



TRENT CAPITAL MANAGEMENT, INC.

Trent Capital Management, Inc. is a Registered Investment Advisor with offices located in Greensboro, NC, and Lexington, KY. Chartered in 1987, Trent provides professional and independent money management services for not only individuals, trusts, foundations, endowments and corporations, but as well specializes in the investment management of all types of retirement plans.

With its total independence and unbiased selection of the best investments possible for the achievement of its client's objectives, Trent is able to assure an unpressured approach to providing these professional investment services.

This article reprint discloses some of the reasons for investors to engage in careful consideration of the money management services they choose to employ. Trent Capital bears no burden of the restrictions imposed upon many firms resulting from commission driven needs, selling agreements, proprietary products to push, or participation in pressured sales incentive programs. Trent's independence insures that our investment team acts only in the best interest of our clients, and is not first saddled with having to satisfy an employer.

For information on Trent Capital's money management services, please call:

GREENSBORO, NC - 336/282-9302

LEXINGTON, KY - 859/254-2141

Investing

Broker or Adviser?

Be forewarned: If yours is employed by a brokerage, your interests come second. **BY TODDI GUTNER**

NOWADAYS STOCK-brokers bill themselves as financial consultants, financial advisers, or even investment advisers. Are they any different than investment advisers who don't work for brokerage firms?

You bet. Broker "advisers" and independent advisers, though both may charge a percentage of your assets for their services, operate under different regulatory regimes. Independent advisers must act as fiduciaries, which means they must put their clients' best interests ahead of their own. So an adviser recommending a Standard & Poor's 500-stock index fund must put your money in a no-load fund with the lowest annual expenses. A broker might recommend an S&P 500 fund, too, but can choose a load fund with higher expenses. A broker has an obligation to serve the client, but the broker's first duty is to the firm.

Organizations such as the Financial Planning Assn. and the Consumer Federation of America want broker-advisers to meet the same fiduciary standards as independent advisers. But this month the Securities & Exchange Commission will likely make a permanent rule that exempts fee-based brokers from advisers' fiduciary obligations. Industry insiders say the SEC figures brokerage oversight and the arbitration system, which is currently handling a record number of complaints against brokers, offer sufficient protection to clients.

Regardless of how the SEC rules, investors should quiz their brokers and advisers to better understand their obligations, compensation, and conflicts.

Do you provide fee-based advice as a registered investment adviser (RIA) or under the broker exemption allowed by the SEC?

If the answer is RIA, then this is the only



question you'll need to ask. The law requires RIAs to disclose the information below. If the answer is broker exemption, ask two more questions.

Do you receive incentives or third-party payments for selling certain investments?

Besides the fees disclosed in mutual fund prospectuses and the commissions received from trading, brokers can earn other compensation or qualify for prizes or vacations if they meet specific sales quotas.

Are you encouraged to sell stocks that the firm has in its inventory?

The brokerage firm can sell you a stock from inventory—at the best price available anywhere. But commissions for those stocks are higher than for stocks not from inventory. So the broker will often earn more for selling the stock of a company with which the firm has done an initial public or secondary offering.

Sure, the SEC has a mandate to protect investors. But in an imperfect world, investors also have an obligation to protect themselves. ■