



*CENTRE FOR FIDUCIARY EXCELLENCE*

# **CEFEX Certification**

## **Information Booklet: Documents from Certification**

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. To learn more about CEFEX, please visit [www.cefex.org](http://www.cefex.org).

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## **Introduction:**

The objective of CEFEX certification is to provide Advisors with a robust and credible program for differentiation and distinction. CEFEX Advisors voluntarily undertake independent audits to demonstrate leadership in promoting investor protection through increased oversight.

The program is based on the International Organization for Standardization (ISO) certification program protocol, used in most manufacturing and service industries.

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# CEFEX Certificate

At the core of all deliverables is the certificate. It is provided in print format, and is suitable for framing.



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## CERTIFICATE OF REGISTRATION

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Issued to:

**ABC Advisory Firm, Inc.**  
456 Anystreet South  
Anytown, PA, 12345  
USA

which has demonstrated its conformity to all Fiduciary Practices for:

**Investment Advisor Certification**

for the following program:

**Advisory services to High Net Worth individuals.**

**Date of Current Registration:** 12/01/2014  
**Date of Initial Registration:** 12/01/2012  
**CEFEX File:** CFX12345



On behalf of the CEFEX Registration Committee



David Vriesenga  
Chief Rating Officer

**Registered by CEFEX, Centre for Fiduciary Excellence LLC, Toronto, Canada M4E 1G3**  
This certificate has been awarded following the successful completion of an assessment to the standard shown above. The terms and conditions governing the issuance of this certificate are contained in the agreement between CEFEX and the firm. This certificate is the property of CEFEX and must be returned upon request. This certificate is valid for 1 year from the Date of Current Registration shown above, and can be renewed annually. The validity of this registration can be verified at [www.cefex.org](http://www.cefex.org).

The certificate can also be viewed online by clicking on the Advisor's CEFEX Web-Mark. When the Registration Type e.g. "Investment Advisor Certification" is clicked, the Standard is displayed, so the investor can quickly see the fiduciary practices addressed in the certification process.

# The Standard



## Prudent Practices for Investment Advisors

### Step 1: Organize

**Practice 1.1** – The Investment Advisor demonstrates an awareness of fiduciary duties and responsibilities.

**Practice 1.2** – Investments and investment services provided are consistent with applicable governing documents.

**Practice 1.3** – The roles and responsibilities of all involved parties (fiduciaries and non-fiduciaries) are defined and documented.

**Practice 1.4** – The Investment Advisor identifies conflicts of interest and addresses conflicts in a manner consistent with the duty of loyalty.

**Practice 1.5** – Agreements, including service provider agreements under the supervision of the Investment Advisor, are in writing and do not contain provisions that conflict with fiduciary standards of care.

**Practice 1.6** – Client assets are protected from theft and embezzlement.

### Step 2: Formalize

**Practice 2.1** – An investment time horizon has been identified for each investment objective of the client.

**Practice 2.2** – An appropriate risk level has been identified for each client.

**Practice 2.3** – An expected return to meet each investment objective has been identified.

**Practice 2.4** – Selected asset classes are consistent with the client's time horizon and risk and return objectives.

**Practices 2.5** – Selected asset classes are consistent with implementation and monitoring constraints.

**Practice 2.6** – The investment policy statement contains sufficient detail to define, implement, and monitor the client's investment strategy.

**Practice 2.7** – When socially responsible investment strategies are elected, the strategies are structured appropriately.

### Step 3: Implement

**Practice 3.1** – A reasonable due diligence process is followed to select each service provider in a manner consistent with obligations of care.

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**Practice 3.2** – When statutory or regulatory investment safe harbors are elected, each client's investment strategy is implemented in compliance with the applicable provisions.

**Practice 3.3** – Decisions regarding investment strategies and types of investments are documented and made in accordance with fiduciary obligations of care.

### Step 4: Monitor

**Practice 4.1** – Periodic reports compare investment performance against appropriate index, peer group, and investment policy statement objectives.

**Practice 4.2** – Periodic reviews are made of qualitative and/or organizational changes of Investment Managers and other service providers.

**Practice 4.3** – Control procedures are in place to periodically review policies for trading practices and proxy voting.

