment advisor directly

[Investor.gov/CRS](https://investor.gov/CRS) is a free and simple search tool to research our firm and your financial professional. The site also provides links to educational resources.

## Who is my primary contact person?

Your Investment Advisor and his/her team

## Is he or she a representative of an investment adviser or a broker-dealer?

MFIM – investment advisor

## Who can I talk to if I have concerns about how this person is treating me?

Mary Jo Hayes

CCO

Legal and Compliance

312.595.6512

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# Conversation Starters MFI

## Given my financial situation, should I choose a brokerage service?

Our brokerage services are appropriate for customers looking to execute discrete solicited buy or sell transactions, custody specific assets, and/or direct unsolicited trades. We are compensated for our brokerage services on a transactional basis (for example, the purchase or sale of individual securities, such as stocks, bond, and ETFs) and/or the mutual funds we recommend (for example, sales loads & 12b-1 fees).

We work with our brokerage services customers to understand their individual unique situations and objectives, and we use this information to put our clients' interests first at the time we make a recommendation. However, we do not have any ongoing responsibility for the investments we purchase, hold or sell in a brokerage services account, and we do not act as a fiduciary for assets held in these accounts.

## Why or why not?

Our brokerage services may appeal to customers with specific investment-related objectives, such as the desire to receive guidance on a security-by-security basis (rather than as part of a holistic plan), a need to custody special situation investments (such as those with low or no cost basis), and/or the intent to direct their own trades.

Customers looking to establish an ongoing fiduciary relationship with a financial advisor may wish to consider our investment advisory services, which provide for ongoing discretionary and/or non-discretionary investment management, and financial planning for short-, intermediate- and long-term financial goals.

Brokerage services customers can transact in a wide range of stocks, bonds, and ETFs. However, our brokerage services accounts may be restricted from investing in certain institutional-class and no-load mutual funds (that may be available to our advisory services customers) due to our arrangements with the mutual fund providers. Additionally, Mesirow Financial may receive a "mark-up" or "mark-down" on fixed income securities bought or sold in a brokerage services account.

Our brokerage services are provided on a transactional and/or security-specific basis. Our investment advisory service fee structure is asset-based and ongoing, and typically includes a financial planning component. As such, advisory customers and brokerage customers may receive different services, and may pay greater or lesser costs on one platform or the other based on their specific needs, objectives, activity, and assets.

## How will you choose investments to recommend to me?

We work with our brokerage services customers to understand their unique investment objectives. We may recommend the purchase, hold or sale of one or more securities based on our understanding of our brokerage customer's specific situation and their best interests at the time of the recommendation. Considerations for these recommendations may include anticipated cash flow needs, the risk & return profile of the recommended investments, potential tax costs, and/or commissions & loads that may be incurred.

## What is your relevant experience, including your licenses, education and other qualifications?

Your registered representative will be able to tell you about his/her specific experience and securities licenses.

## What do these qualifications mean?

The Financial Industry Regulatory Authority (FINRA) oversees all securities licensing procedures and requirements. This self-regulatory organization administers many of the exams that must be passed to become a licensed financial professional.

### Series 7

The Series 7 license is known as the general securities representative (GS) license. It authorizes licensees to sell virtually any type of individual security.

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**Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?**

#### Mutual Fund

\$10,000 PIMCO Total Return Fund Class A (PTTAX)	\$10,000.00
Front end load 3.75%	- 375.00
Service Fee \$20	- 20.00
Investment value	\$ 9,605.00

#### Equity

\$10,000 Apple Stock (AAPL)	\$10,000.00
Commission 1.00%	- 100.00
Service Fee \$20	- 20.00
Investment value	\$ 9,880.00

**How might your conflicts of interest affect me, and how will you address them?**

We offer an opened ended product shelf and the compensation structure differs for different product types. When we provide you with a recommendation as your broker-dealer we must act in your best interest and not put our interest ahead of yours.

**As a financial professional, do you have any disciplinary history? For what type of conduct?**

Speak with your registered representative directly regarding any disciplinary history.

[Investor.gov/CRS](https://www.investor.gov/crs) is a free and simple search tool to research our firm and your financial professional. The site also provides links to educational resources.

**Who is my primary contact person?**

Registered Representative

**Is he or she a representative of an investment adviser or a broker-dealer?**

Broker-dealer

**Who can I talk to if I have concerns about how this person is treating me?**

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