



NCM Capital Management, LLC

September 27, 2012

Dear Friends:

Today the SEC released an Investor Bulletin titled, Top Tips for Selecting a Financial Professional. We feel that this is an excellent guide, and we encourage you to read it (a copy is attached). If you are currently using an advisor in any capacity, it is important that you know the answers to these questions. If you do not know these answers, schedule a meeting with your advisor and ask them these questions.

The SEC is trying to better educate the public in financial matters, in hopes of helping all investors improve their financial situation – kudos to them for publishing this piece!

In our opinion, some of the best questions to ask are:

- Does the advisor have a history of any customer complaints and/or disciplinary history?
- How does the advisor get paid? Are there any conflicts of interest with the compensation model? For example, if an advisor is not a fee-only advisor how does the client know that they are being recommended products that are in the clients' best interest?
- If using a money manager, is it being done by an actual person or just a computer model? If a person, meet with them at least once per year.
- How many clients does the advisor service? This will give you an idea of how important you are as a client.
- Is the advisor required to bring in new business regularly? This may take time away from servicing your account.

Be careful about the advisor who says it is all “free”. At NCM, we recently had a new client sign up with us, after they were told by their previous advisor, that all their advice was “free”. Well, this advisor put close to 100% of their liquid taxable money into a 7-year annuity, which they are unfortunately now locked into. The client needs the money in the next 2-3 years. Not a great situation. Annuities and insurance products pay advisors very high commissions. Make sure the product is right for you before you agree to it.

Be careful about proprietary products. Many firms and advisors will recommend their own products. You want to work with a firm and/or advisor *that has the freedom to choose from any product and that is looking out for your best interests.*

If you work with an independent advisor, **make sure your assets are held by a third party custodian**. At NCM, all of our client assets are held at Fidelity Investments. In our opinion, Fidelity has an excellent platform to protect our clients' assets.

Please feel free to share this bulletin with your family and friends. The SEC is encouraging you to share this information and so are we. There are plenty of reputable advisors out there -- make sure you are working with one!

Best of luck,
Nick

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