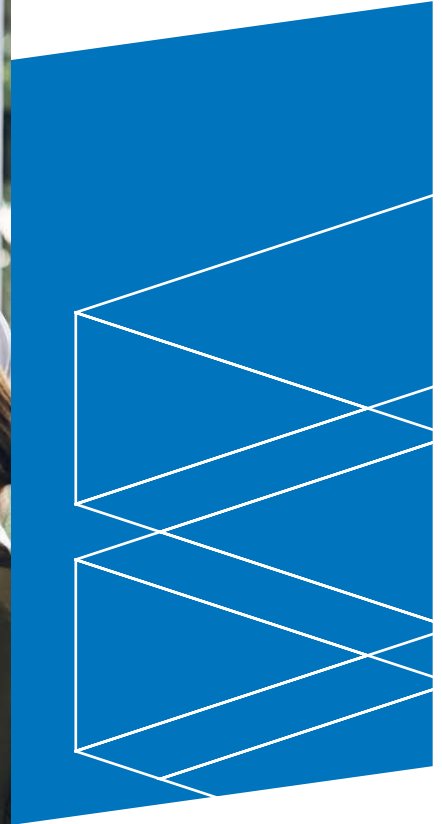




A Close Look at the Value of Your Financial Advisor





Today, the stakes Americans have in securing their own comfortable financial futures have never been higher.

Individuals are responsible for their own finances to a degree earlier generations never imagined. Pensions have been replaced by 401(k)s and other defined contribution plans that are self-funded and managed. Employer-sponsored healthcare is fading quickly and confidence in the Social Security system is at an all-time low. This extra financial responsibility average Americans are being asked to shoulder does not come with an instruction manual, and many Americans admit they are not personal finance experts – nor do they want to be. Holistic, professional financial advice can help navigate this complexity. We believe investors who work with professional financial advisors increase the probability of achieving their goals much greater than do-it-yourself investors for three key reasons.

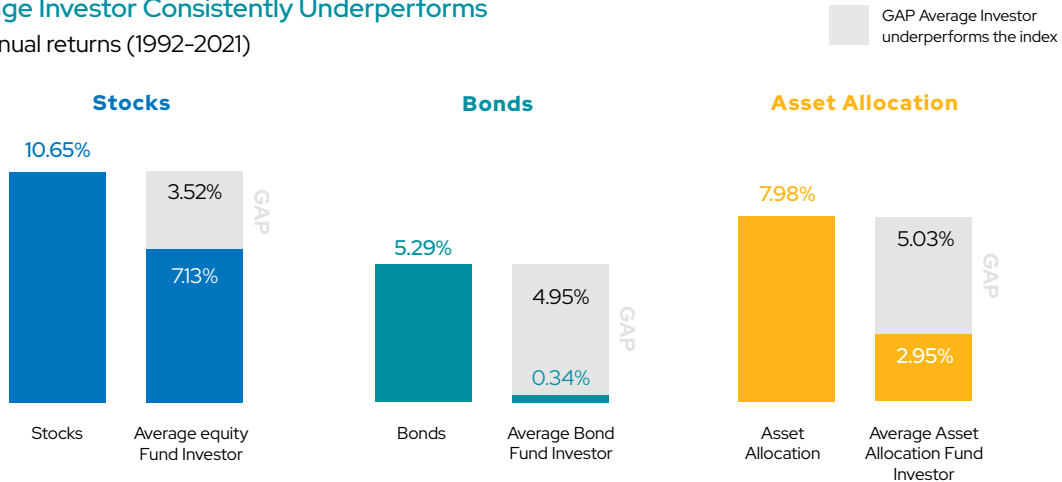
3 Ways Your Financial Advisor Can Add Value:

1. Can Help You Stick to Your Financial Plan

Human instincts, including a natural aversion to loss and herding (or following-the-crowd) characteristics, cause many individuals to make poor choices when it comes to investing. When left to their own devices, many investors end up buying high and selling low. As shown in the chart below, this behavior can come at substantial cost! Professional financial advisors can work with their clients to develop – and stick to – personalized financial plans, which can help them circumvent irrational emotional decisions during periods of market swings.

