



WEIGH HOUSE

Investor Services



AdvisorSEARCH™ WORKSHOP

Sample Client

February 14, 2011



AdvisorSEARCH Workshop™ Contents

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Experience



What is the investment advisor's level of experience? - What are his or her credentials?

Advantages of experience

- Education was paid for by mistakes previous clients suffered
- Less likely to panic in down markets
- Less likely to be impressed by new investment ideas

Advantages of youth

- Understands technology and how to use it to your benefit
- More likely to use products such as Exchange Traded Funds (ETFs)
- May be more competitive in order to build their client base
- Willing to spend more time on clients with accounts under \$500k
- Not as likely to retire before you do

Notes

Use this space to make notes and give each advisor a score from 1 to 5 – 5 is much better than current advisor, 4 is a little better than current advisor, 3 is the same as current advisor, 2 is a little worse than current advisor, and 1 is a lot worse than current advisor.

Advisor 1:	Score
Advisor 2:	Score
Advisor 3:	Score
Your Current Advisor:	Score

Investment Philosophy

What is the Investment Advisor's view on stock markets and on investing?

- What is the role that the Investment Advisor (IA) sees for him/herself?
- Does the IA believe that it is his/her role to 'beat the market'?
- Does the IA believe the role should be to help you achieve your goals with the least possible amount of risk?

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Investment Strategy

Does the Investment Advisor follow an investment strategy?

- Does the IA have an investment process?
- What is the IA's investment process?
- Does the process make sense to you?

The financial services industry promotes the idea that the secret to success is to find the best investment product. The true professionals in the industry know that the secret is to follow an investment process. You need to understand and believe in the process because, if not, you may find it difficult to sit through periods when the strategy is out of favour.

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Investment Policy Statement

Does the Investment Advisor use an Investment Policy Statement (IPS)?

- The Investment Policy Statement (IPS) will explain the investment process.
- It will explain the normal frequency of trading and rebalancing.
- It will explain all of the fees that will be charged and the compensation that the investment advisor receives.
- It will explain the level of service and reporting that can be expected.
- It shows the target asset mix and the range for different asset classes.

A good IPS will eliminate almost all of the problems that frequently occur in the advisor / client relationship.

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Simplicity

Does the Investment Advisor follow a simple or a complicated process?

- How many securities does the IA recommend that you hold?
- Do you understand the products that the IA is proposing to use?
- Does the IA provide consolidated reporting showing the return and asset allocation for all of the accounts in the family of accounts?

All else being equal, a simple portfolio is better than a complex portfolio. It is impossible to manage an investment portfolio, or make changes with confidence, if it is too complicated.

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Fees

Does the Investment Advisor offer a fee discount to Weigh House clients?

- Does the IA charge on a fee basis or a commission basis?
- What are the fees charged?
- Are the fees quoted in writing?
- Does the quoted fee include **ALL** fees, including hidden or underlying fees?

You can't control the market but you can control costs. A 1% reduction in fees saves \$1,000 each year for each \$100,000 invested. With compounding, over the next 15 years this can save \$30,000 per \$100,000 invested.

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Communication

Does the Investment Advisor communicate clearly and in plain English?

- Does the IA communicate in a way that you can understand?
- Does the IA listen to your questions?
- Does the IA talk in jargon?
- Is the IA willing to take the time to explain even the basic concepts to you?
- Is the IA willing to communicate and work with your accountant, lawyers, or any other advisor that you have?

The financial advisors communication skills are the key to a successful relationship.

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Products Used

Does the Investment Advisor use a few or many different types of products?

Does the IA use:

- Exchange Traded Funds (ETFs)?
- Mutual funds? In-house funds or third-party funds?
- Options and futures?
- Segregated funds?
- Individual stocks and bonds?
- Principal Protected Notes (PPNs)?
- Stop loss orders?

Investment products can generally be described as 'active' products or 'passive' products. Products used should be consistent with the overall investment philosophy and strategy.

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Reporting Against a Benchmark

Does the IA provide you with an appropriate blended benchmark?

- Is this benchmark clearly laid out in the IPS or another written source?
- How often does the IA provide performance reports which clearly display your actual performance compared to your benchmark's performance?

It is impossible to properly manage an investment portfolio if you do not know how the rate of return that is earned compares to the proper benchmark.

An "appropriate" benchmark is one that reflects the risks inherent in your portfolio. A "blended benchmark" means that there is a benchmark for each asset class and they are weighted according to your asset allocation.

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Client Service Agreement

How does the IA offer clients a service agreement?

- Does it spell out the IA's responsibilities and the investor's responsibilities?
- Does it specify how frequently you will be called and how often you will meet?
- Does it specify who your contact will be for different client needs?

Often client dissatisfaction results from having unrealistic expectations. A client service agreement is a good way to ensure a satisfactory long term relationship.

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Summary



	IA 1	IA 2	IA 3	IA
Experience	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Investment Philosophy	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Investment Strategy	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Investment Policy Statement	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Simplicity	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Fees	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Communication	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Products Used	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Reporting Against A Benchmark	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Client Service Agreement	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Total Score	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>