

# Financial Advisor Eric Weschke Exposes Hidden Fees in Mutual Funds and Highlights the Importance of Risk Management

EAST SETAUKET, NY, UNITED STATES, February 27, 2025 /EINPresswire.com/ -- Eric Weschke, founder of [AdvancedFolio Capital Management](#), today announced a renewed commitment to educating investors on the often-overlooked costs associated with mutual funds and the importance of tactical portfolio strategies that help reduce downside risk.

In a recent example from Weschke's practice, a 68-year-old retiree named John realized that his presumed "1% fee" wasn't telling the whole story. After reviewing his portfolio—comprised of roughly ten "growth" mutual funds—he discovered additional layers of expenses and hidden costs driving his total fees much higher than anticipated.

"John's situation is all too common," says Weschke. "Many investors assume they're paying around 1% in advisory fees, without realizing that mutual fund operating costs, transaction costs, and something called 'cash drag' can drive their overall expenses to more than four percent—significantly eroding returns over time."

## Breaking Down the Hidden Costs

Advisor Fee: 1.0%

Mutual Fund Operating Costs: ~1.3% (as reported by The Wall Street Journal)

Transactional Costs: ~1.4% (according to Forbes)

Cash Drag: ~0.8% (due to funds keeping a portion in cash to meet liquidity needs)

These expenses can combine to reach an estimated 4.5% in total fees for many mutual fund investors—far higher than many realize.

## The Importance of Tactical Risk Management

While uncovering hidden fees is essential, Weschke also highlights the need for a strategy that manages downside risk in volatile markets. In John's case, his current approach offered no specific plan to mitigate losses during market downturns. Weschke recommends tactical, defensive strategies that seek to minimize drawdowns in challenging years, such as 2001, 2002, or 2008.

"It's not just about what you earn—it's about what you keep," Weschke explains. "Losing a large

portion of a portfolio during a bear market can take years to recover, which can be devastating for retirees who rely on consistent income.”

## A Transparent, Cost-Effective Approach

By focusing on fee transparency and active risk management, Weschke aims to help investors like John cut unnecessary costs and better safeguard their retirement assets. AdvancedFolio Capital Management provides strategies that include all fees upfront, typically at a lower overall cost than traditional mutual funds, while also aiming to protect against significant market downturns.

## About AdvancedFolio Capital Management

AdvancedFolio Capital Management, based in Setauket, NY, is committed to delivering transparent financial strategies that help clients achieve their long-term goals. Under the leadership of Eric Weschke, the firm emphasizes low-cost, risk-aware investment solutions and personalized guidance for individuals, families, and businesses.

For more information or to schedule an appointment, please visit [www.AdvancedFolio.com](http://www.AdvancedFolio.com).

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Eric Weschke

AdvancedFolio Capital Management

+1 631-675-1885

[email us here](#)

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