

# Working With a Cantella Financial Professional



## The Choice between Advisory Services and Brokerage Services

As a client you have access to a wide array of financial services and investment products through one of our many Financial Professionals. As a client it is our mission to understand your individualized needs and goals in order to recommend appropriate solutions, but as an investor it is important for you to be aware of the different services and features available so you can make an informed decision.

Cantella is an enterprise office of supervisory jurisdiction of Cambridge Investment Research ("Cambridge"). Cambridge is registered with the U.S Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA) as both a securities broker-dealer and registered investment adviser which gives you access to securities and investment products through two separate account types – commission-based accounts and fee-based accounts. The differences between these account types should be taken into consideration when determining how to manage your relationship with your Financial Professional.

As an investor, it is important for you to be aware of the services and features available to you so you can make an informed decision. Any decision that you make has important ramifications in regards to the legal relationship you will have with Cambridge, Cantella and your Financial Professional. Different account types have different characteristics, features, fees, charges, and services offered to you.

It is important to note that for either type of account your Financial Professional will assist in defining your investment goals and objectives, qualifying your risk tolerance,

assist in decision making, and give you access to the financial markets, products, and services. You, as an investor, need to determine which account type is right for your situation by understanding some key differences between the two, and by asking yourself certain questions like:

- Do I want to mostly make my own decisions regarding the investments and solely need someone to execute those decisions, or do I need someone to make the decisions for me?
- Do I want someone to be obligated to providing me ongoing investment services, or do I want to have someone available just when I need them to execute trades?
- Do I want to work with a professional where the fees are a consistent percentage (not dollar amount) based on ongoing advice versus paying for individual point in time recommendations?
- What is the size of the portfolio I intend to have and how many transactions do I think will be executed over a given time frame?

Please remember that over time your needs and goals may change, and thus the relationship you have with your Financial Professional may change as well. Nothing is permanent, and it would be a valuable topic of discussion to review over the course of your relationship.

If you have any questions or concerns regarding the differences between a fee-based or commission-based relationship, you should ask your Financial Professional, who is a valuable resource to help you during your planning needs.

For more information regarding these services please visit [www.cantella.com](http://www.cantella.com), or call (800) 333-3502.

**The overview of the account types below will help you in determining the level of service and pricing structure that is appropriate for your situation.**



Financial Service	Broker-Dealer: Commission Based Accounts	Registered Investment Adviser: Fee Based Accounts
Suitability Standards vs Fiduciary Standards	Recommend individual investment transactions that your Financial Professional feels are in your best interest based on your objectives, risk tolerance, and time horizon.	May provide for ongoing portfolio management subject to a fiduciary standard. The Firm and Financial Professionals are responsible for managing your account to this standard by placing our clients' interests ahead of our own, and meeting certain other duties set forth below.
Individual Transaction Compensation vs Ongoing Advisory Fee	Paid by the investor or investment sponsor for each transaction. Commission amounts may vary depending on investment type. Prospectus products tend to have a percentage and terms built in (sales charge), or you may have negotiated commissions for purchases and sales of stocks, exchange traded funds, and bonds.	Typically an ongoing percentage that you negotiated with your Financial Professional on the value of the assets held in the account. Generally it does not vary based on number of transactions or individual product, but when the value of the account increases/decreases the dollar amount of the fee will fluctuate.
Rebalancing	Commission accounts may be more appropriate if you intend to buy certain products and hold them for extended periods of time with no changes. Frequent rebalancing can become costly based on individual transactions.	Lengthy hold strategies are not always suitable for clients as advisory fees continue to be deducted from the account without any changes. Rebalancing can be more cost effective within an advisory account as multiple transactions may occur through ongoing management of the account.
Additional Fees to Take Into Consideration	Certain investments may pay additional compensation to your Financial Professional for a period of time after the initial purchase, 12b-1 fees, or the operating expenses of mutual funds, and mark – ups are an example of this.	Although an advisory fee is not determined by transaction amount, you may have ticket charges and service fees in addition to the overall percentage. Considering advisory fees tend to be tied to the value of your account, an advisor will profit higher if the value of your account increases and less if it decreases.
Monitoring of Your Accounts	Commission based accounts are based on the recommendation of individual transactions (buy, hold, and sell). Although your Financial Professional will meet with you, they do not generally have any ongoing obligation to monitor your account after the transaction is executed.	Your Financial Professional has an obligation to monitor your account, and a fiduciary responsibility to keep your best interests as the priority in recommendations.
Account Minimums	A commission based account may be appropriate if you do not meet the firm/advisor's minimum investment amount.	Fee-based accounts may require varying minimums for different programs, potentially making you ineligible for investing in certain accounts.
Product Variations	Certain products may be available for commission based accounts only such as some mutual fund classes, UITs, ETFs, non-traded REITs, and certain variable annuities.	Fee based accounts may not hold all products designed for commission based accounts, but many investment companies have created specific advisory products and share classes.