

# Investment Advisor vs. Broker Dealer

- **Investment advisors** have a fiduciary duty to act in the best interests of their clients at all times.
  - **Brokerage firms** generally are not fiduciaries to their customers and therefore do not make decisions that are solely in their customers' best interests.
- **Investment advisors** provide their clients with a Form ADV that describes exactly how the investment advisor does business and obtains the client's consent to any conflicts of interest that do exist in the investment advisor's business.
  - **Brokerage firms** are not required to provide customers with any comparable type of disclosure.
- **Investment advisors** cannot trade with their clients as principal except in extremely limited circumstances.
  - **Brokerage firms** often earn significant undisclosed profits by trading as principal with their customers.
- **Investment advisors** charge clients a fee negotiated in advance and cannot earn any other profits from their clients without the clients' prior consent. Most investment advisors are paid an asset-based fee, so their interests are aligned with their clients.
  - **Brokerage firms'** revenues may increase even if the customer's assets shrink.
- **Investment advisors** manage money in the best interests of their clients. They do not engage in other business activities like investment banking or underwriting, which brokerage firms do.
  - These other businesses may cause a **brokerage firm's** interest or attention to focus on other areas of the firm outside of their retail brokerage business and customers.

**If you have any questions, comments or concerns please do not hesitate to contact your investment advisor or our administration department at (800) 838-8951. Once again, our relationship with you is our most important asset, and Hollencrest will continually strive to provide you with the best service possible.**