

# Conflicts of Interest



Whose financial future is your advisor planning for?

One look at the newspaper and it's clear: many investment recommendations are driven by interests other than the client's.

In early 2003, US Securities regulators signed a \$1.4 billion deal with several investment firms, (including Citigroup, Credit Suisse First Boston, Merrill Lynch, Morgan Stanley and Goldman Sachs) to end investigations into whether or not their investment advice to individual clients was tainted by their dealings as investment bankers. Nobody familiar with the case against the firms doubts the fact that they put the interests of individual investors *last*. Yet despite the media attention garnered by these cases, these firms saw net inflows from investors. Why? According to one study, most people assume the entire industry is so corrupt that one firm is as good as another.

Fortunately, one firm is better.

At ASI, we pride ourselves in strenuously avoiding such conflicts and for our ability to provide advice with only the client's best interests in mind. We believe that by serving our clients in this way we will, in turn, be served by a long lasting relationship of mutual trust.

Just think of it as a new kind of financial independence. Independence from conflicts. Independence from hassles. Independence from advisors not committed solely to you.

## **Just how do these conflicts affect you? Here's a few examples:**

*Mutual fund recommendations from any large brokerage firm will undoubtedly include funds under the firm's own brand. Why?*

It's simple, a broker gets more compensation from the firm's own products than he does from outside funds. Some may insist that these house named funds are as good as any others but it is rarely the case. And as long as a broker has this additional incentive to sell those funds how will you ever know for sure that you are getting the best advice?

At ASI our only incentive is to put your interests first. We get no compensation from anyone other than you and you get nothing but the best advice we can give.

*Do you think investments are always recommended based on their merits? Their performance, their cost effectiveness, their likelihood to succeed?*

As a former stockbroker one of our consultants remembers the day a fund rep came into his office to introduce a new fund they were offering. As part of the introduction generous finder's fees were offered to the brokers and the fund company offered to send every broker and staff person in the office to Hawaii if they sold \$25 Million worth of the fund. One month later everyone went to Hawaii and their clients owned more than \$25 Million of this new fund. \_\_\_\_\_ years later the fund has consistently proven its ability to under-perform 75% of similar funds. Were any of the investments in your portfolio recommended for similar reasons? How can you ever know for sure?

At ASI we apply strict criteria to investment selection. And since we don't accept finders fees, commissions, soft dollar payments, free trips or gifts you can be assured that the recommendations we provide are based on your needs not our travel plans.