The Average Investor Consistently Underperforms

Average annual returns (1992–2021)



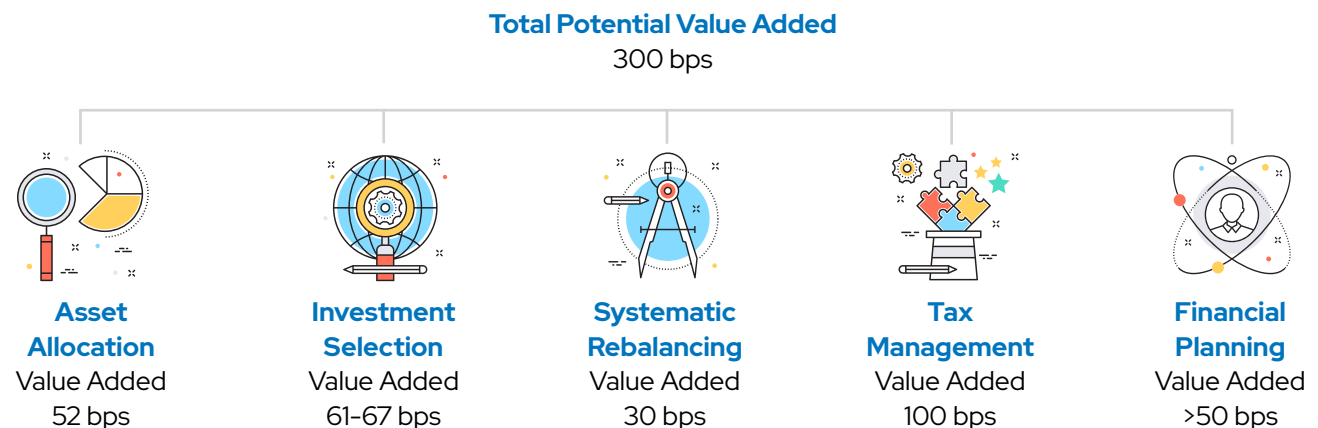
Please see back cover for information regarding Dalbar’s Quantitative Analysis of Investor Behavior Study.

2. Add Up to a 3% Annualized Return on Advice

Over the past three years at Investnet, we have spent significant time and resources researching, defining, and quantifying the areas where we believe financial advisors provide value to their clients. As shown below, we believe there are five core areas where an advisor generates value for a client. To be clear, this is not what the advisor is charging; it is the potential value advisors can create for their clients. Our research showed that when successfully implemented, advisors can deliver excess value of up to 3 percent per year for their clients. We call this the Return on Advice™.

The Essential Advisor

Net Value of Advice



Source: Investnet; Morningstar; Vanguard.

