

CHOOSING AN ADVISOR • INVESTOR EDUCATION

# What a Great Advisor Actually Does

The Questions Most Clients Never Think to Ask, and What a Real Answer Sounds Like

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## Key Takeaways

- Most clients have never asked their advisor the most important question: how do you actually make decisions with my money?
- There is a difference between patient and passive. A strategy that is reviewed and reaffirmed is not the same as one that simply has not been looked at.
- Clients rarely know to ask about product costs, what is really inside an index fund, or whether their plan coordinates with taxes and estate planning.
- Great investment management is disciplined and systematic, reading the environment across several layers before any decision, and pairing that with real risk management.

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## Why This Matters

There is something your financial advisor may have never told you, not out of secrecy, but because the industry never built a culture of explaining it. You have handed someone the keys to your financial future, and most people have never once asked how that person actually makes decisions. Not which products or which platform, but how they think, what changes in your portfolio when the environment changes, and why. This paper shows what great looks like, so you know the right questions to ask and what a real answer sounds like. It is educational and not individualized advice.

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## What Most Clients Experience

A familiar picture: years ago, or recently, an advisor asked thoughtful questions about your goals, timeline, and risk tolerance, built a portfolio, and set things in motion. For a while it felt like a plan. Over time the relationship settled into a rhythm, an annual review, a quarterly statement, an occasional call, and the portfolio mostly sat there, doing what it had always done regardless of what was happening in the world.

There is nothing wrong with long-term thinking; patience is one of the most valuable things an advisor can offer. But there is a difference between patient and passive, between a deliberate strategy that has been reviewed and reaffirmed and one that simply has not been examined. Most clients do not know

which one they have. Closing that gap is the point of what follows, not by criticizing anyone, but by raising your awareness of what a fully engaged process looks like.

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## What Clients Don't Know to Ask About: Products

The industry offers a wide range of investment products, and they are not all created equal. Some are straightforward and low-cost; others carry fees, structures, and limitations worth understanding before saying yes, and they are often explained in ways that emphasize benefits over tradeoffs. Non-traded REITs can offer real estate exposure but are illiquid for long periods with opaque valuations. Private credit and private equity can offer differentiated return streams but come with multi-year lock-ups, layered fees, and often significant internal leverage that amplifies losses as well as gains. Insurance products structured as investments are not inherently bad, but the internal costs and decade-long surrender periods can be a poor fit. Oil and gas partnerships carry real tax advantages alongside real illiquidity and complexity. And layered fees, an advisory fee plus a fund expense ratio plus distribution costs, compound quietly against returns. The point is not that any of these is wrong; it is that a great advisor explains all of it clearly so you can make an informed decision.

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## What Clients Don't Know to Ask About: Index Funds

Here is one that surprises people, because on the surface index funds seem like the responsible choice, and for many investors they are excellent tools. But do you know what is actually inside yours? The S&P 500 is market-cap weighted, so the largest companies represent the largest share, and the concentration runs in two directions at once: roughly ten companies make up a large portion of the index while hundreds make up a small one, and those ten are overwhelmingly in the same sector. A meaningful share of a broad index fund effectively rides on technology, a significant sector bet most holders never consciously made. That has been a great story for years, but sectors rotate and leadership changes. Understanding how your money is actually invested is a conversation a great advisor initiates.

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## What Clients Don't Know to Ask About: Planning

Beyond the portfolio itself, several planning areas make an enormous lifetime difference. Tax planning: asset location, tax-loss harvesting, Roth conversion strategy, and charitable structures are tools a thoughtful advisor uses proactively, not reactively. Estate planning: do your beneficiary designations reflect your current life, and do you have a will, a power of attorney, and a healthcare directive in place? A great advisor makes sure that conversation happens even if they do not draft the documents. Retirement income planning: converting assets into reliable, tax-efficient income is a different skill from accumulating them, involving Social Security timing, withdrawal sequencing, and protection against sequence-of-returns risk. These are planning questions with real dollar consequences.

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## What Great Investment Management Looks Like

At its core, great investment management is disciplined and systematic. It does not rely on hunches or headlines; it reads the environment through several layers before any capital decision. The macro layer asks where we are in the economic cycle and what that means for how your money should be positioned. Market internals look beneath the headline index at breadth, volume, and sector rotation to judge whether a move is sustainable or fragile. Valuation asks whether you are being adequately compensated for the risk you are taking. Sentiment and positioning ask whether the market is leaning toward fear or complacency, and what that implies for near-term risk. Together these provide not certainty but clarity, the difference between reactive decision-making and genuine management.

*The number on the scale is useful. But a great manager examines you, not just your chart. Clarity about the environment is what separates managing a portfolio from merely administering an account.*

## The Work Nobody Sees

Two more dimensions compound quietly over decades. Position sizing and risk management: having a good idea is one thing; knowing how much of a portfolio to put behind it given your overall risk, correlations, and tolerance for a drawdown is a separate, equally important skill. And ongoing coordination, keeping the investment process, the tax picture, and the estate plan working as one system rather than three disconnected conversations, is where much of the long-run value is created. Most of this work is invisible to the client, which is exactly why it is worth asking about.

## The Bottom Line

You deserve an advisor with a real process and a real point of view, someone who can tell you how they think, what they are watching, and why your portfolio is positioned the way it is. If you have never had that conversation, the gap is entirely solvable. You just need to know it is worth asking about, and now you know the questions.

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## References and Sources

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The following sources support the figures, rules, and statements described in this paper. They are provided for verification and for compliance review.

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