

## Questions for a Potential Advisor/Investment Manager

Following your performance analysis:

1. Interview at least three for each mandate/asset class and if you do not like any of the three, start again.
2. What is the ownership structure of the firm? *I like to work with owners.*
3. What is their experience:
  - a. How many years have they been doing this?
  - b. What has been their biggest success and largest failure?
  - c. What did they learn from these experiences?

*You are looking for a genuine passion for what they do and transparency with their experience, successes and failures. By transparency, there is no hesitation to discuss any of these items.*
4. What are their credentials? *You want a professional designation like a CFA for a money manager, although there can be some exceptions due to a long period of experience.*
5. What is their investment philosophy? *Does it make sense to you? Can you understand what they are saying? They should be able to explain what they do and how they do it to you. If they cannot, walk away.*
6. How do they stay informed? What are the resources they have available to them?  
*Remember quality over quantity. For example, thousands of research analysts around the world is not an advantage. A few key high quality sources of research is an advantage.*
7. Historic Performance:
  - a. You would like to see their historic performance
    - i. by year (so you may see how they did in 2008 re downside protection and 2009 re taking advantage of upside potential); and
    - ii. annualized over 3, 5, 7 and 10 years (more if they have it).

*Essentially you'd like to see that they are competitive and meet your expectations reconfirming your research. Be careful that you are comparing apples to apples. For example, one manager may be showing you balanced returns (bonds and stocks) while another shows you bonds and stocks separately.*
8. How is their own money invested? *You would like them to be 100% invested in their firm.*
9. What do they believe their areas of strengths are? *For example, Canadian stocks, foreign stocks or bonds? Hire people for what they do well and do not hire them for what they do well and what they do poorly.*
10. How do they get paid?
  - a. What are their biases because of how they are paid?

- b. How much will you be paying to them and anyone else? Everything – advice, management, trading costs and custody. *Leave no stone unturned on this. There are no free lunches – especially on Bay Street and Wall Street – so you need to know.*
11. Where will your assets be custodied and how fast can you access them? *You want to know your assets are custodied at a good custodian and that you can liquidate within one week (in some cases one month – yet this is an exception). More on custody with a blog to come.*
12. How do they service clients? What is their reporting like on a monthly and quarterly basis? *You want to ensure they communicate well with you and are straight. You need to be able to know you can build a trusting relationship with them.*
13. Which firm is their auditor? Which firm provides them with legal advice? Which securities commissions are they registered with? Have they ever had a complaint filed with a securities commission? *I like to see reputable audit and legal firms and registration with the securities commission that applies to you. I also like to see no complaints. .*
14. Ask for three references – someone like you, someone who has been there a long time, and someone who just became a client within the last year.

