

## Fiduciary Excellence at CEFEX-certified Investment Advisory Firms

*A CEFEX-certified advisory firm places your interests first and may realize investment objectives sooner, better align investment services to expenses, and be accountable for actions taken. Institutional and individual investors expect these benefits from an advisory firm.*

*CEFEX certification demonstrates that the firm places a high importance on realizing these benefits.*

**W. Edwards Deming**, a pioneer in quality management systems, saw continuous improvement as a system whereby feedback from the process and the customer are evaluated against organizational goals. CEFEX assessments achieve a similar effect on the advisory firm. Certification programs have been in place in other industries for over 50 years.

### The Advisor Adheres to a Fiduciary Standard:

Investment advisory firms are responsible for providing investment advice and managing investment decisions. The independent **CEFEX** Investment Advisor certification demonstrates fiduciary excellence at the firm, based on a best practice standard. **CEFEX** advisory firms adhere to the **Global Fiduciary Standard of Excellence**. This means they act in the best interest of investors. Contrast this with a firm that lacks a fiduciary process or operates according to a “suitability” standard. Investors should be aware that some “advisors” are commissioned salespeople who place their needs and those of their firm ahead of their clients, cloaked behind a “fiduciary veil.” Adherence to the fiduciary standard can be viewed as the foundation for the trust placed in advisors by their clients—both individual and institutional investors. The fiduciary standard also increases consistency of interpretation and implementation, which facilitates sharing information between the advisor, clients, vendors and regulators.

### The Advisory Firm is Verified by Annual Audits:

**CEFEX** advisory firms choose to undertake annual audits by independent fiduciary experts. This verifies their adherence to the fiduciary standard and is supplemental to the oversight performed by most financial regulators, who require advisors to meet a minimum compliance standard. The objective is simple—to protect investors.

**Information Security:** The **CEFEX** audit includes a review of the security procedures used by the advisor, including procedures for handling (PII) Personally Identifiable Information and a background check on the top fiduciary at the firm.

**Value of Third Party Audits:** Third-party audits help to increase the safety of the investment industry. **CEFEX** audits add dozens of checks and balances to the investment program with no direct cost to investors. Third party audits provide a new set of eyes which can enhance the awareness of internal compliance standards.

**Avoiding Conflicts of Interest:** High fees or inadequate performance can be a result of conflicts of interest. The **CEFEX** analyst is trained to watch for conflicts of interest, such as compensation related conflicts, portfolio management related conflicts and affiliations between investment advisers and broker-dealers.

### Advisor Professionalism:

Annual audits increase the advisory firm’s professionalism by keeping up to date with regulations and best practices. The **CEFEX** audit helps foster a culture of improvement within the firm. The assessment process is frequently updated to address changes in regulations and evolving best practices. The **CEFEX** “ecosystem” effectively encourages sharing best practices between firms, ensuring that all are maximizing the development of professional skills. **CEFEX** is similar to the International Organization for Standardization which promotes ISO standards for quality management in the automotive, aerospace and food industries.

Source: Retrieved from <https://www.cefex.org/>

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