



Setting the global standard for investment professionals

Working with an Investment Adviser

The success of your relationship with your adviser relies on open, two-way communication. How much communication you have with your adviser is something you should establish at the outset. Ask your adviser the following questions to make sure you and your adviser know what to expect:

- How often will you communicate with me?
- Will you work directly with me, or will I be working with others on your staff?
- What regular reports will I receive?

Be clear on how your portfolio will be managed. Ask your adviser:

- What investment style will you apply to my portfolio?
- How will that help me achieve my goals?
- Will my portfolio look like your other client portfolios, or reflect my specific needs?
- Are you willing to make adjustments as my needs change?

Agree on how they'll measure progress:

- How often will you provide portfolio returns?
- Will they be presented on a pre-tax or after-tax basis?
- What benchmark will you use to compare my portfolio's performance?

It's important that your adviser have a full picture of your financial situation, including assets managed elsewhere. This information, along with your investment goals and risk tolerance, will help you and your adviser determine an appropriate target rate of return and mix of assets for your portfolio.

Also, be sure to ask where your assets will be held. You want to be confident that your adviser has chosen a reputable custodian for your portfolio holdings and that reports will be available to you. Periodically reviewing custodial reports and independently verifying the information is a good way to protect yourself from fraud.

Establish who will be responsible for making decisions about your portfolio. A tool many investors use is the Investment Policy Statement (IPS), a document that defines your investment goals and risk tolerance. Use an IPS to memorialize the responsibilities assigned to everyone involved in the investment process to ensure everyone is "on the same page" regarding investment style, account turnover, reporting requirements, and communication channels. Defining roles with an adviser at the beginning of the process may help you clarify your goals and avoid conflict in the future.

For more information, please consult www.cfainstitute.org/adviser

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