BCM

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Separately-Managed-Account Offering

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Historically, the only way to invest with BCM was through an investment partnership (the Barac Value Fund, L.P. (the "Fund"). For cost effectiveness and simplicity, the Fund was set up with a hedge-fund structure.

2

While I believe that the Fund's terms are very attractive (within the confines of this type of structure), there are still a number of inherent drawbacks for many investors, including:

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Drawbacks of the Investment Partnership

- Limited control (e.g. ownership of a percentage of the Fund rather than complete ownership/control of your own brokerage account);
- A regulatory requirement to be an “accredited investor”;
- A $250,000 investment minimum;
- Contributions required in cash (potentially requiring other investment liquidations and a crystallization of capital gains);
- Limited liquidity (monthly only); and
- Partnership “K1s” for tax preparation.

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To Address these Limitations, BCM is now Offering Separately-Managed Accounts (SMAs) which offer the Following Relative Benefits:

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Individually-Owned-Account

- This is your individually-owned Interactive Brokers brokerage account in your name.
- I will have trading privileges (with your consent), but you will have complete control of the account and only you can withdraw/transfer funds.
- You also have immediate liquidity and can withdraw funds whenever you wish.
- You will receive detailed account statements from Interactive Brokers and can view your statements and activity on-line at any time.
- You are taxed as with any other brokerage account and there is no need for K1s.

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Customization

- With your input, we will customize your investments to meet your own specific financial needs and goals.
- Clients will receive a detailed initial strategy and positioning overview.
- Going forward, accounts will be continuously reviewed (and adjusted, when necessary) and clients will receive formal written reviews and benchmark performance evaluations.
- Between formal reviews, clients will have unlimited access for questions and discussion.

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Open Participation and Lower Minimums

- Open participation with no need to be an “accredited investor”.
- The minimum investment is only $95,000 (with even lower minimum amounts considered based upon circumstances).
- The minimum may increase for new clients over time; however, early clients will be “grandfathered” at that amount.
- Contributions are not required to be in cash and you can transfer security holdings from your existing brokerage accounts into your SMA (such that no capital gains are crystallized from selling any securities).

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Lower Fees

- While the fees for the Fund were very low within the context of the hedge fund world, the fee structure for the SMAs will be even lower (starting at 0.95% per annum with marginal rates as low as 0.50% and below, based on account size).
- This advisory structure doesn't necessitate the same legal, fund administration, and auditing costs as does running a fund (which allows for the lower fees and the lower investment minimums).

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No Commissions

- Many financial advisors are paid by trade commissions, which can incentivize unnecessary trading and the “churning” of client’s accounts.
- BCM receives no trading commission. Management compensation is solely based on a percentage of assets.
- I believe that this structure best aligns the interests of the financial advisor and the client.

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No Conflicting Incentives

01

Many financial advisors are affiliated with brokers who also sell actively-managed mutual funds and annuities (which can have an additional layer of high commissions and/or fees).

02

These financial advisors can be incentivized through commissions to sell high-fee products.

03

BCM sells no products and will not invest in anything that has a sales commission or an active management fee.

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Breadth of Experience

- Many financial advisors succeed based on their self-promotion skills rather than their investment skills and experience.
- Conversely, I believe that my extensive investment experience will be of considerable benefit to my clients, including:

  - Director, Principal Strategies Credit Trading Group, Barclays Capital, London
  - High-Yield Corporate Bond Analyst, Schroders Investment Management, London
  - V.P. and Senior Credit Officer, Moody's Investors Service, New York and London
  - Multi-Asset Fund Manager, Barac Value Fund, L.P.
  - 17 years in Investment Research
  - M.B.A. from Southern Methodist University

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Investment Philosophy

- The investment strategy entails looking beyond momentum and sentiment and seeking assets that are substantially undervalued, relative to intrinsic value.
- Investment assessments are based on a fundamental analysis that utilizes both a top-down and bottom-up analytical approach which capitalizes on the manager's extensive experience in corporate securities analysis.
- Investment allocations to different asset classes (e.g. stocks, bonds) may vary considerably, over time, depending on the manager's value assessment of the different asset categories.

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Investment Philosophy

- The research-driven and long-term value investing philosophy aims to capitalize on market inefficiencies and deliver systematic outperformance over time.
- The longer-term investment horizon can help to moderate transaction costs and provide for greater tax efficiency, relative to higher-frequency trading strategies.

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Risk Management

- Risk management is fundamental to the overall integrity of the investment strategy which focuses extensively on capital preservation and downside risk.
- Considerable focus is put on credit and general risk analysis to determine risk/reward and the appropriate sizing of positions.
- The manager's general strategy further controls risk by limiting exposure to any one single-name security and avoiding illiquid stocks, mortgage-backed securities, or other illiquid assets.

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Honesty and Transparency

- In the investment world, honesty and transparency are of the upmost importance.
- Unfortunately, many financial advisors put their own interests above that of their clients.
- I believe that people who know me would say that I am scrupulous and honest beyond question.
- I am also dedicated to exceptional client service and transparent communication and I take the responsibility of managing your money very seriously.

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- I would love to have a personalized discussion with you about this offering and your investment circumstances in more detail.
- Please contact me at 512-981-8080 or at ted@baraccapital.com for a free initial consultation and discussion.
- Thank you, so much, in advance for your consideration.

THIS CORRESPONDENCE IS ONLY INTENDED FOR CLIENTS AND INTERESTED INVESTORS RESIDING IN JURISDICTIONS IN WHICH THE ADVISOR IS QUALIFIED TO PROVIDE INVESTMENT ADVISORY SERVICES. PLEASE CONTACT MR. BARAC TO FIND OUT IF HE IS QUALIFIED TO PROVIDE INVESTMENT ADVISORY SERVICES IN THE STATE WHERE YOU RESIDE.