

DUE DILIGENCE

QUESTIONS YOU SHOULD ASK AN INVESTMENT ADVISOR

OVERVIEW

When you are searching for a competent investment advisor you trust in friends, relations, the media or professional organisations. The ultimate key to success is asking the right questions.

Most recommended questions are "front loaded". That is they only consider issues **before** you invest but do not give you the right questions to ask once your money is invested.

A good investment experience is based around a **sound plan** and **structured monitoring programme**.

Here goes.....

GETTING TO KNOW YOU

1. How many years have you been an Investment Advisor?

years

2. How many years is it since you qualified?

years

4. Do you maintain membership of a professional organisation?

IFA, CFA, Fi360, SIFA, Other

8. Do you prepare a written Investment Policy Statement before I invest any money?

Yes

No

10. Do you provide portfolio reports?

Yes

No

13. What Asset Classes do you usually consider?

Property

Equities

Interest Bearing Deposits

Other

15. How do determine the risk profile of a client?

In conversation

Questionnaire

17. Do you calculate cashflows for the long term?

Yes

No

20. How much do you charge fees to prepare a strategy whether or not I invest with you?

How much (\$ or %)?

FEES

CONFLICTS OF INTEREST

27. Do you have a business affiliation, marketing agreement or other arrangement whose products or services you may recommend?

Yes

No

If yes, please explain

28. Have you received in the past 5-years free or subsidised travel to conference or training schools with any companies you may recommend?

Yes

No

If yes, please expand

32. What is the value of each fund or security you may recommend?

1.

2.

3.

REPORTING STANDARDS

35. How often do you provide portfolio monitoring reports?

Monthly

Quarterly

Six-monthly

Annually

40. Do you report all fees explicitly in the reports and can easily be deciphered.

Yes

No

PERFORMANCE AND STABILITY

41. Can you provide documentation on the investment returns for all risk profiles for the following years?

a) 1-year

b) 3-year

c) 5-year

d) 10-year

Thank You

Any questions? email Steve at sj@trusts.co.nz