



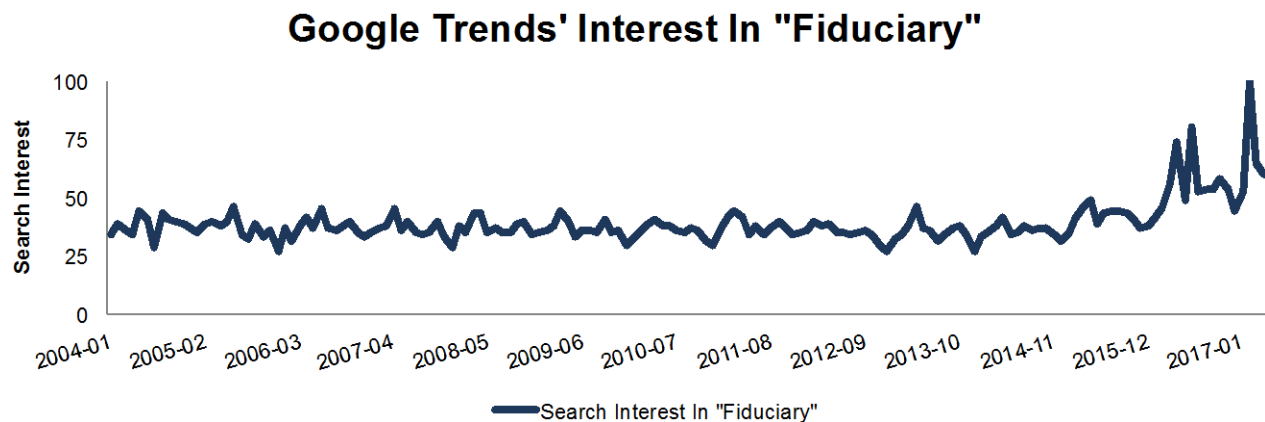
Fiduciary Rule Delayed, But Its Impact Remains

Despite over 92% of the 193,000 [comment letters](#) opposing delay, the Department of Labor's Fiduciary Rule has [been officially delayed](#) until June 9. No matter the legalities, investor awareness is higher. As Michael Kitces [recently tweeted](#) "...Can't unring this bell now..."

Interest In Fiduciaries Driven To New Highs

Figure 1 provides the data behind the term "fiduciary" reaching all time highs [as measured by Google Trends](#).

Figure 1: Interest In "Fiduciary" Remains Elevated



Sources: New Constructs, LLC and company filings.

Major wealth management firms [e.g. Fidelity and Bank of America (BAC)] have announced their intentions to embrace the Fiduciary and show investors they are, unequivocally, dedicated to serving their best interests.

Even if the DoL's fiduciary rule is cancelled, its impact on the industry is here to stay.

Embrace The Change Or Risk Reputational Damage

Investors are better served, and the investing business has more integrity, when the fiduciary level of service is applied. Investors want advice that is aligned with their best interests. No adviser wants to be perceived as not having the clients' best interests top of mind.

Fiduciary Duty of Care Is As Important As the Duty Of Loyalty

[By law, a fiduciary must act with "care, skill, prudence, and diligence."](#) To help those not clear on exactly what defines diligence, we define it in this [white paper](#) and on the [DOL's website](#). In short, research that meets the fiduciary duty of care should be 100% un-conflicted and, inarguably, in the best interest of the client.

Technology Is Key Solution To Mandates To Cut Costs And Maintain Quality

In the past, it had been nearly impossible to provide diligence at scale. Today, [robo-analyst technology](#) solves the scale challenge and enables a higher level of diligence at such a low cost that ignoring it is unethical.

More of the biggest names in the financial industry, such as [BlackRock](#) (BLK) and [JPMorgan Chase](#) are embracing technology to improve investment decision-making.

We think investors deserve not only a fiduciary level of service, but also the latest that technology can offer.

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Disclosure: David Trainer and Kyle Guske II receive no compensation to write about any specific stock, sector, style, or theme.

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Our [stock rating methodology](#) instantly informs you of the quality of the business and the fairness of the stock's valuation. We do the diligence on earnings quality and valuation so you don't have to.

In-depth risk/reward analysis underpins our ratings. Our rating methodology grades every stock, ETF, and mutual fund according to what we believe are the 5 most important criteria for assessing the quality of an equity. Each grade reflects the balance of potential risk and reward of buying that equity. Our analysis results in the 5 ratings described below. Very Attractive and Attractive correspond to a "Buy" rating, Very Dangerous and Dangerous correspond to a "Sell" rating, while Neutral corresponds to a "Hold" rating.

QUESTION: Why shouldn't fund research be as good as stock research? Why should fund investors rely on backward-looking price trends?

ANSWER: They should not.

Don't judge a fund by its cover. Take a look inside at its holdings and understand the quality of earnings and valuation of the stocks it holds. We enable you to choose the best fund based on its stock-picking merits so you do not have to rely solely on backward-looking technical metrics.

The drivers of our [forward-looking fund ratings](#) are Portfolio Management (i.e. the aggregated ratings of its holdings) and Total Annual Costs. The Total Annual Costs Rating ([details here](#)) captures the all-in cost of being in a fund over a 3-year holding period, the average period for all fund investors.

Our Philosophy About Research

Accounting data is not designed for equity investors, but for debt investors. [Accounting data must be translated into economic earnings](#) to understand the profitability and valuation relevant to equity investors. Respected investors (e.g. Adam Smith, Warren Buffett and Ben Graham) have repeatedly emphasized that accounting results should not be used to value stocks. [Economic earnings](#) are what matter because they are:

1. Based on the complete set of financial information available.
2. Standard for all companies.
3. A more accurate representation of the true underlying cash flows of the business.

Additional Information

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