ARTICLE:

Common Mistakes in Investment Portfolios

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- Investment objectives have not been clearly established and documented.
- Time weighted Rate of Return calculations have never been performed and reported, and there is no method for evaluating performance relative to risk.
- The portfolio's risk is high given its potential return.
- An Investment Policy Statement setting forth objectives and asset class ranges has never been established.
- Cash flow parameters have never been established.
- There is no established method for systematically reviewing appropriateness of investment vehicles.
- Pooled accounts and cash are held inside managed accounts.
- Lack of comfort and confidence with advisor relationship.
- Phantom Income and concomitant tax consequences are not being mitigated or even considered.
- No disciplined process for rebalancing at specific intervals.
- Not tracking progress toward stated goals.
- No process for determining appropriate re-allocation decisions.
- Unwittingly and unnecessarily exposed to unsystematic risk.
- Advisor does not meet the ***7 Standards*** test.

If you have questions about this or other planning issues, please give us a call at 216-765-0121.