**Practice 4.4** – Periodic reviews are conducted to ensure that investment-related fees, compensation and expenses are fair and reasonable for the services provided.

**Practice 4.5** – There is a process to periodically review the organization's effectiveness in meeting its fiduciary responsibilities.

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## CEFEX Web-Mark

CEFEX provides the HTML code to implement this dynamic mark on the Advisor's website. The current day's date is shown, thereby validating the Advisor's CEFEX registration.

When the CEFEX Web-Mark is clicked, the Advisor's CEFEX certificate is displayed in a pop-up window.



## CEFEX Mark

A CEFEX Mark graphic is provided for use on the Advisor's presentations, RFP responses, and powerpoint slides. A high resolution graphic can also be provided for letterhead, business cards, brochures and other printed material.



# News Release

CEFEX issues a News Release for each new certification, which is sent to the CEFEX distribution list and included in the fi360 blog. The News Release can be used for the Advisor's local media initiatives and distribution.



## NEWS RELEASE

**FOR IMMEDIATE RELEASE**

Carlos Panksep  
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### **INVESTMENT ADVISOR IS CERTIFIED FOR FIDUCIARY EXCELLENCE**

**PITTSBURGH, August XX, 2014** – CEFEX, the Centre for Fiduciary Excellence, LLC, has certified ABC Advisory Firm, Inc., of Anytown, PA to the standard described in the handbook “Prudent Practices for Investment Advisors”. ABC Advisory Firm, Inc. (ABC) joins the elite group of Investment Advisors to successfully complete the independent certification process.

The standard describes how an Investment Advisor assumes the responsibility for managing a client’s overall investment management process, which includes the selection, monitoring and de-selection of investment managers, as well as developing processes to implement investment strategies and fiduciary practices on an ongoing basis. According to the General Manager of the Centre for Fiduciary Excellence, Carlos Panksep, “Through CEFEX’s independent assessment, the certification provides assurance to investors, both institutional and individual, that ABC has demonstrated adherence to the industry’s best fiduciary practices. This indicates that ABC’s interests are aligned with those of investors.”

ABC has been certified for investment advisory services to high net worth individuals. The annual certification process involves a detailed assessment of operational data and procedures, followed by on-site interviews with key personnel. ABC is registered at [www.cefex.org](http://www.cefex.org), where their certificate can also be viewed.

The fiduciary practices described in the standard are applicable globally. They are also substantiated in the U.S. by legislation, case law and regulatory opinion letters from the Employee Retirement Income Security Act (ERISA), the Investment Advisor’s Act of 1940, Uniform Prudent Investor Act (UPIA), Uniform Prudent Management of Institutional Funds Act (UPMIFA) and the Uniform Management of Public Employee Retirement Systems Act (MPERS).

A full copy of the standard can be downloaded from CEFEX at [www.cefex.org](http://www.cefex.org) and a summary can be viewed by clicking on ABC’s on-line CEFEX certificate. More information about ABC Advisory Firm, Inc. is available at [www.abcadvisoryfirm.com](http://www.abcadvisoryfirm.com).

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#### ***About CEFEX:***

*CEFEX, Centre for Fiduciary Excellence, LLC is an independent certification organization. CEFEX works closely with industry experts to provide comprehensive assessment programs to improve the fiduciary practices of investment stewards, advisors, recordkeepers, administrators and managers. CEFEX has offices in Pittsburgh, PA and Toronto, Canada.*

# Public Certification Report

This report is customized with the Advisor's information and describes the Advisor's accomplishment in completing the certification process. It is updated annually upon renewal. It does NOT include assessment findings (OFI's or NCR's), and hence is suitable for distribution.



## Public Certification Report

### ABC Advisory Firm, Inc.

#### CEFEX Investment Advisor Certification



#### **Investment Advisor Definition**

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.

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#### **Note to Report**

The information contained in this report is a summary of an assessment conducted by CEFEX, Centre for Fiduciary Excellence, LLC. The report is suitable for public distribution at the discretion of the certified firm. To confirm the registration of this firm, please visit [www.cefex.org](http://www.cefex.org), where a listing of all currently registered firms can be viewed.

