

FAQ – FREQUENTLY ASKED QUESTIONS

Q. Why should I consider ProActive Advisors over a much bigger firm?

A. Our advisors are fiduciaries who want to help clients gain the rewards of investing. Our value-added is helping you plan and utilize investment strategies to achieve your objectives. We guide you through the numerous challenges that can adversely impact your family's financial security. Our firm was founded by a *Morningstar* Five Star Fund manager who formulated our investment methodology—an adapted Total Return process that works to capture interest, dividends, and capital gains with a focus on compounding. Utilizing our services, we will work to reduce your investment expenses, help you own the best investments and manage your account(s) market risks.

Q. Is ProActive Advisors a Brokerage firm or Fiduciary Advisor?

A. ProActive Advisors is Fiduciary Advisor. We are not affiliated with any bank, brokerage, or insurance firm. We are a fee-only Registered Investment Advisors licensed to provide financial planning services and investment advice.

Q. What is the difference between a Broker and a Registered Investment Advisor?

A. A broker is a Registered Representative of a broker dealer licensed to sell investments. RRs are not legally required to act in a client's best interest or operate under a fiduciary standard of care to place the client's interest above their own. If you look at business cards, office doors, and windows you'll be able to determine what kind of firm you're walking into as brokerage firms are required to display logos like these at the side while a Fiduciary Advisor licensed to provide financial advice will not.



Q. Are some Brokers/Registered Representatives also Fee-based Advisors?

A. Yes. Many brokerage firms also have subsidiaries that are RIAs and permit their commissioned Reps to work both ways even with the same client. This means you could have some accounts with a brokerage firm that are commission-based accounts while having another that is fee-based. You could also end up purchasing a limited partnership or commission based (Load) mutual fund with an upfront or deferred sales charge. Dual licensed reps switch hats with the client unbeknownst to them which can make it very difficult to understand what is going on with your money.

Q. What assurance do I have that my Account(s) are safe with ProActive Advisors?

A. All accounts managed by ProActive Advisors are held with a qualified, third-party custodian— BONY/Pershing, Charles Schwab, Interactive Brokers, TIAA-CREF, Fidelity, Vanguard, etc. They report independently and directly to you. Your cash and securities are insured against theft and embezzlement by SIPC, and private insurance carried by the custodian or broker dealer. ProActive Advisors has "screen access" to place trades on your behalf. Clients have 24/7/365 on-line access to view their accounts anytime they want.

Q. Can I choose the Custodian where my Account(s) are held?

A. Yes. ProActive Advisor's interest is only that you have competitive costs, a secure trade platform, and fast executions.

Q. How much do you charge?

A. We charge on a fee-only, typically on a project basis, or charge an Asset Management fee for Wealth Management.

Q. Are there any long-term contracts to sign?

A. No. Our Investment Advisory agreement may be cancelled with 30 days' notice by either party with a pro rata refund of fees for the period.

Q. Describe Your Investment Management Style?

A. ProActive Advisors does its own research though we also receive third-party research and utilize artificial intelligence software to alert us to potential market opportunities. Our investment process is a well-honed, macro (economy) - micro (company) economic process that is iterative or on-going—when an indicator is triggered the portfolio evaluation process restarts to gauge the health of the market, possible risks, best opportunities, and favorable asset allocation.

Q. Does ProActive Advisors Diversify accounts and use Low-cost Index funds?

A. Cost is important to manage, and we will hold index and specialized sector funds, but we prefer to own individual stocks and bonds if the account is large enough. We don't utilize fixed allocations, nor invest using an "own everything approach" prioritizing broad Diversification. We diversify enough to manage "Event Risk" so any single price decline doesn't wreck a portfolio, but we diversify primarily to position accounts to meet their investment goals. The financial markets are dynamic not fixed so our objective is to keep money compounding while adapting portfolios to market conditions and valuations to better manage risk of loss.

Q. How do you manage so many accounts and provide good service?

A. We do provide personalized advisory services and tailor financial advice to needs and reward-for-risk preferences. Our approach begins with a conversation to identify relevant factors necessary to improve your finances. Then we develop an appropriate investment plan to achieve your important financial goals. Implementation is aided using portfolio models we mix and match to target income and growth goals while allowing us to keep a hyena-like focus on risk management. Software additionally assists us in "batch orders" in purchasing and selling.

Q. Who will I work with at your firm?

A. The Advisor who contacted you and conducted your consulting interview will typically be your point of contact person during your relationship with our firm but we work as a team so you will likely work with at least two advisors, a financial planner and a money management advisor.

Q. How do I become a client of your firm?

A. After a Let's Talk meeting to discuss your needs and determine how we can help you, you sign an Engagement or IA agreement, and we go to work. Then we schedule another meeting to discuss relevant information needed to perform our work. You will need to provide that information and then we'll be working on your project or comprehensive financial and investment program.

Q. What is the firm's philosophy and values?

A. We believe the rewards of investing accrue to the competent & we strive to live these core values:

1. **Care & don't pre-judge**—People are different. Our varied upbringing and experiences necessitate we treat one another with acceptance, courtesy, and understanding. We may not agree with one another, but we should both believe in being kind and that orientation gives us purpose to do our job well.
2. **Be Honest and Ethical**—You only have one reputation. Be accountable, and transparent with others.
3. **Know the Details**—the fine print, structure, and costs are crucial factors to outcomes. Know them.
4. **Always keep Learning**—Change is a fundamental fact of life and a Market constant. Continue to learn and stay informed about US and world events. Strive to anticipate 'most likely' scenarios and employ critical thinking to weigh, plan, and position for them with flexibility built-in should you not be entirely right.
5. **Play the long game**—Use the "GPS" framework to set measurable Goals, Plan steps to achieve them, and keep Score while taking corrective action to stay on track. Make the Goal to have acceptable returns all time and above-average returns in down markets while never having debilitating returns. And always remember that outcomes change lives for the better or worse so stay vigilant.