

Why Transparency and Experience Matter When Selecting a Wealth Management Firm

High-net-worth Families and Investors Trust Fairview Capital to Help Secure Their Financial Future



FAIRVIEW CAPITAL

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Team Letter

The World Wealth Report shows that the U.S. topped global charts with more than 6.5 million high-net-worth individuals in 2020. That number substantially increased to almost 22 million in 2021. Much of the new wealth gained occurred during the continued bull market and real estate valuations post-pandemic.

This equates to roughly \$68 trillion of assets that baby boomers plan to transfer to their families. This will be the largest generational wealth transfer in U.S. history.

Affluent families must have a thoughtful financial plan in place to protect their assets from volatile market conditions.

That's why many high-net-worth individuals are turning to wealth management firms like Fairview Capital.

At Fairview Capital, our job is to build sophisticated wealth management plans that include robust financial planning. An integrated investment strategy addresses the complexities of your specific situation. Our commitment is to deliver transparency in every element.

Full transparency is the pillar on which every Fairview Capital relationship is built.

With an ethical commitment to act as fiduciaries, our team has been delivering consistent investment processes and dedicated services since 1995.

Make sure your values align with the high-net-worth financial firm you select.

We value disciplined decision-making, deep knowledge, and rigorous investment research to inform all decisions.

Fairview Capital explains the complexities of an investment strategy, retirement planning, income and tax planning, and estate planning so you feel fully supported.



Introduction

“How have your investments performed, and what is the cost of your current manager’s services?” These questions are rarely answered accurately when we speak with prospects.

High-net-worth families and individuals have been receiving highly informed investment advice and prudent wealth management from Fairview for over 27 years.

We manage more than \$1.6 billion* in assets for individuals, families, trusts, and institutional investors. We can actively adjust your portfolio based on your financial goals. We develop recommendations through in-house research and a time-tested investment process.

We aim to reduce risk through financial planning, making sure clients have assets set aside for various needs and goals. We believe you can increase your chances of achieving financial peace of mind through the guidance of our firm.

This extensive eBook guides you through what to look for when selecting the right wealth management firm.

**as of June 30, 2022*



What Constitutes Cost Transparency?

Cost transparency refers to the tracking of total costs borne by the client.

Many wealth management clients claim to be displeased with fees paid because they do not trust they are being fairly charged.

At Fairview we believe that clients should absolutely understand what they are paying.

Our fee is transparent – it is a percentage of assets under management (AUM). We do not charge separately for financial planning or other wealth management services.

Our Fee-Based Pricing Keeps Our Goals Aligned With Yours.

The Typical Approach to Cost Transparency

Cost transparency has been a prevailing problem in the wealth management industry.

From a FINRA Investor Education Foundation survey¹: 17% of investors do not know what they pay in investment fees, 14% are unsure if they are paying any fees at all, and 60% do not think they are paying for advice.

One of the main reasons behind client dissatisfaction is pricing/fee structure.

Wealth management firms typically charge 1-2% of the assets under management (AUM). Others may charge a flat retainer fee, hourly rate, or per-plan fee, and each fee structure covers different services. There are oftentimes underlying fees associated with certain investments that are not clear to investors. This is the so-called “layering” of fees.

¹ Hicks, C. (2022). What to Know About Financial Advisor Fees and Costs. Accessed March 18, 2022. <https://money.usnews.com>.

These fee structures distinguish wealth managers:

- A fee-only advisor receives no commission but may utilize multiple fee structures for different services, such as an hourly consultation rate and an AUM investment management fee.
- A fee-based firm may still earn a commission but relies on fixed fees as the main earning.

At Fairview, we have one fee with many benefits.

Based on the assets we manage for you, our fee encompasses many services: investment research, asset management, financial planning, portfolio composition, multi-advisor communication, family education, and dedicated service.

FEE	VALUE OF ACCOUNT
1.00%	UP TO & INCLUDING \$5,000,000
.75%	ABOVE \$5,000,000 & UP TO & INCLUDING \$10,000,000
.50%	ABOVE \$10,000,000

You know precisely what you are paying for our services – our fee is easy to read on your quarterly invoices.

How Cost Transparency Affects You

A lack of cost transparency can impact trust and portfolio performance. Short- and long-term financial planning can be affected.

Full cost transparency provides investors a feeling of protection and allows them to rely on their wealth managers wholeheartedly.

As a Registered Investment Advisor (RIA) held to a fiduciary standard, we are required to put our clients' interests first.

The Fairview Capital Commitment

Transparency on cost is our commitment. Our pricing is tiered depending on the assets we manage for you.