#### **SECTION 1 – COMPANY INFORMATION**

**CEFEX File No.:** CFX12345

**Company Name:** ABC Advisory Firm, Inc.  
**Address:** 456 Anystreet South, Anytown, PA, 12345  
**Phone:** 123-456-7890

**SECTION 2 – ASSESSMENT DETAILS**

***Dates and Participants Representing CEFEX:***

**Date of Registration:**  
**Type of Assessment:** Initial OR Renewal

**Assessment Team:**

Position	Name
Lead Analyst	Analyst Name
Analyst	if applicable
Observer	if applicable

***Attestation***

The Lead Analyst is independent of the registered firm. He/she has not been employed or compensated by the registered firm for a period of at least 2 years prior and 6 months following this assessment, for the purposes of providing fiduciary consulting services. The Lead Analyst is an Accredited Investment Fiduciary Analyst (AIFA®) and has the adequate expertise and proficiency to perform this assessment.

***Purpose and Scope of this Assessment:***

To evaluate the Advisor’s conformance to the practices and associated criteria as defined in the document “Prudent Practices for Investment Advisors” (the Standard) for the declared scope of registration.

The scope of registration is as follows:

*Insert scope as it appears on certificate of registration.*

***Summary of Assessment Methodology:***

The assessment requires that the Analyst plan and perform a review of a representative sample of the Advisor’s written records, interviews with appropriate personnel of the Advisor and, on a test basis, evidence supporting the actions taken by the Advisor in providing services to its clients. Sampling of records was conducted in accordance with the statistical guidelines used by the International Organization for Standardization, which required a review of records equal to the square root of the total available records. Assessment elements include:

- Background check (performed at initial assessment), including ADV, FINRA BrokerCheck (if applicable) and civil lawsuit databases.
- Document review including Investment Policy Statement, Investment Committee minutes, client performance reports, RFP’s in the selection of service providers, written evidence of Investment Manager reviews, and service agreements.
- Comparison of capital market inputs for asset allocation model assumptions to a benchmark
- Comparison of risk and return models to a benchmark
- Comparison of investment due diligence screens to a standard thresholds
- Review of actual investments using a standard fiduciary scoring system. The Fiduciary Score is a measure of an investment’s position relative to a group of peers, using factors such as track record, assets, management tenure, style consistency, etc. over a period of three years.

- Review of arrangements with custodians, brokers and other service providers.

**SECTION 3 - ASSESSMENT FINDINGS**

All of the Practices within the Standard were assessed and considered to be adequately implemented, as listed below. A full copy of the Standard, which includes criteria for the fulfillment of each Practice, can be downloaded from [www.cefex.org](http://www.cefex.org), or viewed by clicking on the Advisor's on-line CEFEX certificate.

No.	Practice	Conformity
1.1	The Investment Advisor demonstrates an awareness of fiduciary duties and responsibilities.	√
1.2	Investments and investment services provided are consistent with applicable governing documents.	√
1.3	The roles and responsibilities of all involved parties (fiduciaries and non-fiduciaries) are defined and documented.	√
1.4	The investment Advisor identifies conflicts of interest and addresses conflicts in a manner consistent with the duty of loyalty.	√
1.5	Agreements, including service provider agreements under the supervision of the Investment Advisor, are in writing and do not contain provisions that conflict with fiduciary standards of care.	√
1.6	Client assets are protected from theft and embezzlement.	√
2.1	An investment time horizon has been identified for each investment objective of the client.	√
2.2	A risk level has been identified for each client.	√
2.3	An expected return to meet investment objectives has been identified.	√
2.4	Selected asset classes are consistent with the client's time horizon and risk and return objectives.	√
2.5	Selected asset classes are consistent with implementation and monitoring constraints.	√
2.6	The investment policy statement contains sufficient detail to define, implement, and monitor the client's investment strategy.	√
2.7	When socially responsible investment strategies are elected, the strategies are structured appropriately.	√
3.1	A reasonable due diligence process is followed to select each service provider in a manner consistent with due care obligations.	√
3.2	When statutory or regulatory investment safe harbors are elected, each client's investment strategy is implemented in compliance with the applicable provisions.	√
3.3	Decisions regarding investment strategies and types of investments are documented and made in accordance with fiduciary due care obligations.	√
4.1	Periodic reports compare investment performance against appropriate index, peer group, and investment policy statement objectives.	√
4.2	Periodic reviews are made of qualitative and/or organizational changes of Investment Managers and other service providers.	√
4.3	Control procedures are in place to periodically review policies for trading practices and proxy voting.	√
4.4	Periodic reviews are conducted to ensure that investment-related fees, compensation and expenses are fair and reasonable for the services provided.	√
4.5	There is a process to periodically review the organization's effectiveness in meeting its fiduciary responsibilities.	√

