

Key Questions to Ask Your Financial Professional

Given my financial situation, should I choose an investment advisory service? Why or why not?

Example: Investment advisors are paid a flat fee or percentage of assets under management to advise clients on securities and/or manage portfolios. Brokers are paid commissions to execute trades or buy and sell assets for clients. Registered Investment Advisors are considered fiduciaries while broker-dealers are not. Broker-dealers are held to a *suitability* standard when offering financial advice, rather than a fiduciary standard which is considered more stringent. As a fiduciary the advisor must put the client's interests ahead of their own.

How will you choose investments to recommend to me?

Example: The firm's management of your accounts is directed by your investment objectives, risk tolerance, as well as tax considerations. Our clients provide us with discretionary authority so we can buy and sell securities that we continuously monitor on your behalf.

What is your relevant experience, including your licenses, education and other qualifications?

Discuss your business experience, exams passed, educational background and any other qualifications.

What do these qualifications mean?

Explain how you're qualified to help the client with their financial objective

Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

Example: An investor with a \$10,000 would gross \$1,000 with an annual return of 10%. If the investment management fee is 1.0%, the annual fee would be \$100.00 and the investor would net \$900.00.

How might your conflicts of interest affect me, and how will you address them?

Example: When we act as your investment advisor, we have to act in your best interest and not put our interest ahead of yours. Investment advisors are trusted to represent clients' interests in many matters, and advisors must hold themselves to the highest standard of fairness in all such matters. At the same time, the way we make money creates some conflicts with your interests. Because we earn a fee equal to a percentage of your assets, our interests are aligned as we do better when you do better. At the same time some may consider it a conflict of interest in that this arrangement gives our firm an

incentive to encourage clients to increase assets in their account. You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time.

As a financial professional, do you have any disciplinary history? For what type of conduct?

Refer to disciplinary history listed on your U4 or disciplinary items disclosed in your ADV Part 2B.

Who is my primary contact person?

Provide your contact information and your staff's contact information (e.g. business card).

Is he or she a representative of an investment advisor or a broker-dealer?

Are you also registered with Cetera as a registered representative? If so, this must be disclosed. If not, explain you're only registered with HBW Advisory Services.

Who can I talk to if I have concerns about how this person is treating me?

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