Our firm utilizes a fee-only structure. There are no front-end loads, 12b-1 fees, transaction fees, or miscellaneous charges. We do not charge for assets that are not actively managed.

Our management fee is the primary cost borne. When we buy individual securities, clients own those stocks in their accounts – there is virtually no additional cost. When we diversify to meet a client's investment criteria, we primarily use low-cost, liquid, transparent, index-based exchange-traded funds (ETFs).

Our fee is based on your entire family's assets under our management (AUM). For example, if we manage \$9 million for you, \$4 million for your sibling, and \$2 million for each of your three children, we determine the pricing based on combined assets. This pricing can allow discounts through fee breakpoints.



The Importance of Investment Policy Statements

An investment policy statement (IPS) is a document outlining an investors' objectives and the general rules a portfolio manager must follow. It describes the strategies the advisor may implement to fulfill their clients' goals. Specifically, it contains information on:

- Risk tolerance
- Cash requirements
- Asset allocation
- Liquidity requirements
- Tax strategies

The importance of an IPS is that it helps to provide transparency.

We use separate accounts and select individual securities for client portfolios.

The Reality of Investment Policies

While many firms create an investment policy for their clients as standard practice, it is common for advisors to use a general template instead of a customized document.

A generalized IPS uses broad terms with too much room for interpretation, even if updated with a client's unique information. These policies tend to be weak, failing to serve their purpose as a guiding document.

The Importance of Having a Customized Investment Policy

Transparency on investment objectives is essential to us. At Fairview, we begin our relationship with a personalized IPS.

We use separate accounts and select individual securities or ETFs for your portfolio based on your IPS.

We provide clients with a mutually agreed upon Investment Policy Statement.

Our firm employs different strategies based on your unique needs and circumstances.

A customized IPS ensures your wealth manager takes actions most beneficial to you by replacing ambiguity with clarity.

What is Performance Data Transparency?

Performance transparency is vital. Transparent data is key to your long-term success because it enables you to ask informed questions. For example:

- What investment(s) should be changed?
- Do you need to invest more cash?
- Does your current cash flow allow you to meet your goal(s)?

Your Portfolio Is Unique to Your Financial Goals and Timeline.



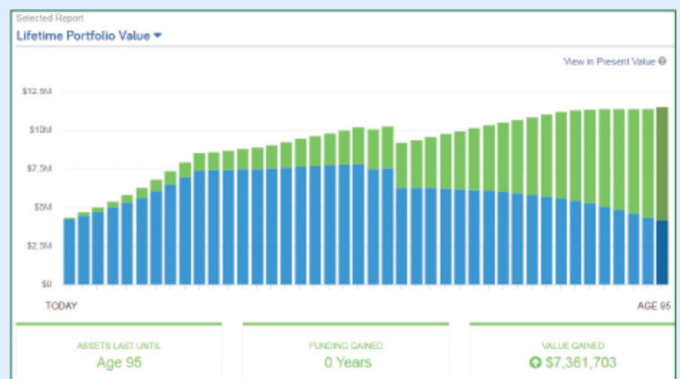
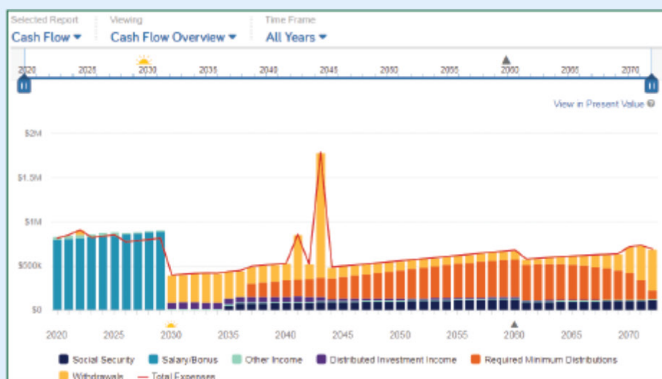
The Fairview Capital Approach

We provide quarterly statements to help you understand how your investments are performing and how you are currently allocated.

Our clients utilize our [Client Investment Portal](#) to view their portfolios and reports in real time. These efforts allow clients to understand the efficacy of their current wealth management strategy.

We provide quarterly statements with understandable performance data alongside relevant equity and fixed income benchmarks to give clients a sense of their returns relative to the markets.

ONLINE FINANCIAL PLANNING INSIGHTS*



* Example reports for illustration only. Clients' actual reports will be different. In preparing this material, Fairview Capital has not taken into account the investment objectives, financial situation, or particular needs of any individual investor. All securities carry investment risk, including a risk of loss of principal, and many securities investments are not suitable for all investors.

