

How Clients Benefit From Their Advisor's CEFEX Certification.

CEFEX-certified Investment Advisors proudly display the CEFEX Mark. Voluntarily, they undergo annual fiduciary assessments conducted by independent expert analysts. The resulting assessment reports are reviewed by a separate registration committee. This program is a sophisticated peer-review system.



The CEFEX Mark

The CEFEX certification ensures that the advisor has prudent fiduciary practices in place and a culture of excellence, supported by documented and structured processes.

Documented and structured processes are more likely to result in investment portfolios that:

- **Are better designed and have lower costs**
Structured due diligence processes force rational investment and service selection, thereby ensuring the best value for the portfolio.
- **Better manage client expectations through education, reporting and disclosure**
Disclosure alone is often insufficient to help investors. The fiduciary process leads to a more educated client who can better understand the components of their portfolios. The process should enable greater personalization, based on risk preferences and financial needs.
- **Can deal with a wider range of investment conditions**
The investment process is not hostage to market swings. The process anticipates all types of conditions and can rationally account for investment outcomes.
- **Make fewer strategic mistakes**
A well-structured process virtually eliminates deficiencies in portfolio management. The decision rules would not allow it!

Benefits to clients:

- **Higher probability of enhanced portfolio outcomes**
Documented, repeatable processes are more likely to generate higher returns over time, because they are not dependent on timing, luck, "in-fashion" or un-substantiated decisions.
- **Increased transparency**
Far too many advisors operate like black boxes. They cannot (or will not) describe their process there by avoiding accountability to the investor. The prudent process has nothing to hide.
- **Increased oversight**
Independent fiduciary assessments supplement the advisor's internal compliance practices and their mandatory statutory regulatory compliance. The rules associated with statutory compliance are designed to constrain bad conduct, but it is impossible to set rules for every situation. Independent fiduciary assessments focus oversight on process, so virtually all situations are covered.
- **Competitive influence**
The CEFEX-certified advisor is earning your business on fiduciary principles. The firm is striving to be the best fiduciary in a crowded market!

The CEFEX Fiduciary Assessment:

- **Validates practices and processes**

Includes review of file administration, information gathering, custody, brokerage, and best execution, using a consistent evidence-based methodology.

- **Assesses structure, systems, support and reporting**

Analyzes the Investment Policy Statement and the due diligence process, comparing the advisor's investment line-up to a standard set of fiduciary screens. The assessment also reviews how conflicts of interest, if any, are managed and disclosed.

- **Reviews risk assessment**

Reviews how asset allocation is based on capital market inputs and risk assumptions used by the advisor. How does the advisor manage risk and return characteristics of the portfolio?

- **Samples client files**

Verifies that client files contain the Service Agreement deliverables, records and outputs of the investment management process for the specific client.

- **Is complementary to regulatory exams**

The CEFEX process-based assessment takes a different approach from the regulator's rules-based approach. A background check including regulatory, legal and bankruptcy history is also conducted.

"Voluntary adherence to a fiduciary process can narrow the gap between compliant and non-compliant behaviour, allowing regulators to focus on significant deficiencies and identify intentional bad behaviour."

Excerpt from CEFEX presentation to SEC Office of Compliance Inspections and Examinations, Feb 4, 2014.

Investors of all types should mandate the CEFEX certification of their advisors.

For more information on CEFEX, please contact sales@cefex.org or call 416-693-9733



CEFEX Centre for Fiduciary Excellence, LLC. is an independent certification organization. CEFEX works closely with industry experts to provide comprehensive assessment programs to promote fiduciary best practices. It certifies investment stewards, advisors, fiduciary advisers (PPA), managers, ASPPA recordkeepers, ASPPA administrators, and support services firms. To learn more about CEFEX, please visit www.cefex.org.

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BENEFITS OF CHOOSING AN AIF® DESIGNEE



WHAT MAKES AIF® DESIGNEES DIFFERENT?

Is the investment advice you are receiving really in your best interests? Unless your advisor understands and follows a fiduciary process, you can't really be sure. Even those investment professionals who are required to act as fiduciaries might not have the experience or training to prepare them for this enormous responsibility.

Fi360 is accredited by the American National Standards Institute for the AIF® Designation, making the designation part of an elite group of accredited designations for financial professionals.

Only Accredited Investment Fiduciary® (AIF®) Designees have been certified specifically for their ability to follow a fiduciary process with their clients' best interests at heart. Here are some attributes that make AIF® Designees different from other advisors or financial professionals:

Experience. Designees are required to provide documented industry and educational experience to qualify for the designation.

Education. Designees must complete the Accredited Investment Fiduciary® (AIF®) Designation Training, which covers the Prudent Practices® for managing fiduciary assets for wealth, nonprofit and retirement clients.

Examination. Designees must pass an examination to prove comprehension of the Prudent Practices® and ability to act in the best interest of clients.

Ethics. Designees adhere to a Code of Ethics and Conduct Standards that show a commitment to a higher degree of industry professionalism.

Continuing Education. Designees commit to keeping their knowledge and skills sharp by completing annual continuing education requirements.

AIF® DESIGNEES HAVE THE KNOWLEDGE AND RESOURCES TO HELP CLIENTS WITH:

- Creating and maintaining a comprehensive investment plan, strategy or policy statement that documents the processes and procedures that will be used to manage the plan/portfolio.
 - Analyzing and optimizing asset allocation strategies and investment menus.
 - Applying objective standards for evaluating and recommending appropriate investment options and products.
 - Monitoring and reporting plan/portfolio performance.
 - Evaluating a client's current fiduciary practices and recommending actions to help mitigate compliance and litigation risks.
 - Understanding their important fiduciary roles, responsibilities and obligations with more confidence.
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DRIVE THE CONVERSATION WITH YOUR INVESTMENT ADVISOR:

Some advisors always operate in a fiduciary capacity, others only act as a fiduciary for certain specified services, and yet others are not permitted by their company to take on the obligations of a fiduciary at any time. Use the following points to better understand the standard of care your advisor is providing you.

- Will you act as a fiduciary in all scenarios when managing my portfolio or plan assets?
- How long have you been acting in this fiduciary capacity? Can you describe your experience acting as a fiduciary advisor?
- What fiduciary training have you received? Do you hold any designations focused on fiduciary best practices?
- Provide at least three references of clients who are using your services in your capacity as a fiduciary advisor.
- What services do you provide to help clients meet their fiduciary obligations?
- Please disclose and describe any potential conflicts of interest.
- Describe your total compensation or fees received for your proposed services.

An advisor should be able to provide clear and concise answers to all of these questions and be willing to disclose that information in writing. In addition, any AIF® Designee should be able to describe how their relationship with you will operate and list the resources and tools that are incorporated into their business practices.

To see if your advisor is an AIF® Designee, visit:
www.fi360.com/designeesearch