

CERTIFICATION FACT SHEET

INVESTMENT ADVISORS TO HIGH NET WORTH CLIENTS

DEFINITION

Investment Advisor: A fiduciary who is responsible for managing a client's overall investment strategy, which may include deciding on the client's asset allocation, developing the client's investment strategy, implementing the strategy with appropriate Investment Managers, and monitoring the strategy, on a one-time or ongoing basis. The term refers to those who provide specific or comprehensive investment advice including financial advisors, broker-consultants, investment consultants, wealth managers, financial consultants trust officers, financial planners and fiduciary advisers.

NEED FOR ACTION

The financial services industry has experienced explosive growth since the 1980's. As a result of the shift in responsibility for retirement planning onto the worker, combined with a dizzying range of financial product innovation, wealthy Americans have turned to financial services firms for investment advice. Over time, brokerage firms and registered investment advisers proliferated.

Unfortunately, many of the products sold are characterized by hidden conflicts of interest, high cost, and often poor performance. The industry's regulators and lawmakers are trying to finalize the definition of a fiduciary, however powerful lobby groups will ensure that business interests are preserved.

Investors need to protect themselves, and the best Investment Advisors need a way to demonstrate their fiduciary excellence.

STANDARD

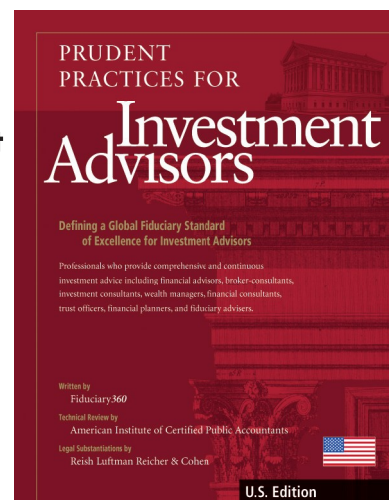
The CEFEX certification of an Investment Advisor is based on a fiduciary standard described in the handbook: Prudent Practices for Investment Advisors, published by fi360 of Bridgeville, PA.

The Handbook contains 23 best practices, including supporting criteria, describing how an Investment Advisor can prudently manage investments.

Each practice is substantiated by regulations contained within the **Uniform Prudent Investor Act (UPIA)**, as well as other legislation and case law.

The responsibilities described in the Practices can be highlighted:

1. Know standards, laws and trust provisions.
2. Diversify assets to specific risk/return profile of the plan.
3. Prepare an investment policy statement.
4. Use 'prudent experts' (money managers) and document due diligence.
5. Control and account for investment expenses.
6. Monitor the activities of 'prudent experts'.
7. Avoid conflicts of interest and prohibited transactions.



The Handbook is available for free download at www.cefex.org