Delivering a Return on Advice Through Five Pillars of Value

	Definition	What It Means to You
Financial Planning	Developing a roadmap for achieving an investor's goals, ranging from short-term income needs to long-term estate planning and philanthropy.	Just as you wouldn't contemplate starting a trip without a destination in mind, it's nearly impossible to chart your financial course without a plan. A professional financial advisor can help you identify your destination and plan your route with care – financial planning. While there may be detours along the way, your advisor will help ensure you stick to your general route to reach your end destination.
Asset Allocation	Implementing a risk-adjusted portfolio strategy to meet an investor's personal financial objectives.	When you go grocery shopping, you grab a shopping basket. Think of the basket as your total investment portfolio, where you place all the items you are going to purchase (or all of the assets you buy). The goal of asset allocation is to broadly diversify your investment portfolio, just like you probably diversify your diet so you don't miss out on the nutrients in different foods. Similar to your cart containing a variety of food groups, your investment portfolio should generally hold a variety of asset classes, including stocks, bonds, and cash. Just as it's not healthy to eat only hamburgers, in investing, it's not healthy to be overly invested in one asset class. Your financial advisor will help ensure proper asset allocation, creating an ideal mix of investments that gets you the greatest long-term gains for a tolerable amount of risk.
Investment Selection	Creating a diversified portfolio of specific investment vehicles customized to the individual investor.	Just as an effective sports team must have players with various skill sets, a successful investment portfolio should consist of various investment strategies. If you were a coach, how would you go about selecting the most appropriate players for your team? What performance statistics are the most meaningful? Most people realize they don't have the ability to evaluate an athlete's strengths and weaknesses to determine if they should be on a sports team. The same would apply to selecting investments. When team owners need someone to evaluate players and put the best team on the field, they hire a coach. Similarly, your financial advisor can serve as your coach and evaluate various investment managers representing different approaches to the market. They can help you assemble a team of independent professional managers whose strategies have the potential to work together over time to help you reach your goals while moderating your risk.
Systematic Rebalancing	Monitoring and adjusting portfolios over time to help reduce risk and enhance returns.	Rebalancing your investment portfolio simply means returning your investment assets back to their original percentages. John is a 50-year-old investor with a preferred asset allocation of 60% stocks and 40% bonds. After a year of booming stock market returns, John's asset allocation drifted to 70% stocks and 30% bonds. Without rebalancing, John's portfolio likely became riskier. Having a financial advisor who employs a systematic rebalancing strategy helps ensure your portfolio remains aligned with your financial goals with less volatility.
Tax Management	Incorporating strategies such as tax-loss harvesting to help investors keep more of what they earn.	Many investors are unaware of just how significant a problem taxes can pose to their long-term returns. According to a Dreyfus survey of 1,000 investors, 85% of respondents claimed taxes played an important role in investment decisions, but only 33% felt knowledgeable about the tax implications of investing. However, taxes are the biggest expense investors face! Think of tax management as a "power tool" your financial advisor can employ to potentially enhance your bottom line. Strategies like tax-loss harvesting are the equivalent of turning your financial lemons into lemonade by converting marketing downturns into tangible tax savings. A skilled financial advisor can employ the right tools to lower your tax bill without substantially altering your long-term investment outcomes.

3. Can Be a Trusted Resource and Partner

We believe a good financial advisor can become one's most trusted resource and partner, offering guidance and perspective throughout all of life's events, including marriage and divorce, buying a new home, or preparing for retirement. A financial advisor should be among the first calls when a crisis hits, such as the loss of a job or the death of a loved one. Good financial advisors will respond with empathy, educating their clients and helping them develop a plan to get back on track. Over the years, we have talked with thousands of investors and financial advisors, and have found common behaviors among the most successful financial advisors. Based on our experience, we have developed a list of 10 behaviors you should look for in a financial advisor.



10 Things You Should Look for in an Essential Advisor:

1

Identifies your needs and has the expertise to serve you

2

Puts your goals first and foremost

3

Helps you understand your financial plan by cutting through the noise of the market

4

Works to understand your personal circumstances, values, investing style, tax situation, and goals

5

Develops and carefully monitors a personal plan for you, and make timely portfolio adjustments to meet your changing needs

6

Helps you understand fees and expenses – and the potential value added from these fees

7

Responds with true care and concern when you are faced with life transitions

8

Tailors communication, education, and experience to meet your unique needs and concerns


9

Communicates clearly, truthfully, and consistently

10

Effectively utilizes technology to maximize time





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Dalbar's Quantitative Analysis of Investor Behavior 2021. Returns are for the period ending December 30, 2020. Average equity investor and average bond investor performance results are calculated using data supplied by the Investment Company Institute. Investor returns are represented by the change in total mutual fund assets after excluding sales, redemptions, and exchanges. This method of calculation captures realized and unrealized capital gains, dividends, interest, trading costs, sales charges, fees, expenses, and other costs. After calculating investor returns in dollar terms, two percentages are calculated for the period examined: total investor return rate and annualized investor return rate. Total return rate is determined by calculating the investor return dollars as a percentage of the net of the sales, redemptions, and exchanges. Stocks are represented by S&P 500 index; bonds represented by Bloomberg Barclays U.S. Aggregate Bond Index; asset allocation represented by a custom benchmark of 50% of S&P 500 index and 50% Bloomberg Barclays U.S. Aggregate Bond Index. You cannot invest directly in an index. Past performance is no guarantee of future results.

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