

CHOOSING AN INVESTMENT CONSULTANT

Questions to ask?



Investment Consultancy

When selecting your Investment Consultant, we suggest you use this document to help understand the main differences between each firm.

Before reading this article we suggest you also read the document ‘What are the main differences between Investment Consultants’, it should help to ensure your shortlist matches your needs.

GENERAL

- What is your Corporate Structure?
- Who is your regulator? How would I be protected by this body?
- What insurance / professional indemnity insurance do you have?
- What is your minimum and average account size?
- What solutions do you offer?
- Which solutions are your largest source of revenue?

FEES

- How do you charge for your services?
 - Percentage per annum
 - Time Spent Fee
 - Fixed Fee per service
- Do you have an up front fee?
- What is your minimum charge?
- Do you have a performance fee?
- How do your fees compare with your competitors?

INDEPENDENCE

- Do you receive any direct / indirect revenue from Investment Managers?
- What is your policy when receiving corporate hospitality from Investment Managers?
- Will you research and appoint Investment Managers who we wish you to use?
- Do you promote / sell any of your own funds or products?
- Do you have any Directorships/ shareholdings with financial related institutions?

ASSET SECURITY

- Do you have power of attorney, custody or control of the assets?
- If yes – please state:-
 - o Your credit rating
 - o Your custodians credit rating
 - o Your Professional Indemnity Insurance
 - o Your back/middle office team size

INVESTMENT PROCESS – TOP DOWN

- Would you advise us to change our exposure if you felt a major bull or bear market was about to begin?
- Do you allocate assets regionally or globally?
- Do you invest in funds or with investment managers?
- What asset classes will you provide advice on? Bonds, Equities, Cash, Commodities, Hedge Funds, Property, Private Equity, Art?

PROCESS – BOTTOM UP

- Where do you invest most effort?
 - o Quantitative – Performance Analysis % ?
 - o Qualitative – Interviewing Managers % ?
- How many Investment Managers will you review?
- How often will you visit my Investment Managers?

PROCESS – PERFORMANCE

- Please provide evidence that your approach adds value?
- Please explain what investment return expectations I should have?
- What do you define as a good investment outcome for your clients?

REPORTING

- Please provide an example of your client reporting?
- Will your reports include analysis and commentary on managers not included in your core list of managers?
- Will your reports include private assets such as property, forestry, art, and collectables?

SERVICE

- How many clients does each officer look after?
- How often can I expect a visit from my client consultant?
- What comfort can you provide that my relationship officer won't leave or be changed in the near future?

OVERVIEW

- What makes your firm distinct from your competitors?
- What would your Investment Managers say about your process?

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