

QUESTIONS TO ASK AN INVESTMENT ADVISOR OR BROKER

Firm Structure/Ownership

1. How long has your firm been in business?
2. What is the present ownership of your organization? Who are the principals?
3. How many clients do you have?
4. How many are individuals?* How many are institutions?
5. How many professionals do you have on staff?
6. How many clients are assigned to each investment professional?
7. What are your total assets under management? What are the total assets under management for the last 5 years?
8. How much is in discretionary accounts?
9. Do you have any branch offices? Where?
10. Where is your corporate headquarters located?

Services Offered and Provider Qualifications

1. What services does your firm offer?
2. What is your firm's customer service philosophy?
3. What are your areas of specialization?
4. Briefly describe your personal work history.
5. What are your educational qualifications?
6. What financial planning and/or investment designation(s) or certification(s) do you hold?
7. What securities or other licenses do you hold?
8. What continuing education requirements do you fulfill?
9. Are you affiliated with any professional associations?
10. Are you personally licensed or registered as an investment advisor with the state I reside in or with the SEC?
11. If not, why not?
12. Is your firm licensed or registered as an investment advisor with the:
13. State(s)? Federal Government?
14. If not, why not?
15. Do you provide a written client engagement agreement?
16. If not, why not?

Disclosure and Potential Conflicts of Interest

1. Will you provide me with a copy of your firm's disclosure document or SEC Form ADV Part II?
2. Are you or your firm dually registered as an investment advisor and a broker dealer?
3. If yes, how do you notify me when you are acting as a sales agent of the brokerage firm and when you are acting as an investment advisor?
4. Is the account that you are offering me an "advisory account" or is it a "brokerage account" exempt from investment advisor registration?
5. If it's a brokerage account, are you required under law to act as a fiduciary by always placing my interests first?
6. Regarding any brokerage account that I may open, what are the potential conflicts of interest that you have when recommending certain products for sale to me, and how will you disclose these to me prior to purchase, including any special cash payments or incentives that you receive?
7. Does your firm operate any related or affiliated businesses? If yes, identify and describe:
8. Are you or your firm an owner of, or connected with, any other company whose services or products you may recommend?
9. If yes, explain:
10. Do professionals and sales agents to whom you may refer me send business, fees or any other benefits to you or your firm?
11. If yes, explain:
12. Has your firm or a principal of your firm ever been investigated by the SEC or any other regulatory agency? If yes, please explain.
13. Please discuss any past or present litigation or regulatory actions against you and/or your firm.
14. Will you provide me with a written disclosure detailing any disciplinary history for you or your firm? If not, why not?
15. What amount of fiduciary liability insurance, errors and omissions insurance and bonding coverage does your firm maintain? Provide the name of your primary insurance carrier and its related AM Best rating.

Compensation

1. How are you paid for your services?
2. Indicate all fees involved for each of the services you are proposing to provide to me. Include a breakout of initial and ongoing fees, including custodial and management fees as a percentage of the dollar value of portfolio assets.
3. Is any of your compensation based on selling products?
4. If yes, explain:
5. If you receive commissions, what is the approximate percentage of the investment or premium you receive on: stocks and bonds _____; mutual funds _____; annuities _____; insurance products _____; other _____.
6. If you use mutual funds, please indicate the percentage of the all funds you currently use that charge 12B-1 fees. Do you or your firm accept payment of 12b-1 fees?

7. Does your firm receive any financial compensation, either directly or indirectly, from the following activities (If yes, please explain):
 - Securities brokerage services?
 - Educational conferences paid for or subsidized by investment managers?
 - Selling database information or research to other investment managers?
 - Compensation in any form from other investment managers for search-related placements or to be included in your database?
 - Manager-of-manager programs (your company-managed mutual funds?)
8. How frequently do you evaluate your fees?

Investment Philosophy

1. Will the same individual(s) review my financial situation and work with me over time?
2. If not, who will?
3. How frequently do you meet with your clients?
4. What is your firm's investment philosophy?
5. Please describe your firm's investment decision-making process:
6. What asset allocation would you recommend for my account and what annual rate of return and degree of risk/volatility can I expect from that allocation?
7. How do you acquire the necessary financial data to arrive at this recommendation?
8. How often do you review client portfolios?
9. How often do you rebalance client portfolios?
10. How frequently do you provide reports to clients?
11. May I see a sample of the reports I would receive as your client?
12. If not, why not?
13. For the investments included in your recommended portfolio, please provide current one, three, five and ten year annual returns compared to relevant indexes (should be based on representative composites only; no hypothetical returns).
14. What benchmarks will you use to track performance in my account?

Financial Planning

1. How long have you been offering financial planning advice to clients?
2. Describe your approach to financial planning.
3. How might you address my particular needs?
4. If you prepare a financial plan for me, how often will my plan be updated?
5. If we agree to work together, will you help me develop a written investment policy statement to guide us in investing my money? Can this document be attached as an integral part of our agreement?

References

Please provide the names and contact information of three references, preferably with investment objectives, portfolio size and financial planning needs similar to mine.

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