**Comment on Practices 1.4 and 1.5:**

Responsible fiduciaries should review information regarding fees and potential conflicts when engaging an Investment Advisor (Advisor). CEFEX-certified Advisors have been assessed using a checklist modeled after the disclosure requirements in the US Department of Labor Regulation § 2550.408b-2(c). The CEFEX assessment includes a review of the Advisor's

service agreement(s) including a sampling of the Advisor's client files to verify deployment of the service agreement, and appropriate disclosures. The Advisor's service agreement and disclosures are reviewed along with the Advisor's Form ADV to assure consistency. For Advisors serving plans subject to ERISA, many disclosures are mandatory in order to avoid a prohibited transaction. For those Advisors who do not serve ERISA plans, this checklist is considered a requirement for CEFEX certification on the basis of best practice.

#### **SECTION 4 - ASSESSMENT CONCLUSIONS AND RECOMMENDATION**

Based on the findings obtained during the Assessment, the Company is in substantial conformity to the Standard, and is recommended for CEFEX registration. This assessment has been reviewed by the CEFEX Registration Committee in order to maintain impartiality and consistency in the registration process. For details on the complete assessment process, please visit [www.cefex.org](http://www.cefex.org).

**Note regarding CEFEX certification:**

The CEFEX certificate has been awarded following the successful completion of an assessment to the standard referenced above. It may not address all of the products/services provided by the firm. The terms and conditions governing the issuance of the CEFEX certificate are contained in the Agreement between CEFEX and the firm. The certificate is the property of CEFEX, is valid for 1 year from the Date of Current Registration shown, and can be renewed annually.

The certification is not a source of legal or investment advice, a financial audit or expression of opinion regarding the completeness or accuracy of financial statements, a compliance or regulatory audit, a guarantee that the firm is in compliance with applicable fiduciary laws or standards, or a guarantee that the firm is adhering to the standard with respect to any specific client.

# CEFEX Letter of Registration

This is the official communication to the Advisor.



Centre for Fiduciary Excellence  
1111 Centre for Fiduciary Excellence  
Pittsburgh, PA 15222  
www.cefex.org

February 19, 2014

Advisor Name  
ABC Advisory Firm, Inc.  
456 Anystreet South  
Anytown, PA 12345  
USA

**CBFEX File: CFX-12345**

The Centre for Fiduciary Excellence (CEFEX) has conducted a fiduciary assessment of **ABC Advisory Firm, Inc.** (the "Advisor") to determine whether Advisor's practices in providing investment advice to clients conform generally to the fiduciary standards of excellence (referred to as the Fiduciary Practices) as defined by the *Prudent Practices for Investment Advisors* handbook as published by fi360, Inc (fi360) (the Handbook).<sup>1</sup> Compliance with applicable legal and ethical practices in providing investment advice to clients is the responsibility of the Advisor. The responsibility of CEFEX is to express an opinion on whether the Advisor generally conforms to the Fiduciary Practices in the conduct of its business based on our assessment.

CEFEX conducted its assessment in accordance with the *CEFEX Assessment of Fiduciary Excellence for Investment Advisors* (the CAFÉ) prepared by fi360 and CEFEX. The assessment was conducted and a draft report was prepared by analyst **Analyst Name and firm**. The CEFEX Analyst's work papers and draft report were reviewed by the CEFEX Registration Committee (CRC) to ensure impartiality. The assessment requires that the Analyst plan and perform a review of a representative sample of the Advisor's written records, interviews with appropriate personnel of the Advisor and, on a

<sup>1</sup> The Handbook describing fiduciary best practices for investment advisors is available at [www.cefex.org](http://www.cefex.org).

test basis, evidence supporting the actions taken by the Advisor in providing services to its clients. Sampling of records was conducted in accordance with the statistical guidelines used by the International Organization for Standardization, which required that we review records equal to the square root of the total available records. We believe that the Analyst's assessment and the CRC's review of the Analyst's report provide a reasonable basis for this Report and issuance of a Certificate of Registration to the Advisor.

