

Last week *The Wall Street Journal* [reported](#) that the probe into how Wells Fargo has systemically misled clients now extends to practices in its wealth management division. Bloomberg recently [reported that](#) J.P. Morgan's "failure to properly inform some...clients about conflicts of interest has resulted in a record \$30 million whistle-blower award." And the Labor Department's Fiduciary Rule, which would require brokers to act in the best interests of their clients in retirement accounts, is so deeply contested by industry insiders that it might end up at the Supreme Court.

We find these reports profoundly disturbing. But, unfortunately, they are not new news. The inherent biases they spotlight are deeply rooted in many large financial institutions' advisory practices due to revenue sharing agreements and bonuses linked to the selling of more expensive products or the use of the parent firm's investment products. As these stories highlight, in far too many firms, clients do not come first.

Independence is a core, important, tenet of our business. We made the decision to establish Sage as an independent investment advisor nearly 30 years ago to ensure that our clients' best interests always come first. It is a decision we've never second-guessed, and we believe that the value of our independence is worth enumerating.

Our Perspective

- Our independence allows us to conduct objective rigorous, thorough, due diligence in constructing our investment portfolios. Our investment recommendations are driven by our motivation to only do what we believe is in the best interests of our clients.
- Our independence gives us the freedom to choose from a wide variety of investments for our clients. We base these decisions on factors such as potential returns and risk, fees, track record, ethics, and liquidity, among others. In some cases, this may lead us to select a low-cost option such as an index fund or exchange traded fund. In other cases, we may recommend an actively managed investment, with a proven track record in an asset class that is not efficient and offers clients the possibility of outperforming a benchmark, such as high yield bonds, international and emerging market investments.
- Sage can work with any investment firm for the best choices for our clients (click [here](#) for a recent post on this topic). In contrast, many big banks and brokerage firms restrict client access to certain investment funds for a number of reasons, including the fact that the investment is being run by a competitor, the fund company will not share revenue with the bank on the assets that are invested, or the fund company will not pay the firm to be listed as a fund that advisors can select.
- Unlike brokerages, which may be biased to recommend and sell investments and other products (e.g., insurance and mortgages) that generate more revenue for the firm, we do not receive commissions to buy and sell investments, or any financial products on your behalf, and we do not receive any compensation from any third party. This enables us to recommend the investments that *best fit* each client's needs.



OUR PERSPECTIVE: The Value of Independence

- From our perspective, the most important relationship we have is with you, our client. The fiduciary standard to act always in your best interest means our relationship is straight-forward, transparent, and focused on your long-term success.

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