



Frequently Asked Questions

Why and when should I seek the services of a professional investment advisor?

With many things in life, there are some which can be enjoyable and cost effective to do oneself, and there are others where you need the expertise, focus, and resources of a professional. We call upon professionals for complex home improvement projects and medical procedures, yet at times hesitate to seek professional advice regarding our finances. In investment management, a simple rule of thumb is that an advisor can substantially improve the growth rate and preservation of your wealth once your savings exceed your annual compensation. Additional factors which indicate you have strong opportunities to improve your investment performance include any of the following:

- You sometimes have more cash sitting in money markets than is required by your near-term cash needs
- You have no funds invested in certain asset classes (REITs, bonds, international and small cap securities, etc.)
- You have more than 5% of your investments in a single investment
- You feel as if you don't spend enough time researching and monitoring your investments
- Your investments have been disproportionately hurt by market fluctuations
- Your employee benefits include stock options and purchase plans, and thereby your portfolio seems inextricably linked to your employer's stock performance

When should I consider financial planning services?

Once your savings exceed your annual compensation, or you are faced with aging parents to care for and college tuition to pay, professional guidance becomes more necessary. An investment advisor who provides comprehensive planning and asset management can substantially improve the growth rate and preservation of your wealth, save you time, and reduce your stress regarding your finances. Other indicators that financial planning services would benefit you:

- You have no source of unbiased advice on insurance, estate planning, education retirement
- You do not have a clear picture of what it takes to achieve certain goals (e.g., retirement plans) You are uncertain whether to take advantage of newer tax-sheltering plans (Roth IRAs, 529 plans, medical savings accounts, etc.)
- You are a retiree needing to consider long-term care insurance, assess the lifestyle you can afford, or balance the earning power of assets with need for ongoing income
- You are concerned whether your investments will sustain you through your lifespan

How does Berkeley, Inc. create value for me?

Berkeley, Inc. offers services when we are confident we can improve the security and growth rate of your wealth well beyond our fees, which is always less than 1% of the assets we directly manage. We achieve this through the following:

- **Better return on your investments.** We have the resources, expertise and analytical skills to make investment decisions to improve long-term, risk-adjusted performance.
- **Lower portfolio volatility.** In addition to the expertise to effectively manage risk, Berkeley has resources beyond other firms that help ensure individuals are fully, intelligently, and cost-effectively diversified.
- **Fuller employment of your assets.** Keeping your assets working for you alone can improve portfolio performance well beyond our fees.
- **Tax savings.** Managing the taxes resulting from your investment activities is an integral component of our management services, and helps boost after-tax returns.
- **Lower transaction costs.** Most investment firms have financial incentives to utilize certain brokers, causing clients to pay \$5-15 more per trade. We execute all trades with brokers that provide the lowest cost to our client.
- **Lower management fees.** Our fees are lower than those of our competitors because we avoid unnecessary overhead and focus our spending in tools that add demonstrable value for our clients.
- **Favorable trading terms.** Our constant oversight of the market and trading experience enables us to implement target trades in a timely and favorable manner.
- **Risk management.** Many clients holding stock or options with their employer greatly benefit from our hedging tools, which provide upside opportunities, while lowering risk that results from the portfolio's concentration in one asset. Similarly, we can help reduce risk where clients have a significant percentage of their assets in a few investments that have languished, due to tax consequences.



What are my other options for managing my investments?

There are four basic means of managing your investments:

OPTIONS	ADVANTAGES	DISADVANTAGES
Broker	You pay commission based only on your trading activity	<p>A broker's job is to motivate trades, not to strengthen long-term performance across your overall portfolio. A broker can be a source of information, but does not address how the investor:</p> <ul style="list-style-type: none"> • Manages risk and ensures adequate diversification across your assets • Optimizes returns • Leverages securities beyond the broker's expertise
Bank Services	Some people gain a sense of security knowing their assets are managed by a bank with a nationally recognized name.	<p>This is usually the highest cost, yet least customized alternative.</p> <ul style="list-style-type: none"> • Fees are generally higher than investment firms given banks must cover multiple layers of overhead • Investment management decisions are centralized, much akin to mutual funds. • Little or no contact between the client and the decision-makers means less focus on addressing each client's situation
Do It Yourself	Many people enjoy the process of researching securities.	<p>Once a person's assets exceed a certain level (e.g., a year's salary), a professional advisor can make a critical difference in long-term growth and protection of a person's wealth. We are happy to work with individuals who enjoy managing a portion of their investments, and will strive to ensure we maintain a balanced portfolio.</p>
Investment Management Firms	<p>Independent firms succeed through the growth of their client's wealth by offering:</p> <ul style="list-style-type: none"> • Solutions tailored to the clients' situation & needs • Expertise to optimize long-term performance • Lower costs 	<ul style="list-style-type: none"> • Some focus on asset management and miss opportunities to strengthen a person's financial position by addressing concerns beyond investments • Most are designed to serve institutions, and individuals' portfolios suffer as a consequence. • Many firms rely on in-house niches of expertise, and thereby tend not to fully diversify their individual clients.

Can you work with my existing portfolio? Where does my money reside?

We do not hold your money, and prefer to work with your existing portfolio. After discussing our clients' needs, we set up and manage their accounts at a discount broker that best suits them.

How would we get started?

Most clients retain us to first construct a comprehensive analysis of their financial situation. This analysis covers key issues that clients raise during the development process, as well as objective, unbiased and specific observations and recommendations on insurance, estate planning, tax management and other finance-related topics. If, however, your interest is focused on investment management, we would launch the relationship with an asset allocation analysis, which involves several meetings focused on understanding your financial objectives, risk tolerance, and other issues in order to develop an investment approach that guides our ongoing management of your portfolio.