

## Introduction

Respected economists and investment analysts are referring to the post credit crisis environment as the 'new reality' for investors; one of increasing systemic risk and a higher frequency of global market shocks.

Many investors, individual and institutional, continue to struggle with the challenges of formulating investment strategies and managing risk effectively in the emerging investment environment. For Capital Advisory Group (CapGroup) these are not new issues that require a fundamental change in investment philosophy and process. CapGroup has employed a high fiduciary standard in guiding its clients' decision making through the extreme market turbulence over the past decade and is confident those same principles will work well in navigating the future. To confirm its long-held commitment to following best practices, CapGroup sought CEFEX certification in 2010.



With over a billion dollars in assets under management, CapGroup takes fiduciary responsibility seriously. According to Dick Smith, Founder and Chairman, 'we believe our emphasis on fiduciary best practices serves the best interests of our clients, so pursuing the CEFEX certification was a natural step in the evolution of our services. For years we advised clients that they needed more structure, greater consistency, and an increased fiduciary emphasis. We view our CEFEX Certification as an internalization of that message.'

## Creating a Legacy of Fiduciary Excellence

Based in Richmond, VA, CapGroup has a reputation as an investment advisory industry visionary. For more than 25 years, the firm has advised some of the region's largest nonprofits, institutions and high net worth families. CapGroup is composed of a highly experienced and credentialed professional staff, including seven team members who have earned the Accredited Investment Fiduciary™ or Accredited Investment Fiduciary Analyst™ designation from Fiduciary360 in Pittsburgh, PA. According to Mr. Smith, 'our entire firm culture is rooted in the disciplined best practices of the Global Fiduciary Standard of Excellence. We talk about fiduciary excellence being in our firm's DNA, and we work diligently in helping our clients to create a legacy of fiduciary excellence.'

The benefits of CEFEX certification are numerous and far reaching for CapGroup and its clients. In addition to creating a consistent approach to relationship management and ongoing documentation, CEFEX certification also provides a competitive advantage. As Todd Early, Principal of Institutional Advisory Services, explains, 'Many of our competitors talk about fiduciary responsibility, but very few make it a priority. Our CEFEX certification places us ahead of the competition; it totally differentiates our value proposition. That fact is especially true with our nonprofit clients where decisions are made by a board of directors or an investment committee. In most cases, those individuals are volunteers, yet they have enormous fiduciary responsibility punctuated with serious legal liability. They are looking to us to help them meet their fiduciary duty and serve effectively as competent stewards of their organization's assets.'

## Leading by Example

CapGroup strives for excellence and leads by example. The firm was a Charter Member of the prestigious Investment Advisory Group of Callan Associates, Inc. in 1992 and was selected as a Founding Member of Focus Financial Partners, LLC in 2006. CapGroup continues its market leadership as one of the few CEFEX certified advisors in the country. According to Mr. Smith, 'we seek out the best in the business and form

strong partnerships that directly benefit our clients. We view our CEFEX certification as the strongest possible verification that we are succeeding in our mission’.

## CEFEX

CEFEX, Centre for Fiduciary Excellence provides independent verification of an organization’s conformity with all practices and criteria that constitute a Standard applicable to a particular function involved in the management of other people’s financial assets. Whether as trustees or investment committee members of foundations, endowments or retirement plan, or as an Investment Advisor, Asset Manager, Record keeper, Administrator or other service provider, the need to demonstrate one’s trustworthiness to one’s constituents or clients is becoming increasingly more important.

CEFEX certification helps increase trust. It serves as a tool to publicly demonstrate best practices in fiduciary operations. It is a self-imposed due diligence for the benefit of an investor who has directly or indirectly entrusted financial assets to another. Such due diligence takes the form of an assessment process conducted by a CEFEX Analyst. This Analyst has achieved the Accredited Investment Fiduciary Analyst™ designation from Fiduciary360, has extensive industry experience and has access to CEFEX experts in related disciplines.

Standardization is essential in achieving global acceptance of the principles of fiduciary excellence and to assuring investors of consistent, unbiased methodologies. CEFEX uses the International Organization for Standardization (ISO) 19011 for performing assessments. This is a methodology employed internationally in other industries for over 30 years.

A successful CEFEX assessment, as confirmed by the CEFEX Registration Committee results in:

- CEFEX certificate being issued:
- Registration on CEFEX’s public database at [www.cefex.org](http://www.cefex.org)
- Permitted use of the CEFEX mark in both print and on-line form
- Issuance of a Public Certification Report suitable for distribution by the certified firm
- Issuance of a News Release to the CEFEX distribution list and fi360 blog

The CEFEX registration remains valid for 12 months and is extended through subsequent annual renewal assessments.

This Certified Firm Profile is one of a series demonstrating the experience of CEFEX certified firms, a growing community of investment firms and other entities who recognize the value and importance of fiduciary conformity.



**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](http://www.cefex.org):

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