Neither this Report nor the Advisor's CEFEX Registration constitutes a financial audit of the Advisor or a regulatory or compliance audit of the Advisor's operations, and CEFEX expresses no opinion regarding the completeness or accuracy of the Advisor's financial condition or financial statements or its compliance with applicable legal or ethical requirements with respect to any specific client. Neither this Report nor the Advisor's CEFEX Registration provides assurance that the Advisor will conform to the Fiduciary Practices or applicable legal or ethical requirements in any specific instance, and CEFEX disclaims any responsibility for such conformance.

In our opinion, based on the assessment referred to above, the Advisor conforms to all Practices and Criteria defined in the Handbook as of **February 19, 2014** in the conduct of its investment advisory business generally and is entitled to receive a CEFEX Fiduciary Certificate of Registration, which shall be valid for a period of 12 months.

CENTRE FOR FIDUCIARY EXCELLENCE  
Pittsburgh, PA and Toronto, Canada

## Insurance Discounts

As the investment industry gets increasingly litigious, insurance carriers are interested in retaining firms which represent lower risk to them. CEFEX has relationships with brokers who have helped advisors reduce their professional liability premiums by upto 25%.

# Public Listing

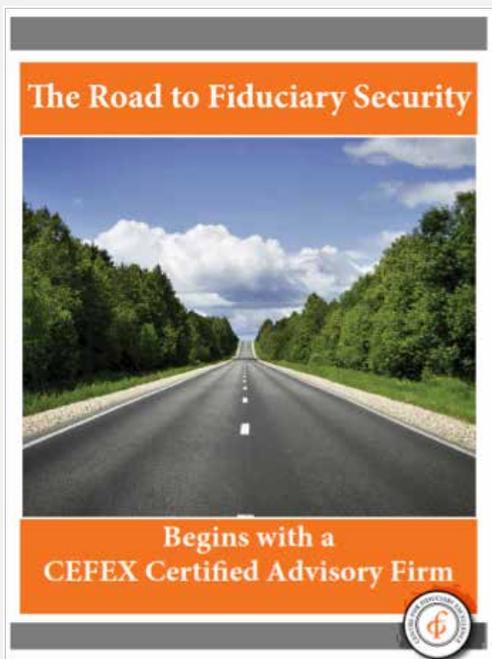
The Advisor's name and details are posted for public viewing on the CEFEX website. The Advisor's Web-mark and certificate can also be viewed.

The CEFEX website and web-marks get more than 2.5 M hits per quarter, and growing.

Registration No	Company	Registration Type	Date Registered	State
CFX10007	Slavic Mutual Funds Management Corporation	Investment Advisor Certification	2006.09.05	FL
CFX10002	Ingham Russell Investment Advisors Inc.	Investment Advisor Certification	2006.09.12	FL
CFX10003	Interserv, LLC.	Investment Advisor Certification	2006.09.27	AL
CFX10005	Unified Trust Company	Investment Advisor Certification	2006.10.10	KY
CFX10008	CBIZ Retirement Plan Services	Investment Advisor Certification	2006.12.20	OH
CFX10009	Lindner Capital Advisors Inc.	Investment Advisor Certification	2006.12.20	GA
CFX10028	BeManaged	Investment Advisor Certification	2007.04.16	MI
CFX10017	AMDG Financial Advisory Services, LLC	Investment Advisor Certification	2007.05.09	MI
CFX10026	South Texas Money Management, Ltd.	Investment Manager Certification	2007.05.19	TX
CFX10030	Savant Capital, LLC dba Savant Capital	Investment Steward	2007.06.26	IL

# Marketing Material

CEFEX is continually developing material to help advisors market their certification. We welcome input and requests for customization of the material. 2 sample pieces are shown below.



**CEFEX**  
CENTRE FOR FIDUCIARY EXCELLENCE

**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 can be thought of as a sophisticated peer-review system.

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.
- 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 unsubstantiated 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!