

Advice: How to Select Your Wealth Manager

First-Aid Question Kit to Ask Potential Adviser

Jul. 10, 2009

Our readers frequently ask for advice on how to select a new adviser. Many clients are insecure about the method to identify the critical information they need to know before they pick a new wealth manager. Usually in the first meeting an adviser buries you under company brochures and gives you a nice standard speech. However, our experience shows that this kind of information does not even scratch the surface of what you really need to know. As a first-aid kit we have prepared a list of 12 indispensable questions you should ask your wealth manager during the first meeting. The list is an excerpt from our guide [Choosing the Right Wealth Manager](#).

Questions on the organisation of the bank/wealth manager

- What is the minimum amount to be invested? (This gives you a good feel whether the bank targets clients that are similar to you)
- What is the value of assets under your firm's management? (The number shows if it is a big institution with international reach or a smaller boutique. Don't forget to ask if the number has been growing or falling lately, and why)
- Since when have you been in the business of wealth management? (Gives you a feel about their level of experience)

Questions on the investment philosophy

- Describe your investment philosophy (Should match your philosophy as closely as possible)
- What are your weaknesses? (If they can't name any, then it stinks)
- What sets you apart from other wealth managers? (Don't be satisfied with a general answer, insist on specifics)
- Are your performance figures verified by an independent third party? (Yes: good,

No: bad)

- What is the process you follow for making investments? (There should be a clear step-by-step process which involves a written evaluation of your preferences and wishes)

Questions to the adviser directly

- To the adviser, directly: What qualifies you to provide wealth consultancy? (Again, you should insist on specifics like his level of experience or business degrees)
- To the adviser, directly: What is your personal remuneration based on? (Is it based on how much fees he generates from you? Or is it based on the overall performance of his clients' portfolios. If there is no clear answer assume the former)

Questions on fees

- What are your fees? (Ask specifically about transaction fees, flat fees, ticket fees, government fees...there are many ways by which they plan to part you from your money)
- Are there any hidden costs in the portfolio? If yes: How large are they typically? (Like fund fees, kickbacks)

These are the questions that you should definitely ask in the first round to get all the basic facts and a good first impression about the adviser. However, we highly recommend you to dig deeper before you make your final decision. Please check our extensive list of questions in our guide [Choosing the Right Wealth Manager](#).