Our firm provides relevant equity and fixed income benchmarks to give insights of returns relative to the markets. If you have more questions, our in-house experts are ready to help at any time.



Why Do Some Firms Use Third-Party Outsourcing?

Many wealth management firms outsource investment management to third parties because they lack an internal research team. This outsourcing could contribute to a lack of oversight and portfolio control, potential tax inefficiencies, and potentially higher client fees.

Outsourcing can complicate communications and cause confusion about costs.

At Fairview, we make all investment decisions through rigorous in-house research. Our team's combined expertise enables clients to own a portfolio of highly researched, top-quality businesses that should grow in value over time.

Tax management is crucial to us.

We, rather than an outsourced fund manager, are in charge of the tax impact of every portfolio decision. Roughly 80% of our client portfolios are taxable in nature, and our job with these clients is to optimize after-tax returns.

We utilize in-house portfolio management, tax management, and equity research, so you know precisely who drives the investment decisions when you work with us.



Why Experience Matters

Performing in-house research does not guarantee a firm's capability and competence. RIA Intel reports² that most wealth management firms lack the personnel to manage investment portfolios properly.

Around 55% rely on their own investment research and portfolio or model construction, while an estimated 7% can do so effectively.

Experience and staffing distinguish one wealth management firm from another.

Fairview's experienced team is able to advise on complex financial situations, acting as coordinator with estate attorneys, accountants, trustees, and philanthropic advisors.

Experience = Knowledge

Our firm is knowledgeable about market cycles and understands how to navigate you through stressful markets. We can help diffuse fears, lowering the chances of you getting overly aggressive or overly cautious.

Experience = Stability

A well-established firm like Fairview tends to have lower turnover, increasing the probability of your

client-manager relationship lasting a lifetime. Experience also supports proven processes.

For example, our experience has proven that setting long-term goals is critical. Coupling discipline with ongoing comprehensive financial planning and advice increases the probability of our clients achieving their financial and life goals.

Experience = Communication

In a report shared by CNBC³, 71% of wealth advisory clients feel disappointed by their advisors. Trust and investment track record were the top reasons for letdown. Part of the problem is a gap in reality and expectations.

Advisors need to be transparent about fees, investment strategies, and performance. Clients need to communicate when they feel discouraged.

Experienced wealth managers understand the importance of communication. Consistent communication provided by Fairview can help you stay on track.

² Thrasher, M. (2020) Against Recommendations, Advisors Are Spending More Time Playing Portfolio Manager. Accessed March 18, 2022 through www.riaintel.com.

³ O'Brien, S. (2017) Here's what disappoints investors about their financial advisor. Accessed March 18, 2022 through www.cnbc.com.



Never Compromise On Your Future

At Fairview Capital, with full transparency on cost, investment policy, data performance, and research methods, you are informed every step of the way. Our fiduciary relationship allows you and your goals to lead the way.

Look for a firm with a proven track record like ours. The financial world changes rapidly, and well-established firms like Fairview offer valuable experience, knowledge, stability, and clear communication.

Why Fairview Capital?

Our culture is built on an unwavering alignment of our interests and ethics with those of our clients. We work with high-net-worth families and individuals who share our philosophies and values.

Fairview Capital has grown through referrals from existing clients, professional advisors, and friends of the firm over the past quarter-century. We do not employ salespeople; we allocate our firm's resources to serve you better.

We take client confidentiality seriously.

We attract diverse clients with our long-term investment track record, a clear reporting system, transparent cost structure, and a commitment to service and individualized advice.



What's Next?

If you're ready to hire a fiduciary financial advisor team, let's discuss your needs and goals in detail. We start by asking questions and gathering information. Our team will analyze your full financial picture: assets, liabilities, income, expenses, and cash flow.

We can also provide guidance on account titling, estate plans, retirement plans, education funding, and charitable giving, depending on your needs. With an in-depth understanding of what matters most to you, we can craft an effective plan, enabling broader decision-making and smooth transitions across generations.

We set clear expectations and maintain an unrelenting focus on optimizing client outcomes. As an independent firm, Fairview Capital only succeeds when you succeed.

We develop deep, trusting relationships with our clients.



You will gain the highest level of holistic advice, personalized wealth management services, and professional investment advisory expertise through a lasting partnership. [Explore the Fairview Difference](#) and take the next step to start a conversation with us. [Contact our firm.](#) (415) 464-4640 | fairviewcap.com

Call us for a complimentary consultation. We look forward to getting to know you and exploring your financial situation and aspirations.

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